

MINUTE ITEM

11/29/73
CVB

13. APPROVAL OF THE SEVENTH MODIFICATION OF THE 1973-1974 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

After consideration of Calendar Item 11 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION, PURSUANT TO SECTION 5(g), CHAPTER 138/1964, 1ST E.S., APPROVES THE SEVENTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1973, THROUGH JUNE 30, 1974.

Attachment:

Calendar Item 11 (2 pages)

11.

APPROVAL OF THE SEVENTH MODIFICATION OF THE 1973-1974
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET,
LONG BEACH UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

The City of Long Beach, in accordance with Section 5(g), Chapter 138/1964, 1st E.S. and PART IV, Section D.3.c. of the subject Plan and Budget has requested Commission approval of the Seventh Modification of the Plan of Development and Operations and Budget, Long Beach Unit (July 1, 1973, through June 30, 1974).

This Seventh Modification will augment the Budget to provide funds for the defense of the waterflood patent infringement suit, Petrecal vs. The City of Long Beach and THUMS Long Beach Company. Additional funds will be provided for Budget Item III.B.4.b., Extraordinary Losses and Claims in the amount of \$70,000. The total 1973-1974 Budget for the Long Beach Unit will be increased from \$45,507,000 to \$45,577,000.

With approval of this Modification, the affected Budget Items will be adjusted as follows:

	<u>Current Budget</u>	<u>This Modification</u>	<u>Adjusted Budget</u>
<u>BUDGET, PART III</u>			
B. <u>ESTIMATED EXPENDITURES FOR EXPENSE</u>			
4. <u>OTHER EXPENSE</u>			
b. <u>Extraordinary Losses and Claims</u>	\$ 85,000	\$70,000	\$ 155,000
TOTAL BUDGET (including carry- in funds but excluding con- tingency fund)	\$45,507,000	\$70,000	\$45,577,000

An initial request for \$73,000 to provide funds for the defense of the waterflood patent infringement suit was approved by the Commission on April 26, 1973, as the Eleventh Modification of the 1972-1973 Plan and Budget. By transfer of funds within the 1972-1973 Budget an additional \$65,000 was provided for such legal services. The First Modification of the 1973-1974 Budget, approved by the Commission on August 30, 1973, provided an additional \$75,000 for defense of this suit. The City of Long Beach has advised that the cost of defense may eventually be as much as \$400,000.

CALENDAR ITEM NO. 11. (CONTD)

The Office of the Attorney General has advised that the suit must be vigorously defended in view of the enormous potential loss to the Long Beach Unit which could result from an unsuccessful defense, and that they are satisfied with the ability and quality of the work performed by the special defense counsel. Additionally, the Long Beach Operations staff has provided assistance to the City and the Field Contractor as necessary.

The Division has reviewed this Seventh Modification and finds it desirable to provide this additional budget augmentation for defense of the patent infringement suit.

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO SECTION 5(g); CHAPTER 138/1964, 1ST E.S., APPROVE THE SEVENTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1973, THROUGH JUNE 30, 1974.