

MINUTE ITEM

4/4/74  
CVB

15. QUARTERLY REVIEW, SECOND QUARTER, PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

The attached Calendar Item 13 was submitted to the Commission for information only, no action thereon being necessary.

Attachment:

Calendar Item 13 (1 page)

13.

QUARTERLY REVIEW, SECOND QUARTER,  
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET,  
LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The Division has reviewed the Long Beach Unit production and expenditures for the second quarter of the 1973-1974 fiscal year.

Oil production during the second quarter was 9,984,000 barrels, which was very close to the 10,000,000 barrels estimated in the Tenth Modification of the 1973-1974 Plan and Budget that was approved by the Commission at its December 20, 1973, meeting. Quarterly gas production was 2,869,000 mcf., 29,000 mcf. above the gas production estimated in the Tenth Modification.

Following is a comparison of the 1973-1974 Budget with actual commitments and expenditures through December 31, 1973:

	<u>Adjusted Budget</u>	<u>Committed 12/31/73</u>	<u>Expenditures 12/31/73</u>
Drilling & Development	\$ 4,705,000	\$ 2,564,103	\$1,736,720
Field & Well Facilities	3,201,000	2 573,704	1,171,791
Unit Taxes & Licenses	9,050,000		4,786,022
Expense (Excl. Taxes)	27,526,000		13,622,656
Administrative Overhead	<u>1,307,000</u>		<u>635,818</u>
Total	\$45,789,000		\$21,953,007

The above comparison indicates that the investment portion of the 1973-1974 Budget was approximately 65 percent committed and the total Budget was 48 percent expended as of the end of the second quarter.

Through the second quarter, nine new wells were completed, of the 20 wells planned for the full year. Well cellars were extended on Island Chaffee and the produced water system on Island Grissom was nearing completion. The oil business license tax was increased to 5 cents per barrel during the Second Quarter. Also, there was a substantial increase in the cost of electric power for the injection of water and the lifting of oil.

In Summary, development plans, oil production and expense were close to expected trends. The value of oil and gas, approximately \$66 million, was far in excess of the \$22 million in budget funds expended through the Second Quarter.

Largely as the result of an upward adjustment in crude oil price, the Economic Projections for the Long Beach Unit have been revised and are being submitted to the Commission for approval as the Thirteenth Modification of the 1973-1974 Plan and Budget.