

MINUTE ITEM

7/25/74
CVB

17. FIRST MODIFICATION OF THE 1974-1975 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

After consideration of Calendar Item 15 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 FIRST MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1974, THROUGH JUNE 30, 1975.

Attachment:

Calendar Item 15 (3 pages)

FIRST MODIFICATION OF THE 1974-1975
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, Sections A and D.3.c. of the subject Plan and Budget, has requested Commission approval of the First Modification providing a \$3,688,000 Budget augmentation for the Long Beach Unit.

Because of the requirement in Chapter 138 that each plan of development and operation shall be submitted by the City to the State Lands Commission at least 100 days prior to its submission to the participants, it is necessary to prepare fiscal year budget estimates that are based on expense expenditure trends of the previous December, and capital requirements that are known in January. It has been the policy of the Division to include in the Plan of Development both investment construction projects for which engineering review is in a reasonably advanced stage with firm cost estimates and future projects which are in the planning stage. Recommendation to the Commission of budget funds for those projects, which were in the planning stage at the time of budget submittal, is not done until engineering design and review have been made. The Division policy is also to recommend funding, when the need can be identified, for the ordering of equipment that requires an unusually long period of time for delivery. This First Modification provides funding for projects which have recently been finalized and to order equipment for projects on which actual construction will not be commenced until the end of the 1974-1975 fiscal year, or the beginning of the following fiscal year.

In addition, this modification provides funding for environmental control projects, one of which was provided for but funds were not used in the 1973-1974 budget period because of delays. This project is now added to the current 1974-1975 budget. Funds are also included for oil spill cleanup equipment used by the cooperative group that is active in the Long Beach area.

After approval of this First Modification, the total 1974-1975 Budget, including capital investment funds that were carried over from the previous Budget, will be increased from \$59,856,000 to \$63,544,000.

After modification, the affected Budget Items will be adjusted as follows:

<u>PART III</u>	<u>Current Budget</u>	<u>This Modification</u>	<u>Adjusted Budget</u>
A. <u>ESTIMATED EXPENDITURES FOR INVESTMENT</u>			
2. <u>FIELD AND WELL FACILITIES</u>			
a. <u>Artificial Lift-Surface</u>			
(2) Submersible Lift Systems-Surface	\$ 285,000	\$ 422,000	\$ 707,000

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	<u>Current Budget</u>	<u>This Modification</u>	<u>Adjusted Budget</u>
b. <u>Gathering, Treating, Storage & Distribution</u>			
(1) Gathering	\$ 0	\$ 146,000	\$ 146,000
(2) Well Test	\$ 14,000	\$ 132,000	\$ 146,000
<u>Gas Systems</u>			
(6) Gathering	\$ 30,000	\$ 56,000	\$ 86,000
<u>Other Systems</u>			
(10) Produced Water Handling	\$ 207,000	\$ 1,510,000	\$ 1,717,000
d. <u>Electrical Communications and Control</u>			
(1) Electrical Systems	\$ 34,000	\$ 30,000	\$ 64,000
e. <u>Leasehold Facilities</u>			
(3) Cellars	\$ 0	\$ 1,232,000	\$ 1,232,000
(7) Environmental Control	\$ 91,000	\$ 25,000	\$ 116,000
f. <u>Field Equipment</u>			
(1) Fire Protection and Safety Equipment	\$ 26,000	\$ 20,000	\$ 46,000
 B. <u>ESTIMATED EXPENDITURES FOR EXPENSE</u>			
3. <u>GENERAL ADMINISTRATIVE EXPENSE</u>			
d. <u>General Expense Special Projects</u>			
(1) Management Projects	\$ 10,000	\$ 45,000	\$ 55,000
4. <u>OTHER EXPENSE</u>			
c. Environmental Control	\$ 365,000	\$ 70,000	\$ 435,000
 TOTAL BUDGET (including carry- over)	\$59,856,000	\$ 3,688,000	\$63,544,000

CALENDAR ITEM NO. 15.(CONTD)

The above augmentation will provide funds for long lead time items required in produced water handling facilities on Islands Grissom, White, and Chaffee, the internal corrosion protection of water handling tanks on Pier J, construction of additional cellars and related facilities on Island Chaffee, additional capacitors for electrical power factor corrections, installation of a standby transformer at the J-2 site and beautification of the Pico Substation. Funding will also cover a contingency plan for the repair of submarine pipelines and for the Unit's share of oil spill booms and oil skimmers purchased by the Petroleum Industry Coastal Emergency Cooperative. This oil spill cooperative is for the area from Point Dume to the Santa Ana River.

The Division has reviewed this proposed Budget augmentation and found each item to be justified, based on a reasonable return on investment and continuation of effective environmental protection.

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO SECTION 5(g), CHAPTER 138/1964, 1ST E.S, APPROVE THE FIRST MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1974, THROUGH JUNE 30, 1975.