

MINUTE ITEM

10/3/74
CVB

13. SEVENTEENTH AND FINAL 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 14 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 SEVENTEENTH AND FINAL MODIFICATION OF THE 1973-1974 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1973 THROUGH JUNE 30, 1974.

Attachment: Calendar Item 14 (2 pages)

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SEVENTEENTH AND FINAL 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, pursuant to the provisions of Section 5(g), Chapter 138/1964, 1st E.S., has requested approval of the Seventeenth and Final Modification of the 1973-1974 Plan of Development and Operations and Budget, Long Beach Unit (July 1, 1973, through June 30, 1974). This Final Modification, submitted in accordance with PART IV,E,3. of the 1973-1974 Plan and Budget, summarizes the work accomplished under the Plan and reconciles the funds expended pursuant to the modified Budget.

During the 1973-1974 fiscal year, oil production was 39.9 million barrels, compared to the estimated 40.2 million barrels. Gas production was 11.2 billion cubic feet, well above the estimated 10.3 billion cubic feet. The gross value of Long Beach Unit production was \$153 million, which is \$43 million above the original estimate of \$110 million. This increase is the result of higher prices received for crude oil. Because of this increase the net value resulting from Long Beach Unit production, after expenditures, was \$106 million, \$40 million above projected net value.

Seventeen of the nineteen wells provided for in the Plan were completed during the year, and two wells were being drilled at the end of the fiscal year.

The original 1973-1974 Budget as approved by the Commission at its April 26, 1973 meeting was \$44,355,000, including \$2,007,000 of unexpended investment funds and administrative overhead which was carried in from the previous year.

During the year the Budget was augmented eleven times to provide for increased costs and for items which were not anticipated or finalized when the Budget was prepared early in 1973. The major augmentations in the Expense portion of the Budget were necessary in order to provide for increased electrical energy and well maintenance costs, and increased mining rights and oil production license taxes. The main investment augmentation was for the completion of produced water handling facilities. The total modified Budget as of the end of the 1973-1974 fiscal year was \$48,925,000.

A comparison between the 1973-1974 Budget as modified, and the actual expenditures, is as follows:

	<u>Budget as Modified</u>	<u>Expenditures</u>	<u>Unexpended</u>	
Investment	\$ 7,406,000	\$ 5,948,678	\$1,457,322	
Expense	40,135,000	39,805,990	329,010	
Administrative Over- head	<u>1,384,000</u>	<u>1,383,351</u>	<u>649</u>	912
TOTAL BUDGET	\$48,925,000	\$47,138,019	\$1,786,981	

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CALENDAR ITEM NO. 14. (CONTD)

\$1,238,000 of the unexpended investment funding committed in the 1973-1974 Budget has been carried forward into the 1974-1975 Budget. This carry-over provides, in part, for expenditures on new wells drilled or in progress at the end of the budget period that, in the normal time lag between billing and payment, could not be booked in the 1973-1974 budget period. Also the carry-over provides for completion of produced water facilities, and other projects that were commenced during the 1973-1974 fiscal year.

The Division has reviewed this proposed Seventeenth and Final Modification and finds it to be a reasonably accurate summary of accomplishments and expenditures for the Long Beach Unit under the 1973-1974 Plan and Budget.

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