

MINUTE ITEM

9/29/75
CVB

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

During consideration of Calendar Item 26 attached, the question was raised as to why it is called the "final modification" of the previous fiscal year's budget. Mr. David K. Hayward, Assistant Manager, Long Beach Operations, appeared. He explained that the "final modification" is a reconciliation of the budget representing a final audit. Commissioner Roy Bell suggested that in the future it be referred to as the "final budget".

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 THIRTEENTH AND FINAL MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1974, THROUGH JUNE 30, 1975.

Attachment:

Calendar Item 26 (3 pages)

A 52, 57, 58
S 27, 31

THIRTEENTH AND FINAL 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, pursuant to the provisions of Section 5(g) Chapter 138/1964, 1st E.S., has requested Commission approval of the Thirteenth and Final Modification of the Plan of Development and Operations and Budget, Long Beach Unit (July 1, 1974 through June 30, 1975). This Final Modification, submitted in accordance with PART IV.E.3. of the 1974-1975 Plan and Budget, summarizes the work accomplished under the Plan and reconciles the funds expended pursuant to the modified Budget.

During the 1974-1975 fiscal year, oil production was 39.4 million barrels, which exceeded the original estimate of 38.2 million barrels. Gas production was 9.5 billion cubic feet, compared to the estimate of 10.1 billion cubic feet. The gross value of Long Beach Unit production was \$167.9 million, or \$3.3 million above the original estimate of \$164.3 million. This additional value is largely the result of the higher oil production rate. The net revenue attributable to the Long Beach Unit was \$106.5 million.

Twenty-one of the thirty-five 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 1974-1975 Budget as approved by the Commission at its April 24, 1974 meeting was \$58,568,000. With the carry-in of \$1,288,000 of unexpended investment funds and administrative overhead from the previous year, the original Budget totalled \$59,856,000.

During the year, the Plan was modified to provide for the reinjection of increased volumes of produced water, to comply with environmental requirements, for other Unit facilities and equipment, and to provide better economic control of Unit warehouse stock. The Budget was augmented four times for a total of \$7,874,000. Included in these augmentations was funding for the purchase of long lead-time equipment, submarine pipeline surveys, oil spill booms, salary and benefit increases for employees of the Field Contractor, additional taxes on mining rights and personal property, and increased electrical energy costs.

A 52, 57, 58
S 27, 31

CALENDAR ITEM NO. 26. (CONTD)

In addition to provision for oil and gas production, the Plan and Budget provided for the following environmental control items: landscaping and beautification, subsidence control and oil spill prevention and control. \$2.5 million was spent on environmental control, and \$8.4 million on water injection for subsidence control and reservoir enhancement.

A total of \$6.1 million was spent for drilling new wells, which produced a total of 7,700 barrels per day by June 1975, indicating a payout of drilling costs by October 1975.

A comparative summary of 1973-1974 and 1974-1975 Unit expense is:

	<u>Fiscal Year 1973-1974</u>	<u>Fiscal Year 1974-1975</u>	<u>Increase</u>
Contractor salaries and burden	\$ 4,750,000	\$ 5,778,000	22%
Electrical energy	5,765,000	9,588,000	66%
Taxes and licenses	9,619,000	14,856,000	54%
Total expense and overhead	41,190,000	53,922,000	31%

Following is a comparison between the 1974-1975 Budget as modified, and actual expenditures:

	<u>*Budget</u>	<u>Expenditures</u>	<u>Unexpended</u>
Investment	\$13,182,000	\$ 7,513,042	\$ 5,668,958
Expense	52,811,000	52,131,826	679,174
Administrative Overhead	<u>1,815,000</u>	<u>1,790,019</u>	<u>24,981</u>
TOTAL BUDGET	\$67,808,000	\$61,434,887	\$ 6,373,113

*Including Carry-in, Modifications, and Transfer from Contingency Fund.

\$5,727,545 of the unexpended investment and administration overhead funding had been committed but not expended by June 30, 1975, and therefore carried forward into the 1975-1976 Budget. Major continuing projects provided for by this carry-over of funds are wells in progress, new well cellars and extension of existing cellars, completion of injection and production water facilities, and protective work on submarine pipelines.

CALENDAR ITEM NO. 26. (CONTD)

The Division has reviewed this Thirteenth and Final Modification and found it to be an accurate summary of accomplishments and expenditures for the Long Beach Unit under the 1974-1975 Plan and Budget.

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