

20. REVIEW OF CURRENT CRUDE OIL PRICES AND THEIR INTER-
RELATIONSHIP WITH 1978-1979 FISCAL YEAR EXPENDITURES
BY THE LONG BEACH UNIT

During consideration of Calendar Item 20, attached, Mr. W. M. Thompson, Chief, Extractive Development - Long Beach Operations, explained the Department of Energy issued an entitlements adjustment effective June 1, 1978 which resulted in a reduction in the penalty on upper and lower tier oil. In addition, Union Oil again increased the posted price which will probably result in an additional 10¢ per barrel. He also indicated that Union increased upper tier oil by about \$1.00. Mr. Thompson suggested that the staff report back to the Commission in July as to how the new postings affect the 1978-1979 plan and budget.

Attachment: Calendar Item 20 (one page)

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INFORMATIVE CALENDAR ITEM

20.

6/78
Thompson

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AND THEIR INTERRELATIONSHIP WITH 1978-1979
FISCAL YEAR EXPENDITURES BY THE LONG BEACH UNIT

The 1978-1979 Plan of Development and Operations and Budget, as approved by the Commission at its April 27, 1978 meeting, provided for projects and funding whose economic justification were based on two prospective actions; the first that the Federal Department of Energy would correct the bias against California low gravity crude oils created within their entitlements program and that this would be followed by payment of ceiling prices for Long Beach Unit crude oil.

Pursuant to the Commission's direction at its April 1978 meeting, the Commission's staff, together with the City of Long Beach, will present the current crude oil prices, their interrelationship with proposed 1978-1979 fiscal year expenditures in the Long Beach Unit, and if so indicated, recommendations for modification of the 1978-1979 Plan of Development and Operations.

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