

MINUTE ITEM

This Calendar Item No. 32
was approved as a Minute Item
No. 32 of the Calendar Item
Commission's agenda of 3
to 0 at its 2/22/79 32.
meeting.

2/79
Thompson

FIFTH MODIFICATION OF THE 1978-1979 PLAN OF DEVELOPMENT
AND OPERATIONS AND BUDGET, LONG BEACH UNIT,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The Commission's staff, together with representatives of the City of Long Beach have prepared the Fifth Modification of the 1978-1979 Plan of Development and Operations and Budget, Long Beach Unit, providing updated production, injection, income and expenditure information, together with revised economic projections.

The Fifth Modification revises Exhibits C-3 and C-4 in PART V of the subject Plan and Budget based on data available through December 31, 1978. PART IV, PROCEDURES, of the Plan and Budget provides that exhibits showing estimated oil, gas, and water production rates, water injection rates, expenditures and resulting Long Beach Unit net revenue shall be reviewed quarterly by the Commission's staff and the City, and modified as necessary. This modification satisfies that provision. It does not augment the Budget, nor transfer funds within the existing Budget.

The average oil production rate during the October through December 1978 quarter was 72,022 B/D, almost identical with the originally estimated rate of 72,000 B/D. Actual gas production averaged 14,772 Mcf/D, 1,402 Mcf/D above the originally estimated rate, due to a higher than anticipated gas-oil ratio. The water injection rate of 507,587 B/D was 32,630 B/D or 6% below the previously estimated 540,217 B/D rate, as the result of loss of reservoir injectivity.

Total Unit income for the 1978-1979 year is now estimated to be approximately \$173.1 million, close to the maximum in the range of \$149.3 to \$175 million estimated in the original 1978-1979 Plan and Budget. This is principally the result of small monthly incremental increases in crude oil prices allowed by the Department of Energy.

Estimated investment, expense and overhead, as adjusted, now total \$81,791,000, compared with \$74,383,000 estimated when the 1978-1979 Plan and Budget was prepared early in 1978. The revised figure includes carry-in funds for purchase of a drilling rig and installation of produced water handling plant. These investment projects were not completed in the previous fiscal year. Also, the original Budget did

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not provide any funding for county mining rights and secured personal property taxes, which are expected to total about \$3.6 million.

As of the end of the second quarter of the 1978-1979 fiscal year, Long Beach Unit net revenue for the entire fiscal year is estimated to be approximately \$91.3 million. This compares favorably with the original range of net revenue, \$74.9 to \$100.6 million, included in the 1978-1979 Plan and Budget as approved by the Commission at its April 1978 meeting.

The Commission's staff has reviewed the Fifth Modification and finds that the estimated production, injection, expenditures and revenue shown in the revised exhibits are reasonable. When actual information through the third quarter of the 1978-1979 fiscal year becomes available, it will be reviewed by the staff and reported to the Commission.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE FIFTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1978 THROUGH JUNE 30, 1979.

Additionally, in accordance with PART IV, A.4.c. of the 1978-1979 Plan of Development and Operation and Budget for the Long Beach Unit, the following Plan Supplements for additional projects under \$100,000 have been approved by the Director, Department of Oil Properties, City of Long Beach and the Manager, Long Beach Operations, State Lands Commission and are hereby reported to the Commission and incorporated in the Plan.

Plan Supplement No. 2. Purchase 2 downhole electrical pump fault analyzers with companion oscilloscopes at an estimated cost of \$11,000.

Plan Supplement No. 3. Purchase a diesel powered tractor and 2 flat bed semi-trailers at an estimated cost of \$80,000.