

MINUTE ITEM

This Calendar Item No. 43
was approved as Minute Item
No. 43 by the State Lands
Commission by a vote of 2
to 0 at its 12-16-80
meeting.

CALENDAR ITEM

43

12/80
Thompson

FOURTH MODIFICATION OF THE 1980-1981
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET,
LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY,
REVISING ECONOMIC PROJECTIONS

The Commission's staff, together with representatives of the City of Long Beach, have prepared the Fourth Modification of the 1980-1981 Plan of Development and Operations and Budget, Long Beach Unit, providing updated production, injection, income and expenditure information, together with revised economic projections.

The Fourth Modification revises Exhibits C-3 and C-4 in PART V of the subject Plan and Budget based on data available through September 30, 1980. 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 First Quarter of the 1980-1981 Plan was 63,086 B/D, 2,110 B/D less than the originally estimated rate. Inability to respond promptly to an unusually high well equipment failure rate in the last part of the Quarter is partially responsible for the lower oil rate. Actual gas production averaged 13,508 MCF/D, 839 MCF/D under the originally estimated rate, due to a slightly lower than anticipated gas-oil ratio and the lower oil rate. The water injection rate of 446,353 B/D was 11% less than the previously estimated 525,000 B/D estimated rate.

Estimated investment and overhead as seen at the end of the First Quarter of the Budget Year were in line with budgeted amounts adjusted for carryover. As a result of the continued high inflation rate and increased electrical energy costs, additional funding may be necessary for expense this Budget Year. The adjusted total budget as of September 30, 1980, was \$148,398,000. The original budget at \$116,821,000 had been augmented for investment carryover and for the

A 57, 58

S 27, 31

-1-

CALENDAR PAGE	198
MINUTE PAGE	2931

CALENDAR ITEM NO. 43 (CONTD)

repurchase of chemicals for the caustic enhanced recovery project. These figures, of course, do not include the major augmentation to the budget made in October 1980, for mining rights taxes made necessary by the County Assessor's high appraisal of the Unit.

Total Unit income during the 1980-1981 Year has been adjusted downward primarily because estimated increases in oil and gas prices did not materialize. The average oil price for Unit uncontrolled oil has not increased for a year. The current price of \$25.60 is \$0.65 below the original estimate of \$26.25 for the October-December 1980 period.

The Long Beach Unit net income is now indicated to be \$447,319,000. The original estimate in the 1980-1981 Plan and Budget approved by the Commission at its April 1980 meeting was \$518,447,000. These income figures do not reflect the reduction due to the Federal Oil Tax imposed on the individual participants in the Unit. Adjustment for estimated investment carryover to 1981-1982, will be made in the next quarterly review.

The Commission's staff has reviewed the Fourth Modification and finds that the estimated production, injection, expenditures and revenue shown in the revised exhibits are reasonable. When actual information through the Second Quarter of the 1980-1981 Fiscal Year becomes available, it will be reviewed by the staff and reported to the Commission.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE FOURTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1980 THROUGH JUNE 30, 1981.