CALENDAR ITEM

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Thompson

EIGHTH MODIFICATION OF THE 1980-1981 PLAN OF DEVELOPMENT
AND OPERATIONS AND BUDGET, LONG BEACH UNIT,
WILMINGTON OIL FIELD

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

The Eighth Modification revises Exhibits C-3 and C-4 in
Part V of the subject Plan and Budget based on data available
through December 31, 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 second quarter
of the 1980-1981 Plan year was 63,579 B/D, 1,117 B/D less
than the originally estimated rate. Actual gas production
averaged 12,859 MCF/D, 231 MCF/D less than the originally
estimated rate. The water injection rate of 486,293 B/D
was 43,528 B/D below the originally estimated rate, primarily
as a result of electrical and mechanical problems with
the pumps and prime mover. For the first six months of
the fiscal year, the oil rate averaged 63,332 B/D, which
is 1,614 B/D less than originally estimated.

Total budget funds for investment, expense and administrative
overhead totalled $167,272,000 at the end of the second
quarter. The original budget of $116,821,000 had been increased
to $138,493,000 on July 1, 1980 to include $21,618,000
in investment funds carried over from the previous fiscal
year. This adjusted budget was augmented in July to prepay
chemical costs for the tertiary caustic flood, in October
for taxes and in December to purchase two drilling rigs.

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The Field Contractor is currently estimating that $23 million in additional augmentation will be needed during this fiscal year. Funds for uncompleted projects will be carried over to the 1981-1982 fiscal year and as shown on Exhibit C-4 the estimated amount of the carry-out is $30 million.

Based on information available at the end of the second quarter of the 1980-1981 fiscal year, Long Beach Unit net income before windfall profit taxes for the full year is expected to be $433,767,000. The original estimate of net income was $518,447,000. The reduction is primarily due to budget augmentations of almost $51,000,000 and the decrease in gross revenue due to lower oil production rate estimates.

The Commission's staff recommends approval of the Eighth Modification which revises the estimated production, injection and expenditures and revenue as shown in the revised exhibits. When actual information through the third quarter of the 1980-1981 fiscal year becomes available, it will be reviewed by the staff and reported to the Commission.

EXHIBITS: C-3, C-4.   Economic Projections.

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

Additionally, in accordance with Part IV. A. 4.c. of the 1980-1981 Plan of Development and Opeations and Budget for the Long Beach Unit, the following Plan Supplement for an additional project under $100,000 has been approved by the Director, Department of Oil Properties, City of Long Beach and the Chief, Long Beach Operations, State Lands Commission and is hereby reported to the Commission and incorporated in the Plan. This project requires no action by the Commission.

Plan Supplement No. 7. Purchase a word processor.

EXHIBIT C-3

ECONOMIC PROJECTIONS - BASIC DATA

(Furnished by City and State)

	Actual 3rd Quarter 1980	Actual 4th Quarter 1980	1st Quarter 1981	2nd Quarter 1981	TOTAL
Estimated Oil Production (1,000 Bbl.)	5,804	5,849	5,580	5,642	22,875
Estimated Gas Production (1,000 Mcf.)	1,243	1,183	1,127	1,140	4,693
Estimated Water Production (1,000 Bbl.)	35,536	37,509	35,820	37,128	145,993
Estimated Water Injection (1,000 Bbl.)	42,905	44,739	44,100	45,500	177,244
Estimated Oil Price ($/Bbl)	25.41	25.62	26.15	26.25	
Estimated Gas Price Adjusted ($per MCF of total produced gas)	1.76	1.78	2.29	2.29	

1980 - 1981 PLAN AND BUDGET

EXHIBIT C-4

ECONOMIC PROJECTIONS

(Data in Thousands of Dollars)

	Actual 3rd Quarter 1980	Actual 4th Quarter 1980	1st Quarter 1981	2nd Quarter 1981	TOTAL
Development Drilling	4,609	3,777	7,140	7,140	22,666
Well Work	80	106	653	652	1,491
Facilities	1,193	4,816	11,443	11,442	28,894
TOTAL	5,882	8,699	19,236	19,234	53,051
Mining Rights	0	5,573	0	5,227	10,800
Personal Property	149	490	0	611	1,250
License & Other Taxes	598	417	628	457	2,100
TOTAL	747	6,480	628	6,295	14,150
Operating Expense	25,314	24,278	20,792	16,792	87,176
General Administrative	1,331	1,343	1,737	1,736	6,147
Other	102	123	354	354	933
Overhead	1,399	1,359	1,529	1,528	5,815
TOTAL EXPENSE AND OVERHEAD	28,146	27,103	24,412	20,410	100,071
GRAND TOTAL	34,775	42,282	44,276	45,939	167,272

ESTIMATED INCOME

Oil Income	147,480	149,851	145,917	148,103	591,351
Gas Income	2,390	2,106	2,581	2,611	9,688
Total Income	149,870	151,957	148,498	150,714	601,039

ESTIMATED EXPENSES

Investment	5,882	8,699	19,236	19,234	53,051
Taxes	747	6,480	628	6,259	14,150
Combined Expenses	28,146	27,103	22,412	22,410	100,071
Total Expenditures	34,775	42,282	42,276	47,939	167,272

ESTIMATED REVENUE

Net Income	115,095	109,675	106,222	102,775	433,767

Estimated additional augmentation	23,000
Estimated carry-over to FY 1981-1982	30,000