

MINUTE ITEM

This Calendar Item No. 38
was approved as Minute Item
38 by the State Lands
Commission by a vote of 3
to 0 at its 3-5-81
meeting.

CALENDAR ITEM

F 38

2/81
Thompson

NINTH MODIFICATION OF THE 1980-1981 PLAN OF DEVELOPMENT
AND OPERATIONS AND BUDGET, LONG BEACH UNIT
WILMINGTON FIELD, LOS ANGELES COUNTY

It is requested the Plan of Development and Operations and Budget, Long Beach Unit, be modified to provide additional funding for ongoing projects and operations. A total budget augmentation of \$10,000,000 at this time is proposed for six different budget items. With this augmentation, the total revised budget would be \$178,098,000.

An additional \$5,000,000 would be provided for Ranger Zone Development Drilling. The sixth unit owned drilling rig commenced operation in October 1980. The original Plan and Budget did not provide for this rig or the heavy concentration of rig time on new wells over redrills. The Seventh Modification changed the Plan to provide for twelve additional new wells but funding was delayed until actual requirements would be better determined.

When the budget was augmented to provide for Mining Rights Taxes, it was necessary to estimate the required sum since the bill had not been received. It has now been determined that an additional \$346,000 will be required of which \$196,000 can be obtained by transfer from surpluses in other tax items. This augmentation would provide the balance of \$150,000.

The increase in electrical energy cost per KW hr was significantly exceeded that estimated when the 1980-1981 budget was prepared. To provide for this greater expense \$4,000,000 has been requested which would be divided equally at this time between the two Budget Items involving the largest electrical energy demand; Submersible Lift-Surface and Water Injection Systems.

During this budget period, expenditures have increased for major repairs and maintenance on all of the Unit owned barges and tugs. In addition there was rental expense for replacements while these units were out of service. To cover these costs, Marine Transportation expense would be augmented by \$400,000.

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As a result of both the increased drilling activity and the loss of available nearby dump sites, Waste Disposal Expense has materially increased. An augmentation of \$450,000 at this time is needed to meet the higher costs.

Those budget items affected would be as follows upon approval:
(Thousands of Dollars)

	<u>Current Budget</u>	<u>This Modification</u>	<u>Adjusted Budget</u>
A.1.a. (2) Ranger Zone Devmt. Drilling	17,872	5,000	22,872
B.1.b. Mining Rights Taxes	10,996	150	11,146
B.2.b. (13) Submersible Lift Surface	7,832	2,000	9,832
B.2.b. (14) Water Injection System	22,709	2,000	24,709
B.2.c. (9) Marine Transportation	1,640	400	2,040
B.2.c. (17) Waste Disposal	1,808	450	2,258

Because of the unusually high carry-over of investment funding expected at the end of this budget period, no provision for Administration Overhead is being made at this time. Administration Overhead need not be funded unless expended during this budget period.

It is anticipated that the Unit Operator will request an additional augmentation this budget period of as much as \$13,000,000 to cover increasing costs in most Expense Budget Items and for Development Drilling.

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