

MINUTE ITEM

This Calendar Item No. 36
was approved as Minute Item
No. 36 by the State Lands
Commission by a vote of 2
to 0 at its 5-28-81
meeting.

MINUTE ITEM

5/28/81
Thompson

36. TENTH MODIFICATION OF THE 1980-81 PLAN OF DEVELOPMENT
AND OPERATIONS AND BUDGET, LONG BEACH UNIT, WILMINGTON OIL
FIELD

During consideration of Calendar Item 36 attached, Commission-
Alternate Susanne Morgan suggested it may be time to consider
slowing up the expansion effort since it is too expensive at
this time and it is uncertain how much future augmentations
will be.

Upon motion duly made and carried, the resolution as presented
in Calendar Item 36 was approved by a vote of 2-0.

Attachment:
Calendar Item 36

57, 58
27, 31

(Revised 8/25/81)

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CALENDAR ITEM

36

5/81
Thompson

TENTH MODIFICATION OF THE 1980-1981
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET
LONG BEACH UNIT, WILMINGTON OIL 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 and for the early phases of certain expansion projects. A total budget augmentation of \$11,238,000 is proposed, including \$2,115,000 in Investment, \$8,714,000 in Expense and \$409,000 for Administrative Overhead. With this augmentation, the total revised budget would be \$189,336,000.

In Investment the major portion, \$1,500,000, would be provided for Development Drilling. Drilling activity continues to be concentrated on new wells, as there have been fewer redrills than anticipated. In addition, more drilling rigs are operating this year than were originally planned. This would complete the funding for the additional wells provided by the Seventh Modification.

Engineering design for the Island Chaffee cellar expansion and design and permitting for the Island Freeman surface expansion require \$200,000 at this time, so that provisions for additional well surface locations may proceed in an orderly manner if justified by the reservoir studies in progress.

To make the best use of the remaining space, two rows of conductors are being set in the Island White cellar expansion. Drilling rig subbases permitting lateral movement will be required when the new cellars are completed. This modification would provide funding for two such subbases, however, if studies now in progress find that a subbase now on Island Grisson will be available and only two rigs will be used on Island White, only one subbase will be purchased. Total funding provided is \$320,000.

The remaining investment project funded by this modification is an additional produced water holding tank on Pier J, for \$95,000. This facility would provide surge tank capacity while the existing tank is removed from service for repair of corrosive damage.

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A total of \$8,714,000 would be added to the expense portion of the Budget by this augmentation, in ten different Budget Items. The major items are Water Injection Systems, \$1,700,000, where chemical costs greatly exceeded earlier estimates; Field Expense, \$1,720,000, where THUMS personnel have replaced contract employees; and Drilling and Workover Support, \$1,260,000 and Waste Disposal, \$800,000, both affected by increased drilling activity and inflation.

Administrative Overhead would be augmented by \$409,000.

Those buget items affected would be as follows, upon approval:

	<u>Current Budget (1000)</u>	<u>This Augmentation (1000)</u>	<u>Adjusted Budget (1000)</u>
A.1.a.(2) Ranger Zone Development Drilling	\$22,372	\$1,500	\$23,872
A.2.b.(10) Produced Water Handling	4	95	99
A.2.e.(1) Islands	-0-	110	110
A.2.e.(3) Cellars	3,731	90	3,821
A.2.f.(2) Drilling Equipment	16,697	320	17,017
B.2.b.(9) Produced Water Handling and Filtration	2,030	330	2,360
B.2.b.(14) Water Injection System	24,709	1,700	26,409
B.2.b.(15) Pressured Water	1,900	500	2,400
B.2.c.(5) Production Support Services	638	260	898
B.2.c.(8) Field Expense	6,097	1,720	7,817
B.2.c.(9) Marine Transportation	2,280	680	2,960
B.2.c.(10) Leasehold Improvements	2,334	820	3,154
B.2.c.(16) Drilling and Workover Support	5,425	1,260	6,685
B.2.c.(17) Waste Disposal	2,598	800	3,398

CALENDAR ITEM NO. 36 (CONTD)

B.3.a.(1)	Employees - Salaries and Burden Management Expense	3,226	350	3,576
B.3.b.(3)	General Office Expense General Administrative Expense	400	55	455
B.3.d.(1)	Management Projects General Expense	103	239	342
<u>ADMINISTRATIVE OVERHEAD</u>		5,847	409	6,256

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