

MINUTE ITEM

CALENDAR ITEM

9/29/81
Thompson

Calendar Item
NO. 39
Commission by 9/29/81
to 0 at its
meeting.

39

FINAL REPORT AND CLOSING STATEMENT
OF THE 1980-81 PLAN OF DEVELOPMENT
AND OPERATIONS AND BUDGET, AND THE SECOND
MODIFICATION OF THE 1981-82 PLAN OF DEVELOPMENT
AND OPERATIONS AND BUDGET, LONG BEACH UNIT,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach has requested Commission approval of the Final Report and Closing Statement of the Plan of Development and Operations and Budget, Long Beach Unit, (July 1, 1980 through June 30, 1981). This Final Report and Closing Statement, submitted in accordance with Part IV, E.3 of the subject Plan and Budget, summarizes the work accomplished under the Plan and reconciles the funds expended pursuant to the modified Budget.

During the 1980-81 fiscal year, oil production totaled 22.8 million barrels, and gas production was 4.6 billion cubic feet. At an average price of \$25.94 per barrel of oil and \$2.20 per thousand cubic feet of gas, the total value of Long Beach Unit production was \$602 million. After deduction of \$162.7 million in expenditures, remaining net income attributable to the Unit was \$439.3 million.

Fifty-one of the fifty-two wells provided for in the Plan as modified were completed or spudded. Eighteen redrills were completed and one was in progress at the end of the year. The Plan had provided funds for thirty-three redrills. The fifteen fewer redrills than planned were a result of several drilling operations extending considerably longer than normal and more remedial work than originally planned, requiring more rig time.

The oil production rate was three percent lower and the water production and injection rates were six percent and twelve percent respectively lower than the estimates included in the original economic projections.

With Commission approval the Plan was modified during the fiscal year to provide for the drilling of twelve additional wells, and the recompletion of three wells in shallower zones. Other modifications which required budget augmentations were the pre-purchase of chemicals for the pilot caustic flood (\$9,959,000), the payment of additional taxes (\$8,000,000), the purchase of two drilling rigs (\$11,240,000), higher than anticipated electrical energy, drilling support and waste disposal expense (\$13,564,000), miscellaneous

A 57, 58

-1-

S 27, 31

(Revised 9/28/81)

CALENDAR PAGE 180
MINUTE PAGE 1994

CALENDAR ITEM NO. 39 (CONTD)

investment projects and administrative overhead (\$1,850,000) for a total augmentation of \$50,897,000. The modified Budget, including the investment fund carry-in from the previous year, totaled \$189,336,000.

As of June 30, 1981 unexpended Budget funds totaled \$26,667,948 including approximately \$25.1 million which became a part of the investment carry-over to 1981-82, \$0.9 million as expense surplus and \$0.6 million as administrative overhead surplus. There was no investment surplus.

Following is a comparison between the 1980-81 Budget, as modified, and expenditures (in thousands of dollars):

	<u>Approved Budget*</u>	<u>Budget Expenditures</u>	<u>Unexpended Budget</u>
Investment	\$ 60,960	\$ 35,850	\$25,110
Expense	\$122,120	\$121,147	\$ 973
Administrative Overhead	\$ 6,256	\$ 5,671	\$ 585
TOTAL BUDGET	\$189,336	\$162,668	\$26,668
Carry-over		\$ 27,382**	

*Including carry-in from 1979-80, modifications and Budget transfers.

**The \$25.1 million of unexpended investment funds were increased to cover revised project costs.

A carry-over occurs each year due to the time required between commitments and expenditures, because of engineering design, long lead time equipment purchases, bidding procedures and actual construction.

The Commission staff has reviewed the Final Report and Closing Statement and found it to be an accurate summary of expenditures for the Long Beach Unit under the 1980-81 Plan and Budget.

The City of Long Beach has also requested that the 1981-82 Plan and Budget be modified to provide for the dismantling of three drilling structures and the salvage of one drilling subbase on the offshore islands of the Long Beach Unit. There is no future need for the removed equipment. Its removal will facilitate the conduct and reduce the cost of island operations.

(Revised 9/28/81)

CALENDAR ITEM NO. 39 (CONTD)

One of the substructures is a double row unit and is immediately needed on another island. The total cost is expected to be \$ 90,000. It is proposed this amount be transferred within the Budget, from Development Drilling to Abandonment Expense.

The Commission staff has reviewed this proposed Second Modification of the 1981-82 Plan and Budget, and has found it to be justified.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE FINAL REPORT AND CLOSING STATEMENT OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, (JULY 1, 1980 THROUGH JUNE 30, 1981) AND THE SECOND MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, (JULY 1, 1981 THROUGH JUNE 30, 1982).