

MINUTE ITEM

This Calendar Item No. 25  
was approved as Minute Item  
No. 25 by the State Lands  
Commission by a vote of 2  
to 2 at its 1/23/81  
meeting.

CALENDAR ITEM

25

11/23/81  
Thompson

FOURTH MODIFICATION OF THE 1981-82  
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 1981-82 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, 1981. PART VI, 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 1981-82 Plan Year was 63,139 barrels per day, 226 barrels per day more than the originally estimated rate. Actual gas production averaged 11,870 MCF per day, 196 MCF per day above the originally estimated rate due to the slightly higher oil rate. The water injection rate of 536,041 barrels per day was 24,661 barrels per day above the projected figure primarily as a result of lower than estimated injection well and plant downtime.

Estimated expense expenditures at the end of the first quarter of the Budget Year were slightly below budgeted amounts primarily due to lower than estimated increases in electrical energy costs.

The adjusted total budget as of September 30, 1981, was \$209,820,000. The original budget at \$181,142,000 had been augmented for investment carryover, and for the funds for the use of an outside management service to define Long Beach Unit data processing and management information system requirements.

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Total Unit income for the 1981-82 Fiscal Year has been adjusted downward because of lower than estimated oil prices. No escalation is included for the remainder of the fiscal year. The original estimate had shown increases to \$29 per barrel in the fourth quarter.

Long Beach Unit net income is now indicated to be \$410,700,000. The original estimate in the 1981-82 Plan and Budget approved by the Commission was \$479,611,000. Adjusted for investment carry-in to 1981-82, the original estimate would have been \$451,143,000. The remaining reduction of about \$40 million in Unit net income is attributable to the value of oil and gas production. These income figures do not reflect the reduction due to the Federal Oil Tax imposed on the individual participants in the Unit and are not adjusted for estimated investment carry-over to 1982-83.

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 1981-82 Fiscal Year becomes available, it will be reviewed by the staff and reported to the Commission.

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE THE FOURTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1981 THROUGH JUNE 30, 1982.

1981-1982 PLAN AND BUDGET

EXHIBIT C-3

ECONOMIC PROJECTIONS - BASIC DATA

(Furnished by City and State)

	Actual 3rd Quarter 1981	4th Quarter 1981	1st Quarter 1982	2nd Quarter 1982	TOTAL
Estimated Oil Production (1,000 Bbl.)	5,809	5,854	5,688	5,723	23,074
Estimated Gas Production (1,000 Mcf.)	1,092	1,082	1,048	1,051	4,273
Estimated Water Production (1,000 Bbl.)	38,702	39,560	39,600	40,950	158,812
Estimated Water Injection (1,000 Bbl.)	49,316	49,680	48,600	49,140	196,736
Estimated Oil Price (\$/Bbl.)	26.48	26.25	26.25	26.25	
Estimated Gas Price Adjusted (\$ per Mcf. of total produced gas)	3.07	3.07	3.25	3.25	

(Added 11/23/81)

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1981-1982 PLAN AND BUDGET

EXHIBIT C-4

ECONOMIC PROJECTIONS

(Data in Thousands of Dollars)

	<u>Actual 3rd Quarter 1981</u>	<u>4th Quarter 1981</u>	<u>1st Quarter 1982</u>	<u>2nd Quarter 1982</u>	<u>TOTAL</u>
<u>ESTIMATED INCOME</u>					
Oil Income	153,822	153,667	149,310	150,229	607,028
Gas Income	3,353	3,322	3,406	3,416	13,497
<b>Total Income</b>	<b>157,175</b>	<b>156,989</b>	<b>152,716</b>	<b>153,645</b>	<b>620,525</b>
<u>ESTIMATED EXPENSES</u>					
Development Drilling	6,366	10,967	10,966	10,966	39,265
Well Work	111	889	888	888	2,776
Facilities	5,533	2,102	9,164	9,164	33,024
<b>TOTAL</b>	<b>12,010</b>	<b>21,019</b>	<b>21,018</b>	<b>21,108</b>	<b>75,065</b>
Mining Rights	-	5,500	-	5,500	11,000
Personal Property	186	338	338	338	1,200
License & Other Taxes	618	494	494	494	2,100
<b>TOTAL</b>	<b>804</b>	<b>6,332</b>	<b>832</b>	<b>6,332</b>	<b>14,300</b>
Operating Expense	21,439	27,533	27,532	27,532	104,036
General Administrative	1,973	1,928	1,929	1,929	7,759
Other	378	292	291	291	1,252
Overhead	1,395	2,004	2,004	2,004	7,408
<b>TOTAL EXPENSE AND OVERHEAD</b>	<b>25,186</b>	<b>31,757</b>	<b>31,756</b>	<b>31,756</b>	<b>120,455</b>
<b>GRAND TOTAL</b>	<b>38,000</b>	<b>59,108</b>	<b>53,606</b>	<b>59,106</b>	<b>209,820</b>
<b>NET INCOME</b>	<b>119,175</b>	<b>97,681</b>	<b>99,110</b>	<b>94,539</b>	<b>410,705</b>

(Furnished by City and State)

(Added 11/23/81)