

MINUTE ITEM

This Calendar Item No. 44
was approved as Minute Item
No. 44 by the State Lands
Commission by a vote of 3
to 0 at its 5/27/82
meeting.

CALENDAR ITEM
44

5/27/82
Thompson

EIGHTH 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 Eighth 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 Eighth Modification revises Exhibits C-3 and C-4 in PART V of the subject Plan and Budget based on data available through March 31, 1982. 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 budget remains at \$213,221,000.

The average oil production rate during the first three quarters of the 1981-82 fiscal year was 62,722 barrels per day, 847 barrels per day less than the originally estimated rate. Actual gas production averaged 12,551 MCF per day. The water injection rate of 526,685 barrels per day was 1,381 per day below the projected figure.

Total Long Beach Unit net income for fiscal year 1981-82 was adjusted downward at the end of the first and second quarters, principally because of lower than estimated crude oil prices. After deduction of an estimated \$13 million in carry-over of investment funds to 1982-83, net expenditures are now estimated to be about \$200 million. On this basis, Long Beach Unit net income is now estimated to be about \$396 million. The original net income estimated in the 1981-82 Plan and Budget, as approved by the Commission, was \$479,600,000. Adjusted for investment carry-in to 1981-82, the original estimate was reduced to \$451,143,000. The remaining decline of approximately \$55 million is attributable principally to the decline in estimated crude oil value. These income numbers do not reflect any additional reduction

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in net revenue due to the federal windfall profits tax that is imposed on the participants of the Unit.

The economic projections of this quarterly review have included an examination of expenditures trends by Budget Items for the remainder of the plan year. As a result, transfers of available funds between Budget Items and Budget Categories have been approved by the Chief, Long Beach Operations and the Acting Director, Department of Oil Properties. The Seventh Modification of the 1981-82 Plan and Budget has been submitted for the transfer of additional funds that require Commission approval.

The Commission's staff has reviewed the Eighth Modification and finds the estimated production, injection, expenditures and revenue shown in the revised exhibits are reasonable.

AB 884: N/A.

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

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE THE EIGHTH 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)

	<u>Actual 3rd Quarter 1981</u>	<u>Actual 4th Quarter 1981</u>	<u>Actual 1st Quarter 1982</u>	<u>Estimated 2nd Quarter 1982</u>	<u>Estimated TOTAL</u>
Oil Production (1,000 Bbl.)	5,809	5,844	5,533	5,611	22,797
Gas Production (1,000 Mcf.)	1,188	1,171	1,080	1,093	4,532
Water Production (1,000 Bbl.)	38,702	40,314	37,796	42,178	158,990
Water Injection (1,000 Bbl.)	49,316	49,349	45,647	49,367	193,679
Oil Price (\$/ Ebl.)	26.47	26.14	25.63	24.00	
Adjusted Gas Price (\$ per Mcf of total produced gas)	2.78	2.85	2.80	3.10	

5/14/82 Revision
City of Long Beach
Department of Oil Properties

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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>Actual 4th Quarter 1981</u>	<u>Actual 1st Quarter 1982</u>	<u>Estimated 2nd Quarter 1982</u>	<u>TOTAL</u>
<u>ESTIMATED INCOME</u>					
Oil Income	<u>153,764</u>	<u>152,762</u>	<u>141,811</u>	<u>134,664</u>	<u>583,001</u>
Gas Income	<u>3,303</u>	<u>3,337</u>	<u>3,024</u>	<u>3,388</u>	<u>13,052</u>
TOTAL INCOME	<u>157,067</u>	<u>156,099</u>	<u>144,835</u>	<u>138,052</u>	<u>596,053</u>
<u>ESTIMATED EXPENDITURES</u>					
Development Drilling	<u>6,366</u>	<u>6,409</u>	<u>9,587</u>	<u>16,553</u>	<u>38,915</u>
Well Work	<u>111</u>	<u>167</u>	<u>61</u>	<u>2,437</u>	<u>2,776</u>
Facilities	<u>5,533</u>	<u>7,215</u>	<u>8,429</u>	<u>11,247</u>	<u>32,424</u>
TOTAL INVESTMENTS	<u>12,010</u>	<u>13,791</u>	<u>18,077</u>	<u>30,237</u>	<u>74,115</u>
Mining Rights	<u>-</u>	<u>7,200</u>	<u>-</u>	<u>7,201</u>	<u>14,401</u>
Personal Property	<u>186</u>	<u>493</u>	<u>-</u>	<u>521</u>	<u>1,200</u>
License & Other Taxes	<u>618</u>	<u>418</u>	<u>605</u>	<u>459</u>	<u>2,100</u>
TOTAL TAXES	<u>804</u>	<u>8,111</u>	<u>605</u>	<u>8,181</u>	<u>17,701</u>
Operating Expense	<u>21,439</u>	<u>24,445</u>	<u>28,528</u>	<u>30,364</u>	<u>104,776</u>
General Administrative	<u>1,973</u>	<u>1,918</u>	<u>2,156</u>	<u>1,922</u>	<u>7,969</u>
Other	<u>378</u>	<u>85</u>	<u>408</u>	<u>381</u>	<u>1,252</u>
Overhead	<u>1,396</u>	<u>1,695</u>	<u>2,067</u>	<u>2,250</u>	<u>7,408</u>
TOTAL EXPENSE AND OVERHEAD	<u>25,186</u>	<u>28,143</u>	<u>33,159</u>	<u>34,917</u>	<u>121,405</u>
GRAND TOTAL	<u>38,000</u>	<u>50,045</u>	<u>51,841</u>	<u>73,335</u>	<u>213,221</u>
<u>NET INCOME</u>	<u>119,067</u>	<u>106,054</u>	<u>92,994</u>	<u>64,717</u>	<u>382,832</u>
					<u>13,000</u>
					<u>395,832</u>
Furnished by City and State 5/18/82					

(Added 5/27/82)