

MINUTE ITEM

This Calendar Item No. 20
submitted for information
only, no action thereon
being necessary.

INFORMATIVE
CALENDAR ITEM

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OPERATIONAL AUDIT OF
LONG BEACH TIDELANDS OIL OPERATIONS,
THUMS

At its meeting of April 24, 1980, the Commissioners expressed a desire to conduct an operational audit in the Long Beach tidelands of the Long Beach Unit Oil Operations, and specifically of THUMS (Texaco, Humble-now Exxon, Union, Mobil, and Shell), the Field Contractor for the Long Beach Unit. Following a discussion, the Commission requested staff to report on the scope of such an audit for its review and evaluation.

Following the April 24 meeting, staff contacted eight of the nation's leading CPA firms. These were: Price Waterhouse and Company; Coopers and Lybrand; Arthur Young and Company; Peat, Markwick, Mitchell and Company; Deloitte Haskins and Sells; Touche Ross and Company; Arthur Andersen and Company; Ernst and Whinney. Approval of the scope of the proposed audit and the draft of a request for proposal was obtained from the Commission at its May 1980 meeting. After careful evaluation of the respondents, the firm of Deloitte, Haskins and Sells was selected to perform the audit.

At its meeting of April 28, 1981, the State Lands Commission accepted for staff review the Operational Audit performed by Deloitte, Haskins and Sells.

During the April 27, 1982 meeting, the State Lands Commission approved the first modification of the Plan of Development and Operation and Budget, Long Beach Unit, July 1, 1982 through June 30, 1983. The modification postponed some projects which had been included in the original Plan as they were related to the Deloitte, Haskins and Sells audit and stipulated that these projects were to be reconsidered when the Commission reviewed the Field Contractors response to the audit report. One December 1982, Calendar Item, the Fifth Modification, is related to the audit and requests a Plan change and augmentation of the 1982-83 Plan and Budget.

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