

MINUTE ITEM

53

04/12/88
W 17091
Lammers

FIFTH MODIFICATION OF THE 1987-88 PLAN
OF DEVELOPMENT AND OPERATIONS AND BUDGET
LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY
REVISING ECONOMIC PROJECTIONS

Calendar Item 53, attached, was pulled from the agenda prior to the meeting.

Attachment: Calendar Item 53.

CALENDAR ITEM

A 57, 58

53

04/12/88

S 29

W 17091

Lammers

FIFTH MODIFICATION OF THE 1987-88
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET
LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY,
REVISING ECONOMIC PROJECTIONS

The City of Long Beach has submitted to the Commission the Fifth Modification of the 1987-88 Plan of Development and Operations and Budget, Long Beach Unit, providing updated production, injection, income and expenditure information, together with revised economic projections

The Fifth Modification revises Exhibits "C-3" and "C-4" in PART V of the subject Plan and Budget based on data available through December 31, 1987. PART IV, PROCEDURES, of the Plan and Budget provides that exhibits showing estimates 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. It does not augment the Budget or transfer funds within the existing budget. Extractive Development requested of the City the removal of \$10 million of surplus funds from the Budget in this Modification which was refused.

The average oil production rate during the second quarter of the 1987-88 Plan Year was 55,478 barrels per day, 1,457 barrels per day less than originally estimated. The water production rate was 411,500 barrels per day, 22,000 barrels per day more than originally estimated. The water injection rate was 501,600 barrels per day, 20,400 barrels per day more than originally estimated. The City of Long Beach now estimates that the oil production rate for the year will be 54,959 barrels per day. The water production rate is estimated at 413,787 barrels per day and the water injection rate 504,702 barrels per day for the year.

(CALENDAR ITEM NO. 53 CONT'D)

Expenditures for the second quarter were \$29.9 million, \$5.8 million less than originally estimated, excluding carry over funds. For the first half they were \$52.9 million, \$12.3 million less than anticipated. Expenditures are expected to increase in the third and fourth quarters when a second drilling rig is placed in service and as equipment is delivered and work proceeds on larger projects.

Expenditures against the 1987-88 budget are currently projected to be approximately \$120.8 million by the City. Actual expenditures through February 29, 1988, the first eight months of the Plan Year, were \$68.4 million. To reach the City's estimated expenditure of \$120.8 million for the year, \$52.4 million will have to be spent in the last four months of the year. This is approximately the amount spent during the first six months of the year. Staff's estimate of expenditures for the year is \$110 million.

Total Unit net income for the 1987-88 fiscal year has been adjusted upward by the City which now estimates \$147.3 million, an increase of \$7.8 million over the original estimate because of the reduction in estimated expenditures.

The Commission's staff has reviewed the Fifth Modification and the estimated production, injection, expenditures and revenue shown in the revised exhibits. When actual information through the third quarter of the 1987-88 Fiscal Year becomes available, it will be reviewed by the staff and reported to the Commission.

IT IS RECOMMENDED THAT THE COMMISSION:

1. RETURN THE FIFTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1987 THROUGH JUNE 30, 1988 TO THE CITY OF LONG BEACH FOR UPDATING AND REVISION.