

MINUTE ITEM
This Calendar Item No. 54
was approved as Minute Item
No. 57 by the State Lands
Commission by a vote of 22
to 0 at its 4/12/88
meeting.

CALENDAR ITEM

54

04/12/88
W 17091
Lammers

SIXTH MODIFICATION OF THE 1987-1988
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET
LONG BEACH UNIT, WILMINGTON OIL FIELD
LOS ANGELES COUNTY

The City of Long Beach has submitted to the Commission the Sixth Modification of the 1987-1988 Plan of Development and Operations and Budget, Long Beach Unit. The Sixth Modification would modify the Plan to provide for the replacement of a large oil storage tank with two smaller tanks. Budget fund transfer will be made in the amount of \$1,721,000 into the Oil and Gas Production Program to fund this project and to reallocate funding for three expense Budget Items and Administrative Overhead.

One of the two 87,000 barrel oil storage/shipping tanks on Pier J has developed a bottom leak. Replacement of this tank with two smaller tanks is not only more cost effective than repairing the tank but will also improve operating efficiency at the facility. (The bottom of the other 87,000 tank was replaced some years ago). Total cost of the project is estimated at \$850,000 of which \$650,000 would be transferred with this modification for purchasing and installing the new tanks.

This modification would also transfer \$105,000 to the Waste Disposal Budget Item and \$800,000 to the Leasehold Improvements Budget Item in the Oil and Gas Production Program. Expenditures are now charged to these Budget Items and similar Budget Items in the Drilling and Development Program as applicable rather than as a fixed percentage of total expenditures. This improvement in tracking expenditures does require budget adjustments in the transition year.

Additional funding is also requested for the Fresh Water Budget Item. To provide for an increase in the cost of water, \$100,000 is needed in this Budget Item, a 37% increase

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(ADDED 04/11/88)

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The funds needed for these Budget Items would be transferred from the Leasehold Improvements and Waste Disposal Budget Items in the Drilling and Development Program and the Produced Water Handling Budget Item in the Water Injection Program.

Funds would be transferred as necessary to adjust Administrative Overhead for the affected Programs.

Upon approval the affected Budget Item would be as follows:
(thousands of dollars)

<u>Budget Item</u>	<u>Current Budget</u>	<u>This Transfer</u>	<u>Adjusted Budget</u>
B.1.b.(7) Waste Disposal	610	105	715
B.3.a.(3) Oil Storage	0	650	650
B.5.b.(6) Leasehold Improvements/ Maintenance	2,656	800	3,456
B.5.b.(8) Fresh Water System	267	100	367
(20-989) Administrative Overhead	2,103	66	2,169
A.1.b(5) Leasehold Old Improve- ments/Maintenance	784	(200)	584
A.1.b.(7) Waste Disposal	2,481	(455)	2,026
10-989) Administrative Overhead	430	(26)	404
D.2.b.(1) Produced Water Handling	4,656	(1,000)	3,656
(40-909) Administrative Overhead	963	(40)	923

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

(ADDED 04/11/88)

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IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. APPROVE THE SIXTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1987 THROUGH JUNE 30, 1988.

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(ADDED 04/11/88)

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