

MINUTE ITEM
This Calendar Item No. 73
was approved as Minute Item
No. 73 by the State Lands
Commission by a vote of 3
to 0 at its 6/11/90
meeting.

CALENDAR ITEM

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G. Scott

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APPROVE SIXTH MODIFICATION OF THE 1989-90
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 Sixth Modification of the 1989-90 Plan of Development and Operations and Budget, Long Beach Unit, providing updated production, injection, income and expenditure information together with revised economic projections.

The Sixth Modification revises Exhibits "C-3" and "C-4" in PART V of the subject Plan and Budget based on data available through March 31, 1990. PART IV, PROCEDURES Section A-2, of the Plan and Budget provides for a Quarterly Review by the City and State of past operations and intended future operations under the Plan. The City is to furnish the State detailed reports; updated and revised, if necessary, exhibits; and any recommended modification of the Plan and Budget resulting from the City's review. The City does not propose any changes other than in Exhibits C-3 and C-4 to replace forecast first, second, and third quarter numbers with actuals, to reduce oil and gas forecasted prices for the fourth quarter and to revise expenditures downward. There is no augmentation or reduction of budget funds. The Second Modification of the Plan and Budget was approved by the Commission during the third quarter of the fiscal year which provided funding of \$2 million for paying claim to Department of Energy, Wilmington Oil Field, Los Angeles County. This allowed for the transfer of funds of \$2 million from the Taxes, Permits and Land Rental Program, to the General Expense Account of the Management Program, and is reflected in the Adjusted Budget in Exhibit C-5.

CALENDAR ITEM NO. 73 (CONT'D)

The average oil production rate during the third quarter of the 1989-90 Plan year was 46,826 barrels per day, 116 barrels per day less than originally estimated. The water production rate was 435,689 barrels per day, 6,589 barrels per day more than originally estimated. The water injection rate was 519,460 barrels per day, 140 barrels per day less than originally estimated. The City of Long Beach now estimates that the oil production rate for the year will average 46,803 barrels per day and the water injection rate 515,260 barrels per day. Gas production averaged 8,878 thousand cubic feet per day during the third quarter and is now expected to average 8,721 MCF/day for the year.

Expenditures during the third quarter were \$31.0 million, \$6.0 million less than originally estimated, excluding carry over funds.

Estimated expenditures for the 1989-90 year have been projected by the City to be \$134.6 million. No reduction in budgeted funds is suggested in this modification.

Anticipated total Unit income for the 1989-90 fiscal year has been adjusted downward from the end of second quarter predictions. Because of high expenditures and lower oil prices for the last quarter of the year, the City now estimates net Unit income for the year to be \$122.6 million, a decrease of \$20.9 million from the estimate projected at the end of the second quarter.

The Commission's staff has reviewed the Sixth Modification including the estimated production, injection, expenditures and revenue shown in the revised exhibits. When actual information through the fourth quarter of the 1989-90 fiscal year becomes available, it will be reviewed by the staff and reported to the Commission.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of 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. Code Regs. 15378.

CALENDAR ITEM NO. 73 (CONT'D)

- EXHIBITS:
- A. Letter Requesting Approval of Sixth Modification to Plan of Development and Operations and Budget.
 - C-3 - Economic Projections - Basic Data.
 - C-4 - Economic Projections - Dollars.
 - C-5 - Attachment - Program Expenditures.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODES REGS. 15378.
2. RECEIVE THE SIXTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1989 THROUGH JUNE 30, 1990.

EXHIBIT "A"

LONG BEACH

DEPARTMENT OF OIL PROPERTIES

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • (213) 590-6354 • FAX 590-6191

MAY 11 1990

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May 10, 1990

Charles Warren
Executive Officer
State Lands Commission
245 West Broadway - Suite 425
Long Beach, California 90802

Subject: REQUEST FOR APPROVAL OF THE SIXTH MODIFICATION TO THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, (JULY 1, 1989 THROUGH JUNE 30, 1990)

Dear Mr. Warren:

In accordance with the provisions of Part IV, Section A, and Part V of the 1989-1990 Plan and Budget, we are submitting for your approval the Sixth Modification of the Plan of Development and Operations and Budget of the Long Beach Unit covering the period July 1, 1989 through June 30, 1990.

The Sixth Modification revises Exhibits C-3 and C-4 and is based on data available through March 31, 1989. It does not change the latest approved budget of \$141,377,000 or transfer funds within the existing budget.

Maps are not included since their latest revisions are on file with the Field Contractor, Unit Operator, and the State Lands Commission. Later revisions of the exhibits may be required to reflect changing conditions.

This budget is based on commitments and expenditures incurred in the six programs through the Third Quarter of Fiscal Year 1989-1990.

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A. Drilling and Development Program

Two drilling rigs have been in operation throughout the quarter. During this time, one producer was completed in the Ranger 90 North zone. On March 31, 1990, the total number of active wells was 1208, of which 891 were producers and 317 were injectors. Seventeen abandoned wells, two producers and fifteen injectors have been excluded from these totals.

B. Oil and Gas Production Program

The Unit oil production averaged 46,826 bbls/day and gas production averaged 8,874 Mcf/day. Both the oil and gas rates were greater than originally estimated in Exhibit C-3. Total program funds were 65 percent expended.

C. Enhanced Recovery and Stimulation Program

No funds were budgeted or expended.

D. Water Injection Program

Water injection averaged 519,460 bbls/day for the quarter compared to 519,600 bbls/day estimated in the original Exhibit C-3.

Total funds were 69 percent expended.

E. Management Program

Total funds were 67 percent expended.

F. Taxes, Permits and Land Rental Program

Total program funding was 61 percent expended.

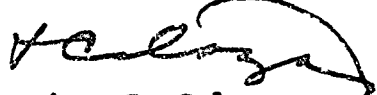
Total expenditures for the Third Quarter were \$30,979,000. The expected total expenditures for the Fiscal Year are shown in the Revised C-4 and its attachment. No reduction in budgeted funds is suggested in this Modification.

Total unit income for the Third Quarter of the 1989-1990 Plan Year was higher than anticipated. Net income was \$42,241,000 (compared to an estimate of \$18,198,000). The total unit income for the current Fiscal Year is now estimated to be \$122,621,000, \$55,002,000 higher than the \$67,619,000 projected when the original Plan and Budget was prepared.

Charles Warren
May 10, 1990
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The City of Long Beach, as Unit Operator of the Long Beach Unit, approves this proposed Modification. In accordance with Section 5 of Chapter 138, 1964 First Extraordinary Session, your approval of the proposed Modification is requested.

Very truly yours,



Xenophon C. Colazas
Director

XCC:slg

Attachments

FIN 312.002

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1989-1990 PLAN AND BUDGET

EXHIBIT C-3

ECONOMIC PROJECTIONS - BASIC DATA

	ACTUAL THIRD QUARTER 1989	ACTUAL FOURTH QUARTER 1989	ACTUAL FIRST QUARTER 1990	ESTIMATED SECOND QUARTER 1990	TOTAL
OIL PRODUCTION (1000 BBL) (BBL/DA)	4,392 47,742	4,346 47,235	4,214 46,825	4,131 45,397	17,083
GAS PRODUCTION (1000 MCF) (MCF/DA)	814 8,850	824 8,961	799 8,874	746 8,194	3,183
WATER PRODUCTION (1000 BBL) (1000 BBL/DA)	38,947 423.3	38,870 422.5	39,212 435.7	39,440 433.4	156,469
WATER INJECTION (1000 BBL) (1000 BBL/DA)	47,160 512.6	46,712 507.7	46,751 519.5	47,447 521.4	188,070
OIL PRICE (\$/BBL)	\$14.09	\$15.03	\$16.89	\$12.50	
GAS PRICE ADJUSTED (\$/MCF OF TOTAL PRODUCED GAS)	\$2.16	\$2.30	\$2.56	\$2.00	

CITY OF LONG BEACH
05/07/90

1989-1990 PLAN AND BUDGET

EXHIBIT C-4

ECONOMIC PROJECTIONS

(DATA IN THOUSANDS OF DOLLARS)

	ACTUAL THIRD QUARTER 1989	ACTUAL FOURTH QUARTER 1989	ACTUAL FIRST QUARTER 1990	ESTIMATED SECOND QUARTER 1990	TOTAL
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ESTIMATED INCOME

OIL INCOME	\$61,883	\$65,320	\$71,174	\$51,638	\$250,016
GAS INCOME	\$1,758	\$1,895	\$2,045	\$1,492	\$7,191
TOTAL INCOME	\$63,642	\$67,216	\$73,220	\$53,130	\$257,207

ESTIMATED EXPENDITURES

DEVELOPMENT DRILLING PROGRAM	\$3,759	\$4,846	\$5,150	\$6,671	\$20,426
OIL AND GAS PRODUCTION PROGRAM	\$13,349	\$13,119	\$12,567	\$16,640	\$55,675
ENHANCED RECOVERY PROGRAM	\$0	\$0	\$0	\$0	\$0
WATER INJECTION PROGRAM	\$5,225	\$5,868	\$5,690	\$6,163	\$22,946
MANAGEMENT PROGRAM	\$4,552	\$4,708	\$6,476	\$6,850	\$22,586
TAXES, PERMITS AND LAND RENTAL PROGRAM	\$1,765	\$5,150	\$1,096	\$4,942	\$12,953
TOTAL EXPENDITURES	\$28,650	\$33,691	\$30,979	\$41,265	\$134,586
NET INCOME	\$34,991	\$33,525	\$42,241	\$11,864	\$122,621

CITY OF LONG BEACH
05/07/90

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EXHIBIT C-5

ATTACHMENT TO EXHIBIT C-4
 PLAN AND BUDGET 1989-1990
 (THOUSANDS OF DOLLARS)

ADJUSTED ESTIMATED ESTIMATED ESTIMATED
 BUDGET EXPEND. CARRY OUT SURPLUS
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A. DRILLING & DEVELOPMENT PROGRAM:

1. DRILLING & REDRILLING	\$19,715	\$19,640	\$0	\$75
ADMINISTRATIVE OVERHEAD	\$789	\$786	\$0	\$3
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PROGRAM TOTAL.	\$20,504	\$20,426	\$0	\$78

B. OIL AND GAS PROD. PROGRAM

1. OIL WELL REPAIRS:	\$18,049	\$15,844	\$0	\$2,205
2. FLUID LIFTING:	\$15,967	\$14,924	\$0	\$1,043
3. SUR. FLUID HANDLING:	\$5,648	\$5,255	\$0	\$393
4. GAS HANDLING:	\$1,696	\$1,515	\$0	\$181
5. PROD. MAINTENANCE:	\$16,529	\$15,996	\$0	\$533
ADMINISTRATIVE OVERHEAD	\$2,316	\$2,141	\$0	\$175
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PROGRAM TOTAL:	\$60,205	\$55,675	\$0	\$4,530

C. EOR & STIMULATION PROGRAM:

1. STIMULATION:	\$0	\$0	\$0	\$0
2. STEAM DRIVE:	\$0	\$0	\$0	\$0
ADMINISTRATIVE OVERHEAD	\$0	\$0	\$0	\$0
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PROGRAM TOTAL:	\$0	\$0	\$0	\$0

D. WATER INJECTION PROGRAM:

1. INJECTION WELL REPAIR:	\$5,675	\$6,483	\$0	(\$808)
2. WATER INJECTION SYSTEM:	\$17,694	\$15,659	\$0	\$2,035
ADMINISTRATIVE OVERHEAD	\$843	\$804	\$0	\$39
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PROGRAM TOTAL:	\$24,212	\$22,946	\$0	\$1,266

RECEIVED BY THE
 CITY OF LONG BEACH
 05/10/90

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ATTACHMENT TO EXHIBIT C-4
 PLAN AND BUDGET 1989-1990
 (THOUSANDS OF DOLLARS)

	ADJUSTED BUDGET	ESTIMATED EXPEND.	ESTIMATED CARRY OUT	ESTIMATED SURPLUS
E. MANAGEMENT PROGRAM:				
1. MANAGEMENT EXPENSE:	\$14,707	\$14,491	\$0	\$216
2. GENERAL EXPENSE:	\$7,741	\$7,231	\$0	\$510
ADMINISTRATIVE OVERHEAD	\$900	\$864	\$0	\$36
PROGRAM TOTAL:	\$23,348	\$22,586	\$0	\$762
F. TAXES, PERMITS & LAND RENTAL PROGRAM:				
1. TAXES:	\$10,565	\$10,396	\$0	\$169
2. PERMITS:	\$624	\$690	\$0	(\$66)
3. LAND RENTAL:	\$1,836	\$1,785	\$0	\$51
ADMINISTRATIVE OVERHEAD	\$83	\$82	\$0	\$1
PROGRAM TOTAL:	\$13,108	\$12,953	\$0	\$156
TOTAL ESTIMATED INVESTMENT:	\$14,386			
TOTAL ESTIMATED EXPENSES:	\$115,523			
TOTAL ESTIMATED OVERHEAD:	\$4,676			
TOTAL ESTIMATED EXPENDITURES:	\$134,585			
TOTAL ESTIMATED CARRY OUT:	\$0			
TOTAL ESTIMATED SURPLUS:	\$6,792			
TOTAL BUDGET:	\$141,377			

REVISED BY THE
 CITY OF LONG BEACH
 05/10/90