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CALENDAR ITEM

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APPROVE THE FIFTH MODIFICATION OF THE 1991-1992
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET
LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY
REVISING ECONOMIC PROJECTIONS

The City of Long Beach (City) has submitted to the Commission the Fifth Modification of the 1991-1992 Plan of Development and Operations and Budget (Plan), Long Beach Unit, providing updated production, injection, income and expenditure information.

The Fifth Modification revises exhibits C-3 and C-4 and is based on data available through December 1991. PART VI, PROCEDURES, Section A, and PART V, PROJECTIONS, 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 second fiscal quarter numbers with actual numbers. This modification does not change the latest approved budget of \$169,372,000 or transfer funds within the existing budget. Exhibits C-3 and C-4 do not list projected information for the first and second quarters of 1992. These data have been revised by the Annual Plan for January 1, 1992 through June 30, 1992 which was approved at the State Lands Commission meeting on March 2, 1992.

For the 1991-1992 Plan year, the average oil production rate during the first quarter was 44,632 barrels per day, and during the second quarter was 45,725 barrels per day. This is an increase of over 1,000 barrels per day, reflecting an improvement in drilling location selection and over-all improved field

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CALENDAR ITEM NO. C 3 9 (CONT'D)

operations. The water production rate was 440,000 barrels per day for the first quarter and 453,800 barrels per day for the second quarter, representing an average water cut of 90.75 percent. The water cut has remained relatively flat in comparison to the same period for the 1990-1991 Plan year.

The water injection rate was 527,200 barrels per day for the first quarter and increased slightly to 528,600 barrels per day for the second quarter.

Gas production averaged 8,390 thousand cubic feet per day during the first quarter and 9,369 thousand cubic feet during the second quarter, 980 thousand cubic feet more than the estimated gas production for this period.

Total revenue for the first quarter was \$57,280,000 and increased to \$59,167,000 during the second quarter, as a result of the increase in second quarter oil production.

Expenditures during the first and second quarters were \$40,032,000 and \$43,152,000, respectively, for a total of \$83,184,000 through December 1991, and were \$1,521,000 less than was originally estimated for the same period of the Plan year.

Net income was \$17,248,000 for the first quarter and \$16,015,000 for the second quarter for a total of \$33,268,000 through December 1991. The production increase in the second quarter was a significant accomplishment helping to offset declining oil prices which averaged only \$13.60 per barrel for the first six months of the Plan year, \$2.40 less than the original estimate of \$16.00.

The Commission's staff has reviewed the Fifth Modification, including the actual production, injection, expenditures, and revenue shown in the revised exhibits, and recommends the Commission approve this modification as submitted by the City of Long Beach.

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N/A.

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CALENDAR ITEM NO. C 3 9 (CONT'D)

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.

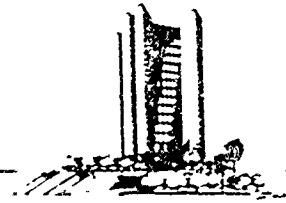
EXHIBIT:

- A. Letter Requesting Approval of Fifth Modification to Plan of Development and Operations and Budget, including Exhibits C-3 and C-4.

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE THE FIFTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, FOR THE PERIOD OF JULY 1, 1991 THROUGH DECEMBER 31, 1991.

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CITY OF LONG BEACH

DEPARTMENT OF OIL PROPERTIES

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • 2131 590-6354 • FAX 590-6191

March 6, 1992

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

Subject: **REQUEST FOR APPROVAL OF THE FIFTH MODIFICATION TO THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT (JULY 1, 1991 THROUGH JUNE 30, 1992)**

Dear Mr. Warren:

In accordance with the provisions of Part IV, Section A, and Part V of the 1991-1992 Plan and Budget, we are submitting for your approval the Fifth Modification of the Plan of Development and Operations and Budget of the Long Beach Unit covering the period July 1, 1991 through June 30, 1992.

The Fifth Modification revises Exhibits C-3 and C-4 and is based on data available through December, 1991. It does not change the latest approved budget of \$169,372,000 or transfer funds within the existing budget. Exhibits C-3 and C-4 do not list information for the first and second quarters of 1992. This data has been revised by the Annual Plan approved at the State Lands Commission meeting of March 2, 1992.

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.

The budget comparison is based on commitments and expenditures incurred in the six programs through the second quarter of fiscal year 1991-1992.

A. Drilling and Development Program

Three drilling rigs have been in operation throughout the quarter. During this time, six new producers were completed, four in the UP-Ford Zone, one in the Ranger Zone and one in the Terminal Zone. On December 31, 1991, the total number of wells was 1,232,

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of which 896 are producers and 336 are injectors. Excluded from these totals are 26 abandoned wells, 8 producers and 18 injectors. Total program funds were 60 percent expended.

B. Oil and Gas Production Program

The Unit oil production rate averaged 45,725 bbls/day, which was less than originally estimated, and gas production averaged 9,369 mcf/day, which was greater than originally estimated on Exhibit C-3 of the 1991-1992 Plan and Budget. Oil prices were less than originally estimated and gas prices greater than originally estimated on Exhibit C-3 of the 1991-1992 Plan and Budget. Total program funds were 49 percent expended.

C. Enhanced Recovery and Stimulation Program

No funds were budgeted or expended.

D. Water Injection Program

Water injection averaged 528,577 bbls/day for the quarter compared to 428,280 bbls/day originally estimated on Exhibit C-3 of the 1991-1992 Plan and Budget. Total program funds were 49 percent expended.

E. Management, Administration, and Special Projects Program

Total program funds were 40 percent expended.

F. Taxes, Permits, and Land Rental Program

Total program funds were 42 percent expended.

During this quarter, two Plan Supplements were approved: one was to correct deficiencies in the areas of test stations, casing, interference problems, and pipeline cathodic protection binding on transmission lines. Another Plan Supplement was approved to install water transfer piping and controls between the TOPKO produced water line and the Pier J-2 site.

Well data and production and injection statistics for the quarter are shown on Attachment 1.

Figures shown in the Exhibits C-3 and C-4 reflect only actual expenditures and revenue for the first and second quarters of Fiscal Year 1991-1992. Revised projections for the third and fourth quarters of the Fiscal Year were made and are included in the Annual Plan (January 1, 1992 through June 30, 1992). This Annual Plan was approved at the March 2, 1992 meeting of the State Lands Commission.

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Charles Warren
March 6, 1992
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Total expenditures for the second quarter were \$43,152,000. The total expenditures for the third and fourth quarters of 1991 are shown in the revised C-4 and its attachment.

Total unit income for the second quarter of the 1991-1992 Plan Year was lower than anticipated. Net income was \$16,015,000 (compared to an estimate of \$25,383,000). The total unit income for the third and fourth quarters of 1991 was \$33,263,000, \$22,639,000 lower than the \$55,902,000 projected for the third and fourth quarters of 1991 when the budget was prepared.

The City of Long Beach, as Unit Operator of the Long Beach Unit, approves this Fifth Modification. In accordance with section 5 of Chapter 138, 1964 First Extraordinary Session, your approval of this modification is requested.

Very truly yours,



Xenophon C. Colazas
Director

XCC:slg

Attachments

FIN 312.002

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NUMBER OF WELLS
AS OF DECEMBER 31, 1992

	<u>Producers</u>	<u>Injectors</u>	<u>Total</u>
Grissom	190	65	255
White	154	71	225
Chaffee	200	86	286
Freeman	239	59	298
Pier J (inc. THX)	113	55	168
Total	896	336	1,232
Tar V	10	1	11
Ranger (All Areas)	693	276	969
Upper & Lower Terminal VI, VII	60	25	85
Terminal (Blocks VIII, 90)	57	19	76
Union Pacific-Ford (All Areas)	72	15	87
237 (All Areas)	4	0	4
Total	896	336	1,232

(Figures exclude 8 abandoned producers and 18 abandoned injectors)

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OIL PRODUCTION

	<u>Average B/D</u> <u>10/1/91-12/31/91</u>	<u>Cumulative</u> <u>Bbls. 12/31/91</u>
Grissom	8,900	129,809,831
White	8,777	125,216,957
Chaffee	12,056	155,420,429
Freeman	11,809	209,148,390
Pier J (Inc. THX)	4,183	123,785,212
TOTAL	45,725	743,380,819
Tar V	45	1,154,576
Ranger (All Areas)	32,104	567,076,096
Upper Terminal & Lower Terminal VI, VII	5,097	58,436,193
Terminal (Blocks VIII, 90)	4,701	36,611,013
Union Pacific-Ford (All Areas)	3,778	76,244,330
237 (All Areas)	0	3,858,611
TOTAL	45,725	743,380,819

GAS PRODUCTION

	<u>Average B/D</u> <u>10/1/91-12/31/91</u>	<u>Cumulative</u> <u>Bbls. 12/31/91</u>
Grissom	905	19,136,377
White	1,115	31,300,746
Chaffee	2,482	54,272,522
Freeman	3,958	75,730,448
Pier J (Inc. THX)	909	21,331,454
TOTAL	9,369	201,771,547
Tar V	37	443,599
Ranger (All Areas)	6,146	127,376,010
Upper Terminal & Lower Terminal VI, VII	817	7,152,102
Terminal (Blocks VIII, 90)	1,192	11,184,968
Union Pacific-Ford (All Areas)	1,177	51,349,599
237 (All Areas)	0	4,265,269
TOTAL	9,369	201,771,547

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WATER PRODUCTION

	<u>Average B/D</u> <u>10/1/91-12/31/91</u>	<u>Cumulative</u> <u>Bbls. 12/31/91</u>
Grissom	97,792	714,298,627
White	88,395	555,846,817
Chaffee	85,158	419,912,202
Freeman	112,372	688,230,030
Pier J (Inc. THX)	70,070	614,018,406
TOTAL	453,787	2,992,306,082
Tar V	266	4,982,388
Ranger (All Areas)	392,009	2,605,816,449
Upper Terminal & Lower Terminal VI, VII	35,259	218,853,918
Terminal (Blocks VIII, 90)	13,741	49,259,207
Union Pacific-Ford (All Areas)	12,512	110,206,230
237 (All Areas)	0	3,187,890
TOTAL	453,787	2,992,306,082

WATER INJECTION

	<u>Average B/D</u> <u>10/1/91-12/31/91</u>	<u>Cumulative</u> <u>Bbls. 12/31/91</u>
Grissom	126,567	1,023,800,871
White	109,900	870,782,914
Chaffee	112,662	930,612,057
Freeman	105,857	777,653,035
Pier J (Inc. THX)	73,591	818,082,292
TOTAL	528,577	4,420,931,169
Tar V	306	12,240,977
Ranger (All Areas)	451,832	3,824,362,391
Upper Terminal & Lower Terminal VI, VII	36,325	281,323,629
Terminal (Blocks VIII, 90)	21,446	124,630,538
Union Pacific-Ford (All Areas)	18,668	178,373,634
237 (All Areas)	0	0
TOTAL	528,577	4,420,931,169

1991 - 1992 PLAN AND BUDGET

EXHIBIT C-3

BASIC DATA

	ACTUAL THIRD QUARTER 1991	ACTUAL FOURTH QUARTER 1991	TOTAL
OIL PRODUCTION			
(1000 BBL)	4,106	4,206	8,312
(BBL/DA)	44,632	45,725	
GAS PRODUCTION			
(1000 MCF)	772	862	1,634
(MCF/DA)	8,390	9,369	
WATER PRODUCTION			
(1000 BBL)	40,560	41,745	82,305
(1000 BBL/DA)	440.9	453.8	
WATER INJECTION			
(1000 BBL)	48,503	48,629	97,132
(1000 BBL/DA)	527.2	528.6	
OIL PRICE (\$/BBL)	\$13.58	\$13.60	
GAS PRICE ADJUSTED			
(\$/MCF OF TOTAL PRODUCED GAS)	\$1.97	\$2.28	

CITY OF LONG BEACH
03/02/92

NOTE: See Annual Plan - January 1, 1992 through June 30, 1992
for estimated First and Second Quarter 1992 figures

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1991-1992 PLAN AND BUDGET

EXHIBIT C-4

(DATA IN THOUSANDS OF DOLLARS)

	ACTUAL THIRD QUARTER 1991	ACTUAL FOURTH QUARTER 1991	TOTAL
<u>ESTIMATED INCOME</u>			
OIL INCOME	\$55,759	\$57,202	\$112,961
GAS INCOME	\$1,521	\$1,965	\$3,486
TOTAL INCOME	\$57,280	\$59,167	\$116,447
<u>ESTIMATED EXPENDITURES</u>			
DEVELOPMENT DRILLING PROGRAM	\$9,334	\$10,981	\$20,316
OIL AND GAS PRODUCTION PROGRAM	\$17,848	\$17,277	\$35,125
ENHANCED RECOVERY PROGRAM	\$0	\$0	\$0
WATER INJECTION PROGRAM	\$6,440	\$6,147	\$12,586
MANAGEMENT, ADMIN. AND SPECIAL PROJECTS PROGRAM	\$4,464	\$5,239	\$9,703
TAXES, PERMITS AND LAND RENTAL PROGRAM	\$1,947	\$3,508	\$5,454
TOTAL EXPENDITURES	\$40,032	\$43,152	\$83,184
NET INCOME	\$17,248	\$16,015	\$33,263

CITY OF LONG BEACH
03/02/92

NOTE: See Annual Plan - January 1, 1992 through June 30, 1992
for estimated First and Second Quarter 1992 figures

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1992

ATTACHMENT TO EXHIBIT C--4
 PLAN AND BUDGET 1991-1992
 (THOUSANDS OF DOLLARS)

	ADJUSTED BUDGET	EXPEND.	CARRY OUT	SURPLUS
A. DRILLING & DEVELOPMENT PROGRAM:				
1. DRILLING & REDRILLING	\$32,385	\$19,534	\$0	\$12,851
ADMINISTRATIVE OVERHEAD	\$1,295	\$781	\$0	\$514
PROGRAM TOTAL:	\$33,680	\$20,316	\$0	\$13,365
B. OIL AND GAS PROD. PROGRAM				
1. OIL WELL REPAIRS:	\$18,991	\$13,356	\$0	\$5,635
2. FLUID LIFTING:	\$16,876	\$8,647	\$0	\$8,229
3. SUR. FLUID HANDLING:	\$11,331	\$2,509	\$0	\$8,822
4. GAS HANDLING:	\$3,273	\$818	\$0	\$2,455
5. PROD. MAINTENANCE:	\$19,102	\$8,447	\$0	\$10,655
ADMINISTRATIVE OVERHEAD	\$2,783	\$1,347	\$0	\$1,436
PROGRAM TOTAL:	\$72,356	\$35,125	\$0	\$37,231
C. EOR & STIMULATION PROGRAM:				
1. STIMULATION:	\$0	\$0	\$0	\$0
2. STEAM DRIVE:	\$0	\$0	\$0	\$0
ADMINISTRATIVE OVERHEAD	\$0	\$0	\$0	\$0
PROGRAM TOTAL:	\$0	\$0	\$0	\$0
D. WATER INJECTION PROGRAM:				
1. INJECTION WELL REPAIR:	\$7,097	\$3,437	\$0	\$3,660
2. WATER INJECTION SYSTEM:	\$18,080	\$8,706	\$0	\$9,374
ADMINISTRATIVE OVERHEAD	\$921	\$443	\$0	\$478
PROGRAM TOTAL:	\$26,098	\$12,586	\$0	\$13,512

REVISED BY THE
 CITY OF LONG BEACH
 03/02/92

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ATTACHMENT TO EXHIBIT C-4
 PLAN AND BUDGET 1991-1992
 (THOUSANDS OF DOLLARS)

	ADJUSTED BUDGET	EXPEND.	CARRY OUT	SURPLUS
E. MANAGEMENT, ADMINISTRATION AND SPECIAL PROJECTS PROGRAM:				
1. MANAGEMENT EXPENSE:	\$17,042	\$6,931	\$0	\$10,111
2. GENERAL EXPENSE:	\$6,211	\$2,399	\$0	\$3,812
ADMINISTRATIVE OVERHEAD	\$930	\$373	\$0	\$557
PROGRAM TOTAL:	\$24,183	\$9,703	\$0	\$14,480
F. TAXES, PERMITS & LAND RENTAL PROGRAM:				
1. TAXES:	\$10,256	\$3,946	\$0	\$6,310
2. PERMITS:	\$794	\$518	\$0	\$276
3. LAND RENTAL:	\$1,917	\$941	\$0	\$976
ADMINISTRATIVE OVERHEAD	\$88	\$49	\$0	\$39
PROGRAM TOTAL:	\$13,055	\$5,454	\$0	\$7,601
TOTAL INVESTMENT:	\$12,032			
TOTAL EXPENSES:	\$68,159			
TOTAL OVERHEAD:	\$2,994			
TOTAL EXPENDITURES:	\$83,184			
TOTAL CARRY OUT:	\$0			
TOTAL SURPLUS:	\$86,188			
TOTAL BUDGET:	\$169,372			

REVISED BY THE
 CITY OF LONG BEACH
 03/04/92

NOTE: Attachment to Exhibit C-4 reflects expenditures for a six month period (July 1, 1991 through December 31, 1991). The First and Second quarters of 1992 are detailed in the Annual Plan - January 1, 1992 through June 30, 1992.

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