

MINUTE ITEM

This Calendar Item No. C44
was approved as Minute Item
No. 44 by the State Lands
Commission by a vote of 3
to 0 at its 12/17/92
meeting

CALENDAR ITEM

C44

A 57, 58

12/17/92

S 29

W 17099

Pepper

APPROVE THE FIRST AMENDMENT TO THE ANNUAL PLAN,
(JULY 1, 1992 THROUGH JUNE 30, 1993),
REVISING ECONOMIC PROJECTIONS,
OPTIMIZED WATERFLOOD AGREEMENT,
LONG BEACH UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

The City of Long Beach has submitted to the Commission the First Amendment to the July 1, 1992 through June 30, 1993 Plan of Development and Operations and Budget, Long Beach Unit providing updated economic, production and injection projections. This report reflects the information for the period from July 1, 1992 through September 30, 1992. There were no changes in the approved budget of \$189,852,000 or in the distribution to the five programs. The revised economic projection is illustrated in Exhibit A. The projected produced and injected fluids for the remaining quarters of this Plan are also unchanged.

The average oil and gas rates for the quarter were reported to be 43,868 barrels per day of oil and 8,825 mcf per day of gas. These were less than budgeted rate of 45,800 barrels per day of oil and 9,200 mcf per day of gas. The cumulative recoveries and injection, from the beginning of the unit through September 1992, are as follows:

OIL PRODUCTION	755,549,168 Barrels
GAS PRODUCTION	204,215,819 Mcf
WATER PRODUCTION	3,117,441,515 Barrels
WATER INJECTION	4,571,338,479 Barrels

Cumulative Injection - Gross Production Ratio is 1.182
Bbls/Bbl.

CALENDAR ITEM NO. C44 (CONT'D)

The economic values reflect the actual prices of the oil and gas sales. The net profit was influenced by the significant reduction in expenditures during the first quarter. The effect of these factors increased revenue generation and increased net profits over that predicted for the quarter. The major original planning assumptions were based on an average oil price of \$13.80 per barrel and an average gas price of \$2.10 per mcf. The average actual values reported were \$16.10 per barrel of oil and \$2.23 per mcf of gas. The comparisons of the estimated versus the actual economic factors for the first quarter of 1992-93 Fiscal Year are shown below and plotted in Exhibit B.

	<u>ESTIMATED FIRST QUARTER</u>	<u>ACTUAL FIRST QUARTER</u>	<u>DIFFERENCE</u>
TOTAL REVENUE	\$59,925,000	\$66,783,000	(+ \$ 6,858,000)
TOTAL EXPENDITURES	\$46,176,000	\$38,400,000	(-) \$ 7,776,000
NET PROFIT	\$13,749,000	\$28,383,000	(+) \$14,634,000

<u>PROGRAM</u>	<u>AMENDED BUDGET</u>	<u>EXPENDITURES</u>	<u>PERCENT EXPENDED</u>
Development Drilling	\$ 51,616,000	\$ 9,801,763	19.0
Operating Expense	\$ 72,616,000	\$15,882,072	21.9
Other Plant	\$ 29,935,000	\$ 5,614,164	18.8
Staff Expense	\$ 22,546,000	\$ 5,145,609	22.8
Taxes, Leases & Permits	\$ 13,139,000	\$ 1,956,448	14.9
TOTAL	\$189,852,000	\$38,400,055	20.2

The Commission's staff has reviewed the First Amendment including the estimated production, injection, expenditures and revenue shown in the revised exhibits. When actual information through the second quarter of the Optimized Waterflood becomes available, it will be reviewed by the staff and reported to the Commission.

AB 884:
N/A.

CALENDAR ITEM NO. C44 (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 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. Code Regs. 15378.

EXHIBITS:

- A. Long Beach Unit, Fiscal 1992-93 Annual Plan Economic Factors
- B. Long Beach Unit, First Quarter 1992-93 Economic Factors
- C. Letter requesting approval of the First Amendment of the Annual Plan

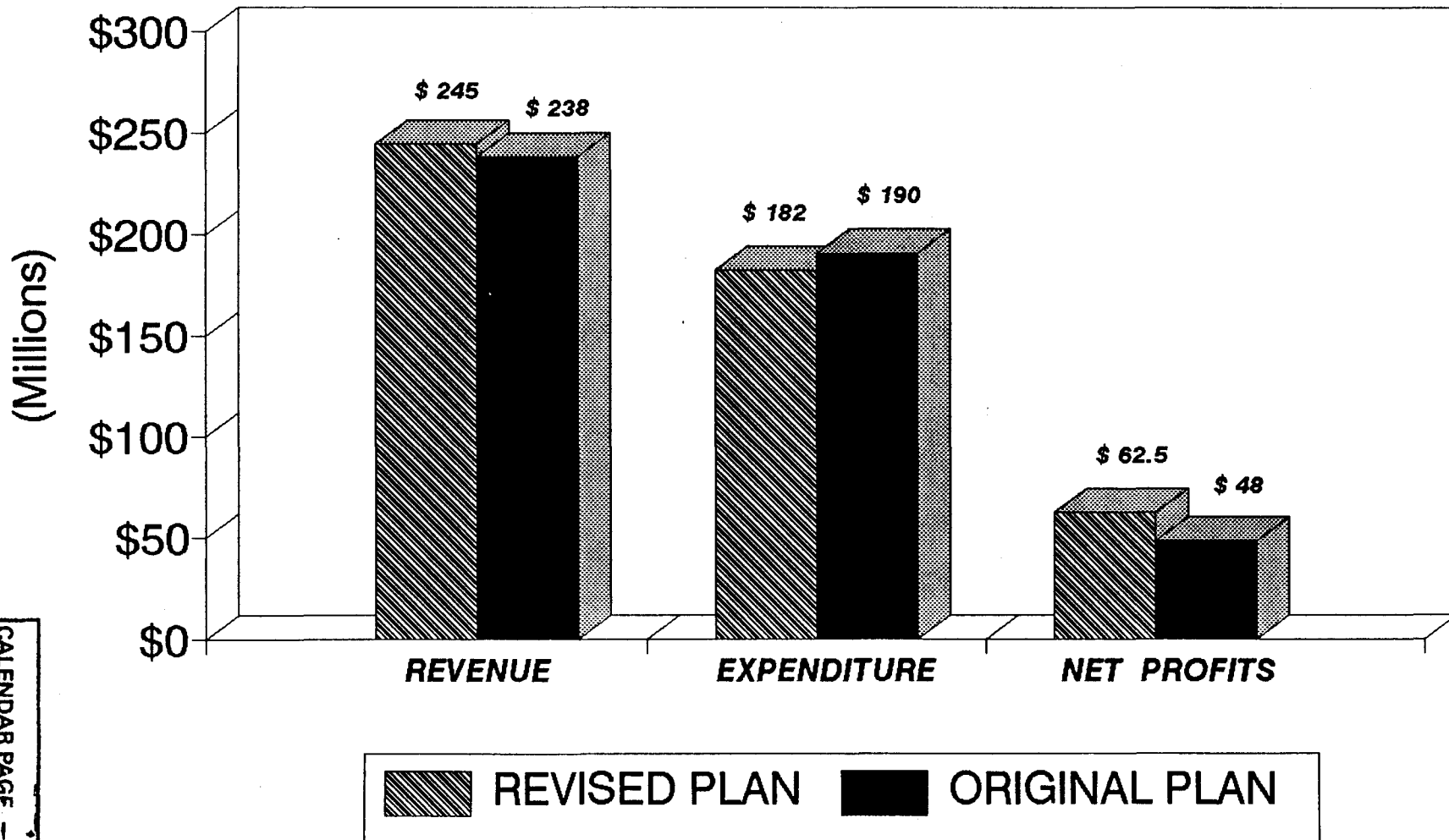
IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 AS A STATUTORILY EXEMPT PROJECT PURSUANT TO P.R.C. 21169 AND 14 CAL. CODE REGS. 15261, AN ACTIVITY INVOLVING AN ONGOING PROJECT.
2. APPROVE THE FIRST AMENDMENT TO THE ANNUAL PLAN (JULY 1, 1992 THROUGH JUNE 30, 1993), REVISING ECONOMIC PROJECTIONS, OPTIMIZED WATERFLOOD AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

LONG BEACH UNIT

FISCAL YEAR 1992-93 ANNUAL PLAN

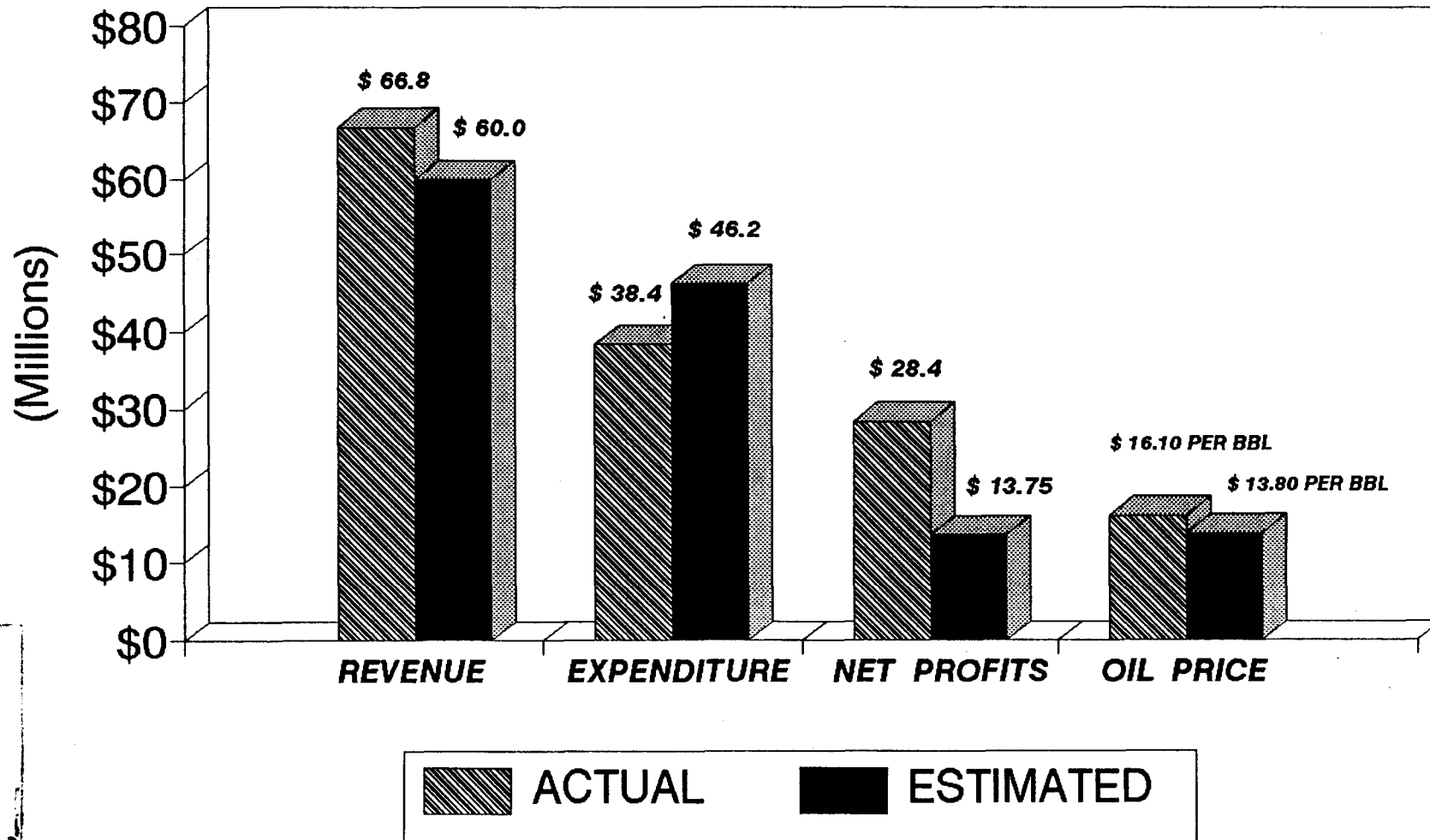
(REVISED DEC. 1992)



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LONG BEACH UNIT

FIRST QUARTER 1992-93 FISCAL YEAR



CALENDAR PAGE 282.4
MINUTE PAGE 3785



CITY OF LONG BEACH

DEPARTMENT OF OIL PROPERTIES

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • 310-590-6354 • FAX 590-6191

December 3, 1992

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

Subject: **REQUEST FOR APPROVAL OF THE FIRST AMENDMENT OF THE ANNUAL PLAN, LONG BEACH UNIT (JULY 1, 1992 THROUGH JUNE 30, 1993)**

Dear Mr. Warren:

In accordance with the provisions of Part IV, Section A, of the Annual Plan, we are submitting for your approval the First Amendment of the Annual Plan covering the period July 1, 1992 through June 30, 1993.

The First Amendment updates the economic projections and is based on data available through September 30, 1992. It does not change the latest approved budget of \$189,852,000.

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 five budget categories through the first quarter of the Plan Period.

Development Drilling Category

Three drilling rigs were active throughout the first quarter: one each on Grissom, White and Chaffee where they drilled or redrilled (both from surface and casing shoe) a total of six producers and ten injectors. Producer completions were: three in Upper Terminal 6 and one each in Ranger 6, UPF 90 and UPF 8. Injectors were: four in Ranger 90N; three in Ranger 7; and one each in Ranger 8a, Terminal 90N and Terminal 90S. The producers averaged 865 barrels of oil per day in October.

On September 30, 1992, the total number of wells was 1,244, of which 902 are producers and 342 are injectors. Excluded from these totals are 24 abandoned wells, 8 abandoned producers and 17 abandoned injectors.

The Development Drilling Category has a budget of \$51,616,000, of which \$9,801,763, or 19.0 percent, was expended.

Operating Expense Category

The Unit oil production rate averaged 44,129 bbls/day, which was 1,671 bbls/day less than originally estimated, and gas production averaged 8,843 mcf/day, which was 357 mcf/day less than originally estimated in the Major Planning Assumptions section of the Annual Plan. Oil shipments during the period averaged 43,868 bbl/day, while gas shipments averaged 8,825 mcf/day.

Water injection averaged 560,700 bbls/day, which was 2,100 bbls/day greater than originally estimated in the Major Planning Assumptions section of the Annual Plan.

The Operating Expense Category has a budget of \$72,616,000, of which \$15,882,071, or 21.9 percent, was expended.

Other Plant Category

The Other Plant Category has a budget of \$29,935,000, of which \$5,614,164, or 18.8 percent, was expended.

Staff Expense Category

The Staff Expense Category has a budget of \$22,546,000, of which \$5,145,609, or 22.8 percent, was expended.

Taxes, Leases & Permits Category

The Taxes, Leases & Permits Category has a budget of \$13,139,000, of which \$1,956,448, or 14.9 percent, was expended.

Total expenditures for the first quarter of the Plan period was \$38,400,000. The total estimated expenditures for the remainder of the Plan period are shown in the attachments.

Charles Warren
December 3, 1992
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Total Unit income for the first quarter of the Plan period was higher than anticipated. Net income was \$28,383,000 (compared to an estimate of \$13,749,000). The total Unit income for the Plan period is now estimated at \$62,529,000, \$14,634,000 higher than the \$47,895,000 projected when the Annual Plan was prepared.

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

Very truly yours,



Xenophon C. Colazas
Director

XCC:slg

Attachments

FIN 312.002

A. ECONOMIC PROJECTIONS
(Data in Thousands of Dollars)

	<u>ACTUAL</u> 1992 <u>THIRD</u> <u>QTR</u>	<u>EST.</u> 1992 <u>FOURTH</u> <u>QTR</u>	<u>EST.</u> 1993 <u>FIRST</u> <u>QTR</u>	<u>EST.</u> 1993 <u>SECOND</u> <u>QTR</u>	<u>TOTAL</u>
ACTUAL REVENUE					
Oil Revenue	\$64,976	\$58,148	\$56,884	\$57,516	\$237,524
Gas Revenue	<u>1,807</u>	<u>1,777</u>	<u>1,739</u>	<u>1,758</u>	<u>7,081</u>
Total Revenue	\$66,783	\$59,925	\$58,623	\$59,274	\$244,605
ACTUAL EXPENDITURES					
Development Drilling	\$9,802	\$12,904	\$12,904	\$12,904	\$48,514
Operating Expense	15,882	18,154	18,154	18,154	70,344
Other Plant	5,614	7,484	7,484	7,484	28,066
Staff Expense	5,146	5,636	5,637	5,637	22,056
Taxes, Leases, and Permits	<u>1,956</u>	<u>4,790</u>	<u>1,560</u>	<u>4,790</u>	<u>13,096</u>
Total Expenditures	\$38,400	\$48,968	\$45,739	\$48,969	\$182,076
NET PROFIT	<u>\$28,383</u>	<u>\$10,957</u>	<u>\$12,884</u>	<u>\$10,305</u>	<u>\$62,529</u>

B. MAJOR PLANNING ASSUMPTIONS

	ACTUAL THIRD QUARTER 1992	EST. FOURTH QUARTER 1992	EST. FIRST QUARTER 1993	EST. SECOND QUARTER 1993	TOTAL
OIL PRODUCTION SHIPPED					
(1,000 Bbl)	4,036	4,214	4,122	4,168	16,540
(B/D)	43,868	45,800	45,800	45,800	
GAS PRODUCTION SHIPPED					
(1,000 Mcf)	812	846	828	837	3,323
(Mcf/d)	8,825	9,200	9,200	9,200	
WATER PRODUCTION					
(1,000 Bbl)	43,372	43,056	42,120	42,588	171,136
(1,000 B/D)	471	468	468	468	
WATER INJECTION					
(1,000 Bbl)	51,584	51,778	50,652	51,215	205,229
(1,000 B/D)	561	563	563	563	
OIL PRICE (\$/Bbl)	\$16.10	\$13.80	\$13.80	\$13.80	
GAS PRICE (\$/Mcf)	\$2.23	\$2.10	\$2.10	\$2.10	

NUMBER OF WELLS
AS OF SEPTEMBER 30, 1992

	<u>Producers</u>	<u>Injectors</u>	<u>Total</u>
Grissom	188	69	257
White	159	72	231
Chaffee	202	87	289
Freeman	240	59	299
Pier J (Inc. THX)	<u>113</u>	<u>55</u>	<u>168</u>
TOTAL	902	342	1,244

Tar V	10	1	11
Ranger (All Areas)	692	279	971
Upper & Lower Terminal VI,VII	63	25	88
Terminal (Blocks VIII, 90)	58	19	77
Union Pacific-Ford (All Areas)	75	18	93
237 (All Areas)	<u>4</u>	<u>0</u>	<u>4</u>
TOTAL	902	342	1,244

(Figures exclude 8 abandoned producers and 17 abandoned injectors.)

OIL PRODUCTION

	<u>Average B/D</u> <u>7/1/92 - 9/30/92</u>	<u>Cumulative</u> <u>Bbls. 9/30/92</u>
Grissom	8,436	132,033,174
White	8,717	127,578,469
Chaffee	11,327	158,608,737
Freeman	11,275	212,372,587
Pier J (Inc. THX)	4,374	124,956,201
TOTAL	44,129	755,549,168
Tar V	53	1,168,942
Ranger (All Areas)	30,750	575,472,802
Upper Terminal & Lower Terminal VI,VII	4,880	59,769,359
Terminal (Blocks VIII, 90)	4,609	37,934,084
Union Pacific-Ford (All Areas)	3,837	77,345,370
237 (All Areas)	0	3,858,611
TOTAL	44,129	755,549,168

GAS PRODUCTION

	<u>Average Mcf</u> <u>7/1/92 - 9/30/92</u>	<u>Cumulative</u> <u>Bbls. 9/30/92</u>
Grissom	1,052	19,427,808
White	1,554	31,655,027
Chaffee	2,108	54,877,756
Freeman	3,250	76,687,313
Pier J (Inc. THX)	879	21,567,915
TOTAL	8,843	204,215,819
Tar V	58	455,744
Ranger (All Areas)	5,690	128,970,355
Upper Terminal & Lower Terminal VI,VII	853	7,368,177
Terminal (Blocks VIII, 90)	1,143	11,505,050
Union Pacific-Ford (All Areas)	1,099	51,651,224
237 (All Areas)	0	4,265,269
TOTAL	8,843	204,215,819

WATER PRODUCTION

	<u>Average B/D</u> <u>7/1/92 - 9/30/92</u>	<u>Cumulative</u> <u>Bbls. 9/30/92</u>
Grissom	96,791	739,984,107
White	91,941	580,109,617
Chaffee	83,061	443,173,456
Freeman	121,137	719,952,539
Pier J (Inc. THX)	78,509	634,221,796
TOTAL	471,439	3,117,441,515
Tar V	272	5,057,196
Ranger (All Areas)	406,970	2,713,682,947
Upper Terminal & Lower Terminal VI, VII	37,896	228,808,873
Terminal (Blocks VIII, 90)	14,749	53,192,139
Union Pacific-Ford (All Areas)	11,552	113,512,470
237 (All Areas)	0	3,187,890
TOTAL	471,439	3,117,441,515

INJECTION WATER

	<u>Average B/D</u> <u>7/1/92 - 9/30/92</u>	<u>Cumulative</u> <u>Bbls. 9/30/92</u>
Grissom	138,041	1,058,984,887
White	114,362	901,467,415
Chaffee	108,352	961,558,973
Freeman	115,627	808,127,086
Pier J (Inc. THX)	84,318	841,200,118
TOTAL	560,700	4,571,338,479
Tar V	315	12,331,417
Ranger (All Areas)	485,831	3,954,034,162
Upper Terminal & Lower Terminal VI, VII	40,967	292,345,950
Terminal (Blocks VIII, 90)	18,568	130,211,019
Union Pacific-Ford (All Areas)	15,019	182,415,931
237 (All Areas)	0	0
TOTAL	560,700	4,571,338,479