

**MINUTE ITEM**

This Calendar Item No. C81 was approved as Minute Item No. 81 by the California State Lands Commission by a vote of 3 to 0 at its 5/12/97 meeting.

**INFORMATIONAL  
CALENDAR ITEM  
C81**

A 57, 58

05/12/97

S 29

W 17114

B. Landry

**REVIEW OF THE LONG BEACH UNIT PROGRAM PLAN  
(JULY 1, 1997 - JUNE 30, 2002),  
AND THE LONG BEACH UNIT ANNUAL PLAN  
(JULY 1, 1997 - JUNE 30, 1998),  
LONG BEACH UNIT, WILMINGTON OIL FIELD,  
LOS ANGELES COUNTY**

**BACKGROUND:**

In accordance with Chapter 941 of the Statutes of 1991 (AB 227) and the Agreement for Implementation of an Optimized Waterflood Program for the Long Beach Unit, the Long Beach Unit Program Plan (July 1, 1997 - June 30, 2002) and the Long Beach Unit Annual Plan (July 1, 1997 - June 30, 1998) have been submitted by the City of Long Beach (City) to the State Lands Commission (Commission).

At its meeting on March 4, 1997, the Long Beach City Council adopted the proposed Program Plan and Annual Plan and authorized their submittal to the Commission for consideration and approval. The Program Plan and Annual Plan were received on March 7, 1997. Both plans were reviewed by Commission staff, and pursuant to section 2.03 (a) of the Optimized Waterflood Program Agreement.

**ECONOMIC PROJECTIONS:**

The economic projections for the period July 1, 1997 through June 30, 2002 (as presented by the City) are shown below:

(Data Shown are in Thousands of Dollars)

<u>PERIOD</u>	<u>OIL AND GAS</u>	<u>EXPENDITURES</u>	<u>NET INCOME</u>
FY 97-98	\$215,200	\$157,400	\$ 57,800
FY 98-99	\$209,000	\$154,300	\$ 54,700
FY 99-00	\$197,800	\$137,500	\$ 60,300
FY 00-01	\$178,400	\$125,300	\$ 53,100
FY 01-02	<u>\$157,600</u>	<u>\$122,500</u>	<u>\$ 35,100</u>
	\$958,000	\$697,000	\$261,000

**CALENDAR ITEM NO. C81 (CONT'D)**

As presented, the plans include anticipated rates of production, revenues, expenditures, and net profits for the Unit as projected by the City of Long Beach Department of Oil Properties. The City has estimated that the Unit net income from July 1997 through June 2002 will be \$261 Million. This income projection is based on an assumed constant oil price of \$13.00 per barrel over the five year plan period. This income will be generated primarily from oil revenues based on production forecasts ranging from 44,200 barrels oil per day barrels of oil per day (BOPD) in FY 1997-98 to approximately 32,400 BOPD in FY 2001-02. These production rates are based on the assumption of one to two active drilling rigs until the end of FY 1999-00, when development drilling activity is expected to cease. In the first quarter of FY 1996-97, ARCO met its contractual requirement (by FY 1998-99) to invest \$100 Million in the waterflood project. Expenditures shown herein include capital investments which are over and above this figure.

**CONCLUSION:**

The Commission staff has reviewed the Program Plan and Annual Plan as submitted by the City and believes that these plans provide an engineering framework to meet the objectives of the Optimized Waterflood Agreement and are based on all engineering, geologic, and economic information available at the time of preparation, and that the budgets contained in the Annual Plan are consistent with the Program Plan. Engineers representing the State, City, THUMS, and ARCO agree that objectives will be met in all areas of interest, including those of good oil field practice, proper reservoir management, safety to employees and the public, and environmental protection, through active participation by all parties at Unit forums, Engineering Committee meetings, Voting Party Committee meetings, and during events as they occur in the field.

**PERMIT STREAMLINING ACT DEADLINE:**

N/A

**EXHIBIT:**

- A. Letter to the City of Long Beach from the Executive Officer, California State Lands Commission.

**OTHER PERTINENT INFORMATION**

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), Commission staff has determined that this activity is exempt from the

**CALENDAR ITEM NO. C81 (CONT'D)**

requirements of CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

**IT IS RECOMMENDED THAT THE COMMISSION:**

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.
2. REVIEWED AND ACCEPTED THE LONG BEACH UNIT PROGRAM PLAN (JULY 1, 1997 - JUNE 30, 2002) AND THE LONG BEACH UNIT ANNUAL PLAN (JULY 1, 1997 THROUGH JUNE 30, 1998, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

CALIFORNIA STATE LANDS COMMISSION  
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April 9, 1997

File Ref: W17114

Mr. Xenophon Colazas, Director  
Department of Oil Properties  
City of Long Beach  
211 E. Ocean Blvd. Suite 500  
Long Beach, CA 90802

Re: Approval of Long Beach Unit Program Plan and Annual Plan

Dear Mr. Colazas:

The City of Long Beach, Department of Oil Properties, formally submitted this year's Long Beach Unit Program Plan and Annual Plan to the State Lands Commission (SLC) for review and approval on March 7, 1997. Although both plans have been reviewed by Commission staff, this is to inform you that there will be no meeting of the State Lands Commission prior to the April 21, 1997 approval deadline. Therefore, pursuant to § 2.03(a) of the Optimized Waterflood Program Agreement, both plans are deemed to be reviewed and accepted by the SLC. An informational Calendar Item regarding both plans will be submitted for the next scheduled meeting of the State Lands Commission.

Sincerely,

ROBERT C. HIGHT  
Executive Officer

cc: P.B. Mount II, P.E.

CALENDAR PAGE 433

MINUTE PAGE 000928