

MINUTE ITEM

This Calendar Item No. C111
was submitted for information
only, no action thereon
being necessary.

**INFORMATIONAL
CALENDAR ITEM
C111**

A 57, 58

06/19/98

S 29

W 17150

S. Curran

**REVIEW AND ACCEPT THE LONG BEACH UNIT ANNUAL PLAN
(JULY 1, 1998 - JUNE 30, 1999),
LONG BEACH UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY**

APPLICANT:

City of Long Beach
Attn.: Mr. Dennis M. Sullivan, Director
Department of Oil Properties
211 East Ocean Boulevard, Suite 500
Long Beach, CA 90802

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 Annual Plan (July 1, 1998 - June 30, 1999) has been submitted by the City of Long Beach (City) to the State Lands Commission (Commission).

At its meeting on March 3, 1998, the Long Beach City Council adopted the proposed Annual Plan and authorized its submittal to the Commission for consideration and approval on March 3, 1998. The Commission has 45 days following formal submission of the Annual Plan to take action. If no action is taken, the plans are deemed to be approved as submitted. The economic projections for the period July 1, 1998 through June 30, 1999 (as presented by the City) are shown below:

Revenue	\$231,046,000
Expenditures	\$191,000,000
Net Income:	\$ 40,046,000

As presented, the Long Beach Unit Annual Plan includes anticipated rates of production, revenues, expenditures, and net profits for the Unit as projected by

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the City of Long Beach Department of Oil Properties. The City has estimated that the Unit net income for the 1998-1999 Fiscal Year will be \$40 Million, after total Expenditures of \$191 Million. This income scenario is based on a forecast oil production rate of 43,958 bbls/day, which is about 1,100 bbl/day more than the Five Year Program Plan projection. The increase in oil production volume is a result of the continuation of the successful drilling and well work program that was implemented as described in the first modification to the Annual Plan for 1997-98. This Plan allows for drilling approximately 48 new and redrilled wells with one to two active rigs. Revenues for the Fiscal year are based on average oil price of \$14.00/bbl.

The Commission staff has reviewed the Annual Plan as submitted by the City and believes that it provides an engineering framework to meet the objectives of the Optimized Waterflood Agreement and is based on all engineering, geologic, and economic information available at the time of preparation. However, since the economic projections were made, there has been a drastic reduction in the price of oil which shows little sign of abating. Therefore, revised economic projections will be presented to the Commission at a latter date. 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.

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), 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 the CEQA and the State CEQA Guidelines.

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

EXHIBIT:

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

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PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

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.

AUTHORIZATION:

REVIEWED AND ACCEPTED THE LONG BEACH UNIT ANNUAL PLAN (JULY 1, 1998 THROUGH JUNE 30, 1999), LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

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**CITY OF LONG BEACH**

DEPARTMENT OF OIL PROPERTIES

211 EAST OCEAN BOULEVARD, SUITE 500 • LONG BEACH, CALIFORNIA 90802 • (562) 570-3900 • FAX 570-3922

March 17, 1998

Mr. P. B. Mount II, Chief
Division of Mineral Resources Management
State Lands Commission
200 Oceangate, 12th Floor
Long Beach, California 90802

Subject: **SUBMISSION OF THE LONG BEACH UNIT ANNUAL PLAN
(JULY 1, 1998 – JUNE 30, 1999)**

Dear Mr. Mount:

The City of Long Beach, as Unit Operator of the Long Beach Unit, and in accordance with Chapter 138, Section 5(a), Chapter 941, and the Agreement for Implementation of an Optimized Waterflood Program for the Long Beach Unit, Section 2.03 (a), 2.05 (a) and (b) submits twenty (20) copies of the Annual Plan (July 1, 1998 – June 30, 1999).

The Annual Plan was approved by the City of Long Beach Economic Development and Finance Committee and the Long Beach City Council on March 3, 1998.

Sincerely,

Dennis M. Sullivan
Director

DMS:slg

Enclosures (20)

FIN 312.006

cc: R. C. Hight
A. V. Hager
F. O. Ludlow
S. C. Freeman
R. A. Alesso

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