12/14/66

MINUTE ITEM

20. APPROVAL OF NINTH MODIFICATION, 1966 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O. 5200.301 AND W.O. 5200.317.

After consideration of Calendar Item 10 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION APPROVES THE ACTION BY THE EXECUTIVE OFFICER, PURSUANT TO SECTION 5(g), CHAPTER 138, STATUTES OF 1964, 1ST E.S., CONSENTING TO THE NINTH MODIFICATION OF THE 1966 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, INCREASING THE TOTAL BUDGETED AMOUNT BY $1,126,000, AS SET FORTH IN THUMS APPROVAL REQUEST 37-66.

Attachment
Calendar Item 10 (2 pages)

APPROVAL OF NINTH MODIFICATION, 1966 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O. 5200.301 AND W.O. 5200.317.

The City of Long Beach and the State, pursuant to the provisions of Chapter 138, Section 5(g), Statutes of 1964, 1st E.S., have mutually agreed to the Ninth Modification of the 1966 Plan of Development and Operations and Budget, Long Beach Unit, as set forth in THUMS Approval Request 37-66.

The Ninth Modification of the 1966 Plan and Budget covers the five items listed below that are considered essential for the continued orderly development of the Long Beach Unit:

1. Permit the change of the final surface location of any well previously or hereafter authorized to be drilled on Pier J or Island "A", pursuant to the 1966 Plan, with the written approval of the Director or Assistant Director, Department of Oil Properties, City of Long Beach, and the Manager or Assistant Manager of Long Beach Operations, State Lands Division, subject to the provisions set forth in THUMS Approval Request 37-66.

2. Provide for a contingent liability in the 1966 Plan and Budget of such amounts as may hereafter prove necessary to defend any legal proceeding which may be commenced by the owner of an uncommitted town lot parcel included in the Long Beach Unit, pursuant to the provisions of Section 3608 of the Public Resources Code, and to pay or satisfy any adverse judgment resulting from such legal proceeding.

3. Effect an accounting exchange in the Marine Transportation Expense budget categories to provide that marine transportation charges will be allocated only to those projects which are served by the marine fleet. This accounting change will not affect the budget total since it is merely a change in allocation.

4. Establish a contingent liability fund of approximately $440,455 to provide for the potential purchase of the rented drilling substructures on Island "A". The Unit will have the option to buy the substructures at any time, and will become the owner without additional payment at the point that rentals paid equal the selling price. This liability will decrease approximately $11,000 each month until July 31, 1969, and approximately $9,400 each month thereafter.

5. Provide funds necessary to commence several projects not previously anticipated and to complete certain projects where the cost was originally underestimated, as detailed in THUMS Approval Request 37-66.

Assuming approval of this Ninth Modification, the 1966 Budget for the Long Beach Unit will become:

Total Budget after Eighth Modification	$53,799,390
Ninth Modification	+1,126,000
Total Budget after Ninth Modification	$54,925,390

The Commission's staff have reviewed this Ninth Modification and found it reasonable and necessary in order to develop the Long Beach Unit in an expeditious manner.

The Executive Officer, by letter dated November 21, 1966, consented to the request for approval of the Ninth Modification of the 1966 Plan of Development and Operations and Budget, Long Beach Unit.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE ACTION BY THE EXECUTIVE OFFICER, PURSUANT TO SECTION 5(g), CHAPTER 138, STATUTES OF 1964, 1ST E.S., CONSENTING TO THE NINTH MODIFICATION OF THE 1966 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, INCREASING THE TOTAL BUDGETED AMOUNT BY $1,126,000, AS SET FORTH IN THUMS APPROVAL REQUEST 37-66.