

MINUTE ITEM

5/28/70
DKH

34. SEVENTH MODIFICATION OF THE 1969-1970 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1969, THROUGH JUNE 30, 1970, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

After consideration of Calendar Item 34 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION, PURSUANT TO SECTION 5(g), CH. 138/64, 1ST E.S., APPROVES THE SEVENTH MODIFICATION OF THE "PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1969, THROUGH JUNE 30, 1970".

Attachment:

Calendar Item 34 (2 pages)

34.

SEVENTH MODIFICATION OF THE 1969-1970 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1969, THROUGH JUNE 30, 1970, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

The State Lands Commission, at its meeting of April 28, 1969, approved the 1969-1970 Plan of Development and Operations and Budget for the Long Beach Unit. Part IV of this Plan and Budget provides that modifications shall be made periodically to bring the Plan and Budget up to date.

Pursuant to this requirement, the City of Long Beach has submitted the Seventh Modification of the 1969-1970 Plan and Budget. This Modification presents a summary review of production and expenditures through February 28, 1970, together with a request to transfer funds between budget divisions in order to meet the requirements for future conversions of wells from submersible pumps to hydraulic lift. Conversion of wells should effect ultimate savings in operating costs, including the cost of well maintenance.

As of February 28, 1970, \$45,674,285 had been committed; this represents 66% of the total Budget of \$69,215,211. The field contractor reported that 50 of the 63 proposed wells had been completed. The oil production rate for the first 8 months of the budget period averaged 145,340 barrels per day, which was within an originally estimated range of 134,700 to 167,700 barrels per day.

In order to provide funds for the conversion of low-rate wells to hydraulic lift, the following budget transfers will be made by this modification:

	<u>Current Budget</u>	<u>This Modification</u>	<u>Adjusted Budget</u>
A. <u>ESTIMATED EXPENDITURES FOR INVESTMENT</u>			
1. <u>DRILLING AND DEVELOPMENT</u>			
c. <u>Other Well Work</u>			
(2) Artificial Lift - Subsurface	\$1,350,000	\$ 300,000	\$1,650,000
2. <u>FIELD AND WELL FACILITIES</u>			
d. <u>Electrical Communi- cations and Control</u>			
(1) Electrical Systems	776,000	(100,000)	676,000
e. <u>Leasehold Facilities</u>			
(4) Leasehold Improvements	<u>310,000</u>	<u>(200,000)</u>	<u>110,000</u>
Total	\$2,436,000	\$ -0-	\$2,436,000

425

CALENDAR ITEM 34. (CONED.)

No additional funds are requested in this modification.

Undated exhibits are not included in this modification since new exhibits were a part of the 1970-1971 Plan and Budget approved by the Commission at its meeting of April 23, 1970.

The State Lands Commission, at its meeting of April 23, 1970, requested the City of Long Beach, as part of its stewardship in administering the Long Beach tidelands, to make every effort to reduce costs in the Long Beach Unit so as to maximize the net profit payments to the City of Long Beach and to the State of California and to achieve maximum economic oil recovery. The Division believes that such effort should be applied to the current 1969-1970 Plan and Budget period. This Seventh Modification is in accordance with such effort as it provides for cost-saving well equipment and does not require augmentation of funds.

The Division has reviewed this Seventh Modification, and finds it to be a reasonably accurate summary of expenditures through February 1970, and that the proposed transfer of funds between budget divisions will facilitate the continuing development of the Long Beach Unit without augmentation of originally budgeted funds.

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO SECTION 5(g), CH. 138/64, 1ST E.S., APPROVE THE SEVENTH MODIFICATION OF THE "PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1969, THROUGH JUNE 30, 1970".