

MINUTE ITEM

5/27/71
CVB

25. FORMAL HEARING, PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1971, THROUGH JUNE 30, 1972, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

Immediately following completion of its regular order of business at its meeting on May 27, 1971, the State Lands Commission conducted a formal hearing on the "PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1971, THROUGH JUNE 30, 1972, WILMINGTON OIL FIELD, LOS ANGELES COUNTY," the agenda for said hearing being outlined in Calendar Item 14 attached.

During the hearing, appearances were made by the following, all in opposition to the Commission's proposed modification of the Long Beach Budget:

John R. Mansell, City Manager, City of Long Beach.

Leonard Putnam, City Attorney, City of Long Beach.

Thomas S. Richards, President, THUMS.

Robert H. Buchanan, Attorney, THUMS.

Dr. Russell M. Brough, President, Property Owners Oil Development Association of Long Beach.

Lawrence E. Scott, Vice President, Pauley Petroleum.

UPON MOTION DULY MADE AND CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

IN ACCORDANCE WITH THE PROVISIONS OF SECTION 5(b) OF CHAPTER 138, STATUTES OF 1964, 1ST E.S., THE STATE LANDS COMMISSION:

1. FINDS THAT A MODIFICATION OF THE 1971-1972 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, AS SUBMITTED BY THE CITY OF LONG BEACH, IS NECESSARY TO PROMOTE GOOD OIL FIELD PRACTICE AND TO PROMOTE THE MAXIMUM ECONOMIC RECOVERY OF OIL AND GAS;
2. ORDERS THE MODIFICATION OF THE 1971-1972 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT AS SUBMITTED BY THE CITY OF LONG BEACH IN THE FOLLOWING PARTICULARS:
 - A. PART III - BUDGET IS CHANGED IN THE MANNER SET FORTH IN EXHIBIT A ATTACHED;
 - B. PART IV - PROCEDURES IS CHANGED IN THE MANNER SET FORTH IN EXHIBIT B ATTACHED;
 - C. PART II - PLAN FOR 1971-1972 IS CHANGED WHERE NECESSARY TO CONFORM WITH THE CHANGES IN PARTS III AND IV ABOVE.
3. DIRECTS THE EXECUTIVE OFFICER TO INFORM THE CITY MANAGER AND THE CLERK OF THE CITY COUNCIL OF THE CITY OF LONG BEACH OF THE MODIFICATION.

EXHIBIT A

MODIFICATION OF PART III BUDGET, 1971-1972 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT.

1. THE FOLLOWING BUDGET ITEMS ARE CHANGED TO READ (ALL ITEMS IN THOUSANDS OF DOLLARS):

b. BUDGET ITEM B.2.b.(1)	\$ 145
OIL GATHERING	
c. BUDGET ITEM B.2.b.(7)	145
ARTIFICIAL LIFT - SURFACE	
d. BUDGET ITEM B.2.b.(13)	54
STEAM INJECTION	
e. BUDGET ITEM B.3.a.(3)	90
DATA PROCESSING	
g. BUDGET ITEM B.3.a.(6)	255
GENERAL OFFICE EXPENSE	

2. THE MAJOR BUDGET CLASS III-D. BUDGET CONTINGENCY FUND IS ADDED \$250,000

3. ALL BUDGET CATEGORIES, BUDGET DIVISIONS, MAJOR BUDGET CLASSES AND ADMINISTRATIVE OVERHEAD ARE ADJUSTED TO REFLECT THE CHANGES IN ITEMS 1 AND 2 ABOVE.

EXHIBIT B

MODIFICATION OF PART IV PROCEDURES, 1971-1972 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT.

THE FOLLOWING PORTIONS ARE CHANGED TO READ:

1. SECTION A.2.c.: AN ANALYSIS OF THE BUDGET CONTROL STATEMENT (IV E-1-c) SHOWING THE CURRENT STATUS OF FUNDS WITHIN BUDGET ITEMS, INCLUDING ALL TRANSFERS OF FUNDS APPROVED TO DATE, UNDER PART IV D-3.

2. SECTION D.3.a.: BUDGET ITEMS

THE DIRECTOR OR ASSISTANT DIRECTOR, DEPARTMENT OF OIL PROPERTIES, CITY OF LONG BEACH, WITH THE WRITTEN APPROVAL OF THE MANAGER OR ASSISTANT MANAGER, LONG BEACH OPERATIONS, STATE LANDS DIVISION, MAY TRANSFER FUNDS FROM ONE BUDGET ITEM TO ANOTHER WITHIN THE SAME BUDGET CATEGORY. THE DIRECTOR OR ASSISTANT DIRECTOR SHALL NOTIFY THE FIELD CONTRACTOR IN WRITING OF ANY SUCH TRANSFER, WITH COPIES TO THE MANAGER, LONG BEACH OPERATIONS, STATE LANDS DIVISION, AND ANY UNIT PARTICIPANT REQUESTING SUCH NOTIFICATION. TO ENSURE THE CONTINUING ORDERLY DEVELOPMENT AND OPERATION OF THE LONG BEACH UNIT IN THE EVENT OF AN EMERGENCY, AND TO COVER ANY CONTINGENCIES

AS TO ENVIRONMENTAL POLLUTION AND CONTROL, AND TO COVER UNFORESEEN EMERGENCIES WHEN THERE IS NOT SUFFICIENT TIME OR DETAIL AVAILABLE FOR ROUTINE TRANSFER OF FUNDS, OR TO PROVIDE FOR ANY NECESSARY EMERGENCY AUGMENTATION OF FUNDS FOR ANY BUDGET ITEM AT THE CLOSING OF A MONTHLY ACCOUNTING PERIOD, A MAJOR BUDGET CLASS III-D ENTITLED BUDGET CONTINGENCY FUND WILL PROVIDE A CONTINGENCY FUND OF \$250,000 FOR THIS BUDGET PERIOD FROM WHICH THE DIRECTOR OR ASSISTANT DIRECTOR, DEPARTMENT OF OIL PROPERTIES, CITY OF LONG BEACH, MAY TRANSFER FUNDS INTO ANY BUDGET ITEM. THE DIRECTOR OR ASSISTANT DIRECTOR SHALL NOTIFY THE FIELD CONTRACTOR IN WRITING OF ANY SUCH TRANSFER WITH COPIES TO THE MANAGER, LONG BEACH OPERATIONS, STATE LANDS DIVISION, OR ANY UNIT PARTICIPANT REQUESTING SUCH NOTIFICATION. A WRITTEN EXPLANATION OF THE NEED FOR THESE FUND TRANSFERS SHALL BE PROVIDED TO THE MANAGER, LONG BEACH OPERATIONS, STATE LANDS DIVISION. THIS CONTINGENCY FUND MAY BE AUGMENTED AT ANY TIME BY A BUDGET MODIFICATION IN ACCORDANCE WITH SECTION 5(g) OF CHAPTER 138. THE DIRECTOR OR ASSISTANT DIRECTOR, DEPARTMENT OF OIL PROPERTIES, CITY OF LONG BEACH, WITH THE WRITTEN APPROVAL OF THE MANAGER OR ASSISTANT MANAGER, LONG BEACH OPERATIONS, STATE LANDS DIVISION, MAY TRANSFER SURPLUS FUNDS FROM ANY BUDGET ITEM INTO THIS MAJOR BUDGET CLASS III-D ENTITLED BUDGET CONTINGENCY FUND.

3. SECTION D.3.c.: BUDGET DIVISIONS AND BUDGET AUGMENTATION. ANY TRANSFER OF FUNDS BETWEEN BUDGET DIVISIONS OR MAJOR BUDGET CLASSES, EXCEPT ANY TRANSFER OF SURPLUS FUNDS TO MAJOR BUDGET CLASS III-D ENTITLED BUDGET CONTINGENCY FUND, AS PROVIDED FOR IN IV-3-a, SHALL BE ACCOMPLISHED BY A BUDGET MODIFICATION IN ACCORDANCE WITH SECTION 5(g) OF CHAPTER 138. ANY AUGMENTATION OF THE ENTIRE BUDGET, AFTER ALL POSSIBLE TRANSFERS HAVE BEEN MADE, SHALL BE ACCOMPLISHED IN THE SAME MANNER. ANY NEW BUDGET ITEM OR CATEGORY SHALL ALSO BE ADDED TO THE BUDGET BY A BUDGET MODIFICATION.

4. SECTION D.3.d.: REPORTING AFTER TRANSFERS.

AFTER ANY TRANSFER OF FUNDS BETWEEN BUDGET ITEMS, BUDGET CATEGORIES, DIVISIONS OR CLASSES, SUCH TRANSFERS SHALL BE REFLECTED IN THE BUDGET CONTROL STATEMENT AS REQUIRED BY SECTION E-1-c BELOW.

5. SECTION E.1.c.:

PROVIDE A MONTHLY BUDGET CONTROL STATEMENT TO THE MANAGER, LONG BEACH OPERATIONS, STATE LANDS DIVISION. THIS STATEMENT SHALL REFLECT FOR EACH BUDGET ITEM, BUDGET CATEGORY, BUDGET DIVISION AND BUDGET CLASS, THE TRANSFER OF FUNDS, MODIFICATIONS, RESULTING ADJUSTED BUDGET COMMITMENTS, UNCOMMITTED BALANCE, EXPENDITURES ON A CURRENT MONTH'S BASIS AND ON A CUMULATIVE BASIS, AND THE UNEXPENDED BUDGET BALANCE (ADJUSTED BUDGET MINUS CUMULATIVE EXPENDITURES). INVESTMENT BUDGET COMMITMENTS SHALL BE DEFINED AS THE TOTAL DOLLAR AMOUNT OF (1) OPEN, APPROVED AFE'S INCLUDING SUPPLEMENTS MINUS CANCELLATIONS, AND (2) ACTUAL EXPENDITURES AGAINST CLOSED AFE'S AND (3) OVEREXPENDED OPEN AFE'S.

6. SECTION E.1.d.:

PROVIDE A MONTHLY STATEMENT OF ALLOCATED EXPENDITURES TO THE MANAGER, LONG BEACH OPERATIONS, STATE LANDS DIVISION. THIS STATEMENT WILL REFLECT FOR EACH ALLOCATION ITEM SHOWN UNDER RECAP OF ESTIMATED ALLOCATED

EXPENDITURES IN EXHIBIT C-3 OF THIS PLAN AND BUDGET, THE TOTAL EXPENDITURES INCURRED MONTHLY AND IN THE FISCAL YEAR TO DATE, AND THE UNEXPLAINED BALANCE FOR BOTH INVESTMENT AND EXPENSE.

SECTION E.l.e.: (TO BE DELETED)

7. ANY OTHER SECTION OF PART IV PROCEDURES WHICH IS INCONSISTENT WITH THE CHANGES MADE ABOVE IS HEREBY MODIFIED AS NECESSARY.

Attachment: Calendar Item 14 (1 page)

CALENDAR ITEM

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CVB

14.

FORMAL HEARING, PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1971, THROUGH JUNE 30, 1972, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

Fursuant to the provisions of Section 5(b), Chapter 138, Statutes of 1964, 1st E.S., the Commission, at its meeting of April 29, 1971, ordered a formal hearing relative to modification of the 1971-1972 Plan of Development and Operations and Budget for the Long Beach Unit, as submitted by the City of Long Beach.

As directed, a formal hearing regarding modification of PART III - BUDGET and PART IV - PROCEDURES and any necessary changes in PART II - PLAN of the 1971-1972 Plan of Development and Operations and Budget, Long Beach Unit, will be held during the regularly scheduled meeting of the State Lands Commission in Sacramento on May 27, 1971.

AGENDA FOR HEARING

1. Division presentation of recommendations for modification of 1971-1972 Plan of Development and Operations and Budget, Long Beach Unit, as submitted by the City of Long Beach.

A. PART IV - PROCEDURES

- (1) Approval of transfers between Budget Items.
- (2) Any other modifications necessary for additional economic control by Commission.

B. PART III - BUDGET

- (1) Modification of dollar amount for any Budget Item monies.
2. City of Long Beach presentation of evidence in support of Plan and Budget as submitted.
3. Adoption of modifications and approval as modified or approval of Plan and Budget as submitted by the City of Long Beach.