

MINUTE ITEM

This Calendar Item No. 29
was approved as Minute Item
No. 29 by the State Lands
Commission by a vote of 3
to 0 at its 3-27-76
meeting.

CALENDAR ITEM
29.

5/76
WMT

SIXTH MODIFICATION OF THE 1975-1976
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET,
LONG BEACH UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

The City of Long Beach and the Division have prepared the Sixth Modification of the Plan of Development and Operations and Budget, Long Beach Unit, July 1, 1975, through June 30, 1976, providing updated production, injection, expenditure, and revenue information, together with revised economic projections.

The Sixth Modification revises Exhibits C-1, C-2, C-3 and C-4 in Part V of the subject Plan and Budget based on data available through the first half of the fiscal year. The Plan provides that exhibits showing estimated oil, gas and water production rates, water injection rates, expenditures, and resulting Long Beach Unit net revenue shall be reviewed quarterly by the City of Long Beach and the Division, and modified as necessary. This modification does not require a Budget augmentation nor transfer of funds within the existing Unit Budget.

The average oil production rate during the second quarter was 103,940 B/D, slightly lower than the previously estimated rate of 104,300 B/D. The actual rate of gas production averaged 25,234 MCF/D, somewhat higher than the 23,261 MCF/D estimated rate. The second quarter water injection rate of 526,000 B/D was slightly below the previously estimated rate of 530,000 B/D.

Net income to the Long Beach Unit during the second quarter was \$20,531,000 or \$1,174,000 higher than estimated in the previous revision. This increase is principally the result of increased gas income combined with a reduced level of operating expenditures.

As of the end of the second quarter, estimated Unit income for the entire 1975-1976 fiscal year was estimated to be \$86,885,000, which is \$2,434,000 less than the previous estimate. The reduction is due to less oil production and greater than expected mining rights taxes. Total Long Beach Unit income is expected to be increased somewhat, when the Third Quarter economics are reviewed, due to the gradually increasing crude oil prices permitted by the Federal Energy Administration commencing March 1, 1976.

The Division has reviewed the Sixth Modification and finds that the estimated production, injection, expenditures and revenue shown in the revised exhibits are reasonable estimates as of the end of the second quarter.

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When third and fourth quarter information becomes available it will be reviewed by the City of Long Beach and the Division and reported to the Commission. Forecasts for the latter part of the fiscal year are highly dependent on the level of activity that is justified under FEA controlled crude oil prices. Net income may be less than presently forecast if crude oil price controls result in further curtailment of expenditures.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE SIXTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1975, THROUGH JUNE 30, 1976.

Additionally, in accordance with Part IV.A.4.c. of the 1975-1976 Plan and Budget, the following Plan Supplement for a project under \$100,000 has been approved by the Manager, Long Beach Operations, State Lands Division, and is hereby reported to the Commission and incorporated in the Plan. This Plan Supplement does not require action by the Commission.

Plan Supplement No. 12 - Provide new 480 volt electric service on Island Grissom. The estimated cost of this service is \$13,500.