

MINUTE ITEM

to 0 at Rs 6-5-79 meeting.

CALENDAR ITEM

33.

5/79 Thompson

NINTH MODIFICATION OF THE 1978-1979 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, WILMINGTON OIL FIELD

The Commission's staff, together with representatives of the City of Long Beach have prepared the Ninth Modification of the 1978-1979 Plan of Development and Operations and Budget, Long Beach Unit, providing updated production, injection, income and expenditure information, together with revised economic projections.

The Ninth Modification revises Exhibits C-3 and C-4 in PART V of the subject Plan and Budget based on data available through March 31, 1979. PART IV, PROCEDURES, of the Plan and Budget 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 Commission's staff and the City, and modified as necessary. This modification satisfies that provision. It does not augment the Budget, nor transfer funds within the existing Budget.

The average oil production rate during the January through March 1979 quarter was 69,878 B/D, a decline from the originally estimated rate of 71,400 B/D. Actual gas production averaged 14,266 Mcf/D, 933 Mcf/D above the originally estimated rate, due to a higher than anticipated gas-oil ratio. The water injection rate of 475,389 B/D was 69,055 B/D below the previously estimated 544,444 B/D rate, as the result of loss of reservoir injectivity.

Total Unit income for the 1978-1979 year is now estimated to be approximately 176.5 million, close to the maximum in the range of \$149.3 to \$175 million estimated in the original 1978-1979 Plan and Budget. This is principally the result of a small incremental increases in crude oil prices allowed by the Department of Energy.

Estimated investment, expense and overhead funds, as adjusted, now total \$84,471,000, compared with \$74,383,000 estimated when the 1978-1979 Plan and Budget was prepared early in 1978. The revised figure includes carry-in funds for purchase of a drilling rig and installation of a produced water handling plant. These investment projects were not completed in the previous fiscal year. Also, the original Budget did not provide any funding for county mining rights and secured personal property taxes, for which funds were added by modification of the budget.

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As of the end of the third quarter of the 1978-79 fiscal year, Long Beach Unit net revenue for the entire fiscal year is estimated to be approximately \$99.5 million. This is near the top of the originally estimated range of net revenue, \$74.9 to \$100.6 million, included in the 1978-79 Plan and Budget as approved by the Commission at its April 1978 meeting. It is currently estimated that \$7,460,000 of the current budget of \$84,471,000 either will be carried over to the 1979-1980 fiscal year or will be cancelled as surplus funding.

The Commission's staff has reviewed the Ninth Modification and finds that the estimated production, injection, expenditures and revenue shown in the revised exhibits are reasonable. When actual information through the fourth quarter of the 1978-1979 fiscal year becomes available, it will be reviewed by the staff and reported to the Commission.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE NINTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1978 THROUGH JUNE 30, 1979.

Additionally, in accordance with PART IV, A.4.c. of the 1978-1979 Plan of Development and Operations and Budget for the Long Beach Unit, the following Plan Supplement for an additional project under \$100,000 has been approved by the Director, Department of Oil Properties, City of Long Beach and the Chief, Long Beach Operations, State Lands Commission and is hereby reported to the Commission and incorporated in the Plan.

Plan Supplement No. 4. Purchase a diesel-powered tractor and 130 barrel vacuum truck at an estimated cost of \$94,000.