

MINUTE ITEM

This Calendar Item No. 42.
was approved as Minute Item
No. 42 by the State Lands
Commission by a vote of 3
to 0 at its 10-29-79
meeting.

CALENDAR ITEM
42.

10/79
Thompson

APPROVAL OF THE FIRST MODIFICATION OF THE 1979-1980
PLAN OF DEVELOPMENT AND OPERATIONS AND
BUDGET, LONG BEACH UNIT, WILMINGTON

This First Modification transfers \$1,500,000 of budgeted investment funds from Budget Part III, A.1.a. (2) Development Drilling, Ranger Zone to Part III, A.2.f. (2) Field Equipment Drilling Equipment. The total Unit Budget, \$82,778,000 remains unchanged. This transfer of funds is required in order to authorize the purchase of certain drilling equipment essential to reestablishing one of the idle Island Grissom drilling towers as a drilling rig.

Commission action on this First Modification will ratify the action taken by the Executive Officer on October 3, 1979, pursuant to Section 5 (g), Chapter 138/1964, 1st E.S. and Part IV, Section A.1 and D.3 of the 1979-1980 Plan and Budget, consenting to the subject modification.

The Commission's staff has recommended the transfer of these budget funds for the purchase of part of the drilling equipment necessary for the reactivation of an additional drilling rig on Island Grissom. This equipment is available under agreements for the purchase of the drilling rig which went into service in April of this year. Purchase of similar equipment will allow interchangeability as well as pricing and availability advantages. Reactivation of this rig will be part of the plan for the expanded development of the Long Beach Unit, resulting in the production of additional crude oil. The staff believes its recommendation is consistent with the Commission's policy of plowing back a reasonable portion of any increased revenue from crude oil price increases.

IT IS RECOMMENDED THAT THE COMMISSION RATIFY THE CONSENT OF THE EXECUTIVE OFFICER TO THE FIRST MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1979, THROUGH JUNE 30, 1980.

A 57, 58

S 27, 31

| | |
|---------------|------|
| CALENDAR PAGE | 223 |
| MINUTE PAGE | 2168 |