MINUTE ITEM

This Calendar Item No. 40 was approved as Minute Item No. 40 by the State Lands Commission by a vote of 2 to 0 at its 2/9/82 meeting.

CALENDAR ITEM

40

1/28/82
Thompson

FIFTH MODIFICATION OF THE 1981-82
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET
LONG BEACH UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

The City of Long Beach has requested Commission approval of the Fifth Modification of the 1981-82 Plan of Development and Operations and Budget for the Long Beach Unit. This modification will augment the Budget by $3,401,000 to provide additional funds for mining rights taxes levied by the County of Los Angeles. The Plan will also be modified to increase the number of injection well redrills from seven to eleven. In addition, transfers of $495,000 are provided within the expense portion of the budget. Commission approval is necessary because in approving the 1981-82 Plan and Budget, the Commission retained the right to approve any transfers of funds from Budget Items primarily related to electrical energy, including Water Injection Systems. The Fifth Modification would transfer the $495,000 from Water Injection Systems.

The 1981-82 Plan and Budget, as approved by the Commission, provides funding for mining rights taxes in the approximate amount of such expenditures in the 1980-81 budget year. The assessor's 1981 taxable market value for the Unit is $317 million higher than in 1980, largely due to higher mining rights valuation. As a result, only $11,000,000 for mining rights taxes was provided in the original budget, while the 1981 mining rights tax bill, when received, was $14,401,000. The Fifth Modification includes an augmentation of $3,401,000 to fund the shortage. The mining rights assessment is being appealed, as authorized by the Commission in August 1981, however, it is still necessary to pay this year's tax bill in full.

The Plan is to be modified to provide for an increase in the number of injection wells from seven to eleven. Transfers are being made within the expense portion of the budget as funds are needed.

For the reason stated above, Commission approval is required for any transfer of funds from the Water Injection System Budget Item. The Fifth Modification would transfer $495,000 from this account.

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Electrical system repair and maintenance expenditures are running substantially above estimates, and $285,000 is to be transferred to the Electrical System Expense account.

An additional $44,000 is to be transferred to Land Rental, Pier A. These funds are primarily to provide for the rental of land for the storage of submersible pump cable that is not included in the original budget. The requirement for cable storage is necessary because of the continued increase in the number of submersible pump wells and the loss of storage area at the vendors' facilities.

Funds in the amount of $166,000 are to be transferred to Management Projects. Of this amount, $100,000 is to cover the cost of revising and correcting magnetic declination calculations for directional well course data and maps. The additional $66,000 is primarily to provide funds for the appeal of the 1981 mining rights assessment.

After approval, the Budget Items affected are as follows: (Thousands of Dollars)

		Current Budget	This Modification	Adjusted Budget
B.1.b.	Mining Rights Taxes	11,000	3,401	14,401
B.2.c.(12)	Electrical Expense	1,048	285	1,333
B.3.c.(1)	Land Rentals, Pier A	24	44	68
B.3.d.(1)	Management Projects	348	166	514
B.2.b.(14)	Water Injection System	18,009	(495)	17,514

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE FIFTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1981 THROUGH JUNE 30, 1982.

Additionally, in accordance with Part IV. A. 4.c. of the 1981-82 Plan of Development and Operations and Budget for the Long Beach Unit, the following Plan Supplements for additional projects under $100,000 have been approved by the Director, Department of Oil Properties, City of Long

Beach and the Chief, Long Beach Operations, State Lands Commission and are hereby reported to the Commission and incorporated in the Plan.

Plan Supplement No. 7	Conversion of LBOD hydraulic lift system to water injection, at an estimated cost of $36,000.
Plan Supplement No. 8	Installation of pipeline scraper traps in the water injection system, for an estimated $30,000.
Plan Supplement No. 9	Rental of a cable storage yard on Pier A, at $54,000 per year.