

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 2/25/82
meeting.

CALENDAR ITEM

40

2/25/82
Thompson

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

The Commission's staff, together with representatives of the City of Long Beach, have prepared the Sixth Modification of the 1981-82 Plan of Development and Operations and Budget, Long Beach Unit, providing updated production, injection, income and expenditure information, together with revised economic projections.

The Sixth Modification revises Exhibits C-3 and C-4 in PART V of the subject Plan and Budget based on data available through December 31, 1981. 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 first half of the 1981-82 fiscal year was 63,332 barrels per day, 321 barrels per day more than the originally estimated rate. Actual gas production averaged 12,821 MCF per day, 1,147 MCF per day above the originally estimated rate due to the slightly higher oil rate and a higher than anticipated gas-oil ratio. The water injection rate of 536,223 barrels per day was 18,908 barrels per day above the projected figure primarily as a result of lower than estimated injection well and plant downtime.

Expense expenditures at the end of the first half of the fiscal year were slightly below budgeted amounts, primarily due to lower than estimated costs for purchased electricity. Facilities investment budgeted funds were significantly above the estimates included in the original budget because of the large number of carry-over projects and their related expenditures. The original budget of \$181,142,000 has been augmented mainly by investment carry-over and, as of December 31, 1981, was \$209,820,000.

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Total Long Beach Unit net income for fiscal year 1981-82 was adjusted downward at the end of the first quarter, principally because of lower than estimated crude oil prices. After deduction of an estimated \$13 million in carry-over of investment funds to 1982-83, net expenditures are now estimated to be about \$196,800,000. On this basis, Long Beach Unit net income is now estimated to be \$419,800,000. The original net income estimated in the 1981-82 Plan and Budget, as approved by the Commission, was \$479,600,000. Adjusted for investment carry-in to 1981-82, the original estimate was reduced to \$451,143,000. The remaining decline of approximately \$31 million is attributable principally to the decline in estimated crude oil value. These income numbers do not reflect any reduction due to the Federal Oil Tax that is imposed on the participants of the Unit.

The Commission's staff has reviewed the Sixth Modification and finds that the estimated production, injection, expenditures and revenue shown in the revised exhibits are reasonable. When actual information through the third quarter of fiscal year 1981-82 becomes available, it will be reviewed by the staff and reported to the Commission.

EXHIBITS: C-3. Economic Projections.
C-4. Economic Projections.

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE THE SIXTH 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. 11:

Purchase one 2½ ton forklift for Pier J for an estimated \$26,000.

Plan Supplement No. 12:

Engage outside engineering for the design of additional well locations on Site J-3 at an estimated cost of \$80,000. Also, leasing of the contiguous area is provided for.

1981 - 1982 PLAN AND BUDGET

EXHIBIT C-3

ECONOMIC PROJECTIONS - BASIC DATA

(Furnished by City and State)

	<u>Actual 3rd Quarter 1981</u>	<u>Actual 4th Quarter 1981</u>	<u>1st Quarter 1982</u>	<u>2nd Quarter 1982</u>	<u>TOTAL</u>
Estimated Oil Production (1,000 Bbl.) (B/D)	5,809	5,844	5,715	5,751	23,119
Estimated Gas Production (1,000 Mcf.) (MCF/D)	63,139	63,516	63,500	63,200	
	1,188	1,171	1,086	1,093	4,538
Estimated Water Production (1,000 Bbl.) (MB/D)	38,702	40,314	40,752	42,178	161,946
Estimated Water Injection (1,000 Bbl.) (MB/D)	49,316	49,349	47,862	49,367	195,894
Estimated Oil Price (\$/Bbl)	26.47	26.14	25.90	25.90	
Estimated Gas Price Adjusted (\$ per MCF of total produced gas)	2.66	2.80	3.00	3.10	

(Added 2/22/82)

1981 - 1982 PLAN AND BUDGET

EXHIBIT C-4

ECONOMIC PROJECTIONS

(Data in Thousands of Dollars)

	Actual 3rd Quarter 1981	Actual 4th Quarter 1981	1st Quarter 1982	2nd Quarter 1982	TOTAL
<u>ESTIMATED INCOME</u>					
Oil Income	<u>153,764</u>	<u>152,762</u>	<u>148,018</u>	<u>148,951</u>	<u>603,495</u>
Gas Income	<u>3,160</u>	<u>3,279</u>	<u>3,258</u>	<u>3,388</u>	<u>13,085</u>
TOTAL INCOME	<u>156,924</u>	<u>156,041</u>	<u>151,276</u>	<u>152,339</u>	<u>616,580</u>
<u>ESTIMATED EXPENDITURES</u>					
Development Drilling	<u>6,366</u>	<u>6,409</u>	<u>13,070</u>	<u>13,070</u>	<u>38,915</u>
Well Work	<u>111</u>	<u>167</u>	<u>1,249</u>	<u>1,249</u>	<u>2,776</u>
Facilities.	<u>5,533</u>	<u>7,215</u>	<u>9,838</u>	<u>9,838</u>	<u>32,424</u>
TOTAL INVESTMENTS	<u>12,010</u>	<u>13,791</u>	<u>24,157</u>	<u>24,157</u>	<u>74,115</u>
Mining Rights	<u>-</u>	<u>7,200</u>	<u>-</u>	<u>3,800</u>	<u>11,000</u>
Personal Property	<u>186</u>	<u>493</u>	<u>260</u>	<u>261</u>	<u>1,200</u>
License & Other Taxes	<u>618</u>	<u>418</u>	<u>532</u>	<u>532</u>	<u>2,100</u>
TOTAL TAXES	<u>804</u>	<u>8,111</u>	<u>792</u>	<u>4,593</u>	<u>14,300</u>
Operating Expense	<u>21,439</u>	<u>24,445</u>	<u>29,551</u>	<u>29,551</u>	<u>104,986</u>
General Administrative	<u>,973</u>	<u>1,918</u>	<u>1,934</u>	<u>1,934</u>	<u>7,759</u>
Other	<u>378</u>	<u>85</u>	<u>394</u>	<u>395</u>	<u>1,252</u>
Overhead	<u>1,396</u>	<u>1,695</u>	<u>2,159</u>	<u>2,158</u>	<u>7,408</u>
TOTAL EXPENSE AND OVERHEAD	<u>25,186</u>	<u>28,143</u>	<u>34,038</u>	<u>34,038</u>	<u>121,405</u>
GRAND TOTAL	<u>38,000</u>	<u>50,045</u>	<u>58,987</u>	<u>58,987</u>	<u>209,820</u>
NET INCOME	<u>118,924</u>	<u>105,996</u>	<u>92,289</u>	<u>89,551</u>	<u>406,760</u>

Subsequent augmentation for taxes

3,401

Estimated investment carry-over to FY 1982-1983

13,000

(Added 2/22/82)

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