

MINUTE ITEM

This Calendar Item No. 43  
was approved as Minute Item  
No. 43 by the State Lands  
Commission by a vote of 3  
to 0 at its 5/27/82  
meeting.

CALENDAR ITEM

43

5/27/82  
Thompson

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

The City of Long Beach has requested Commission approval of the Seventh Modification of the 1981-82 Plan of Development and Operations and Budget for the Long Beach Unit. This modification will not augment the Budget, but will transfer funds within the Budget. The plan also will be modified to increase the allowable number of new wells. Commission approval of the fund transfers is necessary to transfer funds between Budget Divisions and Major Budget Classes and because in approving the 1981-82 Plan and Budget, the Commission retained the right to approve any transfers of funds from four Budget Items primarily related to electrical energy.

This modification would transfer a total of \$6,600,000 from five Budget Items with surplus funds to 23 expense Budget Items that require additional funds for continued operations. See Exhibit "A", attached, for a detailed listing. Two of the Budget Items with surplus funds are in the investment portion of the budget: Account 403, Redrills (Other Zones) and Account 402, Injection Well Conversions. Originally, the redrilling of three wells and recompletion of one well into other zones was included in the Plan. Well work for this type with high enough priority did not develop. The surplus funds, \$1,545,000, that are available for transfer are sufficient to fund the following well work expense Budget Items: (1) Account 941, Injection Wells, Redrills (Same Zone), (2) Account 940, Oil Wells, Redrills (Same Zone), and (3) Account 943, Oil Wells, Workover. The City of Long Beach reports that surplus injection well conversion funds of \$685,000 are not needed to carry out water injection operations in 1981-82. These funds will provide the extra funds needed for the balance of the year in Account 920, Injection Wells, Direct Well Charges.

The three remaining accounts with surplus funds are related to electrical energy in the expense section of the budget. They are Account 911, Hydraulic Lift-Surface; Account 918, Submersible Lift-Surface; and Account 925(14), Water Injection System. The staff had advised the Commission of the excess funding in these Budget Items in April 1981 when the original

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(Add 5/24/82)

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1981-82 Plan and Budget was approved. \$4,370,000 in surplus funds are to be transferred from these three accounts to other expense Budget Items.

The Budget Items that require additional funding are in Operating Expense where \$5,740,000 is required in 19 Budget Items, and in General Administrative Expense where \$860,000 is required in four Budget Items. These transfers should provide funding for the Long Beach Unit operations through June 30, 1982. The status of funding will be reviewed again in mid-June, after the closing of accounts for May. Any necessary fund transfers will be made, if funds are available, or submitted to the Commission if the higher level of approval is required.

The Seventh Modification also provides for a change in Plan. Originally, the Plan provided for the drilling of 59 wells. This Plan modification will allow for the drilling of up to twenty additional wells.

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE THE SEVENTH 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. 13:

Provide for a well tester improvement program including use of a spectrophotometer - estimated cost \$15,000.

Plan Supplement No. 14:

Provide for a management service to continue work including circulating requests for proposals and soliciting bids as well as bid analyses and system design - estimated cost \$90,000.

Plan Supplement No. 17:

Installation of deep well anode beds to continue protection of pipeline systems - estimated cost \$68,000.

(Revised 5/25/82)

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EXHIBIT "A"

This Seventh Modification will modify the Plan and Budget by transferring funds between Budget items as follows:

Account Code	Current Budget	This Transfer	Adjusted Budget
920 (5) Injection Wells, Direct Charges	2,900,000	530,000	3,430,000
941 (7) Injection Wells, Redrill (Same Zone)	4,478,000	250,000	4,728,000
943 (4) Oil Wells, Workover	2,554,000	900,000	3,454,000
940 (3) Oil Wells, Redrill (Same Zone)	2,837,000	50,000	2,887,000
905 (1) Oil Gathering	1,178,000	150,000	1,328,000
906 (3) Oil Treating	514,000	100,000	614,000
914 (9) Produced Water Handling - Filtration	2,750,000	500,000	3,250,000
925 (15) Water Injection, Pressured Water	2,800,000	100,000	2,900,000
951 (2) Production Supervisors	1,393,000	120,000	1,513,000
952 (3) Production Engineers	680,000	150,000	830,000
953 (4) Production Support - Equipment	410,000	50,000	460,000
955 (5) Production Support - Services	901,000	180,000	1,081,000
956 (6) Test and Monitoring	605,000	150,000	755,000
968 (7) Automotive Expense	300,000	100,000	400,000
970 (8) Field Expense	10,098,000	500,000	10,598,000
971 (9) Marine Transportation	3,012,000	230,000	3,242,000
972 (10) Leasehold Improvements	2,747,000	450,000	3,197,000
978 (16) Drilling and Workover Support	8,739,000	530,000	9,269,000
979 (17) Waste Disposal	3,164,000	700,000	3,864,000
980 (1) Employee Salary and Burden	4,170,000	430,000	4,600,000
981 (1) Data Processing	125,000	30,000	155,000
981 (3) General Office Expense	420,000	140,000	560,000
984 (3) Unit Operator's Billable Costs	1,762,000	260,000	2,022,000
<b>Total</b>		<b>6,600,000</b>	
402 (3) Injection Well Conversions	1,221,000	(685,000)	536,000
403 (2) Redrills (Other Zones)	1,555,000	(1,545,000)	10,000
911 (7) Hydraulic Lift - Surface	1,403,000	(280,000)	1,123,000
918 (13) Submersible Lift - Surface	12,265,000	(1,250,000)	11,015,000
925 (14) Water Injection Systems	17,094,000	(2,840,000)	14,254,000
<b>Total</b>		<b>(6,600,000)</b>	

(Added 5/24/82)