MINUTE ITEM
This Calendar Item No. 41
was approved as Minute Item
No. 41 by the State Lands
Commission by a vote of 2
at its 9/23/82
meeting.

CALENDAR ITEM

9/23/82
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FINAL REPORT AND CLOSING STATEMENT
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 Final Report and Closing Statement of the Plan of Development and Operations and Budget, Long Beach Unit, (July 1, 1981 through June 30, 1982). This Final Report and Closing Statement, submitted in accordance with Part IV E.3 of the subject Plan and Budget, summarizes the work accomplished under the Plan and reconciles the funds expended pursuant to the modified Budget.

During the 1981-82 fiscal year, oil production totaled 22.8 million barrels, and gas production was 4.2 billion cubic feet. At an average price of $25.60 per barrel of oil and $2.84 per thousand cubic feet of gas, the total value of Long Beach Unit production was $595.1 million. After deduction of $197.6 million in expenditures, remaining net income attributable to the Unit was $397.5 million.

Sixty-nine of the seventy-nine wells provided for in the Plan as modified were completed or spudded. Twelve redrills were completed and one was in progress at the end of the year. The Plan had provided funds for twenty-three redrills. The fewer redrills than planned were an offset to the additional new wells drilled.

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The oil production rate was two percent lower and the water production and injection rates were six percent and three percent respectively lower than the estimates included in the original economic projections.

With Commission approval the Plan was modified during the fiscal year to provide for the drilling of twenty additional wells. Other modifications which required budget augmentations were partial implementation of the Haskins and Sells audit ($200,000) and the payment of additional taxes ($3,401,000). The modified Budget, including the investment fund carry-in from the previous year, totaled $213,677,000.

As of June 30, 1982 unexpended Budget funds totaled $16,116,977 including approximately $11.4 million which became a part of the investment carry-over to 1982-83, $4.4 as expense surplus and $0.3 million as administrative overhead surplus. There was no investment surplus.

Following is a comparison between the 1981-82 Budget as modified, and expenditures (in thousands of dollars):

	Approved Budget*	Budget Expenditures	Unexpended Budget
Investment	$ 71,885	$ 60,535	$11,350
Expense	$134,366	$129,943	$ 4,423
Administrative Overhead	$ 7,426	$ 7,082	$ 344
TOTAL BUDGET	$213,677	$197,560	$16,117
Carry-over		$ 18,341**	

*Including carry-in from 1980-81, modifications and Budget transfers.

**The $11.4 million of unexpended investment funds were increased to cover revised project costs.

A carry-over occurs each year due to the time required between commitments and expenditures, because of engineering design, long lead time equipment purchases, bidding procedures and actual construction.

The Commission staff has reviewed the Final Report and Closing Statement and found it to be an accurate summary of expenditures for the Long Beach Unit under the 1981-82 Plan and Budget.

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE THE FINAL REPORT AND CLOSING STATEMENT OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, (JULY 1, 1981 THROUGH JUNE 30, 1982).

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