

MINUTE ITEM

This Calendar Item No. 23
was moved as Minute Item
23 by the State Lands
Commission by a vote of 3
to 0 at its 12/16/82
meeting.

CALENDAR ITEM

23

12/16/82
Lammers

EIGHTH MODIFICATION OF THE
1982-83 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 Eighth Modification of the 1982-83 Plan of Development and Operations and Budget, Long Beach Unit, providing updated production, injection, income and expenditure information, together with revised economic projections.

The Eighth Modification revises Exhibits C-3 and C-4 in PART V of the subject Plan and Budget based on data available through September 30, 1982. 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 quarter of the 1982-83 Plan Year was 62,585 barrels per day, 315 barrels per day more than the originally estimated rate. Actual gas production averaged 14,108 MCF per day, 2,108 MCF per day above the originally estimated rate due to the slightly higher oil rate. The water injection rate of 46,252 barrels per day was 48 barrels per day below the projected figure primarily as a result of lower than estimated injection well and plant downtime.

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Estimated expense expenditures at the end of the first quarter of the Budget Year were below budgeted amounts primarily due to a lower inflation rate.

The adjusted total budget as of September 30, 1982, was \$251,645,000. The original budget at \$253,070,000 had been reduced by the First Modification for Investment, Expense and Administrative Overhead in the amount of \$1,425,000 which was a condition of budget approval.

Total Unit income for the 1982-83 Fiscal Year has been adjusted downward because of lower than estimated oil prices. No escalation is included for the remainder of the fiscal year. The original estimate had shown \$25.50 per barrel for Fiscal Year 1982-83.

Long Beach Unit net income is now indicated to be \$302,344,000. The original estimate in the 1982-83 Plan and Budget approved by the Commission was \$341,084,000. Adjusted for investment carry-in \$19,075,000 to 1982-83, the original estimate would have been \$322,009,000. The remaining reduction of about 20 million in Unit net income is attributable to the value of oil and gas production and slightly lower production rate the first quarter. These income figures do not reflect the reduction due to the Federal Oil Tax imposed on the individual participants in the Unit and are not adjusted for estimated investment carry-over to 1983-84.

The Commission's staff has reviewed the Eighth Modification and finds that the estimated production, injection, expenditures and revenue show in the revised exhibits are reasonable. When actual information through the second quarter of the 1982-83 Fiscal Year becomes available, it will be reviewed by the staff and reported to the Commission.

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE THE EIGHTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1982 THROUGH JUNE 30, 1983.