

No. 24
Committee
to 6
meeting.

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5/31/83

CALENDAR ITEM

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5/31/83
W 17075
Lammers

TWELFTH MODIFICATION OF THE 1982-83
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET
LONG BEACH UNIT, WILMINGTON OIL FIELD
REVISING EXHIBITS C-3 AND C-4

The City of Long Beach has prepared the Twelfth 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 Twelfth Modification revises Exhibits C-3 and C-4 in PART V of the subject Plan and Budget based on data available through March 31, 1983. 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 of Exhibits C-3 and C-4 is the result of that review. It does not augment the Budget, nor transfer funds within the existing budget.

The Commission staff's estimates for Exhibit C-3 are shown in Attachment "A". The average oil production rate during the first three quarters of the 1982-83 Plan Year was 62,646 barrels per day (B/D). The average oil rate for the year is estimated to be 63,100 B/D. This would be 820 B/D more than the originally estimated rate. The increase is due largely to improved water flood efficiency.

Actual gas production has averaged 12,675 MCF per day (MCF/D). The estimated rate for the year is 12,500 MCF/D, 635 MCF/D more than the originally estimated rate due to the higher oil rate.

A 57, 58 Revised 5/26/83.

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CALENDAR ITEM NO. 24 (CONTD)

The water injection rate has averaged 519,445 B/D. The estimated 515,000 B/D rate for the year is 47,000 B/D below the projected figure. This is primarily a result of plant downtime and reduced injection requirements of produced fluid, as the estimated average water production for the year, 416,000 B/D is 68,000 B/D below the originally forecasted rate.

The Commission in approving the 1982-83 Plan and Budget requested that "The quarterly review outlined in the procedures should include expenditure trends by budget items, along with forecasts of any foreseeable requests of the Commission for augmentation or transfer of funds. Such forecasts would allow time for consideration of alternatives and for Plan modification if necessary". The City of Long Beach in their revised Exhibit C-4 has put the difference between budget funds and expenditures through the first three quarters in the fourth quarter as estimated expenditures. The Commission staff has made the forecasts requested, estimated the carry-out funds and revised Exhibit C-4 accordingly and these are shown in Attachment "A". Requests for Budget augmentation or large transfer of funds by the Commission are not anticipated during the balance of the Plan year.

Estimated expenditures for the Budget Year are below budgeted amounts primarily due to a lower inflation rate than forecast, lower than estimated electrical energy costs, smaller fluid volumes to be handled and the way in which expenditure trend extrapolations were made.

The adjusted total budget as of March 31, 1983, was \$252,150,000. The original budget of \$253,070,000 had been reduced by the First Modification for Investment, Expense and Administrative Overhead in the amount of \$20,500,000 which was a condition of budget approval. The Budget was then augmented by the 1981-82 carry-over of \$19,075,000. This is Investment funding for 1981-82 project work done but not billed by the end of that Plan year and for work to be completed in this Plan year under prior authorization by the Commission. The Fourth and Sixth Modifications also provided augmentations of \$245,000 for pipeline permits and \$260,000 for a new communication system, respectively. The Ninth Modification modified the Plan for additional well locations construction and transferred \$3,050,000 in surplus funds for the project. The Eleventh Modification transferred \$6,250,000 of surplus funds within the budget for repair of the storm damage to the islands and improvements in the island armor rock barrier.

Revised 5/26/83.

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CALENDAR ITEM NO. 24 (CONT'D)

Of the Investment funds it is now estimated that for Drilling and Development \$41 million will be expended and \$13 million carried over into the next budget year. For Field and Well Facilities \$17 million will be expended and \$17 million carried over. Expenditures of Expense funds are estimated at \$136 million with \$25.5 million unexpended. Administrative Overhead would then be about \$7 million of the \$8.9 million originally provided. Therefore it is currently estimated that of the approved total budget of \$252.2 million only \$201 million will be expended. Of the \$51 million not expended approximately \$31 million will be carried over into the next budget year.

Total Unit income for the 1982-83 Fiscal Year has been adjusted downward because of lower than estimated oil prices. The original estimate had shown \$25.50 per barrel for Fiscal Year 1982-83. This is now estimated to be \$23.40 per barrel. Long Beach Unit net income is now indicated to be \$352 million. The original estimate in the 1982-83 Plan and Budget was \$341 million. The increase of about \$11 million in Unit net income is attributable to lower expenditures and slightly higher production rates which was partially offset by lower crude oil prices. These income figures do not show any deduction for the Crude Oil Windfall Profit Tax imposed on the individual participants in the Unit.

The Commission's staff has reviewed the Twelfth Modification and finds that the estimated production, injection, expenditures and revenue shown in the revised Attachment are reasonable. When actual information through the fourth quarter of the 1982-83 Fiscal Year becomes available, it will be reviewed by the staff and reported to the Commission as a closing report for the year.

AB 884: N/A.

ATTACHMENTS: A. Staff's Estimates.
B. City of Long Beach Estimates.

IT IS RECOMMENDED THAT THE COMMISSION:

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

PLAN AND BUDGET 1982-1983

EXHIBIT C-3

Attachment "A"

	Actual 3rd Quarter	Actual 4th Quarter	Actual 1st Quarter	Estimated 2nd Quarter	(*) Estimated TOTAL
Estimated Oil Production (1,000 Bbl.) (R/D)	5,758	5,697	5,710	5,870	23,000
	62,585	61,922	63,445	64,500	63,100
Estimated Gas Production (1,000 MCF.) (MCF/D)	1,298	1,119	1,056	1,085	4,600
	14,108	12,167	11,735	11,920	12,500
Estimated Water Production (1,000 Bbl.) (MB/D)	38,806	37,515	37,115	38,220	151,700
	421.8	407.8	412.4	420.0	416,000
Estimated Water Injection (1,000 Bbl.) (MB/D)	46,271	50,155	45,902	45,500	187,800
	502.9	545.2	510.0	500.0	515,000
Estimated Oil Price (\$/Bbl.)	24.13	24.12	23.09	22.35	23.40
Estimated Gas Price (\$ per MCF of total produced gas)	3.16	3.17	3.02	3.07	3.11

REVISED 04/19/82

REVISED 10/28/82

REVISED 01/8/83

REVISED 05/09/83

(*) Column may not add due to rounding.

Added 5/24/83

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1982-1983 PLAN AND BUDGET

EXHIBIT C-4

ECONOMIC PROJECTIONS

(Data in Thousands of Dollars)

Attachment "A"

	Actual 3rd Quarter 1982	Actual 4th Quarter 1982	Actual 1st Quarter 1983	Estimated 2nd Quarter 1983	(*) TOTAL
<u>ESTIMATED INCOME</u>					
Oil Income	138,941	137,412	131,844	131,000	539,000
Gas Income	4,102	3,547	3,189	3,300	14,000
TOTAL INCOME	143,043	140,959	135,033	134,300	553,000
<u>ESTIMATED EXPENDITURES</u>					
Development Drilling	11,749	9,347	8,623	10,300	40,000
Well Work	593	103	212	100	1,000
Facilities	4,556	3,520	3,697	5,200	17,000
TOTAL INVESTMENTS	16,898	12,970	12,532	15,600	58,000
Mining Rights	-0-	5,907	-0-	6,400	12,300
Personal Property	412	594	-0-	600	1,600
License & Other Taxes	590	408	590	600	2,100
TOTAL TAXES	1,002	6,909	590	7,600	16,000
Operating Expense	23,532	27,612	28,628	26,300	106,000
General Administrative	2,517	2,484	2,396	2,600	10,000
Other	160	140	211	3,400	4,000
Overhead	1,727	1,805	1,661	1,800	7,000
TOTAL EXPENSE AND OVERHEAD	27,936	32,041	32,896	34,100	127,000
GRAND TOTAL	45,836	51,920	46,018	57,300	201,000
<u>NET INCOME</u>	97,207	89,039	89,015	77,000	352,000

4-28-83
5-2-83 (Revised)
5-9-83 (Revised)

(*) Column may not add due to rounding.

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Added 5/24/83

ATTACHMENT "A"
 PLAN AND BUDGET 1982-1983
 LONG BEACH UNIT
 MILLIONS OF DOLLARS

	<u>Budgeted Funds</u>	<u>Estimated Expenditures</u>	<u>Estimated Carry Out</u>
III. A. Investment			
1. Drilling and Development			
a. Development Drilling	52.7	40.0	12.7
b. Exploratory Drilling	-0-	-0-	-0-
c. Other Well Work	1.3	1.0	0.3
Total Drilling and Development	<u>54.0</u>	<u>41.0</u>	<u>13.0</u>
2. Field and Well Facilities			
a. Artificial Lift	1.0	0.3	0.7
b. Gathering, Treating, Storage and Distribution	3.3	0.6	2.7
c. Injection Water Treating and Distribution	1.2	0.1	1.1
d. Electrical Communications and Control	1.3	0.6	0.7
e. Leasehold Facilities	24.0	14.4	9.6
f. Field Equipment	2.8	1.1	1.7
Total Field and Well Facilities	<u>33.6</u>	<u>17.1</u>	<u>16.5</u>
Total Investments	<u>87.6</u>	<u>58.1</u>	<u>29.5</u>
B. Expense			
1. Unit Taxes and Licenses	17.9	16.1	1.8
2. Operating Expense			
a. Wells	30.4	25.6	4.8
b. Field Systems	43.5	38.7	4.8
c. Other Production Expense	46.4	42.1	4.3
Total Operating Expense	<u>120.3</u>	<u>106.4</u>	<u>13.9</u>
3. General Administrative Expense			
a. Management Expense	5.5	5.5	-0-
b. General Administrative Expense	0.8	0.8	-0-
c. Land Rental	1.3	1.3	-0-
d. General Expense	2.6	2.3	0.3
Total General Administrative Expense	<u>10.2</u>	<u>9.9</u>	<u>0.3</u>
4. Other Expense	7.3	3.6	3.7
Total Expense	<u>155.7</u>	<u>136.0</u>	<u>19.7</u>
Estimated Investment Expenditures		58.1	
Estimated Expense Expenditures		136.0	
Estimated Administrative Overhead		7.0	
Estimated Total Expenditures		<u>201.1</u>	
Estimated Investment Carry Out +AOH		30.7	
Estimated Surplus		20.4	
1982-1983 Budgeted Funds		<u>252.2</u>	

Added 5/24/83

CALCULATED	121.2
MAXIMUM	1017



ATTACHMENT "B"

CITY OF LONG BEACH

TIDELANDS AGENCY

OIL PROPERTIES

P.O. BOX 20020

LONG BEACH, CA 92801

(213) 590 6461

April 29, 1983

Ms. Claire T. Dedrick
Executive Officer
State Lands Commission
245 West Broadway - Suite 425
Long Beach, California 90802

Subject: Request for Approval of Twelfth Modification
to the Plan of Development and Operations
and Budget, Long Beach Unit (July 1, 1982
through June 30, 1982)

Dear Madam:

Enclosed is THUMS Request No. 19-83, covering the Twelfth Modification of the Plan of Development and Operations and Budget of the Long Beach Unit for the period July 1, 1982 through June 30 1983. This Modification is submitted to you in accordance with Part IV, Section A and Part V of the 1982-1983 Plan and Budget.

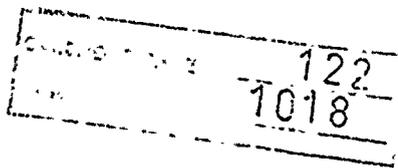
This Modification reviews the third quarter of operations for fiscal year 1982-1983. Exhibits C-3 and C-4 reflect Plan and Budget changes and actual production data. No augmentation is requested at this time.

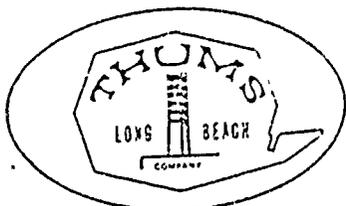
The City of Long Beach, as Unit Operator of the Long Beach Unit, approves THUMS Request No. 19-83 and, in accordance with Section 5 of Chapter 138, 1964 First Extraordinary Session, and requests your approval of the Twelfth Modification to the Plan of Development and Operations and Budget of the Long Beach Unit for the period July 1, 1982 through June 30, 1983.

Very truly yours,

Xenophon C. Colazas
Director

XCC:JHG:slg
Attachment





P. O. BOX 2900 • LONG BEACH, CALIFORNIA 90801

April 27, 1983

Mr. X. C. Colazas, Director
Department of Oil Properties
Post Office Box 20050
Long Beach, CA 90801

Dear Mr. Colazas:

Subject: Thums Request No. 19-83
Twelfth Modification of the Plan of
Development and Operations and
Budget of the Long Beach Unit
(July 1, 1982 through June 30, 1983)

In accordance with the provisions of Part IV, Section A, and Part V of the 1982-1983 Plan and Budget, we are submitting for your approval the Twelfth Modification of the Plan of Development and Operations and Budget of the Long Beach Unit covering the period July 1, 1982 through June 30, 1983.

This report reviews the third quarter operations and revises Exhibits C-3 and C-4 (attached) which were furnished by your staff.

Maps are not included since their latest revisions are on file with the Field Contractor, Unit Operator and State Lands Commission. Later revision of exhibits may be required as crude oil pricing and other problems affect the Plan and Budget.

Review of the quarterly data shows that the total number of wells on March 31, 1983 was 954 with 727 producers and 227 injectors. Sixteen new wells were completed in the quarter. The Unit oil production rate was higher than the projected rate; gas, water production and water injection rates were lower than projected.

This budget comparison is based on investments and expenses incurred through the third quarter of fiscal year 1982-1983.

1. Drilling and Development

This division is now 88 percent committed and 64 percent expended. The Plan and Budget provided for the use of nine drilling rigs with a substantial percentage of their time devoted to drilling new wells. With the termination of a contract drilling rig in early July 1982, the active rigs were reduced to eight. Eight new producers and eight injectors were completed between January 1, 1983 and March 31, 1983.

2. Field and Well Facilities

This division is 84 percent committed and 35 percent expended at the end of the third quarter.

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Mr. X. C. Colazas, Director
Department of Oil Properties

April 27, 1983
Page -2-

3. Taxes and Licenses

This division is 47 percent expended at the end of the third quarter.

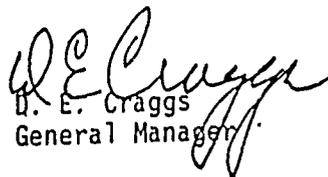
4. Expenses (excluding Taxes)

The aggregate of these divisions is 61 percent expended at the end of the third quarter.

No augmentation of funds is provided by this Modification. The budget on March 31, 1983, at the end of the third quarter, was \$252,150,000.

Your approval of this Modification to the 1982-1983 Plan and Budget is requested at your earliest convenience.

Sincerely,


D. E. Craggs
General Manager

Enclosures: Attachment I
Exhibits C-3 and C-4

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ATTACHMENT I

March 31, 1983

	<u>Producers</u>	<u>Injectors</u>	<u>Total</u>
Grissom	142	54	196
White	127	49	176
Chaffee	165	47	212
Freeman	179	39	218
Pier J (Incl. THX)	114	38	152
Total	<u>727</u>	<u>227</u>	<u>954</u>
Tar V	10	2	12
Ranger (All Areas)	585	201	786
Upper Terminal & Lower Terminal VI, VII	43	3	51
Terminal (Blocks VIII, 90)	24	6	30
Union Pacific-Ford (All Areas)	61	10	71
237 (All Areas)	4	0	4
Total	<u>727</u>	<u>227</u>	<u>954</u>

PRODUCTION - OIL

	<u>Average B/D</u> <u>1/1/83 - 3/31/83</u>	<u>Cumulative</u> <u>Bbls. 3/31/83</u>
Grissom	10,472	96,051,155
White	10,839	90,081,851
Chaffee	15,879	110,953,817
Freeman	16,338	159,189,741
Pier J	9,917	102,065,213
Total	<u>63,445</u>	<u>558,341,777</u>
Tar V	202	744,456
Ranger (All Areas)	50,026	429,248,640
Upper Terminal & Lower Terminal VI, VII	5,771	40,773,807
Terminal (Blocks VIII, 90)	3,740	20,992,181
Union Pacific-Ford (All Areas)	3,701	62,742,916
237 (All Areas)	5	3,839,777
Total	<u>63,445</u>	<u>558,341,777</u>

Previously projected oil production, B/D (C-3) 62,180 (1/18/83)

SALES PRICE	125
NET PRICE	1021

PRODUCTION - GAS

	Average MCF/D 1/1/83 - 3/31/83	Cumulative MCF 3/31/83
Grissom	740	15,393,817
White	2,296	26,325,031
Chaffee	3,475	44,961,828
Freeman	3,764	61,390,725
Pier J	1,460	17,848,952
Total	<u>11,735</u>	<u>165,920,353</u>
Tar V	60	307,679
Ranger (All Areas)	8,903	102,271,999
Upper Terminal & Lower Terminal VI, VII	728	5,194,332
Terminal (Blocks VIII, 90)	698	7,621,448
Union Pacific - Ford (All Areas)	1,345	46,272,846
237 (All Areas)	1	4,252,049
Total	<u>11,735</u>	<u>165,920,353</u>

Previously projected gas production, MDF/D (C-3) 11,316 (1/18/83)

PRODUCTION - WATER

	Average B/D 1/1/83 - 3/31/83	Cumulative Bbls. 3/31/83
Grissom	91,909	403,685,310
White	80,846	294,095,183
Chaffee	60,938	187,912,458
Freeman	90,466	353,945,911
Pier J	88,231	344,709,572
Total	<u>412,390</u>	<u>1,584,348,444</u>
Tar V	1,406	2,665,461
Ranger (All Areas)	364,171	1,373,207,982
Upper Terminal & Lower Terminal VI, VII	30,184	113,470,434
Terminal (Blocks VIII, 90)	7,264	17,514,867
Union Pacific - Ford (All Areas)	9,281	74,404,782
237 (All Areas)	84	3,084,918
Total	<u>412,390</u>	<u>1,548,348,444</u>

Previously projected water production, B/D (C-3) 418,300 (1/18/83)

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INJECTION WATER

	Average B/D <u>1/1/83 - 3/31/83</u>	Cumulative <u>3/31/83</u>
Grissom	127,807	609,723,508
White	118,967	538,137,302
Chaffee	91,046	592,854,998
Freeman	85,882	440,486,389
Pier J (Inc. THX)	<u>86,324</u>	<u>490,934,083</u>
Total	510,026	2,672,136,280

Previously projected water injection, B/D (C-3) 558,300 (1/18/83)

1982-1983 BUDGET COMPARISON

	Adjusted Budget <u>3/31/83</u>	Committed <u>3/31/83</u>	Expenditures <u>3/31/83</u>	% <u>Committed</u>	% <u>Expended</u>
Drilling & Development	48,143,000	42,585,909	30,626,664	88	64
Field & Well Facilities	33,609,000	28,266,856	11,773,248	84	35
Taxes & Licenses	17,900,000	-	8,500,510	-	47
Expense (Excl. Taxes)	143,616,000	-	87,680,464	-	51
Administrative Overhead	8,882,000	-	5,192,915	-	58
Total	<u>252,150,000</u>	<u>70,852,765</u>	<u>143,773,801</u>		<u>57</u>

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1982-1983 PLAN AND BUDGET

EXHIBIT C-3

ECONOMIC PROJECTIONS - BASIC DATA

Furnished by City

	<u>Actual 3rd Quarter 1982</u>	<u>Actual 4th Quarter 1982</u>	<u>Actual 1st Quarter 1983</u>	<u>Estimated 2nd Quarter 1983</u>
Oil Production (1,000 Ebl) (B/D)	5,758 62,585	5,697 61,922	5,710 63,445	5,660 62,200
Gas Production (1,000 MCF) (MCF/D)	1,298 14,108	1,119 12,167	1,056 11,735	1,011 11,111
Water Production (1,000 Ebl) (MB/D)	38,806 421.8	37,515 407.8	37,115 412.4	38,893 427.4
Water Injection (1,000 Ebl) (MB/D)	46,271 502.9	50,155 545.2	45,902 510.0	49,013 538.6
Oil Price (\$/Ebl)	24.13	24.12	23.04	22.34
Gas Price Adjusted (\$ per MCF of total produced gas)	3.16	3.17	3.07	3.07

REVISED 04/19/82
REVISED 10/28/82
REVISED 01/18/83
REVISED 04/28/83

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1982-1983 PLAN AND BUDGET

EXHIBIT C-4

ECONOMIC PROJECTIONS

(Data in Thousands of Dollars)

	<u>Actual 3rd Quarter 1982</u>	<u>Actual 4th Quarter 1982</u>	<u>Actual 1st Quarter 1983</u>	<u>Estimated 2nd Quarter 1983</u>	<u>TOTAL</u>
<u>ESTIMATED INCOME</u>					
Oil Income	138,941	137,412	131,558	126,444	534,355
Gas Income	4,102	3,547	3,242	3,104	13,995
TOTAL INCOME	143,043	140,959	134,800	129,548	548,350
<u>ESTIMATED EXPENDITURES</u>					
Development Drilling	11,749	9,347	8,623	16,661	46,380
Well Work	593	103	212	855	1,763
Facilities	4,556	3,520	3,697	21,836	33,609
TOTAL INVESTMENTS	16,898	12,970	12,532	39,352	81,752
Mining Rights	-0-	5,907	-0-	8,191	14,098
Personal Property	412	594	-0-	596	1,602
License & Other Taxes	590	408	414	788	2,200
TOTAL TAXES	1,002	6,909	414	9,575	17,900
Operating Expense	23,532	27,612	28,628	46,269	126,041
General Administrative	2,517	2,484	2,396	2,850	10,247
Other	160	140	211	6,817	7,328
Overhead	1,727	1,805	1,661	3,689	8,882
TOTAL EXPENSE AND OVERHEAD	27,936	32,041	32,896	59,625	152,498
GRAND TOTAL	45,836	51,920	45,842	108,552	252,150
<u>NET INCOME</u>	97,207	89,039	88,958	20,996	296,200

RWS:ejm
4-28-83
5-2-83 (Revised)

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