MINUTE ITEM

This Calendar Item No. 39 was approved as Minute Item No. 0329c by the State Lands Commission by a vote of 3 to 0 at its 9/25/84 meeting.

CALENDAR ITEM

39

A 57, 58

S 27

09/25/84
W 17078
Lammers

APPROVAL OF THE
FINAL REPORT AND CLOSING STATEMENT
OF THE 1983-84, 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, 1983 through June 30, 1984). 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 1983-84 fiscal year, oil production totaled 14.3 million barrels, and gas production was 4.8 billion cubic feet. At an average price of $22.43 per barrel of oil and $3.50 per thousand cubic feet of gas, the total value of Long Beach Unit production was $561.8 million. After deduction of $220.8 million in expenditures, remaining net income attributable to the Unit was $341.0 million.

A total of 83 new wells and 18 redrills were spudded and completed during the fiscal year or were drilling at the end of the fiscal year. 19 redrills were to the same zone and one redrill was completed in a new zone. An additional five new wells and two redrills in progress at the start of the plan year were completed.

The oil production was 9.5% higher and the water production rate 1.6% lower than the estimates included in the original economic projections. The water injection rate was slightly higher than projected.

With Commission approval, the Plan was modified during the year to include three projects totaling $2,388,000 funded by

transfer or from within the same account. In addition the budget was augmented by $7,000,000 for two ongoing projects and taxes and the Commission approved the transfer of $7,505,000 for additional expenditures during the year in five accounts. The modified Budget, including the investment fund carry-in from the previous year, totaled $258,657,453.

As of June 30, 1984 unexpended budget funds totaled $37,838,854 including approximately $17.8 million which became a part of the investment carry-over to the 1984-85 Budget and a surplus of $20.0 million.

This surplus had been forecast by the Commission's Staff as early as September 1983 as noted in the Calender Item for the 1982-1983 Final Report and Closing Statement. The surplus last year was approximately $19.9 million and the statement is made "It is anticipated that there will be comparable surplus funds at the end of the current budget year".

Following is a comparison between the 1983-1984 Budget as modified and expenditures (in thousands of dollars):

	Program	Approved Budget*	Budget Expenditures	Unexpended Budget
A.	Drilling & Development	$ 87,991	$ 75,816	$12,175
B.	Oil and Gas Production	82,697	73,648	9,049
C.	Enhanced Recovery & Stimulation	6,629	4,163	2,466
D.	Water Injection	35,258	28,493	6,765
E.	Management	21,179	14,328	6,851
F.	Taxes, Permits & Land Rental	24,903	24,370	533
	Total Budget	$258,657	$220,818	$37,839
	Carry-over		$ 17,831	

*Including carry-in from 1982-1983, modifications and budget transfers.

The annual carry-over for investment projects is a result of the time between commitment for a project, design, bidding, procurement, construction, billing and payment.

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 1983-84 Plan and Budget.

AB 884: N/C

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE THE FINAL REPORT AND CLOSING STATEMENT OF THE 1983-84, PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, (JULY 1, 1983 THROUGH JUNE 30, 1984).