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CALENDAR ITEM

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FOURTH MODIFICATION OF THE 1984-1985
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET
LONG BEACH UNIT, WILMINGTON OIL FIELD
LOS ANGELES COUNTY
REVISING ECONOMIC PROJECTIONS

The City of Long Beach has submitted to the Commission the Fourth Modification of the 1984-1985 Plan of Development and Operations and Budget, Long Beach Unit, providing updated production, injection, income and expenditure information, together with revised economic projections.

The Fourth Modification revises Exhibits C-3 and C-4 in PART V of the subject Plan and Budget based on data available through September 30, 1984. 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 or transfer funds within the existing budget.

The average oil production rate during the first quarter of the 1984-1985 Plan Year was 71,360 barrels per day, 6,760 barrels per day more than originally estimated by the City of Long Beach. The water injection rate of 653,042 barrels per day was 73,042 barrels per day above their projected figure. They now estimate that the average oil rate for the year will be 72,590 barrels per day and the water injection rate 651,000 barrels per day. The current oil rate results from the sub-zoning being carried out through the drilling program and more efficient water funding.

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Expenditures in the first quarter were \$48.5 million, when adjusted for a \$4.7 million credit. This is only 20.8 percent of budgeted funds, excluding funding for mining rights taxes. As anticipated, and following the pattern of the previous years, the drilling program is the most significantly overfunded area of the budget. Routine well maintenance and workovers are, at least for the present, significantly less than planned. As a result of the increased fluid volumes being handled additional funding will be necessary in several of the energy intensive accounts. Also the delay in obtaining permits for ocean dumping of drill cuttings and increasing restrictions on local waste disposal sites will require additional funding for waste disposal.

Based on the above and allowing for less significant adjustments, expenditures against the 1984-1985 budget are expected to be approximately \$216 million. This allows for credits of \$5 million. Carry-over is estimated at \$15 million, leaving a surplus of \$20.3 million in the \$251.3 adjusted budget for the year.

Total Unit income for the 1984-1985 fiscal year has been adjusted upward because of the increase in estimated oil rate. The oil price was also slightly higher in the first quarter than originally estimated. The City now estimates net income to be \$397 million. The original estimate in the current Plan and Budget was \$312 million. The difference is due to the higher estimated oil rate and the estimated surplus. The figures do not reflect any federal windfall profit tax imposed on the individual participants in the Unit.

The Commission's staff has reviewed the Fourth Modification and the estimated production, injection, expenditures and revenue shown in the revised exhibits. When actual information through the second quarter of the 1983-1984 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 FOURTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1984 THROUGH JUNE 30, 1985.