

MINUTE ITEM

This Calendar Item No. 29
was added to the Minute Item
No. 29 of the State Lands
Commission by a vote of 2
to 0 at its 8/29/85
meeting.

CALENDAR ITEM

A 57, 58

29

08/29/85

S 29, 37

W 17082

Lammers

APPROVAL OF THE FINAL REPORT AND CLOSING STATEMENT OF
THE 1984-85, PLAN OF DEVELOPMENT, 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, 1984 through June 30, 1985). 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 1984-85 fiscal year, oil production totaled 26.45 million barrels, and gas production was 5.10 billion cubic feet. At an average price of \$22.70 per barrel of oil and \$3.36 per thousand cubic feet of gas, the total value of Long Beach Unit production was \$617.6 million. After deduction of \$211.5 million in expenditures, remaining net income attributable to the Unit was \$406.0 million.

A total of 81 new wells and 12 redrills were spudded and completed during the fiscal year or were drilling at the end of the fiscal year. An additional seven new wells and one redrill in progress at the start of the plan year were completed. All redrills were to the same zone.

The oil production was 11.9 percent higher and the water production rate 17.0 percent higher than the estimates included in the original economic projections. The water injection rate was 10.5 percent higher than projected.

With Commission approval, the Plan was modified during the year to include six projects totaling \$2,339,000 funded by transfer or from within the same account. In addition, the Commission approved the transfer of \$750,000 for additional expenditures

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during the year in one account. There were no augmentations to the Budget during 1984-85. The modified Budget, including the investment fund carry-in from the previous year, totaled \$251,278,000.

As of June 30, 1985 unexpended budget funds totaled \$39,743,903 including \$15,139,000 which became a part of the investment carry-over to the 1985-86 Budget and a surplus of \$24,605,000.

This surplus is almost 25 percent higher than the \$19.9 million at the close of 1982-83 and \$20.0 million in 1983-84.

Following is a comparison between the 1984-1985 Budget as modified and expenditures (in thousands of dollars):

<u>Program</u>	<u>Approved Budget*</u>	<u>Budget Expenditures</u>	<u>Unexpended Budget</u>
A. Drilling & Development	\$ 82,463	\$ 68,586	\$13,877
B. Oil & Gas Production	84,806	73,594	11,212
C. Enhanced Recovery & Stimulation	3,387	2,590	797
D. Water Injection	36,813	33,746	3,067
E. Management	19,119	10,698	8,421
F. Taxes, Permits & Land Rental	24,690	22,320	2,370
Total Budget	\$251,278	\$211,534	\$39,744
Carry-over		\$ 15,139	

*Including carry-in from 1983-1984, 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 1984-85 Plan and Budget.

AB 884: N/A.

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE THE FINAL REPORT AND CLOSING STATEMENT OF THE 1984-85, PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, (JULY 1, 1984 THROUGH JUNE 30, 1985).

(ADDED 08/20/85)

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