MINUTE ITEM
This Calendar Item No. 28
was approved as Minute Item
No. 28 by the State Lands
Commission by a vote of 3
to 0 at its 9-25-87
meeting.

CALENDAR ITEM

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APPROVAL OF THE FINAL REPORT AND CLOSING STATEMENT OF THE 1986-87 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, 1986 through June 30, 1987. 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.

With Commission approval, the 1986-87 Plan of Development and Operations was modified ten times during the year. The original Budget submitted to the Commission by the City of Long Beach amounted to $186,788,000. This was reduced by $54,780,000. However, the carry-in and a budget augmentation added $5,127,000 so that the total budget for the year was $137,135,000. The Field Contractor made cost reductions in several areas and expenditures for the year amounted to $122,402,000 with a carry-out of only $1,705,000.

During the 1986-87 fiscal year, oil production totaled 21.97 million barrels and gas production was 4.32 billion cubic feet. At an average of $11.65 per barrel of oil and $2.47 per thousand cubic feet of gas, the total value of Long Beach Unit production was $266.7 million. After deduction of $122.4 million in expenditures, remaining net income attributable to the Unit was $144.3 million.

A total of seven (7) new wells and seven (7) redrills were spudded and completed during the fiscal year. In addition, one new well and one redrill in progress at the start of the plan year were completed. One redrill was to a different zone. There was no drilling activity in the last quarter of the budget year.

The oil production was 1.3 percent lower and the water production rate 0.5 percent higher than the estimates included in the economic projections presented with the Second Modification. The water injection rate was 1.0 percent lower than projected.

Three budget modifications added projects to the Plan: 1) the cogeneration study was continued with funding by a budget augmentation of $135,000; 2) replacement of the Pier J filter plant effluent line was approved to be funded from within the Water Injection Program; 3) purchase of three micro computers with peripheral equipment was approved with funding by transfer of $350,000. Two budget modifications transferred funds within the Budget for ongoing operations: 1) The Field Contractor reassigned personnel to improve efficiency requiring the redistribution of wages and salaries funding in many budget items and additional funding was necessary for waste disposal; 2) Unit Operator Billable costs funding was increased by $400,000 for the continuation of reservoir simulation studies.

As of June 30, 1987, unexpended budget funds totaled $14,733,000, including $1,705,000 which became a part of the carry-over to the 1987-88 Budget and a surplus of $13,028,000.

Following is a comparison between the 1986-1987 Budget as modified and expenditures (in thousands of dollars):

	Program	Approved Budget*	Budget Expenditures	Unexpended Budget
A.	Drilling & Development	$ 13,736	$ 11,487	$ 2,249
B.	Oil & Gas Production	57,427	52,002	5,425
C.	Enhanced Recovery & Stimulation	108	18	90
D.	Water Injection	27,726	22,048	5,678
E.	Management	19,914	18,753	1,161
F.	Taxes, Permit & Land Rental	18,224	18,094	130
	Total Budget	137,135	122,402	14,733
	Carry-over		1,705	

*Including carry-in from 1985-1986, modifications and budget transfers.

The annual carry-over for 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 1986-87 Plan and Budget.

AB 884: N/A.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

2. APPROVE THE FINAL REPORT AND CLOSING STATEMENT OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1986 THROUGH JUNE 30, 1987.

NO CALENDAR PAGE 162

CALENDAR PAGE
ATTACHMENT PAGE 3094.1