MINUTE ITEM
This Calendar Item No. 46
was approved as Minute Item
No. 46 by the State Lands
Commission by a vote of 2
to 0 at its 12/13/88
meeting.

CALENDAR ITEM

A 57, 58

46

12/13/88
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SECOND MODIFICATION OF THE 1988-89
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 Second Modification of the 1988-89 Plan of Development and Operations and Budget, Long Beach Unit, providing revised economic projections.

Exhibits "C-3" and "C-4" in PART V of the subject Plan and Budget are revised based on data available through September 30, 1988. 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. The City has revised the exhibits and does not propose to transfer funds or change the current $136,364,000 Budget even though they estimate surplus funding of $11.6 million. The surplus confirms Extractive Development's concerns at the time of Budget approval.

The average oil production rate during the first quarter of the 1987-89 Plan Year was 52,514 barrels per day, 214 barrels per day more than originally estimated. The water production rate was 419,950 barrels per day, 21,850 barrels per day more than originally estimated. The water injection rate was 505,840 barrels per day, 4,760 barrels per day less than originally estimated. The City of Long Beach now estimates that the oil production rate for the year will be 51,030 barrels per day, 165 barrels per day higher than originally estimated. The water production rate is estimated at 422,720 barrels per day and the water injection rate 511,800 barrels per day for the year.

Expenditures for the first quarter were $25.01 million, $5.22 million less than originally estimated, excluding carry over funds. Expenditures against the 1988-89 budget are currently projected by the City to be approximately $124.71 million and Unit net income for the 1988-89 fiscal year has been adjusted downward, because of lower oil prices, to 74.85 million, a decrease of $4.35 million over the original estimate.
Total Unit income for the 1988-89 fiscal year has been adjusted downward because of lower oil prices. The City now estimates net unit income to be 74.85 million, a decrease of $4.35 million over the original estimate.

The Commission's staff has reviewed the Second Modification and the estimated production, injection, expenditures and revenue shown in the revised exhibits. When actual information through the second quarter of the 1988-89 Fiscal Year becomes available, it will be reviewed by the staff and reported to the Commission.

In accordance with Part IV A.4 a. and c., one Plan Supplement, to provide emergency repairs to the field contractor's crew boat floating dock on Pier J at an estimated cost of $28,000, was incorporated into the Plan and is hereby reported to the Commission. Funding was provided by a transfer within the existing budget. This report requires no action by the Commission.

IT IS RECOMMENDED THAT THE COMMISSION:

1. RECEIVE THE SECOND MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1988 THROUGH JUNE 30, 1989.