

MINUTE ITEM
This Calendar Item No. 47
was approved as Minute Item
No. 47 by the State Lands
Commission by a vote of 2
to 0 at its 12/13/88
meeting.

CALENDAR ITEM

A 57, 58

47

12/13/88

W 17094

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Naughton

THIRD MODIFICATION TO THE 1988-89
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET
LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach, as Long Beach Unit Operator, has submitted for Commission approval the Third Modification to the 1988-89 Plan of Development and Operations and Budget. The Third Modification would modify the Plan to provide for continuation of a second drilling rig for the remainder of the fiscal year, to June 30, 1989. Funding for this activity would amount to \$6,251,000 which would be provided by transfers within the existing budget from excess funding that was included in the original Budget. Day to day operating problems in the drilling and redrilling of wells during the first quarter prevented the anticipated return from the Drilling and Development Program expenditures. Two new wells and one redrilled well were not capable of producing after completion and an expenditure of over \$1.7 million. It is hoped that these problems have been corrected and will not be repeated in the additional drilling activity proposed in this Modification.

The Third Modification also reflects a budget reduction of \$10,261,000 from surplus funding primarily for electrical energy charges and mining rights taxes and from reduced activity as a consequence of the reduced oil prices.

The Third Modification would result in a net budget reduction of \$4,010,000 for a revised total of \$132,354,000 including carry-over projects from 1987-88.

Budget items affected by this Modification are as follows:

CALENDAR ITEM NO. 47 (CONT'D)

<u>Item</u>	<u>Description</u>	<u>1988-89 Budget</u>	<u>(Thousands of Dollars) Transfer</u>	<u>Adjusted Budget</u>
A. <u>DRILLING AND DEVELOPMENT PROGRAM</u>				
A.1.a.(1) (11-40)	Development Drilling	\$3,148	\$4,750	\$ 7,898
A.1.b.(2) (11-946)	Injection Well Redrill	2,302	1,200	3,502
A.1.b.(3) (11-951)	Operations - Salaried Employees	709	60	769
(10-989)	Administrative Overhead Program Adjustments:	<u>475</u> \$6,634	<u>241</u> \$6,251	<u>716</u> \$12,885
B. <u>OIL AND GAS PRODUCTION PROGRAM</u>				
B.1.a.(1) (21.453)	Production Equipment	205	(175)	30
B.1.b.(1) (21-900)	Direct Oil Well Charges	10,800	(250)	10,550
B.1.b.(2) (21-942)	Oil Well Workovers	2,753	(400)	2,353
B.1.b.(6) (21-969)	Waste Disposal	843	(26)	817
B.2.b.(1) (22-911)	Hydraulic Lift-Surface	1,361	(175)	1,186
B.2.b.(3) (22-918)	Submersible Lift-Surface	9,922	(1,535)	8,387
B.2.b.(6) (22-956)	Production Test & Monitoring	641	(200)	411
B.3.b.(1) (23-905)	Oil Gathering	2,275	(210)	2,065
B.3.b.(2) (23-906)	Oil Treating	1,389	(250)	1,139

CALENDAR ITEM NO. 47 (CONT'D)

<u>Item</u>	<u>Description</u>	(Thousands of Dollars)		
		<u>1988-89 Budget</u>	<u>Transfer</u>	<u>Adjusted Budget</u>
B.5.b.(4) 25-960	Field Expense	1,254	(150)	1,104
B.5.b.(5) (25-961)	Marine Transportation	1,689	(250)	1,439
B.5.b.(6) (25-962)	Leasehold Improvements	4,891	(400)	4,491
B.5.b.(7) (25-964)	Electrical Expense	2,784	(150)	2,634
(20-989)	Administrative Overhead	<u>2,390</u>	<u>(167)</u>	<u>2,223</u>
	Program Adjustments:	\$ 43,197	\$(4,338)	\$38,859

D. WATER INJECTION PROGRAM

D.2.a.(2) (42-425)	Water Injection (Investment)	862	(85)	777
D.2.b.(1) (42-914)	Produced Water Handling	4,942	(550)	4,392
D.2.b.(2) (43-925)	Water Injection (Expense)	12,058	(1,870)	10,188
D.2.b.(5) (42-928)	Water Injection Fresh Water	170	(70)	100
(40-989)	Administrative Overhead	<u>944</u>	<u>(100)</u>	<u>844</u>
	Program Adjustments	\$18,976	\$(2,675)	\$16,301

E. MANAGEMENT PROGRAM

E.1.a.(2) (51-483)	Data Processing (Investment)	944	(462)	482
E.1.b.(5) (51-983)	Data Processing (Expense)	1,050	(30)	1,020
E.1.b(6) (51-984)	General Office Expense	1,563	(68)	1,495

CALENDAR ITEM NO. 47 (CONT'D)

<u>Item</u>	<u>Description</u>	(Thousands of Dollars)		
		<u>1988-89 Budget</u>	<u>Transfer</u>	<u>Adjusted Budget</u>
E.1.b.(7) (51-985)	Engineering Services	4,095	(200)	3,895
E.2.b.(4) (52-986)	Management Projects	671	(55)	616
(50-989)	Administrative Overhead	<u>721</u>	<u>(33)</u>	<u>688</u>
	Program Adjustments:	9,044	\$ (848)	\$ 8,196
F. <u>TAXES, PERMITS AND LAND RENTAL PROGRAM</u>				
F.1.b.(2) (61-811)	Mining Rights Taxes	\$10,200	\$(2,400)	\$ 7,800
	Total 1988-89 Plan and Budget Adjustments	<u>\$88,051</u>	<u>\$(4,010)</u>	<u>\$ 84,041</u>

OTHER PERTINENT INFORMATION:

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the Commission's review of this activity is exempt from the requirements of CEQA because such action by the Commission is not approval of a project under CEQA.
 Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

AB 844: N/A.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378; AND
2. APPROVE THE THIRD MODIFICATION TO THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT FOR THE PERIOD JULY 1, 1988 TO JUNE 30, 1989.