

MINUTE ITEM

This Calendar Item No. 48
was approved as Minute Item
No. 48 by the State Lands
Commission by a vote of 3
to 0 at its 7/10/89
meeting.

CALENDAR ITEM
48

A 57, 58

S 29

07/10/89
W 17094
Naughton

FIFTH 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 Fifth Modification of the 1988-89 Plan of Development and Operations and Budget, Long Beach Unit, which provides updated production, injection, income and expenditure information and revised economic projections.

The Fifth Modification revises Exhibits "C-3" and "C-4" in PART U of the subject Plan and Budget based on data available through March 31, 1989. 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 proposes to only revise Exhibits "C-3" and "C-4" and not augment the Budget or transfer funds within the existing budget.

The average oil production rate during the third quarter of the 1988-89 Plan Year was 50,603 barrels per day, 211 barrels per day more than originally estimated. The water production rate was 411,909 barrels per day, 10,591 barrels per day less than originally estimated. The water injection rate was 489,618 barrels per day, 23,582 barrels per day less than originally estimated.

MINUTE ITEM
The Calendar Item No. 48
will be included as a separate item
in the Calendar Item No. 48
of the 1988-89 fiscal year.

CALENDAR ITEM NO. 48 (CONT'D)

The City of Long Beach now estimates that the oil production rate for the year will average 50,988 barrels per day. Currently, the water production rate for the year is estimated at 419,023 barrels per day and the water injection rate is 504,229 barrels per day. The original budget estimated rates for net oil, water production and water injection were 50,876, 421,385 and 512,516 barrels per day respectively. Gas production averaged 8,969 thousand cubic feet per day during the third quarter and is now expected to average 9,389 MCF/day for the year as compared to 9,666 MCF/day average estimated in the original budget.

Expenditures during the third quarter were \$27.2 million, \$3 million less than originally estimated. Expenditures were lower than anticipated because of reduced electrical energy rates and because a number of budgeted projects had not yet been initiated by the end of the third quarter.

Based on the above and allowing for less significant adjustments, expenditures for the year against the 1988-89 budget are currently projected to be \$126.7 million, \$6.3 million less than the original budget.

Anticipated total Unit income for the 1988-89 fiscal year has been adjusted upward to \$232.7 million from \$212.7 million estimated in the original budget. This is mainly because of higher oil prices than originally estimated and lower energy costs and mining rights taxes. Other significant factors are approval to retain two rig activity for the full year and a positive turn around in the declining oil price which occurred in the second quarter. The City now estimates net Unit income for the year to be \$106.1 million, an increase of \$26.9 million over the estimate projected in the original budget. Part of the net income increase is due to lower than originally projected expenditures.

The Commission's staff has reviewed the Fifth Modification including the estimated production, injection, expenditures and revenue shown in the revised exhibits. When actual information through the Fourth quarter of the 1988-89 fiscal year becomes available, it will be revised by the staff and the summary for the year reported to the Commission.

CALENDAR ITEM NO. 48 (CONT'D)

In accordance with Part IV A. 4. a. and c., one Plan Supplement, to provide emergency repairs to the barge landing facilities on Island Freeman at an estimated cost of \$60,000, was incorporated into the Plan in the third quarter 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.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE 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.
2. ACCEPT THE FIFTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY, 1, 1988 THROUGH JUNE 30, 1989.