

MINUTE ITEM

This Calendar Item No. C19
was approved as Minute Item
No. C19 by the State Lands
Commission by a vote of 2
to 0 at its 4/2/91
meeting.

CALENDAR ITEM

C 1 9

A 57, 58

S 29

04/02/91

W 17097

G. Scott

RECEIVE THE NINTH MODIFICATION OF THE 1990-91
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 Ninth Modification of the 1990-91 Plan of Development and Operations and Budget, Long Beach Unit, providing updated production, injection, income and expenditure information together with revised economic projections. This report reflects information for the period from July 1 through December 31, 1990, and was accurate at that time. Subsequent events have revealed a significantly lower crude oil price which will apply for the balance of the year. This will be offset by a probable oil rate of 46,000 barrels per day; 4,000 barrels per day higher than the City's current projection. A new report covering the third quarter and reflecting a revised oil price will be presented to the Commission at a subsequent meeting.

The Ninth Modification revises exhibits "C-3" and "C-4" in Part V of the subject Plan and Budget based on data available through December 31, 1990. PART VI, PROCEDURE Section A-2, of the Plan and Budget provides for a Quarterly Review by the City and State of past operations and intended future operations under the Plan. The City is to furnish the State detailed reports; updated and revised, if necessary, exhibits; and any recommended modification of the Plan and Budget resulting from the City's review. The City does not propose any changes other than in exhibits C-3 and C-4 to replace forecast first and second quarter numbers with actuals which show increased production compared to the first two quarters of the original Plan and Budget, reduced forecasted oil prices for the third and fourth quarters and revised expenditures upward. This modification does not change the latest approved budget of \$152,625,000, or transfer funds within the existing budget. Expenditures for the first eight months of the 1990-91 fiscal year were \$85 million dollars or 56 percent of the current adjusted

CALENDAR ITEM NO. C 19 (CONT'D)

budget plus augmentation. With four months remaining, it appears unlikely that, of the current expenditure trend, the adjusted budget amount will be spent.

The average oil production rate during the first two quarters of the 1990-1991 Plan year was 45,882 barrels per day, 1,832 barrels per day more than originally estimated. The water production rate was 452,700 barrels per day, 26,700 barrels per day more than originally estimated. The water injection rate was 544,700 barrels per day, 24,700 barrels per day more than originally estimated. The City of Long Beach now estimates that the oil production rate for the year will average 44,100 barrels per day and the water injection rate 532,200 barrels per day. Based on current performance through February 1991, the State staff projects oil production to average approximately 46,000 barrels per day for the entire year. Gas production averaged 8,776 thousand cubic feet per day during the first and second quarter and is now expected to average 8,285 MCF/day for the year.

Expenditures during the first six months were \$65.3 million, \$4.6 million less than the Plan and Budget originally estimated, excluding carry over funds.

Estimated expenditures for the 1990-1991 fiscal year have been projected by the City to \$150.6 million. No reduction in budgeted funds is suggested in this modification.

Anticipated total Unit income for the 1990-91 fiscal year has been adjusted upward from the original Plan and Budget predictions. Because of higher oil prices for the first six months of the Plan and Budget period, the City now estimates net Unit income for the year to be \$150 million, an increase of \$77 million over the estimate projected at the beginning of the 1990-91 Plan and Budget period. The City's revenue projection is based on \$15 per barrel for the remaining six months of the year. This projection appears high based on current oil prices below \$13 per barrel.

The Commission's staff has reviewed the Ninth Modification, including the estimated production, injection, expenditures, and revenue shown in the revised exhibits. When actual information through the third quarter of the 1990-91 fiscal year becomes available, it will be reviewed by the staff and reported to the Commission.

CALENDAR ITEM NO. C 1 9 (CONT'D)

AB 884:
N/A.

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 CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

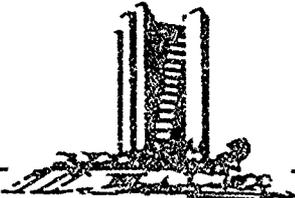
Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

EXHIBITS:

- A. Letter Requesting Approval of Ninth Modification to Plan of Development and Operations and Budget.
- C-3 - Economic Projections - Basic Data
C-4 - Economic Projections - Dollars

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE 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.
2. RECEIVE THE NINTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, FOR THE PERIOD JULY 1, 1990 THROUGH JUNE 30, 1991.



CITY OF LONG BEACH

DEPARTMENT OF OIL PROPERTIES

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • (213) 590-6334 • FAX 590-6131

March 7, 1991

Mr. Charles Warren
Executive Officer
State Lands Commission
245 West Broadway - Suite 425
Long Beach, California 90802

Subject: REQUEST FOR APPROVAL OF THE NINTH MODIFICATION TO THE
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG
BEACH UNIT (JULY 1, 1990 THROUGH JUNE 30, 1991)

Dear Mr. Warren:

In accordance with the provisions of Part IV, Section A, and Part V of the 1990-1991 Plan and Budget, we are submitting for your approval the Ninth Modification of the Plan of Development and Operations and Budget of the Long Beach Unit covering the period July 1, 1990 through June 30, 1991.

The Ninth Modification revises Exhibits C-3 and C-4 and is based on data available through December 31, 1990. It does not change the latest approved budget of \$152,625,000 or transfer funds within the existing budget.

Maps are not included since their latest revisions are on file with the Field Contractor, Unit Operator, and the State Lands Commission. Later revisions of the exhibits may be required to reflect changing conditions.

This budget comparison is based on commitments and expenditures incurred in the six programs through the second quarter of fiscal year 1990-1991.

A. Drilling and Development Program

Three drilling rigs were in operation throughout the quarter. During this time, one new producer was completed in the Upper Terminal VII Zone and four new injectors were completed, two in the Upper Terminal VI Zone and two in the Ranger VIIIA Zone. On December 31, 1990, the total number of active wells was 1,213, of which 886 are producers and 327 are injectors. Excluded from these totals are 19 abandoned wells, 4 producers and 15 injectors.

Total program funds were 34 percent expended.

CALENDAR PAGE	113
MINUTE PAGE	1193

B. Oil and Gas Production Program

The Unit oil production rate averaged 46,113 bbls/day and gas production of 8,880 Mcf/day. Both the oil and gas production rates and prices were greater than originally estimated on Exhibit C-3 of the 1990-1991 Plan and Budget.

Total program funds were 45 percent expended.

C. Enhanced Recovery and Stimulation Program

No funds were budgeted or expended.

D. Water Injection Program

Water injection averaged 551,980 bbls/day for the quarter compared to the 520,000 bbls/day originally estimated on Exhibit C-3 of the 1990-1991 Plan and Budget.

Total program funds were 47 percent expended.

E. Management Program

Total program funds were 43 percent expended.

F. Taxes, Permits and Land Rentals

Total program funds were 45 percent expended.

During this quarter, no Plan Supplements were requested.

Total expenditures for the second quarter were \$36,052,000. The projected total expenditures for the fiscal year are shown in the revised C-4 and its attachment. No reduction in budgeted funds is suggested in this Modification.

Total unit income for the second quarter of the 1990-1991 Plan Year was higher than anticipated. Net income was \$66,459,000 (compared to an estimate of \$16,733,000). The total unit income for the current fiscal year is now estimated to be \$149,982,000, \$77,280,000 higher than the \$72,702,000 projected when the original Plan and Budget was prepared.

Charles Warren
March 7, 1991
Page 3

The City of Long Beach, as Unit Operator of the Long Beach Unit, approves this proposed Modification. In accordance with Section 5 of Chapter 138, 1964 First Extraordinary Session, your approval of this proposed modification is requested.

Very truly yours,



Xenophon C. Colazas
Director

XCC:slg

Attachments

FIN 312.002.

CALENDAR PAGE	<u>115</u>
MINUTE PAGE	<u>1195</u>

1990-1991 PLAN AND BUDGET

EXHIBIT C-3

ECONOMIC PROJECTIONS - BASIC DATA

	ACTUAL THIRD QUARTER 1990	ACTUAL FOURTH QUARTER 1990	ESTIMATED FIRST QUARTER 1991	ESTIMATED SECOND QUARTER 1991	TOTAL
OIL PRODUCTION (1000 BBL) (BBL/DA)	4,199 45,646	4,243 46,118	3,848 42,750	3,808 41,850	16,038
GAS PRODUCTION (1000 MCF) (MCF/DA)	798 8,572	817 8,880	708 7,866	701 7,700	3,024
WATER PRODUCTION (1000 BBL) (1000 BBL/DA)	41,109 446.8	42,184 458.5	38,475 427.5	38,994 428.5	160,762
WATER INJECTION (1000 BBL) (1000 BBL/DA)	49,439 537.3	51,782 552.1	46,800 520.0	47,320 520.0	194,341
OIL PRICE (\$/BBL)	\$18.63	\$23.84	\$15.00	\$15.00	
GAS PRICE ADJUSTED (\$/MCF OF TOTAL PRODUCED GAS)	\$2.15	\$2.70	\$2.25	\$2.25	

CITY OF LONG BEACH
02/25/91

1990-1991 PLAN AND BUDGET

EXHIBIT C-4

ECONOMIC PROJECTIONS

(DATA IN THOUSANDS OF DOLLARS)

	ACTUAL THIRD QUARTER 1990	ACTUAL FOURTH QUARTER 1990	ESTIMATED FIRST QUARTER 1991	ESTIMATED SECOND QUARTER 1991	TOTAL
<u>ESTIMATED INCOME</u>					
OIL REVENUE	\$78,311	\$100,305	\$57,720	\$57,120	\$293,455
GAS INCOME	\$1,718	\$2,206	\$1,593	\$1,577	\$7,092
TOTAL INCOME	\$80,027	\$102,510	\$59,313	\$58,697	\$300,548
<u>ESTIMATED EXPENDITURES</u>					
DEVELOPMENT DRILLING PROGRAM	\$4,079	\$6,878	\$10,196	\$10,196	\$31,348
OIL AND GAS PRODUCTION PROGRAM	\$13,136	\$14,337	\$16,520	\$15,520	\$60,514
ENHANCED RECOVERY PROGRAM	\$0	\$0	\$0	\$0	\$0
WATER INJECTION PROGRAM	\$5,537	\$5,900	\$7,296	\$7,296	\$26,028
MANAGEMENT, ADMIN. AND SPECIAL PROJECTS PROGRAM	\$4,731	\$4,526	\$5,747	\$5,747	\$20,752
TAXES, PERMITS AND LAND RENTAL PROGRAM	\$1,812	\$4,410	\$1,223	\$4,479	\$11,924
TOTAL EXPENDITURES	\$29,295	\$36,052	\$40,982	\$44,237	\$150,566
NET INCOME	\$50,732	\$66,459	\$18,331	\$14,460	\$149,982

CITY OF LONG BEACH
02/25/91

**ATTACHMENT TO EXHIBIT C-4
PLAN AND BUDGET 1990-1991
(THOUSANDS OF DOLLARS)**

A. DRILLING & DEVELOPMENT PROGRAM:

- 1. DRILLING & REDRILLING
- ADMINISTRATIVE OVERHEAD

PROGRAM TOTAL:

ADJUSTED BUDGET	ESTIMATED EXPEND.	ESTIMATED CARRY OUT	ESTIMATED SURPLUS
\$30,545	\$30,142	\$0	\$403
\$1,223	\$1,208	\$0	\$16
\$31,768	\$31,348	\$0	\$419

B. OIL AND GAS PROD. PROGRAM

- 1. OIL WELL REPAIRS:
- 2. FLUID LIFTING:
- 3. SURF FLUID HANDLING:
- 4. GAS HANDLING:
- 5. PROD. MAINTENANCE:
- ADMINISTRATIVE OVERHEAD

PROGRAM TOTAL:

\$19,217	\$18,827	\$0	\$390
\$15,429	\$16,165	\$0	(\$736)
\$4,534	\$4,641	\$0	(\$107)
\$1,468	\$1,728	\$0	(\$260)
\$18,066	\$17,025	\$0	\$1,040
\$2,361	\$2,327	\$0	\$34
\$61,075	\$60,514	\$0	\$561

C. EOR & STIMULATION PROGRAM:

- 1. STIMULATION:
- 2. STEAM DRIVE:
- ADMINISTRATIVE OVERHEAD

PROGRAM TOTAL:

\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0

D. WATER INJECTION PROGRAM:

- 1. INJECTION WELL REPAIR:
- 2. WATER INJECTION SYSTEM:
- ADMINISTRATIVE OVERHEAD

PROGRAM TOTAL:

\$5,549	\$7,098	\$0	(\$1,549)
\$18,142	\$18,001	\$0	\$141
\$866	\$929	\$0	(\$63)
\$24,557	\$26,028	\$0	(\$1,471)

REVISED BY THE
CITY OF LONG BEACH
02/25/91

**ATTACHMENT TO EXHIBIT C-4
PLAN AND BUDGET 1990-1991
(THOUSANDS OF DOLLARS)**

	ADJUSTED BUDGET	ESTIMATED EXPEND.	ESTIMATED CARRY OUT	ESTIMATED SURPLUS
E. MANAGEMENT, ADMINISTRATION AND SPECIAL PROJECTS PROGRAM:				
	\$14,770	\$14,690	\$0	\$80
1. MANAGEMENT EXPENSE:	\$5,764	\$5,255	\$0	\$499
2. GENERAL EXPENSE:	\$802	\$797	\$0	\$5
ADMINISTRATIVE OVERHEAD				
PROGRAM TOTAL:	\$21,336	\$20,752	\$0	\$584
F. TAXES, PERMITS & LAND RENTAL PROGRAM:				
	\$11,396	\$9,229	\$0	\$2,167
1. TAXES:	\$618	\$740	\$0	(\$122)
2. PERMITS:	\$1,792	\$1,870	\$0	(\$78)
3. LAND RENTAL:	\$83	\$85	\$0	(\$2)
ADMINISTRATIVE OVERHEAD				
PROGRAM TOTAL:	\$13,889	\$11,924	\$0	\$1,964
TOTAL ESTIMATED INVESTMENT:	\$19,841			
TOTAL ESTIMATED EXPENSES:	\$125,381			
TOTAL ESTIMATED OVERHEAD:		\$5,345		
TOTAL ESTIMATED EXPENDITURES:		\$150,567		
TOTAL ESTIMATED CARRY OUT:		\$0		
TOTAL ESTIMATED SURPLUS:		\$2,057		
TOTAL BUDGET:		\$152,624		

REVISED BY THE
CITY OF LONG BEACH
02/25/91

**NUMBER OF WELLS
AS OF DECEMBER 31, 1990**

	<u>Producers</u>	<u>Injectors</u>	<u>Total</u>
Grisson	189	66	255
White	154	70	224
Chaffee	* 198	82	280
Freeman	231	56	287
Pier J (Inc. THX)	<u>114</u>	<u>53</u>	<u>167</u>
Total	886	327	1213
Tar V	10	2	12
Ranger (All Areas)	695	269	964
Upper & Lower Terminal VI, VII	58	23	81
Terminal (Blocks VIII, 90)	51	17	68
Union Pacific-Ford (All Areas)	69	16	84
237 (All Areas)	<u>4</u>	<u>0</u>	<u>4</u>
Totals	886	327	1213

(Totals include both active and idle wells. Excluded from the totals are 4 abandoned producers and 15 abandoned injectors)

* Includes C-412NS experimental source well.

PRODUCTION - OIL

Average 8/D
10/1/90 - 12/31/90

Grissom	8403	126620988.
White	9446	121969343.
Chaffee	11786	151153400.
Freeman	11999	204935616.
Pier J (Inc. THX)	4484	12222561.
TOTAL	46118	726901908.
Tar V	53	1134531.
Ranger (All Areas)	33571	555351730.
Upper Terminal & Lower Terminal VI, VII	4676	56608678.
Terminal (Blocks VIII, 90)	4649	34899529.
Union Pacific-Ford (All Areas)	3169	75040829.
237 (All Areas)	0	3858611.
TOTAL	46118	726901908.

Cumulative
ebis. 12/31/90

PRODUCTION - GAS

Average 8/D
10/1/90 - 12/31/90

Grissom	739	1833991.
White	817	3023217.
Chaffee	1687	53533837.
Freeman	4843	74295796.
Pier J (Inc. THX)	794	21063719.
TOTAL	8880	198655560.
Tar V	9	437095.
Ranger (All Areas)	6011	125294677.
Upper Terminal & Lower Terminal VI, VII	479	6923074.
Terminal (Blocks VIII, 90)	1060	10779158.
Union Pacific-Ford (All Areas)	1321	33956287.
237 (All Areas)	0	4265269.
TOTAL	8860	198655560.

Cumulative
ebis. 12/31/90

PRODUCTION - WATER

Average 8/D
10/1/90 - 12/31/90

Grisson	96742	678983553.
White	88979	525223335.
Choffee	86880	388551090.
Freeman	117861	647138393.
Pier J (Inc. THX)	68048	588136592.
TOTAL	458519	2828034964.
Tar V	283	4881892.
Ranger (All Areas)	400973	2463807338.
Upper Terminal & Lower Terminal VI, VII	32923	205708677.
Terminal (Blocks VIII, 90)	12836	44488553.
Union Pacific-Ford (All Areas)	11504	105950614.
237 (All Areas)	0	3187890.
TOTAL	458519	2828034964.

Cumulative
8bbls. 12/31/90

INJECTION WATER

Average 8/D
10/1/90 - 12/31/90

Grisson	114782	979112632.
White	103627	833347503.
Chaffee	113846	889222163.
Freeman	124884	736878604.
Pier J (Inc. THX)	94841	787399621.
TOTAL	551980	4225960523.
Tar V	416	12108853.
Ranger (All Areas)	473551	3656686148.
Upper Terminal & Lower Terminal VI, VII	38113	267713867.
Terminal (Blocks VIII, 90)	21800	117645705.
Union Pacific-Ford (All Areas)	18100	171805950.
237 (All Areas)	0	0.
TOTAL	551980	4225960523.

Cumulative
8bbls. 12/31/90