

MINUTE ITEM
This Calendar Item No. 004
was approved as Minute Item
No. 04 by the State Lands
Commission by a vote of 3
to 2 at its 6/5/91
meeting. A 57, 58
S 29

CALENDAR ITEM

C 0 4

06/05/91
W 17097
G. Scott

RECEIVE THE TWELFTH 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 Twelfth 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, 1990 through March 31, 1991. The lower crude price experienced in February and March, 1991 will apply for the balance of the year. A new report covering the fourth quarter performance will be presented to the Commission at a subsequent meeting.

The Twelfth Modification revises Exhibits "C-3" and "C-4" in Part V of the subject Plan and Budget based on data available through March 31, 1991. 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 Exhibit C-3 and C-4 to replace forecast first, second and third quarter numbers with actuals which show increased production compared to the first three quarters of the original Plan and Budget, reduced forecasted oil prices for the fourth quarter and revised expenditures upward from the original Plan and Budget. This modification does not change the latest approved budget of \$152,800,000, or transfer funds within the existing budget. Expenditures for the first nine months of the 1990-91 fiscal year were \$97 million dollars, or 63 percent of the current adjusted budget plus augmentation. With three months remaining, it appears unlikely at the current expenditure trend, that the adjusted budget amount will be spent.

The average oil production rate during the first three quarters of the 1990-1991 Plan year was 45,950 barrels per day, 2,262 barrels per day more than originally estimated. The water production rate was 456,400 barrels per day, 29,900 barrels per day more than originally estimated. The water injection rate was 547,300 barrels per day, 27,300 barrels per day more than originally estimated.

The City of Long Beach now estimates that the oil production rate for the year will average 45,447 barrels per day and the water injection rate 547,742 barrels per day. Based on current performance through March, 1991, the State staff projects oil production to average approximately 45,500 barrels per day for the entire year. Gas production averaged 8,649 thousand cubic feet per day during the first, second and third quarters and is now expected to average 8,520 MCF/day for the year.

Expenditures during the first nine months were \$97 million, and estimated expenditures for the full 1990-1991 fiscal year have been projected by the City to be \$145.8 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 \$151 million, an increase of \$78 million over the estimate projected at the beginning of the 1990-91 Plan and Budget period. The City's revenue projection is based on \$13/barrel for the remaining three months of the year.

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

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.

CALENDAR PAGE	13
MINUTE PAGE	1303

CALENDAR ITEM NO. C 04 (CONT'D)

EXHIBITS:

- A. Letter Requesting Approval of Twelfth 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 TWELFTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, FOR THE PERIOD JULY 1, 1990 THROUGH JUNE 30, 1991.

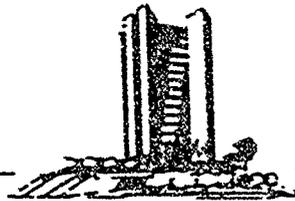


EXHIBIT "A"

CITY OF LONG BEACH

DEPARTMENT OF OIL PROPERTIES

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • (714) 590-6354 • FAX 590-6191

May 14, 1991

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

Subject: REQUEST FOR APPROVAL OF THE TWELFTH 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 Twelfth 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 Twelfth Modification revises Exhibits C-3 and C-4 and is based on data available through March 1991. It does not change the latest approved budget of \$152,800,000 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 third 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 VI Zone. On March 31, 1991, the total number of active wells was 1,213, of which 885 are producers and 328 are injectors. Excluded from these totals are 20 abandoned wells, 4 producers and 16 injectors. Total program funds were 57 percent expended.

B. Oil and Gas Production

The Unit oil production rate averaged 45,888 bbls/day and gas production averaged 8,394 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 67 percent expended.

C. Enhanced Recovery and Stimulation Program

No funds were budgeted or expended.

D. Water Injection Program

Water injection averaged 552,499 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 64 percent expended.

E. Management Program

Total program funds were 65 percent expended.

F. Taxes, Permits and Land Rentals

Total program funds were 57 percent expended.

During the quarter, no plan supplements were requested. Well data and production and injection statistics for the quarter are shown on Attachment 1.

Total expenditures for the third quarter were \$31,356,000. 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 third quarter of the 1990-1991 plan year was higher than anticipated. Net income was \$29,300,000 (compared to an estimate of \$19,328,000). The total income for the current fiscal year is now estimated to be \$150,998,000, \$78,286,000 higher than the \$72,702,000 projected when the original Plan and Budget was prepared.

Mr. Charles Warren
May 14, 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. Colaza
Director

XCC:slg

Attachments

FIN 312.002

1990-1991 PLAN AND BUDGET

EXHIBIT C-3

ECONOMIC PROJECTIONS - BASIC DATA

	ACTUAL THIRD QUARTER 1990	ACTUAL FOURTH QUARTER 1990	ACTUAL FIRST QUARTER 1991	ESTIMATED SECOND QUARTER 1991	TOTAL
OIL PRODUCTION					
(1000 BBL)	4,199	4,243	4,130	4,018	16,588
(BBL/DA)	45,648	46,118	45,838	44,140	
GAS PRODUCTION					
(1000 MCF)	798	817	755	740	3,110
(MCF/DA)	8,672	8,860	8,394	8,120	
WATER PRODUCTION					
(1000 BBL)	41,108	42,184	41,753	42,310	167,355
(1000 BBL/DA)	448.8	458.5	463.9	464.9	
WATER INJECTION					
(1000 BBL)	49,439	50,782	49,725	49,980	199,926
(1000 BBL/DA)	537.3	552.0	552.5	549.2	
OIL PRICE (\$/DBL)	\$18.65	\$23.64	\$14.29	\$13.00	
GAS PRICE ADJUSTED					
(\$/MCF OF TOTAL PRODUCED GAS)	\$2.15	\$2.70	\$2.17	\$1.90	

CITY OF LONG BEACH
05/10/91

1990-1991 PLAN AND BUDGET

EXHIBIT C-4

ECONOMIC PROJECTIONS

(DATA IN THOUSANDS OF DOLLARS)

	ACTUAL THIRD QUARTER 1990	ACTUAL FOURTH QUARTER 1990	ACTUAL FIRST QUARTER 1991	ESTIMATED SECOND QUARTER 1991	TOTAL
<u>ESTIMATED INCOME</u>					
OIL INCOME	\$78,311	\$100,305	\$59,018	\$52,208	\$289,842
GAS INCOME	\$1,716	\$2,208	\$1,638	\$1,406	\$6,968
TOTAL INCOME	\$80,027	\$102,510	\$60,656	\$53,614	\$296,808
<u>ESTIMATED EXPENDITURES</u>					
DEVELOPMENT DRILLING PROGRAM	\$4,079	\$6,878	\$7,161	\$10,355	\$28,472
OIL AND GAS PRODUCTION PROGRAM	\$13,138	\$14,337	\$13,449	\$19,008	\$59,931
ENHANCED RECOVERY PROGRAM	\$0	\$0	\$0	\$0	
WATER INJECTION PROGRAM	\$5,537	\$5,900	\$4,636	\$8,609	\$24,682
MANAGEMENT, ADMIN. AND SPECIAL PROJECTS PROGRAM	\$4,731	\$4,526	\$4,781	\$6,771	\$20,809
TAXES, PERMITS AND LAND RENTAL PROGRAM	\$1,812	\$4,410	\$1,329	\$4,364	\$11,915
TOTAL EXPENDITURES	\$29,295	\$36,052	\$31,356	\$49,107	\$145,810
NET INCOME	\$50,732	\$66,459	\$29,300	\$4,507	\$150,998

CITY OF LONG BEACH
05/10/91

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

	ADJUSTED BUDGET	ESTIMATED EXPEND.	ESTIMATED CARRY OUT	ESTIMATED SURPLUS
A. DRILLING & DEVELOPMENT PROGRAM:				
1. DRILLING & REDRILLING	\$30,545	\$27,377	\$0	\$3,168
ADMINISTRATIVE OVERHEAD	\$1,223	\$1,095	\$0	\$127
PROGRAM TOTAL:	\$31,768	\$28,472	\$0	\$3,295
B. OIL AND GAS PROD. PROGRAM				
1. OIL WELL REPAIRS:	\$19,217	\$19,530	\$0	(\$313)
2. FLUID LIFTING:	\$15,429	\$15,446	\$0	(\$17)
3. SUR. FLUID HANDLING:	\$4,794	\$4,300	\$0	\$494
4. GAS HANDLING:	\$1,718	\$1,703	\$0	\$15
5. PROD. MAINTENANCE:	\$17,556	\$16,647	\$0	\$909
ADMINISTRATIVE OVERHEAD	\$2,361	\$2,305	\$0	\$56
PROGRAM TOTAL:	\$61,075	\$59,931	\$0	\$1,144
C. EOR & STIMULATION PROGRAM:				
1. STIMULATION:	\$0	\$0	\$0	\$0
2. STEAM DRIVE:	\$0	\$0	\$0	\$0
ADMINISTRATIVE OVERHEAD	\$0	\$0	\$0	\$0
PROGRAM TOTAL:	\$0	\$0	\$0	\$0
D. WATER INJECTION PROGRAM:				
1. INJECTION WELL REPAIR:	\$6,429	\$6,957	\$0	(\$528)
2. WATER INJECTION SYSTEM:	\$17,842	\$16,834	\$0	\$1,008
ADMINISTRATIVE OVERHEAD	\$866	\$891	\$0	(\$25)
PROGRAM TOTAL:	\$25,137	\$24,682	\$0	\$455

REVISED BY THE
CITY OF LONG BEACH
04/24/91

**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:				
1. MANAGEMENT EXPENSE:				
2. GENERAL EXPENSE:	\$14,770	\$14,690	\$0	\$80
ADMINISTRATIVE OVERHEAD	\$5,939	\$5,320	\$0	\$619
	\$302	\$799	\$0	\$3
PROGRAM TOTAL:	\$21,511	\$20,809	\$0	\$702
F. TAXES, PERMITS & LAND RENTAL PROGRAM:				
1. TAXES:				
2. PERMITS:	\$10,816	\$9,229	\$0	\$1,587
3. LAND RENTAL:	\$618	\$740	\$0	(\$122)
ADMINISTRATIVE OVERHEAD	\$1,792	\$1,661	\$0	(\$69)
	\$83	\$85	\$0	(\$2)
PROGRAM TOTAL:	\$13,309	\$11,915	\$0	\$1,393
TOTAL ESTIMATED INVESTMENT:	\$17,164			
TOTAL ESTIMATED EXPENSES:	\$123,470			
TOTAL ESTIMATED OVERHEAD:	\$5,176			
TOTAL ESTIMATED EXPENDITURES:		\$145,810		
TOTAL ESTIMATED CARRY OUT:		\$0		
TOTAL ESTIMATED SURPLUS:		\$6,990		
TOTAL BUDGET:		\$152,800		

REVISED BY THE
CITY OF LONG BEACH
04/26/91

NUMBER OF WELLS
AS OF MARCH 31, 1991

	<u>Producers</u>	<u>Injectors</u>	<u>Total</u>
Grissom	189	66	255
White	155	70	225
Chaffee	198	82	280
Freeman	229	57	286
Pier J (inc. THX)	<u>114</u>	<u>53</u>	<u>167</u>
TOTAL	885	328	1,213
Tar V	10	2	12
Ranger (All Areas)	694	271	965
Upper & Lower Terminal VI, VII	58	23	81
Terminal (Blocks VIII, 90)	51	17	68
Union Pacific-Ford (All Areas)	68	15	83
237 (All Areas)	<u>4</u>	<u>0</u>	<u>4</u>
TOTAL	885	328	1,213

(Figures exclude 4 abandoned producers and 16 abandoned injectors)

PRODUCTION - OIL

	Average B/D 1/1/91 - 3/31/91	Cumulative Bbls. 3/31/91
Grisson	8139	127353459.
White	9281	122804627.
Chaffee	12294	152259884.
Freeman	11472	205968091.
Pier J (Inc. THX)	4702	122645778.
TOTAL	45888	731031839.
Tar V	43	1138402.
Ranger (All Areas)	33023	558323827.
Upper Terminal & Lower Terminal VI,VII	4961	57055147.
Terminal (Blocks VIII,90)	4550	35308990.
Union Pacific-Ford (All Areas)	3311	75346862.
237 (All Areas)	0	3858611.
TOTAL	45888	731031839.

PRODUCTION - GAS

	Average B/D 1/1/91 - 3/31/91	Cumulative Bbls. 3/31/91
Grisson	746	18906121.
White	798	30995028.
Chaffee	1763	53692477.
Freeman	4333	74685769.
Pier J (Inc. THX)	754	21131606.
TOTAL	8394	199411001.
Tar V	9	437863.
Ranger (All Areas)	5624	125800829.
Upper Terminal & Lower Terminal VI,VII	480	6966260.
Terminal (Blocks VIII,90)	1058	10874397.
Union Pacific-Ford (All Areas)	1223	51066383.
237 (All Areas)	0	4265269.
TOTAL	8394	199411001.

PRODUCTION - WATER

	Average B/D 1/1/91 - 3/31/91	Cumulative Bbls. 3/31/91
Grissom	97018	687715111.
White	83517	532739895.
Chaffee	89245	396583138.
Freeman	116102	657587568.
Pier J (Inc. THX)	78045	595162658.
TOTAL	463927	2869788370.
Tar V	236	4903152.
Ranger (All Areas)	400108	2499817034.
Upper Terminal & Lower Terminal VI, VII	39488	209262559.
Terminal (Blocks VIII, 90)	12710	45632432.
Union Pacific-Ford (All Areas)	11385	106985303.
237 (All Areas)	0	3187890.
TOTAL	463927	2869788370.

INJECTION WATER

	Average B/D 1/1/91 - 3/31/91	Cumulative Bbls. 3/31/91
Grissom	120786	989983376.
White	101418	842475153.
Chaffee	118286	899867883.
Freeman	119339	747619064.
Pier J (Inc. THX)	92670	795739927.
TOTAL	552499	4275685403.
Tar V	390	12143901.
Ranger (All Areas)	472935	3699250294.
Upper Terminal & Lower Terminal VI, VII	40127	271325311.
Terminal (Blocks VIII, 90)	20716	119510131.
Union Pacific-Ford (All Areas)	18331	173455766.
237 (All Areas)	0	0.
TOTAL	552499	4275685403.