

MINUTE ITEM

This Calendar Item No. C20
was approved as Minute Item
No. 20 by the State Lands
Commission by a vote of 3
to 0 at its 11/8/92
meeting.

CALENDAR ITEM

A 57, 58
S 29

C 2 0

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W 17097
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APPROVE THE FOURTH MODIFICATION OF THE 1991-92
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 Fourth Modification of the 1991-92 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 September 30, 1991 and was accurate at that time. Subsequent events have revealed a lower crude oil price will apply for the balance of the year. A new report covering the second quarter and reflecting a revised oil price will be presented to the Commission at a subsequent meeting.

The Fourth Modification revises Exhibits "C-3" and "C-4" in Part V of the subject Plan and Budget based on data available through September 30, 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, and exhibits, if necessary; 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 quarter numbers with actuals, to decrease forecasted oil production and oil prices for the second, third and fourth quarters and to revise expenditures. This modification does not change the latest approved budget of \$169,372,000, or transfer funds within the existing budget.

The average oil production rate during the first quarter of the 91-92 Plan year was 44,632 barrels per day, 2,118 barrels per day less than originally estimated. The water production rate was 440,900 barrels per day, 22,300 barrels per day less than originally estimated. The water injection rate was 527,200 barrels per day, 26,800 barrels per day less than originally estimated. The City of

CALENDAR ITEM NO. C 2 0 (CONT'D)

Long Beach now estimates that the oil production rate for the year will average 44,462 barrels per day, 2,100 barrels per day less than originally estimated, and a water injection rate of 534,450 barrels per day, 1,900 barrels per day less than originally estimated. Gas production averaged 8,390 thousand cubic feet per day during the first quarter and is now expected to average 8,104 MCF/day for the year.

Expenditures during the first quarter were \$40 million, \$43 which is consistent with the Plan and Budgets original estimate, excluding carry over funds.

Estimated expenditures for the 91-92 year have been projected by the City to be \$169 million. No reduction in budgeted funds is suggested in this modification.

Anticipated total Unit income for the 1991-92 fiscal year has been adjusted downward from the original Plan and Budget predictions. Because of lower oil prices for the first three months of the Plan and Budget period, and projected lower price for the remainder of the year, the City now estimates net Unit income for the year to be \$59.5 million, a decrease of \$48.4 million from the estimate projected at the beginning of the 1991-92 Plan and Budget period.

The Commission's staff has reviewed the Fourth Modification including the estimated production, injection, expenditures and revenue shown in the revised exhibits. When actual information through the second quarter of the 1991-92 fiscal year becomes available, it will be reviewed by the staff and reported to the Commission.

AB 384:
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 ITEM NO. 20 (CONT'D)

EXHIBITS:

- A. Letter Requesting Approval of Fourth 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. APPROVE THE FOURTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, FOR THE PERIOD JULY 1, 1991 THROUGH JUNE 30, 1992.



CITY OF LONG BEACH

DEPARTMENT OF OIL PROPERTIES

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • (213) 590-6354 • FAX 590-6191

December 9, 1991

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

Subject: **REQUEST FOR APPROVAL OF THE FOURTH MODIFICATION TO THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT (JULY 1, 1991 THROUGH JUNE 30, 1992)**

Dear Mr. Warren:

In accordance with the provisions of Part IV, Section A, and Part V of the 1991-1992 Plan and Budget, we are submitting for your approval the Fourth Modification of the Plan of Development and Operations and Budget of the Long Beach Unit covering the period July 1, 1991 through June 30, 1992.

The Fourth Modification revises Exhibits C-3 and C-4 and is based on data available through September, 1991. It does not change the latest approved budget of \$169,372,000 or transfer fund 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.

The budget comparison is based on commitments and expenditures incurred in the six programs through the first quarter of fiscal year 1991-1992.

A. Drilling and Development Program

Three drilling rigs have been in operation throughout the quarter. During this time, four new producers were completed, one in the UP-Ford Zone and three in the Ranger Zone; and three new injection wells were completed, one in the Terminal Zone and two in the Ranger Zone.

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On September 30, 1991, the total number of active wells was 1,229, of which 895 are producers and 334 are injectors. Excluded from these totals are 23 abandoned wells, 5 producers and 18 injectors.

The total program funds were 28 percent expended through the first quarter.

B. Oil and Gas Production Program

The Unit oil production rate averaged 44,632 bbls/day and gas production averaged 8,390 mcf/day. Both oil and gas production were less than originally estimated in Exhibit C-3 of the 1991-1992 Plan and Budget.

The total program funds were 25 percent expended through the first quarter.

C. Enhanced Recovery and Stimulation Program

No funds were budgeted or expended.

D. Water Injection Program

Water injection averaged 527,210 bbls/day for the quarter compared to 554,000 bbls/day originally estimated on Exhibit C-3 of the 1991-1992 Plan and Budget.

The total program funds were 25 percent expended through the first quarter.

E. Management, Administration, and Special Projects Program

Total program funds were 18 percent expended.

F. Taxes, Permits, and Land Rental Program

Total program funds were 15 percent expended.

During this quarter, Plan Supplement No. 1 was approved which allowed for installation of backup inlet valves on two oil storage tanks.

Well data and production and injection statistics for the quarter are shown on Attachment 1.

Total expenditures for the first quarter were \$40,032,000. 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.

Charles Warren
December 9, 1991
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Total unit income for the first quarter of the 1991-1992 Plan Year was lower than anticipated. Net income was \$17,248,000 (compared to an estimate of \$30,519,000). The total unit net income for the current fiscal year is now estimated to be \$59,487,000, \$48,378,000 lower than the \$107,865,000 projected when the original Plan and Budget was prepared.

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

Very truly yours,



Xenophon C. Colazas
Director

XCC:slg

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NUMBER OF WELLS
AS OF SEPTEMBER 30, 1991

	Producers	Injectors	Total
Grissom	192	65	257
White	154	71	225
Chaffee	201	84	285
Freeman	236	59	295
Pier J (inc. THX)	112	55	167
TOTAL	895	334	1,229
Tar V	10	1	11
Ranger (All Areas)	696	275	971
Upper & Lower Terminal VI, VII	60	24	84
Terminal (Blocks VIII, 90)	56	19	75
Union Pacific-Ford (All Areas)	69	15	84
237 (All Areas)	4	0	4
TOTAL	895	334	1,229

(Figures exclude 5 abandoned producers and 18 abandoned injectors)

PRODUCTION - OIL

	AVERAGE B/D 7/1/91 - 9/30/91	CUMULATIVE BBLs. 9/30/91
Grissom	9,153	128,991,030
White	8,659	124,409,518
Chaffee	11,221	154,311,277
Freeman	11,546	208,061,921
Pier J (inc. THX)	4,053	123,400,355
TOTAL	44,632	739,174,101
Tar V	65	1,150,479
Ranger (All Areas)	31,621	564,122,510
Upper Terminal & Lower Terminal VI, VII	4,992	57,967,289
Terminal (Blocks VIII, 90)	4,751	36,178,540
Union Pacific-Ford (All Areas)	3,203	75,896,672
237 (All Areas)	0	3,858,611
TOTAL	44,632	739,174,101

PRODUCTION - GAS

	AVERAGE B/D 7/1/91 - 9/30/91	CUMULATIVE BBLs. 9/30/91
Grissom	860	19,053,090
White	1,201	31,198,158
Chaffee	2,045	54,044,202
Freeman	3,633	75,366,323
Pier J (inc. THX)	651	21,247,872
TOTAL	8,390	200,909,645
Tar V	17	440,217
Ranger (All Areas)	5,606	126,810,577
Upper Terminal & Lower Terminal VI, VII	683	7,076,965
Terminal (Blocks VIII,90)	1,121	11,075,316
Union Pacific-Ford (All Areas)	963	51,241,301
237 (All Areas)	0	4,265,269
TOTAL	8,390	200,909,645

PRODUCTION - WATER

	AVERAGE B/D 7/1/91 - 9/30/91	CUMULATIVE BBLs. 9/30/91
Grissom	95,010	705,301,741
White	82,572	547,714,440
Chaffee	84,732	412,077,646
Freeman	111,684	677,891,852
Pier J (inc. THX)	66,871	607,571,936
TOTAL	440,869	2,950,557,615
Tar V	308	4,957,920
Ranger (All Areas)	381,677	2,569,751,615
Upper Terminal & Lower Terminal, VI, VII	34,141	215,610,091
Terminal (Blocks VIII, 90)	13,062	47,994,990
Union Pacific-Ford (All Areas)	11,681	109,055,109
237 (All Areas)	0	3,187,890
TOTAL	440,869	2,950,557,615

INJECTION WATER

	AVERAGE B/D 7/1/91 - 9/30/91	CUMULATIVE BBLs. 9/30/91
Grissom	124,258	1,012,156,736
White	103,031	860,672,098
Chaffee	108,438	920,247,152
Freeman	110,572	767,914,165
Pier J (inc. THX)	80,911	811,311,938
TOTAL	527,210	4,372,302,089
Tar V	377	12,212,780
Ranger (All Areas)	455,092	3,782,793,847
Upper Terminal & Lower Terminal VI, VII	36,597	277,981,763
Terminal (Blocks VIII, 90)	17,757	122,657,542
Union Pacific-Ford (All Areas)	17,387	176,656,157
237 (All Areas)	0	0
TOTAL	527,210	4,372,302,089

1991-1992 PLAN AND BUDGET

EXHIBIT C-3

ECONOMIC PROJECTIONS - BASIC DATA

	ACTUAL THIRD QUARTER 1991	ESTIMATED FOURTH QUARTER 1991	ESTIMATED FIRST QUARTER 1992	ESTIMATED SECOND QUARTER 1992	TOTAL
OIL PRODUCTION (1000 BBL) (BBL/DA)	4,106 44,632	4,084 44,759	4,053 44,385	4,023 44,072	16,266
GAS PRODUCTION (1000 MCF) (MCF/DA)	772 8,390	736 8,066	730 8,005	727 7,954	2,965
WATER PRODUCTION (1000 BBL) (1000 BBL/DA)	40,560 440.9	41,016 449.5	41,313 452.6	41,610 455.9	164,407
WATER INJECTION (1000 BBL) (1000 BBL/DA)	48,503 527.2	48,529 533.8	48,996 536.8	49,312 540.0	195,340
OIL PRICE (\$/BBL)	\$13.58	\$13.75	\$13.75	\$13.75	
GAS PRICE ADJUSTED (\$/MCF OF TOTAL PRODUCED GAS)	\$1.97	\$1.88	\$1.88	\$1.88	

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1991-1992 PLAN AND BUDGET

EXHIBIT C-4

ECONOMIC PROJECTIONS

(DATA IN THOUSANDS OF DOLLARS)

	ACTUAL THIRD QUARTER 1991	ESTIMATED FOURTH QUARTER 1991	ESTIMATED FIRST QUARTER 1992	ESTIMATED SECOND QUARTER 1992	TOTAL
<u>ESTIMATED INCOME</u>					
OIL INCOME	\$55,759	\$56,155	\$55,729	\$55,316	\$222,959
GAS INCOME	\$1,521	\$1,384	\$1,372	\$1,367	\$5,644
TOTAL INCOME	\$57,280	\$57,539	\$57,101	\$56,683	\$228,603
<u>ESTIMATED EXPENDITURES</u>					
DEVELOPMENT DRILLING PROGRAM	\$9,334	\$8,080	\$8,080	\$8,080	\$33,574
OIL AND GAS PRODUCTION PROGRAM	\$17,848	\$18,184	\$18,184	\$18,184	\$72,401
ENHANCED RECOVERY PROGRAM	\$0	\$0	\$0	\$0	\$0
WATER INJECTION PROGRAM	\$6,440	\$7,084	\$7,084	\$7,084	\$27,692
MANAGEMENT, ADMIN. AND SPECIAL PROJECTS PROGRAM	\$4,464	\$6,336	\$6,336	\$6,336	\$23,472
TAXES, PERMITS AND LAND RENTAL PROGRAM	\$1,947	\$4,431	\$1,167	\$4,431	\$11,976
TOTAL EXPENDITURES	\$40,032	\$44,116	\$40,852	\$44,116	\$169,116
NET INCOME	\$17,248	\$13,423	\$16,250	\$12,567	\$59,487

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ATTACHMENT TO EXHIBIT C-4
 PLAN AND BUDGET 1991-1992
 (THOUSANDS OF DOLLARS)

	ADJUSTED BUDGET	ESTIMATED EXPEND.	ESTIMATED CARRY OUT	ESTIMATED SURPLUS
A. DRILLING & DEVELOPMENT PROGRAM:				
1. DRILLING & REDRILLING	\$32,385	\$32,283	\$0	\$102
ADMINISTRATIVE OVERHEAD	\$1,295	\$1,291	\$0	\$4
PROGRAM TOTAL:	\$33,680	\$33,574	\$0	\$106
B. OIL AND GAS PROD. PROGRAM				
1. OIL WELL REPAIRS:	\$21,991	\$21,738	\$0	\$253
2. FLUID LIFTING:	\$16,911	\$17,163	\$0	(\$252)
3. SUR. FLUID HANDLING:	\$9,431	\$9,284	\$0	\$147
4. GAS HANDLING:	\$2,138	\$2,138	\$0	\$0
5. PROD. MAINTENANCE:	\$19,102	\$19,293	\$0	(\$191)
ADMINISTRATIVE OVERHEAD	\$2,783	\$2,785	\$0	(\$2)
PROGRAM TOTAL:	\$72,356	\$72,401	\$0	(\$45)
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:	\$7,097	\$8,060	\$0	(\$963)
2. WATER INJECTION SYSTEM:	\$18,080	\$18,650	\$0	(\$570)
ADMINISTRATIVE OVERHEAD	\$921	\$982	\$0	(\$61)
PROGRAM TOTAL:	\$26,098	\$27,692	\$0	(\$1,594)

REVISED BY THE
 CITY OF LONG BEACH
 11/26/91

ATTACHMENT TO EXHIBIT C-4
 PLAN AND BUDGET 1991-1992
 (THOUSANDS OF DOLLARS)

	ADJUSTED BUDGET	ESTIMATED EXPEND.	ESTIMATED CARRY OUT	ESTIMATED SURPLUS
E. MANAGEMENT, ADMINISTRATION AND SPECIAL PROJECTS PROGRAM:				
1. MANAGEMENT EXPENSE:	\$17,042	\$16,689	\$0	\$359
2. GENERAL EXPENSE:	\$6,211	\$5,887	\$0	\$324
ADMINISTRATIVE OVERHEAD	\$930	\$902	\$0	\$28
PROGRAM TOTAL:	\$24,183	\$23,472	\$0	\$711
F. TAXES, PERMITS & LAND RENTAL PROGRAM:				
1. TAXES:	\$10,256	\$9,180	\$0	\$1,076
2. PERMITS:	\$794	\$794	\$0	\$0
3. LAND RENTAL:	\$1,917	\$1,917	\$0	\$0
ADMINISTRATIVE OVERHEAD	\$88	\$85	\$0	\$3
PROGRAM TOTAL:	\$13,055	\$11,976	\$0	\$1,079
TOTAL ESTIMATED INVESTMENT:	\$28,086			
TOTAL ESTIMATED EXPENSES:	\$134,984			
TOTAL ESTIMATED OVERHEAD:	\$6,046			
TOTAL ESTIMATED EXPENDITURES:	\$169,116			
TOTAL ESTIMATED CARRY OUT:	\$0			
TOTAL ESTIMATED SURPLUS:	\$256			
TOTAL BUDGET:	\$169,372			

REVISED BY THE
 CITY OF LONG BEACH
 11/26/91