

MINUTE ITEM

This Calendar Item No. C32
was approved as Minute Item
No. 32 by the State Lands
Commission by a vote of 3
0 at its 6-30-92
meeting.

CALENDAR ITEM

A. 57, 58

C 3 2

06/30/92

S 29

W 17102

Pepper

**APPROVE THE FIRST AMENDMENT TO THE ANNUAL PLAN
(JANUARY 1, 1992 THROUGH JUNE 30, 1992)
REVISING ECONOMIC PROJECTIONS
OPTIMIZED WATERFLOOD AGREEMENT
LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY**

The City of Long Beach has submitted to the Commission the First Amendment to the January 1, 1992 through June 30, 1992 Plan of Development and Operations and Budget, Long Beach Unit providing updated economic with revised oil and gas prices, and some production and injection projections. This report reflects the information for the period from January 1, 1992 through March 31, 1992. There are no changes in the latest approved budget of \$94,647,000 or of the distribution to the five programs. Further, the projection of produced and injected fluids for the last three months of this period also remains unchanged. The average oil and gas rates for the quarter were reported to be 44,861 barrels per day of oil and 9,150 mcf per day of gas. These were in very close agreement with the predicted rates. The cumulative recoveries and injection through March 1992 are as follows:

OIL PRODUCTION	747,463,215 Barrels
GAS PRODUCTION	202,604,206 Mcf
WATER PRODUCTION	3,032,413,998 Barrels
WATER INJECTION	4,469,620,168 Barrels

Cumulative Injection - Gross Production Ratio is 1.182 Bbls./Bbl.

The actual first quarter cash flow activity reflects the lower oil and gas prices as compared to the original plan forecast. These resulted in lower than predicted total revenue and lower net profit. The major planning assumptions were based on \$13.80 per barrel of oil and \$2.10 per mcf of gas. The average actual values reported were \$11.28 per barrel of oil and \$1.93 per mcf

CALENDAR ITEM NO. C 3 2 (CONT'D)

of gas for first quarter. The following are comparisons of the projected versus the actual economic factors:

	ESTIMATED FIRST QUARTER	ACTUAL FIRST QUARTER	DIFFERENCE
TOTAL REVENUE	\$58,105,000	\$47,653,000	(-) \$10,452,000
TOTAL EXPENDITURES	\$46,324,000	\$40,188,000	(-) \$6,136,000
NET PROFIT	\$11,781,000	\$7,465,000	(-) \$4,316,000

Drilling rig activity during the first quarter was three rigs in January, four rigs in February and three rigs in March. Three rigs have been active since March. The actual total expenditure represents 42.5 percent of the total budgeted for the first quarter of 1992. The total six-month expenditures are now estimated to be \$85,943,000 or 90.8 percent of the original budget. The anticipated revenue and profit estimates for the second quarter of the Amended Annual Plan are as follows:

	ESTIMATED SECOND QUARTER
TOTAL REVENUE	\$55,998,000
TOTAL EXPENDITURES	\$45,755,000
NET PROFIT	\$10,242,000
OIL PRICE (\$/BBL)	\$13.35
GAS PRICE (\$/MCF)	\$ 1.77

The Commission's staff has reviewed the First Amendment including the estimated production, injection, expenditures and revenue shown in the revised exhibits. When actual information through the second quarter of the Optimized Waterflood becomes available, it will be reviewed by the staff and reported to the Commission.

AB 884:
N/A.

CALENDAR ITEM NO. 32 (CONT'D)

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.

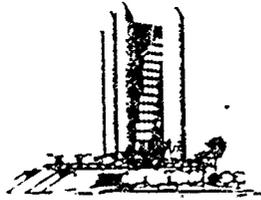
Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

EXHIBIT:

- A. Letter requesting approval of the First Amendment of the Annual Plan.

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 AS A STATUTORY EXEMPT PROJECT PURSUANT TO P.R.C. 21169 AND 14 CAL. CODE REGS. 15261, AN ACTIVITY INVOLVING AN ONGOING PROJECT.
2. APPROVE THE FIRST AMENDMENT TO THE ANNUAL PLAN (JANUARY 1, 1992 - JUNE 30, 1992), REVISING ECONOMIC PROJECTIONS, OPTIMIZED WATERFLOOD AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

**CITY OF LONG BEACH**

DEPARTMENT OF OIL PROPERTIES

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

June 3, 1992

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

Subject: **REQUEST FOR APPROVAL OF THE FIRST AMENDMENT OF THE ANNUAL PLAN, LONG BEACH UNIT (JANUARY 1, 1992 THROUGH JUNE 30, 1992)**

Dear Mr. Warren:

In accordance with the provisions of Part IV, Section A, of the Annual Plan, we are submitting for your approval the First Amendment of the Annual Plan covering the period January 1, 1992 through June 30, 1992.

The First Amendment updates the economic projections and is based on data available through March 31, 1992. It does not change the latest approved budget of \$94,647,000.

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.

An analysis of Unit activities and the status of funds in each of the five budget categories is presented below.

Development Drilling Category

Three drilling rigs were in operation at the beginning of the quarter. A fourth rig was added in January; however, drilling activity was reduced back to three rigs in March. During this time one new producer was completed in the Upper Terminal VII Zone, and one new injector was completed in the Ranger VIIIA Zone.

On March 31, 1992, the total number of wells was 1,235, of which 897 are producers and 338 are injectors. Excluded from these totals are 26 abandoned wells, 8 abandoned producers and 18 abandoned injectors.

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The Development Drilling Category has a budget of \$22,339,000, of which \$11,866,171, or 53.1 percent, was expended.

Operating Expense Category

The Unit oil production rate averaged 44,861 bbls/day, which was 39 bbls/day less than originally estimated, and gas production averaged 5,150 mcf/day, which was 150 mcf/day greater than originally estimated in the Major Planning Assumptions section of the Annual Plan.

Water injection averaged 535,044 bbls/day, which was 94,044 bbls/day greater than originally estimated in the Major Planning Assumptions section of the Annual Plan.

The Operating Expense Category has a budget of \$35,427,000, of which \$16,009,324, or 45.2 percent, was expended.

Other Plant Category

The Other Plant Category has a budget of \$20,385,000, of which \$5,866,670, or 28.8 percent, was expended.

Staff Expense Category

The Staff Expense Category has a budget of \$11,392,000, of which \$4,980,055, or 43.7 percent, was expended.

Taxes, Leases & Permits Category

The Taxes, Leases & Permits Category has a budget of \$5,104,000, of which \$1,465,376, or 28.7 percent, was expended.

Total expenditures for the first half of the Plan period was \$40,188,000. The total estimated expenditures for the second half of the Plan period are shown in the attachments.

Total Unit income for the first half of the Plan period was lower than anticipated. Net income was \$7,465,000 (compared to an estimate of \$11,781,000). The total Unit income for the Plan period is now estimated at \$17,707,000, \$3,856,000 lower than the \$21,563,000 projected when the Annual Plan was prepared.

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

Very truly yours,



Xenophon C. Colazas
Director

XCC:slg

Attachments

FIN 312.002

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LONG BEACH UNIT
ANNUAL PLAN
JANUARY 1, 1992 THROUGH JUNE 30, 1992
ECONOMIC PROJECTIONS
 (Data in Thousands of Dollars)

	ACTUAL FIRST QUARTER 1992	ESTIMATED SECOND QUARTER 1992	TOTAL
ESTIMATED REVENUE			
Oil Revenue	\$46,045	\$54,548	\$100,593
Gas Revenue	\$1,608	\$1,450	\$3,057
TOTAL REVENUE	\$47,653	\$55,998	\$103,650
ESTIMATED EXPENDITURES			
Development Drilling	\$11,866	\$10,473	\$22,339
Operating Expense	\$16,009	\$17,991	\$34,000
Other Plant	\$5,867	\$8,133	\$14,000
Staff Expense	\$4,980	\$5,520	\$10,500
Taxes, Leases, and Permits	\$1,465	\$3,639	\$5,104
TOTAL EXPENDITURES	\$40,188	\$45,755	\$85,943
NET PROFIT	\$7,465	\$10,242	\$17,707

LONG BEACH UNIT
ANNUAL PLAN
JANUARY 1, 1992 THROUGH JUNE 30, 1992

	ACTUAL FIRST QUARTER 1992	ESTIMATED SECOND QUARTER 1992	TOTAL
OIL PRODUCTION			
(1,000 BBL)	4,082	4,086	8,168
(B/D)	44,861	44,900	
GAS PRODUCTION			
(1,000 MCF)	833	819	1,652
(MCF/D)	9,150	9,000	
WATER PRODUCTION			
(1,000 BBL)	40,108	41,132	81,240
(1,000 B/D)	441	452	
WATER INJECTION			
(1,000 BBL)	48,689	48,594	97,283
(1,000 B/D)	535	534	
OIL PRICE (\$/BBL)	\$11.28	\$13.35	
GAS PRICE (\$/MCF)	\$1.93	\$1.77	

OIL PRODUCTION

	Average B/D 01/01/92 - 03/31/92	Cumulative Bbls. 03/31/92
Grissom	8,130	130,549,683
White	8,559	125,995,813
Chaffee	12,111	156,522,544
Freeman	11,882	210,229,682
Pier J (Inc. THX)	4,179	124,165,493
TOTAL	44,861	747,463,215
Tar V	51	1,159,211
Ranger (All Areas)	30,631	569,863,544
Upper Terminal & Lower Terminal VI, VI	4,987	58,890,017
Terminal (Blocks VIII, 90)	5,025	37,068,313
Union Pacific-Ford (All Areas)	4,167	76,623,519
237 (All Areas)	0	3,858,611
TOTAL	44,861	747,463,215

GAS PRODUCTION

	Average B/D 01/01/92 - 03/31/92	Cumulative Bbls. 03/31/1992
Grissom	979	19,225,433
White	912	31,383,769
Chaffee	2,340	54,485,490
Freeman	4,176	76,110,490
Pier J (Inc. THX)	743	21,399,024
TOTAL	9,150	202,604,206
Tar V	29	446,282
Ranger (All Areas)	6,088	127,930,049
Upper Terminal & Lower Terminal VI, VI	710	7,216,688
Terminal (Blocks VIII, 90)	1,216	11,295,636
Union Pacific-Ford (All Areas)	1,107	51,450,282
237 (All Areas)	0	4,265,269
TOTAL	9,150	202,604,206

WATER PRODUCTION

	Average B/D 01/01/92 - 03/31/92	Cumulative Bbls. 03/31/92
Grissom	92,728	722,736,861
White	84,269	563,515,338
Chaffee	85,995	427,737,790
Freeman	109,207	698,167,850
Pier J (Inc. THX)	68,547	620,256,159
TOTAL	440,746	3,032,413,998
Tar V	279	5,007,774
Ranger (All Areas)	378,992	2,640,304,714
Upper Terminal & Lower Terminal VI, VI	35,332	222,069,147
Terminal (Blocks VIII, 90)	13,689	50,504,939
Union Pacific-Ford (All Areas)	12,454	111,339,534
237 (All Areas)	0	3,187,890
TOTAL	440,746	3,032,413,998

WATER INJECTION

	Average B/D 01/01/92 - 03/31/92	Cumulative Bbls. 03/31/92
Grissom	121,585	1,034,865,101
White	108,175	880,626,806
Chaffee	115,549	941,127,005
Freeman	106,225	787,319,519
Pier J (Inc. THX)	83,510	825,681,737
TOTAL	535,044	4,469,620,168
Tar V	311	12,269,262
Ranger (All Areas)	459,818	3,866,205,869
Upper Terminal & Lower Terminal VI, VI	38,880	284,861,690
Terminal (Blocks VIII, 90)	20,272	126,475,306
Union Pacific-Ford (All Areas)	15,763	179,808,035
237 (All Areas)	0	0
TOTAL	535,044	4,469,620,168