

MINUTE ITEM

This Calendar Item No. 033
was submitted for information
only, no action thereon
being necessary.

INFORMATIONAL

CALENDAR ITEM

C 3 3

A 57, 58

S 29

06/30/92

W 17102

Pepper

1992 STATUS REPORT (JANUARY 1, 1992 THROUGH APRIL 30, 1992)
LONG BEACH UNIT ANNUAL PLAN AND BUDGET (JANUARY 1992 - JUNE 1992)
OPTIMIZED WATERFLOOD AGREEMENT
LONG BEACH UNIT, WILMINGTON OIL FIELD
LOS ANGELES COUNTY

On March 2, 1992, the Commission approved the following:
The Long Beach Unit Program Plan (January 1992 - June 1996).
The LBU Annual Plan and Budget (January 1992 - June 1992).
The LBU Annual Plan and Budget (July 1, 1992 - June 30, 1993).
All of these Plans were called for by the Optimized Waterflood Agreement which went into effect on January 1, 1992 in the Long Beach Unit, Wilmington Oil Field, Los Angeles County. The Long Beach Unit Annual Plan and Budget for the period January 1992 - June 1992 is \$94,647,000. Expenditures during this period have been \$55,272,000 or 58.4 percent of the budget. Currently only three rigs are in use and ARCO is planning to activate the fourth rig in October 1992. However, as we move toward the planned date, the merit of adding the fourth rig will be evaluated for maximizing the revenue and efficient recovery of the resource. Total Budget Expenditures per month are shown on Exhibit 1.

The Long Beach Unit has produced an average of about 44,700 barrels of oil per day during the first four months of 1992 as compared to an estimated 44,900 barrels per day. This resulted in 5,430,000 barrels predicted as compared to 5,410,000 barrels produced. The estimated gas rate was 9,000 Mcf per day for a total of 1,089,000 Mcf as compared to the actual of 9,030 Mcf per day produced for a total of 1,093,000 Mcf. Daily oil, gross and injection rates are shown on Exhibit 2.

The revenue generation for the Long Beach Unit was less than anticipated primarily because of the estimated price of oil and

gas used in the projection. The major planning assumptions were based on \$13.80 per barrel of oil and \$2.10 per Mcf of gas. The average actual values for the first four months were \$11.50 per barrel of oil and \$1.70 per Mcf of gas.

The economic projections for the Unit provided for revenue of \$77,260,000 in the first four months. The actual revenue was \$64,076,000, \$13,184,000 less than projected. Net income through April 30, 1992 from the Optimized Waterflood was expected to be approximately \$15,300,000; however, the actual net income was \$8,800,000, which was \$6,500,000 less than projected. Composite Oil Price and Total Cost are shown on Exhibit 3. Oil Revenue and Total Cost are shown on Exhibit 4.

Based on the Optimized Waterflood Agreement, ARCO has paid the State of California an additional \$5,543,036 through April 1992 to compensate for earnings below the Programmed Base Case. The commitment of ARCO for the cumulative Incremental Development Costs and Section 2.02(a) Expenditures through June 30, 1993 is \$15,000,000. Through April 1992 the actual expenditure pursuant to the commitment has been \$11,145,000 or 74.3 percent of the total amount.

Initial program planning was the result of a cooperative effort by the Department of Oil Properties, City of Long Beach, as Unit Operator, the THUMS Long Beach Company, agent for the field contractor, and ARCO Long Beach Inc. (ALBI). Major Unit Areas are now being intensely studied. They are Ranger West, Ranger East, Terminal and U.P. Ford. Thorough reservoir studies are in progress for the implementation of the Optimized Waterflood and to ensure maximum efficient recovery of the field. Recommendations for potential well work and possible redrill candidates are in progress to improve the daily oil rate. Final reservoir descriptions and model studies will add to the success of the program. Increased water injection and inzone pattern injection have already been recommended. The Unit Operator is investigating additional good quality source water for injection purposes.

Significant activities and accomplishments in each Plan and Budget Program during the four months period were:

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DEVELOPMENT DRILLING \$22,339,000

Three rigs were active in January, four rigs in February and three rigs in March and April. Drilling operations were performed on all four of the offshore islands (Grissom, White, Chaffee and Freeman) during this period. Four new producers and two new water injectors were drilled, and five producers and ten injectors were redrilled. Seven wells were abandoned and miscellaneous other work was performed on ten wells during this four-month period. The total expenditure through April 1992 is \$15,127,294 or 67.7 percent of the budgeted amount. Producing Well Count is shown on Exhibit 5 and Exhibit 5A.

OPERATING EXPENSE \$35,427,000

The principal function of these expenses are to fund the production and injection of fluids. Gross production for the period averaged 488,843 barrels per day as compared to the projected rate of 496,900 barrels per day. Water injection averaged 539,615 barrels per day compared to the estimated of 534,000 barrels per day. The oil and gas rates were in very close agreement with the predicted rate of 44,900 barrels per day of oil and 9,000 Mcf of gas per day.

A total of 65.29 million barrels of water were injected during this period and 59.15 million barrels of gross fluid were produced. The volume ratio of injection to production was 104 percent during the period.

The total expenditure through April 1992 was \$21,731,435 or 61.3 percent of the budgeted amount. Daily fluid rates are shown on Exhibit 2.

OTHER PLANT \$20,385,000

These expenditures are for facility and support projects as well as operations support. Necessary equipment, materials and supplies are included along with maintenance of existing lines and facilities. The total expenditure for the first four months of 1992 was \$7,806,683 or 38.3 percent of the budget.

STAFF EXPENSE \$11,392,000

The major portion of this program consists of expenditures for salaries, benefits and expenses of the field Contractor. Other expenses include professional and engineering services, data

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processing, office equipment and expenses, Unit Operator costs and management projects. The total expenditures for this period were \$6,518,678 or 57.2 percent of the budget.

TAXES, LEASES & PERMITS \$5,104,000
 The most important part of these expenses are the mining rights taxes. The total cost of these items was \$4,088,131 or 80.1 percent of the budgeted amount during this period. The expenditures per month for Taxes, Leases and Permits are shown on Exhibit 6.

A summary of the Long Beach Unit Amended Plan and Budget activity for the period of January 1, 1992 through April 30, 1992 is:

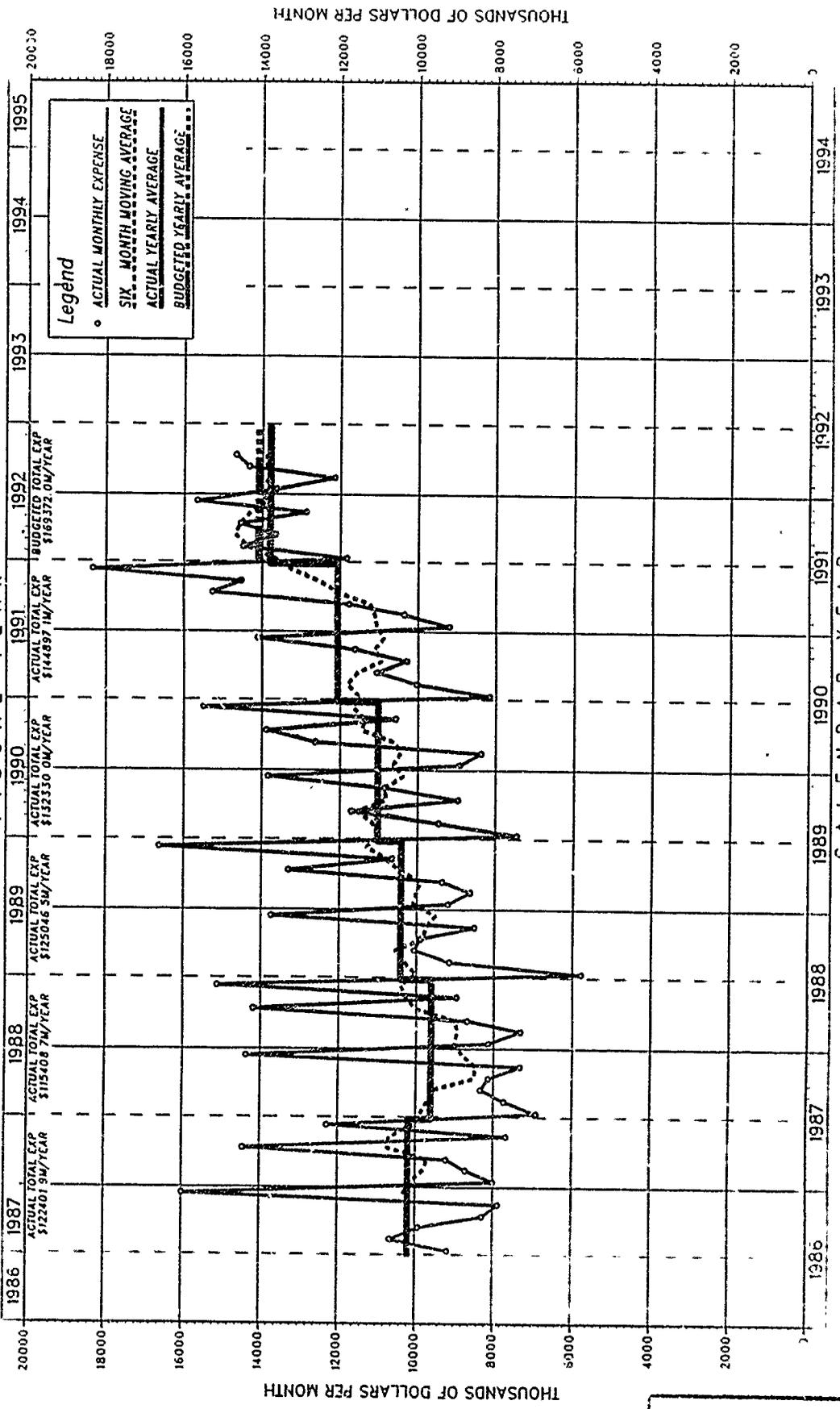
<u>PROGRAM</u>	<u>AMMENDED BUDGET</u>	<u>EXPENDITURES</u>	<u>PERCENT EXPENDED</u>
Development Drilling	\$22,339,000	\$15,127,294	67.7
Operating Expense	\$35,427,000	\$21,731,435	61.3
Other Plant	\$20,385,000	\$ 7,806,683	38.3
Staff Expense	\$11,392,000	\$ 6,518,678	57.2
Taxes, Leases & Permits	\$ 5,104,000	\$ 4,088,131	80.1
<u>TOTAL</u>	<u>\$94,647,000</u>	<u>\$55,272,221</u>	<u>58.4</u>

EXHIBITS:

1. Total Budget Expenditures
2. Daily Fluid Rates
3. Oil Price and Total Cost
4. Oil Revenue and Total Cost
5. Producing Well Count
- 5A. Producing Well Count
6. Taxes, Leases, and Permits

LONG BEACH UNIT

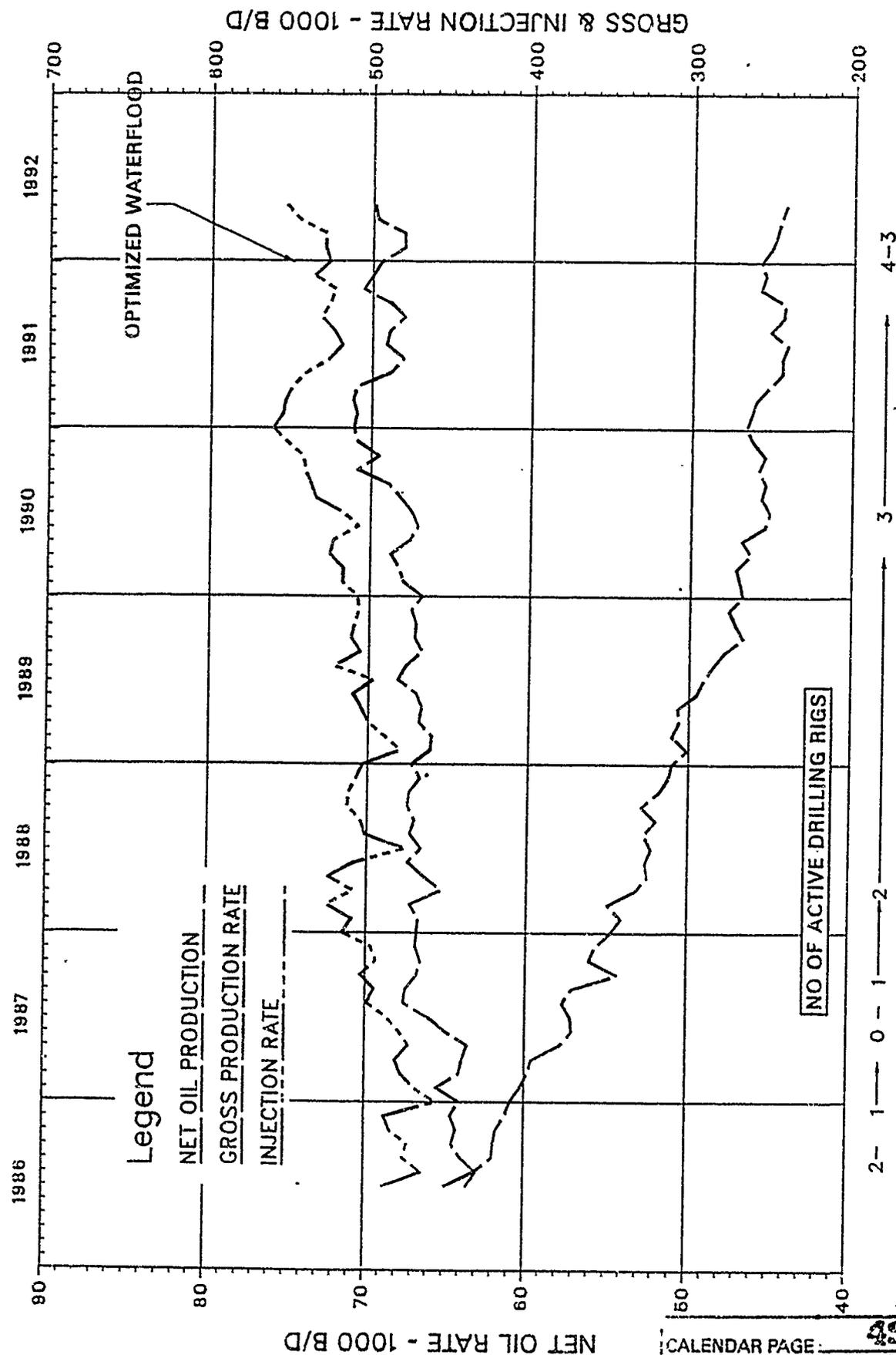
TOTAL BUDGET -- INCLUDING ADMIN. OVERHEAD
 --- FISCAL YEAR ---
 --- CALENDAR YEAR ---



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LONG BEACH UNIT PRODUCTION & INJECTION RATE

EXHIBIT 2

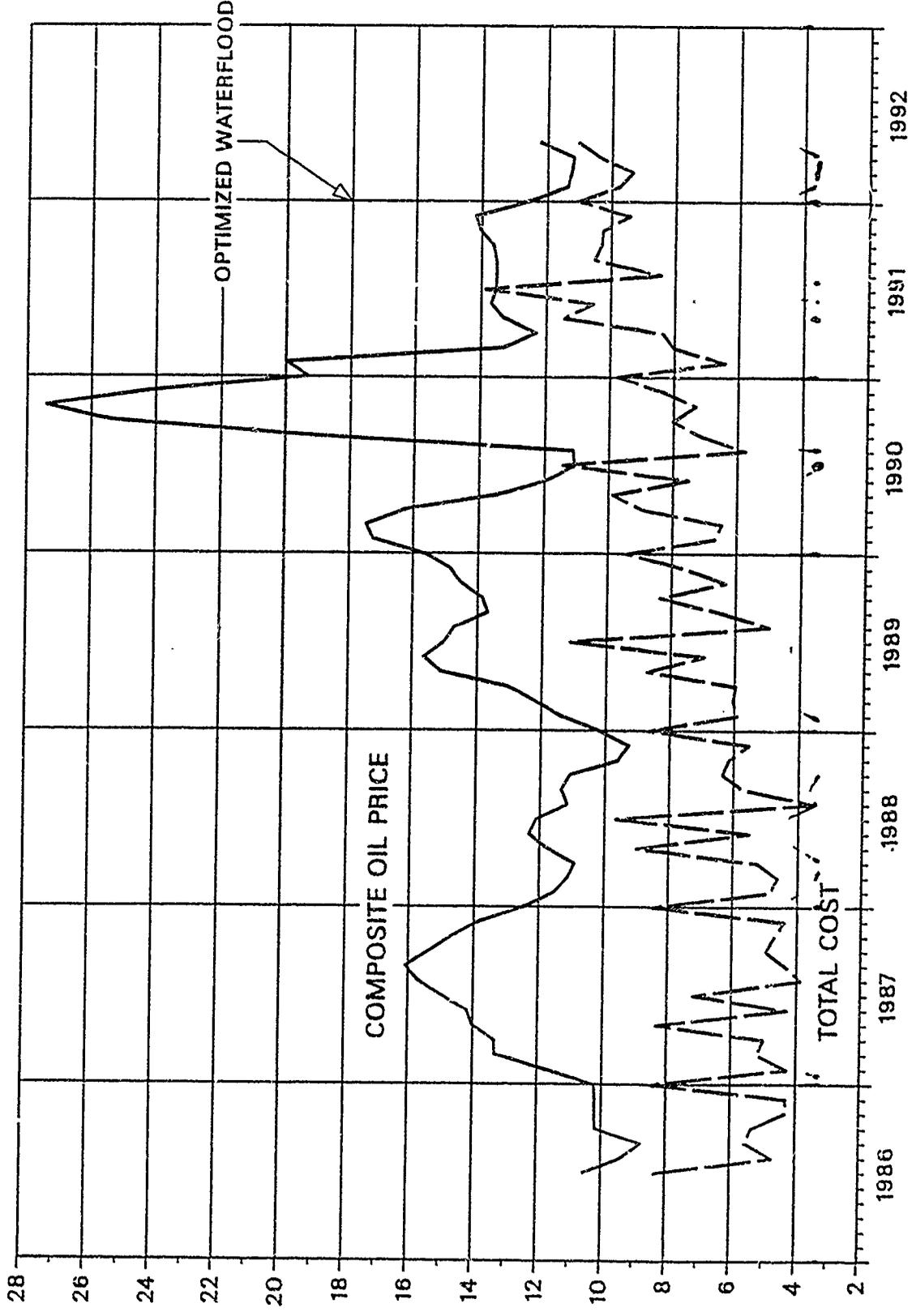


NET OIL RATE - 1000 B/D

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June 4 1990
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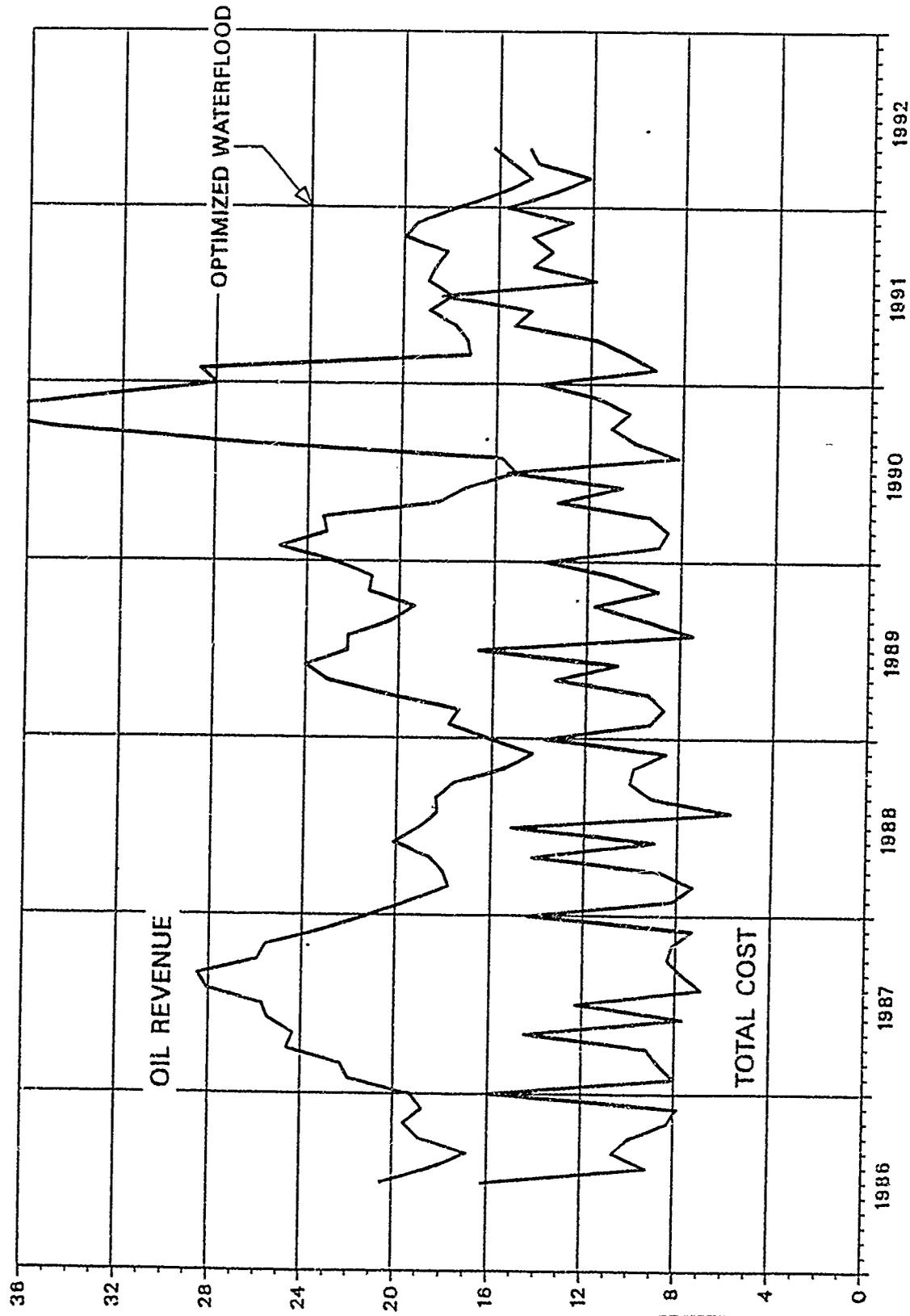
LONG BEACH UNIT



DOLLARS PER BARREL

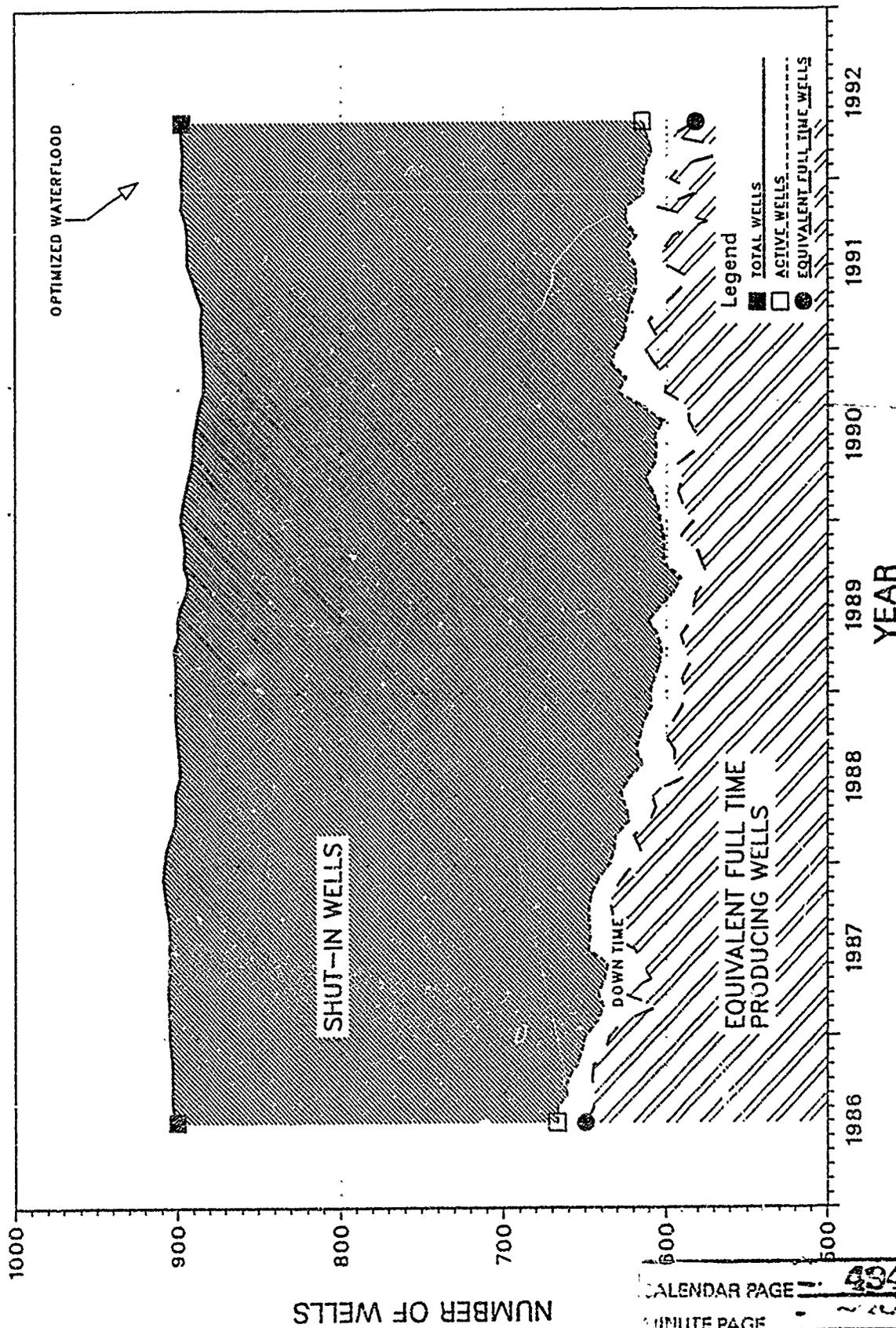
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LONG BEACH UNIT



LONG BEACH UNIT PRODUCING WELLS

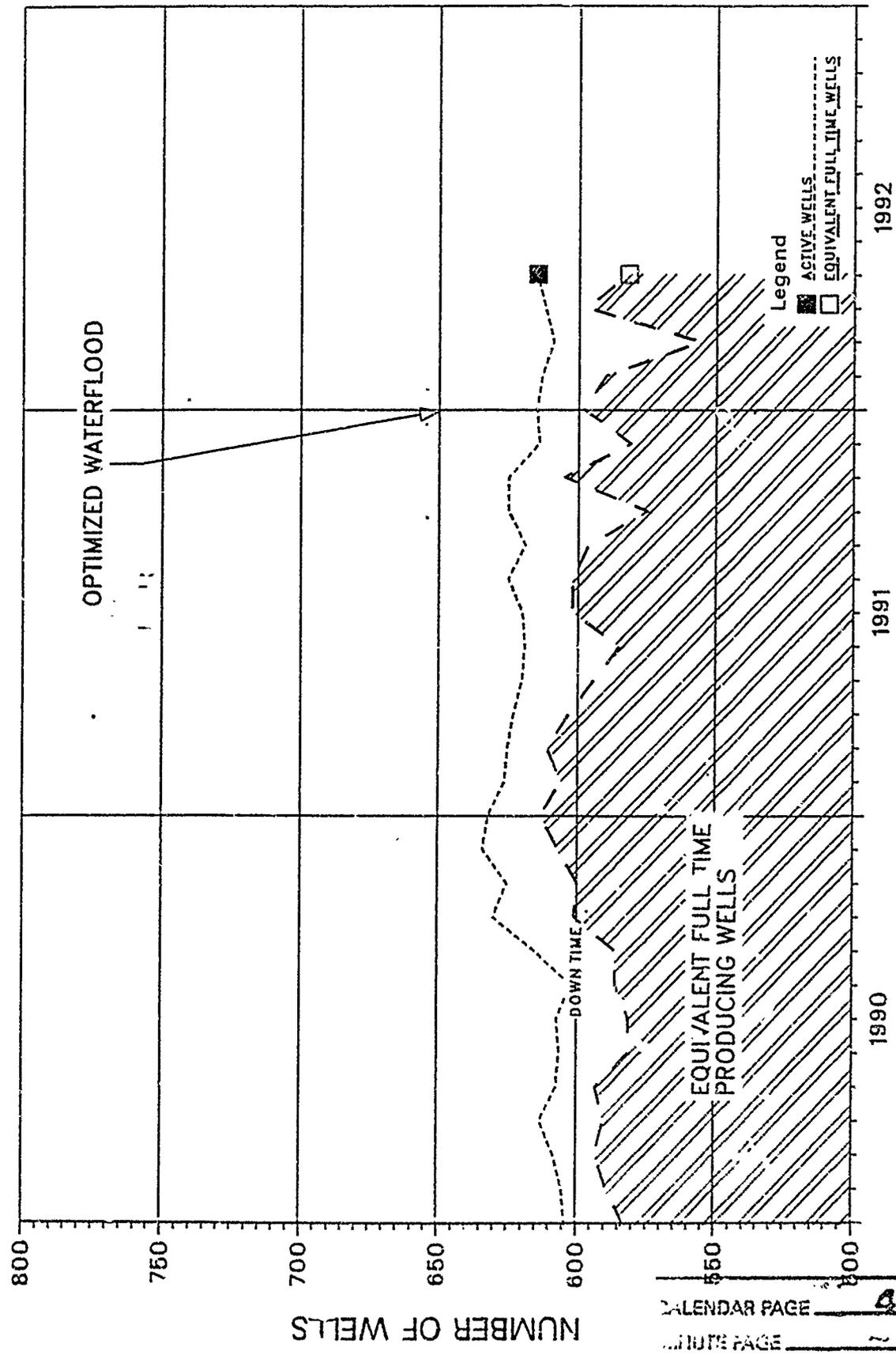
EXHIBIT 5



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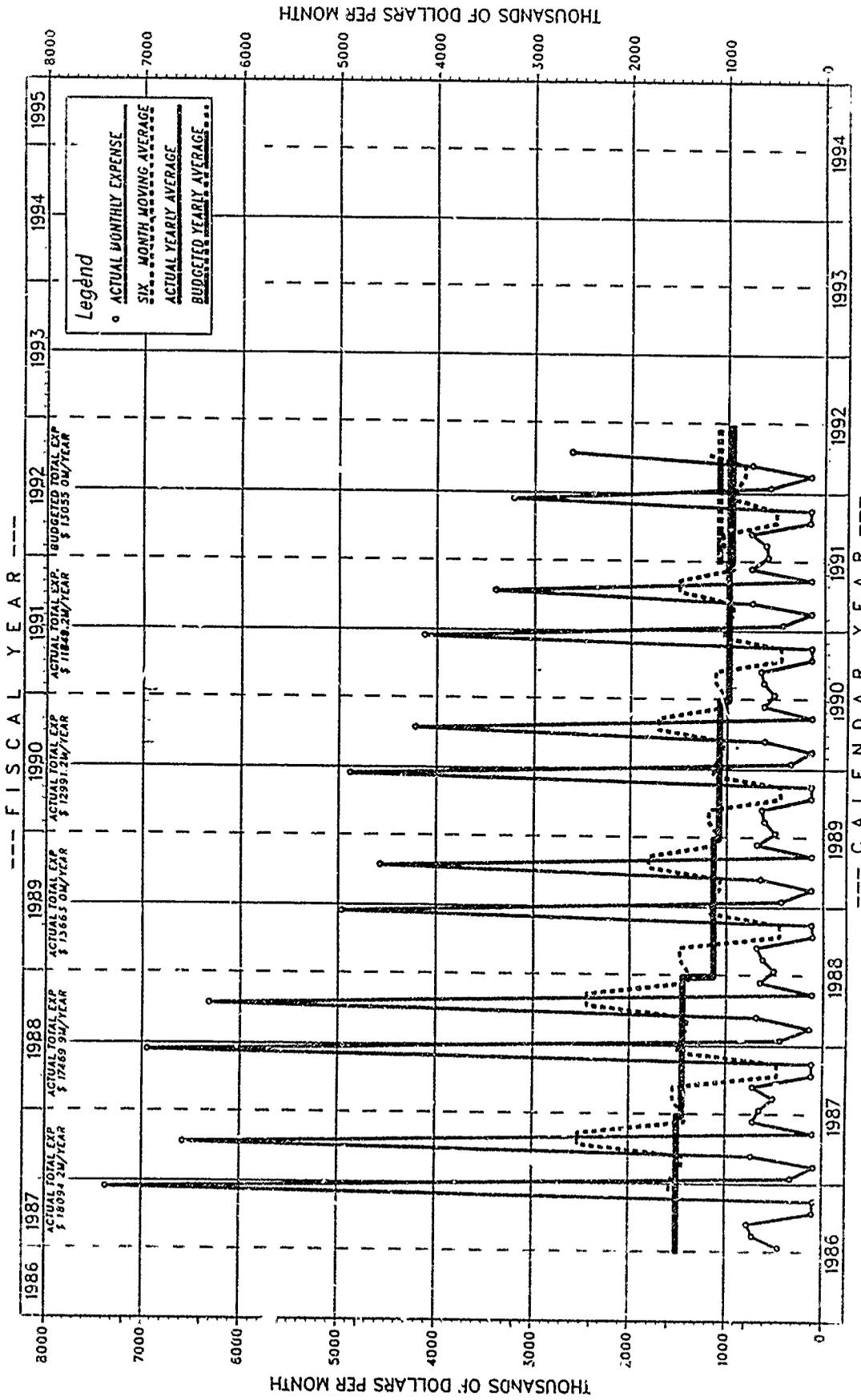
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LONG BEACH UNIT PRODUCING WELLS



L O N G B E A C H U N I T
 TAXES, PRMTS. & RENTAL PROGRAM

PROGRAM F



June 4, 1992