

This Calendar Item No. C71
was submitted for information
only, no action thereon
being necessary.

INFORMATIONAL
CALENDAR ITEM

C71

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09/23/92
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Pepper

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

The Optimized Waterflood Agreement with Atlantic Richfield (ARCO) became effective on January 1, 1992. This six-month status report covers the period through June 30, 1992. The Long Beach Unit Annual Plan and Budget for the first six months was \$94,647,000 of which \$83,395,945 or 88.1 percent was expended. There were no changes in the approved budget or in the distribution to the five programs. Three drilling rigs continued to be active through the end of this initial period. It is anticipated that a fourth rig might be activated in the second quarter of the next Plan Year.

PRODUCTION

The Long Beach Unit produced an average of 44,552 barrels of oil per day during this six-month period as compared to the estimated rate of 44,900 barrels per day. This resulted in 8,108,423 barrels of produced oil compared to 8,171,800 barrels as originally estimated.

The average gas rate for this period was 8,959 mcf per day as compared to 9,000 mcf per day estimated. Daily Oil, Gross and Injection Rates are shown on Exhibit 1. The cumulative volumes for the LBU since the original production through June 1992 are as follows:

OIL PRODUCTION	751,489,242 Barrels
GAS PRODUCTION	203,402,095 Mcf
WATER PRODUCTION	3,074,069,107 Barrels
WATER INJECTION	4,519,754,037 Barrels

Cumulative Injection - Gross Production Ratio is 1.181
Bbls./Bbl.

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ECONOMICS

In the first six months, the net profit was \$23.7 million. Because of higher than budgeted oil prices and reduced operating cost, net profit was \$6 million higher than budgeted. The last budget planning assumptions were based on \$13.35 per barrel of oil and \$1.77 per mcf of gas. The average actual values reported for the last two months of the period were \$15.42 per barrel of oil and \$1.82 per mcf of gas. The following are comparisons of the latest projections versus the actual economic factors for the first six months of the Optimized Waterflood:

	<u>ESTIMATED</u>	<u>ACTUAL</u>	<u>DIFFERENCE</u>
TOTAL REVENUE	\$103,650,000	\$107,136,000	(+) \$3,486,000
TOTAL EXPENDITURES	\$ 85,943,000	\$ 83,395,945	(-) \$2,547,055
NET PROFIT	\$ 17,707,000	\$ 23,740,055	(+) \$6,033,055

Total budget expenditures per month are shown on Exhibit 2. Composite Oil Price and Total Cost are shown on Exhibit 3. Oil Revenue and Total Cost are shown on Exhibit 4. Oil Rate and Oil Price are shown on Exhibit 4A.

In accordance with the Optimized Waterflood Agreement, ARCO paid the State of California \$9,118,550 for the first six months to compensate the State for earnings below the Programmed Base Case. The commitment of ARCO for the cumulative Incremental Development Costs is \$15,000,000 through June 1993. According to ARCO, the actual expenditure pursuant to their commitment through June 1992 was \$17,626,000.

DEVELOPMENT DRILLING

\$22,339,000

Three rigs were active at the end of June and the four study teams have identified and prioritized potential wells to be drilled or redrilled in the next six months. Other well work has also been identified that should be beneficial to the operation. Nine new producers and three new injectors were completed, and six producers and seventeen injectors were redrilled during the six-month period. The total expenditure through June 1992 was \$23,390,915 or 104.7 percent of the budgeted amount. Producing Well Count is shown on Exhibit 5 and Exhibit 5A.

CALENDAR ITEM NO. C 7 1 (CONT'D)

OPERATING EXPENSE

\$35,427,000

The principal function of these expenses is to fund the production and injection of fluids. Gross production for these six months averaged 493,799 barrels per day. Water injection averaged 542,983 barrels per day. The volume ratio of water injected to gross fluid produced was 1.10 barrel per barrel with 98,822,868 barrels injected and 89,871,448 barrels of gross fluid produced. Daily fluid rates are shown on Exhibit 1. The total expenditure through June 1992 was \$32,357,656 or 91.3 percent of the approved budget.

OTHER PLANT

\$20,385,000

These expenditures are for facilities 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 six months of 1992 was \$12,368,420 or 60.7 percent of the budgeted amount.

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 processing, office equipment and expenses, Unit Operator costs and management projects. The total expenditures for the Budget period were \$10,264,601 or 90.1 percent of the budgeted amount.

TAXES, LEASES & PERMITS

\$5,104,000

Most of these expenses are for the mining rights taxes. The total cost of these items was \$5,014,353 or 98.2 percent of the budgeted amount. The expenditures for Taxes, Leases and Permits are shown on Exhibit 6.

Exhibit 7 is a summary of the approved budget and the actual expenditures in the different categories.

COST REDUCTIONS

The Long Beach Unit under the Optimized Waterflood Agreement with ARCO has initiated various cost savings items to improve the cash flow and net profits. Those savings shown below are expected to reduce costs approximately \$8 million per year.

Competitive bidding of well cementing operations.
Expected savings of \$2,100,000 per year.

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Competitive bidding for drilling mud waste disposal.
Expected savings of \$2,000,000 per year.

Oily waste separation facility (Now on line).
Expected savings of \$500,000 per year.

Removal of the idle soundproofed drilling rig structures
from islands Grissom and White.
Expected savings of \$160,000 per year.

Absorbent hauling.
Expected savings of \$600,000 per year.

Competitive bidding for submersible downhole well pumps.
Expected savings of \$3,000,000 per year.

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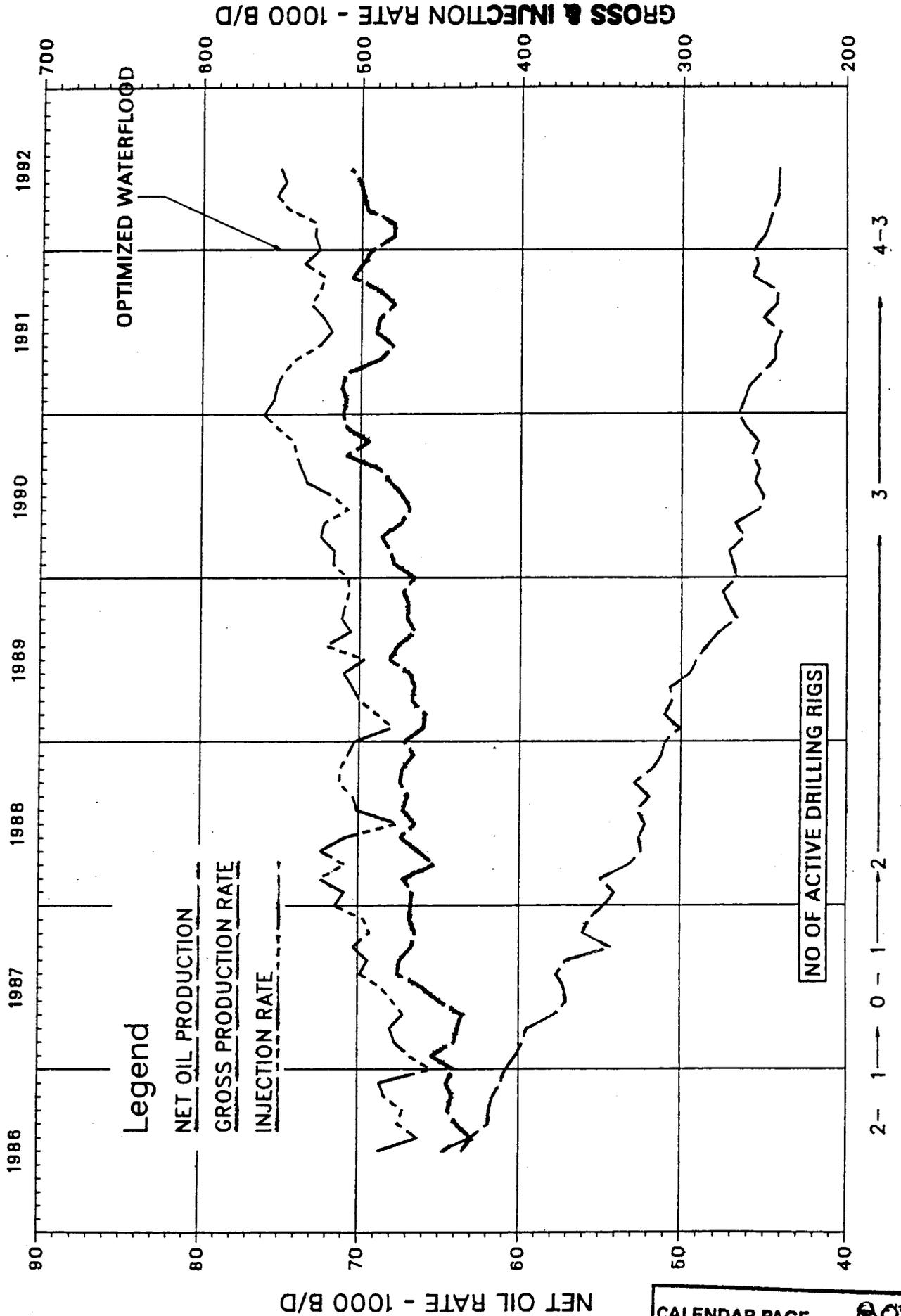
N/A.

EXHIBITS:

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

LONG BEACH UNIT PRODUCTION & INJECTION RATE

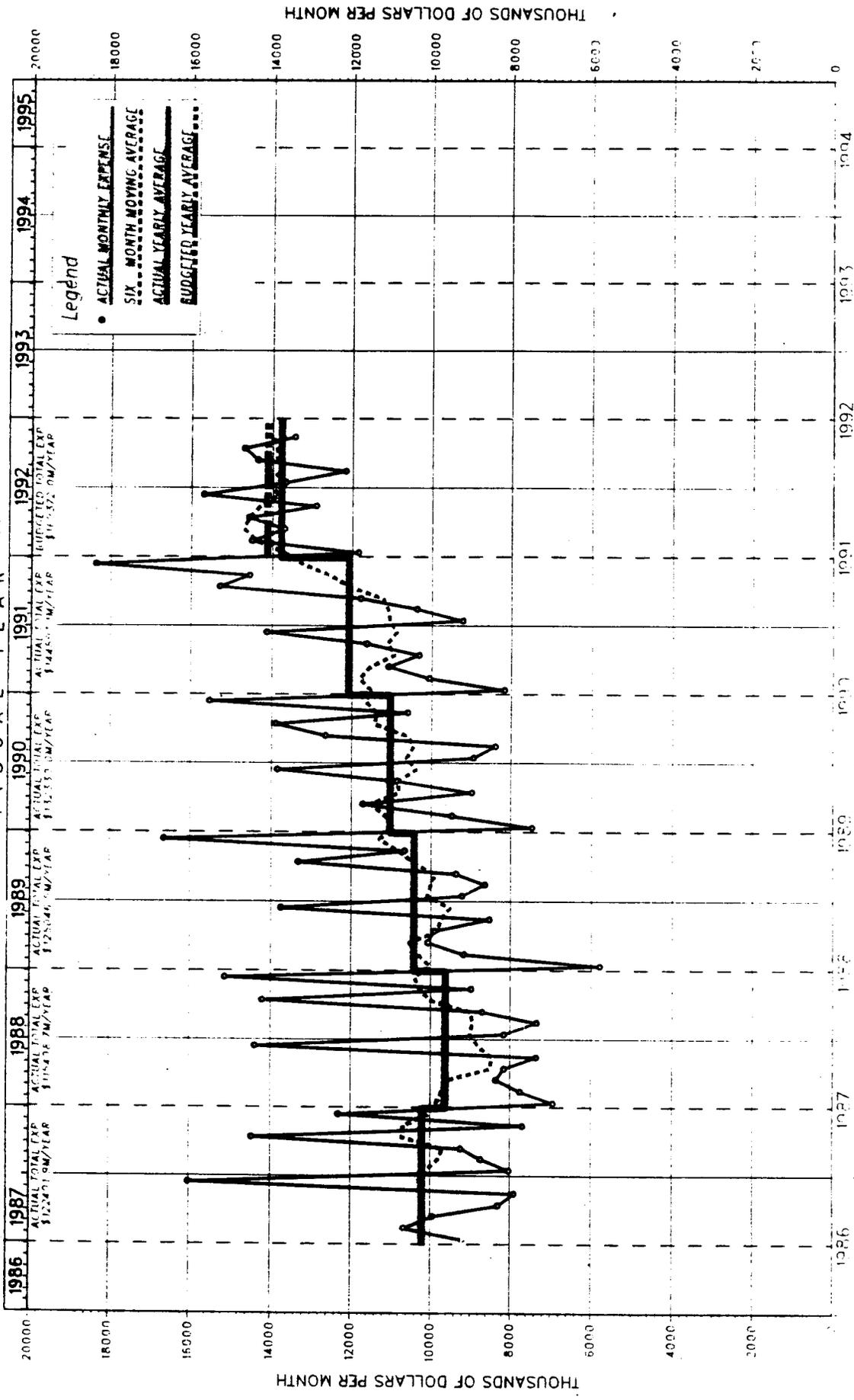
EXHIBIT 1



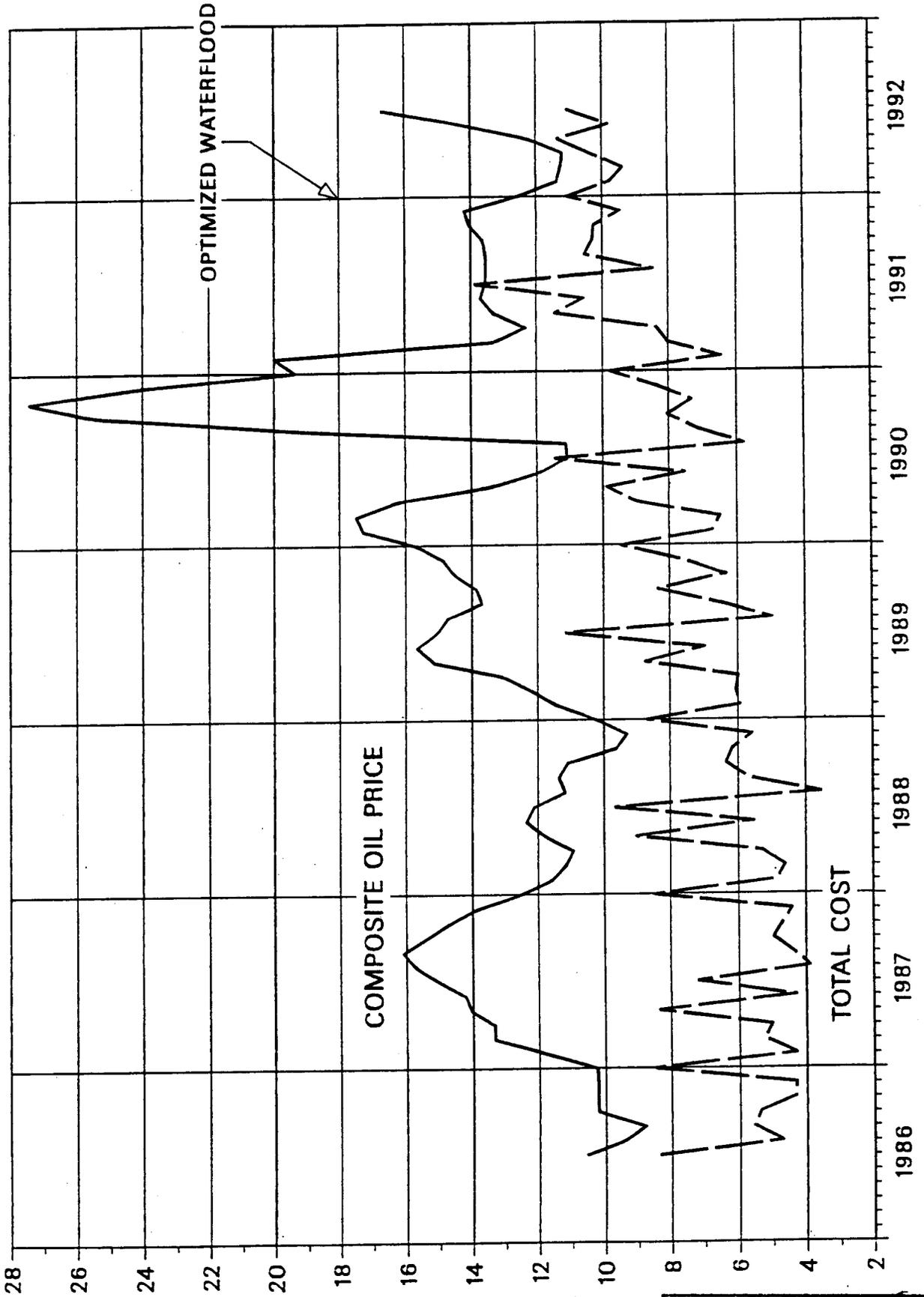
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TOTAL BUDGET -- INCLUDING ADMIN OVERHEAD

--- FISCAL YEAR ---



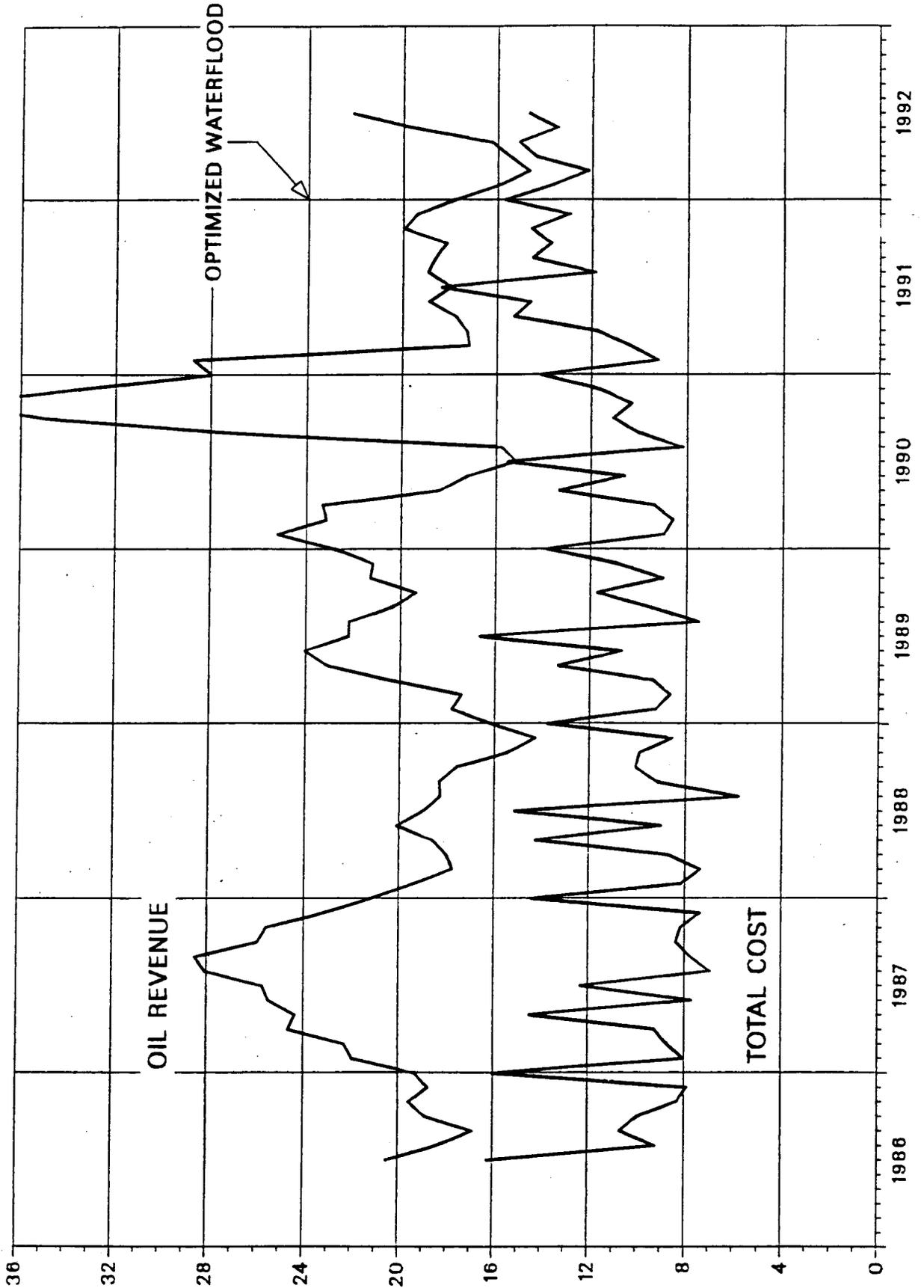
LONG BEACH UNIT



DOLLARS PER BARREL

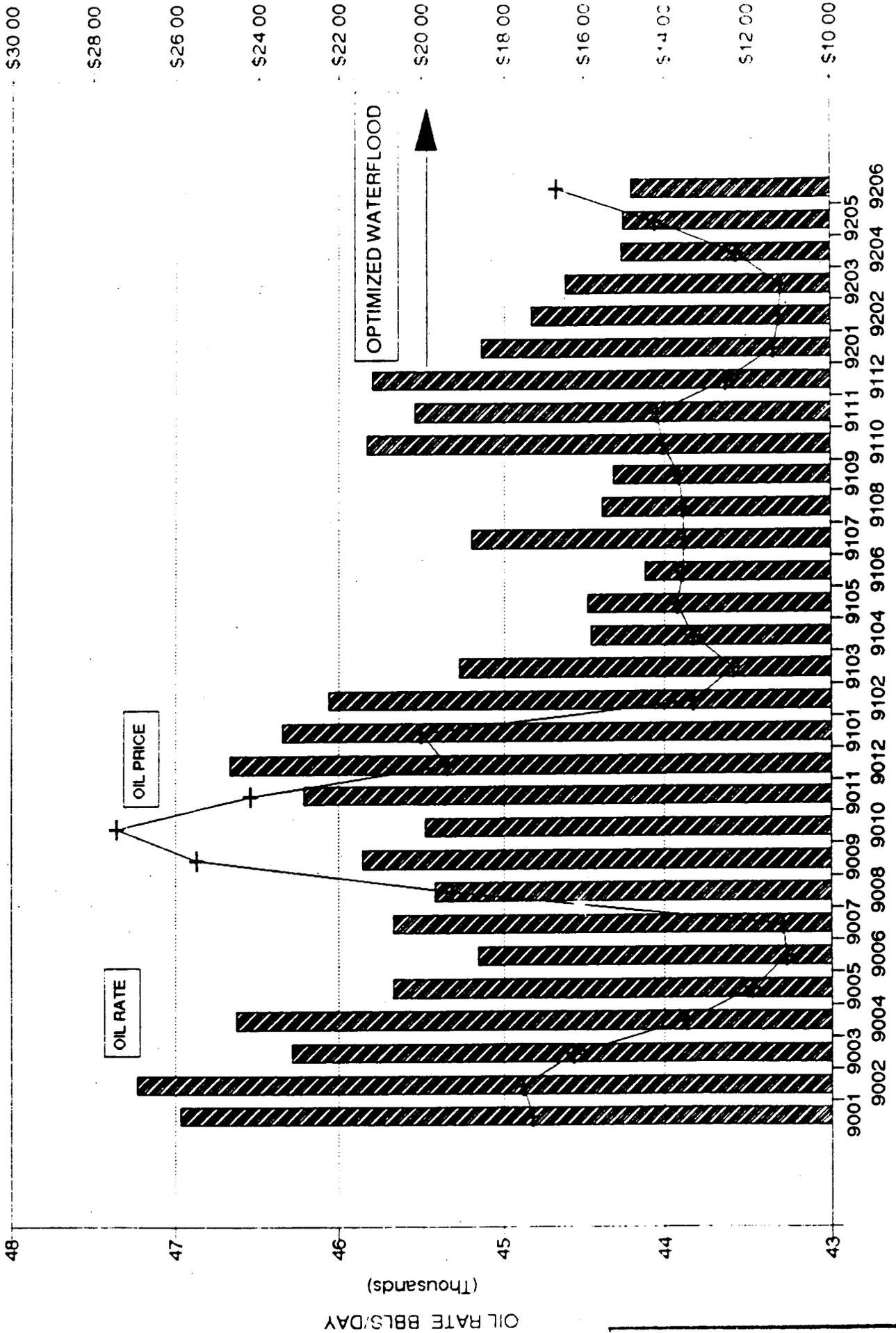
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LONG BEACH UNIT



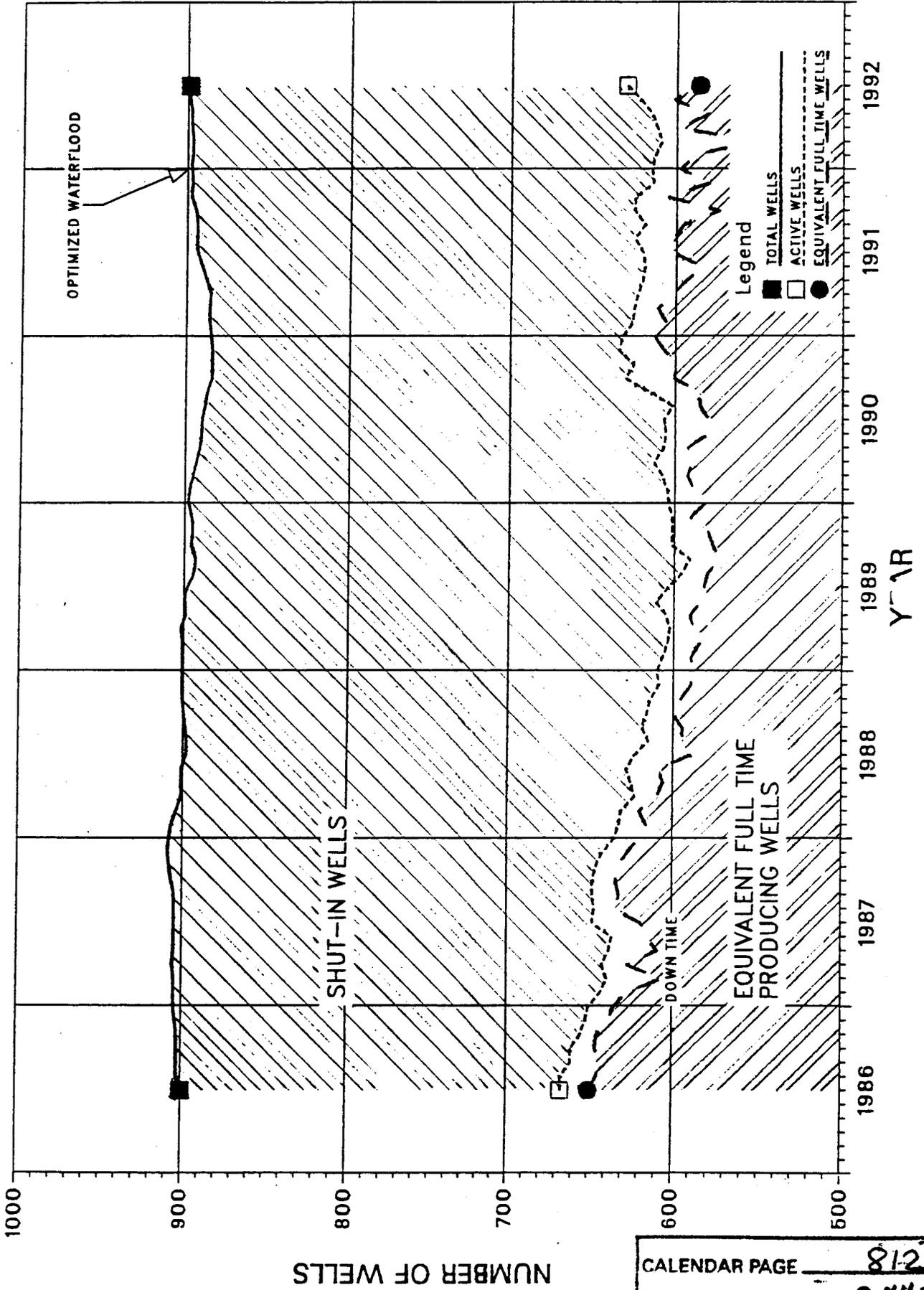
MILLIONS OF DOLLARS PER MONTH

LBU PERFORMANCE OIL RATE, PRICE VS TIME



LONG BEACH UNIT PRODUCING WELLS

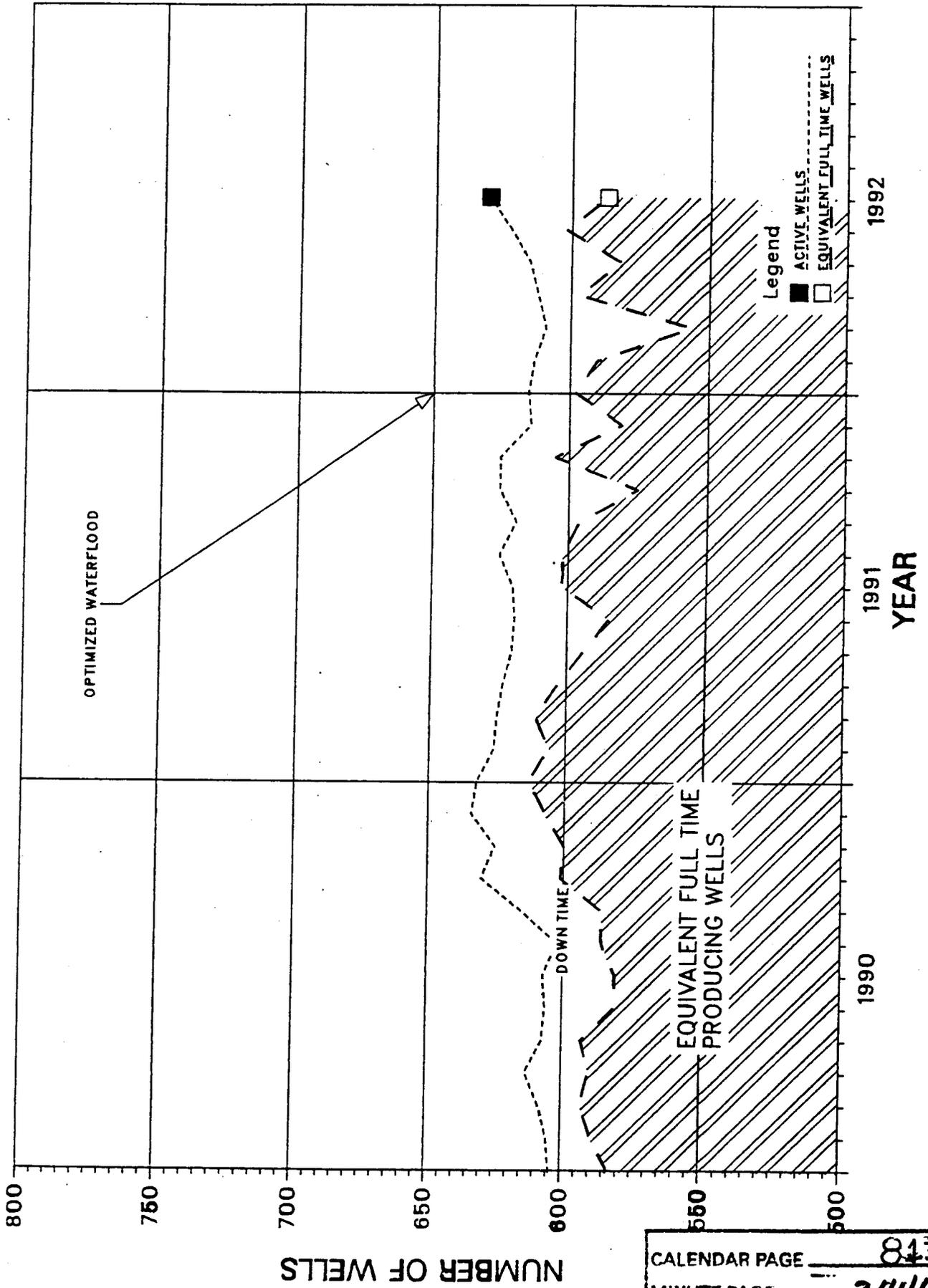
EXHIBIT 5



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LONG BEACH UNIT PRODUCING WELLS

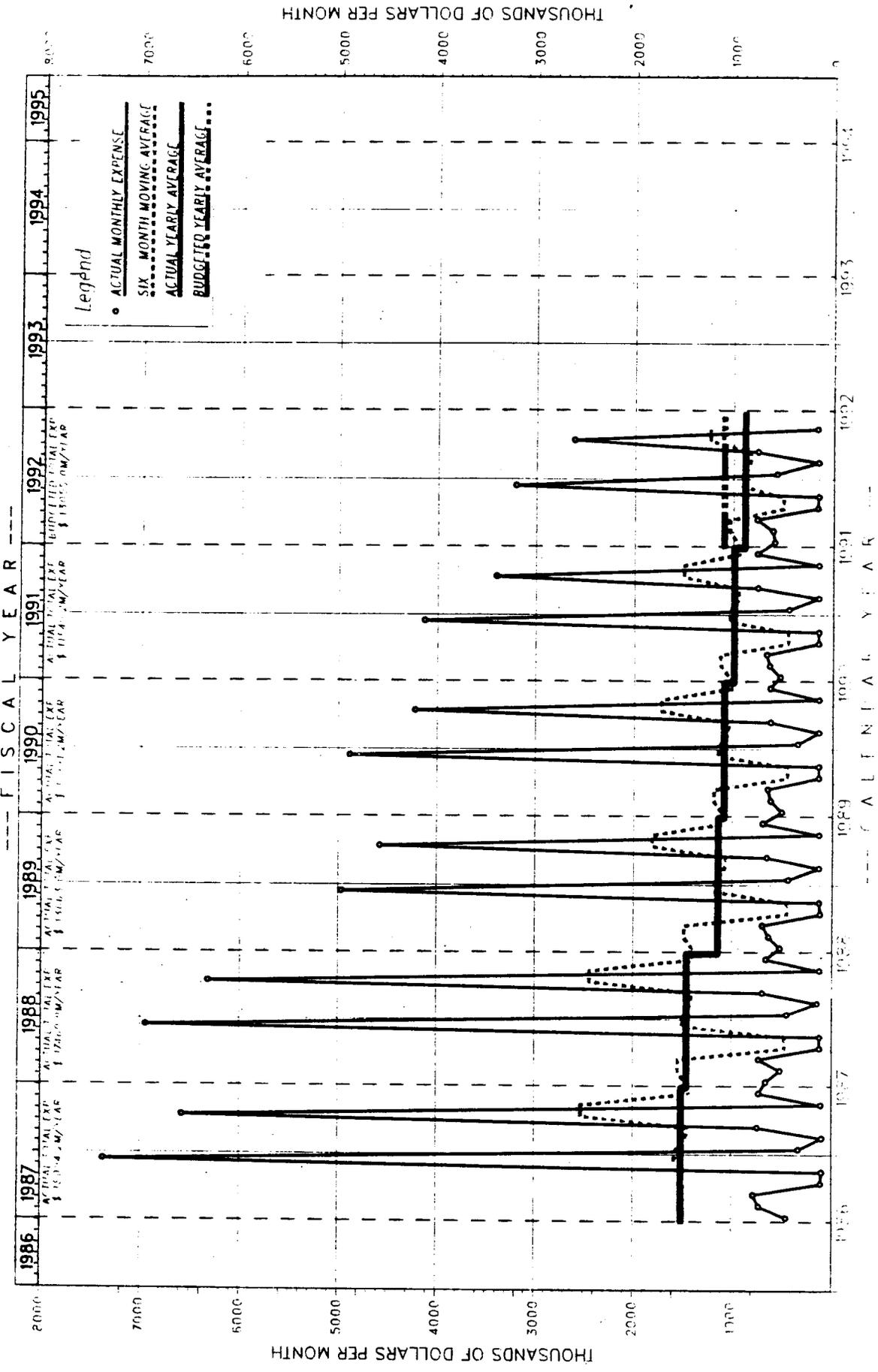
EXHIBIT 5A



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LONG BEACH FINIT
 PROGRAM TOTAL

EXHIBIT 6



LONG BEACH UNIT - BUDGET STATEMENT

JANUARY 1, 1992 THROUGH JUNE 30, 1992

