

MINUTE ITEM

This Calendar Item No. C44
was approved as Minute Item
No. 44 by the State Lands
Commission by a vote of 3
to 0 at its 12/17/92
meeting

CALENDAR ITEM

C44

A 57, 58

S 29

12/17/92

W 17099

Pepper

APPROVE THE FIRST AMENDMENT TO THE ANNUAL PLAN,
(JULY 1, 1992 THROUGH JUNE 30, 1993),
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 July 1, 1992 through June 30, 1993 Plan of Development and Operations and Budget, Long Beach Unit providing updated economic, production and injection projections. This report reflects the information for the period from July 1, 1992 through September 30, 1992. There were no changes in the approved budget of \$189,852,000 or in the distribution to the five programs. The revised economic projection is illustrated in Exhibit A. The projected produced and injected fluids for the remaining quarters of this Plan are also unchanged.

The average oil and gas rates for the quarter were reported to be 43,868 barrels per day of oil and 8,825 mcf per day of gas. These were less than budgeted rate of 45,800 barrels per day of oil and 9,200 mcf per day of gas. The cumulative recoveries and injection, from the beginning of the unit through September 1992, are as follows:

| | |
|------------------|-----------------------|
| OIL PRODUCTION | 755,549,168 Barrels |
| GAS PRODUCTION | 204,215,819 Mcf |
| WATER PRODUCTION | 3,117,441,515 Barrels |
| WATER INJECTION | 4,571,338,479 Barrels |

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

CALENDAR ITEM NO. C44 (CONT'D)

The economic values reflect the actual prices of the oil and gas sales. The net profit was influenced by the significant reduction in expenditures during the first quarter. The effect of these factors increased revenue generation and increased net profits over that predicted for the quarter. The major original planning assumptions were based on an average oil price of \$13.80 per barrel and an average gas price of \$2.10 per mcf. The average actual values reported were \$16.10 per barrel of oil and \$2.23 per mcf of gas. The comparisons of the estimated versus the actual economic factors for the first quarter of 1992-93 Fiscal Year are shown below and plotted in Exhibit B.

| | <u>ESTIMATED FIRST QUARTER</u> | <u>ACTUAL FIRST QUARTER</u> | <u>DIFFERENCE</u> |
|--------------------|--|-------------------------------------|-------------------|
| TOTAL REVENUE | \$59,925,000 | \$66,783,000 | (+) \$ 6,858,000 |
| TOTAL EXPENDITURES | \$46,176,000 | \$38,400,000 | (-) \$ 7,776,000 |
| NET PROFIT | \$13,749,000 | \$28,383,000 | (+) \$14,634,000 |

| <u>PROGRAM</u> | <u>AMENDED BUDGET</u> | <u>EXPENDITURES</u> | <u>PERCENT EXPENDED</u> |
|-------------------------|---------------------------|---------------------|-----------------------------|
| Development Drilling | \$ 51,616,000 | \$ 9,801,763 | 19.0 |
| Operating Expense | \$ 72,616,000 | \$15,882,072 | 21.9 |
| Other Plant | \$ 29,935,000 | \$ 5,614,164 | 18.8 |
| Staff Expense | \$ 22,546,000 | \$ 5,145,609 | 22.8 |
| Taxes, Leases & Permits | \$ 13,139,000 | \$ 1,956,448 | 14.9 |
| TOTAL | \$189,852,000 | \$38,400,055 | 20.2 |

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.

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.

EXHIBITS:

- A. Long Beach Unit, Fiscal 1992-93 Annual Plan Economic Factors
- B. Long Beach Unit, First Quarter 1992-93 Economic Factors
- C. Letter requesting approval of the First Amendment of the Annual Plan

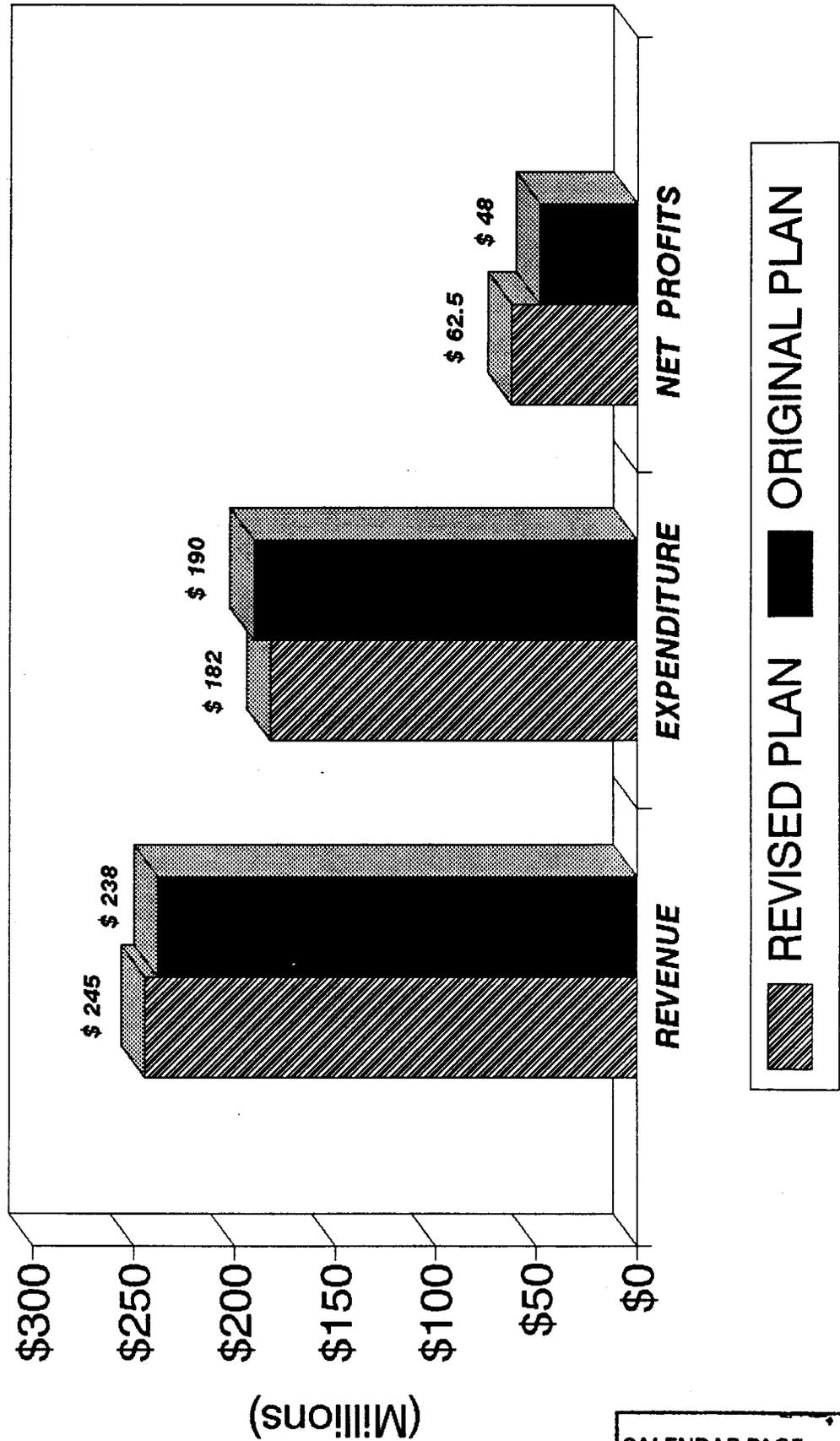
IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 AS A STATUTORILY 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 (JULY 1, 1992 THROUGH JUNE 30, 1993), REVISING ECONOMIC PROJECTIONS, OPTIMIZED WATERFLOOD AGREEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

LONG BEACH UNIT

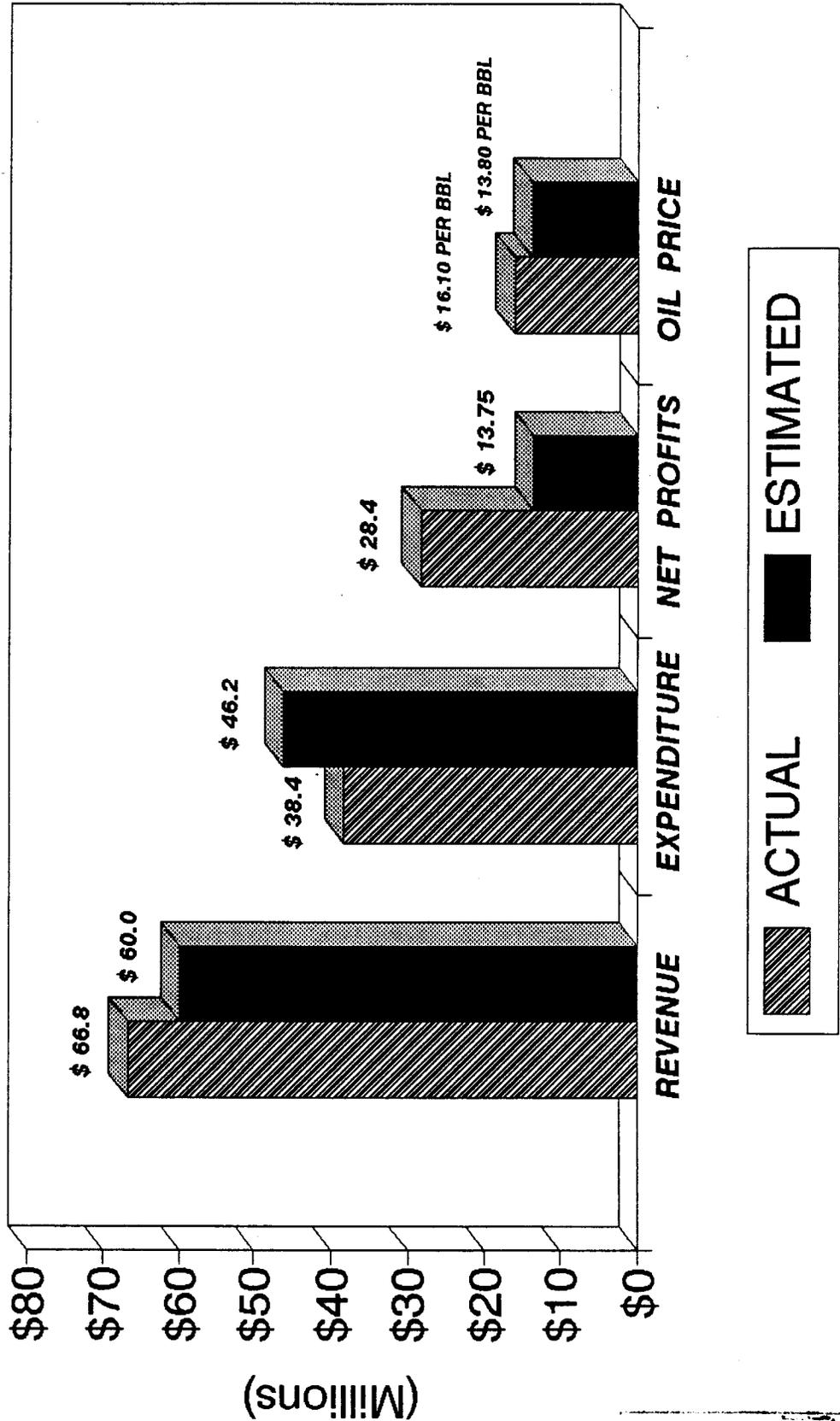
FISCAL YEAR 1992-93 ANNUAL PLAN

(REVISED DEC. 1992)



LONG BEACH UNIT

FIRST QUARTER 1992-93 FISCAL YEAR





CITY OF LONG BEACH

DEPARTMENT OF OIL PROPERTIES

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • 310/590-6354 • FAX 590-6191

December 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 (JULY 1, 1992 THROUGH JUNE 30, 1993)**

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 July 1, 1992 through June 30, 1993.

The First Amendment updates the economic projections and is based on data available through September 30, 1992. It does not change the latest approved budget of \$189,852,000.

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.

This budget is based on commitments and expenditures incurred in the five budget categories through the first quarter of the Plan Period.

Development Drilling Category

Three drilling rigs were active throughout the first quarter: one each on Grissom, White and Chaffee where they drilled or redrilled (both from surface and casing shoe) a total of six producers and ten injectors. Producer completions were: three in Upper Terminal 6 and one each in Ranger 6, UPF 90 and UPF 8. Injectors were: four in Ranger 90N; three in Ranger 7; and one each in Ranger 8a, Terminal 90N and Terminal 90S. The producers averaged 865 barrels of oil per day in October.

On September 30, 1992, the total number of wells was 1,244, of which 902 are producers and 342 are injectors. Excluded from these totals are 24 abandoned wells, 8 abandoned producers and 17 abandoned injectors.

The Development Drilling Category has a budget of \$51,616,000, of which \$9,801,763, or 19.0 percent, was expended.

Operating Expense Category

The Unit oil production rate averaged 44,129 bbls/day, which was 1,671 bbls/day less than originally estimated, and gas production averaged 8,843 mcf/day, which was 357 mcf/day less than originally estimated in the Major Planning Assumptions section of the Annual Plan. Oil shipments during the period averaged 43,868 bbl/day, while gas shipments averaged 8,825 mcf/day.

Water injection averaged 560,700 bbls/day, which was 2,100 bbls/day greater than originally estimated in the Major Planning Assumptions section of the Annual Plan.

The Operating Expense Category has a budget of \$72,616,000, of which \$15,882,071, or 21.9 percent, was expended.

Other Plant Category

The Other Plant Category has a budget of \$29,935,000, of which \$5,614,164, or 18.8 percent, was expended.

Staff Expense Category

The Staff Expense Category has a budget of \$22,546,000, of which \$5,145,609, or 22.8 percent, was expended.

Taxes, Leases & Permits Category

The Taxes, Leases & Permits Category has a budget of \$13,139,000, of which \$1,956,448, or 14.9 percent, was expended.

Total expenditures for the first quarter of the Plan period was \$38,400,000. The total estimated expenditures for the remainder of the Plan period are shown in the attachments.

Charles Warren
December 3, 1992
Page 3

Total Unit income for the first quarter of the Plan period was higher than anticipated. Net income was \$28,383,000 (compared to an estimate of \$13,749,000). The total Unit income for the Plan period is now estimated at \$62,529,000, \$14,634,000 higher than the \$47,895,000 projected when the Annual Plan was prepared.

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

A. ECONOMIC PROJECTIONS
(Data in Thousands of Dollars)

| | ACTUAL 1992 THIRD QTR | EST. 1992 FOURTH QTR | EST. 1993 FIRST QTR | EST. 1993 SECOND QTR | TOTAL |
|----------------------------|---|--|---|--|------------------|
| ACTUAL REVENUE | | | | | |
| Oil Revenue | \$64,976 | \$58,148 | \$56,884 | \$57,516 | \$237,524 |
| Gas Revenue | 1,807 | 1,777 | 1,739 | 1,758 | 7,081 |
| Total Revenue | \$66,783 | \$59,925 | \$58,623 | \$59,274 | \$244,605 |
| ACTUAL EXPENDITURES | | | | | |
| Development Drilling | \$9,802 | \$12,904 | \$12,904 | \$12,904 | \$48,514 |
| Operating Expense | 15,882 | 18,154 | 18,154 | 18,154 | 70,344 |
| Other Plant | 5,614 | 7,484 | 7,484 | 7,484 | 28,066 |
| Staff Expense | 5,146 | 5,636 | 5,637 | 5,637 | 22,056 |
| Taxes, Leases, and Permits | 1,956 | 4,790 | 1,560 | 4,790 | 13,096 |
| Total Expenditures | \$38,400 | \$48,968 | \$45,739 | \$48,969 | \$182,076 |
| NET PROFIT | \$28,383 | \$10,957 | \$12,884 | \$10,305 | \$62,529 |

B. MAJOR PLANNING ASSUMPTIONS

| | ACTUAL THIRD QUARTER 1992 | EST. FOURTH QUARTER 1992 | EST. FIRST QUARTER 1993 | EST. SECOND QUARTER 1993 | TOTAL |
|-------------------------------|--|---|--|---|--------------|
| OIL PRODUCTION SHIPPED | | | | | |
| (1,000 Bbl) | 4,036 | 4,214 | 4,122 | 4,168 | 16,540 |
| (B/D) | 43,868 | 45,800 | 45,800 | 45,800 | |
| GAS PRODUCTION SHIPPED | | | | | |
| (1,000 Mcf) | 812 | 846 | 828 | 837 | 3,323 |
| (Mcf/d) | 8,825 | 9,200 | 9,200 | 9,200 | |
| WATER PRODUCTION | | | | | |
| (1,000 Bbl) | 43,372 | 43,056 | 42,120 | 42,588 | 171,136 |
| (1,000 B/D) | 471 | 468 | 468 | 468 | |
| WATER INJECTION | | | | | |
| (1,000 Bbl) | 51,584 | 51,778 | 50,652 | 51,215 | 205,229 |
| (1,000 B/D) | 561 | 563 | 563 | 563 | |
| OIL PRICE (\$/Bbl) | \$16.10 | \$13.80 | \$13.80 | \$13.80 | |
| GAS PRICE (\$/Mcf) | \$2.23 | \$2.10 | \$2.10 | \$2.10 | |

NUMBER OF WELLS
AS OF SEPTEMBER 30, 1992

| | <u>Producers</u> | <u>Injectors</u> | <u>Total</u> |
|--------------------------------|------------------|------------------|--------------|
| Grissom | 188 | 69 | 257 |
| White | 159 | 72 | 231 |
| Chaffee | 202 | 87 | 289 |
| Freeman | 240 | 59 | 299 |
| Pier J (Inc. THX) | <u>113</u> | <u>55</u> | <u>168</u> |
| TOTAL | 902 | 342 | 1,244 |
| | | | |
| Tar V | 10 | 1 | 11 |
| Ranger (All Areas) | 692 | 279 | 971 |
| Upper & Lower Terminal VI,VII | 63 | 25 | 88 |
| Terminal (Blocks VIII, 90) | 58 | 19 | 77 |
| Union Pacific-Ford (All Areas) | 75 | 18 | 93 |
| 237 (All Areas) | <u>4</u> | <u>0</u> | <u>4</u> |
| TOTAL | 902 | 342 | 1,244 |

(Figures exclude 8 abandoned producers and 17 abandoned injectors.)

OIL PRODUCTION

| | <u>Average B/D</u> <u>7/1/92 - 9/30/92</u> | <u>Cumulative</u> <u>Bbls. 9/30/92</u> |
|---|---|---|
| Grissom | 8,436 | 132,033,174 |
| White | 8,717 | 127,578,469 |
| Chaffee | 11,327 | 158,608,737 |
| Freeman | 11,275 | 212,372,587 |
| Pier J (Inc. THX) | 4,374 | 124,956,201 |
| TOTAL | 44,129 | 755,549,168 |
| | | |
| Tar V | 53 | 1,168,942 |
| Ranger (All Areas) | 30,750 | 575,472,802 |
| Upper Terminal & Lower Terminal VI,VII | 4,880 | 59,769,359 |
| Terminal (Blocks VIII, 90) | 4,609 | 37,934,084 |
| Union Pacific-Ford (All Areas) | 3,837 | 77,345,370 |
| 237 (All Areas) | 0 | 3,858,611 |
| TOTAL | 44,129 | 755,549,168 |

GAS PRODUCTION

| | <u>Average Mcf</u> <u>7/1/92 - 9/30/92</u> | <u>Cumulative</u> <u>Bbls. 9/30/92</u> |
|---|---|---|
| Grissom | 1,052 | 19,427,808 |
| White | 1,554 | 31,655,027 |
| Chaffee | 2,108 | 54,877,756 |
| Freeman | 3,250 | 76,687,313 |
| Pier J (Inc. THX) | 879 | 21,567,915 |
| TOTAL | 8,843 | 204,215,819 |
| | | |
| Tar V | 58 | 455,744 |
| Ranger (All Areas) | 5,690 | 128,970,355 |
| Upper Terminal & Lower Terminal VI,VII | 853 | 7,368,177 |
| Terminal (Blocks VIII, 90) | 1,143 | 11,505,050 |
| Union Pacific-Ford (All Areas) | 1,099 | 51,651,224 |
| 237 (All Areas) | 0 | 4,265,269 |
| TOTAL | 8,843 | 204,215,819 |

WATER PRODUCTION

| | <u>Average B/D</u> <u>7/1/92 - 9/30/92</u> | <u>Cumulative</u> <u>Bbls. 9/30/92</u> |
|--|---|---|
| Grissom | 96,791 | 739,984,107 |
| White | 91,941 | 580,109,617 |
| Chaffee | 83,061 | 443,173,456 |
| Freeman | 121,137 | 719,952,539 |
| Pier J (Inc. THX) | 78,509 | 634,221,796 |
| TOTAL | 471,439 | 3,117,441,515 |
| | | |
| Tar V | 272 | 5,057,196 |
| Ranger (All Areas) | 406,970 | 2,713,682,947 |
| Upper Terminal & Lower Terminal VI, VII | 37,896 | 228,808,873 |
| Terminal (Blocks VIII, 90) | 14,749 | 53,192,139 |
| Union Pacific-Ford (All Areas) | 11,552 | 113,512,470 |
| 237 (All Areas) | 0 | 3,187,890 |
| TOTAL | 471,439 | 3,117,441,515 |

INJECTION WATER

| | <u>Average B/D</u> <u>7/1/92 - 9/30/92</u> | <u>Cumulative</u> <u>Bbls. 9/30/92</u> |
|--|---|---|
| Grissom | 138,041 | 1,058,984,887 |
| White | 114,362 | 901,467,415 |
| Chaffee | 108,352 | 961,558,973 |
| Freeman | 115,627 | 808,127,086 |
| Pier J (Inc. THX) | 84,318 | 841,200,118 |
| TOTAL | 560,700 | 4,571,338,479 |
| | | |
| Tar V | 315 | 12,331,417 |
| Ranger (All Areas) | 485,831 | 3,954,034,162 |
| Upper Terminal & Lower Terminal VI, VII | 40,967 | 292,345,950 |
| Terminal (Blocks VIII, 90) | 18,568 | 130,211,019 |
| Union Pacific-Ford (All Areas) | 15,019 | 182,415,931 |
| 237 (All Areas) | 0 | 0 |
| TOTAL | 560,700 | 4,571,338,479 |