

MINUTE ITEM
 This Calendar Item No. C39
 was approved as Minute Item
 No. 39 by the State Lands
 Commission by a vote of 3
 to 0 at its 4-28-93
 meeting.

CALENDAR ITEM

C39

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Reid

LONG BEACH UNIT PROGRAM PLAN (JULY 1993 - JUNE 1998)
 LONG BEACH UNIT ANNUAL PLAN (JULY 1, 1993 - JUNE 30, 1994)
 LONG BEACH UNIT, WILMINGTON OIL FIELD,
 LOS ANGELES COUNTY

In accordance with Chapter 941 of the Statutes of 1991 (AB 227) and the Agreement for Implementation of an Optimized Waterflood Program for the Long Beach Unit, the Long Beach Unit Program Plan (July 1, 1993 to June 30, 1998) and the Long Beach Unit Annual Plan (July 1, 1993 - June 30, 1994) have been submitted by the City of Long Beach to the State Lands Commission for approval.

The City Council of the City of Long Beach at its meeting on March 16, 1993, adopted the proposed Program Plan and Annual Plan and authorized their submittal formally on March 16, 1993 to the State Lands Commission for consideration and approval. The Commission has 45 days following the formal submission of the Program Plan and the Annual Plan to take action. If no action is taken, the plans are deemed to be approved as submitted.

The economic projections for the period July 1, 1993 through June 30, 1998 as presented by the City are shown below:

(Data in thousands of dollars)

<u>PERIOD</u>	<u>TOTAL INCOME OIL AND GAS</u>	<u>EXPENDITURES</u>	<u>NET INCOME</u>
FY 93 - 94	\$ 231,000	\$ 169,000	\$ 62,000
FY 94 - 95	\$ 240,200	\$ 170,600	\$ 69,600
FY 95 - 96	\$ 245,400	\$ 171,500	\$ 73,900
FY 96 - 97	\$ 250,600	\$ 171,900	\$ 78,700
FY 97 - 98	\$ 250,600	\$ 171,500	\$ 79,100
TOTAL	\$1,217,800	\$854,500	\$ 363,300

As presented, the Long Beach Unit Program Plan and Annual Plan include anticipated range and rates of production, expenditures, revenues and net profits for the Unit as projected by the City of Long Beach Department of Oil Properties. The City has estimated, in the Program Plan, that the Unit net income from July 1993 through June 1998 will be \$363,300,000 after total expenditures of \$854,500,000. This income will be generated primarily from oil revenues based on production forecasts ranging from approximately 44,400 BOPD in FY 1993/1994 to approximately 48,000 BOPD in FY 1997/1998. These production forecasts are based on the assumption that the drilling activity will remain constant at three active drilling rigs until FY 1997/1998 when only two rigs may be needed to drill an anticipated 45 wells. Presently, three rigs are active. Revenues for this period are based on an oil price of \$13.80/barrel. The expenditure level estimated during this period includes a significant portion of the \$100,000,000 which ARCO has committed to the design and implementation of the Optimized Waterflood Program. Oil prices are presently at \$13.50±/barrel, and have been at that level since the first week of March 1993.

The Commission staff has reviewed the Program Plan and Annual Plan as submitted by the City and believes that these plans provide an engineering framework to meet the objectives of the Optimized Waterflood Agreement and are based on all engineering, geologic and economic information available at the time that the plans were prepared and that the budgets contained in the Annual Plan are consistent with the Program Plan. Engineers representing the State, City, THUMS, and ALBI agree that the objectives will be met in all areas of interest, including those of good oil field practice, proper reservoir management, safety to employees and the public, and environmental protection, through active participation by all parties at Unit forums, Engineering Committee meetings, at Voting Party Committee meetings, and during events as they occur in the field.

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

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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.

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 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. FIND THAT THE LONG BEACH UNIT PROGRAM PLAN (JULY 1993 - JUNE 1998) AND THE LONG BEACH UNIT ANNUAL PLAN (JULY 1, 1993 - JUNE 30, 1994) HAVE BEEN PREPARED IN ACCORDANCE WITH PROVISIONS OF SECTION THREE OF CHAPTER 941, STATUTES OF 1991, AND SECTIONS 2.03 AND 2.05 OF THE AGREEMENT FOR IMPLEMENTATION OF AN OPTIMIZED WATERFLOOD PROGRAM FOR THE LONG BEACH UNIT.
3. APPROVE THE LONG BEACH UNIT PROGRAM PLAN (JULY 1993 - JUNE 1998) AND THE LONG BEACH UNIT ANNUAL PLAN (JULY 1, 1993- JUNE 30, 1994).

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