

This Calendar Item No. C51
 was approved as Minute Item
 No. 51 by the State Lands
 Commission by a vote of 3
 to 0 at its 4/6/94
 meeting.

CALENDAR ITEM

C51

A 57, 58

S 29

04/06/94
 W 17108
 Landry

**APPROVE THE LONG BEACH UNIT ANNUAL PLAN
 (JULY 1, 1994 - JUNE 30, 1995)
 LONG BEACH UNIT, WILMINGTON OIL FIELD,
 LOS ANGELES COUNTY**

BACKGROUND:

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 Annual Plan (July 1, 1994 - June 30, 1995) has been submitted by the City of Long Beach to the State Lands Commission for approval.

The City Council of the City of Long Beach (City) at its meeting on March 8, 1994, adopted the proposed Annual Plan and formally authorized its submittal on March 8, 1994 to the State Lands Commission (Commission) for consideration and approval. The Commission has 45 days following submission of the Annual Plan to take action. If no action is taken, the plan is deemed to be approved as submitted.

The economic projections for the period July 1, 1994 through June 30, 1995 as presented by the City are shown on the attached Exhibit "A" and below:

REVENUE:	\$193,247,000
EXPENDITURES:	\$143,103,000
NET INCOME:	\$ 50,144,000

This plan is not consistent with the 1993-98 Five Year Plan due to lower than expected oil prices. Exhibits "A" and "B" summarizes the deviations in the financial and planning assumptions which have been necessary as a result. Projected Revenue, Expenditures, Net Profit, and rig-related activity have all been reduced to correspond with a significant (-\$2.30/bbl) reduction in the projected oil price.

As presented, the Long Beach Unit Annual Plan includes anticipated rates of production, expenditures, revenues, and net profits for the Unit as projected by the City. The City has estimated that the Unit net income for the 1994-95 fiscal year will be \$50,144,000 after total expenditures of \$143,103,000. This income will be generated primarily from oil revenues based on a forecast production rate of 44,055

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BOPD. This production rate is based on an assumption of 39 new and redrilled wells with one to two active rigs. At the present time, one rig is active. Revenues for the fiscal year are based on an oil price of \$11.50/barrel, which is within a reasonable range of probability. The \$2.30/barrel decrease in oil price has resulted in a \$19,456,000 reduction in the Unit net profit forecast originally contained in the Five Year Program Plan. Long Beach Unit crude is currently priced in the \$10.75/barrel range. Attachment "B" is a graphical representation of the deviations from the original Five Year Program Plan due to lower than anticipated oil prices.

The Commission staff has reviewed the Annual Plan as submitted by the City and believes that it provides an engineering framework to meet the objectives of the Optimized Waterflood Agreement and is based on all engineering, geologic, and economic information available at the time of preparation. 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 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. Comparison of Annual Plan to Five Year Plan
- B. Fiscal Year 1994-95 Financial Projections

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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. APPROVE THE LONG BEACH UNIT ANNUAL PLAN FOR THE PERIOD JULY 1, 1994 THROUGH JUNE 30, 1995.

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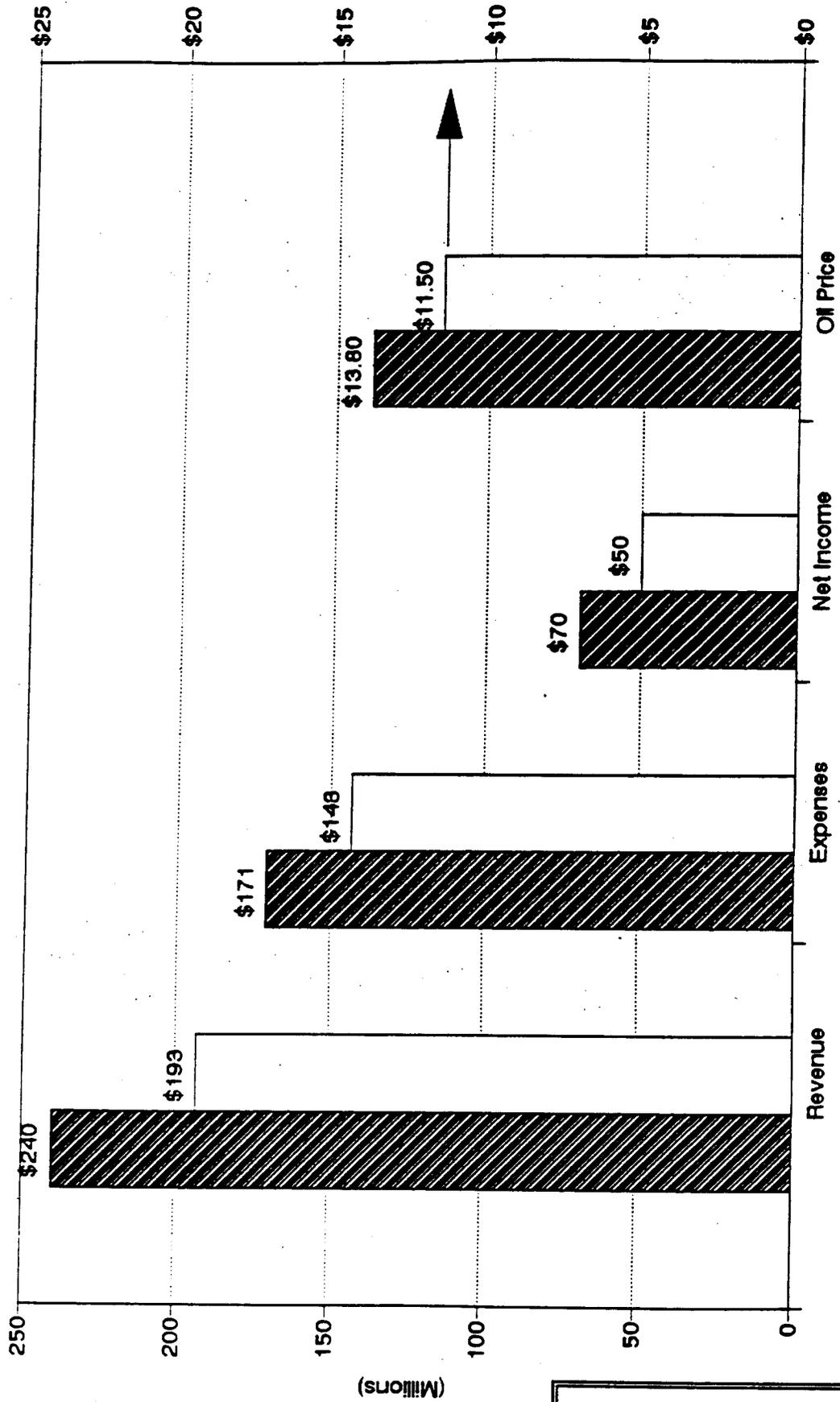
Comparison of Annual Plan to Five Year Plan

Item	5-Year Plan	FY95 Annual Plan	Deviation
Revenue	\$240,200,000	\$193,247,000	(\$46,953,000)
Expenditures	\$170,600,000	\$143,103,000	(\$27,497,000)
Net Profit	\$69,600,000	\$50,144,000	(\$19,456,000)
Oil Price	\$13.80	\$11.50	(\$2.30)
Gas Price	\$2.10	\$2.50	\$0.40
No. Wells Drilled/RD	65-70	39	(26-31)
Active Rigs	3	2	(1)
Producers Planned	25-35	10-20	(15)
Injectors Planned	30-40	20-30	(10)

Long Beach Unit

FISCAL YEAR 1994-95 ANNUAL PLAN

March 1994



DOLLARS

(Millions)

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