

MINUTE ITEM

This Calendar Item No. 113 was approved as
Minute Item No. 113 by the California State Lands
Commission by a vote of 3 to 0 at its
4/24/01 meeting.

**Minute Item
113**

04/24/01
W 17155
A. Reid

**CITY OF LONG BEACH
(APPLICANT)**

Regular Item 113: Presentation was made to Commissioners on the annual plan and budget for Long Beach and asked to approve the five-year program plan and also the Long Beach unit annual plan. The item was approved as presented.

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**CALENDAR ITEM
113**

A 54

S 27

04/24/01
W 17155
A. Reid

**APPROVE THE LONG BEACH UNIT PROGRAM PLAN
(JULY 1, 2001 THROUGH JUNE 30, 2006),
AND THE LONG BEACH UNIT ANNUAL PLAN
(JULY 1, 2001 THROUGH JUNE 30, 2002)
LONG BEACH UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY**

APPLICANT:

City of Long Beach
Attn.: Mr. Dennis M. Sullivan, Director
Department of Oil Properties
211 East Ocean Boulevard, Suite 500
Long Beach, CA 90802

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 Program Plan (July 1, 2001 through June 30, 2006) and the Long Beach Unit Annual Plan (July 1, 2001 through June 30, 2002) have been submitted by the City of Long Beach (City) to the California State Lands Commission (Commission).

At its meeting on February 27, 2001, the Long Beach City Council adopted the proposed Annual Plan and authorized its submittal to the Commission for consideration and approval. The Commission has 45 days following formal submission of the Annual Plan to take action. If no action is taken, the Program Plan and Annual Plan are deemed to be approved as submitted. The economic projections for the period July 1, 2001 through June 30, 2006 (as presented by the City) are shown below:

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ALL FIGURES ARE IN MILLIONS OF DOLLARS			
PERIOD	TOTAL REVENUE	EXPENDITURES	NET INCOME
FY 01-02	240.4	223.8	16.6
FY 02-03	271.3	194.1	77.2
FY 03-04	224.1	184.2	39.9
FY 04-05	202.4	170.3	32.1
FY 05-06	184.6	160.2	24.4
TOTAL	1,122.8	932.6	190.2

As presented, the Long Beach Unit Program Plan includes anticipated rates of production, revenues, expenditures, and net profits for the Unit as projected by the City of Long Beach Department of Oil Properties. The City has estimated that the Unit net income from July 1, 2001 through June 30, 2006, will be \$190.2 Million, after total Expenditures of \$932.6 Million. This income is based on a forecasted oil price of \$17.00 per barrel over the five-year plan period. This income will be generated primarily from oil revenues based on production forecasts ranging from 36,300 barrels of oil per day (BOPD) in Fiscal Year 2001/2002 to approximately 27,900 BOPD in FY 05/06. These production rates are based on the assumption that development drilling will include 29 wells per year for Fiscal Year 2001/2002 and Fiscal Year 2002/2003, with continued drilling of 22 wells in Fiscal Year 2003/2004, 13 wells in Fiscal Year 2004/2005 and 11 wells in Fiscal Year 2005/2006.

The Program Plan as submitted contains capital investment, operating expenses and associated cost savings for the construction and operation of a natural gas fired electrical power generation plant. THUMS/OXY, City of Long Beach and Commission staff are jointly evaluating this project. Joint approval from OXY the City of Long Beach and Commission staff will be required prior to any money being expended on this project.

Commission staff has reviewed the Program Plan and 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

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engineering, geologic, and economic information available at the time of preparation. Engineers representing the State, City, THUMS, and OXY agree that 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, Voting Party Committee meetings, and during events as they occur in the field.

OTHER PERTINENT INFORMATION

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 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 the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

EXHIBIT:

- A. Letter from the City of Long Beach requesting approval of the Long Beach Unit Program Plan (July 1, 2001 through June 30, 2006) and the Long Beach Unit Annual Plan (July 1, 2001 - June 30, 2002).

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

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APPROVE THE LONG BEACH UNIT PROGRAM PLAN (JULY 1, 2001 - JUNE 30, 2006) AND THE LONG BEACH UNIT ANNUAL PLAN (JULY 1, 2001 - JUNE 30, 2002) SUBJECT TO THE CONDITION, AS AGREED TO BY THUMS/OXY, THE CITY OF LONG BEACH AND THE COMMISSION. THAT NO MONEY WILL BE EXPENDED ON THE POWER GENERATION PLANT WITHOUT THE PRIOR APPROVAL OF THUMS/OXY, THE CITY OF LONG BEACH AND THE EXECUTIVE OFFICER OF THE CALIFORNIA STATE LANDS COMMISSION.

**CITY OF LONG BEACH**

DEPARTMENT OF OIL PROPERTIES

211 EAST OCEAN BOULEVARD, SUITE 500 • LONG BEACH, CALIFORNIA 90802 • (562) 570-3900 • FAX 570-3922

March 16, 2001

Mr. Paul B. Mount II, P.E.
Chief, Mineral Resources Management Division
California State Lands Commission
200 Oceangate, 12th Floor
Long Beach, CA 90802-4331

SUBJECT: SUBMISSION OF THE LONG BEACH UNIT PROGRAM PLAN (JULY 2001 - JUNE 2006) AND THE LONG BEACH UNIT ANNUAL PLAN (JULY 1, 2001 - JUNE 30, 2002)

Dear Mr. Mount:

The City of Long Beach, as Unit Operator of the Long Beach Unit, and in accordance with Chapter 138, Section 5, Chapter 941, Section 3, and the Agreement for Implementation of an Optimized Waterflood Program for the Long Beach Unit, Article 2, submits ten copies each of the Long Beach Unit Program Plan (July 2001 - June 2006) and the Long Beach Unit Annual Plan (July 1, 2001 - June 30, 2002).

The Program Plan and the Annual Plan were approved by the Long Beach City Council on February 27, 2001. If you have any questions, please contact Mr. Bob Rawnsley at (562) 570-3961.

Sincerely,

Dennis M. Sullivan
Director

DMS:RJR

Enclosures

cc: P. D. Thayer
A. V. Hager
F. O. Ludlow
F. Komin
R. A. Alesso

FIN 312.006

