

MINUTE ITEM

5/29/69

45. APPROVAL TO ENTER INTO A CONTRACTUAL AGREEMENT TO UPDATE A COMPUTER PROGRAM FOR THE LONG BEACH OPERATIONS - W.O. 5200.209.2.

After consideration of Calendar Item 14 attached, and upon motion duly made and carried, the following resolution was adopted:

THE TRANSFER OF FUNDS IS AUTHORIZED TO UPDATE THE S.I.P. COMPUTERIZED ECONOMIC FORECASTING PROGRAM FOR ECONOMIC CONTROL OF THE LONG BEACH UNIT, AND THE EXECUTIVE OFFICER IS AUTHORIZED TO CALL FOR BIDS AND TO ACCEPT THE LOWEST BID AT A COST NOT TO EXCEED \$26,000.

Attachment

Calendar Item 14 (1 page)

14.

APPROVAL TO ENTER INTO A CONTRACTUAL AGREEMENT TO UPDATE A COMPUTER PROGRAM FOR THE LONG BEACH OPERATIONS - W.O. 5200.209.2.

The staff of Long Beach Operations, in order to provide more effectively for economic control of the Long Beach Unit, as charged in Chapter 138, 1964, 1st. E.S., and to make more efficient use of professional working time and to expedite revenue forecasting, needs to update the computerized State Interest Program (S.I.P.).

As the Long Beach Unit develops, more and more demands are being made upon the staff of Long Beach Operations to make detailed economic studies and forecasts. These studies and forecasts require many hours of routine machine calculations. With a sophisticated computerized economic forecasting program, these large-volume routine calculations could be made more efficiently and effectively. This routine calculation work consumes the equivalent of about \$7500 a year in man-hours. More importantly, it diverts the engineering effort away from the supervision of the State's economic interest in the oil field. Lack of time to make proper reservoir and development studies could lead to significant losses in revenue. A one-percent loss in barrels-of-oil recovery in the Long Beach Unit represents about 8 million barrels of oil, or the equivalent of about \$20 million in gross revenue.

The originally prepared S.I.P. program was written for the early stages of oil field development. As the development program decreases in emphasis, the oil operations enter a new phase, which requires new concepts that must be incorporated to update the program. It is anticipated that the computer program updating will cost about \$26,000. The current year budget provides \$12,000 for data processing, which amount would require supplements of \$8000 from Consultant Fees, \$4000 from Rent, and \$2000 from Communications by transfer.

The specifications for the program are currently being prepared and will be submitted to at least three service companies for competitive bid. Investigations are also being made as to the possibility of using other State agency facilities to do the work. After comparison of bids and qualifications, the bid will be awarded to the lowest qualified bidder.

IT IS RECOMMENDED THAT THE TRANSFER OF FUNDS BE AUTHORIZED TO UPDATE THE S.I.P. COMPUTERIZED ECONOMIC FORECASTING PROGRAM FOR ECONOMIC CONTROL OF THE LONG BEACH UNIT, AND THAT THE EXECUTIVE OFFICER BE AUTHORIZED TO CALL FOR BIDS AND TO ACCEPT THE LOWEST BID AT A COST NOT TO EXCEED \$26,000.