

CALENDAR ITEM NO. 29

DATE 1/12/76

CALENDAR ITEM

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29.

FOURTH MODIFICATION OF THE 1975-1976 PLAN OF DEVELOPMENT  
AND OPERATIONS AND BUDGET, LONG BEACH UNIT,  
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach and the Division have prepared the Fourth Modification of the Plan of Development and Operations and Budget, Long Beach Unit, July 1, 1975, through June 30, 1976, providing updated production, injection, expenditure, and revenue information, together with revised economic projections.

The Fourth Modification sets forth the First Quarterly revision of Exhibits C-3 and C-4 in PART V of the 1975-1976 Plan and Budget. The Plan provides that exhibits showing estimated oil, gas and water production rates, water injection rates, expenditures, and resulting Long Beach Unit net revenue shall be reviewed quarterly by the City of Long Beach and the Division, and modified as necessary. This Modification does not require augmentation nor transfer of funds within the Budget for the Long Beach Unit.

The average oil production rate during the first quarter was 107,200 B/D, slightly higher than the previously estimated rate of 105,800 B/D. Actual rate of gas production averaged 25,900 MCF/D, somewhat higher than the 24,500 MCF/D estimated rate. The first quarter water injection rate of 569,000 B/D was 96,000 B/D below the 665,000 B/D estimated rate.

The economic projections indicate that the income attributed to the Long Beach Unit during the first quarter was \$28,257,000, slightly higher than the \$27,752,000 previously estimated.

The estimated Unit income for the entire 1975-1976 fiscal year is now estimated to be \$89,319,000, which is lower than the \$97,070,000 originally estimated. This reflects the \$5,731,000 investment fund carry-in to the 1975-1976 Budget, and approved augmentations of \$440,000 for submarine pipeline repair (First Modification) and payment of a \$172,000 judgment resulting from rental of a mud barge (Second Modification). The carry-in amount was not known at the time of initial budget approval in April, 1975.

In addition, a downward adjustment in oil and gas production is expected to reduce Long Beach Unit revenue by \$1,408,000. The revenue forecast that was submitted to the Department of Finance in October provided for these adjustments and therefore remains unchanged.

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The Division has reviewed the Fourth Modification and finds that the estimated production, injection, expenditures and revenue shown in the revised Exhibits C-3 and C-4 are reasonable.

When second quarter information becomes available it will be reviewed by the City of Long Beach and the Division. A Modification of the Plan and Budget incorporating the updated information, together with revised economic projections will be presented to the Commission.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE FOURTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1975 THROUGH JUNE 30, 1976.