

MINUTE ITEM

The Calendar Item No. 26
was approved as a Minute Item
by the City Council
Commission by a vote of 3
to 0 at its 2/24/77
meeting.

CALENDAR ITEM

2/77
WMT

26.

FIFTH MODIFICATION OF THE 1976-1977 PLAN OF DEVELOPMENT AND
OPERATIONS AND BUDGET, LONG BEACH UNIT,
TILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach and the Division have prepared the Fifth Modification of the Plan of Development and Operations and Budget, Long Beach Unit, July 1, 1976, through June 30, 1977, providing updated production, injection, expenditure, and revenue information, together with revised economic projections.

The Fifth Modification revises exhibits C-3 and C-4 in PART V of the subject Plan and Budget based on data available through the second quarter of the fiscal year. PART IV PROCEDURES, of the Plan and Budget, 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 satisfies that provision. It does not result in a budget augmentation nor transfer of funds within the existing Unit Budget.

The average oil production rate during the second quarter was 87,412 B/D which is 10,338 B/D below the previously estimated rate of 97,750 B/D. The actual gas production averaged 16,707 MCF/D, 3,152 MCF/D lower than the 19,859 MCF/D estimated rate. The third quarter water injection rate of 517,258 B/D was 62,742 B/D below the previously estimated 580,000 B/D rate.

Net income to the Long Beach Unit during the second quarter was \$31,088,000, or \$9,801,000 higher than estimated when the original Plan and Budget was prepared early in 1976. This increase is the result of higher prices received for crude oil production.

As of the end of the second quarter, Long Beach Unit income for the entire 1976-1977 fiscal year is estimated to be \$109,716,000, or \$17,160,000 above the original estimate. It is anticipated that future revision of Exhibit C-4 for the 1976-1977 fiscal year will indicate even higher Unit income, because certain budgeted investment funds will not be expended during the present fiscal year but will be carried forward into the 1977-1978 fiscal year. This might be offset, however, in the event of an adverse ruling on pending litigation over the gravity differential adjustment on crude oil price.

The Division has reviewed the Fifth Modification and finds that the estimated production, injection, expenditures and revenue shown in the revised exhibits are reasonable.

When third quarter 1976-1977 fiscal year information becomes available, it will be reviewed by the City of Long Beach and

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the Division and reported to the Commission.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE FIFTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1976, THROUGH JUNE 30, 1977.