

MINUTE ITEM

This Calendar Item No. 25
was approved as Minute Item
No. 25 by the State Lands
Commission by a vote of 3
to 0 at its 2/26/77
meeting.

CALENDAR ITEM

7/77
WMT

25.

FIRST MODIFICATION OF THE 1977-1978 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 First Modification of the 1977-1978 Plan of Development and Operations and Budget for the Long Beach Unit.

The First Modification revises the Economic Projections, Exhibits C-3 and C-4, in PART V of the subject Plan and Budget, based on data available as of July 1977. The revision of the Economic projections does not augment or transfer funds within the Budget. Revision of the Economic Projections, including addition of the carry-over funds was anticipated and reported to the Commission when the 1977-1978 Plan and Budget was approved by the Commission at its April 28, 1977 meeting.

Pursuant to PART IV E.2, of the 1977-1978 Plan and Budget, the Executive Officer by letter dated June 28, 1977, transmitted the finalized carry-over of investment projects to the Long Beach City Manager. A carry-over occurs each fiscal year because of the need to commit investment funds in advance of actual expenditures and the delay in billing after completion of a project. This provides sufficient time for engineering design, ordering of long lead time equipment, bidding and construction before actual expenditures are made. This carry-over increased the 1977-1978 Long Beach Unit Budget to a total of \$82,737,000.

Total Unit oil and gas income for the 1977-1978 fiscal year is now estimated to be \$161,347,000. This is \$29,839,000 below the original estimate and is the result of a production decline, an adverse summary judgment on the valuation of lower tier crude oil in the tideland oil net profits accounts and the rollback of upper tier crude oil prices. Estimated expenditures for the Unit have been increased from \$77,087,000 to \$82,737,000. This increase reflects the above mentioned \$5,650,000 carry-over of investment projects but without any consideration of the carry-out of any funds to next years' budget. The resulting net income for the Long Beach Unit is now estimated to be \$78,610,000 or \$35,489,000 below the original estimate of \$114,099,000 prepared in February 1977.

These economic estimates pertain to the Long Beach Unit as a whole. A major portion of the oil revenue is shared between the State and the City of Long Beach, pursuant to Chapter 138/64 1st E.S. 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 any necessary modification will be reported to the Commission.

A 52, 57, 58
S 27, 31

CALENDAR ITEM NO. 25. (CONTD)

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE FIRST
MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND
BUDGET, LONG BEACH UNIT, JULY 1, 1977 THROUGH JUNE 30, 1978.