

MINUTE ITEM

This Calendar Item No. 28  
was approved as Minute Item  
No. 28 by the State Lands  
Commission by a vote of 3  
to 0 at its 3/23/89  
meeting.

CALENDAR ITEM

A 57, 58

28

03/23/89

S 29

W 17096

Mount

1989-90 PLAN OF DEVELOPMENT  
AND OPERATIONS AND BUDGET, LONG BEACH UNIT,  
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

Section 5, Chapter 138, Statutes of 1964, 1st E.S., and Article 4 of the Long Beach Unit Agreement require adoption by the City of Long Beach of an annual Plan of Development and Operations and Budget for the Long Beach Unit. The Plan and Budget is then to be submitted to the State Lands Commission at least 100 days prior to submission to the participants of the Long Beach Unit before the start of the Plan Year on July 1, 1989.

The Commission has 45 days after submittal to take action. If no action is taken, the Plan and Budget is deemed to be approved as submitted. The Commission may affirmatively approve the Plan and Budget or modify it after holding a formal hearing. Under Section 5(g), the Plan and Budget may be modified upon mutual agreement by the City and the Commission.

The City Council of the City of Long Beach at its meeting on March 21, 1989, adopted this proposed Plan of Development and Operations and Budget for 1989-90, and authorized its submittal to the State lands Commission for consideration and approval. The Plan and Budget was submitted to the State by the City on March 21, 1989.

CALENDAR ITEM NO. 28 (CONT'D)

As presented, the 1989-90 Long Beach Unit Plan and Budget provides for expenditures of \$137,321,000. The six budget programs are as follows:

(Thousand of Dollars)

<u>PROGRAM</u>	<u>ADMINISTRATIVE</u> <u>INVESTMENTS</u>	<u>EXPENSE</u>	<u>OVERHEAD</u>	<u>TOTAL</u>
A. Drilling & Development	7,567	12,148	789	20,504
B. Oil & Gas Production	1,396	52,993	2,176	56,565
C. Enhanced Recovery and Stimulation	-0-	-0-	-0-	-0-
D. Water Injection	1,035	21,934	827	23,796
E. Management	1,960	18,563	825	21,348
F. Taxes, Pmts. & Land Rents	<u>-0-</u>	<u>15,025</u>	<u>83</u>	<u>15,108</u>
Total	11,956	120,663	4,700	137,321

Exhibits 1 through 6 attached show recent expenditure trends in the five funded Budget Programs and the total Budget together with the funding level requested by the City for the 1989-1990 Budget year. Trend analysis indicates an excess of \$10,000,000 in the 1989-90 Budget, which, if correct, will accrue to the benefit of the State at the end of the budget year. The excess is concentrated in Program A, Drilling and Development (Exhibit 2), and Program E, Management (Exhibit 5), and is appreciably above the current years projected spending in these programs. The proposed Drilling Program funding is well above the current level even though the activity level, two drilling rigs, is the same. The impact of the extra funding in the Management Program is shown in the extrapolated cost per barrel of oil curve on Exhibit 7.

The cost trends of the Oil & Gas Production and Water Injection Programs on a per barrel of fluid are shown on Exhibits 8, 9 and 10. A similar trend curve of the Oil and Gas Production, Water Injection and Management Program costs as a per barrel of produced oil cost is shown on Exhibit 11.

CALENDAR ITEM NO. 28 (CONT'D)

The Commission staff has met with the City on the Long Beach Unit 1989-1990 Plan and Budget. Although there are differences between the staffs on certain elements in the Plan and certain budgeted funds, past experience has demonstrated that operational realities often reconcile differences in budget predictions. During the year after more detailed plans and economic justifications have been made, resolutions will be accomplished. The majority of these will be handled in the Unit Engineering and Voting Party Committees.

Exhibits C-3 and C-4 to the Plan show anticipated production rates, expenditures, revenues and net profit for the Unit as projected by the City of Long Beach Department of Oil Properties. The City has estimated that the Unit will generate a net revenue of \$67,619,000 based on an average production rate of 46,500 barrels per day and a February 1, 1989 oil price of \$11.65 a barrel. The actual and estimated future oil rates are shown on Exhibit 12. The actual and estimated monthly revenue and costs are shown on Exhibit 13.

AB 884: N/A.

EXHIBITS:

1. Total Budget Expenditures.
2. Drilling and Development Program Expenditures (Program A).
3. Oil and Gas Production Program Expenditures (Program B).
4. Water Injection Program Expenditures (Program D).
5. Management Program Expenditures (Program E).
6. Taxes, Permits, and Land Rental Program Expenditures (Program F).
7. Program E Costs \$ Per Barrel Oil.
8. Program B Costs \$ Per Barrel Oil.
9. Program B. Costs \$ Per Barrel Gross Fluid.
10. Program D. Costs \$ Per Barrel Injected Water.
11. Programs B, D, & E Costs Per Barrel Oil.
12. Oil Production Rate.
13. Oil Revenue and Costs.

IT IS RECOMMENDED THAT THE COMMISSION:

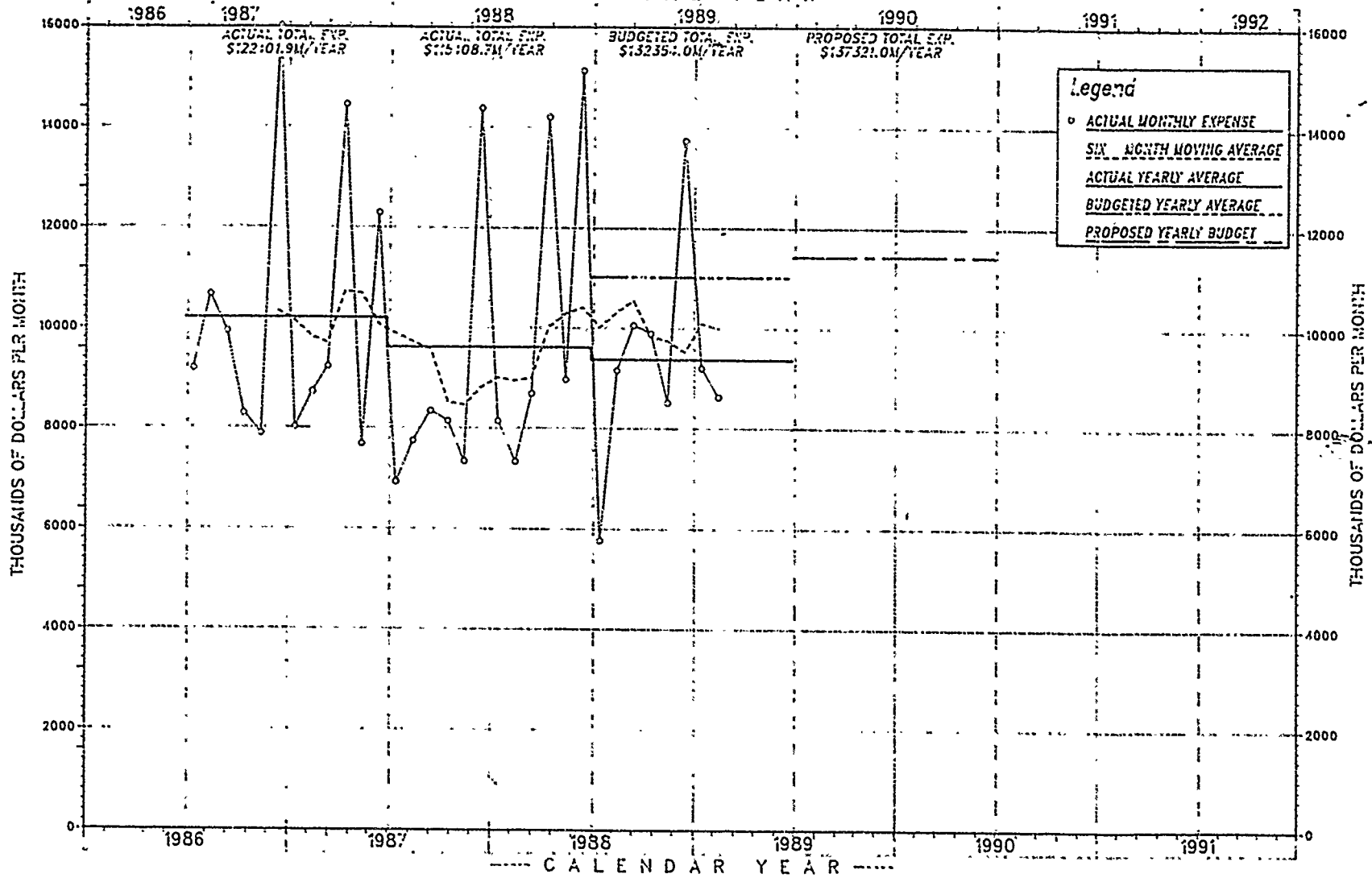
1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL CODE REGS. 15061 AS A STATUTORY EXEMPT PROJECT PURSUANT TO P.R.C. 21169 AND 14 CAL. CODE REGS. 15261, AN ACTIVITY INVOLVING AN ONGOING PROJECT.
2. APPROVE THE 1989/90 PLAN OF OPERATIONS AND BUDGET FOR THE LONG BEACH UNIT, WILMINGTON OIL FIELD.

CALENDAR PAGE	138.2
MINUTE PAGE	887

# L O N G B E A C H U N I T

EXHIBIT 1

TOTAL BUDGET ---- INCLUDING ADMIN. OVERHEAD  
----- FISCAL YEAR -----



CALENDAR PAGE 138.3  
MINUTE PAGE 888

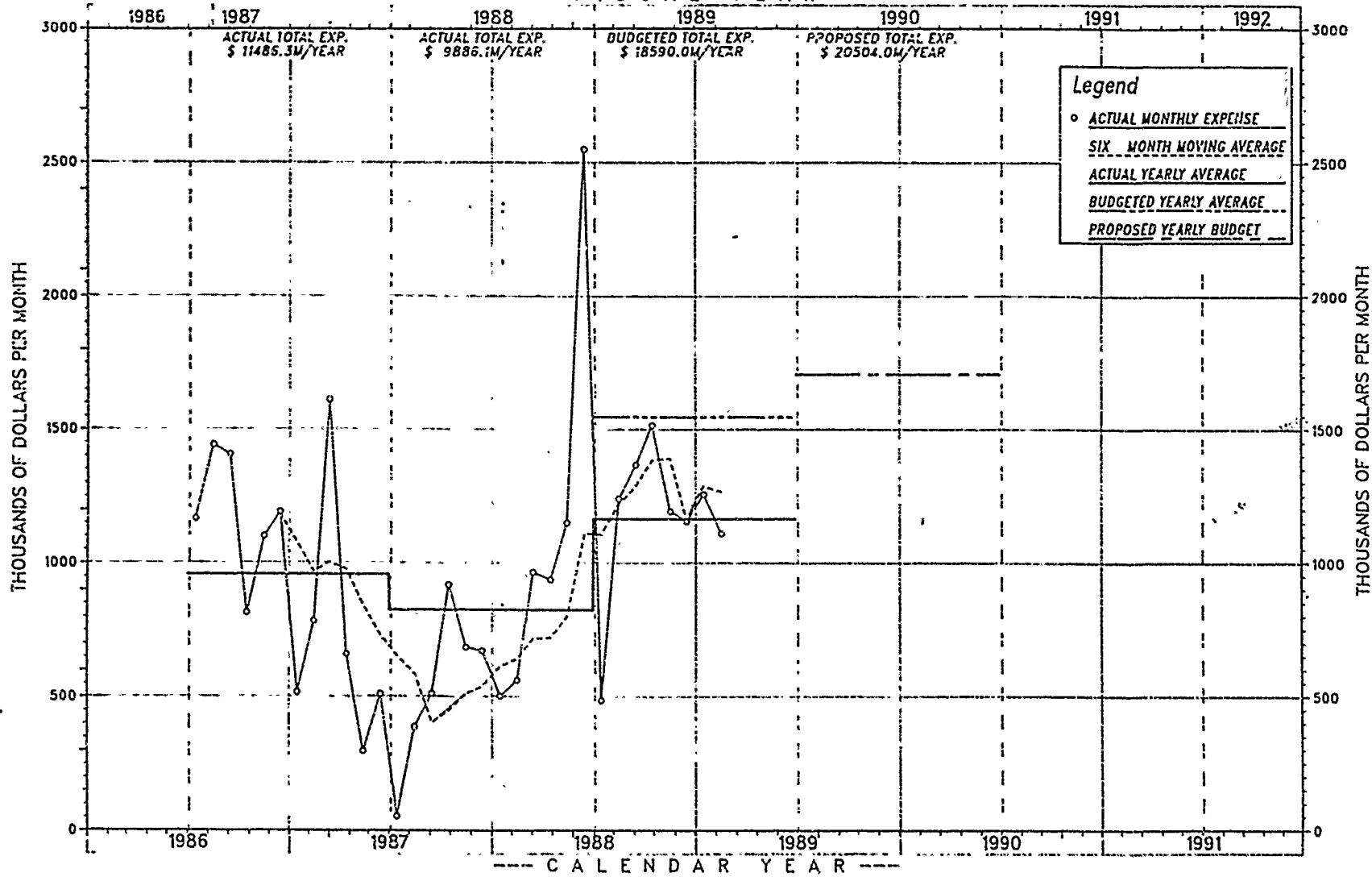
March 14 1989

# LONG BEACH UNIT

DRILLING & DEVELOPMENT PROGRAM

EXHIBIT 2

PROGRAM A  
FISCAL YEAR



CALENDAR PAGE 138.4  
MINUTE PAGE 889

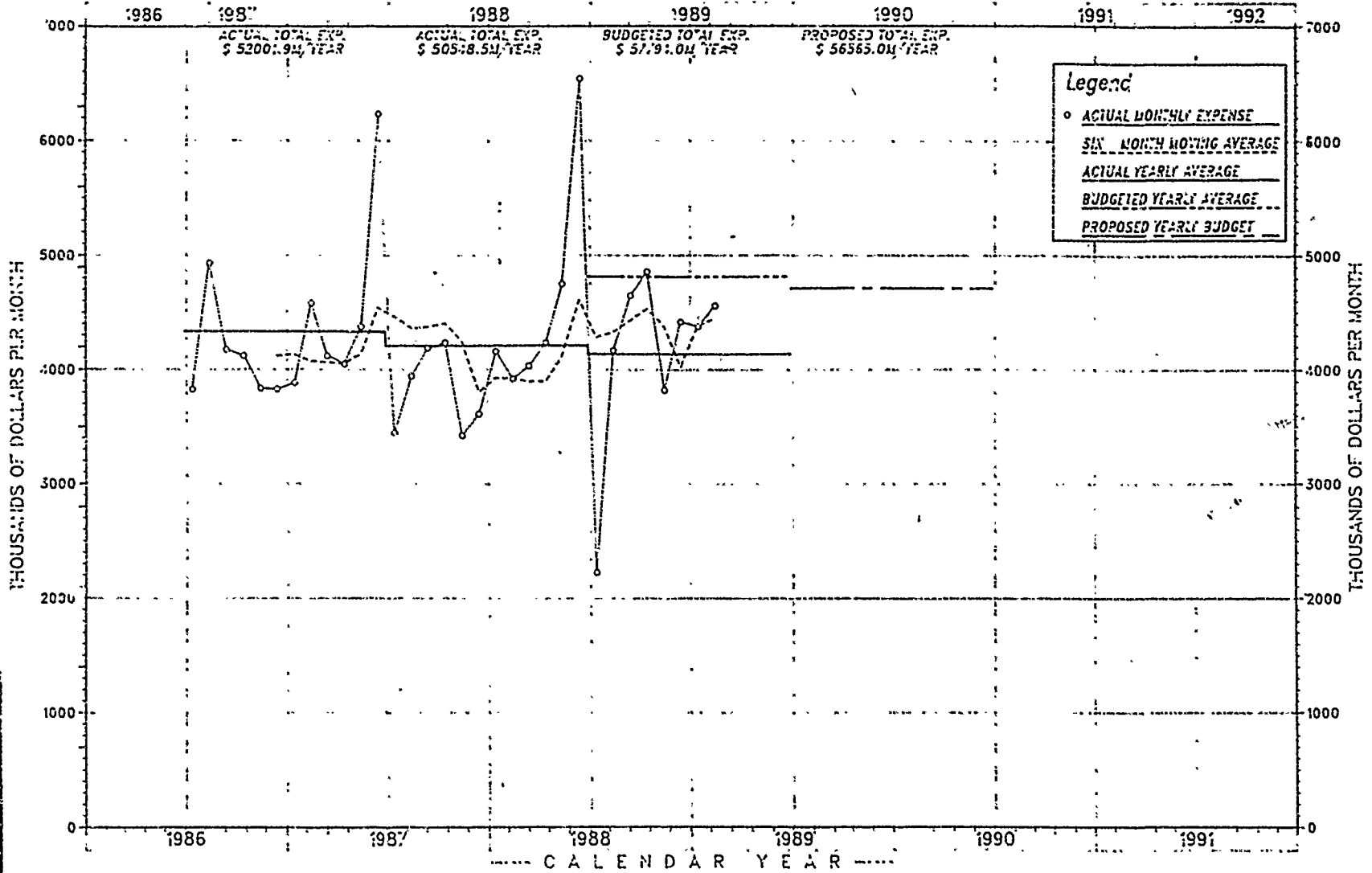
March 14 1989

LONG BEACH UNIT  
OIL & GAS PRODUCTION PROGRAM

EXHIBIT 3

PROGRAM B

FISCAL YEAR



CALENDAR PAGE 138.5  
MINUTE PAGE 890

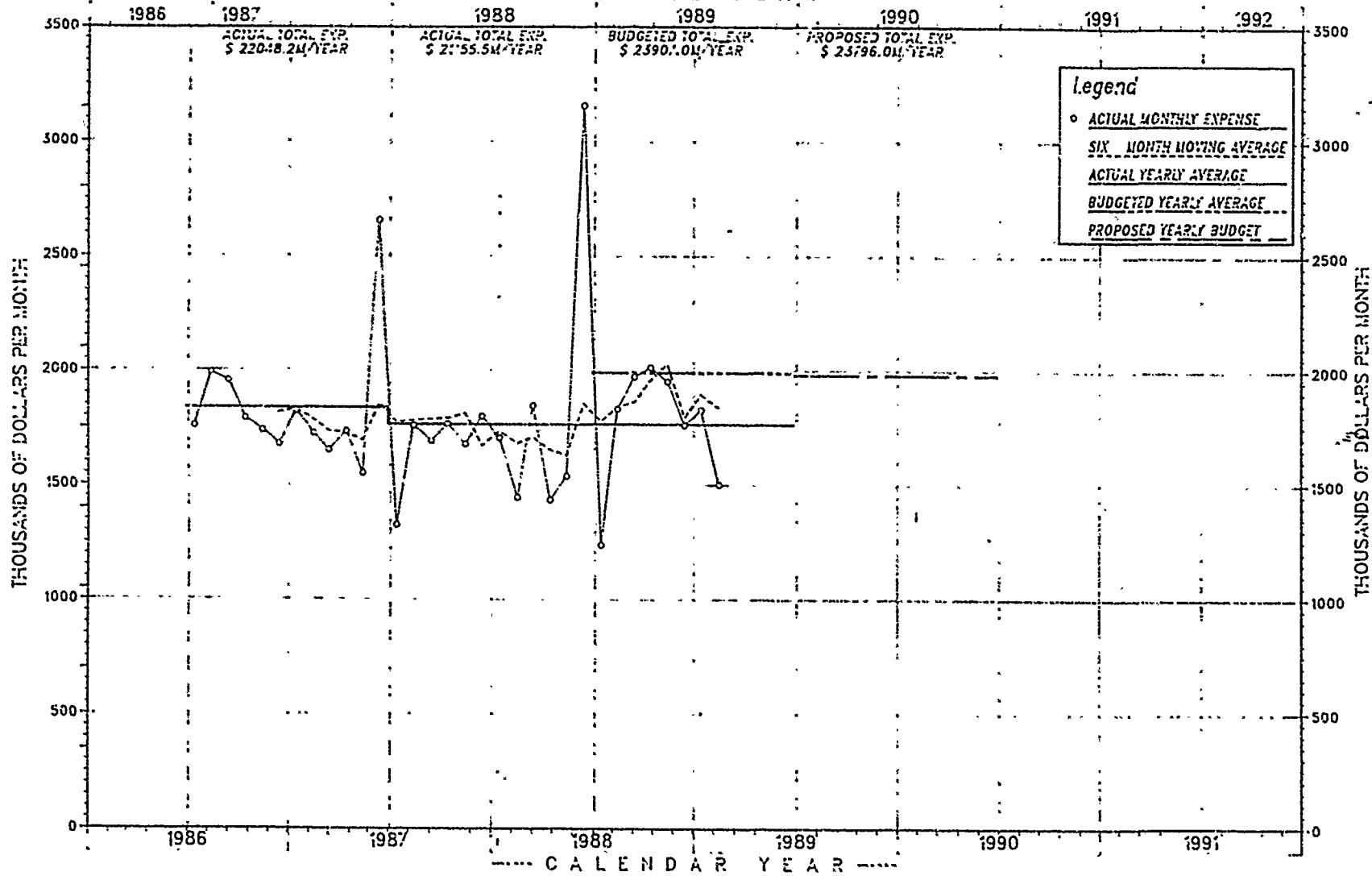
March 24 1989

LONG BEACH UNIT  
 WATER INJECTION PROGRAM

EXHIBIT 4

PROGRAM D

----- FISCAL YEAR -----



March 31 1989

CALENDAR PAGE 138.6  
 MINUTE PAGE 891

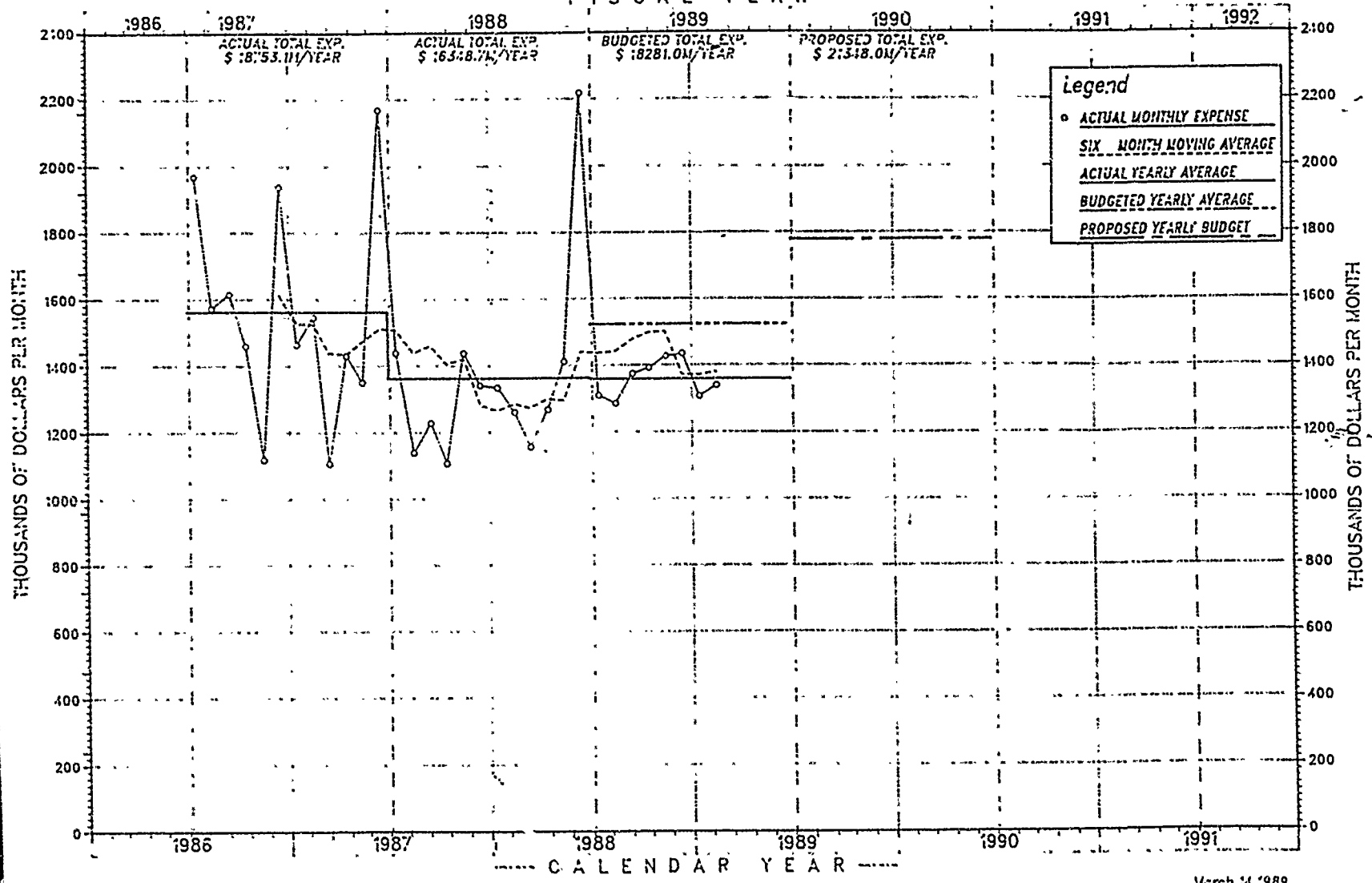
# LONG BEACH UNIT

MANAGEMENT PROGRAM TOTAL

EXHIBIT 5

## PROGRAM E

----- FISCAL YEAR -----



CALENDAR PAGE  
MINUTE PAGE  
138.7  
892

March 14 1989

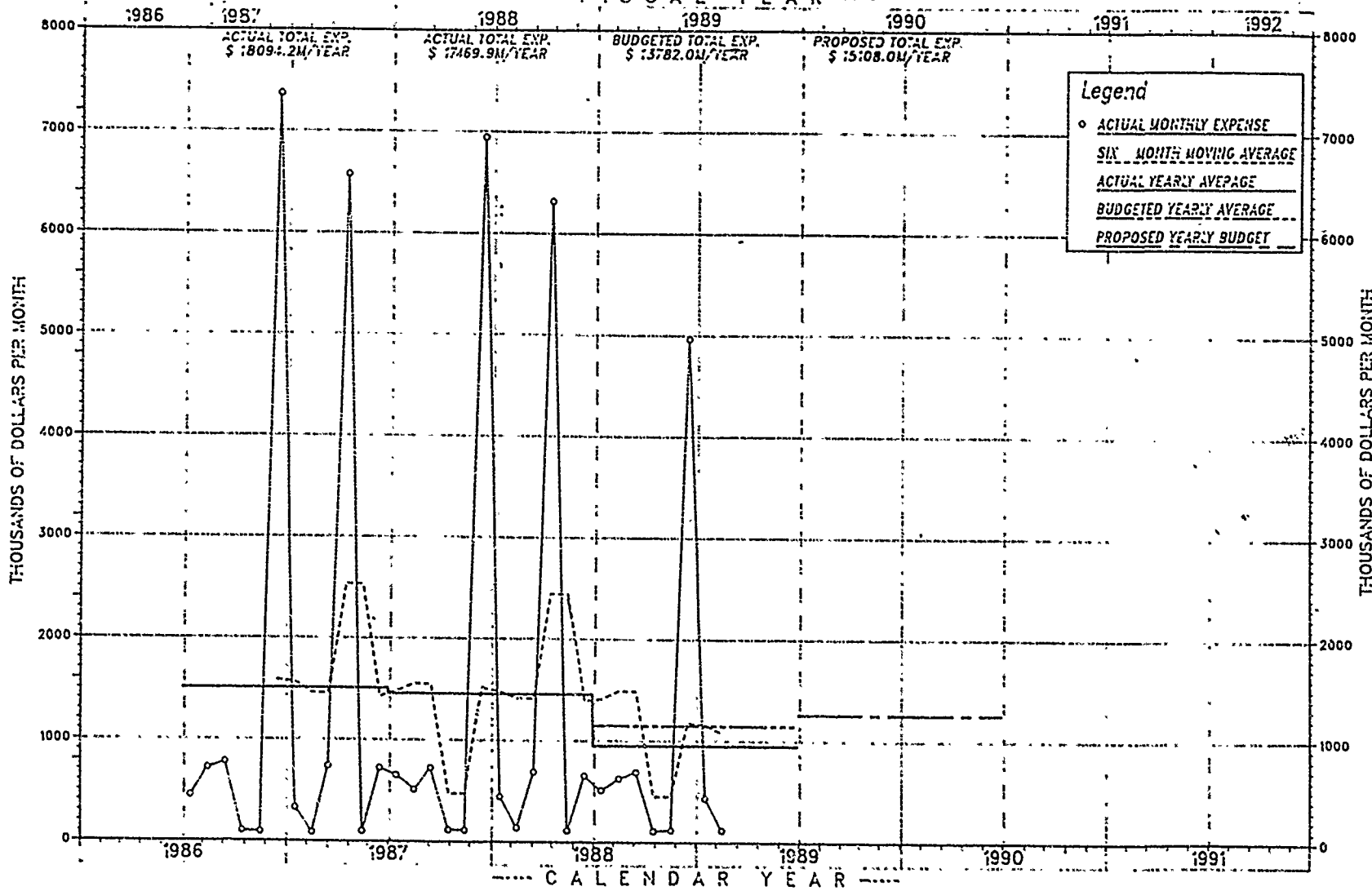


LONG BEACH UNIT  
 TAXES, PRMTS, & RENTAL PROGRAM

EXHIBIT 6

PROGRAM F

FISCAL YEAR



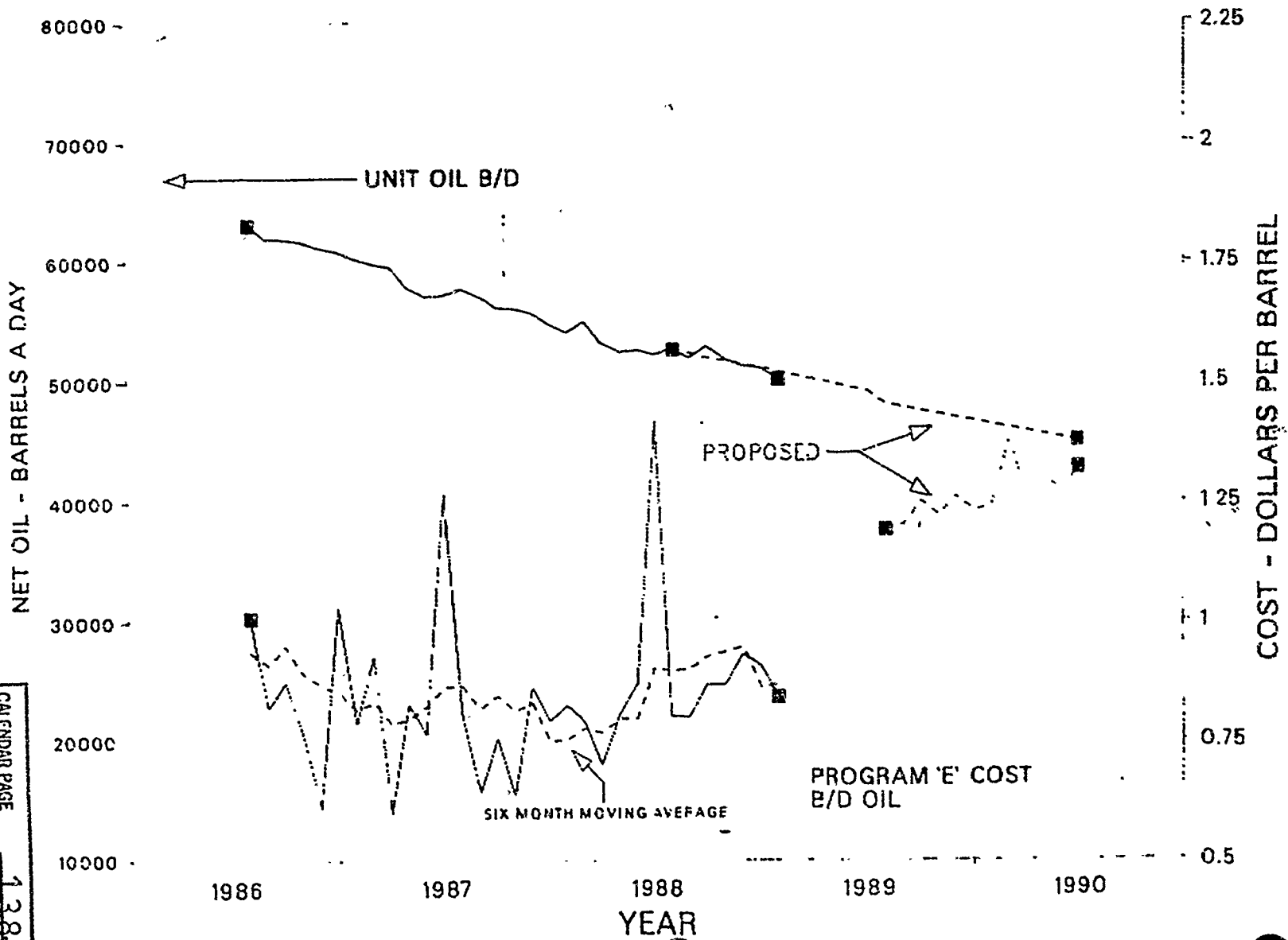
March 14 1989

CALENDAR PAGE 138.8  
 MINUTE PAGE 893

# MANAGEMENT PROGRAM COSTS EXPRESSED AS \$/BBL OIL

EXHIBIT 7

LONG BEACH UNIT



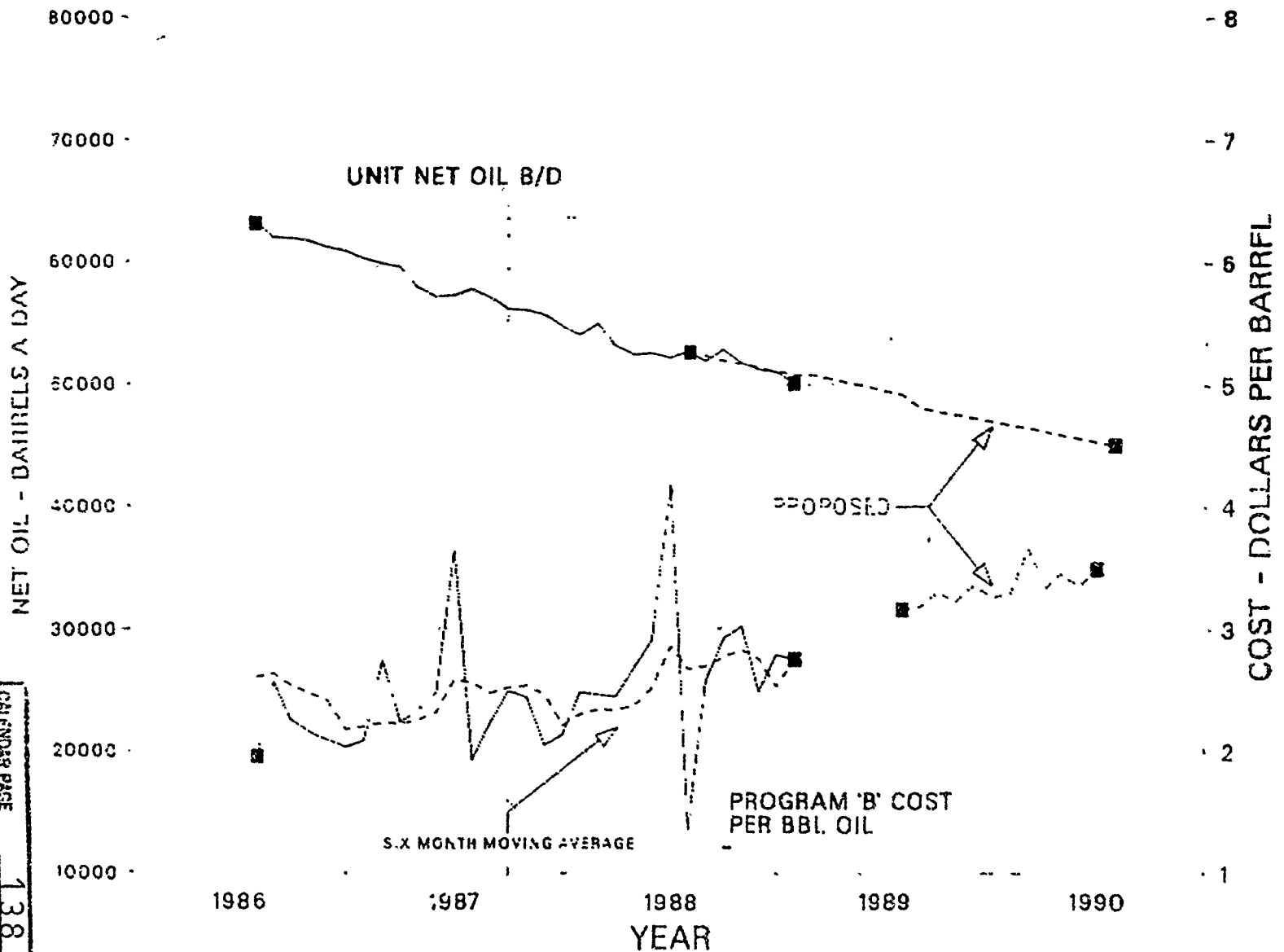
CALENDAR PAGE  
MINUTE PAGE  
1389  
894

Mar 16 1989

0.58

# OIL & GAS PRODUCTION PROGRAM COSTS EXPRESSED AS \$/BBL. OIL

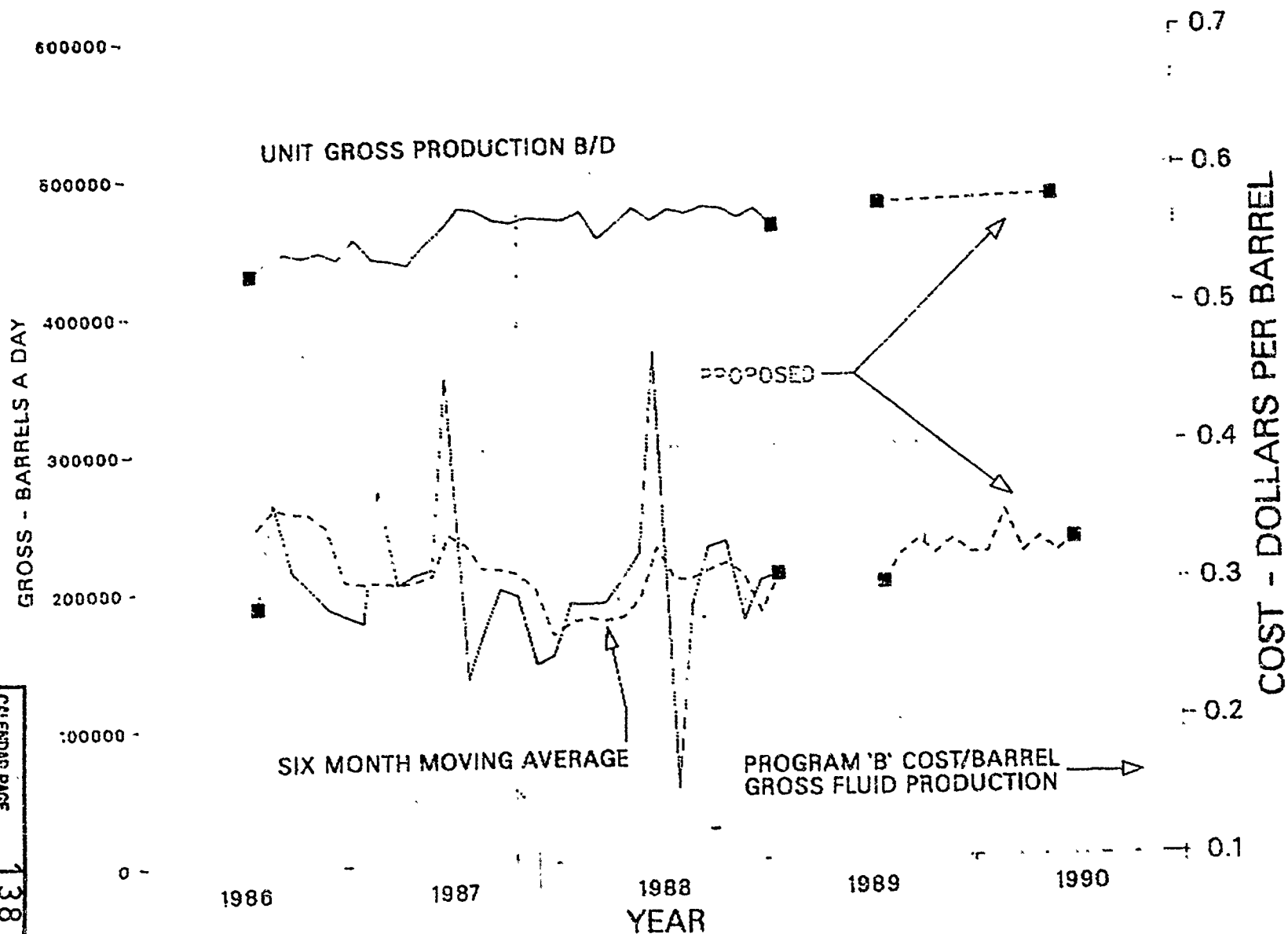
EXHIBIT 8  
LONG BEACH UNIT



CALENDAR PAGE 138-10  
MINUTE PAGE 895

# OIL & GAS PRODUCTION PROGRAM COSTS EXPRESSED AS \$/BBL GROSS FLUID

EXHIBIT 9  
LONG BEACH UNIT

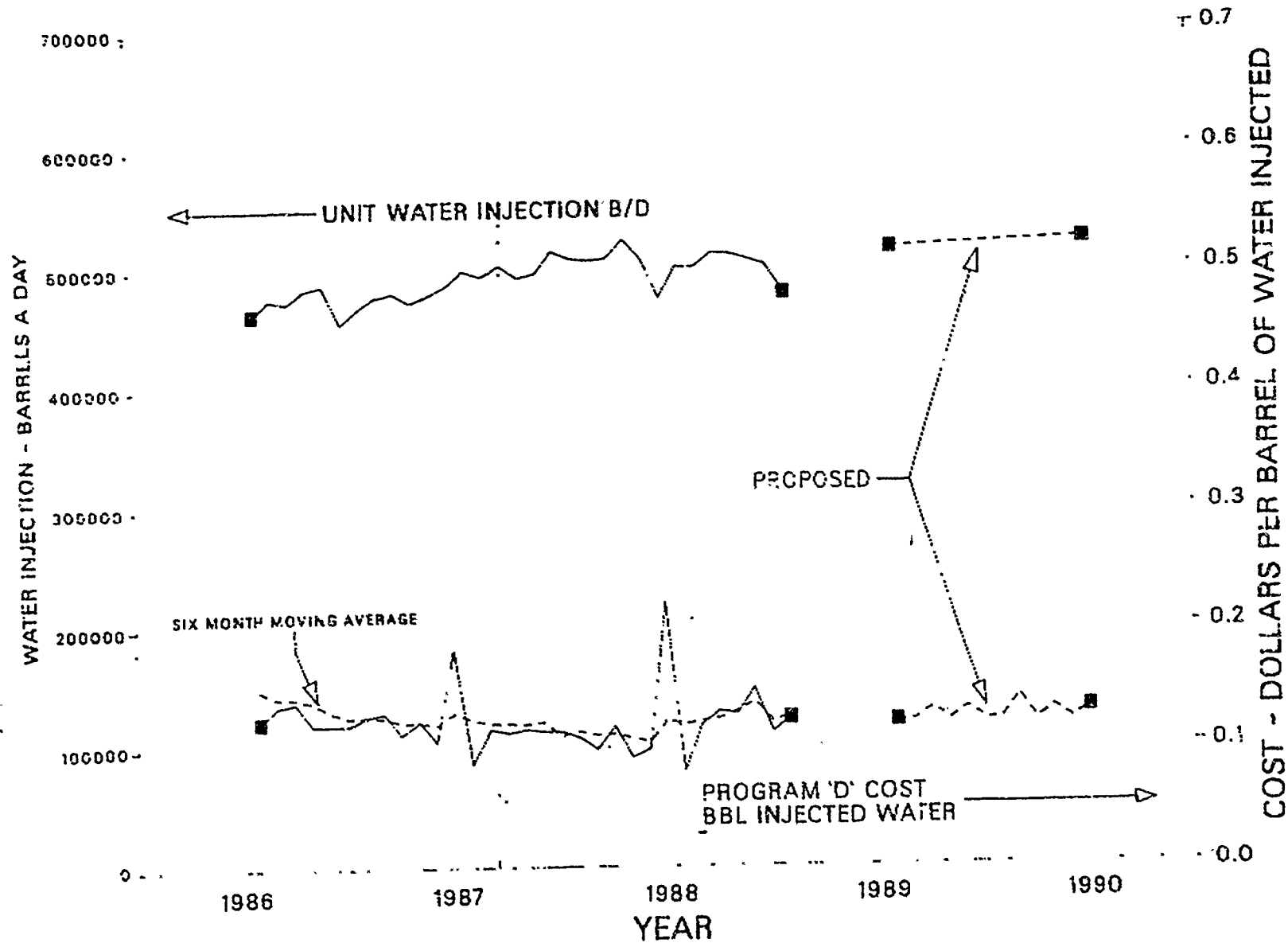


CALENDAR PAGE 138.11  
MINUTE PAGE 896

Mar 16 1989

# WATER INJECTION PROGRAM COSTS EXPRESSED AS \$/BBL. OF INJECTED WATER INJECTION

EXHIBIT 10  
LONG BEACH UNIT



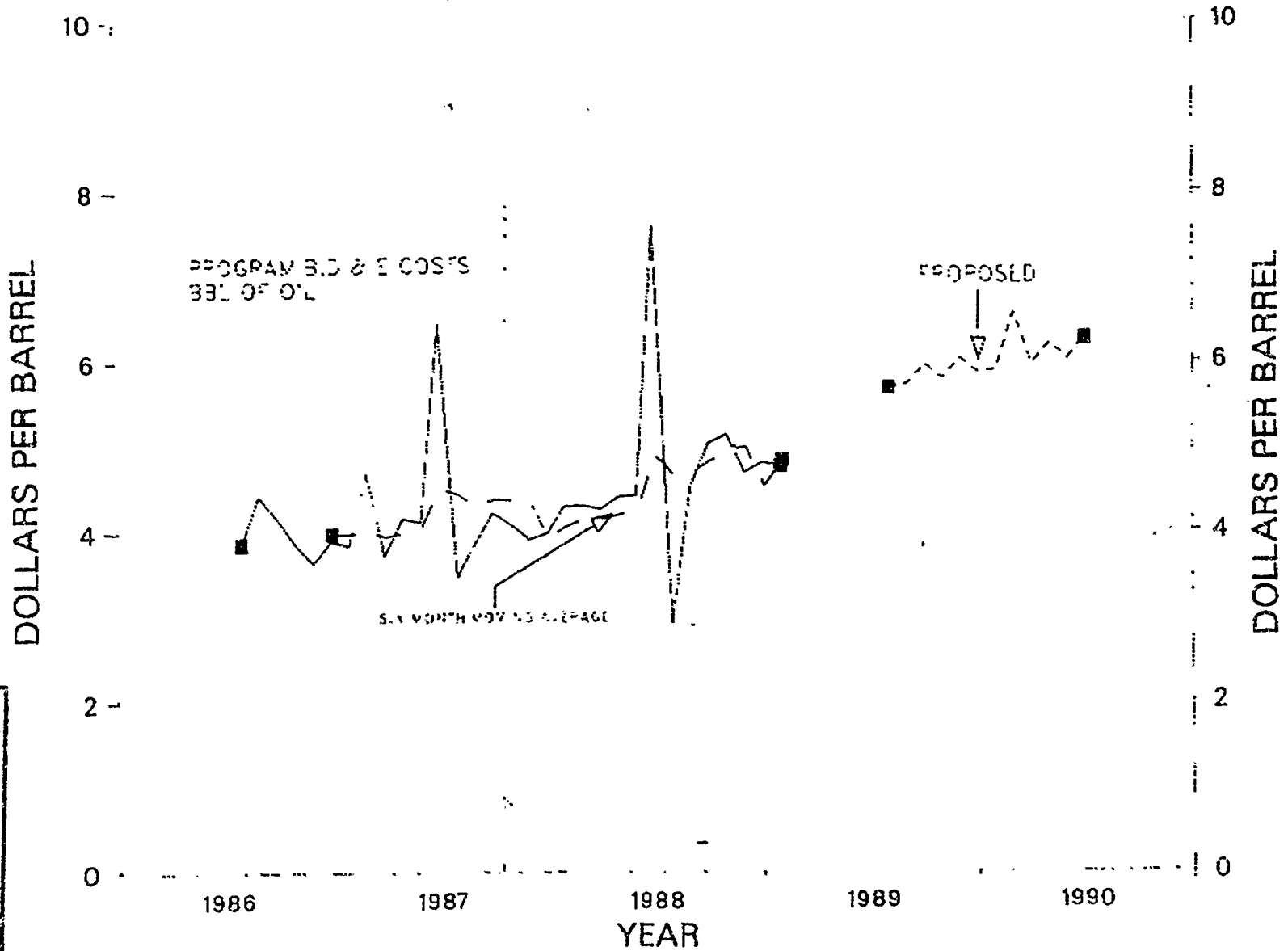
CALENDAR PAGE 138.12  
MINUTE PAGE 897

Mar 17 1990

0.000

# OIL & GAS, WATER INJECTION AND MANAGEMENT PROGRAMS COSTS EXPRESSED AS \$/BBL. OF OIL.

EXHIBIT 11



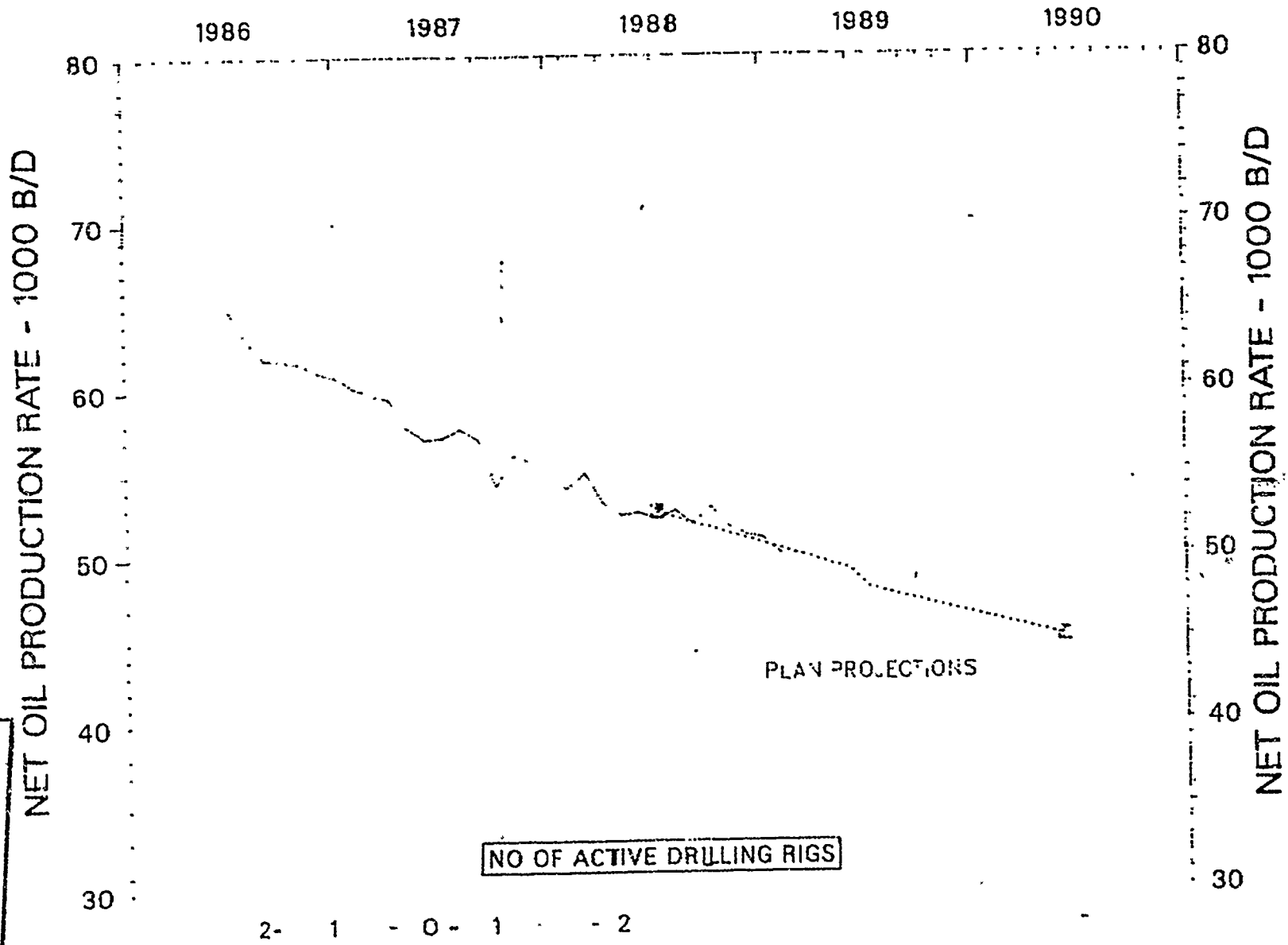
CALENDAR PAGE 138.13  
MINUTE PAGE 898.

Mar 17 '89

0.990

# LONG BEACH UNIT OIL PRODUCTION RATE

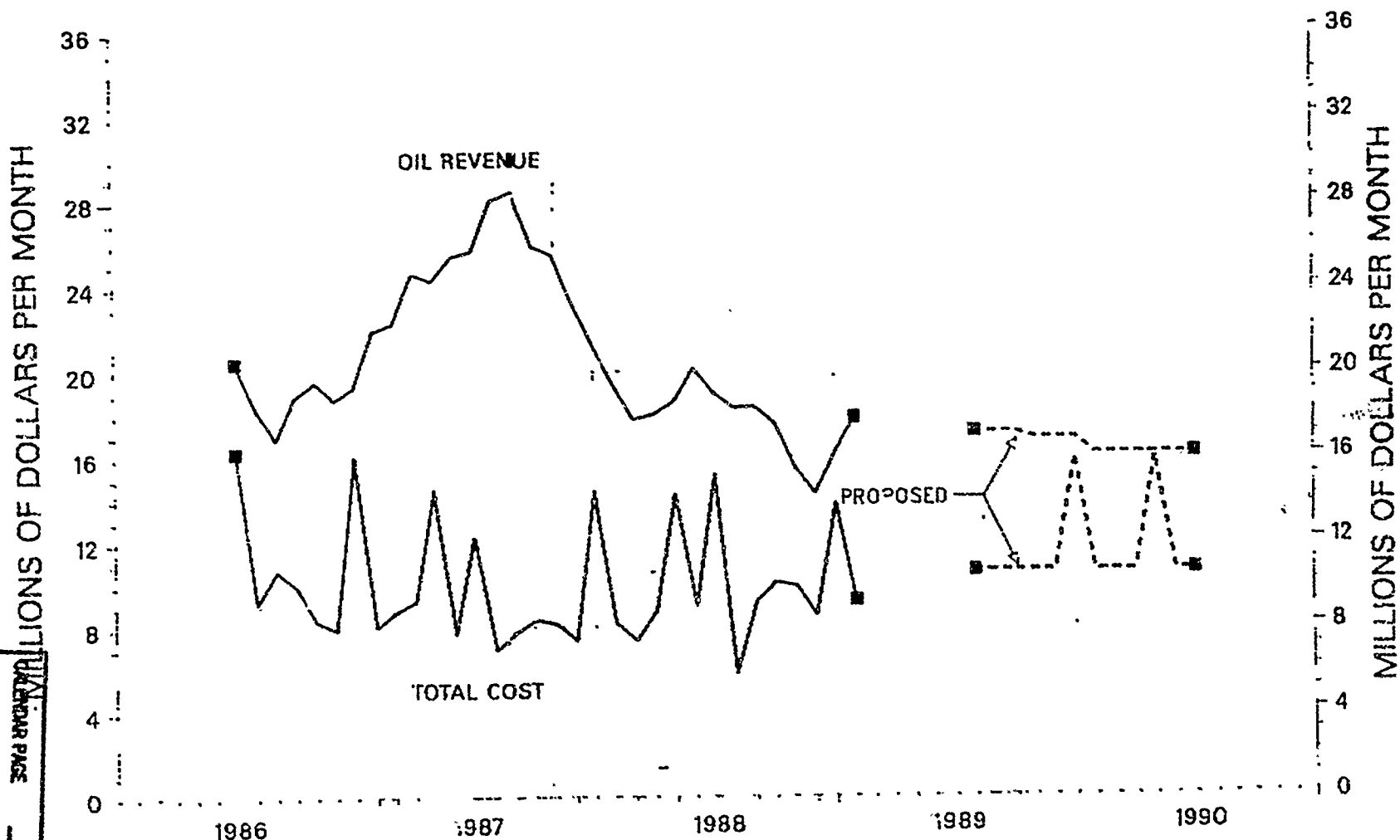
EXHIBIT 2



CALENDAR PAGE  
MINUTE PAGE  
138.14  
899

March 21 1989

# LONG BEACH UNIT



MINUTE PAGE 1  
138.15  
900

March 16 1989