

MINUTE ITEM

This Calendar Item No. 26
was approved as Minute Item
No. 26 by the State Lands
Commission by a vote of 2
to 0 at its 3/6/91
meeting.

CALENDAR ITEM

A 57, 58

26

03/06/91

W 17097

S 29

G. Scott

APPROVE THE FIFTH MODIFICATION OF THE 1990-91
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET
LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY
REVISING ECONOMIC PROJECTIONS

The City of Long Beach has submitted to the Commission the Fifth Modification of the 1990-91 Plan of Development and Operations and Budget, Long Beach Unit, providing updated production, injection, income and expenditure information together with revised economic projections. This report reflects information for the period from July 1, through September 30, 1990 and was accurate at that time. Subsequent events have revealed a significantly lower crude oil price will apply for the balance of the year. A new report covering the second quarter and reflecting a revised oil price will be presented to the Commission at a subsequent meeting.

The Fifth Modification revises Exhibits "C-3" and "C-4" in Part V of the subject Plan and Budget based on data available through September 30, 1990. PART VI, PROCEDURE Section A-2, of the Plan and Budget provides for a Quarterly Review by the City and State of past operations and intended future operations under the Plan. The City is to furnish the State detailed reports; updated and revised, if necessary, exhibits; and any recommended modification of the Plan and Budget resulting from the City's review. The City does not propose any changes other than in Exhibit C-3 and C-4 to replace forecast first quarter numbers with actuals, to increase forecasted oil prices for the second, third and fourth quarters and to revise expenditures downward. This modification does not change the latest approved budget of \$147,035,000, or transfer funds within the existing budget.

The average oil production rate during the first quarter of the 90-91 Plan year was 45,646 barrels per day, 1,146 barrels per day more than originally estimated. The water production rate was 446,800

CALENDAR ITEM NO. 26 (CONT'D)

barrels per day, 21,300 barrels per day more than originally estimated. The water injection rate was 537,300 barrels per day, 17,300 barrels per day more than originally estimated. The City of Long Beach now estimates that the oil production rate for the year will average 43,468 barrels per day and the water injection rate 524,400 barrels per day. Gas production averaged 8,672 thousand cubic feet per day during the first quarter and is now expected to average 8,068 MCF/day for the year.

Expenditures during the first quarter were \$29.3 million, \$3.28 million less than the Plan and Budget originally estimated, excluding carry over funds.

Estimated expenditures for the 90-91 year have been projected by the City to \$141.8 million. No reduction in budgeted funds is suggested in this modification.

Anticipated total Unit income for the 1990-91 fiscal year has been adjusted upward from the original Plan and Budget predictions. Because of higher oil prices for the first three months of the Plan and Budget period, and projected higher price for the remainder of the year, the City now estimates net Unit income for the year to be \$222.9 million, an increase of \$150.2 million over the estimate projected at the beginning of the 1990-91 Plan and Budget period.

The Commission's staff has reviewed the Fifth Modification including the estimated production, injection, expenditures and revenue shown in the revised exhibits. When actual information through the second quarter of the 1990-91 fiscal year becomes available, it will be reviewed by the staff and reported to the Commission.

AB 884:
N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

EXHIBITS:

- A. - Letter Requesting Approval of Fifth Modification to Plan of Development and Operations and Budget.
- C-3 - Economic Projections - Basic Data
- C-4 - Economic Projections - Dollars

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. APPROVE THE FIFTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, FOR THE PERIOD JULY 1, 1990 THROUGH JUNE 30, 1991.



CITY OF LONG BEACH

DEPARTMENT OF OIL PROPERTIES

228 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • J.P. 350282A

December 6, 1990

Mr. Charles Warren
 Executive Officer
 State Lands Commission
 245 West Broadway - Suite 425
 Long Beach, California 90802

Subject: REQUEST FOR APPROVAL TO THE FIFTH MODIFICATION TO THE
 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG
 BEACH UNIT (JULY 1, 1990 THROUGH JUNE 30, 1991)

Dear Mr. Warren:

In accordance with the provisions of Part IV, Section A, and Part V and of the 1990-1991 Plan and Budget, we are submitting for your approval the Fifth Modification of the Plan of Development and Operations and Budget of the Long Beach Unit covering the period July 1, 1990 through June 30, 1991.

The Fifth Modification revises Exhibits C-3 and C-4 and is based on data available through September 30, 1990. It does not change the latest approved budget of \$147,035,000 or transfer funds within the existing budget.

Maps are not included since their latest revisions are on file with the Field Contractor, Unit Operator, and the State Lands Commission. Later revisions of the exhibits may be required to reflect changing conditions.

This budget comparison is based on commitments and expenditures incurred in the six programs through the first quarter of fiscal year 1990-1991.

A. Drilling and Development Program

On August 3, 1990, drilling rig activity increased from two rigs to three. During this time, one new producing well was completed in the UP-Ford Zone. On September 30, 1990, the total number of active wells was 1,208, of which 884 are producers and 324 are injectors. Excluded from these totals are 18 abandoned wells, 3 producers and 15 injectors. Total program funds were 15 percent expended.

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B. Oil and Gas Production Program

The Unit oil production rate averaged 45,646 bbls/day and gas production 8,672 Mcf/day. Both the oil and gas production rates and prices were greater than originally estimated in Exhibit C-3 of the 1990-1991 Plan and Budget. Total program funds were 22 percent expended.

C. Enhanced Recovery and Stimulation Program

No funds were budgeted or expended.

D. Water Injection Program

Water injection averaged 537,347 bbls/day for the quarter compared to 520,000 bbls/day originally estimated in Exhibit C of the 1990-1991 Plan and Budget. Total Program funds were 23 percent expended.

E. Management Administration and Special Projects Program

Total program funds were 22 percent expended.

F. Taxes, Permits and Land Rentals

Total program funds were 13 percent expended.

During this quarter, no plan supplements were requested.

Total expenditures for the first quarter were \$29,295,000. The projected total expenditures for the fiscal year are shown in the revised C-4 and its attachment. No reduction in budgeted funds is suggested in this Modification.

Total unit income for the first quarter of the 1990-1991 Plan Year was higher than anticipated. Net income was \$59,732,000 (compared to an estimate of \$23,649,000). The total unit income for the current fiscal year is now estimated to be \$222,887,000, \$150,185,000 higher than the \$72,702,000 projected when the original Plan and Budget was prepared.

Charles Warren
December 6, 1990
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The City of Long Beach, as Unit Operator of the Long Beach Unit, approves this proposed Modification. In accordance with Section 5 of Chapter 138, 1964 First Extraordinary Session, your approval of this proposed modification is requested.

Very truly yours,



Xenophon C. Culasas
Director

XCC:slg

Attachments

FIN 312.002

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1990-1991 PLAN AND BUDGET

EXHIBIT C-3

ECONOMIC PROJECTIONS - BASIC DATA

	ACTUAL THIRD QUARTER 1990	ESTIMATED FOURTH QUARTER 1990	ESTIMATED FIRST QUARTER 1991	ESTIMATED SECOND QUARTER 1991	TOTAL
OIL PRODUCTION					
(1000 BBL)	4,199	4,011	3,848	3,908	15,966
(BBL/DA)	48,848	43,800	42,750	41,850	
GAS PRODUCTION					
(1000 MCF)	799	738	708	701	2,946
(MCF/DA)	8,672	8,023	7,888	7,700	
WATER PRODUCTION					
(1000 BBL)	41,109	39,238	38,475	32,984	157,816
(1000 BBL/DA)	446.8	428.8	427.5	428.8	
WATER INJECTION					
(1000 BBL)	49,439	47,840	48,800	47,320	191,399
(1000 BBL/DA)	537.3	520.0	520.0	520.0	
OIL PRICE (\$/BBL)	\$18.85	\$24.00	\$24.00	\$24.00	
GAS PRICE ADJUSTED					
(\$/MCF OF TOTAL PRODUCED GAS)	\$2.15	\$2.15	\$2.15	\$2.15	

CITY OF LONG BEACH
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1990-1991 PLAN AND BUDGET

EXHIBIT C-4

ECONOMIC PROJECTIONS

(DATA IN THOUSANDS OF DOLLARS)

	ACTUAL THIRD QUARTER 1990	ESTIMATED FOURTH QUARTER 1990	ESTIMATED FIRST QUARTER 1991	ESTIMATED SECOND QUARTER 1991	TOTAL
<u>ESTIMATED INCOME</u>					
OIL INCOME	\$73,311	\$90,264	\$92,352	\$91,362	\$347,319
GAS INCOME	\$1,718	\$1,537	\$1,522	\$1,507	\$6,284
TOTAL INCOME	\$75,029	\$91,801	\$93,874	\$92,869	\$353,603
<u>ESTIMATED EXPENDITURES</u>					
DEVELOPMENT DRILLING PROGRAM	\$4,079	\$7,342	\$7,342	\$7,342	\$26,105
OIL AND GAS PRODUCTION PROGRAM	\$13,130	\$15,310	\$15,310	\$16,310	\$59,860
ENHANCED RECOVERY PROGRAM	\$0	\$0	\$0	\$0	\$0
WATER INJECTION PROGRAM	\$5,637	\$6,218	\$6,218	\$6,218	\$24,183
MANAGEMENT, ADMIN. AND SPECIAL PROJECTS PROGRAM	\$4,731	\$5,453	\$5,453	\$5,453	\$21,090
TAXES, PERMITS AND LAND RENTAL PROGRAM	\$1,812	\$4,208	\$1,087	\$4,208	\$11,315
TOTAL EXPENDITURES	\$29,597	\$38,530	\$35,408	\$39,530	\$143,065
NET INCOME	\$45,432	\$53,271	\$58,466	\$53,339	\$210,538

CITY OF LONG BEACH
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ATTACHMENT TO EXHIBIT C-4

PLAN AND BUDGET 1990-1991
(THOUSANDS OF DOLLARS)

	ADJUSTED BUDGET	ESTIMATED EXPEND.	ESTIMATED CARRY OUT	ESTIMATED SURPLUS
A. DRILLING & DEVELOPMENT PROGRAM:				
1. DRILLING & REDRILLING	\$28,116	\$25,101	\$0	\$1,014
ADMINISTRATIVE OVERHEAD	\$1,953	\$1,004	\$0	\$941
PROGRAM TOTAL:	\$27,168	\$26,105	\$0	\$1,066
B. OIL AND GAS PROD. PROGRAM				
1. OIL WELL REPAIR:	\$18,286	\$17,860	\$0	\$426
2. FLUID LIFTING:	\$16,429	\$15,210	\$0	\$1,219
3. SURF. FLUID HANDLING:	\$4,914	\$4,554	\$0	\$360
4. GAS HANDLING:	\$1,388	\$1,308	\$0	\$80
5. PROD. MAINTENANCE:	\$18,068	\$17,882	\$0	\$186
ADMINISTRATIVE OVERHEAD	\$2,323	\$2,272	\$0	\$51
PROGRAM TOTAL:	\$80,005	\$78,086	\$0	\$1,919
C. EOR & STIMULATION PROGRAM:				
1. STIMULATION:	\$0	\$0	\$0	\$0
2. STEAM DRIVE:	\$0	\$0	\$0	\$0
ADMINISTRATIVE OVERHEAD	\$0	\$0	\$0	\$0
PROGRAM TOTAL:	\$0	\$0	\$0	\$0
D. WATER INJECTION PROGRAM:				
1. INJECTION WELL REPAIR:	\$5,549	\$5,469	\$0	\$80
2. WATER INJECTION SYSTEM:	\$18,142	\$17,832	\$0	\$310
ADMINISTRATIVE OVERHEAD	\$896	\$833	\$0	\$63
PROGRAM TOTAL:	\$24,587	\$24,135	\$0	\$452

REVISED BY THE
CITY OF LONG BEACH
11/14/90

ATTACHMENT TO EXHIBIT C-4

PLAN AND BUDGET 1980-1991

(THOUSANDS OF DOLLARS)

	ADJUSTED BUDGET	ESTIMATED EXPEND.	ESTIMATED CARRY OUT	ESTIMATED SURPLUS
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E. MANAGEMENT, ADMINISTRATION AND SPECIAL PROJECTS PROGRAM:

1. MANAGEMENT EXPENSE:	\$14,770	\$14,711	50	959
2. GENERAL EXPENSE:	\$5,764	\$5,571	90	\$193
ADMINISTRATIVE OVERHEAD:	\$502	\$509	80	(\$7)
PROGRAM TOTAL:	\$21,036	\$21,090	90	\$248

F. TAXES, PERMITS & LAND RENTAL PROGRAM:

1. TAXES:	\$11,398	\$9,845	90	\$2,553
2. PERMITS:	8918	9605	80	\$13
3. LAND RENTAL:	\$1,782	\$1,788	90	86
ADMINISTRATIVE OVERHEAD:	363	382	80	81
PROGRAM TOTAL:	\$13,659	\$11,318	80	\$2,671

TOTAL ESTIMATED INVESTMENT:	\$19,101
TOTAL ESTIMATED EXPENSES:	\$117,644
TOTAL ESTIMATED OVERHEAD:	\$5,019
TOTAL ESTIMATED EXPENDITURES:	\$161,784
TOTAL ESTIMATED CARRY OUT:	80
TOTAL ESTIMATED SURPLUS:	\$5,271
TOTAL BUDGET:	\$147,034

REMOVED BY THE
CITY OF LONG BEACH
12/10/90

PRODUCTION - WATER

Average B/S
7/1/90 - 9/30/90

101165
62762
81007
107481
67005
446000

Grisson
White
Chaffee
Fresman
Pier J (inc. TMS)
TOTAL

Ter. V
Ranger (All Areas)
Super Terminal 6 (over Terminal VI, VII)
Terminal (Blocks VII, 96)
Bacon Pacific-Ford (All Areas)
ZJ (All Areas)
TOTAL

Cumulative
Bals. 9/30/90

63861369.
51703749.
30653772.
63252533.
58072111.
2782651349.

6455331.
2426917865.
26047703.
43307615.
104782249.
3187690.
2785851349.

INJECTION WATER

Average B/S
7/1/90 - 9/30/90

123365
383463
103921
116579
87093
537347

Grisson
White
Chaffee
Fresman
Pier J (inc. TMS)
TOTAL

Ter. V
Ranger (All Areas)
Super Terminal 6 (over Terminal VI, VII)
Terminal (Blocks VII, 96)
Bacon Pacific-Ford (All Areas)
ZJ (All Areas)
TOTAL

Cumulative
Bals. 9/30/90

86652651.
822813844.
878748342.
725589303.
776674177.
4175170331.

12070549.
3633119477.
246207435.
135468112.
179106751.
0.
4175170331.

PRODUCTION - OIL

Average B/D
7/1/90 - 9/30/90

Cumulative
bbls. 9/30/90

Grisson	8119	125,847,892.
White	9,009	12,110,052.
Chauffee	11,360	15,482,893.
Ferretown	12,331	5,032,174.
Pier J (inc. 1981)	4,387	12,181,630.
TOTAL	45,646	222,667,653.
Par V	42	1,296,112.
Ranger (All Areas)	33,177	55,220,173.
Upper Terminal & Lower Terminal VI, VII	42,219	54,179,483.
Terminal (Blocks VIII, 90)	4,852	3,447,155.
Eastern Pacific-Ferretown (All Areas)	3,156	7,875,718.
237 (All Areas)	0	365,811.
TOTAL	45,646	222,667,653.

PRODUCTION - GAS

Average B/D
7/1/90 - 9/30/90

Cumulative
bbls. 9/30/90

Grisson	778	18,729,92.
White	944	3,846,011.
Chauffee	1,856	5,337,859.
Ferretown	4,177	7,305,070.
Pier J (inc. 1981)	597	2,090,648.
TOTAL	8,672	19,783,858.
Par V	16	438,992.
Ranger (All Areas)	5,756	12,474,447.
Upper Terminal & Lower Terminal VI, VII	450	1,687,864.
Terminal (Blocks VIII, 90)	1,856	1,843,134.
Eastern Pacific-Ferretown (All Areas)	1,304	5,083,477.
237 (All Areas)	0	426,529.
TOTAL	8,672	27,830,580.

NUMBER OF WELLS
AS OF SEPTEMBER 30, 1990

	<u>Producers</u>	<u>Injectors</u>	<u>Total</u>
Grissom	189	64	253
White	153	68	221
Chaffee	197	83	280
Fraeman	231	56	287
Pier J (Inc. THX)	114	53	167
TOTAL	984	324	1,208
Tar V	10	2	12
Ranger (All Areas)	693	268	961
Upper & Lower Terminal VI, VII	58	21	79
Terminal (Blocks VIII, 99)	50	17	67
Union Pacific-Ford (All Areas)	69	16	85
237 (All Areas)	4	0	4
TOTAL	934	324	1,208

(Figures exclude 3 abandoned producers and 15 abandoned injectors)

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