

MINUTE ITEM

8/26/65

27. APPROVAL OF SECOND MODIFICATION OF THE 1965 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.B.W.O. 10,155, L.A.W.O. 5200.3.1 AND L.A.W.O. 5200.3.11.

After consideration of Calendar Item 23 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION APPROVES THE ACTION BY THE EXECUTIVE OFFICER PURSUANT TO SECTION 5(g) OF CHAPTER 138, STATUTES OF 1964, 1ST E.S., CONSENTING, WITH THE EXCEPTION OF THE AMOUNT OF \$290,000 FOR SHIPPING PUMPS TO THE SECOND MODIFICATION OF THE 1965 PLAN OF DEVELOPMENT AND OPERATION AND BUDGET FOR THE LONG BEACH UNIT.

Attachment

Calendar Item 23 (2 pages)

APPROVAL OF SECOND MODIFICATION OF THE 1965 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - L.B.W.O. 10,155, L.A.W.O. 5200.3.1 AND L.A.W.O. 5200.3.11.

The City of Long Beach and the State, pursuant to the provisions of Chapter 138, Section 5(g), Statutes of 1964, 1st E.S., have mutually agreed to the Second Modification of the 1965 Plan of Development and Operations and Budget for the Long Beach Unit of the Wilmington Oil Field.

The Commission, at the meeting of April 8, 1965, approved the 1965 Plan of Development and Operations and the 1965 Investment and Expense Budget for the Long Beach Unit. At the meeting of July 2, 1965, the Commission approved the action by the Executive Officer consenting to a modification of the 1965 Plan of Development and Operation. This initial modification revised the locations of the first 10 wells and provided for the drilling of an additional 30 wells.

The second modification of the plan is necessary because of a change in the location of the oil-delivery facility. Budget modification is required by the change in the oil-delivery site, refinement of cost estimates, and revised work scheduling. The revised budget presents a more realistic estimate of expenditures than was available at the time the original budget was prepared.

The total 1965 budget, \$13,785,000, remains the same as originally approved. Following is a summary of the expenditures approved in the original 1965 budget compared with the revised expenditures set forth in the modified budget.

	<u>ORIGINAL BUDGET</u>	<u>MODIFIED BUDGET</u>
Investment	\$ 10,074,800	\$ 10,635,120
Expense	1,975,025	2,043,085
Working Fund (1)	-	200,000
Contingencies	1,204,982	376,602
Administrative (2) Overhead Allowance	<u>530,193</u>	<u>530,193</u>
TOTAL	<u>\$ 13,785,000</u>	<u>\$13,785,000</u>

(1) The Working Fund was added to the modified budget in accordance with the requirements of Article 9.5 of the Unit Operating Agreement.

(2) These figures inadvertently include administrative overhead allowance on taxes payable on unit operations. Such taxes, in accordance with Section 5 of Exhibit "F" of the Unit Operating Agreement, should be excluded from the Administrative Overhead Allowance.

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Item 3B, storage and shipping facility equipment, in the investment portion of the modified budget, includes \$290,000 for shipping pumps. It is questionable whether these shipping pumps should be considered unit facilities to be installed by the Field Contractor. Further evaluation of the propriety of this expenditure is being undertaken.

This modification of the plan and budget has been reviewed by the Commission's staff and consultants, and has been found to be a reasonable estimate of anticipated unit expenditures that will permit an orderly and aggressive development program for the Long Beach Unit.

The Executive Officer, by letter dated July 23, 1965, consented to the Second Modification of the 1965 Plan of Development and Operations and Budget for the Long Beach Unit, with the exception of the amount of \$290,000 for shipping pumps, listed under item 3B, storage and shipping facilities equipment.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE ACTION BY THE EXECUTIVE OFFICER PURSUANT TO SECTION 5(g) OF CHAPTER 138, STATUTES OF 1964, 1ST E.S., CONSENTING, WITH THE EXCEPTION OF THE AMOUNT OF \$290,000 FOR SHIPPING PUMPS, TO THE SECOND MODIFICATION OF THE 1965 PLAN OF DEVELOPMENT AND OPERATION AND BUDGET FOR THE LONG BEACH UNIT.