

MINUTE ITEM

12/16/65

43. APPROVAL OF NINTH MODIFICATION OF THE 1965 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O. 5200.301 AND W.O. 5200.311.

After consideration of Supplemental Calendar Item 40 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION, PURSUANT TO SECTION 5(g), CHAPTER 138, STATUTES OF 1964, 1ST E.S., APPROVES THE NINTH MODIFICATION OF THE 1965 PLAN OF DEVELOPMENT AND OPERATION AND BUDGET FOR THE LONG BEACH UNIT, WITH THE EXCEPTION OF ANY EXPENDITURES PERTAINING TO THE PURCHASE, INSTALLATION, AND OPERATION OF SHIPPING PUMPS.

Attachment

Supplemental Calendar Item 40 (2 pages)

SUPPLEMENTAL CALENDAR ITEM

40.

APPROVAL OF NINTH MODIFICATION OF THE 1965 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY - W.O. 5200.301 AND W.O. 5200.311.

The City of Long Beach, pursuant to the provisions of Section 5(g), Chapter 138, Statutes of 1964, 1st E.S., has requested State approval of the Ninth Modification of the 1965 Plan of Development and Operations and Budget for the Long Beach Unit, except for expenditures pertaining to the purchase, installation, and operation of shipping pumps.

The Commission, at the meeting of April 8, 1965, approved the 1965 Plan of Development and Operations for the Long Beach Unit including a total estimated Budget of \$13,785,000 to carry out operations contemplated during 1965. Subsequently, there have been eight modifications as summarized in the "Preface" of the Ninth Modification, attached as Exhibit "A".

The purpose of this Ninth Modification is to permit the Field Contractor to shift funds between budget categories in order to more closely approximate 1965 expenditures in the light of present knowledge of operations.

The proposed modification retains the originally budgeted total of \$13,785,000, plus addition of the following funds:

1. \$1,200,000 for the advance purchase of tubular goods for delivery during the first half of 1966. This purchase was approved, as the Seventh Modification, by the Commission at the meeting of November 18, 1965.
2. \$2,202,390 for the contingent liability associated with the long term contract for electric power. Recommendation for approval of this item is included in Supplemental Calendar Item No. 39 on this agenda.

Following is a summary of the expenditures approved in the Second Modification of the 1965 Budget compared with the revised expenditures set forth in this Ninth Modification.

	<u>Second Modification</u>	<u>Ninth Modification (1)</u>
Investment	\$ 10,635,120	\$ 14,980,620
Expense	2,043,085	1,934,770
Working Fund	200,000	-
Contingencies	376,602	-
Administrative Overhead	<u>530,193</u>	<u>272,000</u>
TOTAL	\$ 13,785,000	\$ 17,187,390

(1) This column includes expenditures approved by the Third, Fourth, Seventh and Eighth Modifications.

SUPPLEMENTAL CALENDAR ITEM 40. (CONTD.)

The City of Long Beach is of the opinion the purchase, installation, and operation of shipping pumps for the transfer of crude oil from the Harbor District to the various refineries should not be considered a Unit expense, and, at the Long Beach Unit Voting Parties - Operating Committee meeting, held November 18, 1965, voted against the proposal to charge these costs as a Unit expense.

The Commission's staff and consultants have reviewed this proposed Ninth Modification and found it to be a reasonable estimate of 1965 expenditures for operation of the Long Beach Unit, with the exception of any expenditures related to the purchase, installation, operation, and maintenance of shipping pumps.

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO SECTION 5(g), CHAPTER 138, STATUTES OF 1964, 1ST E.S., APPROVE THE NINTH MODIFICATION OF THE 1965 PLAN OF DEVELOPMENT AND OPERATION AND BUDGET FOR THE LONG BEACH UNIT, WITH THE EXCEPTION OF ANY EXPENDITURES PERTAINING TO THE PURCHASE, INSTALLATION, AND OPERATION OF SHIPPING PUMPS.