

18. FIRST MODIFICATION OF THE 1975-1976 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

After consideration of Calendar Item 18 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. DETERMINES THAT THE ACTIVITY CONTEMPLATED BY THE FIRST MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1975, THROUGH JUNE 30, 1976, FALLS WITHIN THE SCOPE OF A PROJECT CARRIED OUT PURSUANT TO AGREEMENTS APPROVED BY THE COMMISSION BEFORE APRIL 5, 1973, AND IS THEREFORE AN ONGOING PROJECT WITHIN THE MEANING OF 14 CAL. ADM. CODE 15060(b)(3), AND DOES NOT REQUIRE THE PREPARATION OF EITHER AN ENVIRONMENTAL IMPACT REPORT OR A NEGATIVE DECLARATION.
2. PURSUANT TO SECTION 5(g), CHAPTER 138, STATUTES OF 1964, 1ST E.S., APPROVES THE FIRST MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1975, THROUGH JUNE 30, 1976.

Attachment

Calendar Item 18 (3 pages)

FIRST MODIFICATION OF THE 1975-1976
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET,
LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach, pursuant to the provisions of Section 5(g), Chapter 138, Statutes of 1964, 1st E.S., has requested approval of the First Modification of the Plan of Development and Operations and Budget, Long Beach Unit, July 1, 1975, through June 30, 1976.

This First Modification will add to the Plan the repair of certain corroded sections of the Unit's submarine pipeline system. Under the modified Plan, areas of pipeline damage will be excavated and special reinforcing clamps will be installed. Pipeline corrosion now appears to be inhibited in areas where previous surveys have indicated corrosion.

The lines to be repaired are as follows:

1. The 12-inch idle line and the 12-inch gas line from Island Grissom to Pier J.
2. The 12-inch oil line, the 12-inch gas line and the 12-inch idle line from Island White to Grissom.
3. The 6-inch oil line and the 8-inch gas line from Island Chaffee to Island White.
4. The 6-inch oil line and the 8-inch gas line from Island Freeman to Island White.

The 1975-1976 Plan mentions a replacement submarine transfer system under Field and Well Facilities - Investment. Budget funds, however, were not provided because the scope of the project was not clearly defined at the time of Budget preparation. Corrosion surveys had indicated damage at certain areas in the submarine pipelines which bring island production to shore for processing and shipment. While the pipelines were being resurveyed to assess the extent of this damage and to observe the effect of increased inhibition programs, numerous methods and materials were being investigated for possible repairs or replacement. The Field Contractor originally proposed replacement systems of several types ranging in cost from \$3,500,000 to \$5,200,000. The Division staff made its own investigations and participated in numerous joint meetings on these proposals. It was ultimately decided that, for varied reasons, these proposals were unsatisfactory or unwarranted. Therefore, that reference to pipeline replacement is deleted from the Plan.

CALENDAR ITEM NO. 18. (CONTD)

Results of the fifth Linalog survey conducted during May 1975 in the Long Beach Unit submarine oil and gas gathering systems indicate that, although corrosion is now being effectively inhibited, there remains, at various points in the system, ten instances of "moderate" corrosion (30-50% wall loss) and one instance of "moderate" corrosion at multiple points over an entire joint.

The work proposed in this Modification is covered in Determination 56-75 which was approved by the Voting Parties in their meeting of June 26.

The request for approval of the First Modification states that repair or replacement of a six-inch pipeline between Islands Chaffee and White is contemplated. Surveys indicate extensive areas of moderate damage to the portion of this line nearest to Island White. This line is currently inactivated and production fluids are currently being adequately transferred in other existing lines. While repair or replacement of a portion of this line have been discussed, no decisions have been made on the necessity for or the scope of the work at this time. This project is not being included in the First Modification, but may be requested in a later Plan Change and Augmentation.

In order to provide funding for this necessary pipeline repair work, the Field Systems portion of the Expense Budget will be augmented by \$440,000.

After approval of this First Modification, the affected Budget Items will be adjusted as follows:

	<u>Current Budget</u>	<u>First Modification</u>	<u>Adjusted Budget</u>
BUDGET PART III			
B. <u>ESTIMATED EXPENDITURES FOR EXPENSE</u>			
2. <u>OPERATING EXPENSE</u>			
b. <u>Field Systems</u>			
(1) Oil Gathering	\$ 525,000	\$220,000	\$ 745,000
(5) Gas Gathering	\$ 192,000	\$220,000	\$ 412,000
TOTAL 1975-1976 BUDGET	\$73,333,000	\$440,000	\$73,773,000

CALENDAR ITEM NO. 18. (CONTD)

The final cost will include a 4% Administrative Overhead allowance on the actual expenditures for the project. This allowance, however, is not being augmented at this time.

The Division has reviewed this First Modification and finds it necessary to perform the remedial pipeline work and augment the Budget to provide proper funding.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT THE ACTIVITY CONTEMPLATED BY THE FIRST MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1975, THROUGH JUNE 30, 1976, FALLS WITHIN THE SCOPE OF A PROJECT CARRIED OUT PURSUANT TO AGREEMENTS APPROVED BY THE COMMISSION BEFORE APRIL 5, 1973, AND IS THEREFORE AN ONGOING PROJECT WITHIN THE MEANING OF 14 CAL. ADM. CODE 15060(b)(3), AND DOES NOT REQUIRE THE PREPARATION OF EITHER AN ENVIRONMENTAL IMPACT REPORT OR A NEGATIVE DECLARATION.
2. PURSUANT TO SECTION 5(g), CHAPTER 138, STATUTES OF 1964, 1ST E.S., APPROVE THE FIRST MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1975, THROUGH JUNE 30, 1976.

In accordance with PART IV.A.4.c. of the 1975-1976 Plan and Budget, the following Plan Supplement for an additional project not exceeding \$100,000 has been approved by the Manager, Long Beach Operations, State Lands Division, and is being reported and incorporated in the Plan. The Plan Supplement requires no action by the Commission, and funds for the project have been provided by transfer within the Budget.

Plan Supplement No. 1 - Repair of barge ramps at Pier G and offshore islands at an estimated cost of \$96,000.