

MINUTE ITEM

This Calendar Item No. 34
 was approved as Minute Item
 No. 34 by the State Lands
 Commission by a vote of 3
 to 0 at its 9/30/76
 meeting.

INFORMATIVE
 CALENDAR ITEM

9/76
 WMT

34.

REVIEW OF THE 1975-1976 FISCAL YEAR
 PRODUCTION AND REVENUE AND ESTIMATE OF THE
 1976-1977 FISCAL YEAR PRODUCTION AND REVENUE,
 PARCEL "A", CITY OF LONG BEACH
 WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The Commission, at its January 1972 meeting, directed the Division to prepare and submit annual fiscal year estimates of oil and gas production, oil and gas liquids value, investment and expense expenditures, net revenue and net profits from Parcel "A", and to review quarterly such annual estimates. In compliance with this directive, estimates for the 1975-1976 fiscal year were prepared by the Division and presented to the Commission at its meeting of September 29, 1975.

The Division has reviewed these 1975-1976 fiscal year estimates in the light of actual production and expense through the end of the fiscal year. The Chapter 138 oil revenue for sharing from Parcel "A" during the 1975-1976 fiscal year was \$3,295,000, \$177,000 more than estimated in the third quarterly review reported to the Commission at its June 24, 1976 meeting. Gross oil revenue was \$7,934,000, practically identical with the original estimate of \$7,920,000. However, actual total expenditures were only \$4,353,000, or \$1,059,000 less than originally reported to the Commission at its September 29, 1975 meeting.

Three of the planned six wells were redrilled during the year. Expenditures during the year were less than estimated because of reduced well work, less plant investment than anticipated, and the lack of the purchase of a production hoist that was included in the original budget.

For the 1976-1977 fiscal year, the Division has prepared the following revenue based on a 10% per year oil decline rate and using current oil prices for the remainder of the fiscal year. Expenditures are based on the Parcel "A" budget, as approved by the City of Long Beach, and reflects inflationary increases in costs.

Following is a summary comparison of actual 1975-1976 fiscal year performance and revenue with the Division's 1976-1977 fiscal year estimate:

CALENDAR ITEM NO. 34 (CONTD)

	<u>1975-76</u> <u>Actual</u>	<u>1976-77</u> <u>Estimate</u>	<u>Change</u>
Oil Production, M Bbls.	1,845	1,655	-190
Gross Oil Revenue, M \$	7,934	7,301	-633
Total Expenditures, M \$	4,353	4,775	+382
Net Revenue, M \$	3,581	2,526	-1015
Net Revenue to be shared after deduction of Contractor's 9% share	\$3,295	\$2,369	-\$926

When production and cost information through the first quarter of the fiscal year becomes available it will be reviewed by the Division. The Commission will be informed of any revisions which may affect revenue to the State pursuant to Chapter 138, Statutes of 1964, 1st E.S.