

This Calendar Item No. 35  
was approved by the State Lands  
Commission by vote of 2  
to 0 at its 10/28/76  
meeting.

CALENDAR ITEM  
35.

10/76  
WMT

APPROVAL OF THE THIRD MODIFICATION OF THE  
PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET,  
LONG BEACH UNIT, WILMINGTON OIL FIELD,  
LOS ANGELES COUNTY

The declared intent of the Federal Energy Administration (FEA) has been to allow new or upper tier prices for any additional crude oil above base levels of production. This incentive was intended to stimulate expenditures for the purpose of increasing domestic oil production. However, until this month, the FEA's definition of "properties" has prevented such incentive from being paid in the Long Beach Unit. Although millions of dollars were spent in the Long Beach Unit since 1972 for new wells and redrilling, workover and stimulation of old wells, the increased oil production received only old oil prices.

Effective September 1, 1976, the FEA has removed one of its past artificial economic restrictions by redefining "properties". Now each of the sixteen separate producing reservoirs in the Long Beach Unit will be recognized as individual "properties". Although retroactive adjustments are not permitted, this redefinition and incentive will apply to future allowable crude oil prices.

As a result of this release from previous pricing constraints, the State Lands Commission is augmenting the 1976-1977 Long Beach Unit Budget by \$8.3 million for the purpose of increasing the unit oil production.

The Third Modification adds the following additional items to the 1976-1977 Plan of Development and Operations:

1. Twenty rig-months of drilling rig activity.
2. Construction of produced water handling facilities on Island Chaffee.
3. Pilot demonstration of enhanced oil recovery by caustic flooding.
4. Redrill, workover and stimulation of oil wells.
5. Repairs to oil and gas pipelines on Pier J.
6. Repairs to heater treaters.

To expedite work under Items 3 and 4 above, the Executive Officer approved the redrilling of Well B-827 on October 7, 1976, pursuant to Section 5(g), Chapter 138, Statutes of 1964, 1st E.S. This Third Modification ratifies the Executive Officer's approval to redrill Well B-827.

Funding to accomplish the work set forth in the above Plan modification is being provided by the following Budget augmentation:

CALENDAR ITEM NO. 35. (CONTD)

PART III

	<u>Current</u> <u>Budget</u>	<u>Proposed</u> <u>Modification</u>	<u>Proposed</u> <u>Adjusted</u> <u>Budget</u>
<u>A. EXPENDITURES FOR INVESTMENT</u>			
1. <u>DRILLING AND DEVELOPMENT</u>			
a. <u>Development Drilling</u>			
(2) Ranger	3,100	1,700	4,800
c. <u>Other Well Work</u>			
(3) Injection Well Conversions	296	90	286
2. <u>FIELD AND WELL FACILITIES</u>			
b. <u>Gathering, Treating, Storage &amp; Distribution</u>			
(1) Gathering	21	108	129
(2) Well Test	38	100	138
(10) Produced Water Handling	2,776	1,932	4,708
c. <u>Injection Water Treating &amp; Distribution</u>			
(1) Water Injection System	84	800	884
<u>B. EXPENDITURES FOR EXPENSE</u>			
1. <u>UNIT TAXES AND LICENSES</u>			
b. <u>Mining Rights Taxes</u>	9,740	300	10,040
2. <u>OPERATING EXPENSE</u>			
a. <u>Wells</u>			
<u>Oil Wells</u>			
(1) Direct Well Charges	6,593	1,007	7,600
(2) Stimulation	0	180	180
(3) Redrills (Same Zone)	250	500	750
(4) Workovers	257	150	407
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	<u>Current Budget</u>	<u>Proposed Modification</u>	<u>Proposed Adjusted Budget</u>
b. <u>Field Systems</u>			
(1) Oil Gathering	734	180	914
(2) Oil Treating	250	200	450
(3) Gas Gathering	321	20	341
(13) Submersible Lift	3,283	500	3,783
c. <u>Water Injection</u>			
(14) Water Injection System	6,755	68	6,823
3. <u>GENERAL ADMINISTRATIVE EXPENSE</u>			
d. <u>General Expense</u> <u>Special Projects</u>			
(1) Management Projects	39	34	73
4. <u>OTHER EXPENSE</u>			
c. <u>Environmental Control</u>	492	58	550
d. <u>Prior Year Adjustments</u>	58	50	108
G. <u>ADMINISTRATIVE OVERHEAD</u>	1,905	290	2,195
TOTAL BUDGET (excluding BUDGET CONTINGENCY FUND)	\$67,009	\$8,267	\$75,276

The Division has reviewed each item of this proposed Third Modification and is of the opinion that the additional projections and funding provided in this modification will substantially increase oil production and revenue attributable to the Long Beach Unit. The Commission will be provided with revised economic projects as soon as data becomes available.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE THIRD MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT (JULY 1, 1976 THROUGH JUNE 30, 1977).

In accordance with PART IV.A.4.c. of the 1976-1977 Plan of Development for the Long Beach Unit, the following Plan Supplements for additional projects under \$100,000 have been approved by the Manager, Long Beach Operations, State Lands Division, and are hereby reported to the Commission and incorporated in the Plan. These Plan Supplements do not require action by the Commission.

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Plan Supplement

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Recover stuck pump and tubing and diagnose the condition of Well B-232, estimated cost \$44,800, and restore sand control in Well B-106 by making repair with an inner liner, estimated cost \$42,800.

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Recover tubing and pump fish, diagnose the condition of Well B-632 and return it to production, estimated cost \$47,300, and repair the inner liner of Well A-404, estimated cost \$45,000.