

MINUTE ITEM

This Calendar Item No. 19  
was approved as Minute Item  
No. 19 by the State Lands  
Commission by a vote of 3  
to 0 at its 10/27/77  
meeting.

INFORMATIVE CALENDAR ITEM

19.

10/77  
Thompson

REVIEW OF THE 1976-1977 FISCAL YEAR PRODUCTION  
AND REVENUE AND ESTIMATE OF THE 1977-1978 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 Commission's staff 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 1976-1977 fiscal year were prepared by the Staff and presented to the Commission at its meeting of September 30, 1976.

The Staff has reviewed these 1976-1977 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 1976-1977 fiscal year was \$2,761,000, which was \$392,000 more than originally estimated. This is due to the shift of approximately 6% of the oil from lower tier to upper tier, pursuant to the Department of Energy's September, 1976 "property" redefinition.

For the 1977-1978 fiscal year, the Division has estimated revenue using expenditures based on the Parcel "A" budget, as approved by the City of Long Beach. This budget reflects inflationary increases in costs, and includes an additional quarter of a million dollars for taxes and insurance relative to the previous year. An improving trend in production decline rate, to 7% per year, is now forecast in view of the favorable response that is expected to result from an increase in expenditures. Posted prices have not been increasing along with the Department of Energy's schedule of increasing ceiling prices, therefore current oil prices are used in this projection of revenue.

The following is a summary of actual 1976-1977 fiscal year performance and revenue in comparison with the Division's 1977-1978 fiscal year estimate:

A 52, 57, 58

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S 27, 31

CALENDAR ITEM NO. 19. (CONTD)

	<u>1976-1977</u> <u>Actual</u>	<u>1977-1978</u> <u>Estimate</u>	<u>Change</u>
Oil Production, Bbls.	1,690,000	1,577,000	-113,000
Gross Oil Revenue	\$7,729,000	\$7,633,000	\$- 96,000
Total Expenditures	\$4,752,000	\$5,726,000	\$+974,000
Net Revenue	\$2,977,000	\$1,907,000	\$-1,070,000
Net Revenue to be shared with City after deduction of Contractor's 9% share	\$2,761,000	\$1,785,000	\$-976,000

When production and cost information through the first quarter of the fiscal year becomes available it will be reviewed by the Staff. 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.