

MINUTE ITEM

This Calendar Item No. 31  
submitted for information  
only, no action thereon  
being necessary.

INFORMATIVE  
CALENDAR ITEM

31.

12/79  
Thompson

REVIEW OF THE PRODUCTION AND REVENUE PROJECTIONS  
FOR 1979-1980 FISCAL YEAR, PARCEL A,  
CITY OF LONG BEACH, WILMINGTON OIL FIELD,  
LOS ANGELES COUNTY

In compliance with the Commission's directive, a review of the 1978-1979 fiscal year production and revenue and projected estimates for 1979-1980 on Parcel "A" are presented to the Commission.

Staff review of the 1978-1979 fiscal year indicates that crude oil production was 3 percent higher than forecast. Due to the cost of redrilling an additional well, along with inflationary increases in the costs of operation and maintenance, net revenue shared between the City of Long Beach and the State was \$1,573,000, about 17 percent less than originally estimated.

It is expected that net tideland oil revenue to be shared between the City of Long Beach and the State for the 1979-1980 fiscal year will exceed \$3,100,000. Ceiling price increases for controlled oil are now routine and predictable, though not keeping pace with inflationary effects on producing costs. The release of lower tier oil to upper tier oil starting in June, 1979 and the future phased decontrol of upper tier oil starting in January 1980 will offset these increased operating costs. There is now financial incentive for additional well work and repair of damaged producing and injection wells. Currently there is difficulty in acquiring a drilling rig for redrill work, but this should be resolved in the future. The actual amount of money available for plow back into increased expenditures will be determined by the end of 1979 with passage of the federal oil excise tax bill.

When additional information through the second quarter of the 1979-1980 fiscal year becomes available, it will be reviewed by the staff. The Commission will be informed of any changes in oil revenue which may be received by the State pursuant to Chapter 138/1964, 1st E.S.

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