

MINUTE ITEM

This Calendar Item No. 37
was approved as Minute Item
No. 37 by the State Lands
Commission by a vote of 9
0 at its 1-24-80
meeting.

CALENDAR ITEM

37.

1/80
Thompson

FOURTH MODIFICATION OF THE 1979-1980 PLAN OF DEVELOPMENT
AND OPERATIONS AND BUDGET, LONG BEACH UNIT,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

The City of Long Beach as Unit Operator for the Long Beach Unit has requested that the Plan of Development and Operations and Budget be modified to provide for a pilot enhanced oil recovery project involving "unconventional steam drive injection" into the Tar V sands. This project would require the drilling of one steam injection well and three producing wells to the Tar Zone, from Island Grissom. A Unit owned steam generator would be reconditioned to meet the heavier demand required for the project. It is anticipated that the necessary funds for this project can be provided by transfers within the budget.

This would be a self-certifying "unconventional steam drive injection" project under the Department of Energy's Tertiary Incentive Crude Oil Program. Approximately 50% of the total cost of the new wells and certain other costs incurred prior to October 1, 1981 would be recoverable through the release of any other controlled oil to uncontrolled prices. This is consistent with Department of Energy regulations which provide producers with "front end" money to offset costs of enhanced oil recovery techniques. A successful pilot project could lead to an expanded steam drive program in the Long Beach Unit Tar V sands and the recovery of appreciable quantities of oil not obtainable with existing water flooding techniques.

In addition, the Fourth Modification would provide a budget augmentation of \$220,000 in Part III, A.2.f.(2) Drilling Equipment, which would increase the 1979-1980 Budget to \$103,590,000. This will fund a silicone controlled rectifier (SCR) system for the electrically powered drilling rig on Island Grissom, in the Long Beach Unit. The SCR system will replace obsolete motor-generator sets that are currently used for converting alternating current to direct current for the drilling rig power supply.

IT IS RECOMMENDED THAT THE COMMISSION:

APPROVE THE FOURTH MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1979 THROUGH JUNE 30, 1980, WHICH WILL CHANGE THE PLAN TO PROVIDE FOR A TERTIARY INCENTIVE CRUDE OIL PROGRAM OF UNCONVENTIONAL STEAM DRIVE IN THE TAR V ZONE AND WILL AUGMENT THE BUDGET IN THE AMOUNT OF \$220,000; PROVIDE AN ELECTRICAL RECTIFIER UNIT FOR A DRILLING RIG OWNED BY THE LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

A 52, 57, 58

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