

MINUTE ITEM

This Calendar Item No. 50
 was approved as Minute Item
 No. 50 by the State Lands
 Commission by a vote of 2
 to 0 at its 8-26-80
 meeting.

CALENDAR ITEM

50.

8/80
 Thompson

FIRST MODIFICATION OF THE 1980-1981 PLAN OF DEVELOPMENT
 AND OPERATION AND BUDGET LONG BEACH UNIT,
 WILMINGTON FIELD, LOS ANGELES COUNTY

This First Modification proposes budget augmentation of \$9,959,000 for prepurchase of the remaining chemicals needed in the Ranger VII ERDA caustic pilot flood in order to maximize recovery of future costs under the federal Department of Energy (DOE) Tertiary Incentive Program. The latter program is separate from the project contract and provides 75% reimbursement of certain front-end costs in enhanced-recovery projects via sale of otherwise controlled oil from a field at a higher uncontrolled price. The prepurchased chemicals will be delivered as needed into 1986, which is the estimated time of terminating caustic injection. The Long Beach Unit has about \$10 million after tax dollars worth of controlled oil that could be released to the higher price before the DOE incentive program ends in September, 1981, therefore, the potential funding for reimbursement appears ample. Project status is essentially unchanged from the semiannual informative calendar item and staff report presented at the May 29, 1980 Commission Meeting.

After approval the affected budget item will be:

	Current Budget	This Modification	Adjusted Budget
B. ESTIMATED EXPENDITURES FOR EXPENSE			
2. OPERATING EXPENSE			
b. Field Systems			
(14) Water Injection System	\$13,113,000	\$9,576,000	\$22,689,000
<u>ADMINISTRATIVE OVERHEAD</u>	5,008,000	383,000	5,391,000
1980-1981 Budget	138,439,000	9,959,000	148,398,000

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THIS FIRST
 MODIFICATION OF THE 1980-1981 PLAN AND BUDGET.

- A 57, 58
- S 27, 31

CALENDAR PAGE	<u>273</u>
MINUTE PAGE	<u>1941</u>