

MINUTE ITEM

This Calendar Item No. 34
 was approved as Minute Item
 No. 34 by the State Lands
 Commission by a vote of 3
 to 0 at its 10/30/81
 meeting.

CALENDAR ITEM

34

10/30/81
 Thompson

THIRD MODIFICATION OF THE 1981-82
 PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET,
 LONG BEACH UNIT, WILMINGTON OIL FIELD,
 LOS ANGELES COUNTY

The Third Modification of the 1981-82 Plan and Budget, Long Beach Unit, would modify the Plan to provide for the purchase and installation of an additional electrical load center and second automatic well tester at the J-3 well site, increased funding for the third free water knockout on Island Freeman and the replacement of funds used for central cement mixing plants on two islands. The necessary funding of these projects is being provided by transfers within the budget. This modification also provides for the transfer of funds from investment to expense for that part of the cellar expansion work on Islands Grissom and White involving relocation or reconstruction of existing facilities. This transfer of \$950,000 between investment and expense is to accommodate a change in accounting procedure.

An additional electrical load center is needed at the J-3 site if the power requirements for pumping the proposed new wells at this location are to be met. Only \$20,000 of the \$150,000 of the new load center need be funded by transfer, since the balance of the funding is currently available. At this same location the existing automatic well tester is serving more wells than can be handled efficiently. A second tester would reduce the load on this testing facility and provide capacity for new producing wells. The \$135,000 required for this automatic well tester will be made available from funds previously budgeted for similar units at other locations, which are not required this budget year. The Island Freeman free water knockout vessel included in the 1981-82 Plan and Budget was funded in the amount of \$230,000, however it is now estimated that the total cost of the project will be \$365,000, necessitating a transfer of \$135,000 to complete the funding. This vessel will provide for additional gross production on the island, and also should eliminate well shut-in time or resulting loss of production such as is currently occurring when problems arise with either of the two existing vessels.

With approval of this modification, the affected Budget Items would be revised as follows: (All figures are in thousands of dollars).

A 57, 58

S 27, 31

A. ESTIMATED EXPENDITURES FOR INVESTMENT

1. DRILLING AND DEVELOPMENT

a. Development Drilling

(2) Ranger Zone	35,115	(350)	34,765
-----------------	--------	-------	--------

2. FIELD AND WELL FACILITIES

a. Artificial Lift - Surface

(2) Submersible Lift Systems - Surface	605	195	800
---	-----	-----	-----

b. Gathering, Treating
Storage & Distribution
Oil Systems

(3) Treating	230	135	365
--------------	-----	-----	-----

d. Electrical Communications
and Control

(1) Electrical Systems	646	20	666
------------------------	-----	----	-----

e. Leasehold Facilities

(3) Cellars	17,431	(950)	16,481
-------------	--------	-------	--------

B. ESTIMATED EXPENDITURES FOR EXPENSE

2. OPERATING EXPENSE

c. Other Production Expense

(10) Leasehold Improvements	1,797	950	2,747
-----------------------------	-------	-----	-------

The Commission's staff has reviewed the Third Modification. The projects are necessary for the continued development of the Long Beach Unit and will improve operating efficiency.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE THIRD MODIFICATION OF THE PLAN OF DEVELOPMENT AND OPERATIONS AND BUDGET, LONG BEACH UNIT, JULY 1, 1981 THROUGH JUNE 30, 1982.

In addition, in accordance to PART IV. A.4.c. of the Plan, the approval of Plan Supplement No. 6 is hereby reported. This Plan Supplement provides for the purchase and installation of a new raw water tank at the J-2 site, at a cost of \$95,000.