#### MINUTE ITEM

This Galendar Item No. 38 was approved as Minute Item
38 by the State Lands imission by a vote of -3 to o at its 8/26/82 meeting.

CALENDAR ITEM

38

8/26/82 W 5077 Pace

APPROVE THE REPORT COVERING ACTUAL REVENUE FOR 1981-82 AND REVENUE ESTIMATES FOR 1982-83, 1983-84 AND 1984-85

Supplemental language to the 1981-82 Budget for the State of California affects Item 232, giving the following directive to the State Lands Commission:

"The State Lands Commission shall report semia aually to the Legislature and F . Governor on its actual revenue during the past fiscar year, revenue to date in the current year, and estimated revenue in each of the next two years. For each major oil, gas or geothermal property or producing zone, the reports shall include production levels; prices; costs, taxes or payments deductible from gross revenue; and the percentage of net profits or royalty to the State. The report shall state impor ant assumptions and discuss any factors which may significantly affect revenue for the next five years."

In compliance with this directive, the staff has prepared a report for these years as shown on the attached Exhibit "A".

AB 884:

N/A.

EXHIBIT: A. Revenue Detail - Actual and Forecast.

A 57, 58

27, 31

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#### 38 (CONTD) CALENDAR ITEM NO.

IT IS RECOMMENDED THAT THE COMMISSION:

APPROVE THE REPORT COVERING ACTUAL REVENUE FOR 1981-82 AND THE ESTIMATES FOR FUTURE YEARS, AND AUTHORIZE ITS PRESENTATION FOR THE STATE LANDS COMMISSION REVENUE REPORT TO THE STATE LEGISLATURE AND THE GOVERNOR.

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## EXHIBIT "A"

## ESTIMATED REVENUE

	3 8		.PAGE	1072
	EXHIBIT "	A <sup>er</sup> ,		
•	ESTIMATED RE	VENUE		
	Actual Reverse 1981-82 FY	1982-83 FY	Est Revenue 1983-84 F7	1 OF 2 Est.Releane 1984-85 FY
11 & Gas	40.000.770	10,000,000	10,000,060	10,000,000
Tracts 2, 11, 8 & 39(a)	12,800,139	110,000,000	110,000,000	100,000,000
Other L., B. Operations			230,000,000	210,000,000
Ch. 138/64) (a)	349,206,476	370,000,000	350,000,000	320,000,000
Total (Subjett to Section 6217 PRC)	462,359,083 6,364,341	8,600,000	9,700,000	9,700,000
Geothermal	0,304,344	.,		
These revenue es	timates are based on rates, prices, es are adjusted f	for brolected P	indead for	
These revenue es and geothermal production able royalty percentage for net profits sharing anticipated investment injection rates, and the Major assumptions are:	es are adjusted for contracts expended for projects, increased level of support	for projected in the second section of the section	luded for coduction and	
These revenue es and geothermal production and production rates, and the major assumptions are:  1. That crude oil print the period of the	ces will remain a projection.	for projected in the land property.  t current leve	luded for roduction and ls throughout	i.
These revenue es and geothermal production able royalty percentage for net profits sharing anticipated investment injection rates, and the Major assumptions are:  1. That crude oil print the period of the period of the net profits contra	ces are adjusted for contracts expended for projects, increase the level of support ces will remain a projection.  t will escalate increase at 10% per years.	for projected pr	luded for roduction and is throughout the Tidelands	
These revenue es and geothermal production able royalty percentage or net profits sharing anticipated investment injection rates, and the Major assumptions are:  1. That crude oil printer period of the period of the period of the period of the profits contration on a piecemeal base of days. Productifacilities improve	ces are adjusted for contracts expended for projects, increased level of support of support of the contract of support of the contract of the	for projected print itures are income fluid property.  t current leve not the Long Beautiform "Holly" impletely shutto it is property in the long by emissions	luded for roduction and is throughout the tridelands will be done ing in for ease following standards.	
These revenue estand geothermal production able royalty percentage or net profits sharing inticipated investment injection rates, and the major assumptions are:  1. That crude oil print the period of the period of the period of the profits contract on a piecemeal base on a piecemeal base of days. Production facilities improved the controlled by the commission.	ces are adjusted for contracts expended for projects, increase the level of support ces will remain a projection.  t will escalate increase at 10% per year diffication at Places are than concepts but limited on rate decline or continued drilling	t current leven the Long Bea ar.  tform "Holly" mpletely shutto iby emissions other oil and from location	luded for roduction and is throughout the Tidelands will be done ing in for ease following standards.  I gas leases wins cleared by	
These revenue estand geothermal production able royalty percentage or net profits sharing anticipated investment injection rates, and the major assumptions are:  1. That crude oil printer period of the period of the period of the period of the profits contrated on a piecemeal base of days. Production facilities improved.  4. That the production controlled by contr	ces are adjusted for contracts expended projects, increased level of support of support of support of the contract of the cont	t current leven the Long Bea ar.  tform "Holly" impletely shutton by emissions other oil and from location dutilizing geothand that electional Area will	luded for roduction and is throughout the lands will be done ing in for lease following standards. It gas leases with cleared by the mermal steam rical-generations on line in the lands of	.11

# Major assumptions are:

- That crude oil prices will remain at current levels throughout the period of the projection.
- That operating cost will escalate in the Long Beach Tidelands net profits contracts at 10% per year.
- That facilities modification at Platform "Holly" will be done on a piecemeal basis rather than completely shutting in for 90 days. Production levels are projected to increase following facilities improvements but limited by emissions standards.
- That the production rate decline on other oil and gas leases will be controlled by continued drilling from locations cleared by the Commission.
- utilizing geothermal steam will remain at \$30 per Megawatt. And that electrical-generating Unit No. 17 at the Geysers Geothermal Area will come on line in January, 1983.

The factors that could have the most significant impact on revenue in the next five years would be:

Changes in future oil, gas and geothermal steam prices and the parage 22 (Added 8/23/82)

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relationship between oil price increases and gost inflation in the Long Beach net profits contracts.

- B. Application of windfall profit tax provisions to State and local governmental agencies in the Long Boach met profits contracts.
- C. Determination of the legality of present Los Angeles County mining rights assessment practices.
- D. Continued oil and gas exploration and development on State-wide leased lands.
- E. Continued leasing and development of Statewide lands with oil and gas resources potential
- F. Continued leasing and development of Statewide lands with geothermal resources potential.

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