

MINUTE ITEM

This Calendar Item No. 26
was approved as Minute Item
No. 26 by the State Lands
Commission by a vote of 2
0 at its 3/2/92
meeting.

CALENDAR ITEM

A 57, 58

26

03/02/92

W 17099

S 29

G. Scott

LONG BEACH PROGRAM PLAN (JANUARY 1992 - JUNE 1996)
LONG BEACH ANNUAL PLAN (JANUARY 1992 - JUNE 1992), AND THE
LONG BEACH UNIT ANNUAL PLAN (JULY 1, 1992 - JUNE 30, 1993)
LONG BEACH UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

In accordance with Chapter 941 of the Statutes of 1991 (AB 227) and the Agreement for Implementation of an Optimized Waterflood Program for the Long Beach Unit, the Long Beach Unit Program Plan (January 1, 1992 - June 30, 1996), the Long Beach Annual Plan (January 1, 1992 - June 30, 1992), and the Long Beach Unit Annual Plan (July 1, 1992 - June 30, 1993) have been submitted by the City of Long Beach to the State Lands Commission for approval.

The City Council of the City of Long Beach at its meeting on February 4, 1992, adopted the proposed Program Plan and both Annual Plans, and authorized their submittal formally on February 4, 1992 to the State Lands Commission for consideration and approval. The Commission has 45 days following the formal submission of the Program Plan and each annual Plan to take action. If no action is taken, the plans are deemed to be approved as submitted.

The economic projections for the period January 1, 1992 through June 30, 1996 as presented by the City are shown below:

(Data in thousands of dollars)

<u>PERIOD</u>	<u>TOTAL INCOME</u>	<u>EXPENDITURES</u>	<u>NET INCOME</u>
	<u>Oil and Gas</u>		
1/92 - 6/92	\$ 116,210	\$ 94,647	\$ 21,563
FY 92 - 93	\$ 237,747	\$189,852	\$ 47,895
FY 93 - 94	\$ 248,127	\$190,000	\$ 58,127
FY 94 - 95	\$ 261,103	\$190,000	\$ 71,103
FY 95 - 96	<u>\$ 271,483</u>	<u>\$190,000</u>	<u>\$ 81,483</u>
TOTAL	\$1,134,670	\$854,499	\$280,171

As presented, the Long Beach Unit Program Plan and Annual Plans include anticipated range and rates of production, expenditures, revenues and net profits for the Unit as projected by the City of Long Beach Department of Oil Properties. The City has estimated, in the Program Plan, that the Unit net income from January 1992 through June 1996 will be \$280,171,000 million dollars after total expenditures of \$845,499,000 million dollars. This income will be generated primarily from oil revenues based on production forecasts ranging from approximately 45,800 BOPD in FY 1992/1993 to approximately 52,300 BOPD in FY 1996/1997. These production forecasts are based on the assumption that the drilling activity will remain constant at five active rigs. Presently, four rigs are active, with a fifth rig being considered for activation by June 1992. Revenues for this period are based on an oil price of \$13.80/barrel. The expenditure level estimated during this period includes a significant portion of the \$100,000,000 dollars which ARCO has committed to the design and implementation of the Optimized Waterflood Program. Oil prices are presently below \$12/barrel, and have been at that level since the first week of January 1992.

The staff of the Mineral Resources Management Division has reviewed the Program Plan and Annual Plans as submitted by the City and believes that these plans provide an engineering framework to meet the objectives of the Optimized Waterflood

Agreement and contain all pertinent information available at the time that the plans were prepared and that the budgets contained in the Annual Plans are consistent with the Program Plan. Engineers representing the State, City, THUMS, and ALBI agree that the objectives will be met in all areas of interest, including those of good oil field practice, proper reservoir management, safety to employees and public, and environmental protection, through active participation by all parties at Unit forums, Engineering Committee meetings, at Voting Party Committee meetings, and during events as they occur in the field.

AB 884:

N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Codes Regs. 15378.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 AS A STATUTORY EXEMPT PROJECT PURSUANT TO P.R.C. 21169 AND 14 CAL. CODE REGS. 15261, AN ACTIVITY INVOLVING AN ONGOING PROJECT.
2. APPROVE THE LONG BEACH UNIT PROGRAM PLAN (JANUARY 1, 1992 - JUNE 30, 1996), THE LONG BEACH UNIT ANNUAL PLAN (JANUARY 1, 1992 - JUNE 30, 1992), AND THE LONG BEACH UNIT ANNUAL PLAN (JULY 1, 1992 - JUNE 30, 1993).