

CALENDAR ITEM

C45

MINUTE ITEM
This Calendar Item No. C45
was approved as Minute Item
No. 45 by the State Lands
Commission by a vote of 3
to 0 at its 12/17/92
meeting

A 57, 58

12/17/92

S 29

W 17099

Pepper

APPROVE THE SECOND AMENDMENT OF THE ANNUAL PLAN,
(JANUARY 1, 1992 THROUGH JUNE 30, 1992),
FINAL REPORT AND CLOSING STATEMENT,
LONG BEACH UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

The City of Long Beach has submitted to the Commission the second amendment to the January 1, 1992 through June 30, 1992 Plan of Development and Operations and Budget (Plan), Long Beach Unit, providing updated economics with revised oil and gas prices. This report reflects the information for the period January 1, 1992 through June 30, 1992. There were no changes in the latest approved budget of \$94,647,000 or of the distribution to the five budget categories through the Plan period.

The average oil and gas rates were reported to be 44,552 barrels per day of oil and 8,959 mcf per day of gas. The cumulative recoveries and injection through June 1992 are as follows:

OIL PRODUCTION	751,489,242 Barrels
GAS PRODUCTION	203,402,095 Mcf
WATER PRODUCTION	3,074,069,107 Barrels
WATER INJECTION	4,519,754,037 Barrels

Cumulative Injection - Gross Production Ratio is 1.182 Bbls/Bbl.

The economic values reflect the actual prices of the oil and gas sales. The major original planning assumptions were based on an average oil price of \$13.80 per barrel and an average gas price of \$2.10 per mcf. The average actual values reported were \$12.79 per barrel of oil and \$2.01 per mcf of gas. The reported total

revenue was \$106,905,000 with \$83,396,000 of total expenditures for a net profit of \$23,509,000. During this Plan period, development drilling assumed that four drilling rigs would be active. A fourth rig was active for one and one-half months of the Plan period and then, because of a drop in oil prices, activity was reduced to three rigs.

The Commission's staff has reviewed the second amendment, including the production, injection, expenditures, and revenue shown in the revised exhibits.

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. Code Regs. 15378.

EXHIBIT:

- A. Letter Requesting Approval of the Second Amendment of the Annual Plan

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. 15062 AS A STATUTORILY EXEMPT PROJECT PURSUANT TO P.R.C. 21169 AND 14 CAL. CODE REGS. 15261, AN ACTIVITY INVOLVING AN ONGOING PROJECT.
2. APPROVE THE SECOND AMENDMENT TO THE ANNUAL PLAN (JANUARY 1, 1992 THROUGH JUNE 30, 1992) FINAL REPORT AND CLOSING STATEMENT, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.



CITY OF LONG BEACH

DEPARTMENT OF OIL PROPERTIES

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • (310) 590-6354 • FAX 590-6191

September 23, 1992

Mr. Charles Warren
Executive Officer
State Lands Commission
245 West Broadway - Suite 425
Long Beach, California 90802

Subject: **REQUEST FOR APPROVAL OF THE SECOND AMENDMENT OF THE ANNUAL PLAN, LONG BEACH UNIT (JANUARY 1, 1992 THROUGH JUNE 30, 1992) FINAL REPORT AND CLOSING STATEMENT**

Dear Mr. Warren:

In accordance with the provisions of Part IV, Section A, of the Annual Plan, we are submitting for your approval the Final Report and Closing Statement as the Second Amendment of the Annual Plan covering the period January 1, 1992 through June 30, 1992.

The Second Amendment updates the economic data and is based on data available through June 30, 1992. It does not change the latest approved budget of \$94,647,000.

This budget comparison is based on commitments and expenditures incurred in the five categories through the Plan Period.

Development Drilling Category

This category was developed with the assumption that four drilling rigs would be active during the Plan period. A fourth rig was in operations for approximately one and one-half months of the Plan period and then, because of a severe drop in oil prices, activity was reduced back to three rigs.

During the Plan period, nine new wells and twenty redrills were completed. A summary of the wells by zone follows:

CALENDAR PAGE
MINUTE PAGE

285
3996

Zone	New Completions			Redrills		
	Prod.	Inj.	Total	Prod.	Inj.	Total
Tar	0	0	0	0	0	0
Ranger	1	2	3	5	9	14
Terminal	1	0	1	0	2	2
Upper/Lower Terminal	2	0	2	1	1	2
UP-Ford	3	0	3	1	1	2
237	0	0	0	0	0	0

Expenditures of \$23,390,915 in the Development Drilling Category exceeded its budget of \$22,339,000 by 4.7 percent, or \$1,051,915.

Operating Expense Category

The Unit oil production rate averaged 44,552 bbls/day, which was 348 bbls/day less than originally estimated, and gas production averaged 8,959 mcf/day, which was 41 mcf/day less than originally estimated in the Major Planning Assumptions section of the Annual Plan. Oil shipments during the period averaged 44,553 bbls/day, while gas shipments averaged 8,568 mcf/day.

Water injection averaged 542,982 bbls/day, which was 8,982 bbls/day greater than originally estimated in the Major Planning Assumptions section of the Annual Plan.

The Operating Expense Category has a budget of \$35,427,000, of which \$32,357,656, or 91.3 percent, was expended.

Other Plant Category

Facilities and capital projects under way or completed during the Plan period included design for the installation of subsea pipelines, design work for the replacement of oil gathering and gas gathering lines, modifications to the 30M tank valves, upgrades to the Broadway and Mitchell and J-6 tank farm shipping facilities, upgrade the vapor recovery system at Pier J-6, design H₂S scrubbing system, upgrade water injection pump monitor operator interface, installation of make-up water piping between TOPKO water line and the Pier J-2 treatment site, design for the upgrade water injection well tester controllers, installation of the oil and water separation facility at Pier J, repairs to JL-2 gas shipping line, upgrade Pier J load centers, retrofit 480v circuit breakers, upgrade island gas detection systems, replace air compressors and upgrade air systems on Island Freeman, upgrade the microwave

CALENDAR PAGE	286
MINUTE PAGE	3997

Mr. Charles Warren
September 23, 1992
Page 3

communication system, repair mud plant warehouses, forklift replacement, purchase drill pipe, and purchase computer hardware and software.

The Other Plant Category has a budget of \$20,385,000, of which \$12,368,420, or 60.7 percent, was expended. The major factor that expenditures were below budget in this category was the subsea pipeline project. This project was budgeted at \$6.9 million and only \$230,000 was expended during the fiscal year.

Staff Expense Category

The Staff Expense Category has a budget of \$11,392,000, of which \$10,264,601, or 90.1 percent, was expended.

Taxes, Leases & Permits Category

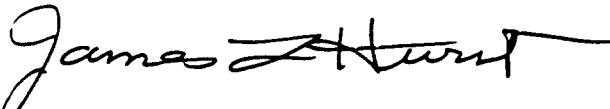
The Taxes, Leases & Permits Category has a budget of \$5,104,000, of which \$5,014,353, or 98.2 percent, was expended.

Total expenditures for the Plan period were \$83,396,000. A breakdown by Category is shown in the attachments. Total Unit income for the Plan period was higher than anticipated. Net income was \$23,509,000 (compared to an estimate of \$21,563,000).

Attached is the June 30, 1992 Budget Statement, Budget Schedule A and revised Economic Projections and Major Planning Assumptions tables.

The City of Long Beach, as Unit Operator of the Long Beach Unit, approves this proposed Amendment. In accordance with section 5 of Chapter 138, 1964 First Extraordinary Session, your approval of this proposed Amendment is requested.

Very truly yours,



for Xenophon C. Colazas
Director

XCC:slg

Attachments

FIN 31-2.002

CALENDAR PAGE	287
MINUTE PAGE	3998

A. ECONOMIC PROJECTIONS
- FINAL RESULTS -
(Data in Thousands of Dollars)

	<u>ACTUAL FIRST QUARTER</u>	<u>ACTUAL SECOND QUARTER</u>	<u>TOTAL</u>
ACTUAL REVENUE			
Oil Revenue	\$45,924	\$57,844	\$103,768
Gas Revenue	<u>1,719</u>	<u>1,418</u>	<u>3,137</u>
Total Revenue	\$47,643	\$59,262	\$106,905
ACTUAL EXPENDITURES			
Development Drilling	\$11,866	\$11,525	\$23,391
Operating Expense	16,009	16,348	32,358
Other Plant	5,867	6,502	12,368
Staff Expense	4,980	5,285	10,265
Taxes, Leases, and Permits	<u>1,465</u>	<u>3,549</u>	<u>5,014</u>
Total Expenditures	\$40,188	\$43,208	\$83,396
NET PROFIT	<u>\$7,455</u>	<u>\$16,054</u>	<u>\$23,509</u>

**B. MAJOR PLANNING ASSUMPTIONS
- FINAL RESULTS -**

	ACTUAL FIRST QUARTER 1992	ACTUAL SECOND QUARTER 1992	TOTAL
OIL PRODUCTION SHIPPED			
(1,000 Bbl)	4,082	4,027	8,109
(B/D)	44,852	44,254	
GAS PRODUCTION SHIPPED			
(1,000 Mcf)	776	784	1,560
(Mcf)	8,524	8,612	
WATER PRODUCTION			
(1,000 Bbl)	40,108	41,655	81,763
(1,000 B/D)	441	458	
WATER INJECTION			
(1,000 Bbl)	48,689	50,134	98,823
(1,000 B/D)	535	551	
OIL PRICE (\$/Bbl)	\$11.25	\$14.36	
GAS PRICE (\$/Mcf)	\$2.22	\$1.81	

NUMBER OF WELLS

AS OF JUNE 31, 1992

	<u>Producers</u>	<u>Injectors</u>	<u>Total</u>
Grissom	186	70	256
White	159	72	231
Chaffee	201	87	288
Freeman	240	59	299
Pier J (Inc. THX)	<u>113</u>	<u>55</u>	<u>168</u>
TOTAL	899	343	1,242
Tar V	10	1	11
Ranger (All Areas)	691	280	971
Upper & Lower Terminal VI,VII	62	25	87
Terminal (Blocks VIII, 90)	58	19	77
Union Pacific-Ford (All Areas)	74	18	92
237 (All Areas)	<u>4</u>	<u>0</u>	<u>4</u>
TOTAL	899	343	1,242

(Figures exclude 8 abandoned producers and 18 abandoned injectors.)

OIL PRODUCTION

	<u>Average B/D</u> <u>1/1/92 - 6/30/92</u>	<u>Cumulative</u> <u>Bbls. 6/30/92</u>
Grissom	7,952	131,257,091
White	8,569	126,776,471
Chaffee	11,793	157,566,692
Freeman	12,015	211,335,207
Pier J (Inc. THX)	4,223	124,553,781
TOTAL	44,552	751,489,242
Tar V	52	1,164,050
Ranger (All Areas)	30,592	572,643,810
Upper Terminal & Lower Terminal VI, VII	4,858	59,320,380
Terminal (Blocks VIII, 90)	4,940	37,510,059
Union Pacific-Ford (All Areas)	4,110	76,992,332
237 (All Areas)	0	3,858,611
TOTAL	44,552	751,489,242

GAS PRODUCTION

	<u>Average Mcf</u> <u>1/1/92 - 6/30/92</u>	<u>Cumulative</u> <u>Bbls. 6/30/92</u>
Grissom	1,070	19,331,032
White	1,161	31,512,000
Chaffee	2,260	54,683,774
Freeman	3,614	76,388,286
Pier J (Inc. THX)	854	21,487,003
TOTAL	8,959	203,402,095
Tar V	37	450,415
Ranger (All Areas)	5,884	128,446,823
Upper Terminal & Lower Terminal VI, VII	756	7,289,682
Terminal (Blocks VIII, 90)	1,181	11,399,821
Union Pacific-Ford (All Areas)	1,101	51,550,085
237 (All Areas)	0	4,265,269
TOTAL	8,959	203,402,095

WATER PRODUCTION

	Average B/D 1/1/92 - 6/30/92	Cumulative Bbls. 6/30/92
Grissom	92,202	731,079,361
White	86,836	571,651,048
Chaffee	85,822	435,531,834
Freeman	113,065	708,807,914
Pier J (Inc. THX)	71,322	626,998,950
TOTAL	449,247	3,074,069,107
Tar V	274	5,032,220
Ranger (All Areas)	386,952	2,676,241,744
Upper Terminal & Lower Terminal VI, VII	35,541	225,322,334
Terminal (Blocks VIII, 90)	14,154	51,835,206
Union Pacific-Ford (All Areas)	12,326	112,449,713
237 (All Areas)	0	3,187,890
TOTAL	449,247	3,074,069,107

INJECTION WATER

	Average B/D 1/1/92 - 6/30/92	Cumulative Bbls. 6/30/92
Grissom	123,540	1,046,285,076
White	110,787	890,946,150
Chaffee	115,267	951,590,564
Freeman	108,990	797,489,372
Pier J (Inc. THX)	84,398	833,442,875
TOTAL	542,982	4,519,754,037
Tar V	338	12,302,392
Ranger (All Areas)	466,897	3,909,337,717
Upper Terminal & Lower Terminal VI, VII	39,853	288,576,961
Terminal (Blocks VIII, 90)	21,276	128,502,799
Union Pacific-Ford (All Areas)	14,618	181,034,168
237 (All Areas)	0	0
TOTAL	542,982	4,519,754,037

LONG BEACH UNIT - BUDGET STATEMENT
 JANUARY 1, 1992 THROUGH JUNE 30, 1992
 JUNE 1992

	ORIGINAL BUDGET	ADJUSTED BUDGET	CURRENT MONTH	FYTD EXPENDITURE	PERCENT EXPENDED	UNEXPENDED BALANCE	AVAILABLE BALANCE	FYTD BUDGET	OVER (UNDER)
TOTAL	94,647,000	94,647,000	14,685,944	83,395,945	88.1 %	11,251,055	(10,786,998)	94,647,000	(11.9)%
DEVELOPMENT DRILLING	22,339,000	22,339,000	3,385,862	23,390,915	104.7 %	(1,051,915)	(7,191,636)	22,339,000	4.7 %
OPERATING EXPENSE	35,427,000	35,427,000	5,813,770	32,357,656	91.3 %	3,069,344	(50,968)	35,427,000	(8.7)%
OTHER PLANT	20,385,000	20,385,000	2,599,601	12,368,420	60.7 %	8,016,580	(4,524,519)	20,385,000	(39.3)%
STAFF EXPENSE	11,392,000	11,392,000	2,117,436	10,264,601	90.1 %	1,127,399	890,478	11,392,000	(9.9)%
TAXES, LEASES & PERM	5,104,000	5,104,000	769,275	5,014,353	98.2 %	89,647	89,647	5,104,000	(1.8)%

CALENDAR PAGE _____
 MINUTE PAGE _____
 293
 4004