

MINUTE ITEM

This Calendar Item No. C52  
 was approved as Minute Item  
 No. 52 by the State Lands  
 Commission by a vote of 3  
 to 0 at its May 3, 1995  
 meeting.

CALENDAR ITEM  
 C52

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APPROVE THE LONG BEACH UNIT PROGRAM PLAN  
 (JULY 1, 1995 - JUNE 30, 2000),  
 AND THE LONG BEACH UNIT ANNUAL PLAN  
 (JULY 1, 1995 - JUNE 30, 1996),  
 LONG BEACH UNIT, WILMINGTON OIL FIELD  
 LOS ANGELES COUNTY

**BACKGROUND:**

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 (July 1, 1995 - June 30, 2000), and the Long Beach Unit Annual Plan (July 1, 1995 - June 30, 1996) have been submitted by the City of Long Beach (City) to the State Lands Commission (Commission) for approval.

At it's meeting on March 7, 1995, the Long Beach City Council adopted the proposed Program Plan and Annual Plan and authorized their submittal to the Commission for consideration and approval on March 7, 1995. The Commission has 45 days following formal submission of the Program Plan and 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 July 1, 1995 through June 30, 1996 (as presented by the City) are shown below:

(Data Shown are in Thousands of Dollars)  
 TOTAL INCOME

| PERIOD   | OIL AND GAS       | EXPENDITURES     | NET INCOME       |
|----------|-------------------|------------------|------------------|
| FY 95-96 | \$ 229,909        | \$164,938        | \$ 64,971        |
| FY 96-97 | \$ 235,169        | \$152,100        | \$ 83,069        |
| FY 97-98 | \$ 228,113        | \$137,350        | \$ 90,763        |
| FY 98-99 | \$ 212,533        | \$126,750        | \$ 85,783        |
| FY 99-00 | <u>\$ 191,848</u> | <u>\$121,100</u> | <u>\$ 70,748</u> |
|          | \$1,097,572       | \$702,238        | \$395,334        |

As presented, the Plans include anticipated 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 that the Unit net income from July 1995 through June 2000 will be \$395 million. Commission staff estimate that

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of this amount, \$277 million or 70 percent will become Net Income to the State. This income will be generated primarily from oil revenues based on production forecasts ranging from 47,700 BOPD in Fiscal Year 1995-1996 to approximately 39,900 BOPD in Fiscal Year 1999-2000. These production rates are based on the assumption of one active drilling rig until the end of Fiscal Year 1998-1999, when Unit drilling activity is expected to cease. The expenditure level estimated during this period includes a portion of the \$100,000,000 which ARCO has committed to the design and implementation of the Optimized Waterflood Program, of which \$77,500,000 has been spent to date (approximately two years ahead of the committed schedule).

The Commission staff has reviewed the Program Plan and Annual Plan as submitted by the City and believes that these plans provide an engineering framework to meet the objectives of the Optimized Waterflood Agreement and are based on all engineering, geologic, and economic information available at the time of preparation, and that the budgets contained in the Annual Plan are consistent with the Program Plan. Engineers representing the State, City, THUMS, and ALBI agree that objectives will be met in all areas of interest, including those of good oil field practice, proper reservoir management, safety to employees and the public, and environmental protection, through active participation by all parties at Unit forums, Engineering Committee meetings, 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 Commission staff have determined that this activity is exempt from the requirements of CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: PRC 21065 and 14 Cal. Code Regs. 15378.

**IT IS RECOMMENDED THAT THE COMMISSION:**

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PRC 21065 AND 14

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CALENDAR ITEM NO. C52 (CONT'D)

2. APPROVE THE LONG BEACH UNIT PROGRAM PLAN (JULY 1, 1995 THROUGH JUNE 30, 2000) AND THE LONG BEACH UNIT ANNUAL PLAN (JULY 1, 1995 THROUGH JUNE 30, 1996).

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