

Staff Report 41

GRANTEE:

City of Long Beach

PROPOSED ACTION:

Consider acceptance of the Final Report and Closing Statement for the Long Beach Unit Annual Plan (July 1, 2019, through June 30, 2020), Long Beach Unit, Wilmington Oil Field, Los Angeles

BACKGROUND:

The City of Long Beach submitted its Final Report and Closing Statement of the Annual Plan, Long Beach Unit for Fiscal Year 2019–2020 (Report), covering the period July 1, 2019, through June 30, 2020 [Fiscal Year], to the Commission, as required by section 10 of Chapter 138, Statutes of 1964, 1st Extraordinary Session. The Annual Plan, now being reported on, was previously accepted by the Commission ([Item C62, April 15, 2019](#)). Although Commission action on the Report is not a requirement under the statute or various Long Beach Unit agreements, the City of Long Beach has requested the Commission's concurrence with and acceptance of the Report by letter dated September 16, 2020 (Exhibit C, attached). This Report provides the actual performance for the full Fiscal Year.

Total expenditures for the Long Beach Unit were \$216.9 million, which was \$77.1 million less than the approved budget for Fiscal Year 2019-2020. The lower than planned expenditures were primarily the result of less than anticipated drilling development, facilities, taxes, permits and operation costs for the Fiscal Year. Lower levels of development were a result of lower than expected oil prices during the Fiscal Year.

The Unit's net profits for Fiscal Year were \$115.9 million, which was \$15.4 million more than the approved budget estimate. The higher than planned net profit was the result of the spending cuts implemented for operating and administrative expenses in response to lower oil prices, especially in the fourth quarter.

The average oil and gas production rates for the Fiscal Year were reported to be 17,863 barrels (bbls)/day of oil (1,455 bbls/day less than the Plan estimate) and

7,443 thousand cubic feet (MCF)/day of gas (373 MCF/day less than the Plan estimate). The cumulative recoveries and injection through June 2020 are as follows:

- Oil Production 1,072,548,000 barrels
- Gas Production 292,956 million cubic feet (MMCF)
- Water Production 11,599,200,000 barrels
- Water Injection 13,506,218,000 barrels

Cumulative Injection/Gross Production Ratio of 1.10 bbls/bbl.

The approved budget forecast used an oil price of \$55/bbl and a gas price of \$2/MCF, whereas the actual prices averaged \$49.96/bbl for oil and \$2.23/MCF for gas for the Fiscal Year. See the tables below for additional details.

Table 1. Actual Oil and Gas Prices, Expenditures, and Net Profit for Fiscal Year 2019-2020 (in Millions of Dollars)

	First Quarter FY 19/20	Second Quarter FY 19/20	Third Quarter FY 19/20	Fourth Quarter FY 19/20	FY 19/20
Oil Revenue	101.07	102.85	79.50	43.22	326.645
Gas Revenue	1.55	1.66	2.00	0.87	6.08
Expenditures	48.48	61.15	68.85	38.38	216.859
Net Profit	54.14	43.36	12.66	5.71	115.87
Oil Price \$/BBL	60.33	61.54	48.62	27.78	49.96
Gas Price \$/MCF	2.33	2.37	2.87	1.32	2.23

Table 2. Original Budget Net Profit and Actual Net Profit for Fiscal Year 2019-2020 (In Millions of Dollars)

	First Quarter FY 19/20	Second Quarter FY 19/20	Third Quarter FY 19/20	Fourth Quarter FY 19/20	Total FY 19/20
Original Budget Net Profit	31.70	35.60	14.20	19.10	100.50
Actual Net Profit	54.14	43.36	12.66	5.71	115.87

Staff has reviewed the Report, including production, injection, expenditures, and revenue figures, and has prepared Exhibits A and B, attached, to represent graphically the actual fiscal year performance compared to the approved budget.

OTHER PERTINENT INFORMATION:

1. This action is consistent with Strategy 1.5 of the Commission's Strategic Plan to ensure the highest level of environmental protection and public safety in the production and transportation of oil and gas resources, by applying Key Action 1.5.2 to ensure lease and contract compliance with sound oil and gas development practices in compliance with regulatory and statutory requirements.
2. Acceptance for filing of the Report is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, sections 15378, subdivision (b)(5).

EXHIBITS:

- A. LBU Financial Performance, FY 2019-2020, Annual Plan vs. Actual
- B. LBU Oil Rate Performance, FY 2019-2020, Annual Plan vs. Actual
- C. Letter from the City of Long Beach dated September 16, 2020

RECOMMENDED ACTION:

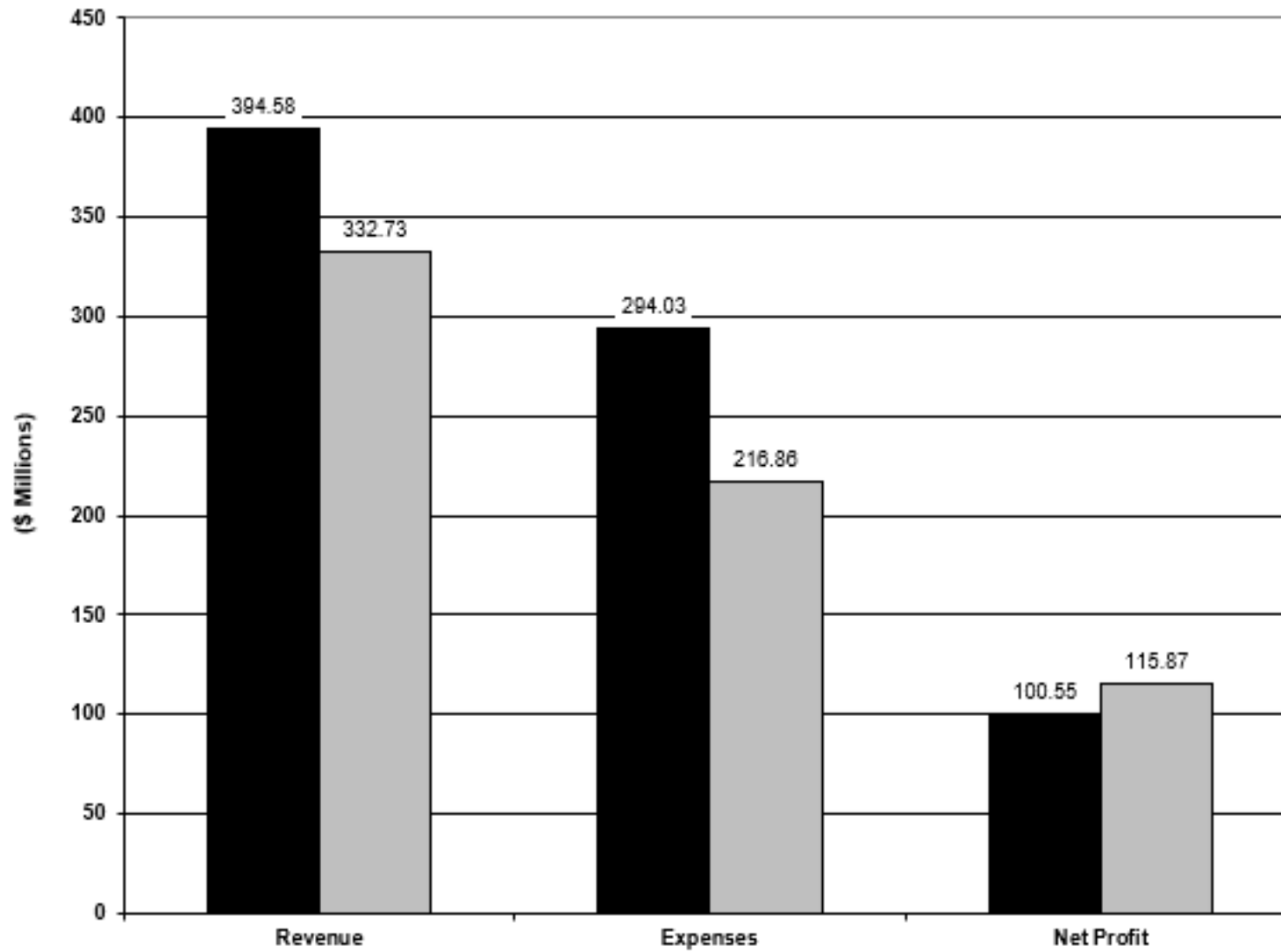
It is recommended that the Commission:

AUTHORIZATION:

Accept for filing, the Final Report and Closing Statement for the Long Beach Unit Annual Plan for the period July 1, 2019, through June 30, 2020, Long Beach Unit, Wilmington Oil Field, Los Angeles County.

Exhibit A
LBU Financial Performance
FISCAL YEAR 2019-2020 ANNUAL PLAN VS ACTUAL

W 17166



A

Exhibit B

W 17166

LBU OIL RATE PERFORMANCE
FISCAL YEAR 2019-2020 ANNUAL PLAN VS ACTUAL

