



## Legislation Text

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**File #:** 09-0239, **Version:** 1

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Recommendation to approve and adopt Long Beach Unit Annual Plan and Budget (July 1, 2009 - June 30, 2010) and the Program Plan (July 1, 2009 - June 30, 2014). Approval of the Program Plan and Annual Plan and Budget is required by State law for the continued operation of the Wilmington Oil Field. (Citywide)

In accordance with State law, an Annual Plan and Budget (Annual Plan) and Program Plan (a five-year plan of development that is replaced every two years) for the Long Beach Unit (LBU), Wilmington Oil Field must be adopted by the City of Long Beach (City) and approved by the California State Lands Commission (SLC).

The Annual Plan and Program Plan (Plans) provide for continued development of the LBU and are a joint effort by the staffs of the Long Beach Gas and Oil Department, Occidental Long Beach, Inc., and Thums Long Beach Company. Copies of the Plans are attached.

The Plans assume an average oil price of \$40 per barrel and an average gas price of \$6.00 per thousand cubic feet. The total net income from the LBU is estimated to be \$166,500,000 in the Program Plan and \$49,000,000 in the Fiscal Year 2009-2010 Annual Plan. Expenses are estimated to total \$1,685,900,000 and \$350,200,000 for the Program Plan and Annual Plan, respectively.

This item was reviewed by Principal Deputy City Attorney Charles Parkin on February 9, 2009 and Budget Management Officer Victoria Bell on February 10, 2009.

As required by State law, the City must submit formal copies of the Plans to the SLC for approval not later than March 21, 2009. To meet that requirement, City Council approval is requested on March 10, 2009.

The oil operations will generate an estimated income to the City in the amounts of \$1,300,000 for the Tidelands Operating Fund (TF 401) and \$3,400,000 to the General Fund over the Annual Plan period. The Program Plan, over the five-year plan period, will generate an estimated income to the City in the amounts of \$6,000,000 for the Tidelands Operating Fund (TF 401) and \$15,900,000 for the General Fund.

These amounts represent ongoing revenue streams to both the Tidelands Operating and General Funds that have been included in the FY 08-09 budget and will be included in the FY 09-10 budget.

Approve recommendation.

CHRISTOPHER J. GARNER, DIRECTOR  
LONG BEACH GAS AND OIL DEPARTMENT

NAME  
TITLE

APPROVED:

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PATRICK H. WEST  
CITY MANAGER