



## Legislation Text

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**File #:** 08-0207, **Version:** 1

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Recommendation to approve and adopt the Long Beach Unit Annual Plan (July 1, 2008 - June 30, 2009). (Citywide)

In accordance with Chapter 138 of the Statutes of 1964, First Extraordinary Session, an Annual Plan of Development and Operations and Budget for the Long Beach Unit must be adopted by the City of Long Beach and approved by the State Lands Commission.

Chapter 941, California Legislature, 1991 Sessions, amended Chapter 138 and requires the City and the Contractor, Occidental Long Beach, Inc. (OLBI), to prepare a one-year Annual Plan, which includes an itemized budget of intended expenditures.

The Annual Plan provides for the further development of the Long Beach Unit through the Agreement for Implementation of an Optimized Waterflood Program that was entered into in November 1991 as part of the above legislation. Preparation is a joint effort by the staffs of the City of Long Beach, Gas and Oil Department (Unit Operator), OLBI (Field Contractor), and THUMS Long Beach Company (Agent for the Field Contractor). A copy of the Annual Plan is attached.

Assuming an average oil price of \$55 per barrel and an average gas price of \$7.00 per thousand cubic feet, total net profit from the Long Beach Unit is estimated to be \$200,000,000 and expenses are estimated to total \$385,600,000 in the Fiscal Year 20082009 Annual Plan.

This item was reviewed by Principal Deputy City Attorney Charles Parkin on February 20, 2008 and Budget Management Officer Victoria Bell on February 26, 2008.

Chapter 941, California Legislature, 1991 Sessions, also requires that the City submit formal copies of the Plans to the SLC for approval not later than March 21, 2008. To meet that requirement, City Council approval is requested on March 11, 2008.

As a Working Interest Owner, as the Unit Operator, and as a revenue sharer under the Optimized Waterflood Program in the Long Beach Unit, the oil operations will generate an estimated income for the City in the amounts of \$6,100,000 over the Annual Plan period for the Tideland Operating Fund (TF 401) and \$4,900,000 over the Annual Plan period for the General Fund (GP).

Approve recommendation.

Christopher J. Garner  
Director of Long Beach Gas and Oil

NAME

APPROVED:

TITLE

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PATRICK H. WEST  
CITY MANAGER