



Legislation Text

File #: 10-0232, **Version:** 1

Recommendation to approve and adopt the Long Beach Unit Annual Plan (July 1, 2010 - June 30, 2011). (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 (SLC).

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 & Oil Department (Unit Operator), OLBI (Field Contractor), and THUMS Long Beach Company (Agent for Field Contractor). A copy of the Annual Plan is attached.

Assuming an average oil price of \$45 per barrel and an average gas price of \$6.00 per thousand cubic feet, total net profit from the Long Beach Unit is estimated to be \$79,500,000 and expenses are estimated to total \$353,400,000 in the Fiscal Year 2010-11 Annual Plan.

This item was reviewed by Deputy City Attorney Richard Anthony on February 2, 2010 and Budget and Performance Management Bureau Manager David Wodynski on February 5, 2010.

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 19, 2010. To meet that requirement, City Council approval is requested on March 2, 2010.

FISCAL IMPACT

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 \$2,900,000 over the Annual Plan period for the Tideland Operating Fund (TF 401) and \$3,700,000 over the Annual Plan period for the General Fund (GP).

Approve recommendation.

CHRISTOPHER J. GARNER

APPROVED:

DIRECTOR OF LONG BEACH GAS AND OIL

PATRICK H. WEST
CITY MANAGER