

MINUTE ITEM

10/28/71
CVB

15. APPROVAL OF NOTICE INVITING BIDS, BID FORM, AND OIL CONTRACT, PARCEL "A", CITY OF LONG BEACH, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

After consideration of Calendar Item 16 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION APPROVES:

1. NOTICE INVITING BIDS FOR PARCEL "A" OIL CONTRACT;
2. BID FORM FOR PARCEL "A" OIL CONTRACT; AND,
3. PARCEL "A" OIL CONTRACT,

AS SUBMITTED BY THE CITY OF LONG BEACH PURSUANT TO APPLICABLE STATUTE.

Attachment:

Calendar Item 16 (2 pages)

APPROVAL OF NOTICE INVITING BIDS, BID FORM, AND OIL CONTRACT, PARCEL "A",
CITY OF LONG BEACH, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

The City of Long Beach, in accordance with the provisions of Section 10, Chapter 29, Statutes of 1956, 1st E.S., has submitted the following documents for approval by the State Lands Commission prior to publication of notice to bidders:

1. Notice Inviting Bids for Parcel "A" Oil Contract.
2. Bid Form for Parcel "A" Oil Contract.
3. Parcel "A" Oil Contract.

In 1947 the City of Long Beach entered into a contract with Richfield Oil Corporation providing for the drilling of oil wells and for the production of oil, gas, and other hydrocarbons from a 250-acre parcel of granted tide and submerged lands, known as Parcel "A", adjacent to the mouth of the Los Angeles River. This Drilling and Operating Contract will expire in March 1972.

The City of Long Beach must now obtain a responsible contractor in order to provide continued production operations, maintenance of existing petroleum facilities, redrilling of wells, and for the drilling of additional wells and construction of additional facilities as needed.

Parcel "A" is currently producing approximately 8200 barrels of oil per day. Tideland oil revenue resulting from this production and subject to sharing by the City of Long Beach and the State of California is presently about \$250,000 per month.

A new Parcel "A" Oil Contract has been prepared by the City of Long Beach in conjunction with the Division and the Office of the Attorney General. Under the terms of this contract, the successful bidder will pay the City 91 percent of the net profits calculated by subtracting development, operating, and maintenance costs, and certain taxes and insurance premiums from the value of the crude oil produced from the parcel. The successful bidder will be determined by the highest cash amount offered for the contract by a responsible party.

Pursuant to the notice of intention, sealed bids, accompanied by a certified or cashier's check in the amount of \$250,000 as evidence of good faith, will be received until 2:00 P.M. on December 8, 1971, and such bids will be opened publicly commencing at that time. Additionally, the notice provides that the City of Long Beach, as well as the State Lands Commission, reserves the right to reject any and all bids. After analysis of the bids by the City and State, a recommendation will be made to the Commission at its January 1972 meeting.

The new oil contract will become effective on March 18, 1972, and will continue in force until February 28, 1980, unless terminated earlier because of unprofitable operation.

CALENDAR ITEM 16. (CONTD.)

The City Council of the City of Long Beach approved the notice, bid form, and contract at its meeting of October 19, 1971. The documents have been submitted to the Office of the Attorney General, who have advised that said documents comply with applicable provisions of law as to legal sufficiency and may be approved by the State Lands Commission.

The Division has reviewed the technical provisions and accounting procedures of the proposed contract and has found them to be reasonable and equitable.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE:

1. NOTICE INVITING BIDS FOR PARCEL "A" OIL CONTRACT;
2. BID FORM FOR PARCEL "A" OIL CONTRACT; AND,
3. PARCEL "A" OIL CONTRACT,

AS SUBMITTED BY THE CITY OF LONG BEACH PURSUANT TO APPLICABLE STATUTE.