

MINUTE ITEM

10/3/72
DKH

15. APPROVAL OF NOTICES INVITING BIDS, BID FORMS AND CRUDE OIL SALES CONTRACTS FOR SALE OF OIL FROM THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL A, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

After consideration of Calendar Item 13 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION, PURSUANT TO SECTION 10(a), CHAPTER 29, STATUTES OF 1956, 1ST E.S., APPROVES THE NOTICES INVITING BIDS, BID FORMS AND CRUDE OIL SALES CONTRACTS FOR SALE OF OIL FROM THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL A, WILMINGTON OIL FIELD, LOS ANGELES COUNTY. THE SPECIFICATIONS, AS DETERMINED BY THE CITY OF LONG BEACH, ARE SET FORTH IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

Attachment:

Calendar Item 13 (3 pages)

A 39, 44, 68
S 32, 37

13.

NOTICES INVITING BIDS, BID FORMS AND
CRUDE OIL SALES CONTRACTS FOR SALE OF OIL FROM THE
LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL A,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach contemplates taking in kind up to twelve and one-half (12½) percent of the oil produced from both the Long Beach Harbor Department Tidelands Parcel and Parcel A, Wilmington Oil Field. The purpose of this taking is to offer such oil for sale, by competitive bidding. The approximate initial daily volumes contemplated to be taken in kind are 3,600 hbbls. of oil from the Long Beach Harbor Department Tidelands Parcel and 800 obbls. of oil from Parcel A.

Section 18.2 of the Drilling and Operating Contract (Long Beach Harbor Tidelands Parcel), dated March 21, 1964, reserved the right to the City of Long Beach to take in kind up to twelve and one-half (12½) percent of the crude oil received by the contractor under that contract.

Section 11.2 of the Parcel A Oil Contract, dated January 27, 1972, also reserved the right to the City of Long Beach to take in kind up to twelve and one-half (12½) percent of the crude oil produced from Parcel A.

Section 10(a) of Chapter 29, Statutes of 1956, 1st Extraordinary Session, provides, in part, that future contracts or other agreements between the City of Long Beach and any other person, firm, corporation or association, relating to taking or removing or disposition of oil derived from the Long Beach tidelands shall be made and entered into only with the highest responsible bidder upon competitive bidding and shall be of no effect unless and until approved by the State Lands Commission. This chapter further provides that all specifications and forms for the purpose of inviting bids in connection therewith shall be approved by the State Lands Commission prior to publication of notices to bidders.

The Notices Inviting Bids, Bid Forms and proposed Crude Oil Sales Contracts are on file with the State Lands Division. The important specifications of these forms are set forth on the attached Exhibit "A".

The Division has reviewed these specifications and found them reasonable.

Exhibit: A. Specifications.

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO SECTION 10(a), CHAPTER 29, STATUTES OF 1956, 1ST E.S., APPROVE THE NOTICES INVITING BIDS, BID FORMS AND CRUDE OIL SALES CONTRACTS FOR SALE OF OIL FROM THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL A, WILMINGTON OIL FIELD, LOS ANGELES COUNTY. THE SPECIFICATIONS, AS DETERMINED BY THE CITY OF LONG BEACH, ARE SET FORTH IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

Attachment: Exhibit "A"

EXHIBIT "A"

SPECIFICATIONS

1. Amount: The sell-off from the Long Beach Harbor Department Tidelands Parcel will be offered in two separate contracts of 8% and 4 1/2% portions, respectively, and one contract for 12 1/2% of the Parcel A oil. Currently, these portions are 2300, 1300 and 800 barrels of oil per day, respectively, for a total of 4400 barrels of oil per day.
2. Term: The taking of oil shall begin after 180 days following completion of execution by the City of Long Beach, and shall continue until 7:00 a.m., July 1, 1975, which is concurrent with the end of the oil sell-off term for Long Beach Unit Tract 1 oil.
3. Price of Oil:
 - a. Long Beach Harbor Department Tidelands Parcel: The highest offered price per barrel in addition to the amount specified under Section 18.3 of the Drilling and Operating Contract. (In simplified terms, the average posted price in the Wilmington Field.)
 - b. Parcel A: The highest offered price per barrel in addition to the amount specified under Section 11.3 of the Parcel A Oil Contract. (In simplified terms, the average posted price in the Wilmington Field.)
4. Cash Deposit: Each bidder shall submit a certified or cashier's check in the amount of \$10,000 with his bid as a deposit as evidence of good faith.
5. Surety Bonds: Required as follows:
 - a. Long Beach Harbor Department Tidelands Parcel:
 - (1) 8% contract: \$240,000.
 - (2) 4 1/2% contract: \$120,000.
 - b. Parcel A: \$100,000.
6. Insurance: Each purchaser shall maintain or procure personal liability insurance of at least \$500,000 per person, \$1,000,000 for more than one person, and property damage insurance of at least \$1,000,000.
7. Delivery: All oil shall be taken from one or more of the following Wilmington Oil Field delivery points which is approved by the City:
 - a. Long Beach Harbor Department Tidelands Parcel: Either the Fault Block II Unit, the Fault Block III Unit, the Fault Block IV Unit or the Fault Block V Unit.
 - b. Parcel A: The Parcel A delivery point.
 - c. The purchaser shall provide his own delivery equipment.

8. Selection of Successful Bidders: Successful bidders shall be those responsible bidders offering the highest price per barrel under the conditions set forth in items 3a. and 3b., above.
9. Responsibility: Each bidder shall submit evidence of his ability to take crude oil and shall also file a financial statement. The findings of the City Manager of Long Beach and the State Lands Commission as to these two factors shall be final.
10. Rejection of Bids: The right to reject any and all bids will be reserved by the City of Long Beach and the State Lands Commission.
11. Forms: The notices of intention to receive bids, the bid forms and the crude oil sales contracts have been prepared by the City of Long Beach and are submitted to the State Lands Commission for approval.