MINUTE ITEM
This Calendar Item No. 26.
was approved as Minute Item
No. 26 by the State Lands
Commission by a vote of 2
to 0 at its 7-24-80
meeting.

CALENDAR ITEM

26.

7/80
Thompson

REQUEST FOR ACTION ON BIDS
SUBMITTED FOR SALE OF CRUDE OIL
ALLOCATED TO TRACT 1, LONG BEACH UNIT

At its meeting on January 24, 1980, the Commission made the determination of term and quantities, and approved the provisions of sale determined by the City of Long Beach, and directed the Executive Officer to notify the City of Long Beach to direct the Field Contractor to offer for sale by competitive bidding the uncontrolled portion of 12½ percent of the crude oil allocated to Tract 1, Long Beach Unit, Wilmington oil field. These actions were taken pursuant to Section 3(e), Chapter 138, Statutes of 1964, 1st E.S.

In accordance with the provisions of sale, the Field Contractor offered for competitive bidding the uncontrolled portion of 12½ percent of the crude oil allocated to Tract 1, Long Beach Unit. The crude oil was offered under three separate contracts, for 7 percent, 4 percent and 1½ percent increments of the 12½ percent portion. These increments contain approximately 3,600 barrels per day, 2,000 barrels per day, and 770 barrels per day, respectively.

On July 15, 1980, the City of Long Beach held a bid opening for bids offered for this Tract 1 crude oil. The results are shown on Exhibit "A". For the 7 percent increment Champlin Petroleum Company was the apparent high bidder at $0.216 over the posted price. For the 4 percent and 1½ percent increments the apparent high bidder was Marlex Oil and Refining, Inc. with a bid of $0.55 for each increment.

Under the Department of Energy supplier/purchaser rule, the present purchasers of this crude oil, who are the Field Contractor for the 7 percent and 4 percent increments and Lunday-Thagard Oil Company for the 1½ percent increment, must be offered the option to match the price that is bid for the respective increments of oil before the oil may be sold to another purchaser. Lunday-Thagard Oil Co. is currently paying a bonus of 21.4 cents per barrel for the 1½ percent increment.

Pursuant to Section 3(a) of Chapter 138, Statutes of 1964, 1st E.S., the sell-off contracts shall be of no effect unless and until approved by the State Lands Commission.

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S 27, 31

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The sell-off of this oil can begin 180 days from the date of execution of the agreements of sale. The beginning date would be March 1, 1981.

EXHIBIT: A. Results of Bids

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO SECTION 3(a), CHAPTER 138, STATUTES OF 1964, 1ST E.S., APPROVE THE AWARDING BY THE CITY OF LONG BEACH AND THE FIELD CONTRACTOR OF THE CRUDE OIL SALES CONTRACTS, AS SPECIFIED IN EXHIBIT "A", WHICH IS ATTACHED AND MADE A PART OF THIS CALENDAR ITEM, FOR CRUDE OIL ALLOCATED TO TRACT 1, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY; PROVIDED THAT, WITH RESPECT TO ANY SINGLE CONTRACT, THAT CONTRACT SHALL NOT BE AWARDED UNLESS AND UNTIL THE PRESENT PURCHASER OF THE OIL SUBJECT TO THAT CONTRACT HAS BEEN GIVEN THE OPPORTUNITY TO MEET AND HAS FAILED TO MEET THE PRICE OFFERED BY THE SUCCESSFUL BIDDER FOR THAT CONTRACT.

THIS APPROVAL IS SUBJECT TO THE FURNISHING BY THE PURCHASERS OF EVIDENCE SATISFACTORY TO THE COMMISSION OF THE PURCHASERS' ABILITY TO TAKE DELIVERY OF THE CRUDE OIL, AND OF THE PURCHASERS' FINANCIAL ABILITY TO FULFILL ITS OBLIGATIONS UNDER THE CRUDE OIL SALES CONTRACTS.

EXHIBIT "A"

RESULTS OF BIDS

FOR THE UNCONTROLLED PORTION OF 12½ PERCENT OF THE CRUDE OIL ALLOCATED TO TRACT 1, LONG BEACH UNIT, WILMINGTON OIL FIELD

7% Increment	Bonus, Dollars Per Barrel
Bidder	
Champlin Petroleum Company	0.216
GASCO, Inc.	0.130
E-Z Serve, Inc.	0.115
Edgington Oil Company, Inc.	0.111
ECO Petroleum, Inc.	0.110
TOSCO Corporation	-2.030

4% Increment	Bonus, Dollars Per Barrel
Bidder	
Marlex Oil & Refining, Inc.	0.350
Champlin Petroleum Company	0.145
GASCO, Inc.	0.130
Edgington Oil Company, Inc.	0.111
ECO Petroleum, Inc.	0.110
E-Z Serve, Inc.	0.095
Kern County Refining, Inc.	0.000
TOSCO Corporation	-2.030

1½% Increment	Bonus, Dollars Per Barrel
Bidder	
Marlex Oil & Refining, Inc.	0.350
Champlin Petroleum Company	0.115
Edgington Oil Company, Inc.	0.111
ECO Petroleum, Inc.	0.110
E-Z Serve, Inc.	0.055
TOSCO Corporation	-2.030

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RECOMMENDED APPROVAL OF AWARD
OF CRUDE OIL SALES CONTRACTS

Increment	Highest Responsible Bidder	Bonus Offered
7%	Champlin Petroleum Co.	$0.216 per barrel
4%	Marlex Oil & Refining, Inc.	$0.350 per barrel
14%	Marlex Oil & Refining, Inc.	$0.350 per barrel