MINUTE ITEM

This Calendar Item No. 29
was approved as Minute Item
[illegible] by the State Lands
Commission by a vote of [illegible]
to [illegible] at its [illegible]
meeting.

CALENDAR ITEM

29

8/20/81
Thompson

AWARD OF CRUDE OIL SELL OFF CONTRACTS
FOR CRUDE OIL FROM THE 4½% SEGMENT
FROM LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL
AND THE 12½% SEGMENT FROM PARCEL A
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

At its April 7, 1981 meeting the Commission approved the specifications and forms for the notices inviting bids and for the crude oil sales contracts for the sale of the 4½% segment and two 4% segments of the crude oil from the Long Beach Harbor Department Tidelands Parcel and the 12½% segment from Parcel A, Wilmington oil field, City of Long Beach.

The City of Long Beach has since advertised for and received bids for the crude oil available from each segment under this sale. At its July 23, 1981 meeting the Commission approved awarding by the City of Long Beach of the two 4% contracts to Powerine Oil Company, based on bonus bids of $0.10 and $0.13 per barrel, respectively. At a bid opening on July 22, 1981, the high bidder for the 4½% segment of crude oil was Champlin Petroleum Company with an offer of $0.172 per barrel above the higher of (1) the highest Wilmington posting by Chevron, Union, Mobil or ARCO, or (2) the price that is in accordance with the valuation provisions of the Drilling and Operating Contract (Long Beach Harbor Department Tidelands Parcel). The high bidder for the 12½% segment of crude oil from Parcel A, at a bid opening on July 24, 1981, was Powerine Oil Company, with an offer of $0.206 per barrel above the higher of (1) the highest Wilmington posting by Chevron, Union, Mobil or ARCO, or (2) the price that is in accordance with the valuation provisions of the Parcel A Oil Contract. The full list of bidders is shown on Exhibit "A", attached.

At this writing the highest Wilmington posting by Chevron, Union, Mobil or ARCO is $0.27 per barrel less than the price that is in accordance with the valuation provisions of the Drilling and Operating Contract (Long Beach Harbor Department Tidelands Parcel) and the Parcel A Oil Contract. If this condition continues, the high bids of $0.172 and $0.206 per barrel, respectively, will be the full price increments to be gained by this crude oil sell-off. Crude oil deliveries under these contracts will commence October 1, 1981 and will terminate February 28, 1982, at which time all sell-off crude oil in the Long Beach tidelands is planned

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(Revised 8/10/81)

to be covered by new contracts. Currently this crude oil is being purchased by Champlin Petroleum Company and Powerine Oil Company for the 4½% and 12½% segments, respectively, thus the present purchasers would remain unchanged upon approval of these awards.

Pursuant to Section 10(a) of Chapter 29, Statutes of 1956, First Extraordinary Session, contracts between the City of Long Beach and any other person relating to the taking of oil from the Long Beach tidelands shall be made and entered into only with the highest responsible bidder and upon competitive bidding and shall be of no effect unless and until approved by the State Lands Commission.

The City of Long Beach has determined that Champlin Petroleum Company and Powerine Oil Company are responsible bidders. On August 4, 1981 the City Council approved the award of these two crude oil contracts to Champlin Petroleum Company and Powerine Oil Company, respectively, subject to State Lands Commission approval.

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO SECTION 10(a) CHAPTER 29, STATUTES OF 1956, 1ST E.S., APPROVE THE AWARDING BY THE CITY OF LONG BEACH OF TWO CRUDE OIL SALES CONTRACTS FOR CRUDE OIL FROM THE LONG BEACH TIDELANDS, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, TO CHAMPLIN PETROLEUM COMPANY FOR THE 4½% SEGMENT OF CRUDE OIL FROM THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL, AND TO POWERINE OIL COMPANY FOR THE 12½% SEGMENT OF CRUDE OIL FROM PARCEL A.

EXHIBIT "A"

Bidder	LBHDTP 4½% Segment	Parcel A 12½% Segment
Champlin Petroleum Co.	$0.172	$0.135
Kern County Refining, Inc.	$0.111	Zero
Powerine Oil Co.	$0.016	$0.206
Amounts, BID	485	385