MINUTE ITEM

This Calendar Item No. 22 was approved as Minute Item No. 22 by the State Lands Commission by a vote of 3 to 0 at its 3/22/84 meeting.

CALENDAR ITEM

22

3/22/84
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PROPOSED CRUDE OIL SELL-OFF,
LONG BEACH HARBOR DEPARTMENT TIDELANDS
PARCEL AND PARCEL "A", WILMINGTON OIL FIELD

The City of Long Beach is selling under three contracts the available 12½ percent of the oil allocated to the Long Beach Harbor Department Tidelands Parcel and the available 12½ percent of the oil produced from Parcel "A". Powerine Oil Company is the present purchaser of crude oil for all three contracts. For the LBOD Parcels, the quantity is approximately 24,000 B/M of 18° API gravity crude oil for the 8 percent segment and 14,000 B/M of 18° API gravity crude oil for the 4½ percent segment. For Parcel "A" the quantity is approximately 11,000 B/M of 19° API gravity crude oil. Each of these contracts will expire on March 1, 1985.

The City has proposed seeking competitive public bids for new oil sales contracts when the old contracts expire. In cooperation with the the Commission's staff, the City has prepared notices inviting bids, bid forms and crude oil sales contracts to be used in the proposed crude oil sell-offs. The significant specifications are set forth in Exhibit "A" to this calendar item. Copies of the forms for the notices inviting bids, bid forms and crude oil sales contracts are available for inspection in the office of the Commission.

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Section 10(a) of Chapter 29, Statutes of 1956, First Extraordinary Session requires that all specifications and forms for the purpose of inviting bids in connection with the disposition of oil derived from the Long Beach tidelands be approved by the State Lands Commission prior to publication of the notice to bidders.

When the bids are received, they will be analyzed by the City of Long Beach and the Commission's staff and will be presented to the Commission for approval before acceptance.

AB 884: N/A.

EXHIBIT: A. Significant specifications for proposed sell-off.

IT IS RECOMMENDED THAT THE COMMISSION:

1. ACT PURSUANT TO SECTION 10(a) OF CHAPTER 29, STATUTES OF 1956, 1ST E.S., TO APPROVE THE SPECIFICATIONS PROPOSED AND THE FORMS PREPARED FOR THE SALE OF THE OIL AVAILABLE FOR SELL-OFF FROM THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A", WILMINGTON OIL FIELD.

EXHIBIT "A"

SIGNIFICANT SPECIFICATIONS FOR
PROPOSED CITY OF LONG BEACH OIL SELL-OFF

1. CRUDE OIL AMOUNT:

The oil will be offered in three contracts:

(a) For the crude oil allocated to the Long Beach Harbor Department Tidelands Parcel, one contract for eight percent of the oil which amounts to about 825 barrels per day of 18° API gravity oil, and one contract for 4½ percent of the oil which amounts to about 460 barrels per day of 18° API gravity oil.

(b) For the crude oil produced from Parcel "A", one contract for 12½ percent of the oil, which amounts to about 385 barrels per day of 19° API gravity oil.

2. CRUDE OIL PRICE:

The purchaser shall pay for the oil a bonus price per barrel, which is the bid factor, plus a base price equal to the highest price posted for like crude oil on the day of delivery in the Wilmington, Long Beach (Signal Hill), Huntington Beach and Inglewood Oil Fields among the postings of Chevron USA, Inc., Mobil Oil Corporation, Union Oil Company of California and Arco Petroleum Products Company.

3. CONTRACT TERM:

The contracts will be for a term of 18 months from March 1, 1985 to August 1986.

4. MINIMUM BIDS:

The minimum acceptable bid for each contract will be $0.35 per barrel over the base price.