MINUTE ITEM

This Calendar Item No. 34 was approved as Minute Item No. 34 by the State Lands Commission by a vote of [illegible] to [illegible] at its [illegible] meeting.

CALENDAR ITEM
34

A 57, 58

S 29

06/26/86
W 9603.56
Tanner

APPROVAL OF AWARDING OF CRUDE OIL SALES CONTRACT, TRACT 20, FAULT BLOCK IV UNIT AND TRACT 92, FAULT BLOCK V RANGER ZONE UNIT, BY THE CITY OF LONG BEACH TO THE HIGHEST RESPONSIBLE BIDDER

On April 24, 1986, the State Lands Commission approved the specifications and associated forms for the sale by the City of Long Beach of the working interest crude oil from Tract 20, Fault Block IV Unit and Tract 92, Fault Block V Ranger Zone Unit, Wilmington Oil Field, Los Angeles County. These two tracts, which are committed to unit operations in their respective units, were under contract to Exxon Company U.S.A., which took the oil, paid the expenses and paid the City a share of the net profits. The contract expired on April 18, 1986 and could not be extended or reoffered for competitive bid on a long term basis. Therefore, the City has become the working interest owner and must pay the expenses and take and sell the oil. The crude oil from both tracts amounts to about 80 barrels per day.

On May 14, 1986, the Department of Oil Properties of the City of Long Beach received and opened the bids for the working interest oil from these two tracts. Exhibit "A" shows the results of the bidding.

Material submitted in response to this bid opening was reviewed by the City of Long Beach City Auditor and City Attorney and the SLC Fiscal Services and Legal Units. Based on these reviews, staff recommends awarding the contract to the highest responsible bidder identified on Exhibit "A". The term of the contract is for one year commencing on June 1, 1986 and expiring on June 1, 1987.

(PAGES 150-150.2 ADDED 06/23/86)

As provided for in Section 10(a) of Chapter 29, Statutes of 1956, 1st E. S., the State Lands Commission must approve the awarding of any contract for the sale of crude oil from the Long Beach Tidelands.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines

   Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

AB 884: N/A.

EXHIBIT: A. List of Bidders, Including Highest Responsible Bidders.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

2. APPROVE THE AWARDING OF THE CRUDE OIL SALES CONTRACT BY THE CITY OF LONG BEACH FOR TRACT 20, FAULT BLOCK IV UNIT AND TRACT 92, FAULT BLOCK V RANGER ZONE UNIT, WILMINGTON OIL FIELD, TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED IN EXHIBIT "A".

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Exhibit "A"

BID OPENING
TRACT 20, FAULT BLOCK IV UNIT AND TRACT 92,
FAULT BLOCK V RANGER ZONE UNIT,
MAY 14, 1986 - 10 A.M.

Bidder	Bonus Bid (Per Barrel Above Base Price*)
1. Edgington Oil Company	-$2.00 (Negative)
2. Mac Millian Ring-Free Oil Company	-$1.959 (Negative)

The highest responsible bidder is Mac Millan Ring-Free Oil Company.

*Base price is highest posted price in Wilmington Field by Chevron, Mobil, Texaco and Union. Currently for 18°, it is $11.25 per barrel (June 13, 1986).