MINUTE ITEM
This Calendar Item No. 27
was approved as Minute Item
No. 27 by the State Lands
Commission by a vote of 2
to 0 at its 12/12/1989
meeting.

CALENDAR ITEM

A 57, 58

27

12/12/89
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Tanner

S 29

APPROVAL OF THE AWARD OF CRUDE OIL SALES CONTRACT
BY CITY OF LONG BEACH FOR CITY'S SHARE OF CRUDE OIL
PRODUCED FROM CERTAIN TRACTS WITHIN THE FAULT BLOCK IV
UNIT AND FAULT BLOCK V RANGER ZONE UNIT
WILMINGTON OIL FIELD

Applicant: City of Long Beach
333 West Ocean Boulevard
Long Beach, California 90802

BACKGROUND

On September 27, 1989, the State Lands Commission approved the significant specifications for and authorized the sale of crude oil by the City of Long Beach (City) from tracts within the Fault Block IV Unit and Fault Block V Ranger Zone Unit, Wilmington Oil Field, Los Angeles County (see Exhibit "A").

At the present time, Edgington Oil Company is purchasing the City's share of oil from these tracts under a crude oil sales contract which began February 1, 1989 and is scheduled to expire February 1, 1990. Edgington is paying the City a bonus of $0.2775 per barrel above a Base Price defined as the highest price posted for oil of like gravity and quality on the day of delivery in the Wilmington, Long Beach (Signal Hill), Huntington Beach, and Inglewood oil fields by Chevron U.S.A., Inc., Mobil Oil Corporation, and Union Oil Company of California. The City's share of production from these tracts is approximately 280 barrels per day of 18° API gravity crude oil.

The Base Price definition for this sale has been changed to the arithmetic average of the prices posted on the day of delivery in the Wilmington, Long Beach (Signal Hill), Huntington Beach, and Inglewood oil fields by Chevron, Mobil, Texaco, and Union.

A Notice Inviting Bids was published in the Wall Street Journal (Western Edition) on October 3, 4, 5, 1989 and in The Oil Daily on October 3 and 5, 1989. Bids were received and opened on October 25, 1989. Exhibit "A" contains the results of the bidding.

STAFF RECOMMENDATIONS:

Both the City of Long Beach and SLC Auditing and Legal staffs, respectively, have conducted fiscal and legal reviews of the submitted bid material. The highest responsible bidder, as indicated by these reviews, is identified in Exhibit "A". The Long Beach City Council will approve the award of the contract on December 5, 1989.

Staff recommends the award of the crude oil sales contract for tracts within the Fault Block IV Unit and Fault Block V Ranger Zone Unit, Wilmington Oil Field, Los Angeles County, for the period February 1, 1990 until February 1, 1991 to the highest responsible bidder identified in Exhibit "A".

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 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. Code Regs. 15378).

EXHIBITS:

A. List of Tracts.
B. Results of the Bid Opening.

IT IS RECOMMENDED THAT THE COMMISSION:

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

2. APPROVE THE AWARD BY THE CITY OF LONG BEACH OF THE CRUDE OIL SALES CONTRACT FOR TRACTS WITHIN FAULT BLOCK IV UNIT AND FAULT BLOCK V RANGER ZONE UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, FOR THE PERIOD FEBRUARY 1, 1990 UNTIL FEBRUARY 1, 1991, TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED IN EXHIBIT "A"

EXHIBIT "A"

LIST OF TRACTS

Fault Block IV Unit

5	103
6	104
9	111
16	112A
20	114
21	125
38	126
41	127
61	

Fault Block V Ranger Zone Unit

2	26	49
3	27	50
4	28	51
5	29	52
6	30	53
7	31	54
8	32	55
9	33	56
10	34	57
12	35	80
13	36	90
14	37	92
15	38	96
16	39	271
17	40	405
18	41	406
19	42	407
20	43	408
21	44	409
22	45	410
23	46	411
24	47	414
25	48	415

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EXHIBIT "B"

BID OPENING, CRUDE OIL SALES CONTRACT,
TRACTS WITHIN FAULT BLOCK IV UNIT AND FAULT
BLOCK V RANGER ZONE UNIT,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

October 25, 1989 10:00 A.M.

Bidder	Bonus Bid (Per Barrel, Above Base Price)
1. Texaco Trading & Transportation, Inc.	1. $0.575
2. Edgington Oil Company	2. $0.5325
3. Ultramar, Inc.	3. $0.395
4	

The highest responsible bidder is Texaco Trading & Transportation, Inc.

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CALENDAR PAGE 131
MINUTE PAGE 4165