MINUTE ITEM
This Calendar Item No. C18
was approved as Minute Item
No. 18 by the State Lands
Commission by a vote of 2
to 0 at its 11-5-91
meeting.

CALENDAR ITEM

A 57, 58

S 29

C 18

11/05/91
W 9603.56
Tanner

APPROVE 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, LOS ANGELES COUNTY

APPLICANT:

City of Long Beach
Department of Oil Properties
Attn: R. J. Rawnsley
333 West Ocean Boulevard
Long Beach, California 90802

BACKGROUND:

On August 12, 1991, 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, Ultramar, Inc. is purchasing the City's share of oil from these tracts under a crude oil sales contract which began November 1, 1990 and is scheduled to expire February 1, 1992. Ultramar is paying the City a bonus of $0.3255 per barrel above a Base Price defined as the arithmetic average of prices 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, Union Oil Company of California, and Texaco Trading & Transportation, Inc. The City's share of production from these tracts is approximately 600 barrels per day of 19° API gravity crude oil.

A Notice Inviting Bids was published in the Wall Street Journal (Western Edition) on September 17, 1991 and in The Oil Daily on September 17, 18, 1991. Bids were received and opened on October 9, 1991. Exhibit "A" contains the results of the bidding.

Both the City of Long Beach and State Lands Commission 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 November 26, 1991.

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, 1992 until February 1, 1993 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 the activity 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 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, 1992 UNTIL FEBRUARY 1, 1993, TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED IN EXHIBIT "A".

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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 9, 1991 10:00 A.M.

	BIDDER	BONUS BID (PER BARREL, ABOVE BASE PRICE)
1.	Texaco Trading & Transportation, Inc.	$0.350
2.	Ultramar, Inc.	$0.250

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

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