MINUTE ITEM
This Calendar Item No. C66
was approved as Minute Item
No. 66 by the State Lands
Commission by a vote of 3
to Ø at its 9/23/92
meeting.

CALENDAR ITEM

C 66

A 57, 58

S 29

09/23/92
W 9603.56
Tanner

APPROVE THE SPECIFICATIONS AND FORMS FOR THE SALE OF CRUDE OIL BY CITY OF LONG BEACH FROM VARIOUS 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
Attn: R. J. Rawnsley
Department of Oil Properties
333 West Ocean Boulevard
Long Beach, California 90802

BACKGROUND:

The City of Long Beach (City) has a crude oil sales contract with Texaco Trading & Transportation, Inc. (Texaco), for crude oil allocated to the City from certain tracts (listed on Exhibit "A") within the Fault Block IV Unit and Fault Block V Ranger Zone Unit. Some of these tracts are tidelands tracts. This sales contract commenced on February 1, 1992, and is scheduled to expire on February 1, 1993. Texaco is paying the City a bonus of $0.35 per barrel above a Base Price defined as the arithmetic average of the prices posted for oil of like gravity and quality in the Wilmington, Long Beach (Signal Hill), Huntington Beach and Inglewood Oil Fields on the day of delivery by Chevron, Mobil, Texaco and Union. The City's share of production from these tracts is approximately 600 barrels per day of 19° API gravity crude oil.

The City proposes to re-offer this oil for sale by competitive public bid under a new sales contract to commence on February 1, 1993, and to expire on February 1, 1994. Specifications for the sale are listed in Exhibit "B" to this Calendar Item.

The Long Beach City Council approved the Bid Package on July 14, 1992. The City now requests State Lands Commission approval of the bid package.

Under Section 10(a) of Chapter 29, Statutes of 1956, 1st E.S., the specifications and forms for the purpose of inviting bids for the sale of Long Beach tidelands crude oil must be approved by the State Lands Commission prior to the publication of the notice to bidders. The City plans to hold a bid opening on October 7, 1992. The Commission must then approve the awarding of this contract by the City.

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. Specifications of Sale.

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 THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.

2. APPROVE THE SPECIFICATIONS LISTED IN EXHIBIT "B" AND FORMS REFERENCED ABOVE FOR INVITING BIDS FOR THE SALES BY THE CITY OF LONG BEACH OF CRUDE OIL ALLOCATED TO CERTAIN TRACTS LISTED IN EXHIBIT "A" IN FAULT BLOCK IV UNIT AND FAULT BLOCK V RANGER ZONE UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, SOME OF WHICH ARE TIDELANDS TRACTS.

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EXHIBIT "A"

LIST OF TRACTS

Fault Block IV Unit

5	103
6	104
9	109
16	111
20	112A
21	114
25	125
26	126
28	127
28A	143
29	
38	
41	
61	
79	
81	

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	69
13	36	80
14	37	90
15	38	92
16	39	96
17	40	97
18	41	98
19	42	104
20	43	108
21	44	110
22	45	113
23	46	123
24	47	271
25	48	405
		406
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EXHIBIT "B"

Specifications of sale by City of Long Beach of crude oil allocated to certain tracts in the Fault Block IV Unit and Fault Block V Ranger Zone Unit, Wilmington Oil Field, Los Angeles County, some of which are tidelands tracts.

1. **Volume**

The oil will be 100 percent of the City's working interest share of crude oil allocated to certain tracts within the Fault Block IV Unit and Fault Block V Ranger Zone Unit, Wilmington Oil Field, Los Angeles County. This is approximately 600 barrels per day of 19° API gravity crude oil.

2. **Price**

The biddable factor will be a bonus bid per barrel above a Base Price defined as the arithmetic average of the prices posted for like crude oil on the day of delivery in the Wilmington, Long Beach (Signal Hill), Huntington Beach and

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Inglewood Oil Fields by Chevron, Mobil, Texaco and Union.

3. **Term**

The contract will be for a term of twelve months commencing February 1, 1993 and expiring on February 1, 1994.

4. **Surety**

A Letter of Credit in the amount of Four Hundred Thousand Dollars ($400,000) will be required as well as public liability and property damage insurance in amounts not less than Four Million Dollars ($4,000,000).

5. **Bid Deposit**

A bid deposit of $25,000 will be required which, except for the highest responsible bidder, will be returned.

6. **Right to Reject Bids**

The City reserves the right to cancel this offer at any time and to reject any and all bids received.