MINUTE ITEM
This Calendar Item No. C77
was approved as Minute Item
No. 77 by the State Lands
Commission by a vote of 3
to Ø at its 3/8/94
meeting.

CALENDAR ITEM

C77

A 57, 58

S 29

03/08/94
W 9603.27
Tanner

REJECT THE BIDS FOR CRUDE OIL SALES CONTRACTS,
TRACT NO. 1, LONG BEACH UNIT,
WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

BACKGROUND:

At its meeting on September 9, 1993, the State Lands Commission authorized the sale of crude oil from Tract No. 1, Long Beach Unit, Wilmington Oil Field in Los Angeles County. At present, no company is purchasing any sell off oil from Tract 1. At a bid opening for this oil on November 18, 1992, Ultramar, Inc., who was the only bidder, offered to pay the City a bonus of $0.05 per barrel which the Commission subsequently rejected as insufficient. The amount of oil available for sell off is approximately 5,300 B/D (17.7° API gravity crude oil). This oil is offered in two (2) separate sales contracts: one contract for seven percent (7%) of the oil (3,000 B/D) and one contract for five and a half percent (5 1/2%) of the oil (2,300 B/D). Notice to direct a sell off may be only given once in any 12 month period.

A Notice Inviting Bids for a new Crude Oil Sales Contract to run from September 1, 1994 until March 1, 1996 was published in the Long Beach Press-Telegram on October 26, 27, 28, 1993, and sent to all known interested parties. Bids were received and opened on November 17, 1993. Exhibit "A" shows the results of the bidding.

STAFF RECOMMENDATIONS:

Commission staff recommends not awarding the new Crude Oil Sales Contracts for Tract No. 1, Long Beach Unit, because the bids are inadequate. It is anticipated that the State will earn more revenue by having the Contractor, Arco Long Beach, Inc., continue to take the oil and to pay for it under the terms of Article 9 of the Contractors' Agreement. Since notice to sell off this oil can be given only once a year, the State cannot direct the City to re-offer this oil for sale until September 24, 1994.

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.

EXHIBIT:

A. Results of Bid Opening

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF 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. REJECT THE BIDS BY EDGINGTON OIL COMPANY AND HUNTWAY REFINING COMPANY FOR THE CRUDE OIL SALES CONTRACTS FOR TRACT NO. 1, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

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EXHIBIT "A"

BID OPENING
CRUDE OIL SALES CONTRACTS
TRACT NO. 1, LONG BEACH UNIT
WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

November 17, 1993 10:00 A.M.

BIDDER	BONUS BID (PER BARREL, ABOVE BASE PRICE)
7 Percent Segment	
1. Edgington Oil Company	$0.135
5 1/2 Percent Segment	
1. Edgington Oil Company	$0.125
2. Huntway Refining Company	$0.175

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