

MINUTE ITEM

This Calendar Item No. C74 was approved as Minute Item No. 74 by the California State Lands Commission by a vote of 2 to 0 at its 5/9/96 meeting.

CALENDAR ITEM

C74

A 57, 58

05/09/96

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W 9603.27

Tanner

**AWARD OF THE CRUDE OIL SALES CONTRACTS,
TRACT NO. 1, LONG BEACH UNIT,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY**

BACKGROUND:

At its meeting on February 27, 1996, the State Lands Commission authorized the sale of crude oil allocated to Tract No. 1, Long Beach Unit, Wilmington Oil Field, Los Angeles County. This oil was offered in two (2) separate sales contracts: one contract for seven percent (2,700 barrels per day) and one contract for five and one-half percent (2,100 barrels per day) of the crude oil allocated to Tract No. 1.

EOTT Energy Operating, L.P., is presently purchasing the sell-off crude oil from Tract No. 1. EOTT is paying the City bonuses of \$0.459 and \$0.516 for the seven percent (7%) segment and five and one-half percent (5 1/2%) segment, respectively, above a base price defined as the highest price posted for like crude oil on the day of delivery in the Wilmington, Long Beach (Signal Hill), Huntington Beach and Inglewood Oil fields among the postings of Chevron, Mobil, Texaco and Union. These sales contracts will expire on March 1, 1997.

Under the terms of the Contractors' Agreement, the oil must be offered for competitive bidding by the Field Contractor not more than 60 days after the notice from the Commission. If approved, a period of at least 180 days must elapse between the execution of the contracts and their effective date.

A Notice Inviting Bids for new sales contracts effective from March 1, 1997 to September 1, 1998 was published in the Long Beach Press-Telegram on March 27, 28, and 29, 1996, and bid packages were sent to all known interested parties. Bids were received and opened on April 24, 1996. Exhibit "A" shows the results of the bidding.

STAFF RECOMMENDATIONS:

Fiscal and legal reviews of the submitted bid material were done by the SLC Auditing and Legal Units and by the Long Beach City Auditors and City Attorney's Office. Based on the results of these reviews, the highest responsible bidder has been identified on Exhibit "A".

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CALENDAR ITEM NO. **C74** (CONT'D)

Staff recommends awarding of the new Crude Oil Sales Contract for Tract No. 1, Long Beach Unit, to the highest responsible bidder identified on Exhibit "A".

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code Section: Div. 6, Parts 1 and 2;
- B. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.

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: Public Resources Code Section 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 PUBLIC RESOURCES CODE SECTIONS 21065 AND 14 CAL. CODE REGS. 15378.
- 2. AWARD THE CRUDE OIL SALES CONTRACTS FOR TRACT NO. 1, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, TO THE HIGHEST RESPONSIBLE BIDDER(S) IDENTIFIED ON EXHIBIT "A" FOR THE PERIOD FROM MARCH 1, 1997 UNTIL SEPTEMBER 1, 1998.

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EXHIBIT "A"

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

SEVEN PERCENT (7%) SEGMENT

April 24, 1996

10:00 A.M.

<u>BIDDER</u>	<u>BONUS BID (PER BARREL ABOVE BASE PRICE)</u>
1. Edgington Oil Company	\$0.3675
2. EOTT Energy Operating, L.P.	\$0.551
3. Paramount Petroleum Corporation	\$0.7562

FIVE AND ONE-HALF PERCENT (5 ½%) SEGMENT

<u>BIDDER</u>	<u>BONUS BID (PER BARREL ABOVE BASE PRICE)</u>
1. Edgington Oil Company	\$0.5675
2. EOTT Energy Operating, L.P.	\$0.593
3. Paramount Petroleum Corporation	\$0.7562

The highest responsible bidder is Paramount Petroleum Corporation.

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