

MINUTE ITEM

This Calendar Item No. C83 was approved as
Minute Item No. 83 by the California State Lands
Commission by a vote of 3 to 0 at its
08/21/96 meeting.

**CALENDAR ITEM
C83**

A 57, 58

08/21/96

S 29

W 9603.56

J. Tanner

**CONSIDER APPROVAL OF THE SPECIFICATIONS
AND FORMS FOR THE SALE OF THE CITY'S SHARE OF CRUDE OIL
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
Attention: Mr. Xenophon C. Colazas, Director
Department of Oil Properties
211 East Ocean Boulevard, Suite 500
Long Beach, California 90802

AREA, TYPE LAND AND LOCATION:

One hundred and nine (109) City upland tracts, including some which are
tidelands tracts, within the Fault Block IV Unit and Fault Block V Ranger Zone
Unit, Wilmington Oil Field, Los Angeles County.

LAND USE:

Oil and gas development.

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, 1996, and is scheduled to expire on February 1, 1997.

Texaco is paying the City a bonus of \$0.565 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

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production from these tracts is approximately 600 barrels per day of 18° 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, 1997, and to expire on February 1, 1998. Specifications for the sale are listed in Exhibit "B" to this Calendar Item.

The Long Beach City Council approved the bid package on July 23, 1996. The City now requests State Lands Commission (Commission) approval of the bid package. Under Section 10(a) of the Chapter 29, Statutes of 1956, 1st E.S., the specifications and forms for the purpose of inviting bids for the sale of Long Beach tideland crude oil must be approved by the Commission prior to the publication of the notice to bidders. The City plans to hold a bid opening on October 2, 1996. The Commission must then approve the awarding of this contract by the City.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code: Division 6, Parts 1 and 2; Division. 13.
- B. Cal. Code Regs.: Title 3, Division 3; Title 14, Division 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.

- 2. The bid package prepared by the City is similar to bid packages approved by the Commission in the past.

EXHIBITS:

- A. List of Tracts
- B. Specifications of Sale

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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 PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL. CODE REGS. 15378.

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

EXHIBIT "A"

LIST OF TRACTS

FAULT BLOCK IV UNIT

| | |
|-----|------|
| 5 | 61 |
| 6 | 79 |
| 9 | 81 |
| 16 | 103 |
| 20 | 104 |
| 21 | 109 |
| 26 | 111 |
| 27 | 112A |
| 28 | 114 |
| 28A | 115 |
| 29 | 125 |
| 38 | 126 |
| 41 | 127 |
| | 132 |
| | 143 |
| | 144 |

FAULT BLOCK V RANGER ZONE UNIT

| | | | | |
|----|----|----|-----|-----|
| 2 | 19 | 35 | 51 | 110 |
| 3 | 20 | 36 | 52 | 113 |
| 4 | 21 | 37 | 53 | 122 |
| 5 | 22 | 38 | 54 | 187 |
| 6 | 23 | 39 | 55 | 188 |
| 7 | 24 | 40 | 56 | 189 |
| 8 | 25 | 41 | 57 | 271 |
| 9 | 26 | 42 | 64 | 405 |
| 10 | 27 | 43 | 69 | 406 |
| 12 | 28 | 44 | 80 | 407 |
| 13 | 29 | 45 | 90 | 408 |
| 14 | 30 | 46 | 92 | 409 |
| 15 | 31 | 47 | 96 | 410 |
| 16 | 32 | 48 | 98 | 411 |
| 17 | 33 | 49 | 104 | 414 |
| 18 | 34 | 50 | 108 | 415 |

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EXHIBIT "B"

SPECIFICATIONS

Specifications of sale by the 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 18° 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 Inglewood Oil Fields by Chevron, Mobil, Texaco and Union.

3. Term

The contract will be for a term of twelve months commencing February 1, 1997 and expiring on February 1, 1998.

4. Surety

A Letter of Credit in the amount of Five Hundred Thousand Dollars (\$500,000) 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.

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