MINUTE ITEM
This Calendar Item No. C72
was approved as Minute Item
No. 72 by the State Lands
Commission by a vote of 3
to 0 at its 2-5-01
meeting

CALENDAR ITEM
C72

A 57, 58

S 29

02/05/01
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
Department of Oil Properties
211 East Ocean Boulevard, Suite 500
Long Beach, CA 90802

BACKGROUND:

The City of Long Beach (City) has a crude oil sales contract with Bravo Energy Trading, N.A. (Bravo Energy) 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, 2000, and is scheduled to expire on August 1, 2001. Bravo Energy is paying the City a bonus of $0.762 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 Products Company, ExxonMobil Corporation, Equiva Trading Company and Union 76. The City's share of production from these tracts is approximately 500 barrels per day of 17.5° 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 August 1, 2001, and to expire on February 1, 2003. Specifications for the sale are listed in Exhibit B to this Calendar Item.

The Long Beach City Council approved the bid package on January 16, 2001. The City requests California 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 March 14, 2001. The Commission must then approve the awarding of this contract by the City.

STATUTORY AND OTHER REFERENCES:

A. Public Resources Code sections: Division 6, Parts 1 and 2; Division 13.
B. California Code of Regulations sections: Title 3, Division 3; Title 14, Division 6.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 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 the CEQA and the State CEQA Guidelines.

   Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 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

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDINGS

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF

REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

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.

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EXHIBIT A
LIST OF TRACTS
FAULT BLOCK IV UNIT

5	28A	111
6	29	112A
9	38	114
16	41	125
20	61	126
21	81	127
26	103	
27	104	
28	109	

FAULT BLOCK V RANGER ZONE UNIT

2	21	39	57
3	22	40	64
4	23	41	69
5	24	42	80
6	25	43	90
7	26	44	92
8	27	45	96
9	28	46	122
10	29	47	271
12	30	48	405
13	31	49	406
14	32	50	407
15	33	51	408
16	34	52	409
17	35	53	410
18	36	54	411
19	37	55	414
20	38	56	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 500 barrels per day of 17.5° 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 Products Company, ExxonMobil Corporation, Equiva Trading Company and Union 76.

3. Term

   The contract will be for a term of 18 months commencing August 1, 2001 and expiring on February 1, 2003.

4. Surety

   A Letter of Credit in the amount of Six Hundred Seventy-Five Thousand Dollars ($675,000) will be required as well as public liability and property damage insurance in amounts not less than Two Million Dollars ($2,000,000) combined single limit or Four Million Dollars ($4,000,000) general aggregate.

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5. Bid Deposit

A bid deposit of $25,000 will be required which will be returned, plus interest, upon full execution of the contract.

6. Right to Reject Bids

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