

**CALENDAR ITEM
C70**

A 57, 58

06/18/02
W 9603.56
J. Tanner

S 29

**CONSIDER APPROVAL OF THE AWARDING OF THE SALES CONTRACT
FOR 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 Equiva Trading Company (Equiva) for crude oil allocated to the City from certain tracts (listed on Exhibit A, attached hereto) 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 August 1, 2001, and is scheduled to expire on February 1, 2003. Equiva is paying the City a bonus of \$0.915 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 ChevronTexaco Corporation, ExxonMobil, Union 76 and Equiva Trading Company. The City's share of production from these tracts is approximately 375 barrels per day of 17.5^o API gravity crude oil. The City proposes to offer this oil for sale by competitive public bid under a new sales contract to commence on February 1, 2003, and to expire on August 1, 2004. A notice inviting bids was published in the Long Beach Press Telegram on April 23-25, 2002. A bid opening was held on May 14, 2002. Exhibit B, attached hereto, shows the results of the bidding.

CALENDAR ITEM NO. **C70** (CONT'D)

The Long Beach City Council will approve the award of the sales contract on July 16, 2002. The City requests California State Lands Commission (Commission) approval of award of the sales contract to the highest bidder. Under Section 10(a) of the Chapter 29, Statutes of 1956, 1st E.S., the awarding of oil sales contracts for Long Beach tideland crude oil must be approved by the Commission.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it 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, sections 15060 (c)(3) and 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. Results of Bid Opening.

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDINGS

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) 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:

CALENDAR ITEM NO. **C70** (CONT'D)

APPROVE THE AWARDING OF THE CRUDE OIL SALES CONTRACT FOR TRACTS WITHIN THE FAULT BLOCK IV UNIT AND FAULT BLOCK V, RANGER ZONE UNIT, SOME OF WHICH ARE TIDELANDS TRACTS, TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT B, ATTACHED HERETO, FOR THE PERIOD FROM FEBRUARY 1, 2003 TO AUGUST 1, 2004.

EXHIBIT A

LIST OF TRACTS

FAULT BLOCK IV UNIT

5	29	112A
6	38	114
9	41	115
16	61	125
20	79	126
21	81	127
26	103	132
27	104	136
28	109	143
28A	111	144

FAULT BLOCK V RANGER ZONE UNIT

2	20	37	54	189
3	21	38	55	208
4	22	39	56	248
5	23	40	57	253
6	24	41	64	271
7	25	42	69	405
8	26	43	80	406
9	27	44	90	407
10	28	45	92	408
12	29	46	96	409
13	30	47	104	410
14	31	48	108	411
15	32	49	110	414
16	33	50	113	415
17	34	51	122	
18	35	52	187	
19	36	53	188	

EXHIBIT B

**RESULTS OF BID OPENING, FAULT BLOCK IV UNIT AND
BLOCK V, RANGER ZONE UNIT, WILMINGTON OIL
FIELD, LOS ANGELES COUNTY.**

MAY 14, 2002

10:00 AM

<u>BIDDER</u>	<u>BONUS BID (\$/BBL.)</u>
1. Lunday-Thagard Oil Company	\$ 1.2876
2. Paramount Petroleum Corporation	\$ 1. 18
3. Valero Refining Company-CA.	\$ 0.97
4. Equiva Trading Company	\$ 0. 675

The Highest Responsible Bidder is: Lunday-Thagard Oil Company .