MINUTE ITEM
This Calendar Item No C92 was approved as Minute Item No. 92 by the California State Lands Commission by a vote of 3 to 0 at its 8-19- meeting.

CALENDAR ITEM
C92

A 57, 58

S 29

08/19/03
W 9603.27
J. Tanner
M. LeClair

CONSIDER APPROVAL OF THE AWARD OF THE CRUDE OIL SALES CONTRACTS TO THE HIGHEST RESPONSIBLE BIDDER(S), TRACT NO. 1, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY

APPLICANT:

City of Long Beach
Attn.: Mr. Sigmund Jacoby
211 E. Ocean Blvd., Suite 500
Long Beach, CA. 90802

BACKGROUND:

At its meeting on June 2, 2003, the California State Lands Commission (Commission) authorized the sale by the City of Long Beach (City) of crude oil from Tract No. 1, Long Beach Unit, Wilmington Oil Field, Los Angeles County. At present, the City's share of crude oil from Tract No. 1 is being sold to Edgington Oil Company (7% Segment) and Valero Refining Company California (5 ½% Segment). The oil is being offered in two (2) separate sales contracts: one for seven percent (7%) and a second for five and one-half (5 ½ %) of the City's share of oil from Tract No. 1. This amounts to approximately 2,000 B/D for the seven percent segment and 1,600 B/D for the five and one-half percent segment.

A Notice Inviting Bids for new Crude Oil Sales Contracts to run from September 1, 2004 until March 1, 2006 was published in the Long Beach Press Telegram on June 16 through June 18, 2003, and sent to all known interested parties. Bids were received and opened on July 30, 2003. Exhibit A, attached hereto, shows the results of the bidding.

STAFF RECOMMENDATIONS:

Fiscal and legal reviews of the submitted bid material were done by the Commission and City of Long Beach Auditing and Legal Units respectively. Based on the results of these reviews, the highest responsible bidder(s) have been identified on Exhibit A, attached hereto. Staff recommends awarding of the new 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, attached hereto.

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.

EXHIBIT:

A. Results of Bid Opening

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

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:

APPROVE THE AWARD OF THE CRUDE OIL SALES CONTRACTS FOR TRACT NO.1, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, TO THE HIGHEST RESPONSIBLE BIDDER(S)

TIFIED ON EXHIBIT A, ATTACHED HERETO, FOR THE PERIOD
M SEPTEMBER 1, 2004 UNTIL MARCH 1, 2006.

08/19/03
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EXHIBIT A

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

July 30, 2003 10:00 AM

7% SEGMENT

BIDDER	BONUS BID (PER BARREL, ABOVE BASE PRICE)
1. Paramount Petroleum Company	$ 0.53
2. Valero Marketing & Supply Company	$ 1.595
3. Lunday-Thagard Company	$ 1.2876
4. Edgington Oil Company	$ 0.265

The highest responsible bidder is Valero Marketing & Supply Company .

5 1/2% SEGMENT

BIDDER	BONUS BID (PER BARREL, ABOVE BASE PRICE)
1. Paramount Petroleum Company	$ 0.49
2. Valero Marketing & Supply Company	$ 1.565
3. Lunday-Thagard Company	$ 1.2876
4. Edgington Oil Company	$ 0.265

The highest responsible bidder is Valero Marketing & Supply Company .