MINUTE ITEM
This Calendar Item No. C75 was approved as Minute Item No. 75 by the California State Lands Commission by a vote of 3 to 0 at its 4-26-05 meeting.

# CALENDAR ITEM
# C75

A 57, 58

S 29

04/26/05
W 9603.27
M. LeClair

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

**APPLICANT:**

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

**BACKGROUND:**

At its meeting on December 9, 2004, the California State Lands Commission (Commission) notified the City of Long Beach (City) to direct the Field Contractor to offer for sale by competitive bidding the crude oil available for sell-off from Tract No. 1, Long Beach Unit, Wilmington Oil Field, Los Angeles County. The winning bidder for each contract shall pay a price consisting of a base price equal to the arithmetic average of the prices posted for like crude oil on the day of delivery in the Wilmington, Huntington Beach, Long Beach (Signal Hill), Inglewood and Midway Sunset oil fields by ConocoPhillips, ChevronTexaco, ExxonMobil Corporation, Shell Trading US, and any successor in interest to these companies, for oil of like gravity on the day the oil is run into the Field Contractor's tanks and/or pipelines plus a bonus amount determined by bid (Exhibit A, attached hereto) per barrel.

At present, this oil is being sold to Valero Refining Company California. The oil was offered in two (2) separate sales contracts: one for seven percent (7%) and a second for five and one-half percent (5-½%) of the oil available for sell-off from Tract No. 1. This amounts to approximately 2,000 B/D for the seven- percent segment and 1,500 B/D for the five and one-half segment.

A Notice Inviting Bids for new Crude Oil Sales Contracts to run from March 1, 2006 until September 1, 2007 was published in the Long Beach Press Telegram on February 22, 23, and 24, 2005, and sent to all known interested parties. Bids were received and opened on March 8, 2005. 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 this review, the sole bidder has 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 bidder 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 BIDDER IDENTIFIED ON EXHIBIT A, ATTACHED HERETO, FOR THE PERIOD FROM MARCH 1, 2006 UNTIL SEPTEMBER 1, 2007.

04/26/05
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M. LeClair

# EXHIBIT A

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

March 8, 2005 10:00 A.M.

7% SEGMENT

| BIDDER | BONUS BID (PER BARREL, ABOVE BASE PRICE) |
|---|---|
| 1. Paramount Petroleum Company | $0.378 |
| 2. | $ |
| 3. | $ |

The highest responsible bidder is Paramount Petroleum Company.

5 1/2% SEGMENT

| BIDDER | BONUS BID (PER BARREL, ABOVE BASE PRICE) |
|---|---|
| 1. Paramount Petroleum Company | $0.279 |
| 2. | $ |
| 3. | $ |

The highest responsible bidder is Paramount Petroleum Company.



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