

MINUTE ITEM

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dated 1/23/86
Meeting.

MINUTE ITEM

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Proposed Crude Oil Sell-Off
Long Beach Harbor Department
Tidelands Parcel and Parcel "A"
Wilmington Oil Field

During consideration of Calendar Item 26, attached, W. M. Thompson, Chief, Extractive Development Division, requested that the September 1, 1986 starting date of the contract be amended to a date mutually acceptable to the State and the City of Long Beach.

With that amendment, and upon motion duly made and carried, the Resolution in Calendar Item 26 was approved by a vote of 2-0.

Attachment: Calendar Item 26.

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PROPOSED CRUDE OIL SELL-OFF,
LONG BEACH HARBOR DEPARTMENT
TIDELANDS PARCEL AND PARCEL "A", WILMINGTON OIL FIELD

The City of Long Beach is selling under three contracts the available 12 1/2 percent of the oil allocated to the Long Beach Harbor Department Tidelands Parcel and the available 12 1/2 percent of the oil produced from Parcel "A". Crysen Trading and Marketing, Inc. is the present purchaser of the eight percent segment of crude oil from the Long Beach Harbor Department Tidelands Parcel (825 B/D) and pays a bonus of \$1.765 per barrel above the Base Price. Edgington Oil Company is the present purchaser of the 4 1/2 percent segment of crude oil from the Long Beach Harbor Department Tidelands Parcel (460 B/D) and pays a bonus of \$2.323 per barrel above the base price. Edgington Oil Company is also purchasing the crude oil from Parcel "A" (385 B/D) and paying a bonus of \$2.123 per barrel above the base price. Each of these contracts will expire on September 1, 1986.

The City has proposed seeking competitive public bids for new oil sales contracts when the old contracts expire. In cooperation with the Commission's staff, the City has prepared notices inviting bids, bid forms and crude oil sales contracts to be used in the proposed crude oil sell-offs. The significant specifications are set forth in Exhibit "A" to this calendar item. Copies of the forms for the notices inviting bids, bid forms and crude oil sales contracts are available for inspection in the office of the Commission.

Section 10(a) of Chapter 29, Statutes of 1956, First Extraordinary Session, requires that all specifications and forms for the purpose of inviting bids in connection with the disposition of oil derived from the Long Beach tidelands be

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approved by the State Lands Commission prior to publication of the notice to bidders.

When the bids are received, they will be analyzed by the City of Long Beach and the Commission's staff and will be presented to the Commission for approval before acceptance.

AB 88%: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 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: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

EXHIBIT: A. Significant Specifications for Proposed Sell-off.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. APPROVE, PURSUANT TO SECTION 10(a) OF CHAPTER 29, STATUTES OF 1956, 1ST E.S., THE SPECIFICATIONS PROPOSED AND THE FORMS PREPARED FOR THE SALE OF THE OIL AVAILABLE FOR SELL-OFF FROM THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A", WILMINGTON OIL FIELD.

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EXHIBIT "A"

SIGNIFICANT SPECIFICATIONS FOR
PROPOSED CITY OF LONG BEACH OIL SELF-OFF

1. CRUDE OIL AMOUNT:

The oil will be offered in three contracts:

- (a) For the crude oil allocated to the Long Beach Harbor Department Tidelands Parcel, one contract for eight percent of the oil, which amounts to about 675 barrels per day of 18° API gravity oil, and one contract for 4 1/2 percent of the oil, which amounts to about 375 barrels per day of 18° API gravity oil.
- (b) For the crude oil produced from Parcel "A", one contract for 12 1/2 percent of the oil, which amounts to about 350 barrels per day of 19° API gravity oil.

2. CRUDE OIL PRICE:

The purchaser shall pay for the oil a bonus price per barrel, which is the bid factor, plus a base price equal to the highest price posted for like crude oil on the day of delivery in the Wilmington, Long Beach (Signal Hill), Huntington Beach and Inglewood Oil Fields among the postings of Chevron USA, Inc., Mobil Oil Corporation, Union Oil Company of California and Arco Petroleum Products Company.

3. CONTRACT TERM:

~~The contracts will be for a term of 18 months from September 1, 1986 to March 1, 1988.~~

The contracts will be for a term of 18 months commencing with a date mutually acceptable to the State and the City of Long Beach.