

MINUTE ITEM

This Calendar item No. 33
was approved as Minute Item
No. 35 by the State Lands
Commission by a vote of 3
0 at its 9/27/89
meeting.

CALENDAR ITEM

A 57, 58

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S 29

W 9603.56

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APPROVAL OF SPECIFICATIONS AND FORMS FOR
INVITING BIDS BY THE CITY OF LONG BEACH FOR
CRUDE OIL FROM CERTAIN TRACTS WITHIN THE
FAULT BLOCK IV UNIT AND FAULT BLOCK V
RANGER ZONE UNIT, WILMINGTON OIL FIELD

BACKGROUND:

The City of Long Beach has a crude oil sales contract with Edgington Oil Company 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 contract commenced on February 1, 1989 and is scheduled to expire on February 1, 1990. Edgington is paying the City a bonus of \$0.2775 per barrel above a Base Price defined as the highest price posted for crude oil of like gravity and quality 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 and Union Oil Company of California. The City's share of production from these tracts is approximately 280 barrels per day of 17° API gravity crude oil.

The City proposes to re-offer this oil for sale by competitive public bid under a new contract to commence on February 1, 1990 and to expire on February 1, 1991. Specifications for the sale are listed in Exhibit "B" to this calendar item.

The Long Beach City Council approved the bid package for this sale on August 15, 1989. The City now requests State Lands Commission approval of the bid package. For this sale, the

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base price definition has been changed to the arithmetic average of the prices posted in the Wilmington, Long Beach (Signal Hill), Huntington Beach and Inglewood Oil Fields by Chevron, Mobil, Texaco, and Union.

STAFF RECOMMENDATIONS:

Under Section 10.(a) of Chapter 29, Statutes of 1956, 1st E.S., the specifications and forms for the purpose of inviting bids for the sale of Long Beach tidelands crude oil must be approved by the State Lands Commission prior to the publication of the notice to bidders. The City plans to hold a bid opening on October 25, 1989. The Commission must then approve the awarding of this contract by the City. Staff will return to the Commission at that time with its recommendations.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 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. Code Regs. 15378.

- EXHIBITS:
- A. List of Tracts.
 - B. Specifications of Sale.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. APPROVE THE SPECIFICATIONS LISTED 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 FAULT BLOCK IV UNIT AND FAULT BLOCK V RANGER ZONE UNIT, WILMINGTON OIL FIELD, SOME OF WHICH ARE TIDELANDS TRACTS.

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EXHIBIT "A"
LIST OF TRACTS

Fault Block IV Unit

5	103
6	104
9	111
16	112A
20	114
21	125
38	126
41	127
61	

Fault Block V Ranger Zone Unit

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

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EXHIBIT "B"

Specifications of sale by 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% 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 280 barrels per day of 17° 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 oil of like quality in the Wilmington, Long Beach (Signal Hill), Huntington Beach and Inglewood Oil Fields on the day of delivery by Chevron, Mobil, Texaco and Union.

3. Term

The contract will be for a term of twelve months commencing February 1, 1990 and expiring on February 1, 1991.

4. Surety

A Letter of Credit in the amount of Two Hundred Thousand Dollars (\$200,000.00) will be required as well as public liability and property damage insurance in amounts not less than Four Million Dollars (\$4,000,000.00).

5. Bid Deposit

A bid deposit of \$25,000 will be required which, except for the highest responsible bidder, will be returned.

6. Right to Reject Bids

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