

MINUTE ITEM

This Calendar Item No. C121
was approved as Minute Item
No. 121 by the State Lands
Commission by a vote of 3
to 0 at its 11/15/94
meeting.

CALENDAR ITEM

C121

11/15/94
W 9603.56
Tanner

S 29

**AWARD OF THE CRUDE OIL SALES CONTRACT,
VARIOUS TRACTS WITHIN THE
FAULT BLOCK IV UNIT AND
FAULT BLOCK V RANGER ZONE UNIT
WILMINGTON OIL FIELD,
LOS ANGELES COUNTY**

BACKGROUND:

At its meeting on August 3, 1994, the State Lands Commission authorized the City of Long Beach to sell crude oil from various tracts within the Fault Block IV Unit and Fault Block V Ranger Zone Unit, Wilmington Oil Field, Los Angeles County. Some of these tracts are tideland tracts. Huntway Refining Company (Huntway) is presently purchasing the City's share of crude oil from these tracts. Huntway is paying the City a bonus of \$0.235 per barrel above a base price defined as the arithmetic average of the prices posted on the day of delivery for oil of like gravity and quality in the Wilmington, Long Beach (Signal Hill), Huntington Beach and Inglewood Oil Fields, among the postings of Chevron, Mobil, Union and Texaco. The City's share of production is approximately 700 B/D of 19° API crude oil. The present crude oil sales contract is for a term of one year and will expire on February 1, 1995.

A Notice Inviting Bids for a new Crude Oil Sales Contract to run from February 1, 1995 until February 1, 1996 was published in the Long Beach Press Telegram on September 13, 1994, and sent to all known interested parties. Bids were received and opened on October 5, 1994. Exhibit "B" shows the results of the bidding.

STAFF RECOMMENDATIONS:

Fiscal and legal reviews of the submitted bid material were done by the City of Long Beach and the SLC Auditing and Legal Units respectively. Based on the results of these reviews, the highest responsible bidder has been identified on Exhibit "B".

Staff recommends awarding of the new Crude Oil Sales Contract for tracts within the Fault Block IV Unit and Fault Block V Ranger Zone Unit, Wilmington Oil Field, Los Angeles County, to Texaco Refining and Marketing, the highest responsible bidder identified on Exhibit "B".

AB 884:
N/A

CALENDAR PAGE	615
MINUTE PAGE	4310

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.

2. 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 held a bid opening on October 5, 1994. The Commission must approve the award of the contract by the City to the highest responsible bidder.

EXHIBITS:

- A. Lists of Tracts
- B. Results of Bid Opening

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF 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. AWARD THE CRUDE OIL SALES CONTRACT FOR TRACTS WITHIN THE FAULT BLOCK IV UNIT AND FAULT BLOCK V RANGER ZONE UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, TO TEXACO REFINING AND MARKETING, THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "B" FOR THE PERIOD FROM FEBRUARY 1, 1995 UNTIL FEBRUARY 1, 1996.

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ATTACHMENT "A"

LIST OF TRACTS

Fault Block IV Unit

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

Fault Block V Ranger Zone Unit

2	29	55
3	30	56
4	31	57
5	32	64
6	33	69
7	34	80
8	35	90
9	36	92
10	37	96
12	38	98
13	39	104
14	40	108
15	41	110
16	42	113
17	43	122
18	44	187
19	45	188
20	46	189
21	47	271
22	48	405
23	49	406
24	50	407
25	51	408
26	52	409
27	53	410
28	54	411

4	1	CALENDAR PAGE	617
4	4		4312
4	5	MINUTE PAGE	

11/15/94
W 9603.56
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EXHIBIT "B"

BID OPENING
CRUDE OIL SALES CONTRACT
TRACTS WITHIN THE FAULT BLOCK IV UNIT AND
FAULT BLOCK V RANGER ZONE UNIT,
WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

OCTOBER 5, 1994

10:00 AM

<u>BIDDER</u>	<u>BONUS BID (PER BARREL, ABOVE BASE PRICE)</u>
1. Huntway Refining Company	\$0.4661
2. Ultramar, Inc.	\$0.450
3. Texaco Refining & Marketing Inc.	\$0.515
4. Enron Oil Trading & Transportation & Transportation	\$0.480

The highest responsible bidder is Texaco Refining & Marketing, Inc.