

MINUTE ITEM

This Calendar Item No. C85 was approved as Minute Item No. 85 by the California State Lands Commission by a vote of 3 to 0 at its 2/27/98 meeting.

**CALENDAR ITEM
C85**

A 57, 58

02/27/98
W 9603.27
J. Tanner

S 29

**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
Department of Oil Properties
Attn: Xenophon C. Colazas, Director
211 E. Ocean Boulevard, Suite 500
Long Beach, CA 90802

BACKGROUND:

At its meeting on July 11, 1997, the State Lands 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 Paramount Petroleum Corporation under two contracts which will expire on September 1, 1998. The oil will again be offered in two (2) separate sales contracts: one for seven percent (7%) and a second for five and one-half per cent (5 ½%) of the City's share of oil from Tract No. 1. This amounts to approximately 2,500 B/D for the seven percent segment and 2,000 B/D for the five and one-half percent segment. The City desires to re-sell its share of crude oil from Tract No. 1.

A Notice Inviting Bids for new Crude Oil Sales Contracts to run from September 1, 1998 until March 1, 2000 was published in the Wall Street Journal (Western Edition) on October 22, 1997, and sent to all known interested parties. Bids were received and opened on November 12, 1997. As shown on Exhibit A, the highest responsible bidder for the seven percent (7%) segment is EOTT Energy Corporation with a bonus bid of \$0.5252, and the highest responsible bidder for the five and one-half percent (5 ½%) segment is Bravo Energy Trading with a bonus bid of \$0.44.

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STAFF RECOMMENDATIONS:

Fiscal and Legal reviews of the submitted bid material were done by the SLC and City of Long Beach Auditing and Legal Units respectively. Based on the results of these reviews, the highest responsible bidders have been identified on Exhibit A. Staff recommends approving the City's award of the new Crude Oil Sales Contracts for Tract No. 1, Long Beach Unit, Wilmington Oil Field, Los Angeles County, to EOTT Energy Corporation for the seven percent (7%) segment and Bravo Energy Trading for the five and one-half percent (5 ½%) segment.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulation, section 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 the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 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 EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

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CALENDAR ITEM NO. **C85** (CONT'D)

AUTHORIZATION:

APPROVE THE AWARD BY THE CITY OF LONG BEACH OF THE CRUDE OIL SALES CONTRACTS FOR TRACT NO. 1, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, TO EOTT ENERGY CORPORATION FOR THE SEVEN PERCENT (7%) SEGMENT AND TO BRAVO ENERGY TRADING FOR THE FIVE AND ONE-HALF PERCENT (5 ½ %) SEGMENT, THE HIGHEST RESPONSIBLE BIDDERS IDENTIFIED ON EXHIBIT A FOR THE PERIOD FROM SEPTEMBER 1, 1998 UNTIL MARCH 1, 2000.

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EXHIBIT A

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

November 12, 1997

10:00 A.M.

7% SEGMENT

<u>BIDDER</u>	<u>BONUS BID (PER BARREL, ABOVE BASE PRICE)</u>
1. <u>Bravo Energy Trading</u>	\$ <u>0.28</u>
2. <u>EOTT Energy Corporation</u>	\$ <u>0.5252</u>
3. <u>Paramount Petroleum Corporation</u>	\$ <u>0.4602</u>

The highest responsible bidder is EOTT Energy Corporation.

5 1/2% SEGMENT

<u>BIDDER</u>	<u>BONUS BID (PER BARREL, ABOVE BASE PRICE)</u>
1. <u>Bravo Energy Trading</u>	\$ <u>0.44</u>
2. <u>EOTT Energy Corporation</u>	\$ <u>0.4242</u>
3. <u>Paramount Petroleum Corporation</u>	\$ <u>0.3801</u>

The highest responsible bidder is Bravo Energy Trading.