

MINUTE ITEM

**69**

A 57, 58

S 29

04/13/99  
W 9603.27  
J. Tanner

**CITY OF LONG BEACH (APPLICANT):**

**PULLED PRIOR TO COMMISSION MEETING**

**Item attached**

CALENDAR PAGE	CALENDAR PAGE
MINUTE PAGE	MINUTE PAGE 005372

**CALENDAR ITEM**

**C69**

A 57, 58

S 29

04/13/99  
W 9603.27  
J. Tanner

**APPROVE AMENDMENT TO CRUDE OIL  
SALES CONTRACT, TRACT NO. 1 (5 1/2% SEGMENT),  
LONG BEACH UNIT, WILMINGTON OIL FIELD,  
LOS ANGELES COUNTY**

**APPLICANT:**

City of Long Beach  
Department of Oil Properties  
Attn.: Robert J. Rawnsley  
211 West Ocean Boulevard, Suite 500  
Long Beach, CA 90802

**AREA, LAND TYPE, AND LOCATION:**

Tract No. 1 (5 1/2% Segment), Long Beach Unit, Wilmington Oil Field, Los Angeles County.

**BACKGROUND:**

Bravo Energy Trading, N.A. (Bravo) was the successful high bidder for the Crude Oil Sales Contract, Tract No. 1 (5 1/2% segment), Long Beach Unit, Wilmington Oil Field. This sales contract commenced on September 1, 1998. The base price for oil sold under this sales contract is 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, Mobil Oil Corporation, Texaco Trading and Transportation, Inc., and Union Oil Company of California. On October 1, 1998, Texaco formed a new trading company, Equiva Trading Company, a successor-in-interest to Texaco. Bravo has claimed Equiva is not a successor-in-interest to Texaco, but a new trading company and that its posting should not be used in calculating the base price. The City has maintained that the Equiva posting should be used in the base price calculation.

Bravo and the City have agreed to amend the sales contract to include Equiva's posting in the base price, effective April 1, 1999.

**STATUTORY AND OTHER REFERENCES:**

- A. Section 3, Crude Oil Sales Contract

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- B. Public Resources Code, Division 6, Parts 1 & 2; Division 13; California Code of Regulations, Title 3, Division 3; Title 14, Division 6.

**OTHER PERTINENT INFORMATION**

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, 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. Proposed Amendment to the Crude Oil Sales Contract

**PERMIT STREAMLINING ACT DEADLINE:**

N/A.

**RECOMMENDED ACTION:**

IT IS RECOMMENDED THAT THE COMMISSION:

**CEQA FINDINGS:**

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE 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.

**AUTHORIZATION:**

APPROVE THE AMENDMENT TO THE CRUDE OIL SALES CONTRACT, TRACT NO. 1 (5 1/2% SEGMENT), LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY BETWEEN THE CITY OF LONG BEACH AND BRAVO ENERGY TRADING, N.A., EFFECTIVE APRIL 1, 1999.

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Robert E. Shuman  
City Attorney of Long Beach  
333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

1 D. The parties hereto are desirous of amending Section  
2 3 of the Contract, effective April 1, 1999, to delete Texaco  
3 Trading and Transportation, Inc. and substituting in its place  
4 Equiva Trading Company; to identify other name changes of the  
5 named posting companies; and to provide further that the posting  
6 companies provided in Section 3 of the Contract include the  
7 successors in interest of the named posting companies.

8 NOW THEREFORE, Seller, City and Purchaser agree as follows:

9 3. Amendment to Contract. Seller, City and Purchaser agree  
10 that Section 3 of the Contract shall be amended to read as  
11 follows:

12 "3. Price. Purchaser shall pay a price for the oil  
13 consisting of a base price equal to the highest price posted for  
14 like crude oil on the day of delivery in the Wilmington, Long  
15 Beach (Signal Hill), Huntington Beach and Inglewood oil fields  
16 among the postings of Chevron Products Company, Mobil Oil  
17 Corporation, Equiva Trading Company, and Union 76, and any  
18 successors in interest of these four companies, plus a bonus of  
19 forty-four cents (\$0.44) per barrel. The price for the oil shall  
20 be computed to the closest tenth of each degree of API gravity  
21 and the closest tenth of a cent per barrel. If at any time this  
22 price should be lower than the amount per barrel at which the  
23 Field Contractor accounts for like oil computed under Article  
24 9(b) of the Contractors' Agreement, then and only then the price  
25 shall be that amount per barrel provided by Article 9(b).

26 "Seller shall retain the portion of the proceeds remitted by  
27 Purchaser equaling the value of the oil allocated to the Field  
28 Contractor computed pursuant to Article 9(b) (1) or (2) of the

1 Contractors' Agreement. All additional amounts shall be remitted  
2 promptly to the City by Seller."

3 4. Force and Effect. Except as specifically amended  
4 herein, all terms and conditions of the Contract shall remain in  
5 full force and effect.

6 Executed by the parties hereto on the date set forth  
7 opposite the respective signatures.

8 ARCO LONG BEACH, INC.

9 Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Title

10

11 Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Title

12

13 "SELLER"

14 CITY OF LONG BEACH, a  
15 municipal corporation

16 Dated: \_\_\_\_\_

By: \_\_\_\_\_  
City Manager

17 "CITY"

18 (Notary Ack. attached)

19 BRAVO ENERGY TRADING N.A.

20 Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Title

21

22 Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Title

23 "PURCHASER"

24 The foregoing Amendment to the Crude Oil Sales Contract is  
25 hereby approved as to form.

26 ROBERT E. SHANNON, City Attorney

27 BY: \_\_\_\_\_  
Deputy

28

RAA/rg  
3/23/99

Robert E. Shannon  
City Attorney of Long Beach  
113 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200