

MINUTE ITEM

1/26/72  
CVB

16. APPROVAL OF BID, PARCEL A OIL CONTRACT, CITY OF LONG BEACH, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

After consideration of Calendar Item 14 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. APPROVES THE AWARD OF THE PARCEL A OIL CONTRACT TO THE HIGHEST QUALIFIED BIDDER, AS SET FORTH IN THE ATTACHED EXHIBIT "A", PURSUANT TO APPLICABLE STATUTE.
2. DIRECTS THE DIVISION TO PREPARE AND SUBMIT TO THE COMMISSION
  - A. ANNUAL FISCAL-YEAR ESTIMATES OF OIL AND GAS PRODUCTION, OIL AND GAS LIQUIDS VALUE, INVESTMENT AND EXPENSE EXPENDITURES, NET REVENUE AND NET PROFITS, AND
  - B. QUARTERLY REVIEWS OF SUCH ANNUAL ESTIMATES.

Attachment:

Calendar Item 14 (3 pages)

CALENDAR ITEM

1/72  
CVB

14.

APPROVAL OF BID, PARCEL A OIL CONTRACT, CITY OF LONG BEACH, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

The Commission, at its meeting of October 28, 1971, approved the Notice Inviting Bids, Bid Form, and Parcel A Oil Contract, as prepared by the City of Long Beach in conjunction with the Division and the Office of the Attorney General.

Sealed bids for the Parcel A Oil Contract were opened at the City Hall of the City of Long Beach on December 8, 1971. As the result of an alleged misunderstanding by one of the bidders regarding the bidding conditions, the City Council of the City of Long Beach, at its meeting of December 14, 1971, adopted a minute order that, subject to the concurrence of the Commission, all bids be rejected and that the Parcel A contract be readvertised.

The Commission, at its meeting of December 21, 1971, directed that the matter be returned to the City of Long Beach for re-examination, with the Commission to reconsider the matter after the City had completed its further study.

After reconsideration, and upon the recommendation of the City Manager and City Attorney, the Long Beach City Council adopted a minute order rejecting all bids and ordering the Parcel A Oil Contract to be readvertised under the same terms and conditions.

The second opening of sealed bids for the Parcel A Oil Contract was held at the City Hall of the City of Long Beach on January 24, 1972. The successful bidder has been determined by the highest cash amount offered for the contract by a responsible and qualified bidder.

The City Council of the City of Long Beach has approved the high bid and requested Commission approval pursuant to applicable statute.

The Division has reviewed the bids received and prepared Exhibit "A", attached, summarizing the bids and the reason for recommending acceptance or rejection of each bid.

The bids and supporting documents have been submitted to the Office of the Attorney General, who has advised that the recommended bid is legally sufficient and may be approved by the Commission.

It is suggested that the Commission, for the purpose of monitoring the State of California's economic interest in the net profits revenue from Parcel A, direct the Division to prepare and submit to the Commission

- (a) annual fiscal-year estimates of oil and gas production, oil and gas liquids value, investment and expense expenditures, net revenue and net profits, and
- (b) quarterly reviews of such annual estimates.

CALENDAR ITEM 14. (CONTD.)

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE THE AWARD OF THE PARCEL A OIL CONTRACT TO THE HIGHEST QUALIFIED BIDDER, AS SET FORTH IN THE ATTACHED EXHIBIT "A", PURSUANT TO APPLICABLE STATUTE.
2. DIRECT THE DIVISION TO PREPARE AND SUBMIT TO THE COMMISSION
  - A. ANNUAL FISCAL-YEAR ESTIMATES OF OIL AND GAS PRODUCTION, OIL AND GAS LIQUIDS VALUE, INVESTMENT AND EXPENSE EXPENDITURES, NET REVENUE AND NET PROFITS, AND
  - B. QUARTERLY REVIEWS OF SUCH ANNUAL ESTIMATES.

Attachment: Exhibit "A"

EXHIBIT "A"

BIDS RECEIVED AND RECOMMENDATION  
PARCEL A OIL CONTRACT  
CITY OF LONG BEACH

<u>Bidder</u>	<u>Cash Bonus Bid, \$</u>	<u>Recommendation</u>
Powerine Oil Company Rothschild Oil Company, and Edgington Oil Company	\$4,377,777.00	Accept - highest qualified bidder
Atlantic Richfield Company	\$3,534,000.00	Reject - lower bid
Long Beach Oil Development Co. Joint Bid with: Signal Oil and Gas Company Standard Oil Company of California Humble Oil & Refining Company Continental Oil Company CM Oil Company	\$1,900,000.00	Reject - lower bid