

11. APPROVAL OF NOTICE INVITING BIDS, BID FORM, AND CONTRACT FOR SALE OF LIQUID PRODUCTS RESULTING FROM TREATMENT OF NATURAL GAS (LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A"), CITY OF LONG BEACH, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

After consideration of Calendar Item 9 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION APPROVES:

1. NOTICE INVITING BIDS FOR CONTRACT FOR SALE OF LIQUID PRODUCTS RESULTING FROM TREATMENT OF NATURAL GAS (LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A");
2. BID FORM FOR SUBJECT CONTRACT;
3. CONTRACT FOR SALE OF LIQUID PRODUCTS RESULTING FROM TREATMENT OF NATURAL GAS (LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A")

AS SUBMITTED BY THE CITY OF LONG BEACH PURSUANT TO APPLICABLE STATUTE.

Attachment:

Calendar Item 9 (2 pages)

9.

APPROVAL OF NOTICE INVITING BIDS, BID FORM, AND CONTRACT FOR SALE OF LIQUID PRODUCTS RESULTING FROM TREATMENT OF NATURAL GAS (LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A"), CITY OF LONG BEACH, WILMINGTON OIL FIELD, LOS ANGELES COUNTY

The City of Long Beach, in accordance with the provisions of Section 10, Chapter 29, Statutes of 1956, 1st E.S., has submitted the following documents for approval by the State Lands Commission prior to publication of the notice to bidders:

1. Notice Inviting Bids for Contract for Sale of Liquid Products Resulting from Treatment of Natural Gas (Long Beach Harbor Department Tidelands Parcel and Parcel "A").
2. Bid Form for subject contract.
3. Contract for Sale of Liquid Products Resulting from Treatment of Natural Gas (Long Beach Harbor Department Tidelands Parcel and Parcel "A").

The City of Long Beach has for some years had contracts with Lomita-Signal-Wilmington Associates for the sale of natural gas liquid products produced from or allocated to the Long Beach Harbor Department Tidelands Parcel, and with Lomita Gasoline Company and, currently, Macmillan Ring-Free Oil Company for the sale of natural gas liquid products produced from Parcel "A".

All natural gas from the Long Beach tidelands is presently being treated for removal of hydrogen sulfide under an interim operating agreement by the new Stretford process. In tests this has been successful and economical to the Long Beach Unit. The liquid products that result from this treatment are available for sale by the City. In order to obtain the highest bonus bid it is desirable to combine the liquid products from the two tidelands parcels under a single sales contract. By statute these liquid products must be sold to the highest responsible bidder upon competitive bidding.

Gas liquids from the two tideland parcels are contemplated to be combined under a single contract, and the City Council of the City of Long Beach has approved the notice, bid form and contract for their sale. The documents have been submitted to the Office of the Attorney General, who has advised that said documents comply with applicable provisions of law as to legal sufficiency and may be approved by the State Lands Commission.

The Division has reviewed the provisions and procedures set forth in the subject documents and has found them to be reasonable and equitable. After analysis of the bids by the City and State, a recommendation for award or rejection will be presented to the Commission.

CALENDAR ITEM NO. 9. (CONTD)

It is anticipated that these bids will be presented to the Commission, along with several items, whereby the entire gas processing procedure for the Long Beach tidelands will be substantially revised, in order to take advantage of the Stretford process.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE:

1. NOTICE INVITING BIDS FOR CONTRACT FOR SALE OF LIQUID PRODUCTS RESULTING FROM TREATMENT OF NATURAL GAS (LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A");
2. BID FORM FOR SUBJECT CONTRACT;
3. CONTRACT FOR SALE OF LIQUID PRODUCTS RESULTING FROM TREATMENT OF NATURAL GAS (LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A")

AS SUBMITTED BY THE CITY OF LONG BEACH PURSUANT TO APPLICABLE STATUTE.