

MINUTE ITEM

This Calendar Item No. 40
 was approved as Minute Item
 No. 40 by the State Lands
 Commission by a vote of 3
 to 0 at its 2/27/80
 meeting.

CALENDAR ITEM

40.

5/80
 Thompson

**AWARD OF CRUDE OIL SELL OFF CONTRACTS FOR CRUDE
 OIL FROM THE 4½% INCREMENT FROM LONG BEACH HARBOR
 DEPARTMENT TIDELANDS PARCEL WILMINGTON OIL FIELD,
 LOS ANGELES COUNTY.**

At its March 1980 Meeting, the Commission approved the specifications and forms for the notices inviting bids and for the crude oil sales contracts for the sale of the uncontrolled and controlled portions of the 4½% increment of the crude oil from the Long Beach Harbor Department Tidelands parcel, and for 12½% of the crude oil from Parcel A, City of Long Beach.

The City of Long Beach has since advertised for and received bids for the approximately 695 B/D of uncontrolled and 345 B/D of controlled oil available under this sale. The high bidder for all the uncontrolled crude oil at the bid opening May 14, 1980, was Champlin Petroleum Company, with an offer of \$0.65 per barrel above the average of the posted prices for uncontrolled oil in the Wilmington oil field. By drawing lots among 5 bidders, all of whom bid the Federal Department of Energy's ceiling price, Langham Petroleum Corp. was awarded the controlled crude oil from Long Beach Harbor Department Tidelands Parcel (about 300 B/D) and TOSCO Corporation was awarded the controlled crude oil from Parcel A (about 40 B/D). The full list of bidders is:

<u>Bidder</u>	<u>L.B. Harbor Dept Tidelands Parcel</u>		<u>Parcel A</u>	
	<u>Uncontrolled</u>	<u>Controlled</u>	<u>Uncontrolled</u>	<u>Controlled</u>
Champlin Petroleum Co.	\$0.55	Ceiling	\$0.65	Ceiling
Langham Petroleum Corp.	\$0.61	Ceiling	\$0.61	Ceiling
La Jet Inc.	\$0.307	no bid	no bid	no bid
TOSCO Corporation	\$0.115	Ceiling	\$0.115	Ceiling

A 52, 57, 58

S 27, 31

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DeMenno-Kerdoon	\$0.111	Ceiling	\$0.111	Ceiling
Kern County Refining, Inc.	\$0.055	Ceiling	\$0.055	Ceiling

The previous sell off contracts had expired for the purchase of this oil. The operating contractors, Long Beach Oil Development Company and Powerine Oil Company, respectively, are currently taking this oil. These contractors must be given fifteen days to match the bid prices pursuant to the supplier/purchaser rule established by the Department of Energy. The crude oil either will be taken by the existing purchaser at the higher bid price (for uncontrolled crude oil) or at the bid ceiling price (for controlled crude oil) or delivered to the contract awardee, depending upon each present purchaser's response to the offer.

Pursuant to Section 10(a) of Chapter 29, Statutes of 1956, First Extraordinary Session, contracts between the City of Long Beach and any other person relating to the taking of oil from the Long Beach tidelands shall be made and entered into only with the highest responsible bidder and upon competitive bidding and shall be of no effect unless and until approved by the State Lands Commission.

The City of Long Beach has determined that Champlin Petroleum Company, Langham Petroleum Corporation and TOSCO Corporation are responsible bidders, and the City Council on May 27, 1980 approved the award of the uncontrolled crude oil contracts to Champlin Petroleum Company and the controlled crude oil contracts to Langham Petroleum Corporation and TOSCO Corporation, subject to State Lands Commission approval and the right of Long Beach Oil Development Company and Powerine Oil Company to retain the oil from Long Beach Harbor Department Tidelands Parcel and Parcel A, respectively, by matching the bids.

IT IS RECOMMENDED THAT THE COMMISSION:

PURSUANT TO SECTION 10(a) CHAPTER 29, STATUTES OF 1956, 1ST E.S., APPROVE THE AWARING BY THE CITY OF LONG BEACH OF THE FOLLOWING CRUDE OIL SALES CONTRACTS FOR CRUDE OIL FROM THE LONG BEACH TIDELANDS, WILMINGTON OIL FIELD, LOS ANGELES COUNTY:

1. TO CHAMPLIN PETROLEUM COMPANY THE CRUDE OIL SALES CONTRACTS FOR THE UNCONTROLLED PORTION OF THE 4½% INCREMENT OF CRUDE OIL FROM THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND FOR THE UNCONTROLLED PORTION OF THE 12½% INCREMENT OF CRUDE OIL FROM PARCEL A;

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2. TO LANGHAM PETROLEUM CORPORATION THE CRUDE OIL SALES CONTRACT FOR THE CONTROLLED PORTION OF THE 4½% INCREMENT OF CRUDE OIL FROM THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL;
3. TO TOSCO CORPORATION THE CRUDE OIL SALES CONTRACT FOR THE CONTROLLED PORTION OF THE 12½% INCREMENT OF CRUDE OIL FROM PARCEL A;

PROVIDED THAT, WITH RESPECT TO ANY SINGLE CONTRACT, THAT CONTRACT SHALL NOT BE AWARDED UNLESS AND UNTIL THE PRESENT PURCHASER OF THE OIL SUBJECT TO THAT CONTRACT HAS BEEN GIVEN THE OPPORTUNITY TO MEET AND HAS FAILED TO MEET THE PRICE OFFERED BY THE SUCCESSFUL BIDDER FOR THAT CONTRACT.