

MINUTE ITEM

This Calendar Item No. 39
was approved as Minute Item
No. 39 by the State Lands
Commission by a vote of 3
to 0 at its 3-5-81
meeting.

CALENDAR ITEM

39

2/81
Thompson

CRUDE OIL SELL OFF
LONG BEACH HARBOR DEPARTMENT
TIDELANDS PARCEL AND PARCEL "A"
WILMINGTON OIL FIELD

The City of Long Beach, with the Commission's approval, is currently selling under three separate contracts the available 12½% increments of the oil allocated to the Long Beach Harbor Department Tidelands Parcel and to Parcel "A" in the Wilmington oil field. This oil is being sold at bonuses ranging from 37 1 cents to 65 cents per barrel over the average of the prices posted in the Wilmington field. The contract which covers 8% of the oil allocated to the Long Beach Harbor Department Tidelands Parcel will expire on August 31, 1981, and the other two contracts will expire on September 30, 1981.

The staff recommends that the Commission state its desire for new sell offs to begin when the existing contracts expire by giving its approval to the significant specifications for the proposed contracts that are contained in Exhibit "A" which is attached. Under section 10(a) of Chapter 29, Statutes of 1956, First Extraordinary Session, the Commission must approve the specifications and forms for the purpose of inviting bids in connection with the disposition of oil derived from the Long Beach tidelands.

Bids, when received, will be analyzed by the City of Long Beach and the Commission's staff and will be presented to the Commission for approval before acceptance, as required by section 10(a) of Chapter 29.

EXHIBIT: A. Specifications of the Proposed Contract.

IT IS RECOMMENDED THAT THE COMMISSION, ACTING PURSUANT TO SECTION 10(a) OF CHAPTER 29, STATUTES OF 1956, 1st E.S., APPROVE THE SPECIFICATIONS SET FORTH IN EXHIBIT "A", WHICH IS ATTACHED, FOR THE SALE BY THE CITY OF LONG BEACH OF THE AVAILABLE SELL-OFF OIL FROM THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A" IN THE WILMINGTON OIL FIELD AND, BY SO DOING, REQUEST THE CITY OF LONG BEACH TO BEGIN THE PROCESS OF OFFERING THE OIL FOR COMPETITIVE BIDDING.

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EXHIBIT "A"

1. Quantities of crude oil: For the 12½% of crude oil allocated to Long Beach Harbor Department Tidelands Parcel, three contracts, two each for 4% of the crude oil and one for 4½%; for Parcel "A", one contract for the entire 12½% of the crude oil.
2. Price: The price to be paid by the purchasers shall be the higher of (1) the highest price posted for like crude oil in the Wilmington oil field among the postings of Chevron, Union, Mobil and ARCO or (2) the price required to be paid pursuant to the Drilling and Operating Contract, Long Beach Harbor Department Tidelands Parcel or the Parcel "A" Contract, whichever is applicable, plus a bonus price per barrel that shall be the bid factor.
3. Term: Commencing with the termination of the current contracts and continuing until February 28, 1982.

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