

MINUTE ITEM

This Calendar Item No. 18
was approved as Minute Item
No. 18 by the State Lands
Commission by a vote of 3
to 0 at its 7/23/81
meeting.

CALENDAR ITEM

18

7/81
Thompson

AWARD OF CRUDE OIL SELL OFF
CONTRACTS FOR CRUDE OIL FROM TWO 4% SEGMENTS
FROM LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

At its April 7, 1981 meeting the Commission approved the specifications and forms for the notices inviting bids and for the crude oil sales contracts for the sale of two 4% segments of the crude oil from the Long Beach Harbor Department Tidelands Parcel, City of Long Beach.

The City of Long Beach has since advertised for and received bids for the approximately 420 B/D available from each segment under this sale. At a bid opening on June 24, 1981, the high bidder for the first 4% segment of crude oil was Powerine Oil Company, with an offer of \$0.10 per barrel above the higher of (1) the highest Wilmington posting by Chevron, Union, Mobil or ARCO, or (2) the price that is in accordance with the valuation provisions of the Drilling and Operating Contract (Long Beach Harbor Department Tidelands Parcel). The high bidder for the second 4% segment of crude oil, at a bid opening on June 26, 1981, was also Powerine Oil Company, with an offer of \$0.13 per barrel above the same base price as stated for the first segment. The full list of bidders is shown on Exhibit "A", attached.

At present, the highest Wilmington posting by Chevron, Union, Mobil or ARCO is \$0.27 per barrel less than the price that is in accordance with the valuation provisions of the Drilling and Operating Contract (Long Beach Harbor Department Tidelands Parcel). If this condition continues, the high bids of \$0.10 and \$0.13 per barrel, respectively, will be the full price increments to be gained by this crude oil sell-off. Crude oil deliveries under these contracts will commence September 1, 1981 and will terminate February 28, 1982, at which time all sell-off crude oil in the Long Beach tidelands is planned to be covered by new contracts.

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.

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CALENDAR ITEM NO. 18 (CONTD)

The City of Long Beach has determined that Powerine Oil Company is a responsible bidder. On July 7, 1981 the City Council approved the award of these two crude oil contracts to Powerine Oil Company, subject to State Lands Commission approval.

IT IS RECOMMENDED THAT THE COMMISSION:

1. PURSUANT TO SECTION 10(a) CHAPTER 29, STATUTES OF 1956, 1ST E.S., APPROVE THE AWARDED BY THE CITY OF LONG BEACH OF TWO CRUDE OIL SALES CONTRACTS FOR CRUDE OIL FROM THE LONG BEACH TIDELANDS, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, TO POWERINE OIL COMPANY FOR TWO 4% SEGMENTS OF CRUDE OIL FROM THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL.

C221
July 7, 1981

EXHIBIT "A"

Long Beach Harbor Department
Tidelands Parcel

<u>Bidder</u>	<u>First 4% Segment</u>	<u>Second 4% Segment</u>
Powerine Oil Co.	\$0.10	\$0.13
Edgington Oil Co.	No Bid	\$0.04
Alliance Oil & Refining Co.	No Bid	\$0.036
Newhall Refining Co.	\$0.03	\$0.00
Champlin Petroleum Co.	\$0.03	\$0.01
Kern County Refining, Inc.	\$0.00	\$0.02
Tosco Corp.	-\$1.50	-\$1.50