

MINUTE ITEM

This Calendar Item No. 30  
was approved as Minute Item  
No. 30 by the State Lands  
Commission by a vote of 3  
to 0 at its 10-21-87  
meeting.

CALENDAR ITEM

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PROPOSED CRUDE OIL SELL-OFFS, LONG BEACH HARBOR DEPARTMENT  
TIDELANDS PARCEL AND PARCEL "A", WILMINGTON OIL FIELD  
LOS ANGELES COUNTY.

Under the Drilling and Operating Contract for the Long Beach Harbor Department Tidelands Parcel and the Parcel "A" Oil Contract, the City of Long Beach has the right to take in kind up to 12 1/2% of the crude oil produced and saved from and allocated to each parcel. The City had been taking the oil in kind and selling it under three crude oil sales contracts which expired on September 1, 1986.

Due to the deteriorating world-wide crude oil market and the consequent decrease in crude oil prices in California in early 1986, the City notified the Contractors for these parcels that effective September 1, 1986 it would cease taking the oil in kind. Both contracts require the City to give the Contractor at least 180 days notice of its decision to take oil in kind or to return to the contractors oil taken in kind.

Because of the recovery of crude oil prices in California as a result of OPEC and non-OPEC production quotas and crude oil price on the world market exceeding \$19 per barrel, the City now wishes to seek competitive bids for new crude oil sales contracts. If bids are received and are acceptable, the City would then give notice to the Contractors to take the oil in kind. In cooperation with the Commission's staff, the City has prepared notices inviting bids, bid forms, and crude oil sales contracts to be used in the proposed crude oil sell-offs. The significant specifications are set forth in Exhibit "A" to this calendar item. Copies of the forms for the notices inviting bids, bid forms and crude oil sales contracts are available for inspection in the office of the Commission in Long Beach.

CALENDAR ITEM NO. 30 (CONT'D)

Section 10(a) of Chapter 29, Statutes of 1956, First Extraordinary Session, requires that all specifications and forms for the purpose of inviting bids in connection with the disposition of oil derived from the Long Beach tidelands be approved by the State Lands Commission prior to publication of the notice to bidders.

When the bids are received, they 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.

AB 884: N/A..

**OTHER PERTINENT INFORMATION:**

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

EXHIBIT: A. Significant Specifications for Proposed Sell-Offs.

**IT IS RECOMMENDED THAT THE COMMISSION:**

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. APPROVE, PURSUANT TO SECTION 10(a) OF CHAPTER 29, STATUTES OF 1956, 1ST E.S., THE SPECIFICATIONS PROPOSED AND THE FORMS PREPARED FOR THE SALE OF THE OIL AVAILABLE FOR SELL-OFF FROM THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A", WILMINGTON OIL FIELD.

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EXHIBIT "A"

SIGNIFICANT SPECIFICATIONS FOR PROPOSED  
CITY OF LONG BEACH CRUDE OIL SELL-OFFS

1. Crude Oil Amount

The oil will be offered in three contracts:

- (a) From the crude oil allocated to the Long Beach Harbor Department's Tidelands Parcel, one contract for eight per cent of the oil, which amounts to approximately 600 barrels per day of 170 API gravity oil, and one contract for 4 1/2 per cent of the oil which amounts to approximately 340 barrels per day of 170 API gravity oil.
- (b) From the crude oil from Parcel "A", one contract for 12 1/2 per cent of the oil, which amounts to approximately 200 barrels per day of 190 API gravity crude oil.

2. Crude Oil Price

The Purchaser shall pay for the oil a bonus price per barrel, which is the bid factor, plus a Base Price equal to the highest price posted for like crude oil on the day of delivery in the Wilmington, Long Beach (Signal Hill), Huntington Beach and Inglewood Oil Fields among the postings of Chevron USA, Inc., Mobil Oil Corporation, and Union Oil Company of California.

3. Contract Term

The contracts will be for a term of 9 months commencing June 1, 1988 and continuing until February 1, 1989.

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