

MINUTE ITEM
This Calendar Item No. 33
was approved as Minute Item
No. 33 by the State Lands
Commission by a vote of 3
to 0 at its 1-21-88
meeting.

CALENDAR ITEM

A 57, 58

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APPROVAL OF SPECIFICATIONS AND FORMS FOR
INVITING BIDS BY THE CITY OF LONG BEACH FOR CRUDE OIL
FROM CERTAIN TIDELANDS TRACTS IN THE FAULT BLOCK IV UNIT
AND FAULT BLOCK V RANGER ZONE UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

The City of Long Beach has a crude oil sales contract with Texaco Refining & Marketing Inc. for the oil allocated to the City from certain tidelands tracts (listed in Exhibit "A") within the Fault Block IV Unit and Fault Block V Range Zone Unit. Texaco is paying a bonus of \$0.45 per barrel above the highest price posted by Chevron, Mobil and Union in the Wilmington, Huntington Beach, Long Beach (Signal Hill) and Inglewood Oil Fields, on the day of delivery. In addition, the City has a crude oil sales contract with Caljet, Inc. for the oil allocated to tidelands Tracts 38 and 41, Fault Block IV Unit and tidelands Tract 80, Fault Block V Ranger Zone Unit (Exhibit "B"). Caljet is paying a bonus \$0.6535 per barrel above the highest price posted by Chevron, Mobil and Union in the four fields.

The City's share of crude oil from these tracts amounts to approximately 200 barrels per day of 170 API gravity crude oil. The City's interests are working interests, so the oil cannot be returned to a lessee or contractor. Therefore, the City must sell the oil at this time. To reduce costs, and since both contracts terminate on May 1, 1988, the two crude oil sales contracts will be combined so that one crude oil sell-off will be held.

Under Section 10(a) of Chapter 29, Statutes of 1956, 1st E.S., the specifications and forms for the purpose of inviting bids for the sale of Long Beach tidelands crude oil must be approved by the State Lands Commission prior to publication of the notice to bidders. The City plans to hold a bid opening on February 24, 1988. The Commission must then approve the awarding of this contract by the City.

CALENDAR ITEM NO. 33 (CONT'D)

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.

EXHIBITS:

- A. Lists of Tracts - Texaco Refining & Marketing Inc.
- B. Lists of Tracts - Caljet, Inc.
- C. Specifications of Sale.

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 THE SPECIFICATIONS LISTED IN EXHIBIT "C" AND FORMS REFERENCED ABOVE FOR INVITING BIDS FOR THE SALE BY THE CITY OF LONG BEACH OF CRUDE OIL ALLOCATED TO CERTAIN TIDELANDS TRACTS, LISTED IN EXHIBITS "A" AND "B", IN THE FAULT BLOCK IV UNIT AND FAULT BLOCK V RANGER ZONE UNIT, WILMINGTON OIL FIELD.

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EXHIBIT "A"
LIST OF TRACTS
(Texaco Refining & Marketing Inc.)

Fault Block IV Unit

5	112A
6	114
16	125
20	126
103	127
104	
111	

Fault Block U Ranger Zone Unit

27	46
28	47
29	48
30	49
31	50
32	51
33	52
34	53
35	54
36	55
37	56
38	57
39	92
40	405
41	406
42	407
43	408
44	409
45	411
	414
	415

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EXHIBIT "B"

LIST OF TRACTS
(Caljet, Inc.)

Fault Block IV Unit

38
41

Fault Block V Ranger Zone Unit

80

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EXHIBIT "C"

SPECIFICATIONS OF SALE BY THE CITY OF LONG BEACH
OF CRUDE OIL ALLOCATED TO CERTAIN TIDELANDS TRACTS
IN THE FAULT BLOCK IV UNIT AND FAULT BLOCK V
RANGER ZONE UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

1. Volume

The oil will be 100% of the City's working interest share of crude oil allocated to certain tidelands tracts within the Fault Block IV Unit and Fault Block V Ranger Zone Unit, Wilmington Oil Field, Los Angeles County. This is approximately 200 barrels per day of 170° API gravity crude oil.

2. Price

The biddable factor will be a bonus bid per barrel above a base price defined as 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 Field among the postings of Chevron USA Inc., Mobil Oil Corporation and Union Oil Company of California.

3. Term

The contract will be for a term of 12 months commencing May 1, 1988 and expiring on May 1, 1989.

4. Surety

A letter of credit in the amount of \$120,000 will be required as well as public liability and property damage insurance in amounts not less than \$2 million.

5. Bid Deposit

A bid deposit of \$25,000 will be required which, except for the highest responsible bidder, will be returned.

6. Right to Reject Bids

The City reserves the right to cancel this offer at any time and to reject any and all bids received.

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