

MINUTE ITEM
This Calendar Item No. 53
was approved as Minute Item
No. 53 by the State Lands
Commission by a vote of 2
to 0 at its 12/13/88
meeting.

CALENDAR ITEM

A 57, 58

53

12/13/88
W 9603.56
Tanner

S 29, 37

APPROVAL OF THE AWARD OF CRUDE OIL SALES CONTRACT
BY CITY OF LONG BEACH FOR CITY'S SHARE OF CRUDE OIL
PRODUCED FROM CERTAIN TRACTS WITHIN THE FAULT
BLOCK IV UNIT AND THE FAULT BLOCK V RANGER ZONE UNIT,
WILMINGTON OIL FIELD

On September 14, 1988, the State Lands Commission approved the significant specifications for and authorized the sale of crude oil by the City of Long Beach from tracts within the Fault Block IV Unit and the Fault Block V Ranger Zone Unit, Wilmington Oil Field, Los Angeles County. (See Exhibits "A", "B" and "C").

At present, the City of Long Beach has three crude oil sales contracts with three purchasers for oil allocated to the City from certain tideland tracts (listed in Exhibits "A", "B" and "C") within the Fault Block IV Unit and the Fault Block V Ranger Zone Unit.

A drilling and operating contract with the Termo Company will terminate on February 8, 1989, resulting in the City becoming the 100 percent working interest owner of the tracts listed on Exhibit "A". The City's interest in these tracts is approximately 70 barrels per day of 17° API gravity crude oil. Termo was paying the City a price equivalent to Chevron USA, Inc.'s posting in the Wilmington Oil Field.

On March 1, 1989, the crude oil sales contract with Mobil Oil Corporation for the City's working interest share of oil in tracts listed on Exhibit "B" will expire. The City's interest in these tracts is approximately 45 barrels per day of 17° API gravity crude oil. Mobil was paying the City a price equivalent to the average of the prices posted by Chevron USA, Inc., Mobil Oil Corporation and Union Oil Company of California in the Wilmington Oil Field.

CALENDAR ITEM NO. 53 (CONT'D)

On May 1, 1989, the crude oil sales contract with Edgington Oil Company for the City's working interest share of oil in tracts listed on Exhibit "C" will expire. The City's interest in these tracts is approximately 165 barrels per day of 17° API gravity crude oil. Edgington is paying the City a bonus of \$0.365 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 Fields among the postings of Chevron USA, Inc., Mobil Oil Corporation and Union Oil Company of California.

The City combined all three contracts into one contract, amounting to approximately 280 barrels per day of 17° API gravity crude oil. The contract's term is from February 1, 1989 until February 1, 1990. However, delivery of the oil from the tracts listed in Exhibit "A" will begin on February 8, 1989, delivery of the oil from the tracts listed in Exhibit "B" will begin on March 1, 1989 and delivery of the oil from the tracts listed in Exhibit "C" will begin on May 1, 1989.

A Notice Inviting Bids was published in The Wall Street Journal (Western Edition) and The Oil Daily on October 4, 5, 6, 1988 and October 4, 6, 1988 respectively. Bids were received and opened on October 26, 1988. Exhibit "D" shows the results of the bidding.

Fiscal and legal reviews of the submitted bid material were done by the City of Long Beach and SLC Auditing and Legal Units respectively. Based on the results of these reviews the highest responsible bidder has been identified on Exhibit "D".

Under Section 10(a) of Chapter 29, Statutes of 1956, 1st E.S., the State Lands Commission must approve any contract involving the disposition of crude oil from the Long Beach Tidelands.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 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. Code Regs. 15378.

AB 884:

N/A.

CALENDAR ITEM NO. 53 (CONT'D)

- EXHIBIT:
- A. List of Tracts (Termo Company).
 - B. List of Tracts (Mobil Oil Corp.).
 - C. List of Tracts (Edgington Oil Company).
 - D. Results of Bidding.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. APPROVE THE AWARD BY THE CITY OF LONG BEACH OF THE CRUDE OIL SALES CONTRACT FOR TRACTS WITHIN FAULT BLOCK IV UNIT AND FAULT BLOCK V RANGER ZONE UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A".

W 9603.56

EXHIBIT "A"

LISTS OF TRACTS
(THE TERMO COMPANY)

Fault Block IV Unit

21

Fault Block V Ranger Zone Unit

96

0789C

CALENDAR PAGE	<u>303</u>
MINUTE PAGE	<u>3530</u>

W 9603.56

EXHIBIT "B"
LIST OF TRACTS
(MOBIL OIL CORPORATION)

Fault Block IV Unit

9
61

Fault Block V Ranger Zone Unit

2	16
3	17
4	18
5	19
6	20
7	21
8	22
9	23
10	24
12	25
13	26
14	90
15	271
	410

0790C

CALENDAR PAGE	<u>304</u>
MINUTE PAGE	<u>3531</u>

EXHIBIT "C"

LIST OF TRACTS
(EDGINGTON OIL COMPANY)Fault Block IV Unit

5	104
6	111
16	112A
20	114
38	125
41	126
103	127

Fault Block V Ranger Zone Unit

27	48
28	49
29	50
30	51
31	52
32	53
33	54
34	55
35	56
36	57
37	80
38	92
39	405
40	406
41	407
42	408
43	409
44	411
45	414
46	415
47	

0791C

EXHIBIT "D"

Bid Opening Crude Oil Sales Contract
Tracts Within Fault Block IV Unit and Fault Block V
Ranger Zone Unit, Wilmington Oil Field,
Los Angeles County

October 26, 1988

10:00 A.M.

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per Barrel, Above Base Price)</u>
1. Edgington Oil Company	.2775
2.	
3.	
4.	
5.	
6.	

The highest responsible bidder is Edgington Oil Company.

0792C