

MINUTE ITEM

This Calendar Item No. 74  
was approved as Minute Item  
No. 74 by the State Lands  
Commission by a vote of 3  
to 2 at its 8-22-90  
meeting.

CALENDAR ITEM

74

A 57, 58

08/22/90

S 29

W 9603.56

Tanner

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

BACKGROUND:

The City of Long Beach has two crude oil sales contracts for  
crude oil allocated to the City from certain tracts within the  
Fault Block IV Unit and Fault Block V Ranger Zone Unit,  
Wilmington Oil Field. Some of these tracts are tideland tracts.

One contract with Enron Corporation began on November 1, 1989  
and is scheduled to expire on November 1, 1990. The tracts  
covered by this sales contract are listed in Exhibit "A".

Enron is paying the City a bonus of \$0.483 per barrel above a  
base price defined as the arithmetic average of prices posted  
for crude oil of like gravity and quality on the day of  
delivery in the Wilmington, Long Beach (Signal Hill),  
Huntington Beach and Inglewood Oil Fields among the postings of  
Chevron U.S.A., Inc.; Mobil Oil Corporation; Texaco Trading and  
Transportation, Inc.; and Union Oil Company of California. The  
City's share of production from these tracts is approximately  
400 barrels per day of 19° API gravity crude oil.

Texaco Trading and Transportation Inc. is purchasing the City's  
share of crude oil from tracts listed in Exhibit "B" under the  
second contract which began on February 1, 1990 and is  
scheduled to expire on February 1, 1991. Texaco is paying the  
City a bonus for this oil of \$0.575 per barrel above the base  
price as defined above. The City's share of production from  
these tracts is approximately 280 barrels per day of 19° API  
gravity crude oil.

The City proposes to combine these crude oil sales contracts into one new contract to commence on November 1, 1990 and which will expire on February 1, 1992. The City's share of crude oil from these tracts will be approximately 600 barrels per day of 19° API gravity crude oil. Specifications for the sale are listed on Exhibit "C".

The Long Beach City Council approved the bid package for this sale on July 10, 1990.

A notice inviting bids for the new sales contract was published in the Wall Street Journal (Western Edition) and the Oil Daily on July 17, 1990.

Bids were received and opened on August 8, 1990. Exhibit "D" contains the results of the bidding.

STAFF RECOMMENDATION:

Under Section 10(a) of Chapter 29, Statute of 1956, 1st E.S., the specifications and forms for the purpose of inviting bids and the awarding of the contracts for the sale of Long Beach tidelands crude oil must be approved by the State Lands Commission.

Both the City of Long Beach and the SLC Auditing and Legal Units respectively, have conducted the fiscal and legal reviews of the submitted bid material. The highest responsible bidder, as indicated by these reviews, is identified on Exhibit "D". The Long Beach City Council will approve the award of the contract to the highest responsible bidder on September 4, 1990.

Staff recommends the award of the crude oil sales contract for tracts within the Fault Block IV Unit and Fault Block V Ranger Zone Unit, Wilmington Oil Field, Los Angeles County for the period November 1, 1990 until February 1, 1992 to the highest responsible bidder identified on Exhibit "D".

AB 884: N/A.

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 it is not a "project" as defined by CEQA and the State CEQA Guidelines (Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378)

CALENDAR ITEM NO. 74 CONT'D

- EXHIBITS:
- A&B: List of Tracts.
  - C. Specifications of Sale.
  - D. Results of the Bid Opening.

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 IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL CODE REGS. 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 TRACTS LISTED IN EXHIBITS "A" AND "B" IN FAULT FLOCK IV UNIT AND FAULT BLOCK V RANGER ZONE UNIT, WILMINGTON OIL FIELD, SOME OF WHICH ARE TIDELANDS TRACTS.
3. APPROVE THE AWARD BY THE CITY OF LONG BEACH OF THE CRUDE OIL SALES CONTRACT FOR TRACTS LISTED IN EXHIBITS A & B WITHIN FAULT BLOCK IV UNIT AND FAULT BLOCK V RANGER ZONE UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, FOR THE PERIOD NOVEMBER 1, 1990 UNTIL FEBRUARY 1, 1992 TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "D".

ATTACHMENT "A"

LIST OF TRACTS

Fault Block IV Unit

28

28A

Fault Block V Ranger Zone Unit

64

1236C

STATE OF TEXAS  
COUNTY OF \_\_\_\_\_  
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ATTACHMENT "B"

LIST OF TRACTS

Fault Block IV Unit

5	61
6	103
9	104
16	111
20	112A
21	114
29	125
38	126
41	127

Fault Block V Ranger Zone Unit

2	26	49
3	27	50
4	28	51
5	29	52
6	30	53
7	31	54
8	32	55
9	33	56
10	34	57
12	35	80
13	36	90
14	37	92
15	38	96
16	39	271
17	40	405
18	41	406
19	42	407
20	43	408
21	44	409
22	45	410
23	46	411
24	47	414
25	48	415

1237C

440  
2309



## EXHIBIT "C"

Specifications of sale by City of Long Beach of crude oil allocated to certain tracts in the Fault Block IV Unit and Fault Block V Ranger Zone Unit, Wilmington Oil Field, Los Angeles County, some of which are tidelands tracts.

1. Volume

The oil is 100 percent of the City's working interest share of crude oil allocated to certain tracts within the Fault Block IV Unit and Fault Block V Ranger Zone Unit, Wilmington Oil Field, Los Angeles County. This is approximate 600 barrels per day of 19° API gravity crude oil.

2. Price

The biddable factor is a bonus bid per barrel above a Base Price defined as the arithmetic average of the prices posted for oil of like quality in the Wilmington, Long Beach (Signal Hill), Huntington Beach and Inglewood Oil Fields on the day of delivery by Chevron, Mobil, Texaco and Union.

3. Term

The contract is for a term of eighteen months commencing November 1, 1990, and expiring on February 1, 1992.

4. Surety

A Letter of Credit in the amount of Four Hundred Thousand Dollars (\$400,000) is required as well as public liability and property damage insurance in amounts not less than Four Million Dollars (\$4,000,000).

5. Bid Deposit

A bid deposit of \$25,000 is 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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EXHIBIT "D"

BID OPENING, CRUDE OIL SALES CONTRACT, CITY OF  
LONG BEACH, TRACTS WITHIN FAULT BLOCK IV UNIT AND  
FAULT BLOCK V RANGER ZONE UNIT,  
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

August 8, 1990  
600 B/D

10:00 A.M.  
19.0° API Gravity

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per Barrel, Above Base Price)</u>
1. Ultramar, Inc.	\$0.3255

The highest responsible bidder is Ultramar, Inc.

1239C

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