

MINUTE ITEM

This Calendar Item No. C31  
was approved as Minute Item  
No. 31 by the State Lands  
Commission by a vote of 3  
to 0 at its 2-28-93  
meeting.

CALENDAR ITEM

C31

A 57, 58

S 29

02/25/93  
W 9603.27  
Tanner

REJECT THE BIDS FOR THE SELL-OFF OF  
OIL FROM TRACT NO. 1,  
LONG BEACH UNIT, WILMINGTON OIL FIELD,  
LOS ANGELES COUNTY

**BACKGROUND:**

At its meeting on September 23, 1992, the Commission determined the term and quantities of the sale and approved the other sales provisions proposed by the City of Long Beach and authorized the Executive Officer to notify the City of Long Beach to direct the Field Contractor to offer for sale by competitive bidding, 12 1/2 percent of the crude oil allocated to Tract No.1, Long Beach Unit, Wilmington Oil Field. This production is solely from the Field Contractor's 80 percent share. These actions were taken pursuant to Section 3(e), Chapter 138, Statutes of 1964, 1st. E.S.

The Field Contractor and the City of Long Beach offered the crude oil for competitive bidding on November 18, 1992. The crude oil was offered under two (2) separate contracts, one for seven percent (7%) and one for five and a half percent (5 1/2%) of the crude oil allocated to Tract No. 1. The seven percent (7%) segment consists of approximately 3,000 barrels per day of 17.7° API gravity crude oil. The five and a half (5 1/2%) segment consist of approximately 2,300 barrels per day of 17.7° API gravity crude oil.

On November 18, 1992, the City of Long Beach opened the bids. The only bids received were from Ultramar, Inc., for a bonus of \$0.05 per barrel for each contract.

Pursuant to Section 10(a) of Chapter 29, Statutes of 1956, 1st. E.S., the crude oil sales contracts shall be of no effect unless and until approved by the State Lands Commission.

Staff recommends Commission rejection of the bids as insufficient. The City's share of crude oil from Tract No. 1 can be re-offered when bids for this oil may be higher.

CALENDAR ITEM NO. C31 (CONT'D)

**STATUTORY AND OTHER REFERENCES:**

- A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.
- B. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.

**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 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.

**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. PURSUANT TO SECTION 3(E) OF CHAPTER 138, STATUTES OF 1964, 1ST. E.S., REJECTS THE BIDS OF ULTRAMAR, INC., OF A BONUS OF \$0.05 PER BARREL FOR THE SELL-OFF OIL FROM TRACT NO. 1, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, AND RECOMMEND TO THE CITY OF LONG BEACH THAT THIS CRUDE OIL BE RE-OFFERED FOR SALE AT SOME FUTURE DATE.