

MINUTE ITEM

This Calendar Item No. C45
was approved as Minute Item
No. 45 by the State Land
Commission by vote of 3
to 0 at its 8/3/94
meeting. 29

CALENDAR ITEM

C45

08/03/94
W 9603.56
Tanner

**APPROVE THE SPECIFICATIONS AND FORMS
FOR SALE OF CRUDE OIL BY THE
CITY OF LONG BEACH FROM VARIOUS TRACTS
WITHIN FAULT BLOCK IV UNIT AND
FAULT BLOCK V RANGER ZONE UNIT,
WILMINGTON OIL FIELD,
LOS ANGELES COUNTY**

APPLICANT:

City of Long Beach
Attn: R. J. Rawnsley
Department of Oil Properties
211 East Ocean Boulevard, #500
Long Beach, CA 90802

AREA, TYPE LAND AND LOCATION:

Approximately 103 tracts within the Long Beach tidelands,
Wilmington Oil Field, Los Angeles County.

LAND USE:

Oil and gas production.

BACKGROUND:

The City of Long Beach (City) currently has a crude oil sales contract with Huntway Refining Company (Huntway) for crude oil allocated to the City from certain tracts (listed on Exhibit "A") within the Fault Block IV Unit and Fault Block V Ranger Zone Unit, Wilmington Oil Field, Los Angeles County. Some of these tracts are tideland tracts. The sales contract commenced on February 1, 1994 and is scheduled to expire on February 1, 1995. Huntway is paying the City a bonus of \$0.235 per barrel above a Base Price defined as the arithmetic average of the prices posted for oil of like gravity and quality in the Wilmington, Long Beach (Signal Hill), Huntington Beach and the Inglewood Oil Fields on the day of delivery by Chevron, Mobil, Texaco and Union. The City's share of production from these tracts is approximately 700 B/D of 19° API gravity crude oil.

The City proposes to re-offer this oil for sale by competitive public bid under a new sales contract to commence on February 1, 1995 and to expire on February 1, 1996. Specifications for the sale are listed in Exhibit "B".

CALENDAR ITEM NO. C45 (CONT'D)

The Long Beach City Council approved the bid package on July 12, 1994. The City now requests the State Lands Commission approval of the bid package.

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 the publication of the notice to bidders. The City plans to hold a bid opening on October 5, 1994. The Commission must then approve the award of the contract by the City to the highest responsible bidder.

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.

EXHIBITS:

- A. List of Tracts
- B. 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. 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 SPECIFICATIONS LISTED IN EXHIBIT "B" 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 EXHIBIT "A" 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.

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EXHIBIT A
LIST OF TRACTS

FAULT BLOCK IV UNIT

5	61
6	79
9	81
16	103
20	104
21	109
25	111
26	112A
28	114
28A	125
29	126
38	127
41	143

FAULT BLOCK V RANGER ZONE UNIT

2	29	55
3	30	56
4	31	57
5	32	69
6	33	80
7	34	90
8	35	92
9	36	96.
10	37	97
12	38	98
13	39	104
14	40	108
15	41	110
16	42	113
17	43	123
18	44	271
19	45	405
20	46	406
21	47	407
22	48	408
23	49	409
24	50	410
25	51	411
26	52	414
27	53	415
28	54	

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EXHIBIT "B"

SPECIFICATIONS

Specifications of sale by the 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 will be 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 approximately 700 barrels per day of 19° API gravity crude oil.

2. Price

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

3. Term

The contract will be for a term of twelve months commencing February 1, 1995 and expiring on February 1, 1996.

4. Surety

A Letter of Credit in the amount of Four Hundred Thousand Dollars (\$400,000) will be 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 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.