

MINUTE ITEM

This Calendar Item No. C60 was approved as Minute Item No. 60 by the State Lands Commission by a vote of 3 to 0 at its 10/28/96 meeting.

CALENDAR ITEM
C60

A 57, 58

10/28/96

S 29

W 9603.56

J. Tanner

**APPROVAL OF AWARD OF THE CRUDE OIL SALES CONTRACT,
TRACTS WITHIN THE FAULT BLOCK IV UNIT
AND FAULT BLOCK V, RANGER ZONE UNIT
WILMINGTON OIL FIELD,
LOS ANGELES COUNTY**

BACKGROUND:

At its meeting on August 21, 1996, the California State Lands Commission authorized the sale by the City of Long Beach of crude oil from various tracts, some of which are tidelands tracts, within the Fault Block IV Unit and Fault Block V Ranger Zone Unit, Wilmington Oil Field, in Los Angeles County. Texaco Marketing & Refining, Inc.(Texaco) is presently purchasing the City's share of crude oil from these tracts. Texaco is paying the City a bonus of \$0.565 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 among the postings of Chevron, Mobil, Union and Texaco. The City's share of production is approximately 600 barrels per day. The present crude oil sales contact is for a term of one year, from February 1, 1996 to February 1, 1997. Crude oil from these tracts may be taken in kind or returned to the lessee on 90 days notice.

A Notice Inviting Bids for a new Crude Oil Sales Contract, to run from February 1, 1997 until February 1, 1998, was published in the Long Beach Press-Telegram on September 10, 1996, and sent to all known interested parties. Bids were received and opened on October 2, 1996. Exhibit "A" shows the results of the bidding.

STAFF RECOMMENDATIONS:

The City of Long Beach has reviewed the bid material and has determined that the highest responsible bidder is Texaco Trading and Transportation, Inc. The staff concurs with the determination and recommends approving the award by the City of Long Beach of the new 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, to Texaco Trading and Transportation, Inc.

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CALENDAR ITEM NO. C60 (CONT'D)

Commission staff recommends awarding of the new 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, to the Texaco Trading and Transportation, Inc.

AB 884:

N/A

OTHER PERTINENT INFORMATION:

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: Public Resources Code Section 21065 and 14 Cal. Code Regs. 15378.

EXHIBITS:

- A. List of Tracts
- B. Results of Bid Opening

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL. CODE REGS. 15378.
2. ACTING PURSUANT TO SECTION 10 (a) OF CHAPTER 29 OF THE STATUTES OF 1956, 1ST EXTRAORDINARY SESSION, APPROVE THE AWARD, BY THE CITY OF LONG BEACH, 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, TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" FOR THE PERIOD FROM FEBRUARY 1, 1997 UNTIL FEBRUARY 1, 1998.

EXHIBIT "A"
LIST OF TRACTS
FAULT BLOCK IV UNIT

5	28A	109	143
6	29	111	144
9	38	1112A	
16	41	114	
20	61	115	
21	79	125	
26	81	126	
27	103	127	
28	104	132	

FAULT BLOCK V RANGER ZONE UNIT

2	28	53	409
3	29	54	410
4	30	55	411
5	31	56	414
6	32	57	415
7	33	64	
8	34	69	
9	35	80	
10	36	90	
12	37	92	
13	38	96	
14	39	98	
15	40	104	
16	41	108	
17	42	110	
18	43	113	
19	44	1122	
20	45	187	
21	46	188	
22	47	189	
23	48	271	
24	49	405	
25	50	406	
26	51	407	
27	52	408	

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EXHIBIT "B"

BID OPENING
CRUDE OIL SALES CONTRACT
FAULT BLOCK IV UNIT AND
FAULT BLOCK V, RANGER ZONE UNIT
WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

OCTOBER 2, 1996

10:00 A.M.

<u>BIDDER</u>	<u>BONUS BID (PER BARREL ABOVE BASE PRICE)</u>
1. Texaco Trading & Transportation Inc.	\$0.681
2. Bravo Energy Trading, NA	\$0.68
3. Ultramar, Inc.	\$0.41
4. Edgington Oil Company	\$0.535
5. Huntway Refining Company	\$0.486

The highest responsible bidder is Texaco Trading & Transportation, Inc.

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