

**MINUTE ITEM**

This Calendar Item No. C65 was approved as  
Minute Item No. 65 by the California State Lands  
Commission by a vote of 3 to 0 at its  
11/07/97 meeting.

**CALENDAR ITEM  
C65**

A 57, 58

11/07/97

W 9603.56

S 29

J. Tanner

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

**APPLICANT:**

City of Long Beach  
Department of Oil Properties  
211 East Ocean Blvd., Suite 500  
Long Beach, CA 90802

**BACKGROUND:**

At its meeting on July 11, 1997, the State Lands Commission authorized the sale by the City of Long Beach (City) of crude oil from various tracts, some of which are tideland tracts, within the Fault Block IV Unit and Fault Block V, Ranger Zone Unit, Wilmington Oil Field, Los Angeles County. The City of Long Beach (City) has a crude oil sales contract with Texaco Trading & Transportation, Inc., (Texaco) 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. This sales contract commenced on February 1, 1997, and is scheduled to expire on February 1, 1998.

Texaco is paying the City a bonus of \$0.681 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 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 barrels per day of 17.5° API gravity crude oil. The City desires to try to re-sell its share of crude oil from these tracts.

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CALENDAR ITEM NO. C65 (CONTD)

A Notice Inviting Bids for a new Crude Oil Sales Contract to run from February 1, 1998 until February 1, 1999 was published in the Long Beach Press-Telegram on September 9, 10 and 11, 1997, and sent to all known interested parties. Bids were received and opened on October 1, 1997. As shown on Exhibit B, Huntway Refining Company is the highest responsible bidder with a bonus bid of \$0.596 per barrel.

**STAFF RECOMMENDATIONS:**

Fiscal and Legal reviews of the submitted bid material were done by the SLC and City of Long Beach Auditing and Legal Units respectively. Based on the results of these reviews, the highest responsible bidder has been identified as Huntway Refining Company. 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 Huntway Refining Company.

**OTHER PERTINENT INFORMATION:**

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulation, section 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 the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14,  
California Code of Regulations, section 15378.

**EXHIBITS:**

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

**PERMIT STREAMLINING ACT DEADLINE:**

N/A

**RECOMMENDED ACTION:**

IT IS RECOMMENDED THAT THE COMMISSION:

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CALENDAR ITEM NO. C65 (CONT'D)

**CEQA FINDING:**

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

**AUTHORIZATION:**

AWARD THE CRUDE OIL SALES CONTRACT FOR VARIOUS TRACTS WITHIN THE FAULT BLOCK IV UNIT AND FAULT BLOCK V, RANGER ZONE UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, TO HUNTWAY REFINING COMPANY, THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT B FOR THE PERIOD FROM FEBRUARY 1, 1998 UNTIL FEBRUARY 1, 1999.

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**EXHIBIT A**

**LIST OF TRACTS**

**Fault Block IV Unit**

5	28A	111
6	29	112A
9	38	114
16	41	115
20	61	125
21	81	126
26	103	127
27	104	
28	109	

**FAULT BLOCK V RANGER ZONE UNIT**

2	19	35	51	406
3	20	36	52	407
4	21	37	53	408
5	22	38	54	409
6	23	39	55	410
7	24	40	56	411
8	25	41	57	414
9	26	42	64	415
10	27	43	69	
12	28	44	80	
13	29	45	90	
14	30	46	92	
15	31	47	96	
16	32	48	122	
17	33	49	271	
18	34	50	405	

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**EXHIBIT B**

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

OCTOBER 1, 1997

10:00 A.M.

<u>BIDDER</u>	<u>BONUS BID (PER BARREL ABOVE BASE PRICE)</u>
1. Edgington Oil Company	\$0.56
2. Huntway Refining Company	\$0.596

The highest responsible bidder is Huntway Refining Company.

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