

CALENDAR ITEM
C93

A 57, 58

08/19/03
W 9603.56
J. Tanner
M. LeClair

S 29

**CONSIDER APPROVAL OF THE AWARD OF THE
CRUDE OIL SALES CONTRACT TO THE HIGHEST RESPONSIBLE BIDDER,
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
Attn.: Mr. Sigmund Jacoby
211 E. Ocean Blvd., Suite 500
Long Beach, CA. 90802

BACKGROUND:

At its meeting on June 2, 2003, the California State Lands Commission (Commission) authorized the sale by the City of Long Beach (City) of crude oil from Tracts within the Fault Block IV Unit and Fault Block V, Ranger Zone Unit, Wilmington Oil Field, Los Angeles County. At present, the City's share of crude oil from these tracts is being sold to Lunday-Thagard Company. This amounts to approximately 450 B/D.

A Notice Inviting Bids for new Crude Oil Sales Contracts to run from August 1, 2004 until February 1, 2006 was published in the Long Beach Press Telegram on June 24 through June 26, 2003, and sent to all known interested parties. Bids were received and opened on July 30, 2003. Exhibit A, attached hereto, shows the results of the bidding.

STAFF RECOMMENDATIONS:

Fiscal and legal reviews of the submitted bid material were done by the Commission and City of Long Beach Auditing and Legal Units respectively. Based on the results of these reviews, the highest responsible bidder has been identified on Exhibit A, attached hereto. Staff recommends awarding of the new

CALENDAR ITEM NO. **C93** (CONT'D)

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, attached hereto.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it 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, sections 15060 (c)(3) and 15378.

EXHIBIT:

- A. Results of Bid Opening

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) 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:

APPROVE 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, TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT A, ATTACHED HERETO, FOR THE PERIOD FROM AUGUST 1, 2004 UNTIL FEBRUARY 1, 2006.

08/19/03
W 9603.56
J. Tanner
M. LeClair

EXHIBIT A

BID OPENING

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

JULY 30, 2003

10:00 AM

<u>BIDDER</u>	<u>BONUS BID (PER BARREL, ABOVE BASE PRICE)</u>
1. <u>Paramount Petroleum Corporation</u>	\$ <u>0.98</u>
2. <u>Lunday-Thagard Company</u>	\$ <u>1.2876</u>

The highest responsible bidder is Lunday-Thagard Company.