

MINUTE ITEM.

This Calendar Item No. 24
was approved as Minute Item
No. 24 by the State Lands
Commission by a vote of 2
to 0 at its 11/23/81
meeting.

CALENDAR ITEM

24

11/21/81
Thompson

CRUDE OIL SELL-OFF,
LONG BEACH HARBOR DEPARTMENT
TIDELANDS PARCEL AND PARCEL "A"
WILMINGTON OIL FIELD.

The City of Long Beach is selling under four contracts the available 2½ percent of the oil allocated to the Long Beach Harbor Department Tidelands Parcel and the available 12½ percent of the oil produced from Parcel "A". Each of these contracts will expire on March 1, 1982.

The City has proposed seeking competitive bids for new oil sales to begin when the old contracts expire. In cooperation with the Commission's staff, the City has prepared notices inviting bids, bid forms and crude oil sales contracts to be used in the proposed oil sales. The significant specifications are set forth in Exhibit "A" to this calendar item. Copies of the forms for the notices inviting bids, bids and crude oil sales contracts are available for inspection in the office of the Commission.

Section 10(a) c Chapter 29, Statutes of 1956, First Extraordinary Session requires that all specifications and forms for the purpose of inviting bids in connection with the disposition of oil derived from the Long Beach tidelands be approved by the State Lands Commission prior to publication of the notice to bidders.

When the bids are received, they will be analyzed by the City of Long Beach and the Commission's staff and will be presented to the Commission for approval before acceptance.

EXHIBIT: A. Significant Specifications for Proposed Sell-Off.

IT IS RECOMMENDED THAT THE COMMISSION:

1. ACTING PURSUANT TO SECTION 10(a) OF CHAPTER 29, STATUTES OF 1956, 1ST E.S., APPROVE THE SPECIFICATIONS PROPOSED AND THE FORMS PREPARED FOR THE NOTICES INVITING BIDS, BIDS AND CRUDE OIL SALES CONTRACTS FOR THE SALE OF THE OIL AVAILABLE FOR SELL-OFF FROM THE LONG BEACH HARBOR DEPARTMENT TIDELANDS PARCEL AND PARCEL "A", WILMINGTON OIL FIELD.

A 57, 58

S 27, 31

EXHIBIT "A"

SIGNIFICANT SPECIFICATIONS FOR PROPOSED SELL-OFF

1. Crude Oil Amount:

The oil will be offered in four contracts:

- (a) For the crude oil allocated to the Long Beach Harbor Department Tidelands Parcel, one contract for $4\frac{1}{2}$ percent of the oil which amounts to about 445 barrels per day, and two contracts for $\frac{1}{4}$ percent of the oil, each of which amounts to about 395 barrels per day.
- (b) For the crude oil produced from Parcel "A", one contract for $12\frac{1}{2}$ percent of the oil, which amounts to about 355 barrels per day.

2. Crude Oil Price:

The purchaser shall pay for the oil a bonus price per barrel, which is the bid factor, plus a base price computed at the higher of (1) the highest price posted for like crude oil on the day of delivery in the Wilmington oil field among the postings of Chevron USA, Inc., Mobil Oil Corporation, Union Oil Company of California and ARCO Petroleum Products Company or (2) the price computed in accordance with the oil valuation provision of the Drilling and Operating Contract, Long Beach Harbor Department Tidelands Parcel for oil from this parcel, or the price computed in accordance with the oil valuation provision of the Parcel "A" Oil Contract for oil from this parcel.

3. Contract Term:

The contracts will begin March 1, 1982 and end September 1, 1983.