

MINUTE ITEM
This Calendar Item No. 75
was approved as Minute Item
No. 75 by the State Lands
Commission by a vote of 3
to 0 at its 8-22-90
meeting.

CALENDAR ITEM

A 57, 58

75

S 29

08/22/90
W 12036
W 12037
W 12038
Tanner

REJECT THE BIDS FOR THE CRUDE OIL SALES CONTRACTS,
LONG BEACH TIDELANDS PARCEL AND PARCEL "A"
(FIRST 10% SEGMENT AND SECOND 10% SEGMENT),
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

BACKGROUND:

At its meeting on June 11, 1990, the Commission approved the specifications and forms for the sale, of crude oil produced from, and allocated to, the Long Beach Tidelands Parcel and Parcel "A" (First 10% Segment and Second 10% Segment) under the new operating contract which began on March 1, 1989, by the City of Long Beach, pursuant to competitive public bidding. The City's share of crude oil from these parcels is 20 percent of the crude oil produced and allocated. The City offered this oil under two separate contracts of 10 percent each amounting to approximately 800 barrels per day each of 17° API gravity crude oil.

On June 27, 1990, the City of Long Beach held bid openings for the two contracts. The results of the bidding are shown in Exhibit "A". Action on the rejection of the bids for these contracts by the Long Beach City Council is scheduled on August 7, 1990.

Section 10(a) of Chapter 29, Statutes of 1956, First E.S., requires State Lands Commission approval of any disposition of oil derived from the Long Beach Tidelands.

STAFF RECOMMENDATIONS:

The two bids for the crude oil sales contracts were below the required minimum bid of \$0.50 per barrel above the Base Price.

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For this reason, the Commission should reject the two bids and direct the City of Long Beach to return its share of oil allocated to the Long Beach Tidelands Parcel and Parcel "A" (First 10% Segment and Second 10% Segment), Wilmington Oil Field, Los Angeles County to TOPKO, the operating contractor. If, at some future date, the crude oil market improves, the City of Long Beach can again request Commission approval to put this oil out for competitive bid.

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.

EXHIBIT: A. Results of Bidding.

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. REJECT THE BIDS FOR THE CRUDE OIL SALES CONTRACTS FOR THE LONG BEACH TIDELANDS PARCEL AND PARCEL "A" (FIRST 10% SEGMENT AND SECOND 10% SEGMENT), WILMINGTON OIL FIELD, LOS ANGELES COUNTY, AND DIRECT THE CITY OF LONG BEACH TO RETURN THIS OIL TO TOPKO, THE OPERATING CONTRACTOR FOR THESE PARCELS.

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EXHIBIT "A"

BID OPENING FOR CRUDE OIL SALES CONTRACTS,
LONG BEACH TIDELANDS PARCEL AND PARCEL "A"
(FIRST 10% SEGMENT AND SECOND 10% SEGMENT),
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

June 27, 1990

10:00 A.M.

FIRST 10 PERCENT SEGMENT
800 (B/D) 17.0° API

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per Barrel, Above Base Price)</u>
1. Oasis Aviation, Inc.	\$0.2922
2.	
3.	

SECOND 10 PERCENT SEGMENT
800 (B/D) 17.0° API

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per Barrel, Above Base Price)</u>
1. Oasis Aviation, Inc.	\$0.3152
2.	
3.	

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