

MINUTE ITEM

This Calendar Item No. C60 was approved as
Minute Item No. C61 by the California State Lands
Commission by a vote of 3 to 0 at its
6-14-99 meeting.

**CALENDAR ITEM
C60**

A 57, 58

06/14/99

W 9603.27

J. Tanner

S 29

M. Voskanian

**CONSIDER APPROVAL OF THE AWARD OF THE
CRUDE OIL SALES CONTRACTS,
TRACT NO. 1, LONG BEACH UNIT,
WILMINGTON OIL FIELD,
LOS ANGELES COUNTY**

APPLICANT:

City of Long Beach
Department of Oil Properties
Attn.: Mr. Dennis Sullivan, Director
211 East Ocean Blvd., Suite 500
Long Beach, CA 90802

BACKGROUND:

At its meeting on January 29, 1999, the California State Lands Commission authorized the sale of crude oil from Tract No. 1, Long Beach Unit, Wilmington Oil Field, in Los Angeles County. Paramount Petroleum Corporation and Bravo Energy Company are presently purchasing the City's share of crude oil from Tract No. 1. Under two separate sales contracts: one for seven percent (7%) Segment and one for five and a half percent (5 ½%) Segment of the Tract No. 1 oil, Paramount and Bravo are paying the City bonuses of \$0.52 and \$0.44, respectively, per barrel above a base price as defined in the Crude Oil Sales Contracts. The present crude oil sales contracts will expire on March 1, 2000.

A Notice Inviting Bids for a new Crude Oil Sales Contract to run from March 1, 2000 until September 1, 2001 was published in the Long Beach Press Telegram on April 21, 1999, and sent to all known interested parties. Bids were received and opened on May 12, 1999. Exhibit A shows the results of the bidding.

STAFF RECOMMENDATIONS:

Fiscal and Legal reviews of the submitted bid material were done by the CSLC and City Auditing and Legal Units respectively. Based on the results of these reviews, the highest responsible bidder has been identified on Exhibit A. Staff

CALENDAR PAGE	000374
MINUTE PAGE	005866

CALENDAR ITEM NO. C60 (CONT'D)

recommends awarding of the new Crude Oil Sales Contracts for Tract No. 1, Long Beach Unit to the highest responsible bidders identified on Exhibit A.

OTHER PERTINENT INFORMATION:

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

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 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 CONTRACTS FOR TRACT NO. 1, LONG BEACH UNIT, WILMINGTON FIELD, LOS ANGELES COUNTY, TO THE HIGHEST RESPONSIBLE BIDDERS IDENTIFIED ON EXHIBIT A FOR THE PERIOD FROM MARCH 1, 2000 UNTIL SEPTEMBER 1, 2001.

EXHIBIT A

**BID OPENING
CRUDE OIL SALES CONTRACT, TRACT NO. 1,
LONG BEACH UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY**

MAY 12, 1999

10:00 A.M.

7% SEGMENT

<u>BIDDER</u>	<u>BONUS BID (PER BARREL ABOVE BASE PRICE)</u>
1. Edgington Oil Company	\$0.366
2. Tosco Refining Company	\$0.105
3. Paramount Petroleum Corporation	\$0.531

5 1/2% SEGMENT

<u>BIDDER</u>	<u>BONUS BID (PER BARREL ABOVE BASE PRICE)</u>
1. Edgington Oil Company	\$0.277
2. Paramount Petroleum Corporation	\$0.468
3. Huntway Refining Company	\$0.486
4. Tosco Refining Company	\$0.155

The highest responsible bidders are: Paramount Petroleum Corporation and Huntway Refining Company.