

MINUTE ITEM

This Calendar Item No. C67 was approved as Minute Item No. 67 by the California State Lands Commission by a vote of 3 to 0 at its 12-3-99 meeting.

**CALENDAR ITEM
C67**

A 57, 58

12/03/99

S 29

W 9603.56

J. Tanner

M. Voskanian

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 September 3, 1999, the California State Lands Commission (CSLC) 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 has a crude oil sales contract with Paramount Petroleum Company (Paramount) 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, 1999, and is scheduled to expire on February 1, 2000. Paramount is paying the city a bonus of \$0.691 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 800 barrels per day of 17.5° API gravity crude oil.

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The City will need to sell its share of crude oil from these tracts under a new contract beginning February 1, 2000. A Notice Inviting Bids for a new Crude Oil Sales Contract to run from February 1, 2000 until February 1, 2001, was published in the Long Beach Press-Telegram on September 15 – 18, 1999, and sent to all known interested parties. Bids were received and opened on October 13, 1999. Exhibit B shows the results of the bidding.

STAFF RECOMMENDATIONS:

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

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:

CALENDAR ITEM NO. **C67** (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 THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT B FOR THE PERIOD FROM FEBRUARY 1, 2000 UNTIL FEBRUARY 1, 2001.

12/03/99
W 9603.56
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EXHIBIT A

LIST OF TRACTS

FAULT BLOCK IV UNIT

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

FAULT BLOCK V RANGER ZONE UNIT

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

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EXHIBIT B

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

OCTOBER 13, 1999

10:00 A.M.

| <u>BIDDER</u> | <u>BONUS BID (PER BARREL, ABOVE BASE PRICE)</u> |
|---------------------------------|---|
| 1. Bravo Energy Trading Company | \$0.762 |
| 2. Huntway Refining Company | \$0.472 |
| 3. Paramount Petroleum Company | \$0.2811 |
| 4. Tosco Corporation | \$0.72 |

The highest responsible bidder is Bravo Energy Trading Company.