



# CITY OF LONG BEACH

DEPARTMENT OF OIL PROPERTIES

# C-12

211 EAST OCEAN BOULEVARD, SUITE 500 • LONG BEACH, CALIFORNIA 90802 • (562) 570-3900 • FAX 570-3922

May 3, 2005

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

## RECOMMENDATION:

Authorize the City Manager to execute the agreements between the City of Long Beach and Paramount Petroleum Corporation for the Crude Oil Sales Contracts: Long Beach Unit, 7 Percent and 5-1/2 Percent Segments beginning on March 1, 2006 and concluding on September 1, 2007. (Districts 2 and 3)

## DISCUSSION

On March 8, 2005, a bid opening was conducted for the subject Crude Oil Sales Contracts. Paramount Petroleum Corporation was the highest bidder for the 7 Percent Segment with a bonus bid of \$0.378 per barrel over the base price. Paramount Petroleum Corporation was also the highest bidder for the 5-1/2 Percent Segment with a bonus bid of \$0.279 per barrel over the base price. The base price is equal to the arithmetic average of the prices posted by ConocoPhillips, ChevronTexaco, ExxonMobil Corporation, and Shell Trading US in the Wilmington, Long Beach (Signal Hill), Huntington Beach, Inglewood, and Midway Sunset oil fields. The 7 Percent Segment consists of approximately 2,000 barrels per day of oil and the 5-1/2 Percent Segment consists of approximately 1,600 barrels per day of oil. The length of term of each contract will be 18 months. The contracts begin on March 1, 2006 and conclude on September 1, 2007.

This item was reviewed by Deputy City Attorney J. Charles Parkin on April 13, 2005 and Budget Management Officer David Wodynski on April 19, 2005.

## TIMING CONSIDERATIONS

City Council Action on this matter is requested on May 3, 2005 to expedite the issuance of these agreements.

HONORABLE MAYOR AND CITY COUNCIL  
May 3, 2005  
Page 2


FISCAL IMPACT

In accordance with Chapter 138, California Legislature, 1964 First Extraordinary Session and Chapter 941, proceeds from the base price of the sell-off of Tidelands oil in Tract I of the Long Beach Unit (LBU) are included in the allocation of revenues to the State of California, Oxy Long Beach, Inc, and the City of Long Beach. The bonus received from the 5 ½ percent and the 7 percent sell-off is allocated to the State of California through the Tidelands Oil Revenue Fund (NX 420). These oil sales and bonuses are already included in the FY 2004-2005 Estimates to Close and FY 2005-2006 Proposed Budget.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



CHRISTOPHER J. GARNER  
DIRECTOR OF LONG BEACH ENERGY & OIL PROPERTIES

CJG:SWJ

LEG 636.007

APPROVED:

  
GERALD R. MILLER  
CITY MANAGER