



Legislation Text

File #: 05-2651, **Version:** 1

Recommendation to authorize City Manager to execute 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 2,3)

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.

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

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 % 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.

Approve recommendation.