

**Date**

**SUBJECT: REQUEST FOR PROPOSAL FOR DEVELOPMENT OF THE WILMINGTON OIL FIELD**

Dear Vendor:

The Port of Los Angeles, America's Port® and the premier gateway for international commerce, is located in San Pedro Bay, 20 miles south of downtown Los Angeles. This thriving seaport not only sustains its competitive edge with record-setting cargo operations, but is also known for its groundbreaking environmental initiatives, progressive security measures, diverse recreational and educational facilities, and LA's emerging waterfront destination.

The Port of Los Angeles (Port) encompasses 7,500 acres of land and water along 43 miles of waterfront. It features 24 passenger and cargo terminals, including automobile, break bulk, container, dry and liquid bulk, and warehouse facilities that handle billions of dollars' worth of cargo each year. When measured by container throughput, the Port has consecutively ranked as the number one port in the nation since the year 2000.

The Port of Los Angeles acting through its Business Development Group solicits your interest in responding to this Request for Proposals (RFP) to develop and operate oil and gas mineral rights owned by/or in trust by the Port within the Wilmington Oil Field.

Some mineral rights of the Port (please see Exhibit F) were formally operated by Exxon Oil Company and/or Mobil Oil Company under Unit Agreements and/or Operating Agreements that have been terminated. The Port is seeking qualified companies to consider development of the oil, gas, and hydrocarbon reserves that may remain in the areas described in Exhibit F.

The successful proposer will:

- At its own risk drill; produce gas, water, oil and other substances; and operate and conduct any and all operations
- At its own risk, assume all liability with the abandonment of any operations connected with the drilling, production, or operation of the oil field
- Conform with the Port's insurance requirements
- At all times produce, pump, and flow or otherwise operate the Subject Property at maximum efficient rates, except that the Subject Property may be operated at a lesser rate when such rate shall conform to well established and recognized production practices.
- Be responsible for obtaining any and all necessary approvals and permits such as well work permits, building permits, etc.
- Be responsible for all development work by way of exploring, drilling and operating for oil, gas and other hydrocarbon substances and for taking, storing, removing and disposing of the same.
- Demonstrate the financial capability to perform all aforementioned commitments.

- Be responsible to ensure the Subject Property and minerals are under Port ownership and/or control

The term of the agreement contemplated by the subject RFP will be for thirty-five (35) years. This stipulation and others in this RFP are governed in part by both the Public Resource Code of the State of California and the City of Los Angeles Administrative Code.

If you or your firm is interested in performing the services as related to this project, please submit the information requested in the enclosed Request for Proposal packet. Submit six (6) copies of all proposal information requested in Exhibit A to the Port's Project Manager:

Michael Zamora, Management Analyst II  
425 S. Palos Verdes Street  
San Pedro, CA 90731  
(310) 732-7660  
MZamora@portla.org

Proposals must be received at the above address no later than 4:00 p.m., \_\_\_\_\_. Those proposals received after the indicated deadline will not be considered. All submitted material will be retained by the Port.

If you have any questions regarding this RFP, please contact my office at (xxx) xxx-xxx between 7:30 a.m. and 4:30 p.m., Monday through Friday.

Thank you for your interest.

Sincerely,

Attachments

## INSTRUCTIONS TO PROPOSERS

### GENERAL INSTRUCTIONS

This RFP contains the following five Exhibits that describe the requirements and background information necessary to prepare a response to the request:

- EXHIBIT A - Proposal Form and Content
- EXHIBIT B - Crude Oil Marketing
- EXHIBIT C - Produced Gas Use and Marketing
- EXHIBIT D - Method of Selection
- EXHIBIT E - Port of Los Angeles' Responsibilities
- EXHIBIT F - Map of Areas considered

Please review the entire package before preparing your response. Responses that do not include six (6) copies of all items required in Exhibit A, Proposal Form and Content, will be deemed non-conforming and immediately rejected.

**Proposals must be submitted by **Time and date.****

**Additional information submitted after the formal closing date and time will not be considered, unless the Port has requested that additional information.**

### OFFICIAL CONTACT

Any questions related to contractual procedures, or any other communication with the Port, whether by telephone, fax ((562) 570-3922), or personal meetings, must be directed through the Port's Project Manager:

Michael Zamora, Management Analyst II  
425 S. Palos Verdes Street  
San Pedro, CA 90731  
(310) 732-7660  
MZamora@portla.org

This includes any technical information the proposer deems necessary to respond to the RFP. As of the issuance date of this RFP, prospective proposers are specifically prohibited from contacting any other Port employees for discussions relating to this RFP, except as directed by the Port's Project Manager.

### PROPOSAL CONDITIONS

The Proposal should be considered the proposer's basic plan for performing the services described in the Port's RFP, and any supplemental tasks should be identified. The Proposal should also provide information that demonstrates an understanding of, and the ability to meet and perform all requirements of this project.

## PROPOSAL SUBMITTAL

The Proposal should be prepared simply and economically, providing straightforward and concise descriptions of the proposer's abilities to satisfy the requirements of the Port's RFP. Special binding, colored displays and promotional materials are not necessary. Emphasis should be placed on completeness and clarity of content.

Proposer is responsible for all costs associated with preparation and delivery of Proposal, whether accepted or rejected by the Port.

The Port, at its sole discretion, has the right to negotiate with any or all proposers regarding their Proposals. Additionally, the Port may reject or accept any or all Proposals or parts thereof, submitted in response to this RFP.

## **EXHIBIT "A"**

### **PROPOSAL FORM AND CONTENT**

The form and content of the Proposal is to be as follows:

#### **COVER LETTER**

A one or two-page cover letter signed by a duly constituted company / corporate official (if proposer is a corporation) legally authorized to bind the firm to its Proposal.

#### **SECTION 1 - INTRODUCTION OR EXECUTIVE SUMMARY**

The proposer may use this section to introduce the Proposal or to summarize the key provisions of the Proposal.

#### **SECTION 2 - REQUIRED RESPONDENT INFORMATION**

Include the following information in this section:

- a) The legal name, street address, telephone number, and fax number of the firm submitting the Proposal.
- b) The address and telephone number of the office(s) where the service is to be undertaken and the name, title, street address, and telephone number of the person(s) to contact who is authorized to represent the firm and whom correspondence should be directed.
- c) Number of years in business as the currently-named firm.
- d) Current number of full-time professional and technical personnel in the firm and in the office(s) that will participate in the proposed project.
- e) Resumes of the people who will be directly associated with this project and any relevant references.
- f) A summary of the relevant background and experience of the firm submitting the Proposal as a corporate or other entity. Include adequate documentation on the financial status of the firm to ensure that the firm will continue in business through the project period and can finance the costs of adequate personnel and support facilities.
- g) A brief description of the scope of services provided by you or your firm that would include the use of any outside consultants.

- h) Identification of any real property you own, projects on which you are working or clients by whom you are engaged which are located in the Port.
- i) A list of your firm's latest related projects.
- j) If the firm is a corporation, the State of Incorporation. If the firm is a partnership, whether you are a general or limited partnership, and the state in which Articles of Partnership were filed.
- k) Your Taxpayer Identification Number, Employer Identification Number or Social Security Number.
- l) Clear identification of any proprietary information in the Proposal.

### **SECTION 3 – COMMERCIAL TERMS**

- a) Subject lands will be subject to a rental fee of one thousand (\$1,000) per acre of land if after two (2) years of signing an agreement with the Port, the company has been unable to commence development of Port mineral rights by drilling and completing at least one well. Payment (if any) will be made for the first two years, and each year after that a well have not been completed, or until either party exercises its right of termination.
- b) The Port is interested in a royalty arrangement. Please identify royalty to be paid to the Port, as a percent of total oil revenue. Royalty will be based on the actual market price received for oil produced from the subject lease.
- c) Identify a fixed gas royalty paid to Port, as percent of total gas revenue. Gas royalty will be based on the actual market price received for the gas produced from the subject lease. No royalty will be paid for gas used for field use.
- d) The term of the agreement will be for thirty-five (35) years, unless the agreement is terminated by both parties prior to the 35 years.
- e) The form of the agreement will be Operating Agreement similar to previous agreements the Port has had with similar oil operators (examples will be provided on request)
- f) Identify value of (if any) signing bonus to be paid to the Port. Signing bonus will be paid within two months of entering a lease agreement with the Port.
- g) Identify exploration drilling commitments (capital commitment or projected number of wells and timing of such commitment).
- h) Identify facilities requirements to accommodate production and injection wells. Include estimate of potential costs that will be incurred by operator to satisfy facilities requirements at various potential production levels. Surface processing facilities, wells, or other facilities may not be located on Port property.
- i) Operator will be responsible for all well abandonment activities and related costs, in accordance with all applicable regulations.
- j) Identify all environmental mitigation measures that will be utilized during development activities.

## **SECTION 4 - PROJECT SCHEDULE**

Provide a projected schedule for exploration and development activities for the first three years of the project.

## **SECTION 5 - CORPORATE CAPABILITY**

- a) Describe your company's past success on similar projects.
- b) Demonstrate financial capability to perform the proposed project.
- c) Describe your company's human resource commitment related to this project.

## **SECTION 6 - REFERENCES**

- a) Please supply the name, address and telephone number of references for these projects that the Port may contact concerning your role and performance in each project described in section 5.
- b) Please indicate which of the personnel you propose to use on this project that has participated in the referenced projects. Include the role of each of these persons in accomplishing the referenced projects.

## **SECTION 7 - RFP ITEMS NOT COVERED**

Include a separate and specific description of each point in the RFP, which is not completely met by the Proposal. If the proposer has covered all items in the RFP, this section should include the statement, "All RFP items have been covered in this Proposal."

## **SECTION 8 - ADDITIONAL DATA PROPOSER WISHES TO PRESENT**

Any other data that the proposer feels is applicable to the evaluation of the Proposal or of proposer's qualifications for accomplishing the project should be included.

If there is no additional data the proposer wishes to present, this section should consist of the statement, "There is no additional data we wish to present".

**EXHIBIT "B"**

**CRUDE OIL MARKETING**

**PURPOSE:**

Maximize the value of the Port's share of crude oil production.

**Marketing Formula:**

Midway-Sunset will be used as the crude oil price benchmark but adjusted for API Gravity.



**EXHIBIT "C"**

**PRODUCED GAS USE AND MARKETING**

Producer has the right to use produced gas for lease purposes (lease purposes do include flaring if allowed). Excess produced gas will be marketed.

## EXHIBIT "D"

### METHOD OF SELECTION

The Port will review and recommend a proposer to undertake the oil and gas exploration and development proposed in this RFP. The agreement will be made and entered into with, the highest responsible bidder in the judgment of the Port, though at any time the Port can reject any and all bids and withdraw the property from lease or contract. After the highest responsible bidder is determined, the Port will develop a recommendation to the Deputy Executive Director of Business Development.

**The one biddable factor the Port will utilize is Royalty Rate. All other information requested in Sections 1 through 8 will be used to determine if the bidder is responsible.**

**The determination of a responsible bidder will include but will not be limited to:**

**Qualifications and Experience of Personnel:** How well the Proposer firm's staff is trained, educated and qualified to explore, develop and produce oil and gas.

**Longevity, Stability and Reputation of Firm:** The number of years that the Proposer firm has been in the oil and gas exploration and development business, the stability of the Proposer firm, and the reputation of the firm are important factors in the evaluation process.

**Services Provided:** The manner in which the Proposer firm recommends carrying out the program, the organization of the Program, and anticipated reporting and associated tasks are important factors in the evaluation process.

**Oil and Gas Revenues:** Maximizing the revenues and the ability to lock in favorable terms are important factors in the selection process but will not be the sole criteria.

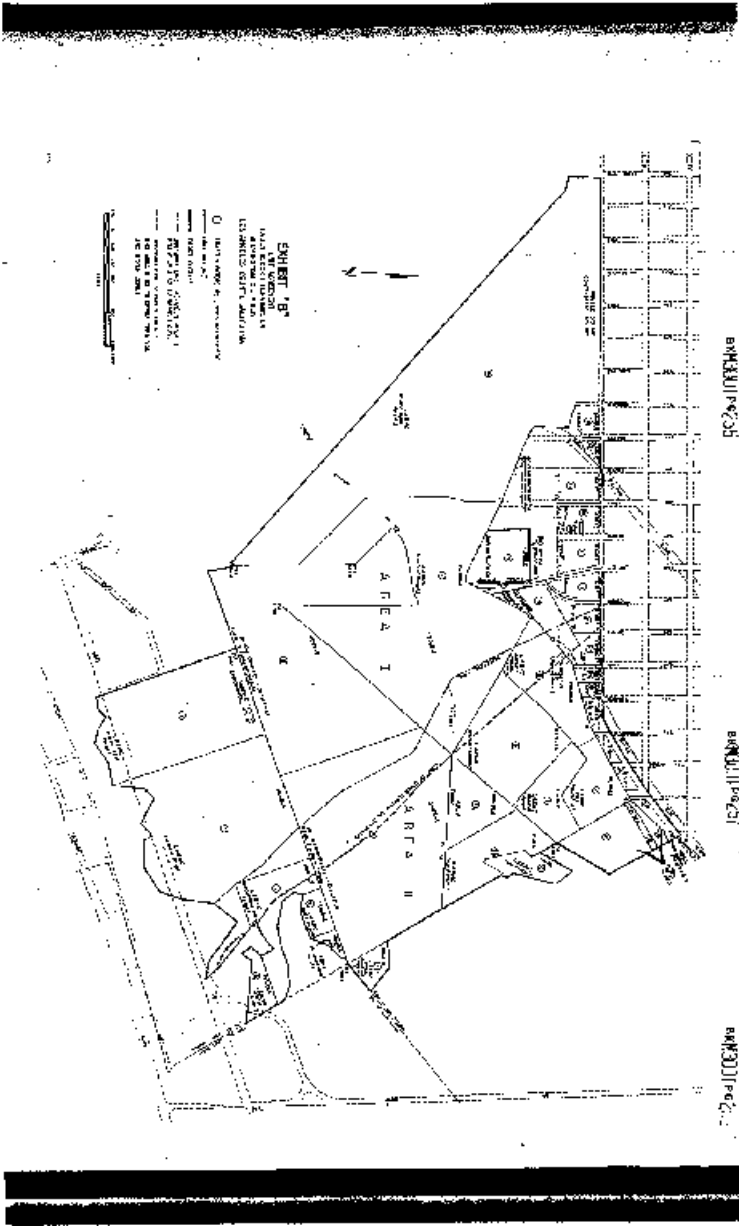
**EXHIBIT "E"**

**PORT RESPONSIBILITIES**

The Port will:

- a) Make available data and information as determined by the Port to be related as required by the successful firm.
- b) Provide reasonable and timely staff input such that the successful firm can meet the approved project completion schedule.

**EXHIBIT "F"**



Fault Block 1 Terminal Unit Agreement		
Tract No.	Parcels	Remarks
1	1, 2, 3 & 4	
2	1 & 2	
3	1 & 2	
4	1, 2 & 3	
5		
6		
7		
18	1 & 2	
28	1, 2 & 3	
29	1 & 2	See note below

Fault Block II Unit Agreement		
Tract No.	Parcels	Remarks
4	2 & 3	See note below

Note: Parcels 2 & 3 in Tract 4 of Fault Block II Unit Agreement and Parcels 1 & 2 of Tract 29 of FBI UA are the same parcels.

The Parcels described in either the Fault Block 1 Terminal Unit Agreement and/or the Fault Block II Unit Agreement listed above are those pertaining to this RFP. The map attached references more Parcels than pertains to this RFP.

Copies of the Fault Block 1 Terminal Unit Agreement and Fault Block II Unit Agreement can be provided upon request