

STATE OF CALIFORNIA

Minutes of the meeting of the
State Lands Commission
Sacramento, California
August 8, 1978

APPEARANCES

Commissioners Present:

Sid McCausland, Deputy Director of Finance,
Alternate for Commissioner Roy M. Bell, Director
of Finance
Betty Jo Smith, Staff Counsel, Alternate for
Commissioner Mervyn M. Dymally, Lieutenant Governor
John Jervis, representing Kenneth Cory, Chairman -
Did Not Vote

Staff Members in Attendance:

William F. Northrop, Executive Officer
W. M. Thompson, Chief, Extractive Development--
Long Beach Operations
Jack Rump, Staff Counsel
Michael Crow, Staff Counsel
Diane Jones, Secretary

Representing the Office of the Attorney General:

N. Gregory Taylor, Assistant Attorney General
Alan Hager, Deputy Attorney General

Mr. Hager stated a financial statement was submitted by Petroleum Energy Distribution and they are now in the process of obtaining a letter of credit from United California Bank. (A letter of credit is required before the contract commences.) Mr. Hager explained that if Petroleum Distribution does not have an adequate financial statement, the staff would come back to the Commission with the next bid. It was noted that two other bidders had submitted financial statements.

Ms. Betty Jo Smith asked if the staff had heard from Powerine Oil Company, the present contractor. Mr. Hager stated it is staff's intention to notify Powerine as soon as staff is assured they have a bonafide offer for the subject crude oil sales contract.

Mr. William F. Northrop, Executive Officer, submitted for the record a letter Attached as Exhibit I, dated August 3, 1978, from Homer Spencer, Senior Vice President, Commonwealth Oil Refining Company, Inc. to Mr. William F. Northrop advising that litigation had been filed against CORCO preventing them from participating in the bid because of the long-term contract nature of the commitment.

After further discussion, Ms. Smith moved and Mr. McCausland seconded that the recommendation as presented in the attached calendar item No. 1 be approved - VOTE 2-0.

Attachment: Calendar Item 1

MINUTE ITEM

This Calendar Item No. 1 was approved as minute item No. 1 by the State Lands Commission by a vote of 2 to 0 at its 8/8/78 meeting.

MINUTES OF THE STATE LANDS COMMISSION
MEETING OF AUGUST 8, 1978

The special meeting of the State Lands Commission was called to order by Acting Chairman Sid McCausland, representing Commissioner Roy M. Bell, Director of Finance, at 10:40 a.m. in Room 2170, State Capitol. Also present were Commission-Alternates Betty Jo Smith, representing Commissioner Mervyn M. Dymally, Lieutenant Governor; and John Jervis, representing Chairman Kenneth Cory. It is noted for the record that Mr. Jervis did not vote during this meeting.

The subject of this special meeting was to approve an award to the successful bidder of the crude oil sales contract for sale of 8 percent of the crude oil allocated to the Long Beach Harbor Department tidelands parcel, City of Long Beach. This contract will not be awarded until the present purchaser of the 8 percent portion of the oil, Powerine Oil Company, has been given the opportunity to meet and fails to meet within 15 days the price offered by the successful bidder.

Since each bid received as at the ceiling price, Mr. Alan Hager, Deputy Attorney General, explained that the method of determining the successful bidder was by drawing lots--the first lot drawn was Petroleum Energy Distribution.

Mr. W. M. Thompson, Chief, Extractive Development, Long Beach Operations, listed for the record the four bids which were received:

Petroleum Energy Distribution
700 South Flower, Suite 1220
Los Angeles, CA 90017

Century Oil Management, Inc.
1538 North Century Boulevard
Santa Ana, CA 92703

McCauley Oil Company
Box 16014
Long Beach, CA 90806

Sunland Refining
1017 North La Cienega
Los Angeles, CA 90069

