MINUTE ITEM
This Calendar Item No. 34
was approved as Minute Item
No. 34 by the State Lands
Commission by a vote of 3
to 0 at its 4/24/80
meeting.

CALENDAR ITEM

34.

4/80
W 9603.2
Willard

REJECTION OF BIDS ON ROYALTY OIL SALES CONTRACT

On January 24, 1980, the Commission authorized the sale by competitive public bid of the uncontrolled portion of royalty oil from State Oil and Gas Leases PRC 91, 91 MZU, PRC 163, PRC 426, and PRC 425, Huntington Beach Field, Orange County.

On March 4, 1980, five (5) bids were received pursuant to a published "Notice of Intention" to offer for bid the uncontrolled portion of royalty oil from State Leases PRC 91, 91 MZU, PRC 163, PRC 426, and PRC 425. The highest bid received was from La Jet, Inc., in the amount of $1.176 per barrel plus the Base Price. The sales contract defines the Base Price as the highest price posted for uncontrolled oil of like gravity and quality in the Huntington Beach Field on the day of delivery by a company purchasing in the field at its posted price or at a price using as one of its components its posted price.

The present purchasers are currently paying the following for uncontrolled royalty oil:

Lunday-Thagard Oil Company - highest price posted Huntington Beach Field.

U.S.A. Petroleum Corporation - average price posted in the Huntington Beach Field plus a bonus of $1.2671 per barrel.

Aminoil U.S.A., Inc - $27.92 per barrel or $2.02 over the highest posted price (February 1980).

Therefore, inasmuch as the highest bid submitted by La Jet, Inc. does not exceed the price being paid for substantially all the uncontrolled oil offered pursuant to the sales contract it is recommended that all bids be rejected by the Commission.

EXHIBIT: "A" (List of Bids)

A 73

S 36

CALENDAR ITEM NO. 34. (CONTD)

IT IS RECOMMENDED THAT THE COMMISSION:

REJECT THE BIDS LISTED ON EXHIBIT "A" ATTACHED HERETO, RECEIVED PURSUANT TO THE NOTICE OF INTENTION TO OFFER FOR SALE THE UNCONTROLLED PORTRTION OF ROYALTY OIL FROM STATE LEASES PRC 91, 91 MZU, PRC 163, PRC 425, and PRC 426, HUNTINGTON BEACH FIELD, ORANGE COUNTY.

EXHIBIT "A"

Bids Received on
Uncontrolled Royalty Oil Sale - State Oil and Gas Leases
PRC 91, 91 MZU, PRC 163, PRC 426 and PRC 425

1.	La Jet, Inc.	$1.176
2.	Kern County Refinery, Inc.	$1.01
3.	Lunday-Thagard Oil Co.	$0.555
4.	Alliance Oil & Refining Co.	$0.28
5.	ECO Petroleum,Inc.	$0.25