

MINUTE ITEM

This Calendar Item No. 36
was approved as Minute Item
No. 26 by the State Lands
Commission by a vote of 3
4 at its 4-29-81
meeting.

CALENDAR ITEM

36

4/81.
Thompson
PRC 6000
W 40263

AWARD OF CRUDE OIL SELL OFF CONTRACT
12½% SEGMENT, STATE PRC 3455
TRACT NO. 2, LONG BEACH UNIT
WILMINGTON OIL FIELD
LOS ANGELES COUNTY

At its April 7, 1981 meeting, the Commission authorized the Executive Officer to offer for sale by competitive bidding 12½% of the oil allocated to PRC 3455, which is Tract No. 2 of the Long Beach Unit. The Commission also adopted specifications and forms for use in the sale of this crude oil.

The Commission staff has since advertised for and received bids for the approximately 260 barrels per day of crude oil available for this sale. Attached as Exhibit "A" is a list of the bidders and their bonus bids in dollars per barrel above the base price. The base price is the highest price posted for like crude oil on the day of delivery in the Wilmington Oil field among the postings of Chevron, Mobil, Union and Arco.

The Commission staff has reviewed the financial ability of the bidders to fulfill the obligations of the contract and their physical ability to take the oil, and has determined the highest responsible bidder. That bidder is identified on Exhibit "A". If the contract is awarded, delivery of the oil will commence on July 1, 1981. The oil will be delivered by exchange agreements without any physical change in the existing oil production and transportation facility.

EXHIBIT: A. List of Bidders.

IT IS RECOMMENDED THAT THE COMMISSION:

1. AUTHORIZE THE EXECUTIVE OFFICER TO NOTIFY THE TRACT NO. 2 CONTRACTOR THAT THE STATE IS EXERCISING ITS RIGHT TO TAKE IN KIND 12½% OF THE CRUDE OIL ALLOCATED TO TRACT NO. 2, EFFECTIVE JULY 1, 1981.
2. ACCEPT THE BID OF THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" AND AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE THE CRUDE OIL SALES CONTRACT FOR 12½% OF THE OIL ALLOCATED TO TRACT NO. 2 OF THE LONG BEACH UNIT, TO BE EFFECTIVE JULY 1, 1981.

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EXHIBIT "A"

The following bids were received by the State Lands Commission at 100 Seagate, Suite 300, Long Beach, California at 10:00 a.m., April 27, 1981, for purchase of 12½% of the crude oil allocated to State PRC 3455, Tract No. 2, Long Beach Unit, Wilmington Oil Field:

<u>Bidder</u>	<u>Offer</u>
1. Fletcher Oil and Refining Co.	\$1.75
2. Newhall Refining Co., Inc.	\$1.50
3. Century Resources Development, Inc.	\$0.765
4. Kern County Refinery, Inc.	\$0.755
5. La Jet Crude Oil, Inc.	\$0.678
6. Champlin Petroleum Co.	\$0.639
7. USA Petrochem Corp.	\$0.636
8. Marlex Oil and Refinery, Inc.	\$0.555
9. Beacon Oil Co.	\$0.55
10. Lunday Thagard Oil Co.	\$0.05

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(Added, 4/28/81)