

MINUTE ITEM

This Calendar Item No. 32
was approved as Minute Item
No. 32 by the State Lands
Commission by a vote of 2
to 0 at its 3/23/82
meeting.

CALENDAR ITEM

32 1

3/23/82
W 9603.21
Hamilton
PRC 6134

AWARD OF ROYALTY OIL SALES CONTRACT

On February 25, 1982, the Commission authorized the competitive bid sale of royalty oil produced from State Lease E 392. The royalty oil is currently being purchased under contract, however, the purchaser has declined to extend the sales contract. The State's share of royalty oil produced from State Lease E 392 is approximately 1,330 barrels per day with an average gravity of 19° API.

On March 1, 1982, the staff offered, by competitive public bid, the royalty production from State Lease E 392. Bids were opened on March 17, 1982. One bid was received. Staff has reviewed this bid for compliance with applicable rules and regulations. The successful bidder is:

Champlin Petroleum Company
249 E. Ocean Boulevard
Long Beach, California 90802
Attention: William Howler

Champlin has offered to pay, in addition to the base price, a bonus of \$0.081 per barrel for 18 months commencing May 1, 1982. The base price is defined as the highest price posted for oil of like gravity and quality in the Huntington Beach Field. The transfer of oil from State Lease E 392 will be through existing pipeline facilities. Acceptance of the bid and issuance of a sales contract is exempt from CEQA because this activity does not constitute a project.

AB 884: N/A.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN ENVIRONMENTAL DOCUMENT HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH DOCUMENT IS NOT REQUIRED UNDER THE PROVISIONS OF P.R.C. 21065, 14 CAL. ADM. CODE 15037 AND 15060.
2. ACCEPT THE BID OF CHAMPLIN PETROLEUM COMPANY AND AUTHORIZE THE EXECUTION OF "ROYALTY OIL SALES CONTRACT, STATE OIL AND GAS LEASE E 392, HUNTINGTON BEACH FIELD," ON FILE IN THE COMMISSION'S OFFICE, COMMENCING MAY 1, 1982 AND ENDING NOVEMBER 1, 1983.

A 52, 57
S 27, 31

(Added 3/19/82)

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