MINUTE ITEM

This Calendar Item No. 33 was approved as Minute Item No. 33 by the State Lands Commission by a vote of 3 to 0 at its 5/27/82 meeting.

CALENDAR ITEM

33

5/27/82
W 9603.22
Tanner
PRC 6153

AWARD OF ROYALTY OIL SALES CONTRACT

On February 25, 1982, the Commission authorized the competitive bid sale of royalty oil produced from State Lease PRC 425. 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 PRC 425 is approximately 750 barrels per day with an average gravity of 21° API.

On March 29, 1982, the staff offered by competitive public bid the royalty production from State Lease PRC 425. Two bids were received and opened on April 13, 1982 (See Exhibit "A"). Staff has reviewed these bids for compliance with applicable rules and regulations. The highest bidder is:

Champlin Petroleum Company
P. O. Box 1317
Wilmington, California 90748
Attention: William Howiler

Champlin has offered to pay in addition to the base price, a bonus of $0.05 per barrel for 18 months commencing June 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 PRC 425 will be accomplished by an exchange agreement utilizing existing pipeline facilities. Acceptance of the bid and issuance of a sales contract is exempt from CEQA as this activity does not constitute a project.

AB 884: N/A.

EXHIBIT: A. List of Bidders.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN ENVIRONMENTAL DOCUMENT HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH A 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

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CALENDAR ITEM NO. 33 (CONTD)

OIL AND GAS LEASE PRC 425, HUNTINGTON BEACH FIELD," ON FILE IN THE COMMISSION'S OFFICE, COMMENCING JUNE 1, 1982 AND ENDING DECEMBER 1, 1983.

W 9603.22

EXHIBIT "A"

List of Bidders

1.	Champlin Petroleum Company	$0.05
2.	USA Petrochem Corporation	$0.026