

MINUTE ITEM

This Calendar Item No. 18
was approved as Minute Item
18 by the State Lands
Commission by a vote of 3
to 0 at its 12/16/82
meeting.

CALENDAR ITEM

18

12/16/82
W 9603.25
Tanner
PRC 6360

AWARD OF ROYALTY OIL SALES CONTRACT

On October 28, 1982, the Commission authorized the competitive bid sale of royalty oil produced from State Oil and Gas Lease PRC 3120. Currently the State is receiving payment for the oil from the lessees (Atlantic Richfield Company and Mobil Oil Corp.). The State's share of royalty oil produced from State Lease PRC 3120 is approximately 1700 barrels per day with an average gravity of 20.2° API.

On November 1, 1982, the royalty oil from this lease was offered for sale effective July 1, 1983. Three bids were received and opened on November 16, 1982 (see Exhibit "A"). Staff has reviewed these bids for compliance with the applicable rules and regulations. The highest bidder is:

U.S. Oil and Refining Company
5150 Wilshire Boulevard
Los Angeles, California 90036

U.S. Oil has offered to pay in addition to the base price bonus of \$0.69 per barrel for 12 months commencing July 1, 1983. The base price is defined as the highest price posted for oil of like gravity and quality in the South Elwood Offshore Field. The transfer of oil from State Oil and Gas Lease PRC 3120 will be accomplished utilizing existing pipeline marine terminal facilities. Acceptance for 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.
B. Location Map.

A 35

S 18

(Revised 12/15/82)

-1-

CASE NUMBER	72
MINUTE PAGE	3218

CALENDAR ITEM NO. 18 (CONTD)

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 14 CAL. ADM. CODE 15060.
2. ACCEPT THE BID OF U.S. OIL AND REFINING COMPANY AND AUTHORIZE THE EXECUTION OF "ROYALTY OIL SALES CONTRACT STATE OIL AND GAS LEASE PRC 3120, SOUTH ELWOOD OFFSHORE FIELD", ON FILE IN THE COMMISSION'S OFFICE, COMMENCING JULY 1, 1983 AND ENDING JULY 1, 1984.
3. AUTHORIZE NOTIFICATION OF THE LESSEES OF STATE OIL AND GAS LEASE PRC 3120 THAT THE STATE IS EXERCISING ITS RIGHT TO TAKE IN KIND ITS ROYALTY OIL EFFECTIVE JULY 1, 1983.

C12c
December 1, 1982

EXHIBIT "A"

List of Bidders

1. U.S. Oil and Refining Company	\$0.69
2. Marlex Oil and Refining, Inc.	\$0.553
3. Fletcher Oil and Refining Company	\$0.535

CALENDAR PAGE	74
MINUTE PAGE	3220

