

MINUTE ITEM

This Calendar Item No. 31
was approved as Minute Item
No. 31 by the State Lands
Commission by a vote of 2
to 0 at its 8/25/83
meeting.

CALENDAR ITEM

31

8/25/83
W 9603.29
Tanner
PRC 6480

AWARD OF ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASE PRC 426,
HUNTINGTON BEACH FIELD

On July 21, 1983, the Commission authorized the competitive bid sale of royalty oil produced from State Oil and Gas Lease PRC 426. The royalty oil is currently being purchased under a contract which will expire on November 1, 1983. The State's share of royalty oil produced from State Lease PRC 426 is approximately 1,100 barrels per day with an average gravity of 22° API.

On August 8, 1983 the Staff offered by competitive public bid the royalty production from State Lease PRC 426. 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 oil of like gravity and quality in the Huntington Beach Field on the day of delivery.

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, which is identified on Exhibit "A". The contract, if awarded, will be for a term of 18 months, with delivery commencing on November 1, 1983. Delivery of the oil will be by exchange agreement without any change in the existing oil production and transportation facilities.

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CALENDAR ITEM NO. 31 (CONTD)

AB 884: N/A.

EXHIBIT: A. List of Bidders, including Highest Responsible Bidder.

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 THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" AND AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE THE CRUDE OIL SALES CONTRACT FOR THE OIL ALLOCATED TO STATE OIL AND GAS LEASE PRC 426.

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EXHIBIT "A"

ROYALTY OIL SALE BID OPENING
STATE OIL AND GAS LEASE PRC 426

August 8, 1983
Date

10:00 a.m.
Time

<u>Bidder</u>	<u>Bonus Offered</u>
1. Powerine Oil Company	\$2.121
2. Pilot Petrol Corporation	\$1.772
3. Kern Oil and Ref.	\$1.7159
4. Golden West Ref.	\$1.55
5. Edgington Oil Company	\$1.526
6. Sunland Ref. Corporation	\$1.46
7. Fletcher Oil and Ref.	\$1.43
8. Gosoc Gasoline Inc.	\$1.43
9. Tosco Oil and Ref. Company	\$1.39
10. Pacific Oasis	\$1.353
11. Marlex Oil and Ref. Company	\$1.2715
12. McMillian Ring Free Oil Company	\$1.271
13. Champlin Petrol Company	\$1.268
14. Pacific Ref.	\$1.181
15. U.S.A. Petrol Company	\$1.017
16. Beacon Oil Company	\$0.567

The Highest Responsible Bidder is Powerine Oil Company who has offered to pay \$2.121 per barrel above the base price.

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