

MINUTE ITEM

1983 Calendar Item No. 32
approved as Minute Item
32 by the State Lands
Commission by a vote of 2
to 0 at its 8/25/83
meeting.

CALENDAR ITEM

= 32 =

8/25/83
W 9603.28
Tanner
PRC 6481

AWARD OF ROYALTY OIL SALES
CONTRACT, STATE OIL AND GAS
LEASE E-392

On July 21, 1983, the Commission authorized the competitive bid sale of royalty oil produced from State Lease E-392. The royalty oil is currently being purchased under a contract which will expire on November 1, 1983. The State's share of royalty oil from State Lease E-392 is approximately 1,130 barrels per day of 19° API gravity crude oil.

On July 26, 1983, the staff offered by competitive public bidding, the royalty production from State Lease E-392. Bids were opened on August 9, 1983. A list of bidders and their bids, with the highest responsible bidder identified, is attached, Exhibit "A". The highest responsible bidder will pay its bid bonus plus the base price. The base price is defined as the highest price posted for oil of like gravity and quality in the Huntington Beach Field. The term of the contract is for 18 months commencing November 1, 1983. 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. Should the Commission reject all bids and elect to return the royalty oil on November 1, 1983, to the lessee for payment of royalty in money rather than in kind, 30 days previous written notice is required under the lease.

A 52 57 Revised 8/17/83

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CALENDAR ITEM NO. 32 (CONTD)

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 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 E-392.

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EXHIBIT "A"

Bidders	Bonus Bid (Per Barrel) Above Posted Price)
1. Edgington Oil Company	\$2.252
2. Pilot Petroleum Corporation	\$2.172
3. Powerline Oil Company	\$2.152
4. Pacific Oasis	\$1.8777
5. Golden West Refining	\$1.811
6. Kern Oil and Refining	\$1.791
7. Tosco Oil and Refining Company	\$1.66
8. Gasco Gasoline, Inc.	\$1.48
9. Marlex Oil and Refining Company	\$1.4715
10. Champlin Petroleum Company	\$1.352
11. McMillan Ring Free Oil Company	\$1.313
12. Fletcher Oil and Refining	\$1.29
13. Pacific Refining	\$1.275
14. Beacon Oil Company	\$0.567

The highest responsible bidder is Edgington Oil Company which has offered to pay \$2.252 per barrel above the base price.

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BASE PRICE	1902