

MINUTE ITEM

This Calendar Item No. 23
was approved as Minute Item
23 by the State Lands
Commission by a vote of 3
to 0 at its 9/28/83
meeting.

CALENDAR ITEM

23

9/28/83
W 9603.30
Tanner
PRC 6497

AWARD OF ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASE PRC 425,
HUNTINGTON BEACH FIELD,
ORANGE COUNTY

On August 25, 1983, the Commission authorized the sale by competitive bidding of royalty oil produced from State Oil and Gas Lease PRC 425. This consists of 710 barrels per day of 21° API gravity crude oil. The royalty oil is currently being purchased under contract by Champlin Petroleum Company which will expire on December 1, 1983.

On September 13, 1983 Staff offered by competitive public bid the royalty production from State Lease PRC 425. Attached as Exhibit "A" is the list of 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 by a company purchasing or paying royalties on oil in that field.

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 eighteen months, with delivery commencing on December 1, 1983. Delivery of the oil will be by exchange agreement without any change in the existing oil production and transportation facilities. Acceptance of the bid and issuance of a sales contract is exempt from CEQA because this activity does not constitute a project.

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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 15378.
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 425.

CALENDAR NO.	<u>234</u>
DATE OF SALE	<u>2228</u>

EXHIBIT "A"

Royalty Oil Sell-Off
State Oil and Gas Lease PRC 425
Tuesday, September 13, 1983
10:00 a.m.

<u>Bidder</u>	<u>(Bid Per Barrel, Above Posted Price)</u>
Pacific Oasis (A Partnership)	\$2.057
Edgington Oil Company	\$1.914
MacMillan Ring-Free Oil Company	\$1.76
Gasco Gasoline, Inc.	\$1.57
Tosco Corporation	\$1.355
Sunland Refining Corporation	\$1.15
Powerine Oil Company	\$1.036
USA Petroleum Company	\$1.011
Marlex Oil and Refining Company	\$0.755
Fletcher Oil and Refining Company	\$0.515
Kern Oil and Refining Company	\$0.509

The highest responsible bidder is Pacific Oasis (A Partnership).

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