

MINUTE ITEM

Calendar Item No. 19
was approved as Minute Item
No. 19 by the State Lands
Commission by a vote of 2
to 0 at its 11/21/83
meeting.

MINUTE ITEM
19.

11/21/83
W 9603.31
PRC 3133
PRC 3150
PRC 4000
PRC 1824
Tanner

AWARD OF ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASES
PRC 3133, PRC 3150, PRC 4000 AND PRC 1824,
CARPINTERIA AND SUMMERLAND OFFSHORE FIELDS,
SANTA BARBARA COUNTY

During consideration of Calendar Item 19, attached, Executive Officer Claire Dedrick stated the State Lands Commission had been getting bids on royalty sales of over two dollars regularly. The bids for this sell-off was for \$1.36. Commission-alternate Rasmussen mentioned this bid didn't compare very well with others the Commission had been receiving, and moved to reject staff recommendations and authorize staff to resolicit bids. Upon motion duly carried, the Commission approved the following resolutions, as amended, by a vote of 2-0:

IT IS RECOMMENDED THAT THE COMMISSION:

1. REJECT ALL BIDS ON AWARD OF ROYALTY SALES CONTRACT FOR STATE OIL AND GAS LEASES, PRC 3133, PRC 3150, PRC 4000, AND PRC 1824; IN THE CARPINTERIA AND SUMMERLAND OFFSHORE FIELDS; AND
2. AUTHORIZE STAFF OF THE STATE LANDS COMMISSION TO RESOLICIT BIDS FOR ROYALTY OIL SELL-OFF FOR STATE OIL AND GAS LEASES, PRC 3133, PRC 3150, PRC 4000 AND PRC 1824 INVOLVING THE CARPINTERIA AND SUMMERLAND OFFSHORE FIELDS, SANTA BARBARA COUNTY.

CALENDAR PAGE

MINUTE PAGE

2674

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CARPINTERIA AND SUMMERLAND OFFSHORE FIELDS,
SANTA BARBARA COUNTY

On September 28, 1983, the Commission authorized the competitive bid sale of royalty oil produced from State Oil and Gas Leases PRC 3133, PRC 3150, PRC 4000 and PRC 1824; Carpinteria and Summerland Offshore Fields, Santa Barbara County. The royalty oil is currently being purchased by Beacon Oil Company under a contract which will expire on July 1, 1984. Beacon is paying the State a bonus of \$1.33 per barrel above the Base Price. The State's share of royalty oil produced from State Leases PRC 3133, PRC 3150, PRC 4000 and PRC 1824 is approximately 328 barrels per day of between 25°-36° API gravity crude oil.

Bids were received and opened on October 17, 1983. 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 Carpinteria or Summerland Offshore Fields on the day of delivery.

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S 18

-1-

CALENDAR PAGE	124
NOTE PAGE	2675

CALENDAR ITEM NO. 19 (CONTD)

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 July 1, 1984. Delivery of the oil will be by exchange agreement without any change in the existing oil production and transportation facilities.

AB 884: N/A.

EXHIBIT: A. List of bidders, including the 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 LEASES PRC 3133, PRC 3150, PRC 4000 AND PRC 1824.

EXHIBIT "A"

Bid Opening
October 17, 1983 10:00 a.m.

<u>Bidder</u>	<u>Bonus Bid (Per Barrel, Above Base Price)</u>
Pacific Oasis	\$1.364
Powerine Oil Co.	\$1.2515
Gasco Gasoline, Inc.	\$1.07
Tosco Corporation	\$0.899
MacMillan Ring-Free Oil Co.	\$0.875
Beacon Oil Co.	\$0.567
Fletcher Oil & Refining Co.	\$0.56
Edgington Oil Co.	\$0.45
Kern Oil & Refining Co.	\$0.36

The highest responsible bidder is Pacific Oasis.