

MINUTE ITEM

This Calendar Item No. 31
was approved as Minute Item
31 by the State Lands
Commission by a vote of 3
to 0 at its 12/22/83
meeting.

CALENDAR ITEM

31 - 4

12/22/83
W 9603.33
Tanner
PRC 6533

AWARD OF ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASE PRC 3120,
SOUTH ELWOOD OFFSHORE FIELD, SANTA BARBARA COUNTY

On October 27, 1983 the Commission authorized the competitive bid sale of royalty oil produced from State Oil and Gas Lease PRC 3120. The royalty oil is currently being purchased by U.S. Oil and Refining Company under a contract which provides for a bonus of \$0.69 per barrel above the Base Price and will expire on July 1, 1984. The State's share of royalty oil produced from State Lease PRC 3120 is approximately 1,500 barrels per day of 20.0° API gravity crude oil.

On October 31, 1983 the staff offered by competitive public bid the royalty production from State Lease PRC 3120. Bids were received and opened on November 15, 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 South Elwood Offshore 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 identified on Exhibit "A". The contract, if awarded, will be for a term of eighteen months, with delivery commencing on July 1, 1984. The highest responsible bidder will take delivery and transport the oil without any change in the existing oil production and transportation facilities. All royalty oil will be transported from the Ellwood marine terminal by Public Service Marine, Inc. using the barge "Jovalan" which meets the requirements of Santa Barbara County Ordinance No. 2919.

A 35

S 18

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AB 884: N/A

EXHIBIT: A. List of Bidders, including highest responsible bidder.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY 21065 P.R.C. AND 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 ROYALTY OIL PRODUCED UNDER STATE OIL AND GAS LEASE PRC 3120.

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EXHIBIT "A"

ROYALTY OIL SALE BID OPENING
STATE OIL AND GAS LEASE
PRC 3120
10:00 a.m., November 15, 1983

Bidder

Bonus Bid
(Per Barrel,
Above Base Price)

Pacific Oasis	\$2.155
Huntway Refining Co.	\$1.56
Champlin Petroleum Co.	\$1.378
Fletcher Oil and Refining Co.	\$1.253
Marlex Oil & Refining Co.	\$1.18
Tosco Corporation	\$1.17
Pacific Refining Co.	\$1.011
Powerine Oil Co.	\$0.781
U. S. Oil Co.	\$0.74

The highest responsible bidder is Pacific Oasis.

SALES PRICE	164
BUYER PRICE	2882