MINUTE ITEM

This Calendar Item No. 32
was approved as Minute Item
No. 32 by the State Lands
Commission by a vote of 3
to 0 at its 12/22/83
meeting.

CALENDAR ITEM

32

12/22/83
W 9603.33
Tanner
PRC 6534

AWARD OF ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASE PRC 3242,
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 3242. The royalty oil is currently being purchased by Fletcher Oil and Refining Company under a contract which pays the State a bonus of $0.996 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 3242 is approximately 1,700 barrels per day of 20.0° API crude oil.

On October 31, 1983 the staff offered by competitive public bid the royalty production from State Lease PRC 3242. 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, which is identified on Exhibit "A". This 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 Elwood marine terminal by Public Service Marine, Inc. using the barge "Jovalan" which meets the requirements of Santa Barbara Ordinance No. 2919.

A 35

S 18

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AB 884: N/A.

EXHIBIT: A. List of bidders, including the 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 THE OIL ALLOCATED TO STATE OIL AND GAS LEASE PRC 3242.

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EXHBIT "A"

ROYALTY OIL SALE BID OPENING
STATE OIL AND GAS LEASE
11:00 a.m., November 15, 1983

BIDDER	BONUS BID (PER BARREL, ABOVE BASE PRICE)
Huntway Refining Co.	$2.315
Pacific Oasis	$1.96
Fletcher Oil and Refining Co.	$1.709
Champlin Petroleum Co.	$1.378
Tosco Corporation	$1.277
Marlex Oil & Refining Co.	$1.255
Pacific Refining Co.	$1.013
U.S. Oil	$0.785

The highest responsible bidder is Huntway Refining Company.

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2805