

MINUTE ITEM

This Calendar Item No. 24
was approved as Minute Item
No. 24 by the State Lands
Commission by a vote of 3
to 0 at its 3/22/84
meeting.

CALENDAR ITEM

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3/22/84
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PRC 6611

AWARD OF ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASE PRC 186,
BELMONT OFFSHORE FIELD, ORANGE COUNTY

On September 28, 1983 the Commission authorized the sale by competitive bidding of royalty oil produced from State Oil and Gas Lease PRC 186. This consists of approximately 360 barrels per day of 19° API gravity crude oil. The royalty oil is currently being purchased by Sunland Refining Corporation under contract which will expire on May 1, 1984.

On February 22, 1984 staff offered by competitive public bid the royalty production from State Lease PRC 186. 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 Belmont Offshore 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 identified on Exhibit "A". The contract, will be for a term of 18 months with delivery commencing on May 1, 1984. Delivery of the oil will be without any change in the existing oil production and transportation facilities.

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Pursuant to the Commission delegations of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), Staff has determined that this activity is exempt from the requirements of CEQA because it is not a "project" as defined by CEQA and its implementing guidelines (P.R.C. 21065 and 14 Cal. Am. Code 15378).

AE 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 14 CAL. ADM. CODE 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. ACCEPT THE BID OF THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" AND AUTHORIZE EXECUTION OF THE ROYALTY OIL SALES CONTRACT FOR THE OIL ROYALTY FROM STATE OIL AND GAS LEASE PRC 186.

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EXHIBIT "A"

ROYALTY CRUDE OIL SELL-OFF BID OPENING
STATE OIL AND GAS LEASE PRC 186
BELMONT OFFSHORE FIELD, ORANGE COUNTY
WEDNESDAY, FEBRUARY 22, 1984 - 11:00 A.M.

<u>Bidder</u>	<u>Bonus Bid (Per Barrel, Above Base Price)</u>
1. Edgington Oil Company	\$1.861
2. MacMillan Ring Free Oil Company	\$1.8169
3. Gasco Gasoline, Inc.	\$1.79
4. Tosco Corporation	\$1.61
5. Pacific Oasis	\$1.552
6. Champlin Petroleum Company	\$1.367
7. Shell Oil Company	\$1.35
8. Newhall Refining Company	\$1.15
9. Lunday-Thagard, Inc.	\$1.0155
10. Fletcher Oil & Refining Company	\$0.9961
11. Golden West Refining Company	\$0.9575

The highest responsible bidder is Edgington Oil Company.

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