

MINUTE ITEM

This Calendar Item No. 32
was approved as Minute Item
No. 32 by the State Lands
Commission by a vote of 2
to 0 at its 5/23/85
meeting.

MINUTE ITEM

32

5/23/85
W 9603.42
PRC 6532
Tanner

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

During consideration of Calendar Item 32 attached, Mr. Ken Williams, attorney representing MacMillan Ring Free Oil Company, appeared to outline the terms of the Letter of Credit and the Performance Bond.

There being no further questions, the following resolution was approved by a vote of 2-0.

THE COMMISSION:

1. FINDS THAT THE 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. ACCEPTS THE BID OF THE HIGHEST RESPONSIBLE BIDDER, MACMILLAN RING FREE OIL COMPANY AND AUTHORIZES THE EXECUTIVE OFFICER TO EXECUTE THE ROYALTY OIL SALES CONTRACT FOR THE ROYALTY OIL PRODUCED FROM STATE OIL AND GAS LEASES PRC 3133, PRC 3150, PRC 4000 AND PRC 1824, CARPINTERIA-SUMMERLAND OFFSHORE FIELDS, SANTA BARBARA COUNTY, PROVIDED THAT MACMILLAN SUBMIT ON OR BEFORE JUNE 6, 1985, A SECURITY BOND IN THE AMOUNT OF \$160,000 TO GUARANTEE PERFORMANCE UNDER THE CONTRACT FOR THE PERIOD JUNE 6, 1985 TO DECEMBER 31, 1985, AND FURTHER THAT THE LETTER-OF-CREDIT REQUIRED UNDER THE CONTRACT WILL BE SUBMITTED ON OR BEFORE NOVEMBER 1, 1985.

Attachment: Calendar Item 32

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05/23/85.
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AWARD OF ROYALTY OIL SALES CONTRACT
STATE OIL AND GAS LEASES
PRC 3133, PRC 3150, PRC 4000 AND PRC 1824
CARPINTERIA-SUMMERLAND OFFSHORE FIELDS
SANTA BARBARA COUNTY

On February 28, 1985, 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-Summerland Offshore Fields. The royalty oil is currently being purchased by MacMillan Ring Free Oil Company under a contract which will expire on January 1, 1986. The State's share of royalty oil produced from these leases is approximately 690 barrels per day of between 26° and 28° API gravity crude oil.

On April 17, 1985, the staff offered by competitive public bid the royalty production from these leases. The successful bidder will be the responsible bidder making the highest per barrel bonus bid over the base price. 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 like crude oil in the Carpinteria-Summerland Offshore Fields 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". The contract, if awarded, will be for a term of 14 months, with delivery commencing on January 1, 1986. Delivery of the oil will be by exchange agreement without any change in the existing oil production and transportation facilities.

CALLING NUMBER	121
SEARCH NUMBER	1658

CALENDAR ITEM NO. 32 (CONT'D)

OTHER PERTINENT INFORMATION:

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

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

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE 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 THE EXECUTIVE OFFICER TO EXECUTE THE ROYALTY OIL SALES CONTRACT FOR THE ROYALTY OIL PRODUCED FROM STATE OIL AND GAS LEASES PRC 3133, PRC 3150, PRC 4000 AND PRC 1824, CARPINTERIA-SUMMERLAND OFFSHORE FIELDS, SANTA BARBARA COUNTY.

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EXHIBIT "A"

BID OPENING STATE OIL AND GAS LEASES
PRC 3133, PRC 3150, PRC 4000 AND PRC 1824,
CARPINTERIA-SUMMERLAND OFFSHORE FIELD,
APRIL 17, 1985, 11:00 AM

<u>Bidder</u>	<u>Bonus Bid -(Per Barrel Above Posted Price)</u>
1. MacMillan Ring Free Oil Company	\$0.816
2. Edgington Oil Company	\$0.426

The highest responsible bidder is MacMillan Ring Free Oil Company.

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