

MINUTE ITEM

This Calendar Item No. 33
was approved as Minute Item
No. 33 by the State Lands
Commission by a vote of 2
to 0 at its 5/23/85
meeting.

CALENDAR ITEM

A 35
S 18

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05/23/85
W 9603.43
PRC 6533
Tanner

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

On February 28, 1985 the Commission authorized the competitive bid sale of royalty oil produced from State Oil and Gas Lease PRC 3120, South Elwood Offshore Field. The royalty oil is currently being purchased by PRI of Hawaii, Inc. under a contract which will expire on January 1, 1986. The State's share of royalty oil produced from State Oil and Gas Lease PRC 3120 is approximately 1,400 barrels per day of 20.00° API gravity crude oil.

On April 22, 1985, the staff offered by competitive public bid the royalty production from State Oil and Gas Lease PRC 3120. 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 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". The contract, if awarded, will be for a term of 15 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.

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

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the requirements of the CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21055 and 14 Cal. Adm. Code 15378.

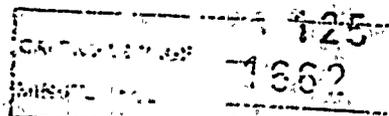
EXHIBIT: A. List of bidders, including highest responsible bidder.

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. 21055 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 LEASE PRC 3120, SOUTH ELWOOD OFFSHORE FIELD, SANTA BARBARA COUNTY.

(REVISED 05/29/85)

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EXHIBIT "A"

BID OPENING
STATE OIL AND GAS LEASE PRC 3120,
SOUTH ELWOOD OFFSHORE FIELD,
APRIL 22, 1985, 11: A.M.

<u>Bidder</u>	<u>Bonus Bid (Per Barrel Above Posted Price)</u>
1. Champlin Petroleum Company	\$0.989
2. Mock Petrochemical Company	\$0.965
3. Huntway Refining Company	\$0.91
4. U. S. Oil and Refining Company	\$0.84

The highest responsible bidder is Champlin Petroleum Company.

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