MINUTE ITEM
This Calendar Item No. 28
was approved as Minute Item
No. 28 by the State Lands
Commission by a vote of 3
to 2 at its 5/28/87
meeting.

CALENDAR ITEM

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AWARD OF THE ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASES PRC 129 AND PRC 208,
ELLWOOD OIL FIELD, SANTA BARBARA COUNTY

On April 23, 1987 the State Lands Commission authorized the sale of royalty crude oil from one State oil and gas Lease in the Wilmington Oil Field, Los Angeles County, four State oil and gas Leases in the Carpinteria-Summerland Offshore Fields, Santa Barbara County and two State oil and gas Leases in the Ellwood Oil Field, Santa Barbara County. State oil and gas Leases PRC 129 and PRC 208, Ellwood Oil Field, Santa Barbara County are two of the leases for which the Commission authorized the sale of royalty crude oil.

The royalty crude oil from these leases has not been sold off in the past and the State is being paid in money for its share of oil from these leases according to the terms and conditions of the leases by the State's Lessee, ARCO oil and gas Company. In the royalty oil sales contract, the Base Price for this oil is defined as the highest price posted for oil of like gravity and quality in the South Ellwood Offshore Field, on the day of delivery by Mobil Oil Corporation. The State's share of crude oil from these leases is approximately 12,000 barrels per month of 34.5 API quality crude oil.

A Notice Inviting Bids was published in the Santa Barbara News-Press on April 29, 1987 and sent to all known interested parties. Bids were received and opened on May 15, 1987. Exhibit "A" shows the results of the bidding.

Fiscal and Legal reviews of the submitted bid material were done by the State Lands Commission Auditing and Legal Units respectively. Based on the results of these reviews, the highest responsible bidder has been identified on Exhibit "A". Staff recommends the awarding of the Royalty Oil Sales Contract for State oil and gas Leases PRC 129 and PRC 208, Ellwood Oil

Field, Santa Barbara County, to the highest responsible bidder identified on Exhibit "A" for the period beginning June 1, 1987 until December 1, 1987.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. 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 the activity 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. Results of Bid Opening.

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 THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

2. AWARD THE ROYALTY OIL SALE CONTRACT FOR STATE OIL AND GAS LEASES PRC 129 AND PRC 208, ELLWOOD OIL FIELD, SANTA BARBARA COUNTY, TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" FOR THE PERIOD JUNE 1, 1987 UNTIL DECEMBER 1, 1987.

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EXHIBIT "A"

BID OPENING
ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASES
PRC 129 AND PRC 208,
ELLWOOD OIL FIELD,
SANTA BARBARA COUNTY

May 15, 1987

11:00 A.M.

Bidder	Bonus Bid (Per Barrel, Above Base Price)
1. Lunday-Thagard	$0.688
2. ARCO Oil and Gas Company	$0.412
3. Huntway Oil & Refining	$0.34

The highest responsible bidder is Lunday-Thagard Oil Company.

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