

MINUTE ITEM

This Calendar Item No. 16
was approved as Minute Item
No. 16 by the State Lands
Commission by a vote of 2
to 0 at its 11-19-87
meeting.

CALENDAR ITEM

A 35

16

11/19/87

W 9603.63

PRC 7142

S 18

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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

Lunday-Thagard Oil Company is currently purchasing the State's share of crude oil production from PRC 129 and PRC 208 leases, paying a bonus of \$0.688 per barrel above a base price, defined as the highest price posted for like oil on the day of delivery in the South Ellwood Offshore Field by Mobil Oil Corporation. The State's share of production from these leases is approximately 12,000 barrels per month of 340 to 350 API gravity crude oil. The present royalty oil sales contract is for a term of six months having begun on June 1, 1987 and is scheduled to terminate on December 1, 1987. Royalty oil from these leases may be taken in kind or returned to the lessee on demand.

On August 20, 1987, the State Lands Commission authorized the sale of royalty crude oil from several State oil and gas leases, including State Oil and Gas Leases PRC 129 and PRC 208, Ellwood Oil Field, Santa Barbara County.

A Notice Inviting Bids for a new contract to run from December 1, 1987 to June 1, 1989 was published in the Santa Barbara News-Press on October 19, 1987 and sent to all known interested parties. Bids were received and opened on November 3, 1987. Exhibit "A" shows the results of the bidding.

Fiscal and legal reviews of the submitted bid material were done by the SLC Auditing and Legal Units respectively. Based on the results of these reviews, the highest responsible bidder has been identified on Exhibit "A".

CALENDAR ITEM NO. 16 (CONT'D)

Staff recommends the awarding of the new 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".

AB 884: N/A.

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 California Environmental Quality Act (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. Results of the Bidding.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (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. AWARD THE ROYALTY OIL SALES CONTRACT, 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 FROM DECEMBER 1, 1987 TO JUNE 1, 1989.

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EXHIBIT "A"

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

November 3, 1987

11:00 A.M.

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per Barrel, Above Base Price)</u>
1. Lunday Thagard Oil Co.	\$0.485
2. Huntway Refining Company	0.315

The Highest Responsible Bidder is Lunday Thagard Oil Company.

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