

MINUTE ITEM
This Calendar Item No. 34
was approved as Minute Item
No. 34 by the State Lands
Commission by a vote of 3
0 at its 9/27/89
Meeting.

STATE LANDS COMMISSION

CALENDAR ITEM

A 35
S 18

34

09/27/89
W 9603.72 PRC 7349
Willard

APPROVAL OF THE AWARD OF THE
ROYALTY OIL SALES CONTRACT, STATE
OIL AND GAS LEASE PRC 3120, SOUTH
ELLWOOD OFFSHORE FIELD, SANTA BARBARA COUNTY

BACKGROUND

On June 28, 1989, the State Lands Commission authorized the sale of royalty crude oil from several State oil and gas leases in Santa Barbara County including State Oil and Gas Lease PRC 3120, South Ellwood Offshore Field, Santa Barbara County.

Huntway Refining Company is presently purchasing the State's share of crude oil from this lease and is paying the State a bonus of \$0.2750 per barrel above a Base Price defined as the highest price posted for oil of like gravity and quality on the day of delivery in the South Ellwood Offshore Field by Mobil Oil Corporation. The State's share of production from this lease is approximately 570 barrels per day of 21.30° API gravity crude oil. The present sales contract began on October 1, 1989 and is scheduled to expire on April 1, 1990. Royalty oil from this lease may be taken in kind or returned to the lessee on 180 days notice.

A Notice Inviting Bids for a new royalty oil sales contract to run from April 1, 1990 to October 1, 1991 was published in the Santa Barbara News-Press on August 16, 1989. Bids were received and opened on August 31, 1989. Huntway Refining Company was the only bidder, offering \$0.346 per barrel above the Base Price.

W 9603.72
Tanner

EXHIBIT "A"

BID OPENING
STATE OIL AND GAS LEASE PRC 3120,
OFFSHORE FIELD, SANTA BARBARA COUNTY

August 31, 1989

11:00 A.M.

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per Barrel, Above Base Price)</u>
1. Huntway Refining Co.	\$0.346

The highest responsible bidder is Huntway Refining Company.

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