MINUTE ITEM
This Calendar Item No. C73 was approved as Minute Item No. 23 by the California State Lands Commission by a vote of 3 to 0 at its 9-3-99 meeting.

CALENDAR ITEM
C73

A 57, 58

S 29

PRC 8120

09/03/99
W 9603.107
J. Tanner
M. Voskanian

CONSIDER APPROVAL OF THE AWARD OF THE CRUDE OIL SALES CONTRACT, OIL AND GAS LEASE NO. PRC 3455, TRACT NO. 2, WILMINGTON OIL FIELD, LOS ANGELES COUNTY

APPLICANT:

California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825-8202

BACKGROUND:

At its meeting on December 16, 1998, the California State Lands Commission authorized the sale of crude oil from this Oil and Gas Lease in Los Angeles County. Paramount Petroleum Company (Paramount) is presently purchasing the State's share of crude oil from this lease. Paramount is paying the State a bonus of $0.265 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 Wilmington, Long Beach (Signal Hill), Huntington Beach and Inglewood Oil Fields among the postings of Chevron Products company, Mobil Oil Corporation, Union 76, and Equiva Trading Company. The Base Price shall be computed to the closest tenth of each degree of A.P.I. gravity and the closest tenth of a cent per barrel. . The State's share of production is approximately 520 barrels per day. The present Crude Oil Sales Contact is for a term of eighteen months. Crude oil from these leases may be taken in kind or returned to the lessee on 90 days prior written notice.

A Notice Inviting Bids for a new Crude Oil Sales Contract to run from January 1, 2000 until June 1, 2001 was published in the Long Beach Press-Telegram and Orange County Register on July 20, 1999, and mailed to all known interested parties. Bids were received and opened on August 4, 1999. Exhibit A shows the results of the bidding.

STAFF RECOMMENDATIONS:

Fiscal and Legal reviews of the submitted bid material were performed 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. Staff recommends awarding of the new Crude Oil Sales Contract for Oil and Gas Lease No. 3455, Tract No. 2, to the highest responsible bidder identified on Exhibit A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 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 the CEQA and the State CEQA Guidelines.

   Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

EXHIBIT:

A. Results of Bid Opening

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

AWARD THE CRUDE OIL SALES CONTRACT FOR OIL AND GAS LEASE NO. PRC 3455, TRACT NO. 2, TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT A FOR THE PERIOD FROM JANUARY 1, 2000 UNTIL JUNE 1, 2001.

09/03/99
W 9603.107
J. Tanner

EXHIBIT A

BID OPENING
CRUDE OIL SALES CONTRACT
OIL AND GAS LEASE NOS. 3455, TRACT NO. 2,
WILMINGTON OIL FIELD, LOS ANGELES COUNTY

AUGUST 4, 1999

11:00 A.M.

BIDDER	BONUS BID (PER BARREL, ABOVE BASE PRICE)
1. Bravo Energy Trading Company	$0.3199
2. Paramount Petroleum Corporation	$0.392
3. Huntway Refining Company	$ 0.696

The highest responsible bidder is Huntway Refining Company.

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