

MINUTE ITEM

This Calendar Item No. 41
was approved as Minute Item
No. 41 by the State Lands
Commission by a vote of 3
0 at its 12-16-80
meeting.

CALENDAR ITEM

41

12/80
Pace
L.B. Admin
W 9603

PROPOSAL BY THE DEPARTMENT OF ENERGY
TO MODIFY MANDATORY PETROLEUM ALLOCATION REGULATIONS

The Economic Regulatory Administration (ERA) of the Department of Energy (DOE) has proposed modifying Mandatory Petroleum Allocation Regulations pertaining to the treatment of price controlled domestic crude oil under the entitlements program. The objective of the proposed amendments was to minimize the current inequities in domestic crude oil acquisition cost caused by the present regulatory scheme that resulted in refiners of controlled crude oil in PADD's I-IV having proportionately lower costs, and refiners in PADD V having higher costs.

The proposal included four options in addition to the option to continue the present entitlement system until crude oil controls end in October 1981.

The staff favors continuing the present program unchanged until controls expire, because a change would require revised reporting procedures for both producers and refiners in California at a time when less than 10% of the production in the State would benefit from the change. The proposed changes have been under consideration since mid-1976 and would have been welcome when about 90% of the production in the State would have benefited.

IT IS RECOMMENDED THAT:

THE EXECUTIVE OFFICER SUBMIT COMMENTS TO THE DEPARTMENT OF ENERGY FAVORING THE CONTINUATION OF THE PRESENT PROGRAM UNCHANGED UNTIL CONTROLS EXPIRE IN OCTOBER 1981.

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