

MINUTE ITEM

This Calendar Item No. 30
was approved as Minute Item
No. 30 by the State Lands
Commission by a vote of 2
to 0 at its 5-28-81
meeting.

CALENDAR ITEM

30

5/81
W 9603.15
Hamilton
PRC 6011

AWARD OF ROYALTY OIL SALES CONTRACT

On January 26, 1981, the Commission authorized the sale by competitive bidding of the royalty oil that will be produced from State Oil and Gas Lease PRC 425, Huntington Beach Field in the County of Orange (Minute Item No. 27). The State's royalty share of crude oil produced in a one-month period from Lease PRC 425 is approximately 21,500 barrels of 22⁰⁺ API gravity oil. Current posted price is approximately \$26.58 per barrel.

On April 21, 1981, the staff conducted a public sale and received thirteen bids (see attached Exhibit "A"). Staff has reviewed the bids and has determined that the successful bidder, defined in the bid proposal as the responsible bidder making the highest per barrel bonus bid over the base price and offering to execute the sales contract, as:

Newhall Refining Co., Inc.
P. O. Box 938
Newhall, California 91322

The Royalty Oil Sales Contract defines the base price in detail. In general the base price can be described as the highest price posted for oil of like gravity and quality in the Huntington Beach Field. Newhall Refining submitted the highest bid of \$1.59 per barrel plus the base price and has executed the sales contract. The term of this contract is one year, but may be extended upon mutual agreement for up to two separate and consecutive six-month periods.

The disposition of the royalty oil under this sales contract will be accomplished by exchange agreement using existing oil production and transport facilities. There will not be any expansion or physical change of such facilities.

Staff Counsel has reviewed Newhall's bid package and has determined that it meets the provisions of the applicable law.

STATUTORY REFERENCES:

- A. P.R.C.: Section 6815.1.
- B. Cal. Adm. Code: Title 2, Div. 3, Chapter 1, Article 3.5.

A 73

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(Rev. 5/26/81)

CALENDAR ITEM NO. 30 (CONTD)

EXHIBIT: A. List of Bids.

IT IS RECOMMENDED THAT THE COMMISSION:

1. ACCEPT THE BID OF NEWHALL REFINING CO., INC., AND AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE "ROYALTY OIL SALES CONTRACT, STATE OIL AND GAS LEASE PRC 425, HUNTINGTON BEACH FIELD," ON FILE IN THE COMMISSION'S OFFICE FOR THE ONE-YEAR TERM COMMENCING JUNE 1, 1981, UNTIL JUNE 1, 1982.
2. DIRECT THE EXECUTIVE OFFICER OR HIS DESIGNEE TO NOTIFY THE LESSEE THAT THE STATE INTENDS TO TAKE ITS ROYALTY OIL IN KIND PURSUANT TO THE PROVISIONS OF STATE OIL AND GAS LEASE PRC 425 COMMENCING JUNE 1, 1981 AND SELL IT TO NEWHALL REFINING CO., INC.

C11a
May 8, 1981

EXHIBIT "A"

List of Bids

1)	Newhall Refining Co., Inc.	\$1.59
2)	USA Petrochem Corporation	\$1.475
3)	Beacon Oil Company	\$1.36
4)	Powerine Oil Company	\$0.88
5)	La Jet Crude Oil, Inc.	\$0.79
6)	Marlex Oil & Refining, Inc.	\$0.769
7)	Century Resources Development, Inc.	\$0.765
8)	Kern County Refinery, Inc.	\$0.515
9)	Champlin Petroleum Company	\$0.2895
10)	Alliance Oil & Refining Company	\$0.265
11)	Lunday-Thagard Oil Company	\$0.05
12)	Edgington Oil Company, Inc.	\$0.000
13)	Tosco Corporatio.	(\$0.318)