

MINUTE ITEM

This Calendar Item No. 23
was approved as Minute Item
No. 23 by the State Lands
Commission by a vote of 3
to 0 at its 6/29/82
meeting.

CALENDAR ITEM

23

6/29/82
W 9603.24
Willard
PRC 6178

AWARD OF ROYALTY OIL SALES CONTRACT

On June 14, 1982, staff offered, by competitive public bid, the sale of royalty oil produced from State Leases PRC 1824, PRC 3133, PRC 3150 and PRC 4000. The royalty oil is currently being purchased by Beacon Oil Company, under contract which will expire on January 1, 1983 for a bonus bid of \$1.28. The State's share of royalty oil produced from these leases is approximately 460 barrels per day with an average gravity of 27° API.

Bids were received and opened on June 28, 1982 (see Exhibit "A"). Staff has reviewed the bids for compliance with applicable rules and regulations. The highest bidder is:

Beacon Oil Company
525 W. 3rd Street
Hanford, California 93230

The high bidder offered to pay, in addition to the base price, a bonus of \$1.3226 per barrel for 18 months commencing January 1, 1983. The base price is defined as the highest price posted for oil of like gravity and quality in the Carpinteria and Summerland Offshore Fields. The transfer of oil from the State leases will be accomplished by an exchange agreement utilizing existing pipeline facilities. Acceptance of the bid and issuance of a sales contract is exempt from CEQA as this activity does not constitute a project.

AB 884: N/A.

EXHIBIT: A. List of Bidders.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT CEQA IS NOT APPLICABLE TO THIS ACTION AS IT IS NOT A "PROJECT WHICH MAY HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT," AS DEFINED IN THE CEQA AND ITS' IMPLEMENTING GUIDELINES, P.R.C. 21080, CAL. ADM. CODE 15060.

A. 35

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(Added 6/28/82)

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CALENDAR ITEM NO. 23 (CONTD)

2. ACCEPT THE BID OF BEACON OIL COMPANY AND AUTHORIZE THE EXECUTION OF "ROYALTY OIL SALES CONTRACT, STATE OIL AND GAS LEASE PRC 1824, PRC 3133, PRC 3150 AND PRC 4000, CARPINTERIA AND SUMMERLAND OFFSHORE FIELDS", OF FILE IN THE COMMISSION'S OFFICE, COMMENCING JANUARY 1, 1983 AND ENDING JUNE 30, 1984.
3. DIRECT THE EXECUTIVE OFFICER OR HER DESIGNEE TO NOTIFY THE LESSEES THAT THE STATE INTENDS TO CONTINUE TO TAKE ITS ROYALTY OIL IN KIND, PURSUANT TO THE PROVISIONS OF STATE OIL AND GAS LEASES PRC 1824, PRC 3133, PRC 3150 AND PRC 4000, COMMENCING JANUARY 1, 1983.

(Added 6/28/83)

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EXHIBIT "A"

<u>Bidders</u>	<u>Amount</u>
Beacon Oil Company	\$ 1.3226
Getty Oil Company	\$ 1.01

(Added 6/28/82)

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