

MINUTE ITEM

This Calendar Item No. 25
was approved as Minute Item
25 by the State Lands
Commission by a vote of 3
to 0 at its 8/26/82
meeting.

MINUTE ITEM
25

8/26/82
W 40344
Tanner

During consideration of Calendar Item 25, attached, Chairman Cory stated that approval of this item would be subject to staff obtaining sufficient financial security from Crysen Trading and Marketing, the high bidder. Executive Officer Dedrick stated this approval would be subject to a Letter of Credit as evidence of financial security.

Upon motion duly made and carried, the resolution in Calendar Item 25 was approved by a vote of 3-0.

Attachment: Calendar Item 25.

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CALENDAR ITEM

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PRC 6208

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AWARD OF ROYALTY OIL SALES CONTRACT
TRACT NO. 2, LONG BEACH UNIT

On July 22, 1982, the Commission authorized the sale by competitive bidding of 12½% of the crude oil allocated to Tract No. 2 of the Long Beach Unit, which is the share that the State may take in kind under the terms of PRC 3455, the Tract No. 2 Agreement. This 12½% share of crude oil constitutes about 260 barrels per day with an average gravity of 17.8° API. The Tract No. 2 Contractor is presently taking the oil and paying the State a bonus of ten cents per barrel above the crude oil valuation provided by Tract No. 2 Agreement.

Bids for the 12½% share of crude oil were received and opened on August 16, 1982. Attached as Exhibit "A" is a list of the bidders and their bonus bids in dollars per barrel above the base price. The base price is the higher of the highest price posted for like oil on the day of delivery in the Wilmington field among the postings of Chevron, Mobil, Union and Arco or the arithmetical average of the prices posted for like oil on the day of delivery in the Wilmington, Long Beach (Signal Hill), Huntington Beach and Inglewood fields by Chevron, Mobil, Union and Arco.

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The Commission staff has reviewed the financial ability of the bidders to fulfill the obligations of the contract and their physical ability to take the oil, and has determined the highest responsible bidder, which is identified on Exhibit "A". The contract, if awarded, will be for a term of 12 months, with delivery commencing November 1, 1982. Delivery of the oil will be by exchange agreement without any change in the existing oil production and transportation facilities.

EXHIBIT: "A" List of Bidders, including Highest Responsible Bidder.

IT IS RECOMMENDED THAT THE COMMISSION:

1. ACCEPT THE BID OF THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" AND AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE THE CRUDE OIL SALES CONTRACT FOR 12½% OF THE OIL ALLOCATED TO TRACT NO. 2 OF THE LONG BEACH UNIT.
2. AUTHORIZE THE EXECUTIVE OFFICER TO NOTIFY THE TRACT NO. 2 CONTRACTOR THAT THE STATE IS EXERCISING ITS RIGHT TO TAKE IN KIND 12½% OF THE OIL ALLOCATED TO TRACT NO. 2, EFFECTIVE NOVEMBER 1, 1982.

ROYALTY OIL SALE BID OPENING

Wilmington, Tract #2
August 16, 1982 - 10:00 a.m.

<u>BIDDER</u>	<u>BONUS OFFERED</u>
Crysen Trading and Marketing	\$0.91
Fletcher Oil and Refining Co.	\$0.63
Edgington Oil Co.	\$0.59125
Sunland Refining Corp.	\$0.586
Marlex Oil and Refining Inc.	\$0.572
Beacon Oil Company	\$0.56
Champlin Oil Co.	\$0.475
Century Resources Development	\$0.3765
USA - Petrochem, Inc.	\$0.271
Kern Oil and Refining Co.	\$0.265
Tosco Corporation	\$0.263
Amorient Petroleum Company	\$0.251
MacMillan Ring-Free Oil	\$0.215
Powerline Oil Company	\$0.1525