

MINUTE ITEM

This Calendar Item No. 30
was approved as Minute Item
No. 30 by the State Lands
Commission by a vote of 3
to 0 at its 10/28/82
meeting.

MINUTE ITEM
30

10/28/82
W 9603.25
Willard

PROPOSED SALE OF ROYALTY CRUDE OIL
FROM STATE OIL AND GAS LEASES
PRC 3120 AND PRC 3242, SANTA BARBARA COUNTY

During consideration of Calendar Item 30, attached, the Commission directed staff to stipulate a minimum bid of 35 cents.

Upon motion duly made and carried, the recommendation in Calendar Item 30 was amended as follows, by a vote of 3-0.

THE COMMISSION:

1. FINDS 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).
2. ADOPTS THE SPECIFICATIONS LISTED IN EXHIBIT "B" ATTACHED HERETO AND THE FORM OF ROYALTY OIL SALES CONTRACT ON FILE IN THE OFFICE OF THE COMMISSION.
3. AUTHORIZES THE OFFER FOR SALE BY COMPETITIVE BID, ROYALTY OIL PRODUCED FROM STATE OIL AND GAS LEASES PRC 3120 AND PRC 3242 SOUTH ELWOOD OFFSHORE FIELD, SANTA BARBARA COUNTY.

Attachment: Calendar Item 30.

A 35

S 18

Non-Substantive revision 4/20/83

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CALENDAR ITEM.

30

10/28/82
W 9603.25
Willard

PROPOSED SALE OF ROYALTY CRUDE OIL
FROM STATE OIL AND GAS LEASES
PRC 3120 AND PRC 3242, SANTA BARBARA COUNTY

Based on recent bids received by the Commission and expressed interest by a prospective bidder, it is proposed to offer for sale, by competitive bid royalty oil produced under State Oil and Gas leases PRC 3120 and 3242.

The royalty oil produced under PRC 3120 and 3242 is currently 1,700 and 2,900 barrels per day respectively. It is proposed that each lease would be sold under separate contracts based on bonus bids over the base price. The base price is the highest posted price for oil of like gravity and quality in the South Elwood offshore field.

In addition to the standard provisions of royalty oil sales contract, the major specifications to be included in the contract are listed in Exhibit "B".

Because the disposition of crude oil sold pursuant to this contract will be accomplished by exchange agreement without any physical change in the existing oil production and transport facilities, this transaction does not constitute a project and is therefore exempt from the requirements of CEQA and implementing regulations.

AB 884: N/A.

A 35

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CALENDAR ITEM NO. 3.0(Cont'd)

EXHIBITS: A. Location Map.
 B. Specifications.

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 CALIFORNIA ENVIRONMENTAL QUALITY ACT AND ITS IMPLEMENTING GUIDELINES, (PRC 21080, CAL. ADM. CODE 15060).
2. ADOPT THE SPECIFICATIONS LISTED IN EXHIBIT "B" ATTACHED HERETO AND THE FORM OF ROYALTY OIL SALES CONTRACT ON FILE IN THE OFFICE OF THE COMMISSION.
3. AUTHORIZE THE OFFER FOR SALE BY COMPETITIVE BID, ROYALTY OIL PRODUCED FROM STATE OIL AND GAS LEASES PRC 3120 AND PRC 3242 SOUTH ELWOOD OFFSHORE FIELD, SANTA BARBARA COUNTY.

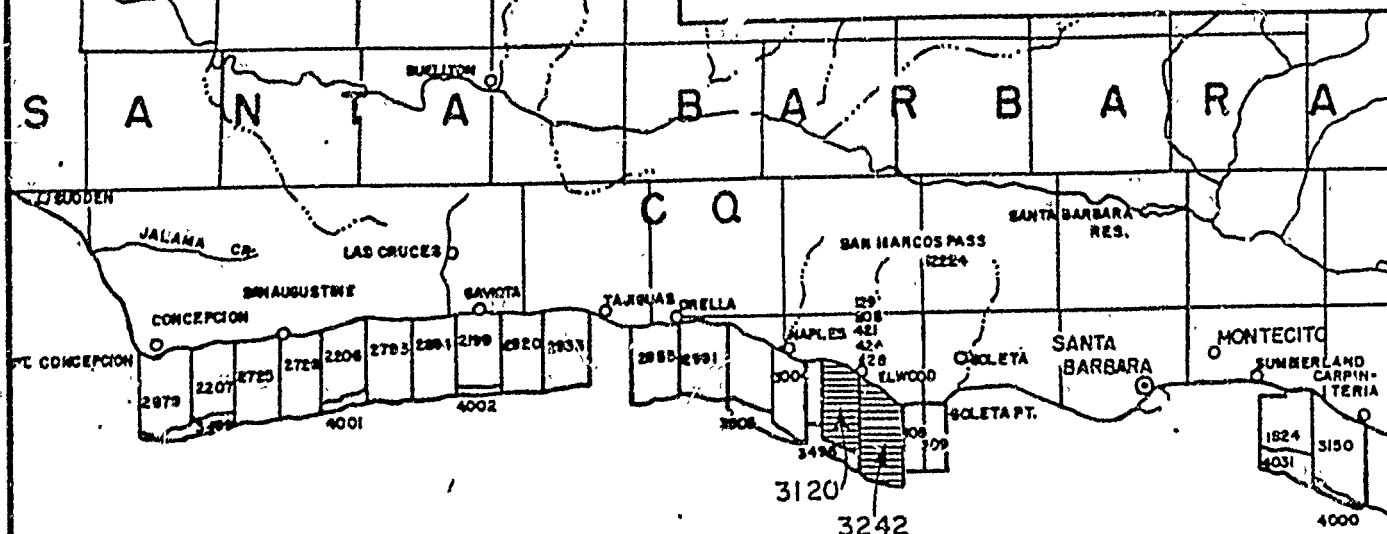
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EXHIBIT "A"
 LOCATION MAP
 STATE OIL & GAS LEASES
 PRC 3120 & PRC 3242

SANTA BARBARA COUNTY

OCT 1982

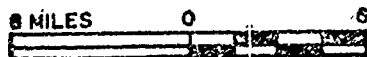
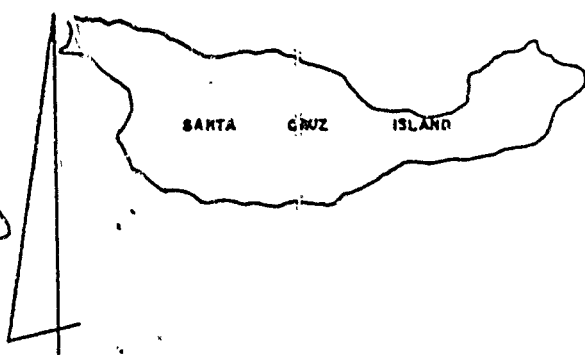
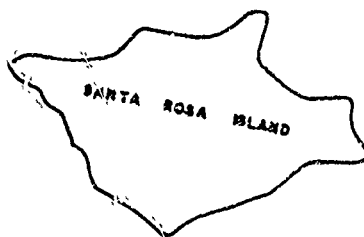
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EXHIBIT "B"

The significant specifications for the Royalty Oil Sales Contracts covering State Oil and Gas Leases PRC 3120 and PRC 3242 are as follows:

1. Amount

Royalty oil from Leases PRC 3120 and PRC 3242 will be sold under two separate contracts. Currently the production from these leases is 1,700 and 2,900 barrels per day respectively.

2. Price

The purchaser shall pay an amount per barrel equal to the Base Price plus the per barrel bid. The Base Price is the highest price posted for oil of like gravity and quality in the South Elwood Offshore Field on the day of delivery by a company purchasing or paying royalties on oil in that field at its posted price or at a price using as one of its components its posted price. If there is no such posting, then the Base Price shall be the market price generally prevailing in the nearest field and paid for oil of like gravity on the day of delivery as determined by the State. The Base Price shall not include any deduction for delivery, transportation or dehydration. 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 tenth of each degree of A.P.I. gravity shall be computed on actual prices paid to such tenth degree or, if none, computed by arithmetic interpolation.

3. Term

The term of the sales contracts will be from July 1, 1983 through June 30, 1984.

4. Surety

A bond or letter of credit in the amount of \$4,000,000 for lease PRC 3242 and \$2,500,000 for lease PRC 3120.