

MINUTE ITEM

This Calendar Item No. 31
was approved as Minute Item
No. 31 by the State Lands
Commission by a vote of 3
to 0 at its 10/27/82
meeting.

CALENDAR ITEM

31

10/28/82
W 9603.23
Tanner
PRC 6332

AWARD OF ROYALTY OIL SALES CONTRACT

On September 13, 1982, the Commission authorized the competitive bid sale of royalty oil produced from State Oil and Gas Leases PRC 186 and PRC 3095. Currently, the State is receiving payment for the oil from the lessees (Exxon Company, USA and Chevron USA, Inc., respectively). The State's share of royalty oil produced from State Leases PRC 186 and PRC 3095 is approximately 800 barrels per day with an average gravity of 22° API.

On September 14, 1982, the royalty oil from these leases was offered for sale effective May 1, 1983. Nine bids were received and opened on September 29, 1982 (See Exhibit "A"). Staff has reviewed these bids for compliance with applicable rules and regulations. The highest bidder is:

Sunland Refining Corporation
1017 North La Cienega Boulevard
Los Angeles, California 90069

Sunland has offered to pay in addition to the base price a bonus of \$1.037 per barrel for 12 months commencing May 1, 1983. The base price is defined as the highest price posted for oil of like gravity and quality in the Belmont Offshore Field. The transfer of oil from State Oil and Gas Leases PRC 186 and PRC 3095 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.
B. Location Map.

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| CALENDAR PAGE | 165 |
| MINUTE PAGE | 2007 |

CALENDAR ITEM NO. 31 (CONTD)

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN ENVIRONMENTAL DOCUMENT HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH A DOCUMENT IS NOT REQUIRED UNDER THE PROVISIONS OF 14 CAL. ADM. CODE 15060.
2. ACCEPT THE BID OF SUNLAND REFINING CORPORATION AND AUTHORIZE THE EXECUTION OF "ROYALTY OIL SALES CONTRACT, STATE OIL AND GAS LEASES PRC 186 AND PRC 3095, BELMONT OFFSHORE FIELD," ON FILE IN THE COMMISSION'S OFFICE, COMMENCING MAY 1, 1983 AND ENDING APRIL 30, 1984.
3. AUTHORIZE NOTIFICATION OF THE LESSEES OF STATE OIL AND GAS LEASES PRC 186 AND PRC 3095 THAT THE STATE IS EXERCISING ITS RIGHT TO TAKE IN KIND ITS ROYALTY OIL EFFECTIVE MAY 1, 1983.

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| CALENDAR PAGE | 166 |
| MINUTE PAGE | 2693 |

Ciua
September 29, 1982

EXHIBIT "A"

List of Bidders

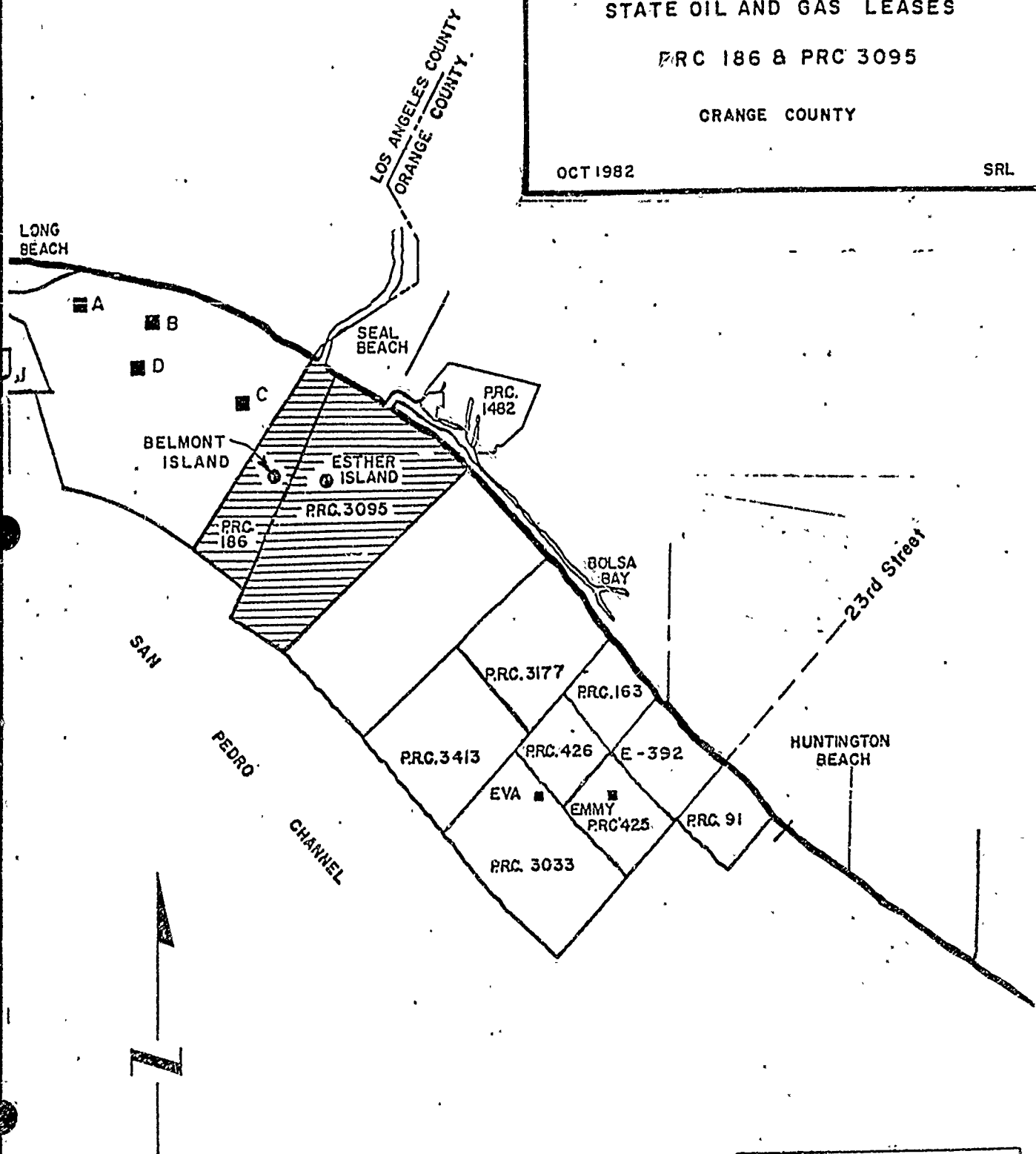
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| 1. Sunland Refining Corporation | \$1.037 |
| 2. Fletcher Oil and Refining Company | \$0.9730 |
| 3. Edgington Oil Company | \$0.8826 |
| 4. Crysen Trading & Marketing, Inc. | \$0.81 |
| 5. MacMillan Ring-Free Oil Company | \$0.50 |
| 6. Tosco Corporation | \$0.419 |
| 7. USA Petrochem Corporation | \$0.327 |
| 8. Marlex Oil and Refining, Inc. | \$0.301 |
| 9. Powerine Oil Company | \$0.255 |

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| CALENDAR PAGE | <u>157</u> |
| MINUTE PAGE | <u>2039</u> |

EXHIBIT "B"
 LOCATION MAP
 STATE LANDS COMMISSION
 STATE OIL AND GAS LEASES
 PRC 186 & PRC 3095
 ORANGE COUNTY

OCT 1982

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| CALENDAR PAGE | 168 |
| MINUTE PAGE | 2700 |