

MINUTE ITEM

This Calendar Item No. 19
Approved as Minute Item
No. 19 by the State Lands
Commission by a vote of 3
to 0 at its 12/16/82
meeting.

CALENDAR ITEM

19 1.

12/16/82
W 9603.25 PRC 6361
PRC 3242
Tanner

AWARD OF ROYALTY OIL SALES CONTRACT

On October 28, 1982, the Commission authorized the competitive bid sale of royalty oil produced from State Oil and Gas Lease PRC 3242. Currently the State is receiving payment for the oil from the lessees (Atlantic Richfield Company and Mobil Oil Corporation). The State's share of royalty oil produced from State Lease PRC 3242 is approximately 2900 barrels per day with an average gravity of 20.2° API.

On November 1, 1982, the royalty oil from this lease was offered for sale effective July 1, 1983. Two bids were received and opened on November 16, 1982 (see Exhibit "A"). Staff has reviewed these bids for compliance with applicable rules and regulations. The highest bidder is:

Fletcher Oil and Refining Company
P.O. Box 548
Wilmington, California 90748

Fletcher has offered to pay in addition to the base price bonus of \$0.996 per barrel for 12 months commencing July 1, 1983. The base price is defined as the highest price posted for oil of like gravity and quality in the South Elwood Offshore Field. The transfer of oil from State Oil and Gas Lease PRC 3242 will be accomplished utilizing existing pipeline marine terminal 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.

A 35

S 18

-1-

(Revised 12/15/82)

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CALENDAR ITEM NO. 19 (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 FLETCHER OIL AND REFINING COMPANY AND AUTHORIZE THE EXECUTION OF "ROYALTY OIL SALES CONTRACT STATE OIL AND GAS LEASE PRC 3242, SOUTH ELWOOD OFFSHORE FIELD", ON FILE IN THE COMMISSION'S OFFICE, COMMENCING JULY 1, 1983 AND ENDING JULY 1, 1984.
3. AUTHORIZE NOTIFICATION OF THE LESSEES OF STATE OIL AND GAS LEASE PRC 3242 THAT THE STATE IS EXERCISING ITS RIGHT TO TAKE IN KIND ITS ROYALTY OIL EFFECTIVE JULY 1, 1983.

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Civi
December 1, 1982

EXHIBIT "A"

List of Bidders

1. Fletcher Oil and Refining Company \$0.996
2. Martex Oil and Refining, Inc. \$0.7895

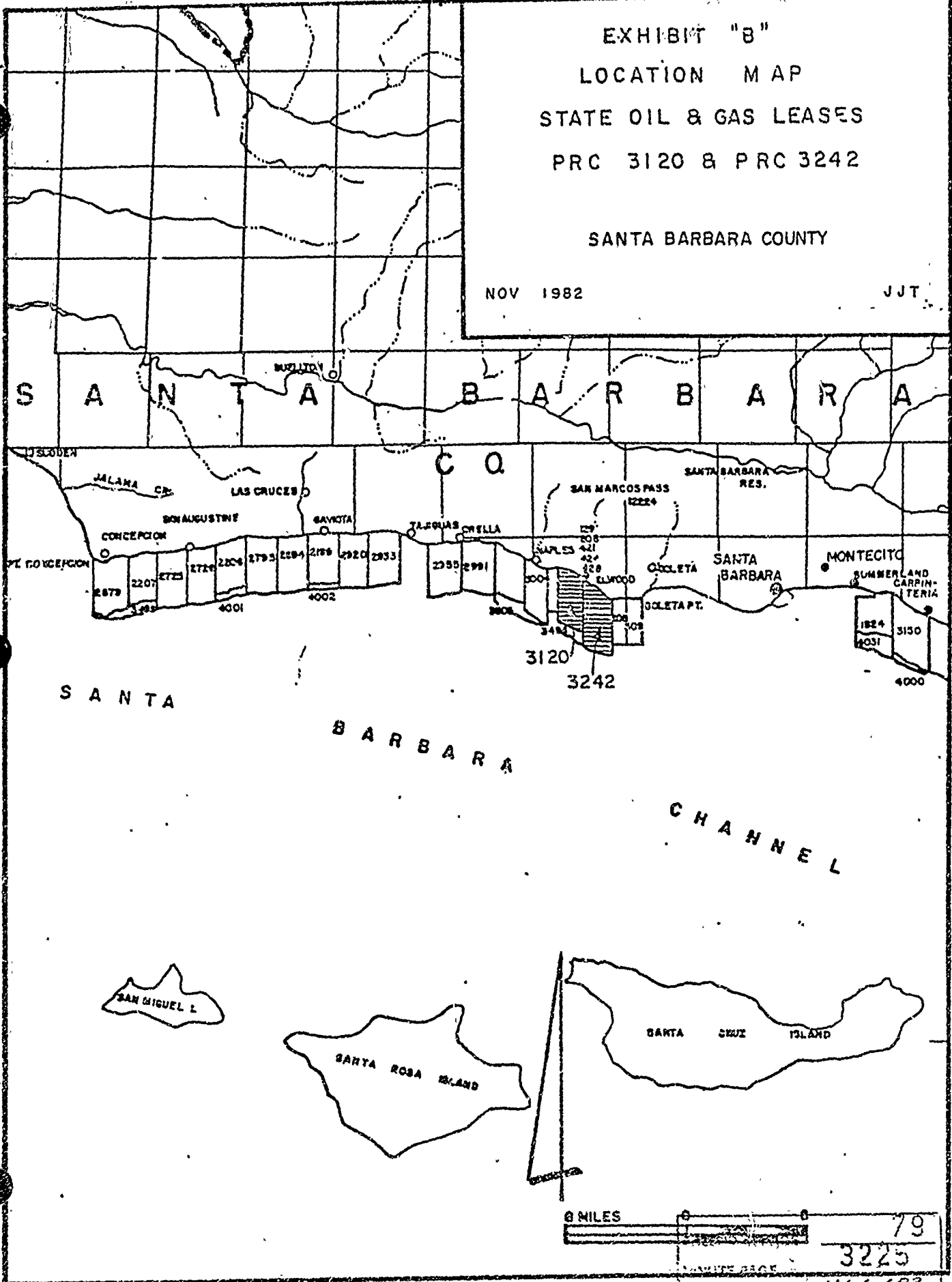
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EXHIBIT "B"
LOCATION MAP
STATE OIL & GAS LEASES
PRC 3120 & PRC 3242

SANTA BARBARA COUNTY

NOV 1982

JJT



8 MILES 79
3225
MAY 1982