

MINUTE ITEM

This Calendar Item No. 33
was approved as Minute Item
No. 33 by the State Lands
Commission by a vote of 3
to 0 at its 12/22/83
meeting.

CALENDAR ITEM

33 - 4

12/22/83
W 9603.34
Tanner
PRC -6535

AWARD OF ROYALTY OIL SALES
CONTRACT, STATE OIL AND GAS LEASES
PRC 145, PRC 410, PRC 427, PRC 429 and PRC 1466,
RINCON OIL FIELD, VENTURA COUNTY

On October 26, 1983 the Commission authorized the taking in kind and the competitive bid sale of royalty oil produced from State Oil and Gas Leases PRC 145, PRC 410, PRC 427, PRC 429 and PRC 1466. This is approximately 130 barrels per day of between 26° and 28° API gravity crude oil. The State is presently being paid in money for this oil by the Lessees: Energy Development of California, Inc., Norris Oil Company and Mobil Oil Corporation. Section 2 of State Oil and Gas Lease PRC 145 dated July 13, 1944; Section 2 of State Oil and Gas Lease PRC 410 dated April 17, 1949; Section 2 of State Oil and Gas Lease PRC 427 dated May 19, 1950; Section 2 of State Oil and Gas Lease PRC 429 dated April 21, 1951; and Section 3 of State Oil and Gas Lease PRC 1466 dated August 29, 1955, reserve to the State the right to take royalty oil in kind on demand.

On November 1, 1983 the Staff offered by competitive public bid the royalty production from State Oil and Gas Leases PRC 145, PRC 410, PRC 427, PRC 429 and PRC 1466. Bids were received and opened on November 16, 1983. 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 highest price posted for oil of like gravity and quality in the Rincon Oil Field on the day of delivery.

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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 identified on Exhibit "A". The contract, if awarded, will be for a term of eighteen months with delivery commencing on January 1, 1984. Delivery of the oil will be by exchange agreement without any change in the existing oil production and transportation facilities.

Pursuant to the Commission delegations of authority staff has determined that this activity is not a "project" as defined by CEQA and its implementing guidelines (P.R.C. 21080(A), 21065 and CAC 15378).

AB 884: N/A.

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

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTIVITY IS NOT A PROJECT AS DEFINED BY CEQA AND ITS IMPLEMENTING GUIDELINES.
2. ACCEPT THE BID OF THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" AND AUTHORIZE THE EXECUTIVE OFFICER TO NOTIFY THE LESSEES THAT THE COMMISSION INTENDS TO TAKE ITS ROYALTY OIL IN KIND, AND TO EXECUTE THE ROYALTY OIL SALES CONTRACT FOR THE OIL ROYALTY FROM STATE OIL AND GAS LEASES PRC 145, PRC 410, PRC 427, PRC 429 AND PRC 1466.

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EXHIBIT "A"

ROYALTY OIL SALE BID OPENING
STATE OIL AND GAS LEASES
PRC 145, PRC 410, PRC 427,
PRC 429 AND PRC 1466
10:00 A.M. NOVEMBER 16, 1983

<u>Bidder</u>	<u>Bonus Bid (Per Barrel, Above Base Price)</u>
Fletcher Oil & Refining Co.	\$2.26
Gasco Gasoline, Inc.	\$1.57
Powerine Oil Co.	\$1.39
Cal-Jet, Inc.	\$1.38
MacMillan Ring-Free Oil Co.	\$1.371
Tosco Corporation	\$1.37
Golden West Refining Co.	\$1.359
Shell Oil Co.	\$1.13
USA Petroleum Co.	\$1.116
Edgington Oil Co.	\$0.729
Beacon Oil Co.	\$0.567
Kern Oil & Refining Co.	\$0.50

The highest responsible bidder is Fletcher Oil & Refining Company.

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