

MINUTE ITEM

This Calendar Item No. 34
was approved as Minute Item
No. 34 by the State Lands
Commission by a vote of 3
to 0 at its 12/22/83
meeting.

CALENDAR ITEM

34 - 1

12/22/83
W 9603.35
Tanner
PRC 6536

AWARD OF ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASES PRC 3033
AND PRC 3413, HUNTINGTON BEACH FIELD,
ORANGE 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 3033 and PRC 3413. The State's royalty share of crude oil produced from these leases is approximately 630 barrels per day of 20° API gravity. The State is presently receiving its royalty in money from the Lessee. Under Section 3 of State Oil and Gas Leases PRC 3033 and PRC 3413, the State has the right to take royalty oil in kind upon one hundred and eighty days written notice to the lessee.

On November 1, 1983 the Staff offered by competitive public bid the royalty production from State Oil and Gas Leases PRC 3033 and PRC 3413. 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 essentially the highest price posted for oil of like gravity and quality in the Huntington Beach Field on the day of delivery.

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 July 1, 1984. Delivery of the oil will be by exchange agreement without any change in the existing oil production and transportation facilities.

A 58

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CALENDAR PAGE	171
MINUTE PAGE	2859

CALENDAR ITEM NO. 34 (CONTD)

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 (21065 P.R.C.; 14 CAL. ADM. CODE 15378).
2. ACCEPT THE BID OF THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" AND AUTHORIZE THE EXECUTIVE OFFICER TO NOTIFY THE LESSEE THAT THE COMMISSION INTENDS TO TAKE ITS ROYALTY OIL IN KIND AND TO EXECUTE THE ROYALTY OIL SALES CONTRACT FOR THE ROYALTY OIL FROM STATE OIL AND GAS LEASES PRC 3033 AND PRC 3413.

172
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EXHIBIT "A"

ROYALTY OIL SALE BID OPENING
STATE OIL AND GAS LEASES
PRC 3033 AND PRC 3413
11:00 A.M., NOVEMBER 16, 1983

BIDDER

BONUS BID
(PER BARREL, ABOVE BASE PRICE)

Edgington Oil Co.	\$2.572
MacMillan Ring Free Oil Co.	\$2.036
Marlex Oil & Refining Co.	\$2.01
Tosco Corporation	\$1.57
Powerine Oil Co.	\$1.525
Fletcher Oil & Refining Co.	\$1.48
Champlin Petroleum Co.	\$1.378
Golden West Refining Co.	\$1.359
Pacific Refining Co.	\$1.209
USA Petroleum Co.	\$1.017
Beacon Oil Co.	\$0.567
Kern Oil & Refining Co.	\$0.50

The highest responsible bidder is Edgington Oil Company.

Revised 12/21/83.

