

MINUTE ITEM

Calendar Item No. 1
was approved as Minute Item
by the State Lands
Commission by a vote of 2
0 at its 3/30/84
meeting.

MINUTE ITEM

3/30/84
P 6480
Willard

1.
CONSIDERATION OF ASSIGNMENT
OF ROYALTY OIL SALES CONTRACT
FROM POWERINE OIL COMPANY
HUNTINGTON BEACH, ORANGE COUNTY

During consideration of Calendar Item 1, attached, Commission-Alternate Walter Harvey made a statement regarding the financial status of Powerine Oil Company. The attorney representing Powerine in their bankruptcy filing is Herbert Young, General Counsel, 12354 Lakeland Road, Santa Fe Springs, California 90670.

Commission-Alternate Harvey's statement regarded various activities Powerine had before other State boards and commissions of which Chairman Cory is a member.

Upon motion made by Commission-Alternate Harvey and moved by Acting Chairman Nancy Ordway, Calendar Item 1 was approved as presented by a vote of 2-0.

Commission-Alternate Susan Wallace was present, representing Leo T. McCarthy, Lieutenant Governor, as a non-voting member.

CALENDAR PAGE

MINUTE PAGE

692

CALENDAR ITEM

01

3/30/84
P 6480
Willard

ASSIGNMENT OF ROYALTY OIL SALES CONTRACT
STATE OIL AND GAS LEASE PRC 426,
HUNTINGTON BEACH FIELD, ORANGE COUNTY

ASSIGNOR (Purchaser):

Powerine Oil Company
12354 Lakeland Road
Santa Fe Springs, California 90670

ASSIGNEE:

Edgington Oil Company, Inc.
2400 E. Artesia Boulevard
Long Beach, California 90805

SUMMARY:

Issuance of Royalty Oil Sales Contract PRC 6480 to Powerine Oil Company for a term of 18 months commencing November 1, 1983, was authorized by the Commission on August 25, 1983. The contract was based on competitive public bid (6 bidders) with 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 Huntington Beach Field on the day of the delivery. Powerine was the highest responsible bidder with a bid of \$2.121.

Powerine has submitted a non-conditional assignment and assumption of contract form effective April 1, 1984, and has requested State Lands Commission approval.

PREREQUISITE ITEMS:

- A. Assignment forms have been executed by assignor and assignee and are on file in the Long Beach Office of the Commission.
- B. Assignee is eligible to hold a State Royalty Oil Sales Contract.

CALENDAR PAGE	01
MINUTE PAGE	693

CALENDAR ITEM 01 (CONT'D)

- C. Performance bond (\$1.6 million) will be submitted before effective date of assignment.

STATUTORY AND OTHER REFERENCES:

- A. Section 10 of the sales contract.
- B. P.R.C. Section 6801.
- C. 2 Cal. Adm. Code 2163.
- D. 14 Cal. Adm. Code 15061 and 15378.

OTHER PERTINENT INFORMATION:

This activity is exempt from CEQA because it is not considered to be a project pursuant to 14 Cal. Adm. Code 15378.

884:

N/A.

RECOMMENDED THAT THE COMMISSION:

FIND THAT THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY 21065 P.R.C. AND 14 CAL. ADM. CODE 15378.

CONSENT TO THE ASSIGNMENT OF ALL OF THE ASSIGNOR'S (POWERINE OIL COMPANY) INTEREST IN ROYALTY OIL SALES CONTRACT STATE OIL AND GAS LEASE PRC 426, HUNTINGTON BEACH FIELD TO THE ASSIGNEE (EDGINGTON OIL COMPANY, INC.), EFFECTIVE APRIL 1, 1984, WITH THE ASSIGNEE TO BE BOUND BY THE TERMS AND CONDITIONS OF THE CONTRACT TO THE SAME ENTENT AS THE ORIGINAL PURCHASER UNDER THE CONTRACT, PROVIDED THAT NOTHING IN THE ASSIGNMENT OR IN THE STATE'S CONSENT TO IT ABROGATES THE RESPONSIBILITY OF POWERINE TO PAY FOR ROYALTY OIL DELIVERED TO POWERINE PRIOR TO APRIL 1, 1984, AND THE OBLIGATIONS OF THE SURETY TO GUARANTEE SUCH PAYMENT.