

MINUTE BOOK

This Order No. 34
was approved by the State Lands
Commission by a vote of 2
to 0 at its 2/25/85
meeting.

CALENDAR ITEM

A 57, 58

34

02/28/85
W 9603.36
PRC 3455
Tanner

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AWARD OF ROYALTY OIL SALES CONTRACT,
TRACT 2, LONG BEACH UNIT,
WILMINGTON OIL FIELD,
LOS ANGELES COUNTY

On November 29, 1984 the Commission authorized the competitive bid sale of royalty oil produced from Tract 2, Long Beach Unit, Wilmington Oil Field. The royalty oil is currently being purchased by GASCO Gasoline, Inc. under a contract which will expire on May 1, 1985. The State's share of royalty oil produced from Tract 2 is approximately 355 barrels per day of 17.5° API gravity crude oil.

On January 14, 1985 the staff offered by competitive public bid the royalty production from Tract 2. 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 like crude oil in the Wilmington, Long Beach (Signal Hill), Huntington Beach and Inglewood oil fields among the postings of Chevron, USA, Inc., Mobil Oil Corporation, Union Oil Company of California, ARCO Petroleum Products Company and Texaco, Inc. 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, which is identified on Exhibit "A". The contract, if awarded, will be for a term of 18 months, with delivery commencing on May 1, 1985. Delivery of the oil will be by exchange agreement without any change in the existing oil production and transportation facilities.

AB 884: N/A.

(Revised 02/21/85)

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OTHER PERTINENT INFORMATION:

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

EXHIBIT: A. List of bidders, including highest responsible bidder.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. ACCEPT THE BID OF THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" AND AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE THE ROYALTY CRUDE OIL SALES CONTRACT FOR THE OIL ALLOCATED TO TRACT 2, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY.

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EXHIBIT "A"

BID OPENING
TRACT NO. 2, LONG BEACH UNIT,
JANUARY 14, 1985, 11:00 AM

<u>Bidder</u>	<u>Bonus Bid (Per Barrel Above Posted Price)</u>
1. Crysen Trading & Marketing, Inc.	\$1.01
2. Huntway Refining Company	\$0.83
3. Anchor Refining Company	\$0.69
4. Pilot Petroleum Corporation	\$0.642
5. U.S. Oil and Refining Company	\$0.517
6. Beacon Oil Company	\$0.40
7. Newhall Refining Company	\$0.377
8. Edgington Oil Company	\$0.351

The highest responsible bidder is Crysen Trading and Marketing, Inc.