

MINUTE ITEM
This Calendar Item No. C20
was approved as Minute Item
No. 20 by the State Lands
Commission by a vote of 3
to 0 at its 10-21-87
meeting.

CALENDAR ITEM

A 35
S 16

C20

10/21/87
PRC 7021
PRC 7026
Tanner

REQUEST FOR APPROVAL OF ASSIGNMENT OF
STATE ROYALTY OIL SALES CONTRACTS,
SANTA BARBARA COUNTY.

ASSIGNOR:

Huntway Refining Company
(A California Limited Partnership)
c/o H. Enterprises, Inc.
Its General Partner
Attn.: Mr. Robert G. Hunt
16600 Sherman Way, Suite 200
P. O. Box 9086
Van Nuys, California 91406

ASSIGNEE:

Huntway Refining Company
(A Delaware Limited Partnership)
Attn.: Juan Forster,
President and Chief Executive Officer
P. O. Box 1257
Wilmington, California 90748

BACKGROUND:

At its meeting on October 23, 1986, the State Lands Commission awarded the Royalty Oil Sales Contract for State Oil and Gas Lease PRC 3120, South Ellwood Offshore Field, Santa Barbara County, to Huntway Refining Company for a period from April 1, 1987 to October 1, 1988. Huntway Refining Company was the highest responsible bidder for the competitively bid contract, offering to pay the State a bonus of \$0.285 per barrel above the Base Price. The Base Price is defined as the highest price posted for oil of like gravity and quality on the day of delivery in the Ellwood Oil Field and South Ellwood Offshore Field among the postings of Chevron USA, Inc. and Mobil Oil Corporation. The State's share of production from this lease is approximately 26,000 barrels per month of 21.0° API gravity crude oil.

CALENDAR ITEM NO. C 20 (CONT'D)

At its meeting on November 20, 1986, the State Lands Commission awarded the Royalty Oil Sales Contract for State Oil and Gas Lease PRC 3242, South Ellwood Offshore Field, Santa Barbara County to Huntway Refining Company for a period from June 1, 1987 to December 1, 1988. Huntway Refining Company was the highest responsible bidder for the competitively bid contract, offering to pay the State a bonus of \$0.22 per barrel above the Base Price. The Base Price definition is the same as in the other Royalty Oil Sales Contract. The State's share of production from this lease is approximately 44,000 barrels per month of 21.00 API gravity crude oil.

PERTINENT INFORMATION:

On August 25, 1987, staff received a letter from Mr. Juan Forster of Huntway Refining Company advising that effective September 1, 1987, Huntway Refining Company, a California limited partnership, is being dissolved and superseded by Huntway Refining Company, a new Delaware limited partnership. Huntway will submit, as necessary, riders for the insurance certificates and letters of credit required by both Royalty Oil Sales Contracts. It also has completed assignment forms as requested by staff counsel under Section 10 of the Royalty Oil Sales Contracts.

Staff recommends that the Commission approve the assignment of these contracts on the conditions that the assignor shall not be released from any obligations arising before the effective date of the assignment and that the assignee shall be bound by the terms of the contract to the same extent as the assignor, any conditions in the assignment agreement to the contrary notwithstanding.

STATUTORY AND OTHER REFERENCES:

1. 14 Cal. Adm. Code Section 6815.1.
2. Section 10 of the Royalty Oil Sales Contracts.

AB 854:

N/A.

CALENDAR ITEM NO. C 20 (CONT'D)

OTHER PERTINENT INFORMATION:

1. 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.

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 THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. APPROVE THE ASSIGNMENT OF STATE ROYALTY OIL SALES CONTRACTS PRC 7021, AND PRC 7026, SOUTH ELLWOOD OFFSHORE FIELD, SANTA BARBARA COUNTY, FROM HUNTWAY REFINING COMPANY, A CALIFORNIA LIMITED PARTNERSHIP, TO HUNTWAY REFINING COMPANY, A DELAWARE LIMITED PARTNERSHIP, ON THE CONDITIONS THAT THE ASSIGNOR SHALL NOT BE RELEASED FROM ANY OBLIGATIONS ARISING BEFORE THE EFFECTIVE DATE OF THE ASSIGNMENT AND THAT THE ASSIGNEE SHALL BE BOUND BY THE TERMS OF THE CONTRACT TO THE SAME EXTENT AS THE ASSIGNOR, ANY CONDITIONS IN THE ASSIGNMENT AGREEMENT TO THE CONTRARY NOTWITHSTANDING.