

MINUTE ITEM

This Calendar Item No. 41
was approved as Minute Item
No. 41 by the State Lands
Commission by a vote of 2
to 1 at its 4-13-88
meeting.

CALENDAR ITEM

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AWARD OF THE ROYALTY OIL SALES CONTRACT, STATE
OIL AND GAS LEASE PRC 3242, SOUTH ELLWOOD OFFSHORE FIELD,
SANTA BARBARA COUNTY

On January 21, 1988, the State Lands Commission authorized the sale of royalty crude oil from State Oil and Gas Lease PRC 3242, South Ellwood Offshore Field.

Huntway Refining Company is the present purchaser of the State's share of crude oil production from this lease paying a bonus of \$0.22 per barrel above a base price defined as the highest price posted for oil of like quality on the day of delivery in the South Ellwood Offshore Field by Mobil Oil Corporation. The State's share of production from this lease is approximately 50,000 barrels per month of 21° API gravity crude oil. The present royalty contract is scheduled to terminate on December 1, 1988. This lease has a notice period of 180 days.

A Notice Inviting Bids was published in the Santa Barbara News-Press on February 5, 1988 and sent to all known interested parties. One bid was received and opened on February 25, 1988 offering a bonus bid of \$0.253.

Fiscal and legal reviews of the submitted bid material were done by the SLC Auditing and Legal Units respectively. Based on the results of these reviews, Huntway Refining Company, the only bidder, was determined to be a responsible bidder.

Staff recommends the awarding of 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 the period beginning on December 1, 1988 and ending on June 1, 1990.

OTHER PERTINENT INFORMATION:

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines

CALENDAR ITEM NO. 41 (CONT'D)

(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).

AB 884:

N/A.

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. AWARD THE ROYALTY OIL SALES CONTRACT, STATE OIL AND GAS LEASE PRC 3242, SOUTH ELLWOOD OFFSHORE FIELD, SANTA BARBARA COUNTY, TO HUNTWAY REFINING COMPANY, THE HIGHEST AND ONLY BIDDER FOR THE PERIOD BEGINNING DECEMBER 1, 1988 AND ENDING ON JUNE 1, 1990.