

MINUTE ITEM  
This Calendar Item No. 34  
was approved as Minute Item  
No. 34 by the State Lands  
Commission by a vote of 3  
0 at its 9/27/89  
Meeting.

CALENDAR ITEM

A 35

34

09/27/89  
W 9603.72 PRC 7349  
Willard

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APPROVAL OF THE AWARD OF THE  
ROYALTY OIL SALES CONTRACT, STATE  
OIL AND GAS LEASE PRC 3120, SOUTH  
ELLWOOD OFFSHORE FIELD, SANTA BARBARA COUNTY

BACKGROUND

On June 28, 1989, the State Lands Commission authorized the sale of royalty crude oil from several State oil and gas leases in Santa Barbara County including State Oil and Gas Lease PRC 3120, South Ellwood Offshore Field, Santa Barbara County.

Huntway Refining Company is presently purchasing the State's share of crude oil from this lease and is paying the State a bonus of \$0.2750 per barrel above a Base Price defined as the highest price posted for oil of like gravity and 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 570 barrels per day of 21.30 API gravity crude oil. The present sales contract began on October 1, 1989 and is scheduled to expire on April 1, 1990. Royalty oil from this lease may be taken in kind or returned to the lessee on 180 days notice.

A Notice Inviting Bids for a new royalty oil sales contract to run from April 1, 1990 to October 1, 1991 was published in the Santa Barbara News-Press on August 16, 1989. Bids were received and opened on August 31, 1989. Huntway Refining Company was the only bidder, offering \$0.346 per barrel above the Base Price.

Commissioner of the State Lands Commission  
3000 California Street, Sacramento, CA 95833  
Telephone: (916) 227-3300  
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Date: 11/15/90

CALENDAR ITEM NO. 34 (CONT'D)

STAFF RECOMMENDATIONS

Fiscal and legal reviews of the submitted bid material were completed by the SLC auditing and legal units respectively. Huntway Refining Company was determined to be the highest responsible bidder and has been identified as such in Exhibit "A".

Staff recommends awarding the new royalty oil sales contract for the period April 1, 1990 until October 1, 1991 for State Oil and Gas Lease PRC 3120, South Ellwood Offshore Field, Santa Barbara County to the highest responsible bidder identified in Exhibit "A".

AB 884: N/A.

OTHER PERTINENT INFORMATION:

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from requirements of the California Environmental Quality Act (CEQA) because it is not a "project" as defined by CEQA and the State CEQA Guidelines (Authority: P.R.C. 21056 and 14 Cal. Code Regs. 15378).

EXHIBIT: A. Results of Bid Opening.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21056 AND 14 CAL. CODE REGS. 15378.
2. AWARD THE ROYALTY OIL SALES CONTRACT FOR THE PERIOD APRIL 1, 1990 UNTIL OCTOBER 1, 1991 ON STATE OIL AND GAS LEASE PRC 3120, SOUTH ELLWOOD OFFSHORE FIELD, SANTA BARBARA COUNTY TO HUNTWAY REFINING COMPANY, THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED IN EXHIBIT "A".

W 9603.72  
Tanner

EXHIBIT "A"

BID OPENING  
STATE OIL AND GAS LEASE PRC 3120,  
OFFSHORE FIELD, SANTA BARBARA COUNTY

August 31, 1989

11:00 A.M.

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per Barrel, Above Base Price)</u>
1. Huntway Refining Co.	\$0.346

The highest responsible bidder is Huntway Refining Company.

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