

MINUTE ITEM
This Calendar Item No. 22
was approved as Minute Item
No. 22 by the State Lands
Commission by a vote of 2
to 0 at its 3-2-88
meeting.

CALENDAR ITEM

A 35

22

03/02/88
W 9603:64 PRC 7173
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AWARD OF THE ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASE PRC 3120,
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 3120, South Ellwood Offshore Field, Santa Barbara County.

Huntway Refining Company is the present purchaser of the State's share of crude oil from this lease paying the State a bonus of \$0.285 per barrel above a base price which is defined as the highest price posted for oil of like gravity and quality in the South Ellwood Offshore Field on the day of delivery by Mobil Oil Corporation. The State's share of production from this lease is approximately 36,000 barrels per month of 21.00 API gravity crude oil. The present royalty oil sales contract began on April 1, 1987 and is scheduled to terminate on October 1, 1988.

A Notice Inviting Bids was published in The Santa Barbara News-Press on February 3, 1988, and sent to all known interested parties. Bids were received and opened on February 23, 1988. Exhibit "A" shows the results of the bidding.

Fiscal and legal reviews of the submitted bid material were done by the State Lands Commission Auditing and Legal Units respectively. Based on the results of those reviews, the highest responsible bidder has been identified on Exhibit "A". Staff recommends the awarding of the Royalty Oil Sales Contract for State Oil and Gas Lease PRC 3120, South Ellwood Offshore Field, Santa Barbara County to the highest responsible bidder identified on Exhibit "A" for the period beginning October 1, 1988 until April 1, 1990.

AB 884: N/A.

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 the activity 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. Results of Bid Opening.

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. AWARD THE ROYALTY OIL SALES CONTRACT FOR STATE OIL AND GAS LEASE PRC 3120, SOUTH ELLWOOD OFFSHORE FIELD, SANTA BARBARA COUNTY TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" FOR THE PERIOD OCTOBER 1, 1988 UNTIL APRIL 1, 1990.

W 9603.64

EXHIBIT "A"

ROYALTY OIL SALES CONTRACT BID OPENING
STATE OIL AND GAS LEASE PRC 3120,
SOUTH ELLWOOD OFFSHORE FIELD,
SANTA BARBARA COUNTY

February 23, 1988

11:00 A.M.

| <u>Bidder</u> | <u>Bonus Bid Per Barrels, Above Base Price</u> |
|-----------------------------|--|
| 1. Huntway Refining Company | \$0.275 |

The highest responsible bidder is Huntway Refining Company.

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