

MINUTE ITEM

This Calendar Item No. 28  
was approved as Minute Item  
No. 28 by the State Lands  
Commission by a vote of 2  
to 0 at its 3/6/91  
meeting.

CALENDAR ITEM

A 35  
S 18

28

03/06/91  
W 9603.82 PRC 7514  
Tanner

APPROVE AWARD OF THE ROYALTY OIL SALES CONTRACT FOR  
STATE OIL AND GAS LEASES PRC 208 AND PRC 3120  
ELLWOOD OIL FIELD AND SOUTH ELLWOOD OFFSHORE FIELD  
SANTA BARBARA COUNTY

APPLICANT:

Huntway Refining Company  
Attn: Juan Foster, President  
1651 Alameda Street  
Wilmington, California 90744

BACKGROUND:

At its meeting on August 22, 1990, the State Lands Commission authorized the sale of royalty oil from State oil and gas leases PRC 208 and PRC 3120, Ellwood Oil Field and South Ellwood Offshore Field, Santa Barbara County. The State's share of production from these leases is approximately 4,900 barrels per month of 34.8° API gravity crude oil for State oil and gas lease PRC 208 and approximately 20,000 barrels per month of 21.4° API gravity crude oil for State oil and gas lease PRC 3120.

Presently, the State is not taking in kind its share of crude oil produced from State oil and gas lease PRC 208. The State is selling its share of crude oil produced from State oil and gas lease PRC 3120 to Huntway Refining Company. Huntway is paying the State a bonus of \$0.3460 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. This contract is scheduled to expire on October 1, 1991. The oil from State oil and gas lease PRC 208 can be taken in kind on demand; however, the oil from State oil and gas lease PRC 3120 requires 180 days prior written notice. Staff has combined both leases into one contract for this sale.

A Notice Inviting Bids for the new Royalty Oil Sales Contract to run from October 1, 1991 until October 1, 1992 was published in the Santa Barbara News-Press on February 5, 1991 and also sent to all known interested parties. The bid opening was scheduled for February 20, 1991. Exhibit "A" shows the results of the bidding.

**STAFF RECOMMENDATIONS:**

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 these reviews, the highest responsible bidder has been identified and is designated in Exhibit "A".

Staff recommends awarding the new Royalty Oil Sales Contract for State oil and gas leases PRC 208 and PRC 3120, Santa Barbara County to the highest responsible bidder designated in Exhibit "A" for the period October 1, 1991 until October 1, 1992.

**OTHER PERTINENT INFORMATION:**

1. 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 the 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.

AB 884:  
N/A

**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 STATE OIL AND GAS LEASES PRC 208 AND PRC 3120, ELLWOOD OIL FIELD AND SOUTH ELLWOOD OFFSHORE FIELD, SANTA BARBARA COUNTY, FOR THE PERIOD FROM OCTOBER 1, 1991 UNTIL OCTOBER 1, 1992 TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A".

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EXHIBIT "A"

BID OPENING  
ROYALTY OIL SALES CONTRACT  
STATE OIL AND GAS LEASE PRC 208 AND PRC 3120  
ELLWOOD OIL FIELD AND SOUTH ELLWOOD OFFSHORE FIELD  
SANTA BARBARA COUNTY  
February 20, 1991, 11:00 A.M.

<u>Bidder</u> <u>Above Base Price</u>	<u>Bonus Bid</u> <u>Per Barrel.</u>
1. Huntway Refining Company	\$0.251
2.	
3.	
4.	

The highest responsible bidder is Huntway Refining Company.

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