MEETING

STATE OF CALIFORNIA

STATE LANDS COMMISSION

ROOM 2170

STATE CAPITOL

SACRAMENTO, CALIFORNIA

ORIGINANL

THURSDAY, AUGUST 28, 1980

9:32 A.M.

Frances Ann Peterson
C.S.R. License No. 4379
MEMBERS PRESENT

John Jervis, Acting Chairperson,
Representing the State Controller

David Ackerman, Representing Mike Curb,
Lieutenant Governor

Susanne Morgan, Representing Mary Ann
Graves, Director of Finance

STAFF

William F. Northrop, Executive Officer

Robert Hight, Chief Counsel

Diane Jones, Secretary to the Commission
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Call to Order by Acting Chairperson Jervis 1

Agenda Item 1

Approve the awarding of the crude oil sales contract to MacMillan Ring Free Oil Company for the taking of the uncontrolled portion of the 8% increment of the crude oil from the Long Beach Harbor Department TidelandsParcel, City of Long Beach, Wilmington Oil Field, Los Angeles County.

Adjournment 4

Certificate of Shorthand Reporter 5
PROCEEDINGS

ACTING CHAIRPERSON JERVIS: All right. Meeting of the State Lands Commission will come to order and will show that the following are present: Susanne Morgan, representing the Director of Finance; John Jervis, representing the State Controller; and Dave Ackerman, representing Mike Curb.

We have a single order of business here --

MR. HIGHT: Mr. Chairman, may I interject for one second?

ACTING CHAIRPERSON JERVIS: Oh, yes.

MR. HIGHT: Mr. Ackerman will be sitting in a non-voting capacity for the Lieutenant Governor, for the record.

ACTING CHAIRPERSON JERVIS: All right.

Could we hear from Mr. Northrop now.

EXECUTIVE OFFICER NORTHROP: Mr. Chairman, we have before us this morning one item. It's to approve a crude oil sales contract of MacMillan Ring Free for the taking of the uncontrolled portion of the eight percent increment of the crude oil from the Long Beach Harbor Department Tidelands Parcel, City of Long Beach, Wilmington Oil Field, Los Angeles County.

There were six bids on this parcel ranging from a
high of 37.1 cents per barrel to a low of 1.7 cents per barrel. The Long Beach City Council as trustee has reviewed and last Tuesday approved the awarding of this contract subject to the approval of the State Lands Commission.

So at this time, Mr. Chairman and Members, the staff recommends the awarding of this contract.

COMMISSIONER MORGAN: Everything is in order?

EXECUTIVE OFFICER NORTHROP: Yes.

ACTING CHAIRPERSON JERVIS: The 37 cents is a much lower amount --

EXECUTIVE OFFICER NORTHROP: Yes. We formerly had a bid of six dollars a barrel on this oil -- and it was for three six-month increments -- from Pacific Refining. Pacific Refining, at the timely point in their contract, exercised their right to return the oil to us, and we're taking it back. And we must reassign this oil before September the 1st, or the oil is without a buyer.

ACTING CHAIRPERSON JERVIS: So in the last six months the market for our oil has dropped considerably. What's the cost of that?

EXECUTIVE OFFICER NORTHROP: There has been a worldwide glut of crude oil. And, of course, the six months' contract, Mr. Chairman, was bid about six months prior to chat. So there was a one-year time factor, and the market conditions changed markedly in that 12-month period,
approximate 12-month period.

ACTING CHAIRPERSON JERVIS: Any questions?

COMMISSIONER MORGAN: No questions. Move approval.

COMMISSIONER ACKERMAN: What is the actual price that they are going to pay for the oil?

EXECUTIVE OFFICER NORTHROP: Price will be the posted price, which is in the order of magnitude of twenty-five dollars and forty to sixty cents, depending on -- it fluctuates with posting and with the gravity itself. So the order of magnitude is 25.50 plus or minus a couple percent depending on what the gravity is.

COMMISSIONER ACKERMAN: And the way this bid works is they agree to pay this amount over whatever --

EXECUTIVE OFFICER NORTHROP: Whatever the posted price is, the average posted price is for the crude, that's what they agreed to pay.

COMMISSIONER ACKERMAN: Okay.

ACTING CHAIRPERSON JERVIS: Okay. Further questions?

COMMISSIONER MORGAN: I move approval.

ACTING CHAIRPERSON JERVIS: It's been moved.

Second.

Without objection, we will show that we have approved the contract.
EXECUTIVE OFFICER NORTHERN: Thank you very kindly, Mr. Chairman.

ACTING CHAIRPERSON JERVIS: Now, do we have any further business?

EXECUTIVE OFFICER NORTHERN: Unless somebody in the audience has something to bring forward, Mr. Chairman.

(Laughter.)

ACTING CHAIRPERSON JERVIS: Is there someone in the audience who wishes to speak further?

(Laughter.)

ACTING CHAIRPERSON JERVIS: If not, the meeting of the Lands Commission will stand adjourned.

(Therupon the meeting before the State Lands Commission was adjourned at 9:35 a.m.)

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CERTIFICATE OF SHORTHAND REPORTER

I, FRANCES ANN PETERSON, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing State Lands Commission Meeting was reported in shorthand by me, Frances Ann Peterson, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of September, 1980.

FRANCES ANN PETERSON
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