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MEETING
STATE OF CALIFORNIA
STATE LANDS COMMISSION

ROOM 2170
STATE CAPITOL
SACRAMENTO, CALIFORNIA

ORIGINAL

THURSDAY, AUGUST 28, 1980
9:32 A.M.

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

MEMBERS PRESENT

1
2 John Jervis, Acting Chairperson,
Representing the State Controller

3
4 David Ackerman, Representing Mike Gurb,
Lieutenant Governor

5
6 Susanne Morgan, Representing Mary Ann
Graves, Director of Finance

7
8 STAFF

9 William F. Northrop, Executive Officer

10 Robert Hight, Chief Counsel

11 Diano Jones, Secretary to the Commission
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I N D E X

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3 Call to Order by Acting Chairperson Jervis	1
4 Agenda Item 1	
5 Approve the awarding of the crude	1
6 oil sales contract to MacMillan	
7 Ring Free Oil Company for the	
8 taking of the uncontrolled portion	
9 of the 8% increment of the crude	
10 oil from the Long Beach Harbor	
11 Department Tideland's Parcel, City	
12 of Long Beach, Wilmington Oil Field,	
13 Los Angeles County.	
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15 Adjournment	4
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17 Certificate of Shorthand Reporter	5
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P R O C E E D I N G S

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

9 We have a single order of business here --

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

12 ACTING CHAIRPERSON JERVIS: Oh, yes.

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

16 ACTING CHAIRPERSON JERVIS: All right.

17 Could we hear from Mr. Northrop now.

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

25 There were six bids on this parcel ranging from a

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1 high of 37.1 cents per barrel to a low of 1.7 cents per
2 barrel. The Long Beach City Council as trustee has reviewed
3 and last Tuesday approved the awarding of this contract
4 subject to the approval of the State Lands Commission.

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

7 COMMISSIONER MORGAN: Everything is in order?

8 EXECUTIVE OFFICER NORTHROP: Yes.

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

11 EXECUTIVE OFFICER NORTHROP: Yes. We formerly had
12 a bid of six dollars a barrel on this oil -- and it was for
13 three six-month increments -- from Pacific Refining. Pacific
14 Refining, at the timely point in their contract, exercised
15 their right to return the oil to us, and we're taking it
16 back. And we must reassign this oil before September the
17 1st, or the oil is without a buyer.

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

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

1 approximate 12-month period.

2 ACTING CHAIRPERSON JERVIS: Any questions?

3 COMMISSIONER MORGAN: No questions. Move
4 approval.

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

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

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

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

18 COMMISSIONER ACKERMAN: Okay.

19 ACTING CHAIRPERSON JERVIS: Okay. Further
20 questions?

21 COMMISSIONER MORGAN: I move approval.

22 ACTING CHAIRPERSON JERVIS: It's been moved.

23 Second.

24 Without objection, we will show that we have
25 approved the contract.

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EXECUTIVE OFFICER NORTHROP: Thank you very kindly, Mr. Chairman.

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

EXECUTIVE OFFICER NORTHROP: 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.

(Thereupon 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
FRANCES ANN PETERSON
Certified Shorthand Reporter
License No. 4379