

MINUTE ITEM

11/29/73
CPP

24. SALE OF ROYALTY OIL FROM STATE OIL AND GAS LEASES PRC 145.1, PRC 410.1, PRC 427.1, PRC 429.1, AND PRC 1466.1, RINCON FIELD, VENTURA COUNTY - W 9603, W 9662, W 9663, W 9664, W 9665, W 9666, W 9667, W 9676, PRC 145.1, PRC 410.1, PRC 427.1, PRC 429.1, PRC 1466.1.

After consideration of Supplemental Calendar Item 22 attached, and upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. DETERMINES THAT AN ENVIRONMENTAL IMPACT REPORT HAS NOT BEEN PREPARED FOR THIS PROJECT BUT THAT A NEGATIVE DECLARATION HAS BEEN PREPARED BY THE DIVISION.
2. CONSIDERS AND ADOPTS NEGATIVE DECLARATION EIR NO. 129.
3. DETERMINES THAT THE PROJECT WILL HAVE NO SIGNIFICANT EFFECT ON THE ENVIRONMENT.
4. AUTHORIZES THE EXECUTIVE OFFICER TO OFFER FOR SALE IN 100% INCREMENTS BY COMPETITIVE PUBLIC BID ROYALTY OIL FROM STATE OIL AND GAS LEASES PRC 145.1, PRC 410.1, PRC 427.1, PRC 429.1 AND PRC 1466.1; ADOPT THE BID FORMS, NOTICE INVITING BIDS, BID PROPOSALS, AND THE SALES CONTRACTS ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF.

Attachment:

Supplemental Calendar Item 22 (2 pages)

SUPPLEMENTAL
CALENDAR ITEM

11/73
CPP
W 9603

22.

PROPOSED SALE OF ROYALTY OIL FROM STATE OIL AND GAS LEASES
PRC 145.1, PRC 410.1, PRC 427.1, PRC 429.1, AND PRC 1466.1
RINCON FIELD, VENTURA COUNTY

At its meeting of March 29, 1973, the State Lands Commission authorized the Executive Officer to hold public hearings, relative to the sale of royalty oil from State Oil and Gas Leases pursuant to the provisions of Division 6 of the Public Resources Code, as a basis for future recommendation to the Commission regarding:

1. Feasibility of offering royalty oil for sale;
2. Amount of oil to be offered for sale; and
3. Proposed rules and regulations covering the procedure for sale of royalty oil.

In accordance with the Commission's authorization, a hearing was held on April 24, 1973, at 10:00 a.m. in Room 115, State Building, 217 West First Street, Los Angeles, California. Prior to the hearing, members of the public and of the oil industry, including all known independent and major refiners, were notified of the hearing and invited to attend and express their views regarding the sale of royalty oil.

Based on letters submitted to the Division, testimony presented at the hearing and staff evaluation, the following pertinent facts are presented for the Commission's information and consideration:

1. It is in the best interests of the State to offer royalty oil for sale by competitive bid.
2. The initial sales of royalty oil should use a bid factor specified in dollars per barrel over and above the base price (the base price, i.e., the average price posted for like oil in the specific field or in the nearest field, will fluctuate with the posted field price schedules or prices paid in such fields).
3. Initial sales contracts should be offered for terms of 3 to 5 years.
4. Initially the bonding requirement should be equivalent to the value of 60 days of royalty oil (approximate amount of oil delivered to purchaser in advance of settlement), provided that the Commission may in its discretion accept alternate security (such as cash deposit, letter of credit or similar security) in a form and amount determined to be adequate.

SUPPLEMENTAL
CALENDAR ITEM NO. 22 (CONTD)

On July 26, 1973 (Minute Item 14, page 583), the Commission authorized the offering of State royalty oil for sale from certain Huntington Beach and Seal Beach offshore leases. Bids were received on August 23, September 26, and September 28, 1973.

It is now proposed to offer the royalty oil from State Leases PRC 145.1, PRC 410.1, PRC 427.1, PRC 429.1, and PRC 1466.1 in the Rincon Field as a single contract. The combined royalty oil from the leases is approximately 450 barrels per day (based on May 1973 production). The leases provide that the State shall be paid its royalty oil in kind on demand. The bid deposit will be \$10,000 and the bond will be \$100,000. The bid contract will be issued for a term of three years.

Pursuant to the California Environmental Quality Act (CEQA) and the subsequent guidelines prepared for implementation of CEQA, Negative Declaration EIR No. 129 has been prepared and circulated to various federal, State and local agencies having jurisdiction and expertise. No adverse comments were received. This negative declaration is on file in the office of the Commission, available for public review and by reference made a part hereof. The declaration concludes that the proposed sales will not have a significant detrimental effect on the environment.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN ENVIRONMENTAL IMPACT REPORT HAS NOT BEEN PREPARED FOR THIS PROJECT BUT THAT A NEGATIVE DECLARATION HAS BEEN PREPARED BY THE DIVISION.
2. CONSIDER AND ADOPT NEGATIVE DECLARATION EIR NO. 129.
3. DETERMINE THAT THE PROJECT WILL HAVE NO SIGNIFICANT EFFECT ON THE ENVIRONMENT.
4. AUTHORIZE THE EXECUTIVE OFFICER TO OFFER FOR SALE IN 100% INCREMENTS BY COMPETITIVE PUBLIC BID ROYALTY OIL FROM STATE OIL AND GAS LEASES PRC 145.1, PRC 410.1, PRC 427.1, PRC 429.1 AND PRC 1466.1; ADOPT THE BID FORMS, NOTICE INVITING BIDS, BID PROPOSALS, AND THE SALES CONTRACTS ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION AND BY REFERENCE MADE A PART HEREOF.