MINUTE ITEM

This Calendar Item No. 23 was approved as Minute Item No. 23 by the State Lands Commission by a vote of 3 to 0 at its 6-27-79 meeting.

CALENDAR ITEM

23.

6/79
PRC 5618.1
Kuehn

EXTENSION OF ROYALTY OIL SALES CONTRACT

Basin Petroleum, Inc., "Purchaser" under Royalty Oil Sales Contract PRC 5618.1 of royalty oil from State Agreement for Easement No. 392.1, Huntington Beach Field, Orange County, has requested a six-month extension of said contract.

Royalty Oil Sales Contract PRC 5618.1 was entered into February 1, 1979, for a six-month period through August 1, 1979. Section "2" of the contract provides that upon approval by the State the contract may be extended for up to five (5) additional separate and consecutive six-month periods upon receipt by the State of written notice by Purchaser of its election to extend. Such notice must be received by the State at least ninety (90) days prior to the end of the current term.

On April 27, 1979, Basin Petroleum, Inc., gave the State written notice of their desire to extend the contract through February 1, 1980.

The contract provides for the payment of the maximum price permitted by law for all oil subject to federal price controls, and the base price as defined in the contract for all oil not subject to price controls. The contract defines the base price on the highest price posted in the Huntington Beach Field on the day of delivery by a company purchasing in that field at its posted price, or at a price using as one of it components its posted price, at least 300 barrels per day of oil of like gravity and quality.

This project is situated on State land identified as possessing significant environmental values pursuant to P.R.C. 6370.1 and is classified in a use category Class C, which authorizes Multiple Use. Staff review indicates that there will be no significant effect upon the identified environmental values. This is an existing facility for which no adverse comments have been received.

The proposed royalty oil contract extension is exempt from CEQA under Cal. Adm. Code 2907, Class 1, and State EIR guidlines Section 15105, Class 1, which categorically exempts existing facilities wherein there will be no expansion

of the use of such facility. The disposition of crude oil sold pursuant to this contract is being accomplished by exchange agreement without any physical change in the existing oil-production and transport facilities.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN EIR HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH REPORT IS NOT REQURIED UNDER THE PROVISIONS OF P.R.C. 21085, 14 CAL. ADM. CODE 15100 ET SEQ., AND 2 CAL. ADM. CODE 2907.

2. FIND THAT EXTENSION OF THE ROYALTY OIL SALES CONTRACT WILL HAVE NO SIGNIFICANT EFFECT UPON ENVIRONMENTAL CHARACTERISTICS IDENTIFIED PURSUANT TO P.R.C. 6370.1.

3. AUTHORIZE THE EXECUTIVE OFFICER TO EXTEND ROYALTY OIL SALES CONTRACT PRC 5618.1 UNDER ITS SAME TERMS AND CONDITIONS FOR A PERIOD OF SIX-MONTHS FROM AUGUST 1, 1979 TO FEBRUARY 1, 1980.