

MINUTE ITEM

This Calendar Item No. 02
was approved as Minute Item
No. 02 by the State Lands
Commission by a vote of 2
to 0 at its 9/13/82
meeting.

CALENDAR ITEM

02

9/13/82
W 9603.23
Tanner

PROPOSED SALE OF ROYALTY CRUDE OIL
FROM STATE OIL AND GAS LEASES
PRC 186 AND PRC 3095, ORANGE COUNTY

On June 24, 1981, U.S.A. Petrochem Corporation was awarded a Royalty Oil Sales Contract for royalty oil produced from State Oil and Gas Leases PRC 186 and PRC 3095, Belmont Offshore Field, Orange County. The contract commenced on January 1, 1982, and will expire on January 1, 1983, with no provision for extension.

On May 4, 1982, the royalty oil from these leases was offered for sale effective January 1, 1983. Only one bid was received in the amount of \$0.026 per barrel above the Base Price from U.S.A. Petrochem Corporation. This bid was rejected by the Commission on May 27, 1982.

Based on recent bids received by the Commission, it is believed that the market has improved and it is proposed to re-offer the royalty oil from these leases. A minimum bonus bid of \$0.25 per barrel above the Base Price is recommended.

Because the disposition of crude oil sold pursuant to this contract will be accomplished by exchange agreement without any physical change in the existing oil production and transport facilities, this transaction does not constitute a project and is therefore exempt from the requirements of CEQA and implementing regulations.

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CALENDAR ITEM NO. 02 (CONTD)

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT CEQA IS NOT APPLICABLE TO THIS ACTION AS IT IS NOT A PROJECT WHICH MAY HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT, AS DEFINED IN THE CALIFORNIA ENVIRONMENTAL QUALITY ACT AND ITS IMPLEMENTING GUIDELINES, (PRC 21080, CAC 15050).

2. AUTHORIZE THE EXECUTIVE OFFICER TO OFFER FOR SALE, BY COMPETITIVE BID, THE ROYALTY OIL PRODUCED FROM STATE OIL AND GAS LEASES PRC 186 AND PRC 3095, BELMONT OFFSHORE FIELD, ORANGE COUNTY, WITH A MINIMUM ACCEPTABLE BID OF \$0.25 ABOVE THE BID PRICE.