

MINUTE ITEM

This Calendar Item No. 24
was approved as Minute Item
No. 24 by the State Lands
Commission by a vote of 3
to 0 at its 4/25/85
meeting.

CALENDAR ITEM

A. 58

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AWARD OF ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASE PRC 426,
HUNTINGTON BEACH FIELD,
ORANGE COUNTY

On February 28, 1985 the Commission authorized the competitive bid sale of royalty oil produced from State Oil and Gas Lease PRC 426, Huntington Beach Field, Orange County. The royalty oil is currently being purchased by Edgington Oil Company under a contract which will expire on May 1, 1985. The State's share of royalty oil produced from State Oil and Gas Lease PRC 426 is approximately 765 barrels per day of 26° API gravity crude oil.

On March 18, 1985 the staff offered by competitive public bid the royalty production from State Oil and Gas Lease PRC 426. Attached as Exhibit "A" is a list of the bidders and their bonus bids in dollars per barrel above the base price. The base price is the highest price posted (among the postings of Chevron, Union, Mobil and Texaco) for like crude oil in the Huntington Beach Field on the day of delivery.

The Commission staff has reviewed the financial ability of the bidders to fulfill the obligations of the contract and their physical ability to take the oil, and has determined the highest responsible bidder, which is identified on Exhibit "A". The contract, if awarded, will be for a term of 22 months, with delivery commencing on May 1, 1985. Delivery of the oil will be by exchange agreement without any change in the existing oil production and transportation facilities.

OTHER PERTINENT INFORMATION:

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from

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the requirements of the California Environmental Quality Act (CEQA) because it is not a "project" as defined by CEQA and The State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

EXHIBIT: A. List of bidders, including highest responsible bidder.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. ACCEPT THE BID OF THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" AND AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE THE ROYALTY OIL SALES CONTRACT FOR THE OIL PRODUCED FROM STATE OIL AND GAS LEASE P.R.C. 426, HUNTINGTON BEACH FIELD, ORANGE COUNTY.

EXHIBIT "A"

BID OPENING
STATE OIL AND GAS LEASE PRC 426,
HUNTINGTON BEACH FIELD,
MARCH 18, 1985, 11:30 A.M.

Bidder

Bonus Bid
(Per Barrel
Above Posted price)

1. Cal-Jet, Inc.	\$0.671
2. Edgington Oil Company	\$0.624
3. Anchor Refining Company	\$0.57
4. Champlin Petroleum Company	\$0.48

The highest responsible bidder is Cal-Jet, Inc.