

MINUTE ITEM

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by: [Signature]

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CALENDAR ITEM

29

05/23/85
W 9603.39
PRC 6497
Tanner

AWARD OF ROYALTY OIL SALES CONTRACT
STATE OIL AND GAS LEASES
PRC 425, PRC 91 NU AND PRC 91 MZU
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 Leases PRC 425, PRC 91 NU, and PRC 91 MZU, Huntington Beach Field. The royalty oil for PRC 425 is currently being purchased by Edgington Oil Company under a contract which will expire June 1, 1985. The State is being paid in money for royalty oil produced from PRC 91 NU and PRC 91 MZU. The State's share of royalty oil produced from these leases is approximately 880 barrels per day of between 180 and 260 API gravity crude oil.

On April 11, 1985, the staff offered by competitive public bid the royalty production from these leases. The successful bidder will be the responsible bidder making the highest per barrel bonus bid over the base price. 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 for like crude oil in the Huntington Beach Field on the day of delivery among the postings of Chevron, U.S.A., Inc., Mobil Oil Corporation, Union Oil Company of California and Texaco, Inc.

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 20 months, with delivery commencing on June 1, 1985. Delivery of the oil will be by exchange agreement without any change in the existing oil production and transportation facilities.

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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 the requirements of the 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 ROYALTY OIL PRODUCED FROM STATE OIL AND GAS LEASES PRC 425, PRC 91 NU. and PRC 91 MZU, HUNTINGTON BEACH FIELD, ORANGE COUNTY.

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EXHIBIT "A"

BID OPENING
STATE OIL AND GAS LEASES
PRC 425, PRC 91 NU, AND PRC 91 MZU,
HUNTINGTON BEACH FIELD,
March 20, 1985, 11:00 A.M.

<u>Bidder</u>	<u>Bonus Bid (Per Barrel Above Posted Price)</u>
1. Edgington Oil Company	\$0.795
2. Champlin Petroleum Company	\$0.777
3. Anchor Refining Company	\$0.76
4. Cal-Jet, Inc.	\$0.356

The highest responsible bidder is Edgington Oil Company.

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