

The Commission was approved as Minute Item No. 28 by the State Lands Commission by a vote of 2 to 0 at its 9/26/85 meeting.

CALENDAR ITEM

A 58

28

09/26/85
W 9603.45 PRC 6897
Tanner

S 37

AWARD OF ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASE PRC 186,
BELMONT OFFSHORE FIELD, ORANGE COUNTY

On August 29, 1985 the State Lands Commission authorized the Competitive Bid Sale of royalty oil produced from State Oil and Gas Lease PRC 186, Belmont Offshore Field, Orange County. The royalty oil is currently being purchased by Edgington Oil Company under a contract which will expire on November 1, 1985. Edgington Oil Company is paying the State a bonus of \$1.8610 per barrel above the Base Price. The State's share of royalty oil produced from this lease is approximately 300 barrels per day of 190 API gravity crude oil.

On September 16, 1985 the Staff offered by competitive public bid the royalty production from this lease. 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 over the base price. The base price is the highest price posted for like crude oil in the Belmont Offshore 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 that the contract, if awarded, should be awarded to ~~the~~ Edgington Company who has offered to pay the State a bonus of \$0.00 per barrel above the base price. The contract, if awarded, will be for a term of 18 months with delivery commencing on November 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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CALENDAR ITEM NO. 28 (CONT'D)

OTHER PERTINENT INFORMATION:

1. 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.

AB 884

N/A.

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 ANCHOR REFINING COMPANY FOR \$0.39 PER BARREL ABOVE THE BASE PRICE AS THE HIGHEST RESPONSIBLE BIDDER AND AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE THE ROYALTY OIL SALES CONTRACT FOR THE ROYALTY OIL PRODUCED FROM STATE OIL AND GAS LEASE PRC 186, BELMONT OFFSHORE FIELD, ORANGE COUNTY.

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EXHIBIT "A"

W 9603.45

Bid Opening, State Oil and Gas Lease PRC 186,
Belmont Offshore Field, Orange County
September 16, 1985 11:00 A.M.

<u>Bidder</u>	<u>(Per Barrel, Bonus Bid Above Posted Price)</u>
1. Anchor Refining Company	\$0.39
2. Edgington Oil Company	\$0.05
3. MacMillan Ring Free Oil Company	\$0.00

The highest responsible bidder is Anchor Refining Company.

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