MINUTE ITEM
This Calendar Item No. 27
was approved as Minute Item
No. 27 by the State Lands
Commission by a vote of 3
to 0 at its 1/22/87
meeting.

CALENDAR ITEM

27

A 58

S 37

01/22/87
W 9603.51 PRC 7040
Tanner

AWARD OF THE ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASES PRC 3033 AND PRC 3413,
HUNTINGTON BEACH FIELD, ORANGE COUNTY

On November 20, 1986 the Commission authorized the competitive bid sale of royalty oil produced from State oil and gas Leases PRC 3033 and PRC 3413, Huntington Beach Field, Orange County. The royalty oil is presently being purchased by Champlin Petroleum Company under a contract which will expire on July 1, 1987.

Champlin Petroleum Company is paying the State under this contract a bonus of $0.733 per barrel above a base price essentially equivalent to the highest price posted in the Huntington Beach Field. The State's share of production from these leases is approximately 13,000 barrels per month of 20.8° API gravity crude oil.

On December 5, 1986 the staff offered by competitive public bidding the royalty production from State oil and gas Leases PRC 3033 and PRC 3413. No bids were received at the bid opening. The staff obtained a 30-day reduction of the 180-day notice requirement from the lessee and on December 23, 1986, the State Lands Commission directed staff to reoffer the royalty oil produced from these leases.

A Notice Inviting Bids was published in the Orange County Register and sent to all known interested parties. The bid opening was held on January 9, 1987. Results of the bidding are shown on Exhibit "A", on which the highest responsible bidder is identified.

Staff has reviewed the bids submitted, and recommends the awarding of the Royalty Oil Sales Contract for the royalty crude oil produced from State oil and gas Leases PRC 3033 and

(ADDED 01/14/87)

PRC 3413, Huntington Beach Field, Orange County, to the highest responsible bidder identified on Exhibit "A".

AB 884: N/A.

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 the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

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

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 THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

2. AWARD THE ROYALTY OIL SALES CONTRACT FOR STATE OIL AND GAS LEASES PRC 3033 AND PRC 3413, HUNTINGTON BEACH FIELD, ORANGE COUNTY TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" FOR THE PERIOD JULY 1, 1987 UNTIL JULY 1, 1988.

(ADDED 01/14/87)

W 9603.51

EXHIBIT "A"

ROYALTY OIL SALES CONTRACT BID OPENING
STATE OIL AND GAS LEASES PRC 3033
AND PRC 3413, HUNTINGTON BEACH FIELD, ORANGE COUNTY

January 9, 1987 11:00 A.M.

Bidder	Bonus Bid (Per Barrel, Above Base Price)
1. Caljet, Inc.	$ 0.295

The highest responsible bidder is Caljet, Inc.