

MINUTE ITEM

This Calendar Item No. 42
was approved as Minute Item
No. 128 by the State Lands
Commission by a vote of 3
to 0 at its 3/26/87
meeting.

CALENDAR ITEM

- 42

A 58

S 37

03/26/87
W 9603.47 PRC 7034
Tanner

AWARD OF THE ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASE E-392,
HUNTINGTON BEACH FIELD, ORANGE COUNTY

On January 22, 1987 the State Lands Commission authorized the sale of royalty crude oil from six State oil and gas Leases in the Huntington Beach and Belmont Offshore Fields, Orange County. State Oil and Gas Lease E-392, was one of the leases for which the Commission authorized the sale of royalty oil. The royalty oil contract for this lease expired on October 1, 1986. Edgington Oil Company was purchasing this oil and paying the State a bonus per barrel of \$0.724 above a Base Price equal to the highest price posted for like oil in the Huntington Beach Field. The State's share of production from this lease is approximately 19,000 barrels per month of 19° API gravity crude oil.

A Notice Inviting Bids was published in the Orange County Register on February 23, 1987 and sent to all known interested parties. Bids were received and opened on March 9, 1987. Exhibit "A" shows the result of the bidding.

Fiscal and Legal reviews of the submitted bid material were done by the State Lands Commission Auditing and Legal Units respectively. Based on the results of the reviews, the highest responsible bidder has been identified on Exhibit "A". Staff recommends the awarding of the Royalty Oil Sales Contract for State Oil and Gas Lease E-392, Huntington Beach Field, Orange County to the highest responsible bidder identified on Exhibit "A" for the period beginning May 1, 1987 until November 1, 1987.

AB 884: N/A.

(PAGES 128-128.2)
(ADDED 03/18/87)

-1-

CALENDAR PAGE	128
MINUTE PAGE	1034

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.

EXHIBIT: A. Results of Bid Opening.

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 LEASE E-392, HUNTINGTON BEACH FIELD, ORANGE COUNTY TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" FOR THE PERIOD MAY 1, 1987 UNTIL NOVEMBER 1, 1987.

(ADDED 03/18/87)

-2-

CALENDAR PAGE	128.1
MINUTE PAGE	1035

EXHIBIT "A"

03/26/87
W 9603.47
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ROYALTY OIL SALES CONTACT BID OPENING,
STATE OIL AND GAS LEASE E-392,
HUNTINGTON BEACH FIELD, ORANGE COUNTY

March 9, 1987 11:00 A.M.

Bidder	Bonus Bid (Per Barrel, Above Base Price)
1. Caljet, Unc.	\$0.2895
2. Edgington Oil Co.	\$0.254
3. Texaco Refining & Marketing Inc.	\$0.55
4. Newhall Refining Co., Inc.	\$0.31

The highest responsible bidder is Texaco Refining & Marketing,
Inc.