

MINUTE ITEM

This Calendar Item No. 23  
was approved as Minute Item  
No. 33 by the State Lands  
Commission by a vote of 2  
to 0 at its 4/23/87  
meeting.

CALENDAR ITEM

A 58

33

04/23/87  
W 9603.55  
Tanner

S 37

REOFFER OF THE ROYALTY OIL SALES CONTRACT,  
STATE OIL AND GAS LEASE PRC 186,  
BELMONT OFFSHORE 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 PRC 186 was one of the leases for which the Commission authorized the sale of royalty crude oil.

Anchor Refining Company, the holder of the present royalty sales contract, is paying the State a bonus of \$0.39 per barrel above the Base Price. The Base Price is defined as the highest price posted for oil of like gravity and quality in the Belmont Offshore Field on the day of delivery. The new contract re-defines the Base Price as the highest price posted for oil of like gravity and quality on the day of delivery in the Belmont and Huntington Beach Offshore Fields among the postings of Chevron USA, Inc., Mobil Oil Corporation and Union Oil Company of California. The State's share of production from this lease is approximately 245 barrels per day of 19.6° API gravity crude oil.

A Notice Inviting Bids was published in the Orange County Register on March 26, 1987 and sent to all known interested parties. Bids were to be received and opened on April 10, 1987. No bids were received. The lack of interest in bidding is believed to be the result of recent price fluctuation and the general instability in the crude oil market place.

AR 884: N/A.

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CALENDAR ITEM NO. 33 (CONT'D)

IT IS RECOMMENDED THAT THE COMMISSION:

1. DIRECT STAFF TO REVIEW THE CRUDE OIL MARKET OVER THE NEXT SIX MONTHS AND UPON DETERMINATION THAT CONDITIONS HAVE IMPROVED REOFFER ROYALTY OIL PRODUCED UNDER STATE OIL AND GAS LEASE PRC 186, BELMONT OFFSHORE FIELD, ORANGE COUNTY. THE RESULTS OF THE BID SALE WILL BE RETURNED TO THE COMMISSION FOR CONSIDERATION.