

MINUTE ITEM

This Calendar Item No. 31  
was approved as Minute Item  
No. 31 by the State Lands  
Commission by a vote of 3  
to 0 at its 10-21-87  
meeting.

CALENDAR ITEM

A 57

31

10/21/87

S 37

W 9603.59 PRC 7135  
Tanner

AWARD OF THE ROYALTY OIL SALES CONTRACT,  
STATE OIL AND GAS LEASE, PRC 426,  
HUNTINGTON BEACH FIELD, ORANGE COUNTY

On August 20, 1987, the State Lands Commission authorized the sale of royalty crude oil from several State oil and gas leases, including State Oil and Gas Lease PRC 426, Huntington Beach Field, Orange County.

Alton Corporation is presently purchasing the State's share of royalty crude oil from State Oil and Gas Lease PRC 426. Alton pays the State a bonus of \$0.511 per barrel above a base price defined as the highest price posted for oil of like gravity and quality in the Huntington Beach Field on the day of delivery among the postings of Chevron USA, Inc., Mobil Oil Corporation and Union Oil Company of California. The State's share of crude oil produced from this lease is approximately 17,000 barrels per month of 20.80 API gravity crude oil. The present Royalty Oil Sales Contract is for a term of six months, having begun on May 1, 1987 and terminating on November 1, 1987. Royalty oil from the lease may be taken in kind or returned to the lessee "on demand".

A Notice Inviting Bids for a new Royalty Sales Contract to run from November 1, 1987 to May 1, 1989 was published in the Orange County Register on August 25, 1987 and sent to all known interested parties. Bids were received and opened on September 9, 1987. Texaco Refining and Marketing, Inc., was the high bidder with a bonus offer of \$0.71 per barrel. Exhibit "A" shows the results of the bidding.

Fiscal and legal reviews of the submitted bid material were done by SLC Auditing Unit and Legal Unit respectively. Based on the results of these reviews, the highest responsible bidder is identified on Exhibit "A".

CALENDAR ITEM NO. 31 (CONT'D)

Staff recommends awarding new the Royalty Oil Sales Contract for State Oil and Gas Lease PRC 426 to the highest responsible bidder identified on Exhibit "A".

AB 884: N/A.

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 California Environmental Quality Act (CEQA) because it is not a "project" as defined by CEQA and the State CEQA Guidelines (Authority: PRC 21056 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 REQUIREMENT OF THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (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. AWARD THE ROYALTY OIL SALES CONTRACT FOR STATE OIL AND GAS LEASE PRC 426, HUNTINGTON BEACH FIELD, ORANGE COUNTY, TO TEXACO REFINING AND MARKETING, INC., FOR THE PERIOD NOVEMBER 1, 1987 TO MAY 1, 1989.

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EXHIBIT "A"

ROYALTY OIL SALES CONTRACT BID OPENING  
STATE OIL AND GAS LEASE PRC 426,  
HUNTINGTON BEACH FIELD, ORANGE COUNTY

11:00 a.m.

September 9, 1987

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per Barrel, Above Base Price)</u>
1. Newhall Refining Co.	\$0.414
2. Texaco Refining & Marketing, Inc.	\$0.71
3. Caljet, Inc.	\$0.575
4. Golden West Refining Co.	\$0.619

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

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