

MINUTE ITEM
This Calendar Item No. 32
was approved as Minute Item
No. 32 by the State Lands
Commission by a vote of 3
to 0 at its 1-21-88
meeting.

CALENDAR ITEM

A 58

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01/21/88
W 9603.61 PRC 7159
Tanner

S 37

AWARD OF ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASES PRC 3033 AND PRC 3413,
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 Leases PRC 3033 and PRC 3413, Huntington Beach Field, Orange County.

Caljet Inc. is the present purchaser of the State's share of crude oil from these leases, paying the State a bonus per barrel of \$0.295 above a base price defined as the highest price posted in the Huntington Beach Field on the day of delivery for oil of like gravity and quality among the postings of Chevron USA, Inc., Mobil Oil Corporation and Union Oil Company of California. The State's share of production from these leases is approximately 12,500 barrels per month of 200 API gravity crude oil. The present contract began on July 1, 1987 and will terminate on July 1, 1988. The leases require the State to give its lessees 180 days notice of a decision to take royalty oil in kind or return to the lessees royalty oil presently being taken in kind.

A Notice Inviting Bids for a new Royalty Oil Sales Contract was published in the Orange County Register on November 16, 1987 and sent to all known interested parties. The new contract is to run from July 1, 1988 to January 1, 1990 and provides the same base price as the previous contract. Bids were received and opened on December 7, 1987. Exhibit "A" shows the results of the bidding.

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

(CALENDAR ITEM NO. 32 CONT'D)

Staff recommends awarding the Royalty Oil Sales Contract for State Oil and Gas Leases PRC 3033 and PRC 3413, Huntington Beach, Orange County, to the highest responsible bidder identified on Exhibit "A" for the period from July 1, 1988 to January 1, 1990.

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 CEQA because it is not a "project" as defined by the 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 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, STATE OIL AND GAS LEASES PRC 3033 AND PRC 3413, HUNTINGTON BEACH FIELD, ORANGE COUNTY, TO TEXACO REFINING AND MARKETING, INC. IDENTIFIED ON EXHIBIT "A" FOR THE PERIOD FROM JULY 1, 1988 TO JANUARY 1, 1990.

EXHIBIT "A"

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

December 7, 1987

11:00 A.M.

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per Barrel, Above Base Price)</u>
1. Texaco Refining & Marketing, Inc.	\$0.56
2. Golden West	\$0.457
3.	
4.	
5.	

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