

MINUTE ITEM
This Calendar Item No. 22
was approved as Minute Item
No. 22 by the State Lands
Commission by a vote of 3
to 0 at its 3/23/89
meeting.

CALENDAR ITEM

A 58, 59

22

S 37

03/23/89
W 9603.69 PRC 7289
Tanner

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

On February 6, 1989, the State Lands Commission authorized the sale of royalty crude oil from several State oil and gas leases, including State Oil and Gas Lease E-392, Huntington Beach Field, Orange County

Golden West Refining Company is presently purchasing the State's share of crude oil from this lease. Golden West is paying the State a bonus of \$0.699 per barrel above a base price defined as the highest price posted for oil of like quality and gravity in the Huntington Beach Field on the day of delivery among the postings of Chevron U.S.A., Inc., Mobil Oil Corporation and Union Oil Company of California. The State's share of production from this lease is approximately 13,000 barrels per month of 20.00 API gravity crude oil. The present royalty oil sales contract is for a term of 18 months, from November 1, 1987 to May 1, 1989. Royalty oil from this lease may be taken in kind or returned to the lessee on 30 days notice.

A Notice Inviting Bids for a new Royalty Oil Sales Contract to run from May 1, 1989 until November 1, 1990 was published in the Orange County Register on February 16, 1989 and was sent to all known interested parties. Bids were received and opened on March 3, 1989. 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 the results of these reviews, the highest responsible bidder has been identified on Exhibit "A".

Staff recommends awarding the new 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".

AB 884: N/A.

OTHER PERTINENT INFORMATION:

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 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: P.R.C. 21056 and 14 Cal. Code Regs. 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 CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 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 FROM MAY 1, 1989 UNTIL NOVEMBER 1, 1990.

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Exhibit "A"

ROYALTY OIL SALES CONTRACT BID OPENING
STATE OIL AND GAS LEASE E-392,
HUNTINGTON BEACH FIELD, ORANGE COUNTY

March 3, 1989

11:00 a.m.

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per Barrel, Above Base Price)</u>
1. Golden West Refining Company	0.7591

The highest responsible bidder is Golden West Refining Company.

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