MINUTE ITEM
This Calendar Item No. 29
was approved as Minute Item
No. 29 by the State Lands
Commission by a vote of 2
0 at its 12/12/1989
meeting.

CALENDAR ITEM

A 35

S 18

29

12/12/89
W 9603.74
Tanner

DISPOSITION OF ROYALTY OIL
STATE OIL AND GAS LEASES PRC 3133, PRC 3150,
PRC 4000 AND PRC 1824, CARPINTERIA-SUMMERLAND
OFFSHORE FIELDS, SANTA BARBARA COUNTY

BACKGROUND:

At its meeting on June 28, 1989, the State Lands Commission authorized the sale of royalty oil from several State oil and gas leases in Santa Barbara County including the crude oil produced State oil and gas leases PRC 3133, PRC 3150, PRC 4000 and PRC 1824, Carpinteria-Summerland Offshore Fields, Santa Barbara County.

Petro Source Partners, Ltd. is presently purchasing the State's share of crude oil from these leases and is paying the State a bonus per barrel of $0.27 above a Base Price defined as the highest price posted for oil of like gravity and quality on the day of delivery in the Carpinteria-Summerland Offshore Fields by Chevron U.S.A., Inc. The State's share of production from these leases is approximately 411 barrels per day. The API gravity ranges between 25.0° and 37.2°. The present sales contract began on December 1, 1988 and is scheduled to terminate on June 1, 1990. Royalty oil from PRC 3133, PRC 3150 and PRC 4000 may be taken in kind or returned to the lessee on 180 days notice. Royalty oil from PRC 1824 may be taken in kind or returned to the lessee, on demand, but since it is offered with the 180 days notice period leases, 180 days notice is given for this lease as well.

(REVISED 12/11/89)

A Notice Inviting Bids for a new royalty oil sales contract to run from June 1, 1990 until December 1, 1991 was published in the Santa Barbara News-Press on October 11, 1989. The bid opening was scheduled on October 27, 1989. No bids were received.

STAFF RECOMMENDATIONS:

Staff recommends returning the oil to the State's lessees, Chevron and Exxon, effective June 1, 1990. It also recommends authorization to re-offer this oil in 60-day intervals until the oil is sold.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. 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.

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. 21056 AND 14 CAL. CODE REGS. 15378.

2. AUTHORIZE THE EXECUTIVE OFFICER TO RETURN THE STATE'S SHARE OF CRUDE OIL FROM STATE OIL AND GAS LEASES PRC 3133, PRC 3150, PRC 4000 AND PRC 1824, CARPINTERIA-SUMMERLAND OFFSHORE FIELDS, SANTA BARBARA COUNTY, TO THE STATE'S LESSEES, AND TO RE-OFFER THIS OIL AT 60-DAY INTERVALS THEREAFTER.

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