MINUTE ITEM
This Calendar Item No. 31
was approved as Minute Item
No. 31 by the State Lands
Commission by a vote of 2
0 at its 12/12/1989
meeting.

CALENDAR ITEM

A 58

S 37

31

12/12/89
W 9603.76 PRC 7363
Tanner

AWARD OF THE ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASE PRC 186, BELMONT
OFFSHORE FIELD, ORANGE COUNTY

HIGHEST RESPONSIBLE BIDDER:
Ultramar, Inc.
P. O. Box 93102
Long Beach, California 90809-3102

BACKGROUND

At its meeting on September 27, 1989, the State Lands Commission authorized the sale of royalty crude oil from several State oil and gas leases in Ventura and Orange counties, including State oil and gas lease PRC 186, Belmont Offshore Field, Orange County. Presently, the State is being paid in money for its share of the crude oil from this lease by the lessee.

The State's share of production from this lease is approximately 6,500 barrels per month of 19.5° API gravity crude oil. Royalty oil from this lease may be taken in kind of returned to the lessee on demand.

A Notice Inviting Bids for the new royalty oil sales contract to run from January 1, 1990 until July 1, 1991 was published in The Orange County Register on November 2, 1989. Bids were received and opened on November 21, 1989. The results of the bidding are contained in Exhibit "A".

STAFF RECOMMENDATIONS

Fiscal and legal reviews of the submitted bid material were completed by the SLC Auditing and Legal units, respectively. The highest responsible bidder, as indicated by these reviews, has been identified in Exhibit "A".

Staff recommends awarding the new royalty oil sales contract for the period of January 1, 1990 until July 1, 1991 for State oil and gas lease PRC 186, Belmont Offshore Field, Orange County, to the highest responsible bidder identified in Exhibit "A".

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursurant 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 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 AT DEFINED BY P.R.C. 21056 AND 14 CAL. CODE REGS. 15378.

2. AWARD THE ROYALTY OIL SALES CONTRACT FOR THE PERIOD JANUARY 1, 1990 UNTIL JULY 1, 1991 ON STATE OIL AND GAS LEASE PRC 186, BELMONT OFFSHORE FIELD, ORANGE COUNTY, TO THE HIGHEST RESPONSIBLE BIDDER, ULTRAMAR, INC., IDENTIFIED IN EXHIBIT "A".

W 9603.76
Tanner

EXHIBIT "A"

BID OPENING STATE OIL AND GAS LEASE
PRC 186, BELMONT OFFSHORE FIELD,
ORANGE COUNTY

November 21, 1989 11:00 A.M.

Bidder	Bonus Bid (Per Barrel, Above Base Price)
1. Ultramar, Inc.	1. $0.3001

The highest responsible bidder is Ultramar, Inc.

1030C

CALENDAR PAGE 140.1
MINUTE PAGE 4175