

MINUTE ITEM

This Calendar Item No. C33
was approved as Minute Item
No. C33 by the State Lands
Commission by a vote of 2
to 0 at its 10/29/90
meeting.

CALENDAR ITEM

C 3 3

A 35
S 18

10/29/90
W 9603.83
Tanner

**APPROVE THE DISPOSITION OF THE ROYALTY OIL,
STATE OIL AND GAS LEASE PRC 208, ELLWOOD
OIL FIELD, SANTA BARBARA COUNTY**

PARTY: State Lands Commission
1807 - 13th Street
Sacramento, California 95814

BACKGROUND:

On June 12, 1990, 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 208, Ellwood Oil Field, Santa Barbara County.

Lunday-Thagard Oil Company is presently purchasing the State's share of crude oil from this lease. Lunday-Thagard is paying the State a bonus of \$0.285 per barrel above a base price defined as the highest price posted for oil of like quality and gravity in the South Ellwood Offshore Field on the day of delivery by Mobil Oil Corporation. The State's share of production from this lease is approximately 1,305 barrels per month of 34.7° API gravity crude oil. The present royalty oil sales contract is for a term of 18 months, from June 1, 1989 until December 1, 1990. Royalty oil from this lease may be taken in kind or returned to the lessee on demand.

A Notice Inviting Bids for a new royalty oil sales contract to run from December 1, 1990 until October 1, 1991 was published in the Santa Barbara News-Press on September 14, 1990 and was sent to all known interested parties. Bids were scheduled to be opened on October 1, 1990. No bids were received.

CALENDAR ITEM NO. C 3 3 (CONT'D)

STAFF RECOMMENDATIONS:

Staff recommends returning the oil to the State's lessee, ARCO Oil and Gas Company, effective December 1, 1990 and to re-offer this oil when the market condition warrants. Staff will evaluate combining the royalty oil from this lease with an adjoining lease to provide additional volume for a future sale.

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. 21065 AND 14 CAL. CODE REGS. 15378.
2. AUTHORIZE THE EXECUTIVE OFFICER TO RETURN THE STATE'S SHARE OF CRUDE OIL PRODUCED FROM STATE OIL AND GAS LEASE PRC 208, SANTA BARBARA COUNTY, TO THE STATE'S LESSEE, ARCO OIL AND GAS COMPANY, EFFECTIVE DECEMBER 1, 1990 AND TO RE-OFFER THIS OIL AS THE MARKET CONDITION WARRANTS.