MINUTE ITEM
This Calendar Item No. 28
was approved as Minute Item
No. 28 by the State Lands
Commission by a vote of 3
to 0 at its 5-1-91
meeting. A 36

CALENDAR ITEM

28

S 18

05/01/91
W 9603.81
Tanner

PRC 7538

AWARD OF THE ROYALTY OIL SALES CONTRACT
STATE OIL AND GAS LEASE PRC 3242
SOUTH ELLWOOD OFFSHORE FIELD, SANTA BARBARA COUNTY, TO
ENRON OIL TRADING AND TRANSPORTATION

BACKGROUND:
At its meeting on August 22, 1990, the State Lands Commission authorized the sale of royalty oil from State oil and gas lease PRC 3242, South Ellwood Offshore Field, Santa Barbara County. The State's share of production from this lease is approximately 45,000 barrels per month of 21.4° API gravity. Chem-Oil Corporation is purchasing this oil and paying the State a bonus of $0.5510 per barrel above a Base Price defined as the highest price posted for oil of like gravity and quality on the day of delivery in the South Ellwood Offshore Field by Mobil Oil Corporation. This contract is scheduled to expire on December 1, 1991. The oil from this lease can be taken in kind or returned to the lessee on one hundred eighty days prior written notice.

A Notice Inviting Bids for a new royalty oil sales contract to run from December 1, 1991 until October 1, 1992 was published in the Santa Barbara News-Press on April 1, 1991. The bid opening was scheduled for April 17, 1991. Exhibit "A" shows the results of the bidding.

STAFF RECOMMENDATION:
Fiscal and legal reviews of the submitted bid material were done by the State Lands Commission Auditing and Legal units respectively. Based on the results of these reviews, the highest responsible bidder has been identified and is designated in Exhibit "A".

Staff recommends awarding the new Royalty Oil Sales Contract for State oil and gas lease PRC 3242, South Ellwood Offshore Field, Santa Barbara County, for the period from December 1, 1991 until October 1, 1992 to the highest responsible bidder designated in Exhibit "A".

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 CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

   Authority: P.R.C. 21065 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 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 PRC 3242, SOUTH ELLWOOD OFFSHORE FIELD, SANTA BARBARA COUNTY, FOR THE PERIOD DECEMBER 1, 1991 UNTIL OCTOBER 1, 1992 TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A", ENRON OIL TRADING AND TRANSPORTATION.

05/01/91
W 9603.81
Tanner

EXHIBIT "A"

BID OPENING
STATE OIL AND GAS LEASE PRC 3242,
SOUTH ELLWOOD OFFSHORE FIELD,
SANTA BARBARA

APRIL 17, 1991 11:00 A.M.

	BIDDER	BONUS BID (PER BARREL, ABOVE BASE PRICE)
1.	ENRON OIL TRADING AND TRANSPORTATION	$.30
2.		
3.		
4.		

The highest responsible bidder is ENRON OIL TRADING AND TRANSPORTATION.

CALENDAR PAGE 154
MINUTE PAGE 1501