

MINUTE ITEM

This Calendar Item No. C08
was approved as Minute Item
No. 05 by the State Lands
Commission by a vote of 3
to 0 at its 8-12-91
meeting.

CALENDAR ITEM

C 0 8

A 58, 59

S 37

08/12/91

W 9603.85 PRC 7559

Tanner

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

BACKGROUND:

At its meeting on May 3, 1991, the State Lands Commission authorized the sale of royalty oil from State oil and gas lease E-392, Huntington Beach Field, Orange County. The State's share of production from this lease is approximately 12,209 barrels per month of 21.1° API gravity crude oil.

Golden West Refining Company is presently purchasing this oil and paying the State a bonus of \$0.4710 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 Huntington Beach Field among the postings of Chevron, U.S.A., Mobil Oil Corporation, Union Oil Company of California and Texaco Trading & Transportation, Inc. This contract is scheduled to expire on November 1, 1991. Oil from this lease can be taken in kind or returned to the lessee on thirty days prior written notice.

A Notice Inviting Bids for a new royalty oil sales contract to run from November 1, 1991 until May 1, 1993 was published in the Orange County Register on July 1, 1991. The bid opening was scheduled for July 16, 1991. Exhibit "A" shows the results of the bidding.

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 as Fletcher Oil and Refining Company and is 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

CALENDAR ITEM NO. **C O S** (CONT'D)

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. Result of Bid.

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 E-392, HUNTINGTON BEACH FIELD, ORANGE COUNTY, TO FLETCHER OIL AND REFINING COMPANY FOR THE PERIOD FROM NOVEMBER 1, 1991 UNTIL MAY 1, 1993.

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EXHIBIT "A"

BID OPENING
STATE OIL AND GAS LEASE E-392
HUNTINGTON BEACH FIELD
ORANGE COUNTY

JULY 16, 1991

11:00 A.M.

<u>BIDDER</u>	<u>BONUS BID</u> <u>(PER BARREL, ABOVE BASE PRICE)</u>
1. Golden West Refining Co.	0.313
2. Fletcher Oil & Refining Co.	0.5760
3. Enron Oil Trading	0.285

The highest responsible bidder is Fletcher Oil and Refining
Company.

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