

MINUTE ITEM

This Calendar Item No. C19
was approved as Minute Item
No. 19 by the State Lands
Commission by a vote of 2
to 0 at its 11-5-91
meeting.

CALENDAR ITEM

A 58, 69

C 19

11/05/91
W 9603.89 PRC 7595
Tanner

S 37

AWARD OF THE ROYALTY OIL SALES CONTRACT
STATE OIL AND GAS LEASES PRC 3033 AND PRC 3413
HUNTINGTON BEACH FIELD, ORANGE COUNTY

APPLICANT:

Fletcher Oil and Refining Company
24721 South Main Street
Carson, California 90745

BACKGROUND:

At its meeting on August 12, 1991, the State Lands Commission authorized the sale of royalty oil from State oil and gas leases PRC 3033 and PRC 3413, Huntington Beach Field, Orange County. The State's share of production from these leases is approximately 9,130 barrels per month of 20.7° API gravity crude oil.

Texaco Trading & Transportation, Inc. is presently purchasing this oil and paying the State a bonus of \$0.3619 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 Chevron, U.S.A, Mobil Oil Corporation, Union Oil Company of California and Texaco Trading & Transportation Inc. This contract is scheduled to expire on June 1, 1992. 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 June 1, 1992 until December 1, 1993 was published in the Orange County Register on September 17, 1991. The bid opening was scheduled for October 3, 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 and is designated in Exhibit "A".

Staff recommends awarding the new Royalty Oil Sales Contract for State oil and gas leases PRC 3033 and PRC 3413, Huntington Beach

CALENDAR PAGE	123
MINUTE PAGE	3666

CALENDAR ITEM NO. C 19 (CONT'D)

Field, Orange County, to the highest responsible bidder designated in Exhibit "A" for the period from June 1, 1992 until December 1, 1993.

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 LEASES PRC 3033 AND PRC 3413, HUNTINGTON BEACH FIELD, ORANGE COUNTY, TO FLETCHER OIL AND REFINING COMPANY, IDENTIFIED ON EXHIBIT "A", FOR THE PERIOD JUNE 1, 1992 UNTIL DECEMBER 1, 1993.

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EXHIBIT "A"

BID OPENING
STATE OIL AND GAS LEASES PRC 3033 AND PRC 3413
HUNTINGTON BEACH FIELD
ORANGE COUNTY

OCTOBER 3, 1991

11:00 A.M.

BIDDER

BONUS BID
(PER BARREL, ABOVE BASE PRICE)

1.	Fletcher Oil & Refining Company	\$0.2860
2.		
3.		
4.		

The highest responsible bidder is Fletcher Oil & Refining Company.

CALENDAR PAGE	125
MINUTE PAGE	3668