MINUTE ITEM
This Calendar Item No. C57
was approved as Minute Item
No. 57 by the State Lands
Commission by a vote of 3
to Ø at its 10/28/96
meeting.

CALENDAR ITEM
C57

A 58, 59

S 37

10/28/96
PRC 7922 W 9603.98
J. Tanner

APPROVE THE AWARD OF THE CRUDE OIL SALES CONTRACT, OIL AND GAS LEASE NOS. PRC 91, PRC 163, E-392, PRC 425 AND PRC 426, HUNTINGTON BEACH FIELD, ORANGE COUNTY

BACKGROUND:

At its meeting on October 17, 1995, the California State Lands Commission (SLC) authorized the sale of crude oil produced from Oil and Gas Lease Nos. PRC 91, PRC 163, E-392, PRC 425 and PRC 426, Huntington Beach Field, Orange County. The State's share of crude oil produced from these leases is approximately 915 barrels per day, 21.4° API gravity.

EOTT Energy Operating, L.P., is presently purchasing the sell-off crude oil from these leases. EOTT is paying the State a bonus of $0.2605 above a base price defined as the highest price posted for like crude oil on the day of delivery in the Huntington Beach Field among the postings of Chevron, Mobil, Texaco and Union. This sales contract will expire on December 1, 1996.

On September 11, 1996, a Notice Inviting Bids was published in The Orange County Register for a new sales contract from December 1, 1996 to June 1, 1997. Bid packages were sent to all known interested parties. On September 27, 1996, a bid opening was held. Results of the bid opening are shown on Exhibit "A" to this calendar item.

STAFF RECOMMENDATIONS:

Fiscal and legal reviews of the submitted bid material were done by the SLC Auditing and Legal Units. Based on the results of these reviews, the highest responsible bidder has been identified on Exhibit "A".

Commission staff recommends approving the award of a Crude Oil Sales Contract for Oil and Gas Lease Nos. PRC 91, PRC 163, E-392, PRC 425, and PRC 426, Huntington Beach Field, Orange County, to the highest responsible bidder identified on Exhibit "A".

STATUTORY AND OTHER REFERENCES:

A. Public Resources Code: Div. 6, Parts 1 and 2;

B. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.

AB 884:

N/A

OTHER PERTINENT INFORMATION:

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: Public Resources Code Section 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 THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL. CODE REGS. 15378.

2. APPROVE THE AWARD OF THE CRUDE OIL SALES CONTRACT FOR OIL AND GAS LEASE NOS. PRC 91, PRC 163, E-392, PRC 425 AND PRC 426, HUNTINGTON BEACH FIELD, ORANGE COUNTY, TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" FOR THE PERIOD FROM DECEMBER 1, 1996 UNTIL JUNE 1, 1997.

EXHIBIT "A"

BID OPENING
CRUDE OIL SALES CONTRACT,
STATE OIL AND GAS LEASES
PRC 91, PRC 163, E-392, PRC 425 AND PRC 426,
HUNTINGTON BEACH FIELD,
ORANGE COUNTY

September 27, 1996 11:00 A.M.

BIDDER	BONUS BID (PER BARREL, ABOVE BASE PRICE)
1. EOTT Energy L.P.	$0.261
2.	$
3.	$
4.	$

The highest responsible bidder is EOTT Energy L.P.