MINUTE ITEM
This Calendar Item No. C66 was approved as Minute Item No. 66 by the California State Lands Commission by a vote of 3 to Ø at its 9-17-01 meeting.

CALENDAR ITEM
C66

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09/17/01
Bid Log 2001-04
W40813
C. Oggins
D. Brown
A. Cueva

REQUEST AUTHORITY FOR EXECUTIVE OFFICER TO SOLICIT PROPOSALS, NEGOTIATE FAIR AND REASONABLE PRICE, AWARD AND EXECUTE AGREEMENT FOR PREPARATION OF ENVIRONMENTAL DOCUMENTATION FOR THE DEVELOPMENT OF STATE OIL AND GAS LEASES FROM AN EXISTING PLATFORM IN FEDERAL WATERS OFFSHORE SANTA BARBARA COUNTY

PARTY:

California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825-8202

BACKGROUND:

The proposed project is a Plan of Development (POD) that delineates the long-term plans of Carone Petroleum Corporation (Carone) for State leases PRC-4000, PRC-7911, and PRC-3133 within the Carpinteria Field. The Carpinteria Field includes existing State and federal leases that are under the jurisdiction of the Commission and the Minerals Management Service (MMS), respectively.

The project would use the existing infrastructure—platform, pipelines, and onshore processing facility—currently used to develop the federal lease (OCS P-0166). Carone is proposing to drill up to 25 new production or injection wells into the state leases from federal Platform Hogan, which is located in 154 feet of water in the Santa Barbara Channel, 3.7 miles offshore the City of Carpinteria, Santa Barbara County. Well bores into the State leases will extend up to approximately 12,000 feet "eastward" from Platform Hogan. Oil and gas production from the State and federal leases will be commingled on Platform Hogan and sent via subsea pipelines to the La Conchita Processing Facility in Ventura County.

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Current production from the federal lease is approximately 1,300 to 1,500 barrels of oil per day (BOPD). Estimated production from the State leases would be approximately 3,500 BOPD. Carone estimates that the POD will have a productive life of 10 to 12 years.

Consultant selection shall be conducted consistent with procedures as specified in CSLC Regulations and in the State Contracting Manual on the basis of demonstrated competence and qualifications for the types of services to be performed and at a fair and reasonable price. All costs shall be recovered from project applicant.

STATUTORY AND OTHER REFERENCES:

A. Public Resources Code Section 6106 (Delegation to execute written instruments)
B. State Contracts Manual Section 11.00 (A & E method)
C. Public Contract Code Section 6106
D. Government Code Section 4526
E. California Administrative Code Title 2 Article 13 Section 2980.0 - 2990.0

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THESE ACTIVITIES ARE EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL CODE REGS. BECAUSE THESE ACTIVITIES ARE NOT PROJECTS AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL CODE REGS. 15378.

2. FIND THAT THE SELECTION OF CONSULTANT UNDER THIS PROCESS DOES NOT AFFECT SMALL BUSINESSES AS DEFINED IN GOVERNMENT CODE SECTION 11342, SUB. (H), BECAUSE THEY WILL BE ACCORDED EQUAL OPPORTUNITY TO SUBMIT STATEMENTS OF QUALIFICATIONS AND PERFORMANCE DATA.

3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO SOLICIT PROPOSALS, NEGOTIATE FAIR AND REASONABLE PRICE, AWARD AND EXECUTE CONTRACT IN ACCORDANCE WITH STATE POLICIES AND PROCEDURES.

4. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO ENTER INTO AN AGREEMENT WITH PROJECT APPLICANT TO RECOVER ALL STATE COSTS INCURRED IN THE CONSIDERATION OF THIS PROJECT.

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