

MINUTE ITEM

This Calendar Item No. 35
was approved as Minute Item
No. 35 by the State Lands
Commission by a vote of 2
to 0 at its 4/23/87
meeting.

CALENDAR ITEM

A 58

35

04/23/87
W 9603.53
Tanner
PRC 7072

S 37

AWARD OF ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASE PRC 426,
HUNTINGTON BEACH FIEDL, ORANGE COUNTY

On January 22, 1987, the State Lands Commission authorized the sale of royalty crude oil from six State oil and gas Leases in Huntington Beach and Belmont Offshore Fields, Orange County. State oil and gas Lease PRC 426 was one of the leases for which the Commission authorized the sale of royalty oil.

The royalty oil sales contract for this lease expired on February 1, 1987. Caljet, Inc. was purchasing this oil and paying the State a bonus per barrel of \$0.671 above the Base Price defined as the highest price posted for oil of like gravity and quality in the Huntington Beach Field on the day of delivery among the postings of Chevron USA, Inc., Mobil Oil Corporation, Union Oil Company of California and Texaco, Inc. The present contract does not include the Texaco posting in the definition of Base Price.

The State's share of production from this lease is approximately 16,500 barrels per month of 22° API gravity crude oil.

A Notice Inviting Bids was published in the Orange County Register on March 23, 1987 and sent to all known interested parties. Bids were received and opened on April 7, 1987. 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 the reviews, the highest responsible bidder has been identified on Exhibit "A". Staff recommends the awarding of the Royalty Oil Sales Contract for State oil and gas Lease PRC 426, Huntington Beach Field, Orange County to the highest responsible bidder identified on Exhibit "A" for the period from May 1, 1987 to November 1, 1987.

CALENDAR ITEM NO. 35 (CONT'D)

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 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. Adm. Code 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. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. AWARD THE ROYALTY OIL SALES CONTRACT FOR STATE OIL AND GAS LEASE PRC 426, HUNTINGTON BEACH FIELD, ORANGE COUNTY TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" FOR THE PERIOD FROM MAY 1, 1987 TO NOVEMBER 1, 1987.

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Exhibit "A"

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Royalty Oil Sales Contract
Bid Opening, State Oil and
Gas Lease PRC 426, Huntington
Beach Field, Orange County

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per Barrel, Above Base Price)</u>
1. Edgington Oil Co.	\$0.253
2. Texaco Refining	\$0.34
3. Alton Corporation	\$0.511
4. Huntway Refining	\$0.36
5. Champlin	\$0.373
6. Newhall	\$0.271

The highest responsible bidder is Alton Corporation.

CALENDAR PAGE	181
MINUTE PAGE	1332