

MINUTE ITEM
This Calendar Item No. C17
was approved as Minute Item
No. 17 by the State Lands
Commission by a vote of 2
0 at its 9/27/90
meeting.

CALENDAR ITEM

C17

09/27/90
W 9603.80 PRC 7460
Tanner

A 58, 69
S 37

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

BACKGROUND:

At its meeting on August 8, 1990, the State Lands Commission authorized the sale of royalty crude oil from several State oil and gas leases, including State Oil and Gas Leases PRC 3033 and PRC 3413, Huntington Beach Field, Orange County.

Ultramar, Inc. is presently purchasing the State's share of crude oil from these leases. Ultramar is paying the State a bonus of \$0.30 per barrel above a base price defined as the highest price posted for oil of like quality and gravity in the Huntington Beach Field on the day of delivery among the postings of Chevron U.S.A., Mobil Oil Corporation and Union Oil Company of California. The State's share of production from these leases is approximately 11,000 barrels per month of 20.7° API gravity crude oil. The present royalty oil sales contract is for a term of 18 months having begun on January 1, 1990 and is scheduled to expire on June 1, 1991. Royalty oil from these leases may be taken in kind or returned to the lessee on 180 days notice.

A Notice Inviting Bids for a new royalty oil sales contract to run from June 1, 1991 to June 1, 1992 was published in the Orange County Register on September 10, 1990 and was sent to all known interested parties. Bids were received and opened on September 26, 1990. The results of the bidding are indicated in Exhibit "A".

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STAFF RECOMMENDATIONS:

The submitted bid material was reviewed by the Commission's Auditing and Legal Units. Based on the results of these reviews, the highest responsible bidder has been identified 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 Field, Orange County, to the highest responsible bidder identified 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 activity is exempt from the requirements of the California Environmental Quality Act (CEQA) because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21056 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 CALIFORNIA ENVIRONMENTAL QUALITY ACT (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, FOR THE PERIOD JUNE 1, 1991 UNTIL JUNE 1, 1992, TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED IN EXHIBIT "A".

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EXHIBIT "A"

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

September 26, 1990

11:00 A.M.

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per Barrel, Above Base Price)</u>
1. Texaco Trading & Transportation, Inc.	\$0.3619
2.	
3.	

The highest responsible bidder is Texaco Trading &
Transportation, Inc.

(REVISED 09/26/90)

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