

MINUTE ITEM

This Calendar Item No. 31
was approved as Minute Item
No. 31 to the State Lands
Commission by a vote of 2
to 0 at its 5/23/85
meeting.

CALENDAR ITEM

A 35

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05/23/85
W 9603.41
PRC 6535
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AWARD OF ROYALTY OIL SALES CONTRACT
STATE OIL AND GAS LEASES PRC 145, PRC 410
PRC 427, PRC 429 AND PRC 1466
RINCON OIL FIELD
VENTURA COUNTY

On February 28, 1985, the Commission authorized the competitive bid sale of royalty oil produced from State Oil and Gas Leases, PRC 145, PRC 410, PRC 427, PRC 429 and PRC 1466, Rincon Oil Field. The royalty oil is currently being purchased by Cal-Jet, Inc. under a contract which will expire on July 1, 1985. The State's share of royalty oil produced from these leases is approximately 100 barrels per day of between 26° and 27° API gravity crude oil.

On April 10, 1985, the staff offered by competitive public bid the royalty production from these leases. The successful bidder will be the responsible bidder making the highest per barrel bonus bid over the base price. Attached as Exhibit "A" is a list of the bidders and their bonus bids in dollars per barrel above the base price. The base price is the highest price posted for like crude oil in the Rincon Oil Field on the day of delivery.

The Commission staff has reviewed the financial ability of the bidders to fulfill the obligations of the contract and their physical ability to take the oil, and has determined the highest responsible bidder which is identified on Exhibit "A". The contract, if awarded, will be for a term of 18 months, with delivery commencing on July 1, 1985. Delivery of the oil will be by exchange agreement without any change in the existing oil production and transportation facilities.

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CALENDAR ITEM NO. 31 (CONT'D)

OTHER PERTINENT INFORMATION:

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 it 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. List of bidders, including highest responsible bidder.

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 IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. ACCEPT THE BID OF THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" AND AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE THE ROYALTY OIL SALES CONTRACT OR THE ROYALTY OIL PRODUCED FROM STATE OIL AND GAS LEASES PRC 145, PRC 410, PRC 427, PRC 429, AND PRC 1466, RINCON OIL FIELD, VENTURA COUNTY.

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EXHIBIT "A"

BID OPENING

STATE OIL AND GAS LEASES PRC 145, PRC 410,
PRC 427, PRC 429, AND PRC 1466,
RINCON OIL FIELD
APRIL 10, 1985, 11:00 AM

Bidder

Bonus Bid
(Per Barrel
Above Posted Price)

1. Cal-Jet, Inc.

\$0.35.

The highest responsible bidder is Cal-Jet, Inc.

