

MINUTE ITEM

This Calendar Item No. 28
was approved as Minute Item
No. 28 by the State Lands
Commission by a vote of 7
to 0 at its 12/23/86
meeting.

MINUTE ITEM

28

12/23/86
W 9603.51
Tanner

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

During consideration of Calendar Item 28 attached, Executive Officer Dedrick requested that the Commission not adopt recommendations in Calendar Item 28, but permit staff to negotiate a price above the 25 cent minimum. Staff would report back to the Commission at the January 22, 1987 meeting.

Upon motion duly made and carried, the following resolution was approved, as amended, by a vote of 2-0.

THE COMMISSION:

1. FINDS THAT THE ACTIVITY IS EXEMPT FROM CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 AS A CATEGORICAL EXEMPT PROJECT, CLASS 1, EXISTING FACILITIES, 14 CAL. ADM. CODE 15304, 2 CAL. ADM. CODE 2905(a)(2).
2. AUTHORIZES THE EXECUTIVE OFFICER, OR HER DESIGNEE, TO CONTINUE TO NEGOTIATE, WITH UNION OR COMPANY, A PRICE FOR THE STATE'S SHARE OF PRODUCTION FROM STATE OIL AND GAS LEASES PRC 3033 AND PRC 3413, HUNTINGTON BEACH, ORANGE COUNTY.

Attachment: Calendar Item 28.

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CALENDAR ITEM

28

A 58

S 37

12/23/86
W 9603.51
Tanner

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

On November 20, 1986 the Commission authorized the competitive bid sale of royalty oil produced from State oil and gas Leases PRC 3033 and PRC 3413, Huntington Beach Field, Orange County. The royalty oil is presently being purchased by Champlin Petroleum Company under a contract which will expire on July 1, 1987.

Champlin Petroleum Company is paying the State under this contract a bonus of \$0.733 per barrel above the Base Price, defined as the highest price posted in the Huntington Beach Field for oil of like gravity and quality among the postings of Chevron U.S.A., Mobil Oil Corporation, Union Oil Company of California and Texaco, Inc. The State's share of production from these leases is approximately 13,000 barrels per month of 20.8° API gravity crude oil.

On December 5, 1986 the staff offered by competitive public bidding the royalty production from State oil and gas Leases PRC 3033 and PRC 3413. No bids were received at the bid opening. Therefore, staff recommends that the Commission authorize the return of the State's royalty share of the crude oil produced from these leases to the State's Lessee, Union Oil Company and to receive payment in money for this oil pursuant to the terms and conditions of these leases.

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 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.

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. AUTHORIZE THE EXECUTIVE OFFICER OR HER DESIGNEE TO RETURN THE STATE'S SHARE OF PRODUCTION FROM STATE OIL AND GAS LEASES PRC 3033 AND PRC 3413, HUNTINGTON BEACH FIELD, ORANGE COUNTY, TO UNION OIL COMPANY, THE STATE'S LESSEE, AND TO BE PAID IN MONEY FOR THIS OIL IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE LEASES.