

MINUTE ITEM
This Calendar Item No. 32
was approved as Minute Item
No. 42 by the State Lands
Commission by a vote of 3
to 0 at its 10-21-87
meeting.

CALENDAR ITEM

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10/21/87

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PRC 7136

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AWARD OF THE ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASES PRC 425, PRC 91NU AND PRC 91MZU,
HUNTINGTON BEACH FIELD, ORANGE COUNTY.

On August 20, 1987, 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 425, PRC 91NU and PRC 91MZU, Huntington Beach Field, Orange County.

Caljet, Inc. is presently purchasing the State's share of crude oil produced from these leases. Caljet pays the State a bonus of \$0.5459 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 USA Inc., Mobil Oil Corporation and Union Oil Company of California. The State's share of production from these leases is approximately 15,000 barrels per month of 19.70 API gravity crude oil. The present Royalty Oil Sales Contract is for a term of six months, having begun on May 1, 1987 and terminating on November 1, 1987. Royalty oil from these leases may be taken in kind or returned to the lessee on demand.

A Notice Inviting Bids for a new Royal Oil Sales Contract to run from November 1, 1987 to May 1, 1989 was published in the Orange County Register on August 26, 1987 and was sent to all known interested parties. Bids were received and opened on September 10, 1987. Exhibit "A" shows the results of the bidding.

Fiscal and legal reviews of the submitted bid material were done by the SLC Auditing and Legal Units respectively. Based on the results of these reviews, the highest responsible bidder was Golden West Refining Company, offering \$0.749 per barrel above the base price.

CALENDAR ITEM NO. 32 (CONT'D)

Staff recommends awarding the new Royalty Oil Sales Contract for State Oil and Gas Leases PRC 425, PRC 91NU and PRC 91MZU to Golden West Refining Company.

AB 884: N/A.

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 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. 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 CALIFORNIA ENVIRONMENTAL QUALITY ACT (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. AWARD THE ROYALTY OIL SALES CONTRACT FOR STATE OIL AND GAS LEASES PRC 425, PRC 91NU AND PRC 91MZU, HUNTINGTON BEACH FIELD, ORANGE COUNTY, TO GOLDEN WEST REFINING COMPANY, IDENTIFIED ON EXHIBIT "A" FOR THE PERIOD FROM NOVEMBER 1, 1987 TO MAY 1, 1989.

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EXHIBIT "A"

ROYALTY OIL SALES
CONTRACT BID OPENING
STATE OIL AND GAS LEASES
PRC 425, PRC 91NU AND 91MZU, HUNTINGTON BEACH FIELD
ORANGE COUNTY

September 10, 1987

11:00 a.m.

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per. Barrel, Above Base Price)</u>
1. Golden West Refining Company	\$0.749
2. Texaco Refining & Marketing Inc.	\$0.67
3. Caljet, Inc.	\$0.575
4. Newhall Refining Company	\$0.444

The highest responsible bidder is Golden West Refining Company.