

MINUTE ITEM
This Calendar Item No. 45
was approved as Minute Item
No. 45 by the State Lands
Commission by a vote of 3
to 0 at its 7/10/89
meeting.

CALENDAR ITEM :
45

A 58, 59

S 37

07/10/89
W 9603.70 PRC 7317
Tanner

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

BACKGROUND:

On February 6, 1989, the State Lands Commission authorized the sale of royalty crude oil from several State oil and gas leases, including the royalty oil produced from State Oil and Gas Leases PRC 3033 and PRC 3413, Huntington Beach Field, Orange County.

Texaco Trading and Transportation, Inc. is the current purchaser of the State's share of crude oil from these leases and is paying the State a bonus per barrel of \$0.56 above a base price, defined as the highest price posted for oil of like gravity and quality on the day of delivery in the Huntington Beach Field among the postings of Chevron U.S.A., Inc., Mobil Oil Corporation and Union Oil Company of California. The State's share of production from these leases is approximately 385 barrels per day of 20.7° API gravity crude oil. The present sales contract began on July 1, 1988 and is scheduled to terminate on January 1, 1990. 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 January 1, 1990 to June 1, 1991 was published in the Orange County Register on May 17, 1989. Bids were received and opened on June 1, 1989. The results of the bidding are indicated in Exhibit "A".

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STAFF RECOMMENDATION:

The submitted bid material was reviewed by the SLC Auditing and Legal Units. Based on the results of these reviews, the highest responsible bidder in Exhibit "A" is Ultramar Refining Company, which bid \$0.30 per barrel bonuses over a base price defined as in the present sales contract.

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 as indicated in Exhibit "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 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. 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 CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY 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 THE PERIOD FROM JANUARY 1, 1990 UNTIL JUNE 1, 1991 FOR STATE OIL AND GAS LEASES PRC 3033 AND PRC 3413, HUNTINGTON BEACH FIELD, ORANGE COUNTY, TO THE HIGHEST RESPONSIBLE BIDDER AS INDICATED IN EXHIBIT "A".

W 9603.70

EXHIBIT "A"

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

June 1, 1989

11:00 A.M.

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per Barrel, Above Base Price)</u>
1. Ultramar Refining Company	\$0.30

The highest responsible bidder is Ultramar Refining Company.

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