

MINUTE ITEM
This Calendar Item No. 77
was approved as Minute Item
No. 77 by the State Lands
Commission by a vote of 3
0 at its 8-22-90
meeting.

CALENDAR ITEM

A 56, 69

7 8

S 37

08/22/90
PRC 7446 W 9603.79
Tanner

AWARD OF THE ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASES
PRC 425, PRC 426, PRC 91 MZU, PRC 91 NU,
HUNTINGTON BEACH FIELD, ORANGE COUNTY

BACKGROUND:

At its meeting on June 11, 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 425, PRC 426, PRC 91 MZU and PRC 91 NU, Huntington Beach Field, Orange County.

Golden West Refining Company is presently purchasing the State's share of crude oil from these leases. Golden West is paying the State a bonus of \$0.3791 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., Inc., Mobil Oil Corporation, and Union Oil Company of California. The State's share of production is approximately 15,000 barrels per month of between 20.4° and 22.0° API gravity crude oil. The present royalty oil sales contract is for a term of 18 months from May 1, 1989 to November 1, 1990. Royalty oil from these leases may be taken in kind or returned to the lessee on demand.

A Notice Inviting Bids for a new Royalty Oil Sales Contract to run from November 1, 1990 until November 1, 1991 was published in the Orange County Register on July 31, 1990, and sent to all known interested parties. Bids were received and opened on August 16, 1990. The results of the bidding are indicated in Exhibit "A".

CALENDAR PAGE	<u>451</u>
MINUTE PAGE	<u>2320</u>

STAFF RECOMMENDATIONS:

The submitted bid material was reviewed by the SLC Auditing and Legal Units respectively. Based on the results of these reviews, the highest responsible bidder has been identified on Exhibit "A".

Staff recommends awarding of the new Royalty Oil Sales Contract for State Oil and Gas Leases PRC 425, PRC 426, PRC 91 MZU, and PRC 91 NU, Huntington Beach Field, Orange County, to the highest responsible bidder identified on Exhibit "A".

AB 884: N/A.

OTHER PERTINENT INFORMATION:

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 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 NOVEMBER 1, 1990 UNTIL NOVEMBER 1, 1991, FOR STATE OIL AND GAS LEASES PRC 425, PRC 426, PRC 91 MZU AND PRC 91 NU, HUNTINGTON BEACH FIELD, ORANGE COUNTY TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A".

W 9603.79
Tanner

EXHIBIT "A"

ROYALTY OIL SALES CONTRACT BID OPENING,
STATE OIL AND GAS LEASES PRC 425, PRC 426,
PRC 91 MZU AND PRC 91 NU,
HUNTINGTON BEACH FIELD, ORANGE COUNTY

August 16, 1990

11:00 A. M.

<u>Bidder</u>	<u>Bonus Bid</u> <u>(Per Barrel, Above Base Price)</u>
1. Golden West Refining Co.	\$0.679
2. Texaco Trading & Transportation, Inc.	\$0.7215

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

(REVISED) 8/21/90

CALENDAR PAGE	453
MINUTE PAGE	2322