

MINUTE ITEM

This Calendar Item No. 27
was approved as Minute Item
No. 27 by the State Lands
Commission by a vote of 2
to 0 at its 5-1-91
meeting.

CALENDAR ITEM

A 58
S 37

27

05/01/91
W 9603.77 PRC 7537
Tanner

AWARD OF THE ROYALTY OIL SALES CONTRACT
STATE OIL AND GAS LEASE PRC 186
BELMONT OFFSHORE FIELD, ORANGE COUNTY

BACKGROUND:

At its meeting on August 22, 1990, the State Lands Commission authorized the sale of royalty oil from State Oil and Gas Lease PRC 186, Belmont Offshore Field, Orange County. The State's share of production from this lease is approximately 2,345 barrels per month of 17.8° API gravity crude oil.

Ultramar, Inc. is presently purchasing this oil and paying the State a bonus of \$0.3001 per barrel above a Base Price defined as the highest price posted for oil of like gravity and quality on the day of delivery in the Belmont Offshore Field by Chevron, U.S.A. This contract is scheduled to expire on July 1, 1991. Oil from this lease can 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 July 1, 1991 until July 1, 1992 was published in the Orange County Register on April 8, 1991. The bid opening was scheduled for April 24, 1991. Exhibit "A" shows the results of the bidding.

STAFF RECOMMENDATION:

Fiscal and legal reviews of the submitted bid material were done by the State Lands Commission Auditing and Legal units respectively. Based on the results of these reviews, the highest responsible bidder has been identified and is designated in Exhibit "A".

Staff recommends awarding the new Royalty Oil Sales Contract for State oil and gas lease PRC 186, Belmont Offshore Field, Orange County, to the highest responsible bidder designated in Exhibit "A" for the period from July 1, 1991 until July 1, 1992.

AB 884:
N/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. 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 IT 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 STATE OIL AND GAS LEASE PRC 186, BELMONT OFFSHORE FIELD, ORANGE COUNTY, TO THE HIGHEST RESPONSIBLE BIDDER, ULTRAMAR, INC. IDENTIFIED ON EXHIBIT "A" FOR THE PERIOD FROM JULY 1, 1991 UNTIL JULY 1, 1992.

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EXHIBIT "A"

BID OPENING
STATE OIL AND GAS LEASE PRC 186
BELMONT OFFSHORE FIELD
ORANGE COUNTY

APRIL 24, 1991

11:00 A.M.

BIDDER

BONUS BID
(PER BARREL, ABOVE BASE PRICE)

1. Ultramar, Inc.
- 2.
- 3.
- 4.

\$0.25

The highest responsible bidder is ULTRAMAR, INC.

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MINUTE PAGE	<u>1498</u>