

MINUTE ITEM  
This Calendar Item No. C12  
was approved as Minute Item  
No. 12 by the State Lands  
Commission by a vote of 3  
to 0 of its 8-12-91  
meeting.

CALENDAR ITEM

C 1 2

A 58, 59

S 37

08/12/91  
W 9603.86 PRC 7562  
Tanner

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

BACKGROUND:

At its meeting on May 3, 1991, the State Lands Commission authorized the sale of royalty oil from State oil and gas leases PRC 426, PRC 425, PRC 91 NU, and PRC 91 MZU, Huntington Beach Field, Orange County. The State's share of production from these leases is approximately 11,228 barrels per month of between 20.3° - 21.1° API gravity crude oil.

Texaco Trading & Transportation Inc. is presently purchasing this oil and paying the State a bonus of \$0.7215 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 Huntington Beach Field among the postings of Chevron, U.S.A, Mobil Oil Corporation, Union Oil Company of California and Texaco Trading & Transportation Inc. This contract is scheduled to expire on November 1, 1991. Oil from these leases 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 November 1, 1991 until May 1, 1993 was published in the Orange County Register on July 2, 1991. The bid opening was scheduled for July 17, 1991. Exhibit "A" shows the results of the bidding.

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 as Enron Oil Trading and Transportation, Inc. and is designated in Exhibit "A".

AB 884:  
N/A.

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CALENDAR ITEM NO. **C 1 2** (CONT'D)

**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. Result of Bid.

**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 LEASES PRC 425, PRC 425, PRC 91 NU, AND PRC 91 MZU, HUNTINGTON BEACH FIELD, ORANGE COUNTY, TO ENRON OIL TRADING AND TRANSPORTATION, INC. FOR THE PERIOD FROM NOVEMBER 1, 1991 UNTIL MAY 1, 1993.

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EXHIBIT "A"

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

JULY 17, 1991

11:00 A.M.

<u>BIDDER</u>	<u>BONUS BID</u> <u>(PER BARREL, ABOVE BASE PRICE)</u>
1. Golden West	0.313
2. Ultramar	0.315
3. Fletcher	0.326
4. Enron	0.339

The highest responsible bidder is Enron Oil Trading and Transportation, Inc.

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