

MINUTE ITEM
This Calendar Item No. C81
was approved as Minute Item
No. 81 by the State Lands
Commission by a vote of 2
to 0 at its 2/27/96
meeting.

CALENDAR ITEM
C81

A 58, 59

S 29

02/27/96
W 9603.94
Tanner
PRC 7887

**AWARD OF THE ROYALTY OIL SALES CONTRACT,
STATE OIL AND GAS LEASES
PRC 91, E-392, PRC 425 AND PRC 426,
HUNTINGTON BEACH OFFSHORE FIELD,
ORANGE COUNTY**

BACKGROUND:

At its meeting on October 17, 1995, the State Lands Commission (SLC) authorized the sale of royalty crude oil from several State oil and gas leases in the Huntington Beach Offshore Field, Orange County. The State is currently being paid in money by the Lessee for its share of crude oil from these leases. The State's share of production is approximately 660 barrels per day. Royalty oil from these leases may be taken in kind or returned to the lessee on 90 days prior written notice.

A Notice Inviting Bids for a new Royalty Oil Sales Contract to run from June 1, 1996 until December 1, 1996 was published in the Orange County Register on February 1, 1996, and sent to all known interested parties. Bids were received and opened on February 15, 1996. Exhibit "A" provides the results of the bidding.

STAFF RECOMMENDATIONS:

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 has been identified on Exhibit "A".

Staff recommends awarding of the new Royalty Oil Sales Contract for State Oil and Gas Leases Nos. PRC 91, E-392, PRC 425 and PRC 426, to the highest responsible bidder identified on Exhibit "A".

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CALENDAR ITEM NO. C81 (CONT'D)

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: Public Resources Code Section 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 CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL. CODE REGS. 15378.
2. AWARD THE ROYALTY OIL SALES CONTRACT FOR STATE OIL AND GAS LEASES NOS. PRC 91, E-392, PRC 425 AND PRC 426, TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT "A" FOR THE PERIOD FROM JUNE 1, 1996 UNTIL DECEMBER 1, 1996.

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EXHIBIT "A"

**BID OPENING
ROYALTY OIL SALES CONTRACT
STATE OIL AND GAS LEASES
PRC 91, E-392, PRC 425 AND PRC 426
HUNTINGTON BEACH OFFSHORE FIELD, ORANGE COUNTY**

FEBRUARY 15, 1996

11:00 A.M.

<u>BIDDER</u>	<u>BONUS BID (PER BARREL, ABOVE BASE PRICE)</u>
1. Enron Oil Trading and Transportation Company	\$0.2605
2.	\$
3.	\$
4.	\$

The highest responsible bidder is Enron Oil Trading and Transportation Company.