

MINUTE ITEM

This Calendar Item No. ~~C88~~ was approved as Minute Item No. ~~88~~ by the California State Lands Commission by a vote of ~~3~~ to ~~0~~ at its 5/12/97 meeting.

CALENDAR ITEM

C88

A 57, 58, 59

05/12/97

W 9603.100

S 29

W 9603.101

J. Tanner

**AWARD OF TWO CRUDE OIL SALES CONTRACTS,
OIL AND GAS LEASE NOS. PRC 91, PRC 163, E-392, PRC 425 AND PRC 426,
HUNTINGTON BEACH OFFSHORE FIELD, ORANGE COUNTY, AND
OIL AND GAS LEASE NO. PRC 3455, TRACT NO. 2,
LONG BEACH UNIT, WILMINGTON OIL FIELD,
LOS ANGELES COUNTY**

BACKGROUND:

The State is currently selling its share of crude oil produced from Oil and Gas Lease Nos. PRC 91, PRC 163, E-392, PRC 425 and PRC 426, Huntington Beach Field, Orange County and Oil and Gas Lease No. PRC 3455, Tract No. 2, Long Beach Unit, Wilmington Oil Field, Los Angeles County under two separate sales contracts which will expire on June 1, 1997 and July 1, 1997, respectively. EOTT Energy Partners, L.P. and Ultramar, Inc. are the respective purchasers for the existing sales contracts paying the State bonuses per barrel of \$0.2610 and \$0.655 above Base Prices defined in the crude oil sales contracts. The State's share of production from these leases is approximately 934 barrels per day and 538 barrels per day, respectively. Crude oil from these leases may be taken in kind or returned to the Lessees upon 90 days prior written notice.

Two Notices Inviting Bids for new Crude Oil Sales Contracts to run from June 1, 1997 to June 1, 1998 for the Huntington Beach Oil leases and July 1, 1997 to July 1, 1998 for Tract No. 2 were published in the Orange County Register and the Long Beach Press-Telegram on February 3, 1997, and sent to all known interested parties. Bids were received and opened on February 20, 1997. EOTT Energy Partners L. P. was the highest responsible bidder on both sales contracts, as shown on Exhibit A.

STAFF RECOMMENDATIONS:

Fiscal and Legal reviews of the submitted bid material were done by the Commission's Auditing and Legal Units respectively. Based on the results of these reviews, the highest responsible bidder(s) has been identified on Exhibit A.

Commission staff recommends awarding of the new Crude Oil Sales Contracts for Oil

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and Gas Lease Nos. PRC 91, PRC 163, E-392, PRC 425 and PRC 426, Huntington Beach Offshore Field, Orange County, and for Oil and Gas Lease No. PRC 3455, Tract No. 2, Long Beach Unit, Wilmington Oil Field, Los Angeles County, to EOTT Energy Partners, L.P., the highest responsible bidder (Exhibit A).

PERMIT STREAMLINING ACT DEADLINE:

N/A

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, Section 15061), Commission 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 Title 14, California Code of Regulations, section 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 TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.
2. AWARD THE CRUDE OIL SALES CONTRACTS FOR OIL AND GAS LEASE NOS. PRC 91, PRC 163, E-392, PRC 425 AND PRC 426, HUNTINGTON BEACH OFFSHORE FIELD, ORANGE COUNTY, AND OIL AND GAS LEASE NO. PRC 3455, LONG BEACH UNIT, WILMINGTON OIL FIELD, LOS ANGELES COUNTY, TO EOTT ENERGY PARTNERS, L.P., THE HIGHEST RESPONSIBLE BIDDER(S) IDENTIFIED ON EXHIBIT A FOR THE PERIOD FROM JUNE 1, 1997 UNTIL JUNE 1, 1998 AND JULY 1, 1997 UNTIL JULY 1, 1998, RESPECTIVELY.

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EXHIBIT A

BID OPENING
CRUDE OIL SALES CONTRACTS
OIL AND GAS LEASE NOS. PRC 91, PRC 163, 3-392,
PRC 425 AND PRC 426, HUNTINGTON BEACH FIELD, ORANGE COUNTY
AND OIL AND GAS LEASE NO. PRC 3455, TRACT NO. 2,
LONG BEACH UNIT, WILMINGTON FIELD, LOS ANGELES COUNTY

HUNTINGTON BEACH OIL LEASES

<u>BIDDER</u>	<u>BONUS BID (PER BARREL ABOVE BASE PRICE)</u>
1. EOTT Energy Partners, L.P.	\$0.255

The highest responsible bidder is EOTT Energy Partners, Limited Partnership.

TRACT NO. 2

<u>BIDDER</u>	<u>BONUS BID (PER BARREL ABOVE BASE PRICE)</u>
1. EOTT Energy Partners, L.P.	\$0.756
2. Huntway Refining Company	\$0.6350

The highest responsible bidder is EOTT Energy Partners, Limited Partnership.

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HUNTINGTON BEACH OIL LEASES

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