

MINUTE ITEM
This Calendar Item No. C49 was approved as
Minute Item No. 49 by the California State Lands
Commission by a vote of 3 to 0 at its
12/10/00 meeting.

**CALENDAR ITEM
C49**

A 57, 58

02/08/00

S 29

W 9603.108

J. Tanner

**CONSIDER APPROVAL OF THE AWARD OF THE ROYALTY OIL SALES
CONTRACT, OIL AND GAS LEASE NOS. PRC 91, PRC 163,
PRC 425, PRC 426 AND E-392,
HUNTINGTON BEACH OIL FIELD,
ORANGE COUNTY**

APPLICANT:

California State Lands Commission
100 Howe Avenue, Suite 100-South
Sacramento, CA 95825

BACKGROUND:

At its meeting on December 3, 1999, the California State Lands Commission authorized the sale of royalty crude oil from several Oil and Gas Leases in Orange County. Paramount Petroleum Company (Paramount) is presently purchasing the State's share of crude oil from these leases. Paramount is paying the State a bonus of \$0.251 per barrel above a base price defined as the highest price posted in the Huntington Beach Field among the postings of Chevron, Exxon Mobil, Union and Equiva. The State's share of production is approximately 1,000 barrels per day. The present royalty oil sales contact is for a term of 12 months. Royalty oil from these leases may be taken in kind or returned to the lessee on 90 days previous written notice.

A Notice Inviting Bids for a new Royalty Oil Sales Contract to run from June 1, 2000 until June 1, 2001, was published in the Orange County Register on December 20, 1999, and sent to all known interested parties. Bids were received and opened on January 6, 2000. Exhibit A shows 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

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highest responsible bidder has been identified on Exhibit A. Staff recommends awarding of the new Royalty Oil Sales Contract for Oil and Gas Lease Nos. PRC 91, PRC 163, PRC 425, PRC 426 and E-392, to the highest responsible bidder identified on Exhibit 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), 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 the 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

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

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.

AUTHORIZATION:

AWARD THE ROYALTY OIL SALES CONTRACT FOR OIL AND GAS LEASE NOS. PRC 91, PRC 163, PRC 425, PRC 426 AND E-392, TO THE HIGHEST RESPONSIBLE BIDDER IDENTIFIED ON EXHIBIT A FOR THE PERIOD FROM JUNE 1, 2000 UNTIL JUNE 1, 2001.

EXHIBIT A

**BID OPENING
ROYALTY OIL SALES CONTRACT
OIL AND GAS LEASE NOS. PRC 91, PRC 163,
PRC 425, PRC 426 AND E-392,
HUNTINGTON BEACH OIL FIELD,
ORANGE COUNTY**

January 6, 2000

11:00 a.m.

<u>BIDDER</u>	<u>BONUS BID (PER BARREL, ABOVE BASE PRICE)</u>
1. Bravo Energy	\$0.319
2. Paramount Petroleum Corporation	\$0.351

The highest responsible bidder is Paramount Petroleum Corporation.