

MINUTE ITEM

32. MODIFIED FORM OF OIL AND GAS LEASE, TIDE AND SUBMERGED LANDS UNDERLYING SLOUGHS, RIVERS AND OTHER INLAND WATERWAYS - W.O. 5251, GEN. DATA.

After consideration of Calendar Item 30 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. APPROVES AND ADOPTS, PURSUANT TO DIVISION 6, PART 2, CHAPTER 3, ARTICLES 2 AND 4 OF THE PUBLIC RESOURCES CODE, THE COMBINED PTD-LEASE NORM, REFERRED TO AS EXHIBIT "A" (W.O. 5251), ON FILE IN THE OFFICE OF THE COMMISSION AND HEREBY MADE A PART HEREOF BY REFERENCE, AS THE FORM TO BE UTILIZED FOR OIL AND GAS LEASE OFFERS OF THOSE TIDE AND SUBMERGED LANDS UNDERLYING SLOUGHS, RIVERS, AND OTHER INLAND WATERWAYS.
2. AUTHORIZES THE INCLUSION IN EACH SUCH LEASE-OFFER OF AN OPTION TO ALL BIDDERS EXCEPT THE APPARENT HIGH BIDDER TO HAVE THE REQUIRED BID DEPOSIT REFUNDED UPON WRITTEN REQUEST AND RELINQUISHMENT BY SUCH BIDDER OF ANY RIGHTS OF INTEREST IN THE PARTICULAR LEASE OFFER.

Attachment

Calendar Item 30 (1 page)

CALENDAR ITEM

30.

MODIFIED FORM OF OIL AND GAS LEASE, TIDE AND SUBMERGED LANDS UNDERLYING SLOUGHS, RIVERS AND OTHER INLAND WATERWAYS - W.O. 5251.

Pursuant to an application request that the Commission offer, for oil and gas lease, a parcel of tide and submerged land underlying a navigable slough, the staff has modified the lease form currently used by the Commission for tide and submerged lands to make it adaptable for use in leasing tide and submerged lands underlying navigable sloughs and rivers.

As modified, the combined bid-lease form provides for a drilling term of 90 days, and the period of time allowed between the completion of the drilling of one well and the commencement of the drilling of the next well has been reduced to 60 days. Also, the lessee has been limited to a 90-day period in which to remove property, equipment, and facilities in the event of the cancellation, quitclaim, expiration or other termination of the lease. The performance bond has been reduced to \$20,000. The gas-well spacing and offset requirements have been modified to conform with a 150-acre pattern. In addition to the above changes, other modifications have been made in the proposed lease form.

The lease form includes a provision that lands underlying waters covered by the provisions of Section 8710 of the Water Code require the approval of the Reclamation Board for the erection of any offshore structures.

This form has been reviewed and approved by the office of the Attorney General.

IT IS RECOMMENDED THAT THE COMMISSION:

1. APPROVE AND ADOPT, PURSUANT TO DIVISION 6, PART 2, CHAPTER 3, ARTICLES 2 AND 4 OF THE PUBLIC RESOURCES CODE, THE COMBINED BID-LEASE FORM, REFERRED TO AS EXHIBIT "A" (W.O. 5251), ON FILE IN THE OFFICE OF THE COMMISSION AND HEREBY MADE A PART HEREOF BY REFERENCE, AS THE FORM TO BE UTILIZED FOR OIL AND GAS LEASE OFFERS OF THOSE TIDE AND SUBMERGED LANDS UNDERLYING SLOUGHS, RIVERS, AND OTHER INLAND WATERWAYS.
2. AUTHORIZE THE INCLUSION IN EACH SUCH LEASE-OFFER OF AN ARTICLE TO ALL BIDDERS EXCEPT THE APPARENT HIGH BIDDER TO PAY THE REQUIRED BID DEPOSIT REFUNDED UPON WRITTEN REQUEST AND REINSTATEMENT BY SUCH BIDDER OF ANY RIGHTS OF INTEREST IN THE PARTICULAR LEASE OFFER.