MINUTE ITEM

This Calendar Item No. 27 was approved as Minute Item No. 27 by the State Lands Commission by a vote of 3 to 0 at its 4-7-81 meeting.

CALENDAR ITEM

3/81
W 40143
Kuehn
PRC 5978

27

AWARD OF OIL AND GAS LEASE
FOR THE GRAY LODGE WATERFOWL MANAGEMENT AREA

HIGHEST QUALIFIED BIDDER:
Seaward Resources, Inc.,
A Delaware Corporation
#1750, 540 5th Avenue
Calgary, Alberta T2P 0M2 Canada

BID: 16 2/3% royalty on oil, gas and other hydrocarbons plus 31.25% of net profits plus $20 rental per acre per year.

DATE OF BID: January 27, 1981.

ACREAGE: 904.8 acres.

TYPE OF LAND: Proprietary.

LOCATION: Gray Lodge Waterfowl Management Area, Butte County. (see Exhibit "A")

TERMS: Primary term: 20 years; Drilling term: 2 years; Surety Bond: $100,000.

AUTHORIZATION TO OFFER:
November 17, 1980 (Minute Item 3, page 2641).

NOTICE OF INTENTION PUBLISHED:
December 11 and 18, 1980.

OTHER BIDS: None.

STAFF DETERMINATION:
Sufficient as to technical and economic factors.

LEGAL STAFF DETERMINATION:

A. The Commission has complied with the procedural requirements of law;

B. The bid submitted conforms with:

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1. The bid requirements as specified in the proposal of the Commission;

2. The applicable provisions of law; and

3. The rules and regulations of the Commission.

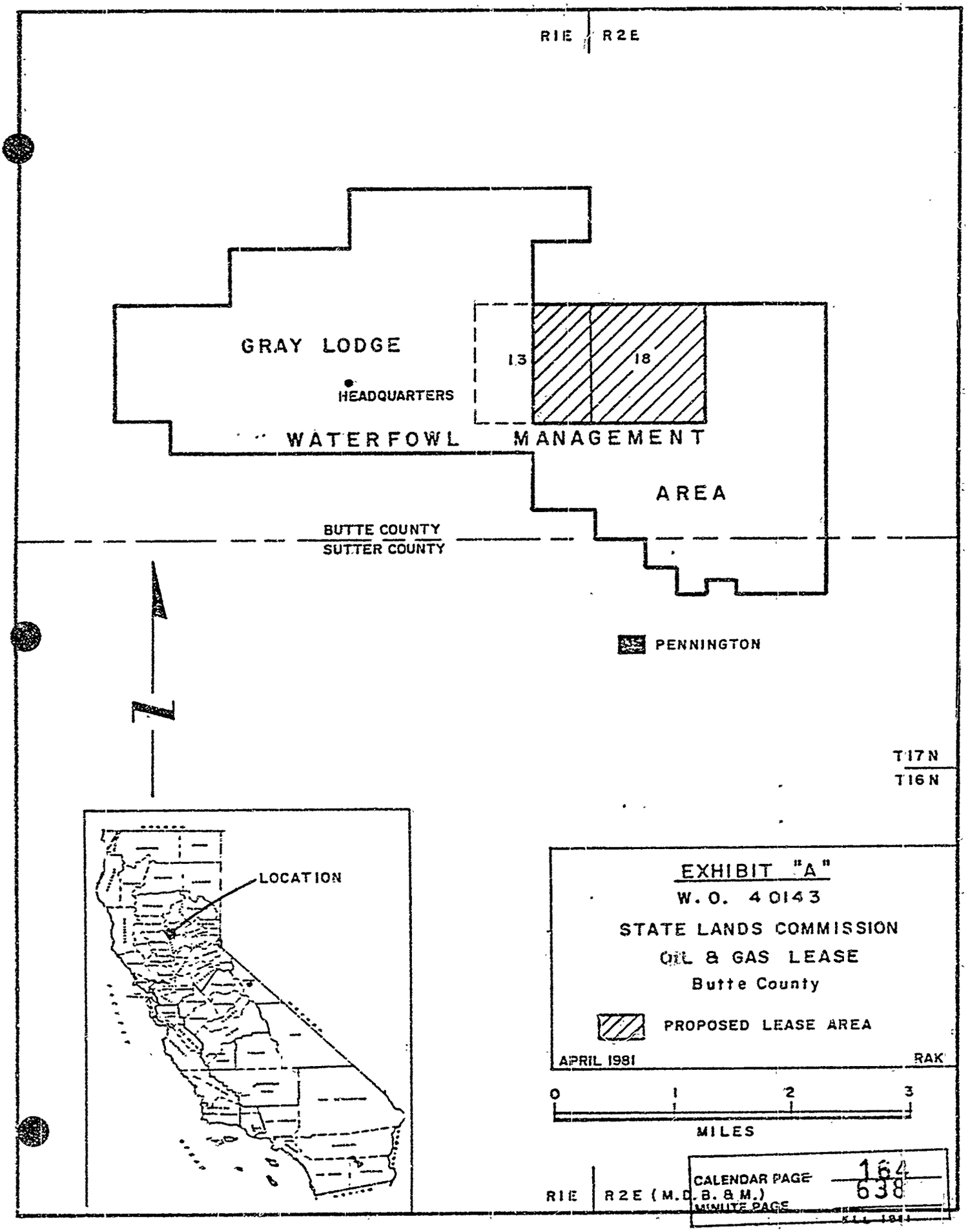
ENVIRONMENTAL INFORMATION:
On November 17, 1980, the Commission certified Negative Declaration #253 as having been prepared in compliance with the requirements of CEQA and implementing guidelines, and determined that the subject project would not have a significant effect on the environment.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT A NEGATIVE DECLARATION FOR THIS PROJECT WAS PREPARED PURSUANT TO THE PROVISIONS OF CEQA AND WAS CERTIFIED BY THE COMMISSION ON NOVEMBER 17, 1980. AT THAT TIME A FINDING WAS MADE THAT THIS PROJECT WOULD NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.

2. ACCEPT THE BID OF SEAWARD RESOURCES, INC., AND AUTHORIZE THE ISSUANCE OF AN OIL AND GAS LEASE TO THE AFORESAID BIDDER FOR APPROXIMATELY 904.8 ACRES OF PROPRIETARY LANDS DESIGNATED AS W.O. 40143 IN BUTTE COUNTY, AS DETAILED IN THE NOTICE OF INTENTION PUBLISHED DECEMBER 11 and 18, 1980. THE CONSIDERATION FOR THE ISSUANCE OF THE LEASE SHALL BE A RENTAL OF $20 PER ACRE PER YEAR, A ROYALTY OF 16 2/3% ON HYDROCARBONS PRODUCED, AND 31.25% OF NET PROFITS, AS OFFERED IN THE BID.



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