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CALENDAR ITEM

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EXEMPTION OF
OIL AND GAS LEASES FROM
COMPETITIVE BIDDING REQUIREMENTS

APPLICANT: East Bay Municipal Utility District
Attention: Walter D. Goggin,
Manager of Properties
P. O. Box 24055
Oakland, California 94623

AREA, TYPE OF LAND AND LOCATION:
57-acres of land owned by the East Bay
Municipal Utility District, adjacent to
the Mokelumne Aqueduct in San Joaquin and
Contra Costa Counties. The land is divided
into four parcels consisting of 17.74 acres
near Stockton, and 9.26-acres, 5.5-acres,
and 24.5-acres near Princeton.

SUMMARY: The East Bay Municipal Utility District
intends to enter into four separate oil
and gas leases with Petroleum Properties
Corporation, Conoco, Inc. and Fleet Oil
Company. The District has requested that
the Commission exempt the leases from the
procedural requirements of competitive
public bidding as specified by Sections
7052 and 7053 of the P.R.C.

PERTINENT INFORMATION:
All four parcels are owned in fee by the
East Bay Municipal Utility District and
are adjacent to the Mokelumne Aqueduct
in San Joaquin and Contra Costa Counties.
Two of the parcels are adjacent to or part

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of units operated by the oil companies that are requesting leases from the district. In these cases drainage by the operating units is imminent because of actual production and current drilling. All four parcels are small and irregular in shape (see attached map), which would qualify them for exemption under Section 7052 of the P.R.C.

Petroleum Properties has offered to pay the District \$50 per acre per year and a royalty share of one-fifth on the District's 17.7-acre parcel (Parcel 1) in San Joaquin County near the City of Stockton. Conoco, inc. has offered to pay the District a royalty share of one-sixth on current production within the operating unit, on the 9.26-acre (Parcel 3) in Contra Costa County near the town of Brentwood. There will be no rental payments. Fleet Oil Company has offered to pay the District \$20 per acre per year and a royalty share of one-sixth on the District's 5.5-acre (Parcel 2), currently being drilled and 24.5-acre (Parcel 4) parcels in Contra Costa County, near the town of Brentwood. Staff feels that the rates offered the East Bay Municipal Utility District are adequate.

The staff believes that the parcels can be economically developed by the proposed lessees and that it would be impractical for the District to follow the competitive bidding procedures as outlined in Sections 7052 and 7053 of the P.R.C. The parcels are small and the potential for drainage from adjacent lands under the control of the potential lessees appears imminent.

In accordance with Section 7052 of the P.R.C., the State Lands Commission may, in its discretion, exempt particular leases from the procedures of public bidding if it deems that such procedures are impractical by reason of the small size of the property or drainage from surrounding land.

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N/A.

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OTHER PERTINENT INFORMATION:

This action by the Commission is not a project as defined by CEQA and the resources guidelines under P.R.C. Section 21065 and Title 14, Cal. Adm. Code, Sections 15037 and 15060.

EXHIBITS: A, B. Maps of Leases.

IT IS RECOMMENDED THAT THE COMMISSY

1. DETERMINE THAT THIS ACTIVITY IS NOT A PROJECT UNDER THE PROVISIONS OF P.R.C. 21065 AND 14 CAL. ADM. CODE 15037 AND 15060.
2. EXEMPT THE EAST BAY MUNICIPAL UTILITY DISTRICT FROM THE PROCEDURAL REQUIREMENTS OF P.R.C. SECTIONS 7052 AND 7053 IN THE PROPOSED LEASING OF FOUR PARCELS ON THE NOKELUMNE AQUEDUCT.

EXHIBIT "A"
STATE LANDS COMMISSION
W 40384

LOCATION MAP FOR PROPOSED
OIL & GAS LEASES, EAST BAY
MUNICIPAL UTILITY DISTRICT

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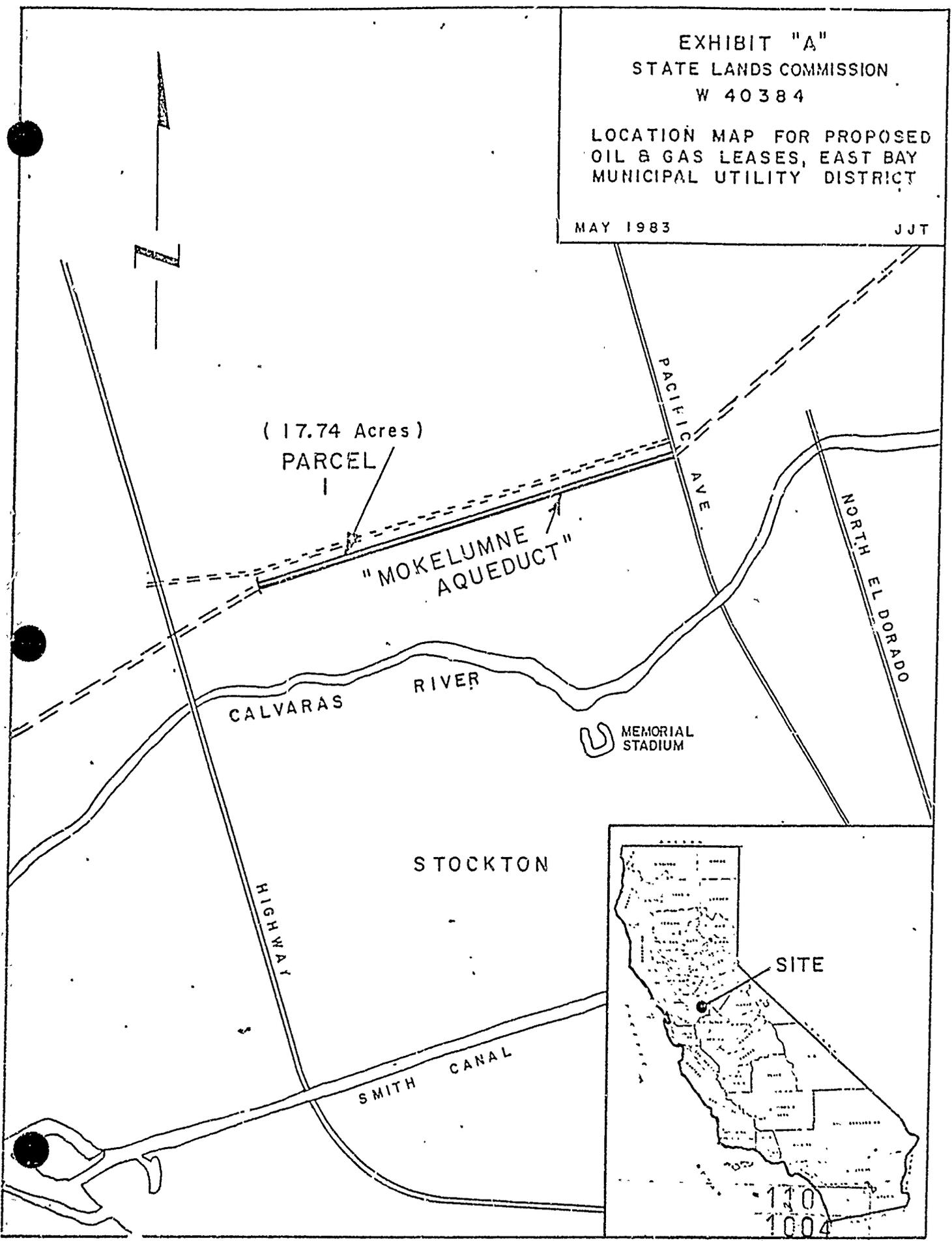
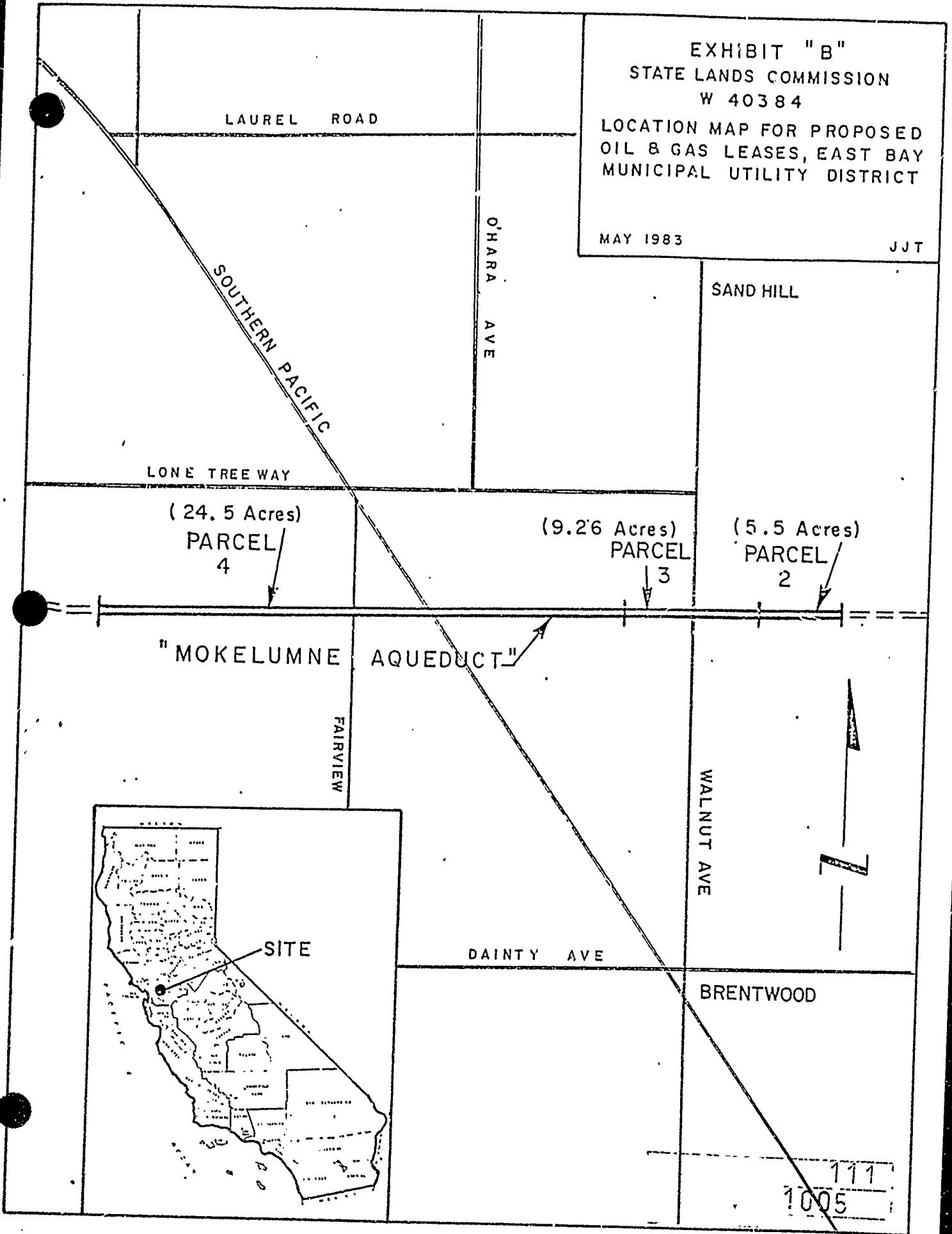


EXHIBIT "B"
STATE LANDS COMMISSION
W 40384
LOCATION MAP FOR PROPOSED
OIL & GAS LEASES, EAST BAY
MUNICIPAL UTILITY DISTRICT

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