

MINUTE ITEM

This Calendar Item No. 26
was approved as Minute Item
No. 26 by the State Lands
Commission by a vote of 2
to 0 at its 3/28/85
meeting.

CALENDAR ITEM

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03/28/85
PRC 5995
Gonzalez

APPROVAL OF AMENDED GAS SALES AGREEMENT
STATE OIL AND GAS LEASE PRC 5995
SOLANO COUNTY

LESSEE: Casex Company
1370 Brea Boulevard
Fullerton, California 92635.

AREA, TYPE LAND AND LOCATION:
A 238-acre parcel of tide and submerged land,
located within the bed of Lindsay Slough,
Solano County.

APPROVALS REQUESTED:
Approval of gas sales agreement between Casex
Company, the State's Lessee, and Pacific Gas
and Electric Company.

BACKGROUND INFORMATION:
1. Casex Company is operator for Casex and
Seahawk International, Inc. who are joint
Lessees under PRC 5995 at Lindsay Slough.
The lease provides for 16 2/3 percent
royalty and 80 percent of the net profits
to the State. Casex has submitted for
Commission approval an amended sales
agreement with Pacific Gas and Electric for
natural gas produced from two of three
existing wells on the State Lease.

The gas sales contract as amended with
Pacific Gas and Electric covers wells
Number 1-1, and 2-1.

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The amended contract provides for the sales of gas at \$3.00/MMHTU and 1/3 load factor (minimum purchase is 33 percent of the wells maximum deliverability) for the calendar year 1985. Every two years thereafter the price may be determined based on the fair market value of the gas as mutually agreed upon or established through arbitration proceedings. The overall term of the agreements extends to January 1, 2001.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to paragraph 15 of Lease PRC 5995, the Lessee must obtain prior state approval before entering into any sales contract for the disposition of production from the leased lands.
2. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 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 CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. APPROVE THE AMENDED GAS SALES AGREEMENT BETWEEN CASEX COMPANY AND PACIFIC GAS AND ELECTRIC COMPANY DATED MARCH 7, 1985, FOR GAS PRODUCED UNDER STATE OIL AND GAS LEASE PRC 5995.

(REVISED 03/27/85)

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