

MINUTE ITEM

This Calendar Item No. 25  
was approved as Minute Item  
No. 25 by the State Lands  
Commission at a vote of 2  
to 0 at its 7/24/86  
meeting.

CALENDAR ITEM

25

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07/24/86  
PRC 6941  
Tanner

AMENDMENT OF STATE OIL AND GAS LEASE PRC 6941,  
CONTRA COSTA AND SACRAMENTO COUNTIES

APPLICANTS: Russell J. Green, Jr. and  
Robert D. Reedy  
P. O. Box 965  
Healdsburg, California 95448

AREA, TYPE LAND AND LOCATION:  
See Exhibit "A".

BACKGROUND: The State's lessees for State oil and gas Lease  
PRC 6941, Messrs. Green and Reedy, have  
requested that they be permitted to substitute  
a second \$50,000 performance bond in lieu of a  
\$100,000 certificate insuring against damages  
to third persons from pollution caused by  
operation under the lease. The lessees have  
been unable to obtain the pollution liability  
insurance.

Since the State lease is a subsurface lease,  
only, with no surface occupancy rights and  
associated hazards and the likely production  
from the proposed wells will be natural gas,  
staff feels that a second \$50,000 performance  
bond in addition to a \$50,000 bond already on file  
will adequately protect the State's exposure  
under this lease. Staff counsel has advised  
that this substitution is within the provisions  
of the lease.

PRE-REQUISITE ITEMS:

A. Executed copy of amendment to State oil and  
gas Lease PRC 6941.

STATUTORY AND OTHER REFERENCES:

- A. Section 25 of the lease.

OTHER PERTINENT INFORMATION:

1. 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 it is not a "project" as defined by CEQA and the State CEQA Guidelines.

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

AB 884: N/A.

EXHIBITS:

- A. Lease Description.  
B. Amendment to State Lease.  
C. Location Map.

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 IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. APPROVE THE AMENDMENT TO OIL AND GAS LEASE P.R.C 6941, ATTACHED AS EXHIBIT "B" AND INCORPORATED HEREIN BY REFERENCE, AND AUTHORIZE THE ACCEPTANCE OF A SECOND \$50,000 PERFORMANCE BOND IN PLACE OF A CERTIFICATE OF INSURANCE.

EXHIBIT "A"

## LAND DESCRIPTION

A parcel of tide and submerged land in the San Joaquin River in Contra Costa and Sacramento Counties, California, lying within portions of projected Sections 1, 2, 11 and 12, T2N, R2E, MDM, and described as follows:

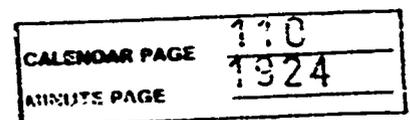
BEGINNING at the southwest corner of Lot No. 61, Jersey Islands Farm Tract, as shown on that certain map of Jersey Island Farms, filed in the office of the Recorder of Contra Costa County, California, in Book 18 of Maps at Pages 419 to 424, inclusive, on August 7, 1923, and its intersection with the ordinary high water mark along the left bank of the San Joaquin River, thence northeasterly along said ordinary high water mark to its intersection with the northeast corner of Lot No. 69 Jersey Island Farm Tract, recorded as aforesaid Lot No. 61, thence northwesterly in a straight line to the southeast corner of Swamp and Overflowed Lands Survey No. 549, also being the East line of the West half of projected Section 1, T2N, R2E, MDM, and its intersection with the ordinary high water mark along the right bank of the San Joaquin River, thence southwesterly along said ordinary high water mark to its intersection with the west line of the 75 acre L. Del Chiaro property in projected Section 2, T2N, R2E, also being the east line of the 125 acre C. E. Upham property, said lines lying within a portion of Swamp Land Survey No. 554, thence southeasterly in a straight line to the point of beginning.

EXCEPTING THEREFROM Swamp and Overflowed Land Survey No. 1063 containing 20.54 acres, more or less, and recorded in Book 5 of Patents, Page 199 Sacramento County Records.

## END OF DESCRIPTION

REVIEWED OCTOBER 31, 1985 BY BOUNDARY SERVICES UNIT, M. L. SHAFER, SUPERVISOR.

The State Lands described above contains 807 acres, more or less.



"REVISED"  
EXHIBIT "B"

Amendment to State Oil and Gas Lease PRC 6941.1,  
Contra Costa and Sacramento Counties,  
State of California

This Amendment is entered into by and between the State of California, acting by and through the State Lands Commission, herein referred to as "STATE" and Robert D. Reedy, an individual, and Russell H. Green, Jr., an individual, as tenants in common with equal undivided shares, who will be referred to collectively as the "LESSEES".

WHEREAS, THE STATE AND LESSEES heretofore entered into State Oil and Gas Lease PRC 6941.1, Contra Costa and Sacramento Counties, dated January 23, 1986, hereinafter referred to as "SAID LEASE"; and

WHEREAS, the terms of said Lease require the Lessees to furnish a Certificate of Insurance in the amount of \$100,000 for damage to third persons or their property; and

WHEREAS, said lease may also be changed, altered or amended by mutual consent of the parties; and

NOW THEREFORE, the State and Lessees Agree that it is advantageous and efficient to substitute a good and sufficient bond in the sum of \$50,000 to cover damage to third persons or their property, instead of a Certificate of Insurance. Lessees further agreed that Lessees will maintain such bond during the term of the lease and that any Notice of Cancellation issued under such bond shall give the State 150-days written notice of its effectiveness. In the event such Notice of Cancellation is given, Lessees agree to provide a new bond satisfactory to the State within 45 days of the date of sending of the Notice of Cancellation or be considered in default in their performance of the lease.

And it is further agreed that all other terms and conditions of said Lease are to remain unchanged and in full force and effect.

This Agreement will become binding on the Lessees only when duly executed on behalf of the State Lands Commission of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date hereafter affixed.

Robert D. Reedy  
Russell H. Green, Jr.

STATE LANDS COMMISSION

By \_\_\_\_\_

By \_\_\_\_\_

TITLE

DATE \_\_\_\_\_

ADDRESS -----  
\_\_\_\_\_  
\_\_\_\_\_

Execution of this document was authorized by the State Lands Commission on \_\_\_\_\_.

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MINUTE PAGE	1926

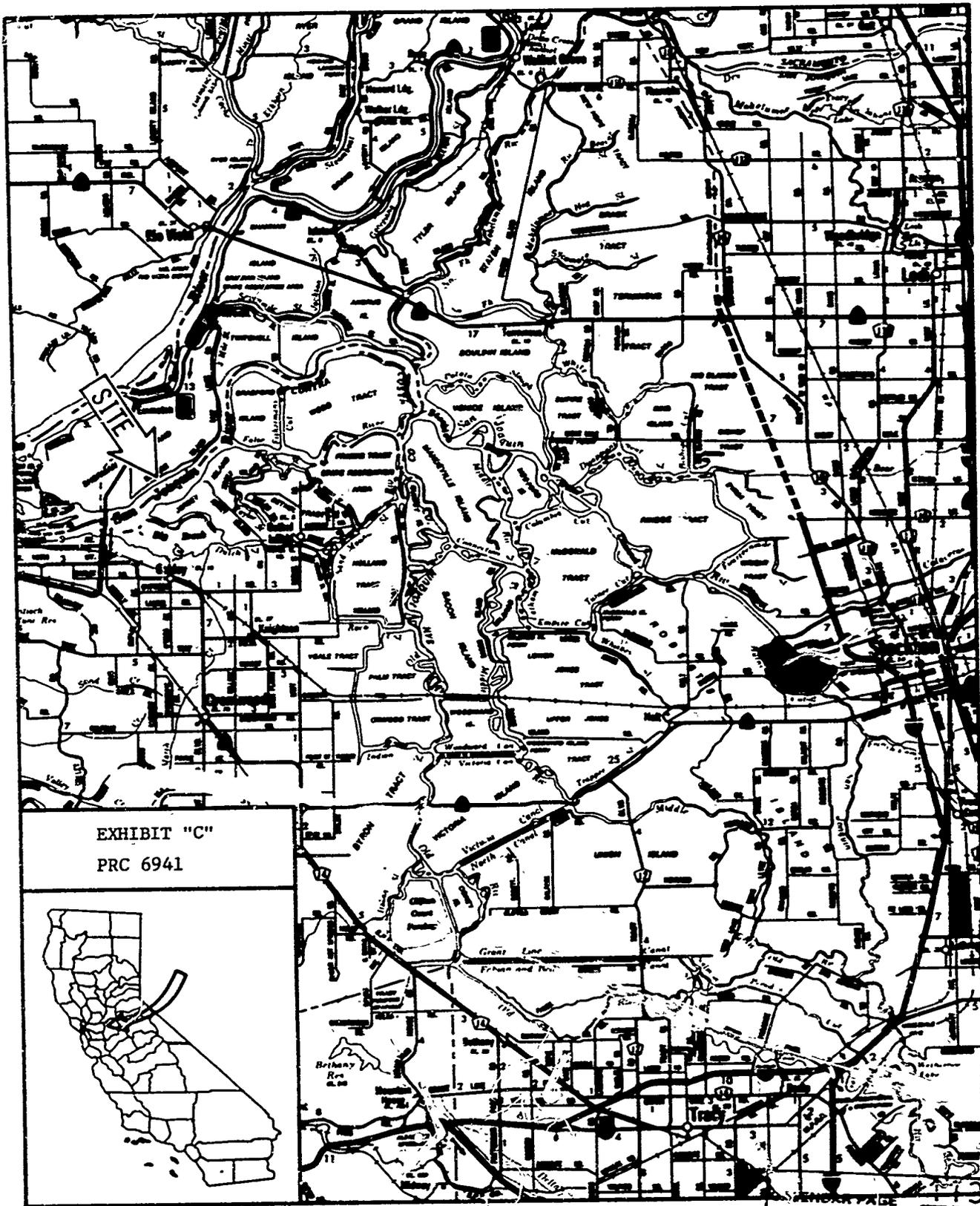


EXHIBIT "C"  
 PRC 6941

