

MINUTE ITEM
This Calendar Item No. 37
was approved as Minute Item
No. 2 by the State Lands
Commission by a vote of 2
to 0 at its 4-13-88
meeting.

CALENDAR ITEM

37

04/12/88
W 40543
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REQUEST FOR EXEMPTION FROM COMPETITIVE BID PROCEDURES
FOR A SUBSURFACE OIL AND GAS LEASE ON COUNTY PROPERTY,
CONTRA COSTA COUNTY

APPLICANT: County of Contra Costa
Public Works Department
255 Glacier Drive
Martinez, California 94553-4897

AREA AND TYPE LAND: A 2.41 acre parcel of county land in W. 1/2,
Section 9, Township 1 North, Range 3 East, MDM,
Contra Costa County.

BACKGROUND INFORMATION:

The Maxus Exploration Company (Maxus) has requested Contra Costa County to enter into a subsurface oil and gas lease for County owned lands underlying Eden Plains Road near Byron. Maxus has leased and has an option to lease acreage surrounding the 2.41 acre parcel of county land. Contra Costa County has requested to be exempted from competitive bidding procedures in order to negotiate a lease with Maxus. Maxus has offered to lease this parcel of land and has agreed to pay Contra Costa County a royalty of 1/6th for any hydrocarbons produced from this lease, \$.00 per acre per year rent and a \$250.00 one time processing fee. Staff believes that the proposed terms are fair and reasonable.

STATUTORY AND OTHER REFERENCES:
P.R.C. Section 7052 states in part:

"The State Lands Commission may in its discretion exempt particular leases or

operating agreements from the procedure required by this section and Section 7053" --- (competitive bidding procedures) ---- "where by reason of the small size of the property or drainage, actual or imminent, such procedure would in the judgement of the State Lands Commission in the particular cause be impractical".

Staff has reviewed the application of Contra Costa County for a subsurface negotiated oil and gas lease with Maxus and has determined that it would be impractical for Contra Costa County to follow the competitive public bidding procedures as outlined in Section 7052 and 7053 of the California P.R.C. Because the parcel is small in size, the county proposes to develop the surface for other uses so there is no drillsite and the potential for drainage from adjacent lands under lease to Maxus appears imminent.

AB 884: N/A.

EXHIBITS: A. Location Map.
B. Legal Description.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority, staff has determined that this activity is exempt from the requirement of 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 IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

CALENDAR ITEM NO. 37 (CONT'D)

2. APPROVE THE REQUEST OF THE COUNTY OF CONTRA COSTA FOR AN EXEMPTION FROM THE FORMAL BIDDING REQUIREMENTS AS OUTLINED IN P.R.C. SECTIONS 7052 AND 7053, FOR A SUBSURFACE OIL AND GAS LEASE IN THE COUNTY-OWNED 2.41 ACRE PARCEL LOCATED UNDER EDEN PLAINS ROADS, W. 1/2, SECTION 9, TOWNSHIP 1 NORTH, RANGE 4 EAST, MDM, CONTRA COSTA COUNTY.

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EXHIBIT "A"

STATE LANDS COMMISSION

EXEMPTION FROM COMPETITIVE BIDDING

W 40543

CONTRA COSTA COUNTY

JANUARY 1988

K.T.K.

APPROXIMATE SURFACE LOCATION 

APPROXIMATE BOTTOM HOLE LOCATION 



SUNSET ROAD

EGBH

2

1

PLAINS

3

090

090

090

090

090

090



LOCATION MAP

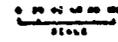


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EXHIBIT "B"

"Parcel description furnished by Contra Costa County"

Attached to and made a part of that certain
Oil, Gas and Mineral Lease, dated _____
_____, 1987, between the
COUNTY OF CONTRA COSTA, a political subdivision
of the State of California, Lessor, and MAXUS
EXPLORATION COMPANY, Lessee.

TOWNSHIP 1 NORTH, RANGE 3 EAST, M.D.B.&M.
Section 9: A portion of the W 1/2 described
as follows:

BEGINNING at the corner common to Sections 8, 9, 16 and 17,
Township 1 North, Range 3 East, M.D.B.&M., thence North along
the dividing line between Sections 8 and 9 a distance of
5,259.8 feet to a point on the North line of the County Road
along the North line of Sections 8 and 9, thence East along
North line of Section 9, a distance of 20 feet, thence South,
parallel to the West line of Section 9, a distance of 5,259.8
feet to the dividing line between Sections 9 and 16, thence
West along said line a distance of 20 feet to the point of
beginning.

Containing an area of 2.41 acres of land, more or less.

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