

MINUTE ITEM

6

05/25/88
W 40546
Hamilton

DENIAL OF APPLICATION FOR NEGOTIATED SUBSURFACE
STATE OIL AND GAS LEASE
CONTRA COSTA COUNTY

Calendar Item 6, attached, was pulled from the agenda prior to the meeting.

Attachment: Calendar Item 6.

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CALENDAR ITEM

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Hamilton

S 7

DENIAL OF APPLICATION FOR
NEGOTIATED SUBSURFACE STATE OIL AND GAS LEASE,
CONTRA COSTA COUNTY

APPLICANT: Tri-Valley Oil & Gas Company
Attention: Lynn Blystone
2001 Westwind Drive, Suite 14
Bakersfield, California 93301

AREA, TYPE LAND AND LOCATION:
The lands on False River, Piper Slough and Taylor Slough are State lands under the jurisdiction of the State Lands Commission. These State lands may be available for subsurface oil and gas leasing by the Commission.

The land on Little Franks Tract is State-owned land that contains the following distinctive characteristics: it is parkland under the jurisdiction of the Department Parks and Recreation; it is a 330-acre island bounded on the south and west by Piper Slough, on the north by False River, and on the east by the open water portion of Franks Tract State Recreation Area; it is part of Franks Tract State Recreation Area; it is a unit of the State Park system; and, pursuant to P.R.C. 5001.65, it is not available for oil and gas leasing by the Commission. (The authority granted to the Commission under P.R.C. 6854 to lease State-owned land does not apply in this situation.)

CALENDAR ITEM NO. 06 (CONT'D)

SENATE BILL NO. 2120:

Senator Don Rogers recently has introduced Senate Bill No. 2120 that would amend Sections 5001.65 and 6854 of the P.R.C. This bill would authorize the Commission to grant subsurface oil and gas leases on all or any portion of Little Franks Tract, provided development under the lease is made by slant or directional drilling from surface locations on lands outside of the parklands.

BACKGROUND INFORMATION:

Commission staff has received an application from Tri-Valley Oil & Gas Company requesting a negotiated subsurface State oil and gas lease on all of Little Franks Tract and adjacent False River and Piper Slough. Inquiries have also been received from other potential lessees concerning the availability of the lands for leasing.

Staff has reviewed the information supplied by all parties and other data in the files of the Commission. Staff has concluded, that if Senate Bill No. 2121 is enacted into law, a competitive bid subsurface State oil and gas lease is the best instrument to develop any oil and gas resource that may underlie Little Franks Tract and adjacent False River and Piper Slough acreage.

Therefore, the application submitted by Tri-Valley Oil & Gas Company for False River, Piper Slough, Taylor Slough and all of Little Franks Tract should be denied.

AB 884:

06/21/88.

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 CEQA does not apply to projects which a public agency rejects or disapproves.

Authority: P.R.C. 21080(b)(5) and 14 Cal. Adm. Code 15270.

CALENDAR ITEM NO. 06 (CONT'D)

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA BECAUSE CEQA DOES NOT APPLY TO PROJECTS WHICH A PUBLIC AGENCY REJECTS OR DISAPPROVES, 14 CAL. ADM. CODE 15270.

2. DENY WITHOUT PREJUDICE THE APPLICATION OF TRI-VALLEY OIL & GAS COMPANY FOR A NEGOTIATED SUBSURFACE STATE OIL AND GAS LEASE ON THAT PORTION OF FALSE RIVER, PIPER SLOUGH, TAYLOR SLOUGH AND ALL LITTLE FRANKS TRACT IN CONTRA COSTA COUNTY.

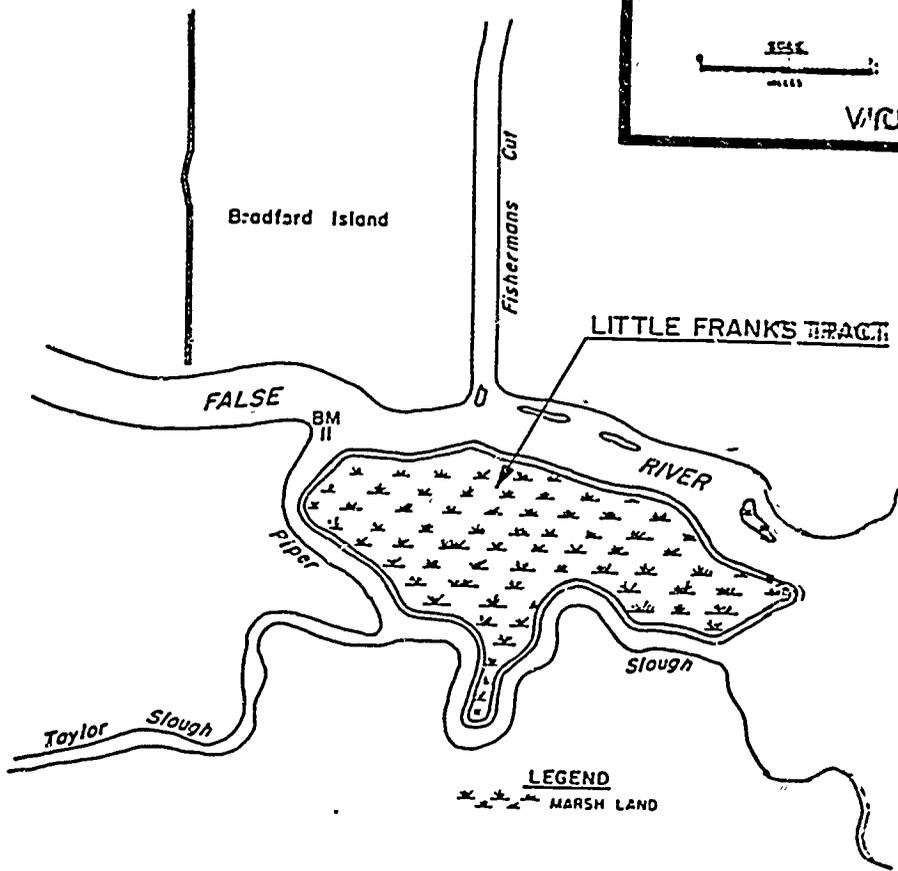
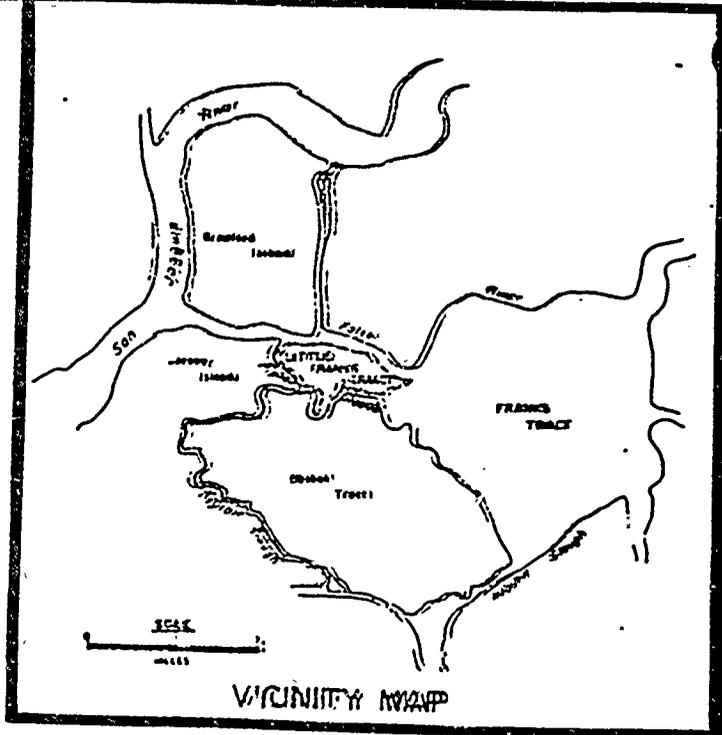


EXHIBIT "A"
 LITTLE FRANKS TRACT
 AND VICINITY
 W40546

