

MINUTE ITEM
This Calendar Item No. C13
was approved as Minute Item
No. 13 by the State Lands
Commission by a vote of 3
to 0 at its 3/23/89
meeting.

CALENDAR ITEM

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C13

03/23/89
W 40580
Hamilton

APPROVAL OF PROPOSED RESOLUTION OF THE CITY OF TRACY
DECLARING ITS INTENTION TO ENTER INTO A COMPETITIVELY
BID SUBSURFACE OIL AND GAS LEASE, SAN JOAQUIN COUNTY

PETITIONER: City of Tracy
Attn: Mr. Craig L. Phillips
Assistant City Manager
325 East Tenth Street
Tracy, California 95376

SUMMARY: The City of Tracy has petitioned the Commission
for approval of its proposed resolution
entitled: "A Resolution of the City Council of
the City of Tracy, California Declaring Its
Intention to Call for Bids for a Certain Oil
and Gas Lease and Making Findings in Connection
Therewith" (Exhibit "A"). This resolution
concerns a competitively bid subsurface oil and
gas lease on two parcels (totaling 272.77
acres) of City-owned land underlying the Tracy
Municipal Airport situated within Section 8,
T3S, R5E, MDM, San Joaquin County, California.

STATUTORY AUTHORITY:
Pursuant to P.R.C. 7058.5, before a lease for
the production of oil and gas on city-owned
land is entered into, the city shall adopt a
resolution declaring its intention to take such
action. However, P.R.C. 7060(a) requires that
no such lease shall be effective unless prior
to adopting the resolution provided for by
P.R.C. 7058.5, the city has petitioned the
State Lands Commission for approval of the
proposed resolution, and the proposed
resolution has been approved by the State Lands
Commission.

CALENDAR ITEM NO. C 13 (CONT'D)

The staff has reviewed the proposed resolution of the City of Tracy and has determined that it conforms to the requirements of P.R.C. 7058.5.

OTHER PERTINENT INFORMATION:

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity (approval of proposed resolution) 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. Code Regs. 15378.

EXHIBIT: A. City of Tracy's Proposed Resolution.

AB 884: N/A.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY (APPROVAL OF PROPOSED RESOLUTION) IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. APPROVE, PURSUANT TO P.R.C. 7060(a), EXHIBIT "A" THE CITY OF TRACY'S PROPOSED RESOLUTION ENTITLED: "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TRACY, CALIFORNIA DECLARING ITS INTENTION TO CALL FOR BIDS FOR A CERTAIN OIL AND GAS LEASE AND MAKING FINDINGS IN CONNECTION THEREWITH" FOR A COMPETITIVELY BID SUBSURFACE OIL AND GAS LEASE ON TWO PARCELS (TOTALING 272.77 ACRES) OF CITY-OWNED LAND UNDERLYING THE TRACY MUNICIPAL AIRPORT SITUATED WITHIN SECTION 8, T3S, R5E, MDM, SAN JOAQUIN COUNTY, CALIFORNIA.
3. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

EXHIBIT "A"

(W 40580)

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TRACY,
CALIFORNIA DECLARING ITS INTENTION TO CALL FOR BIDS
FOR A CERTAIN OIL AND GAS LEASE AND MAKING FINDINGS IN
CONNECTION THEREWITH

The City Council of the City of Tracy, California, does
resolve as follows:

Section 1: That certain form of Agreement of Lease
presented to the City Council and original filed in the
Office of the City Clerk at the Council Meeting on
_____, 1989, is hereby referred to and by this
reference incorporated herein.

Section 2: Pursuant to Section 7058.5 of the Public
Resources Code of the State of California, the City Council
declares that it intends to call for bids for an oil and gas
lease in the form of the lease referred to in Section 1 of
this Resolution. The property to be leased is described in
Exhibit "A" attached to this resolution and by this
reference made a part hereof. The minimum rental shall be
the sum of twenty dollars (\$20.00) per acre per year and
one-sixth (1/6) royalty for all gas and oil produced. The
variable bidding factor upon which bids shall be received
shall be the rent above the minimum for the first year which
shall be no less than \$5,500.00. The term of the Agreement
of Lease shall be for a period of two (2) years and for such
longer period (not to exceed 35 years) during which oil, gas

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or other hydrocarbon substances shall be produced from the leased land, or lands with which the leased land may be pooled, or from any well, the bore of which, passes through the leased land. The successful bidder shall pay for all costs.

Section 3: That certain Agreement of Lease referred to in Section 1 of this resolution, in the judgment of the City Council, will not substantially interfere with the use of any property described in said Agreement of Lease used, owned, dedicated, or acquired as parks, highways, streets, walks, or public playgrounds for park, highway, street, walk or playground purposes. The Council further finds and determines that in said Agreement of Lease, the Council has prescribed terms and conditions to the end that any drilling and producing operations will interfere as little as possible with the use of the property for parks, highways, streets, walks or playground purposes where such property shall have been dedicated or acquired as a park, highway, street, walk or playground.

Section 4: The blank spaces in that certain Agreement of Lease referred to in Section 1 of the Resolution shall be completed as follows: In the introductory paragraph the date of approval of Agreement of Lease by the City Council after the opening and award of bids shall be inserted together with the name of the successful bidder. The blank

space in the 8th and 11th lines of Paragraph 3 shall have inserted within it the amount bid which shall be not less than the sum of \$5,500.00 and the bid price shall constitute payment of the first year of rent. The bidder shall submit his bid in letter form accompanied by a Certified or Cashier's check in the full amount of the bid.

Section 5: Bids for said Agreement of Lease are hereby invited and shall be received in the Office of the City Clerk located at 325 E. 10th Street, Tracy, California, until 5:00 p.m. on _____, 1989, and shall be opened and publicly declared by the Council at 8:00 p.m. on said date.

Section 6: The City Clerk shall publish this resolution once a week for four successive weeks in one or more newspapers of general circulation in the city. Said publication shall be completed before the date fixed in Section 5 for the opening bids.

Section 7: The City Clerk shall certify to the adoption of this resolution thenceforth, and thereafter the same shall be in full force and effect.

The foregoing Resolution No. _____ was passed and adopted by the City Council of the City of Tracy on the _____ day of _____, 1989, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

Mayor of the City of Tracy

ATTEST:

City Clerk

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EXHIBIT "A"

Township 3 South, Range 5 East, M.D.B.&M.

All the oil, gas, minerals or other hydrocarbon substances lying in, on or under or which may be produced from the following described land:

All that real property situated in the City of Tracy, designated as the City of Tracy, and outlined by a heavy boundary line, as shown on the Record of Survey Map S28-107, recorded October 24, 1983, San Joaquin County, California, for the City of Tracy.

And containing 272.77 acres, more or less.