

MINUTE ITEM

This Calendar Item No. C18
was approved as Minute Item
No. 18 by the State Lands
Commission by a vote of 3
to 0 at its 2/6/91
meeting.

CALENDAR ITEM

C 1 8

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02/06/91
W 40629
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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 3.024-acre parcel of county land in N1/2 Section 16,
Township 1 North, Range 3 East, MDM, Contra Costa County.

BACKGROUND INFORMATION:

The Nahama and Weagant Energy Company has requested Contra Costa County to enter into a subsurface oil and gas lease for County owned lands underlying Brentwood Road near Brentwood. Nahama and Weagant Energy Company has leased and has an option to lease acreage surrounding the 3.024 acre parcel of county land. Contra Costa County has requested to be exempted from competitive bidding procedures in order to negotiate a lease with Nahama and Weagant Energy Company which has offered to lease this parcel of land and has agreed to pay Contra Costa County a royalty of one-fourth for any hydrocarbons produced from this lease, and \$50 per acre, per year rent with 5 years paid in advance. 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 judgment 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 Nahama and Weagant Energy Company and has determined that it would be impractical for Contra Costa County to follow the competitive public bidding procedures as outlined in Sections 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 Nahama and Weagant Energy Company 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, the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not "project" as defined by CEQA and the State CEQA Guidelines.

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

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE IT IS

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NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.

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 3.024-ACRE PARCEL LOCATED UNDER BRENTWOOD ROAD N1/2, SECTION 16, TOWNSHIP 1 NORTH RANGE 3 EAST, MDM, CONTRA COSTA COUNTY.

EXHIBIT "A"

STATE LANDS COMMISSION
EXEMPTION FROM COMPETITIVE

W 40629

CONTRA COSTA COUNTY

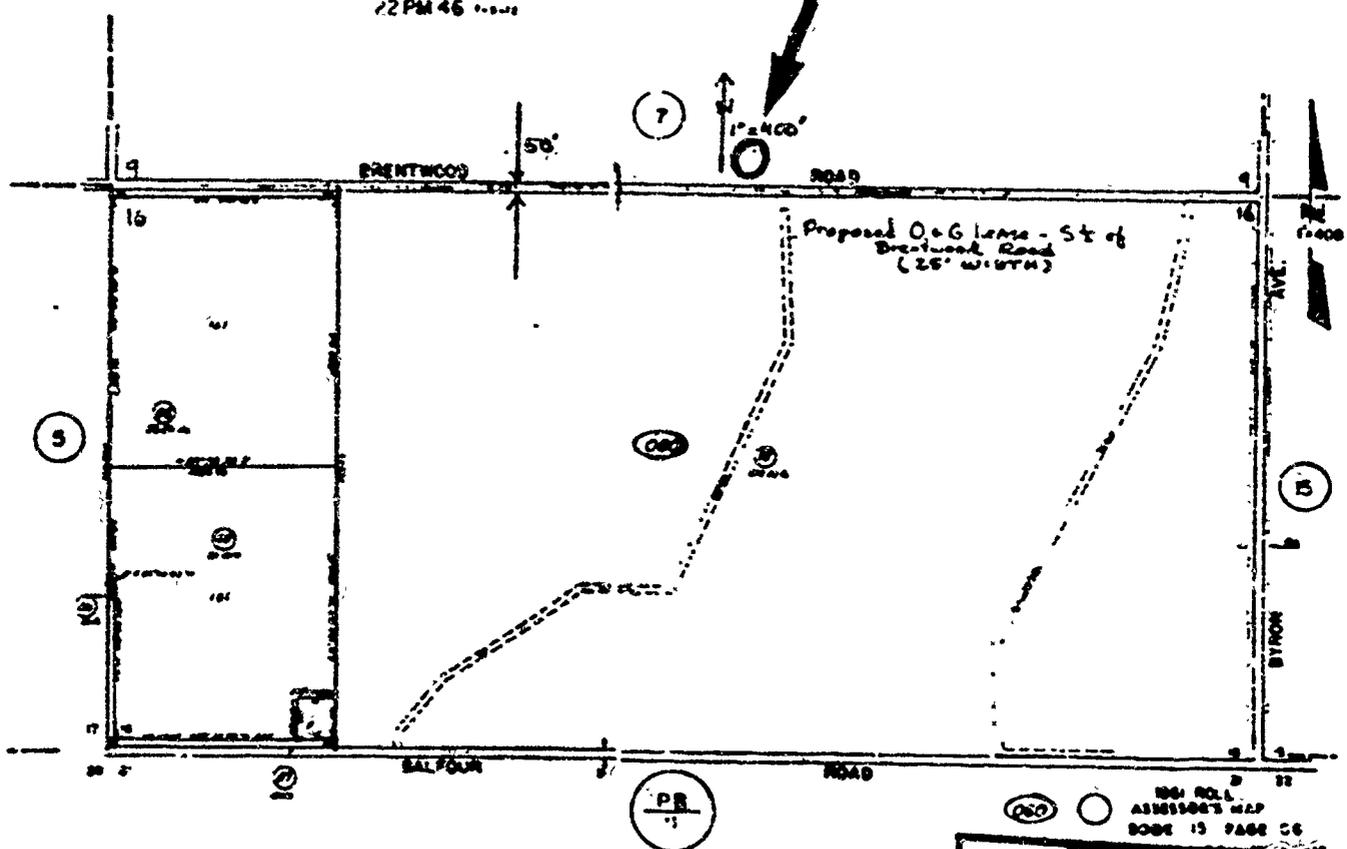
JANUARY 1991

A.F.N.



PROPOSED WELL LOCATION

S 1/2 SEC. 16 T4N R3E MDM
22 PM 46



1991 ROLL
ASSESSOR'S MAP
BOOK 13 PAGE 66
CONTRA COSTA COUNTY

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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 December 20, 1990, by and between County of Contra Costa, as Lessor, and Nahama & Weagant Energy Company, as Lessee.

DESCRIPTION:

Portions of Section 16, Township 1 North, Range 3 East, M.D.B.&M.

PARCEL 1:

COMMENCING at a point, said point being a stake 1-1/2 x 2 inches, on the Westerly line of said Section 16, 40.034 chain North of the Southwest corner of said Section 16; being the common corner of Sections 16, 17, 20 and 21, running thence South 89° 59' 37" East 2161 feet to a stake 2 x 4 inches, running thence South 00° 23' 15" West 25 feet, thence running North 89° 59' 37" West 2161 feet more or less to the Westerly boundary of said Section 16, thence along said boundary North 00° 23' 15" East 25 feet more or less to the point of beginning.

PARCEL 2:

BEGINNING at the Northwest corner of the J. Meyer property, which is the Northeast corner of the Desmond McCabe property; thence Easterly 3109 feet more or less along the line between the property of J. Meyer and Manuel Basta to Northeast corner of the property of J. Meyer; thence South 25 feet to a point; thence Westerly 3109 feet to a point; thence North 25 feet to the place of beginning.

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