

MINUTE ITEM
This Calendar Item No. C33
was approved as Minute Item
No. 33 by the State Lands
Commission by a vote of 3
to 0 at its 9-9-93
meeting.

CALENDAR ITEM

C33

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09/09/93

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PRC 7657

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APPROVE THE ASSIGNMENT OF NEGOTIATED SUBSURFACE
(NO SURFACE USE) STATE OIL AND GAS LEASE PRC 7657
(195 ACRES UNDER FALSE RIVER, SERPENT SLOUGH AND SHORT SLOUGH)
CONTRA COSTA COUNTY

ASSIGNOR:

Sierra Energy Company
Attn: Richard G. Fortmann
P. O. Box 20200
Reno, Nevada 89520-0200

ASSIGNEE:

Tri-Valley Oil & Gas Company
Attn: Terri Altenburger
2001 Westwind Drive, Suite 14
Bakersfield, California 93301

AREA, TYPE LAND AND LOCATION:

The lease contains approximately 195 acres of tide and submerged land under False River, Serpent Slough, and Short Slough, Contra Costa County.

BACKGROUND:

Negotiated subsurface (no surface use) State oil and gas lease PRC 7657 was entered into on September 23, 1992, between the State Lands Commission (Commission) and Sierra Energy Company (Lessee). Under the lease drilling term provision, the Lessee has three years to develop the leased lands.

Lease Paragraph 29 allows the Lessee, with Commission approval, to assign any portion of the lease to an individual who possesses the qualifications specified in P.R.C. 6801. The lease also specifies that the assignment will take effect on the first day of the month following Commission approval.

In documents filed on July 8, 1993, the Lessee proposes to assign all of its 100 percent interest in the lease to Tri-

Valley Oil & Gas Company (Assignee). Commission staff has reviewed the documents and lease files and has found that: (1) the Assignee is qualified under P.R.C. 6801 to hold the lease, (2) the Lessee has complied with all lease provisions and no default exists, (3) the required documentation have been received and are on file in the Commission's Long Beach office.

PREREQUISITE CONDITIONS, FEES AND EXPENSES:

Filing fee, processing costs have been received.

STATUTORY AND OTHER REFERENCES:

A. P.R.C.: 6801, P.R.C. 6804 and P.R.C. 6507.

B. Lease Paragraph 29.

AB 884:

N/A.

OTHER PERTINENT INFORMATION:

1. 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 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.

2. Bond or other security in the sum of \$10,000 has been received.

EXHIBITS:

- A. Land Description
- B. 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. 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 THE ASSIGNMENT OF AN UNDIVIDED 100 PERCENT INTEREST IN STATE OIL AND GAS LEASE PRC 7657 FROM SIERRA ENERGY COMPANY (ASSIGNOR) TO TRI-VALLEY OIL & GAS COMPANY (ASSIGNEE). COMMISSION APPROVAL OF THIS ASSIGNMENT IS GIVEN

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UPON THE CONDITIONS THAT THE ASSIGNMENT WILL NOT RELEASE THE ASSIGNOR FROM ANY OBLIGATION TO THE COMMISSION UNDER THE LEASE, ANY CONDITIONS IN ANY ASSIGNMENT AGREEMENT TO THE CONTRARY NOTWITHSTANDING, AND THAT THE ASSIGNEE WILL BE BOUND BY THE LEASE, INCLUDING ANY MODIFICATIONS AND COLLATERAL AGREEMENTS, TO THE SAME EXTENT AS THE ASSIGNOR, ANY CONDITIONS IN ANY ASSIGNMENT AGREEMENT TO THE CONTRARY NOTWITHSTANDING. PURSUANT TO LEASE PARAGRAPH 29, THIS ASSIGNMENT WILL TAKE EFFECT ON OCTOBER 1, 1993.

3. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

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EXHIBIT "A"

PRC 7657

LAND DESCRIPTION

A parcel of tide and submerged land in the bed of False River and in the bed of Serpent Slough, and in the bed of Short Slough, Contra Costa County, California, more particularly described as follows:

BEGINNING at the intersection of the Ordinary High Water Mark on the north bank of False River with the common boundary between the lands described in that certain Grant Deed to Michael Skarry, et ux, recorded on February 12, 1987 in Book 13446 at page 266, and the lands described in that certain Quit Claim Deed to Peter L. Townsend, et ux, recorded on February 3, 1977 in Book 8189 at page 500; thence southerly along the southerly prolongation of the aforesaid common boundary to the intersection with the Ordinary High Water Mark on the south bank of False River; thence easterly along said Ordinary High Water Mark of said south bank of False River to a point at the northeasterly terminus of the common boundary between the lands granted to the State of California and described in Document No. 3482-522, recorded on October 27, 1959, and the lands granted to the State of California and described in Document No. 3900-486 recorded on June 30, 1961 Contra Costa records; thence from said point crossing False River, N 35° E, to the Ordinary High Water Mark on the north bank of said river; thence westerly along said Ordinary High Water Mark of said north bank to the point of beginning.

TOGETHER WITH all those tide and submerged lands lying between the Ordinary High Water Marks in the historical bed of Serpent Slough.

TOGETHER WITH all those tide and submerged lands lying between the Ordinary High Water Marks in the historical bed of Short Slough.

END OF DESCRIPTION

PREPARED JUNE, 1992 BY LLB.

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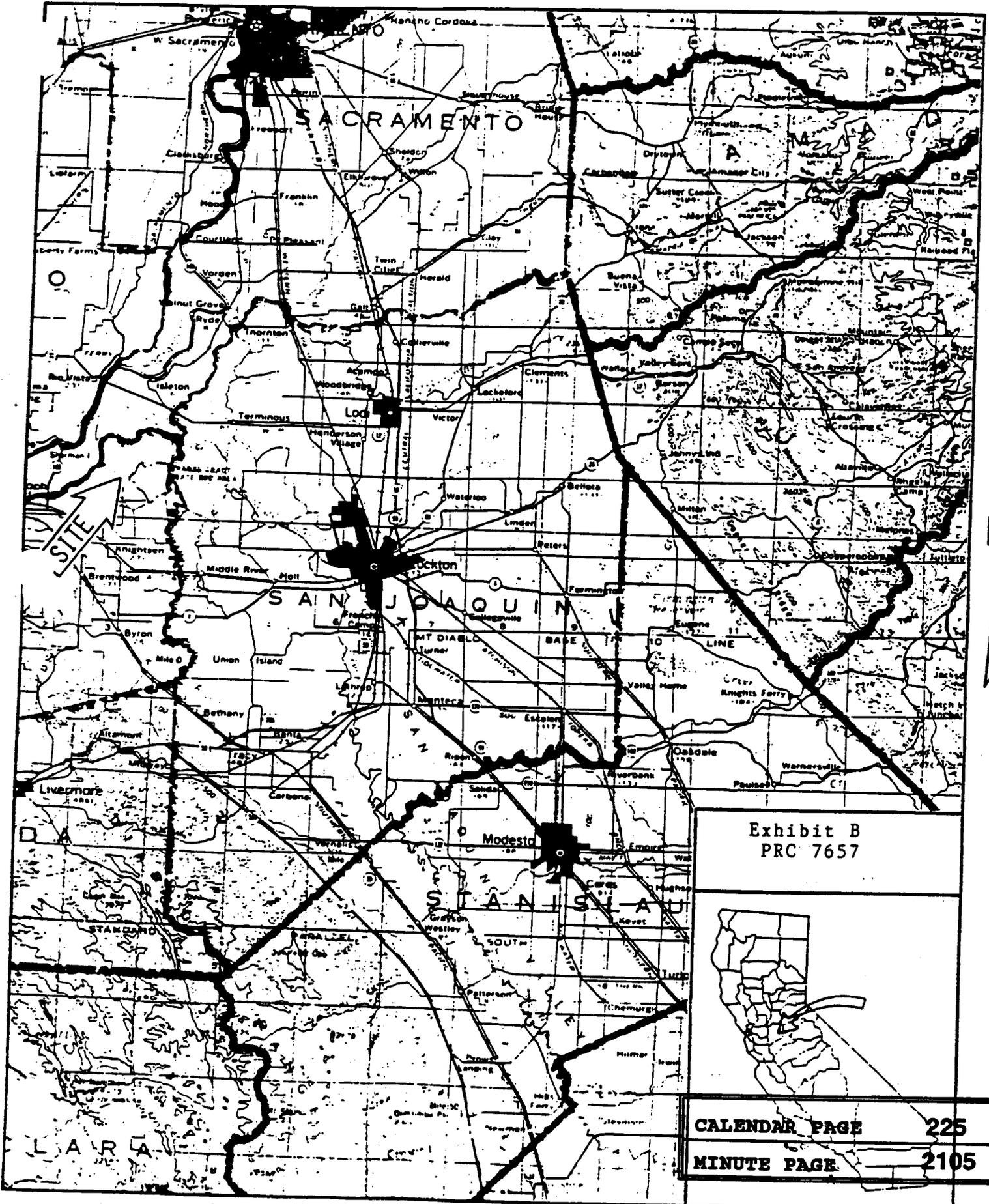
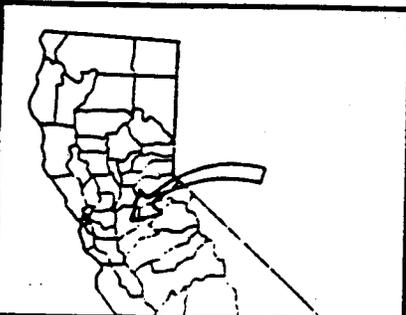


Exhibit B
 PRC 7657



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