

This Calendar Item No. C76 was approved as Minute Item No. 76 by the State Lands Commission by a vote of 3 to 0 at its 3/8/94 meeting.

CALENDAR ITEM

C76

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APPROVE 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, TYPE LAND AND LOCATION:

A 12.21 acre parcel of county land known as Delta Road and Byron Highway near Knightsen, Contra Costa County.

BACKGROUND:

The Capitol Oil Corporation (Capitol Oil) has requested Contra Costa County to enter into a subsurface oil and gas lease for county-owned lands underlying Delta Road and Byron Highway near Knightsen. Capitol Oil has leased and has an option to lease acreage surrounding the 12.21 acre parcel of county land. Contra Costa County has requested to be exempted from competitive bidding procedures in order to negotiate a lease with Capitol Oil which has offered to lease this parcel of land and has agreed to pay Contra Costa County a royalty of 20 percent for any hydrocarbons produced from this lease, and \$30 per acre per year rent with five years paid in advance. These terms are consistent with the surrounding private leasehold interests. Commission 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 procedure] 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 case be impractical.

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CALENDAR ITEM NO. C76 (CONT'D)

Commission staff has reviewed the application of Costa County for a subsurface negotiated oil and gas lease with Capitol Oil Corporation 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 P.R.C. because the parcel is small in size and the county proposes to develop the surface for other uses, there is no drillsite and the potential for drainage from adjacent lands under lease to Capitol Oil Corporation is imminent.

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.

EXHIBITS:

- A. Location Map
- B. Legal Description

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 REQUEST OF THE COUNTY OF CONTRA COSTA FOR AN EXEMPTION FROM THE FORMAL COMPETITIVE BIDDING REQUIREMENT AS OUTLINED IN P.R.C. SECTIONS 7052 AND 7053, FOR A SUBSURFACE OIL AND GAS LEASE IN THE COUNTY-OWNED 12.21 ACRES PARCEL LOCATED UNDER DELTA ROAD AND BYRON HIGHWAY, AS DESCRIBED IN EXHIBIT "B", CONTRA COSTA COUNTY.

EXHIBIT 'A'

STATE LANDS COMMISSION

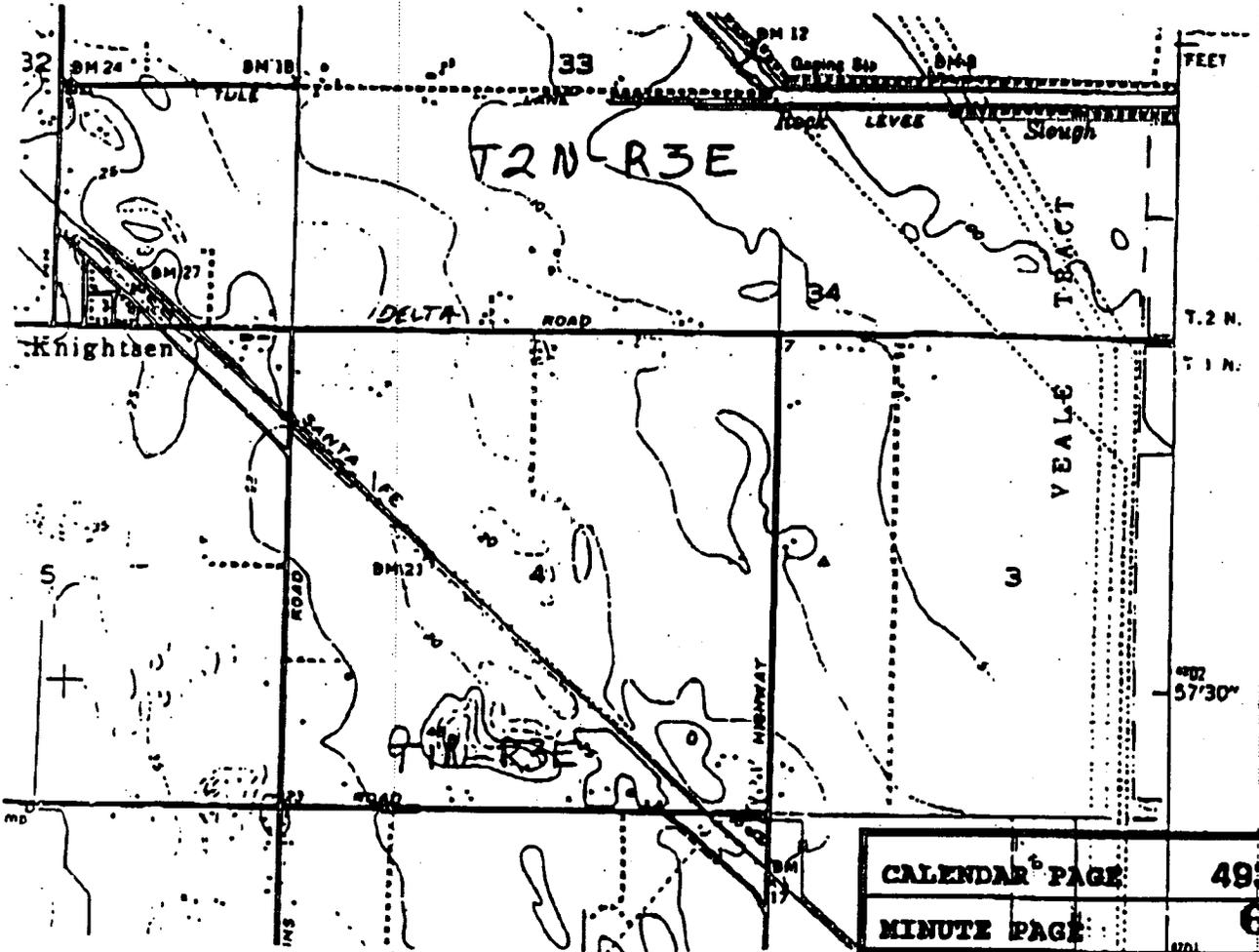
EXEMPTION FROM COMPETITIVE BID

W 40707

CONTRA COSTA COUNTY

JANUARY 1994

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EXHIBIT "B"

LAND DESCRIPTION

Furnished by Contra Costa County

PARCEL 1.

A forty foot wide strip of land being a portion of a county road known as Delta Road.

Commencing at the corner common to Sections 4 and 5 of T1N-R3E, M.D.B.&M. and Sections 33 and 32, T2N-R3E, M.D.B.&M., thence North 20 feet, thence East 120 chains, thence South 40 feet, thence West 120 chains, thence North 20 feet to the point of beginning.

PARCEL 2.

A forty foot wide strip of land being a portion of a county road known as Byron Highway, described as follows:

Commencing at the corner common to Sections 3 and 4, T1N-R3E, M.D.B.&M. and Section 33 and 34, T2N-R3E, M.D.B. &M, thence West 20 feet, thence South 80 chains to a point on the south line of Section 4, T1N-R3RE, thence East 40 feet, thence North 80 chains to a point of the North line of Section 3, T1N-R3E, thence West 20 feet to the point of beginning.