MINUTE ITEM
This Calendar Item No. C51
was approved as Minute Item
No. 51 by the State Lands
Commission by a vote of 3
to 0 at its 8-3-94
meeting.

CALENDAR ITEM

C51

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08/03/94
PRC 7318
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**APPROVE AMENDMENT TO
STATE OIL AND GAS LEASE PRC 7318,
CONTRA COSTA COUNTY**

LESSEE:

Tri-Valley Oil and Gas Co.
Attn: Teri Altenburger
2001 Westwind Drive, Suite 14
Bakersfield, California 93301

AREA, TYPE LAND AND LOCATION:

Negotiated subsurface oil and gas lease contains approximately 58 acres in the bed of Piper and Taylor Slough located in Contra Costa County.

BACKGROUND:

Negotiated subsurface State oil and gas lease PRC 7318 was entered into with Tri-Valley Oil and Gas Co. (Tri-Valley) on July 10, 1989. On February 9, 1992, State Lands consented to the pooling of 30 acres of leased lands under State oil and gas lease PRC 7318 with other private leased lands to form the "Piper Slough Unit #1".

By letter dated June 20, 1994, Tri-Valley requested that the Commission amend Paragraph 3A of the State oil and gas lease to change the royalty due date from the 25th of the month following production to the 5th of the second month following production. The purpose of this change is to provide Tri-Valley adequate time in which to pay the royalty, because Tri-Valley does not receive payment from its purchaser (TOSCO and Natural Gas Clearinghouse) until the last week of the month following production. Without the amendment, Tri-Valley cannot make the royalty payment on time.

Commission staff recommends that Paragraph 3A of State oil and gas lease PRC 7318 be amended to change the royalty due date from the 25th of the month following production to the 5th of the second month following production, effective the first day of the month following Commission approval.

STATUTORY AND OTHER REFERENCE:

A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.
B. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.

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. Lease Amendment
B. Lease 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. FIND THAT AMENDING PARAGRAPH 3A UNDER STATE OIL AND GAS LEASE PRC 7318 IS IN THE BEST INTEREST OF THE STATE.

3. APPROVE THE AMENDMENT TO STATE OIL AND GAS LEASE PRC 7318 EFFECTIVE THE FIRST DAY OF THE MONTH FOLLOWING COMMISSION APPROVAL, AMENDING THE ROYALTY DUE DATE FROM THE 25TH OF THE MONTH FOLLOWING PRODUCTION TO THE 5TH OF THE SECOND MONTH FOLLOWING PRODUCTION.

EXHIBIT A

AMENDMENT TO STATE OIL AND GAS LEASE

PRC 7318

Negotiated subsurface State Oil and Gas Lease PRC 7318 was entered into with Tri-Valley Oil and Gas Co. on July 10, 1989. The lease contains approximately 58 acres in the bed of Piper Slough and Taylor Slough located in Contra Costa County, CA. On February 9, 1992, State Lands consented to the pooling of 30 acres of leased lands under State Oil and Gas Lease PRC 7318 with other private leased lands to form the "Piper Slough Unit #1".

Pursuant to the Commission approval of August 3, ____, 1994, the State Lands Commission and Tri-Valley Oil and Gas Corporation hereby agree to amend State Oil and Gas Lease PRC 7318, Paragraph 3a to read: "State's royalties hereunder shall be due and payable not later than the tenth (10) day of the second month following production with respect to gas, gasoline and other products sold or used."

All other terms and conditions of the lease shall remain unchanged and in full force and effect.

TRI-VALLEY OIL AND GAS CORP.	STATE OF CALIFORNIA
A California Corporation	STATE LANDS COMMISSION
BY:_____	BY:_____
NAME:_____	NAME:_____
TITLE:_____	TITLE:_____
DATE:_____	DATE:_____
Attest	Attest

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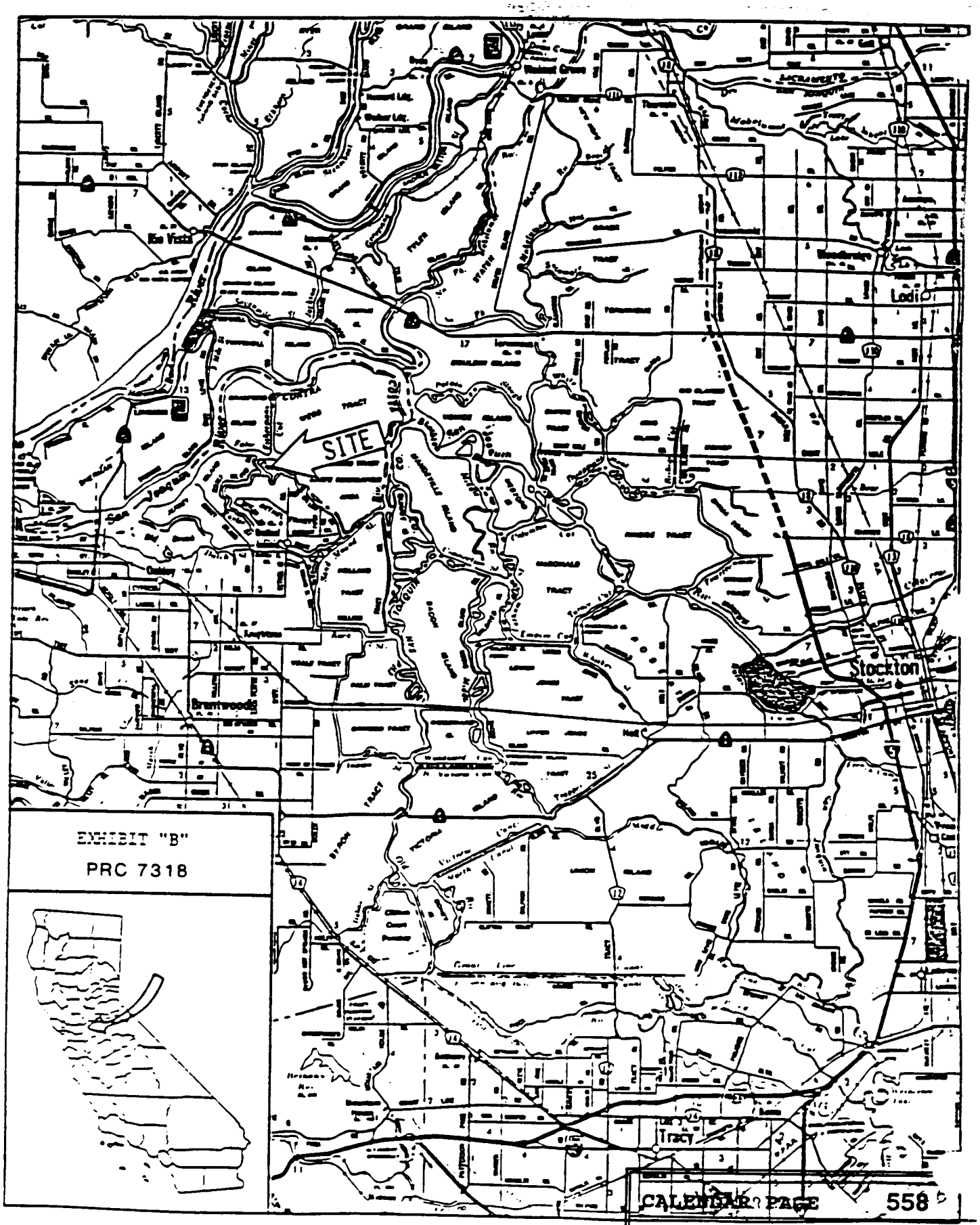

EXHIBIT "B"
PRC 7318