MINUTE ITEM
This Calendar Item No. C74
was approved as Minute Item
No. 74 by the State Lands
Commission by a vote of 2
to Ø at its 7/11/97
meeting.

CALENDAR ITEM
C74

A 8, 10

S 4, 5

07/11/97
PRC 7961
A. Nitsche

CONSIDER APPROVAL FOR REVISED LAND DESCRIPTION OF NEGOTIATED SUBSURFACE (NO SURFACE USE) OIL AND GAS LEASE NO. PRC 7961 IN THE BED OF THE MOKELUMNE RIVER, SACRAMENTO AND SAN JOAQUIN COUNTIES

BACKGROUND:
A negotiated subsurface Oil and Gas Lease (no surface use) was entered into on May 12,1997, between the California State Lands Commission (Commission) and Enron Oil and Gas Company (Enron). The lease contains approximately 14.5 acres in the bed of the Mokelumne River, San Joaquin and Sacramento counties. In a letter dated May 27, 1997, Enron has requested additional acreage for Oil and Gas Lease No. PRC 7961. The original lease acreage contained 14.5 acres with an annual rental of $32.50 per acre ($471.25 per year for approximately 14.5 acres). The revised acreage for Oil and Gas Lease No. PRC 7961 is 23.8 acres with an annual rental of $32.50 per acre ($773.50 per year for approximately 23.8 acres). The inclusion of this additional acreage meets all the requirements for a negotiated lease as did the original lease acreage of PRC 7961. All other lease terms and conditions remain unchanged, including a gas royalty of 20 percent.

STATUTORY AND OTHER REFERENCES:
A. Public Resources Code section, 6827, et Seq.

PERMIT STREAMLINING ACT DEADLINE:
N/A

OTHER PERTINENT INFORMATION
1. CEQA Guidelines section 15378 (a)(3) identifies an activity involving the issuance to a person of a lease as a "project". However, if the site of the project or area in which the major environmental effects will occur is located on private property within the county, that county will have jurisdiction by law and will be the Lead Agency over the project pursuant to CEQA Guidelines section 15366 if it issues a land use permit for the activity. Sacramento County has revised its zoning ordinances and does not require drilling permits on agricultural parcels greater than 20 acres.

2. The Division of Oil, Gas and Geothermal Resources had determined that drilling operations that result only in minor alterations with negligible or no permanent effects to the existing condition of the land are categorically exempt under CEQA (see Title 14, California Code of Regulations, section 1684.2). The drilling permit that will be issued by the Division of Oil, Gas and Geothermal Resources for the well that could produce from the State's lands will be issued pursuant to this categorical exemption.

3. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), Commission staff has determined that this activity is exempt from the requirements of CEQA under the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. The staff believes there is no possibility that this project may have a significant effect on the environment.

   Authority: Title 14, California Code of Regulations, section 15061(b)(3).

4. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the significant environmental values that were originally identified are either no longer there or that such values are not with the project site and will not be affected by the proposed project.

EXHIBITS:

A. Land Description
B. Site Map and General Location

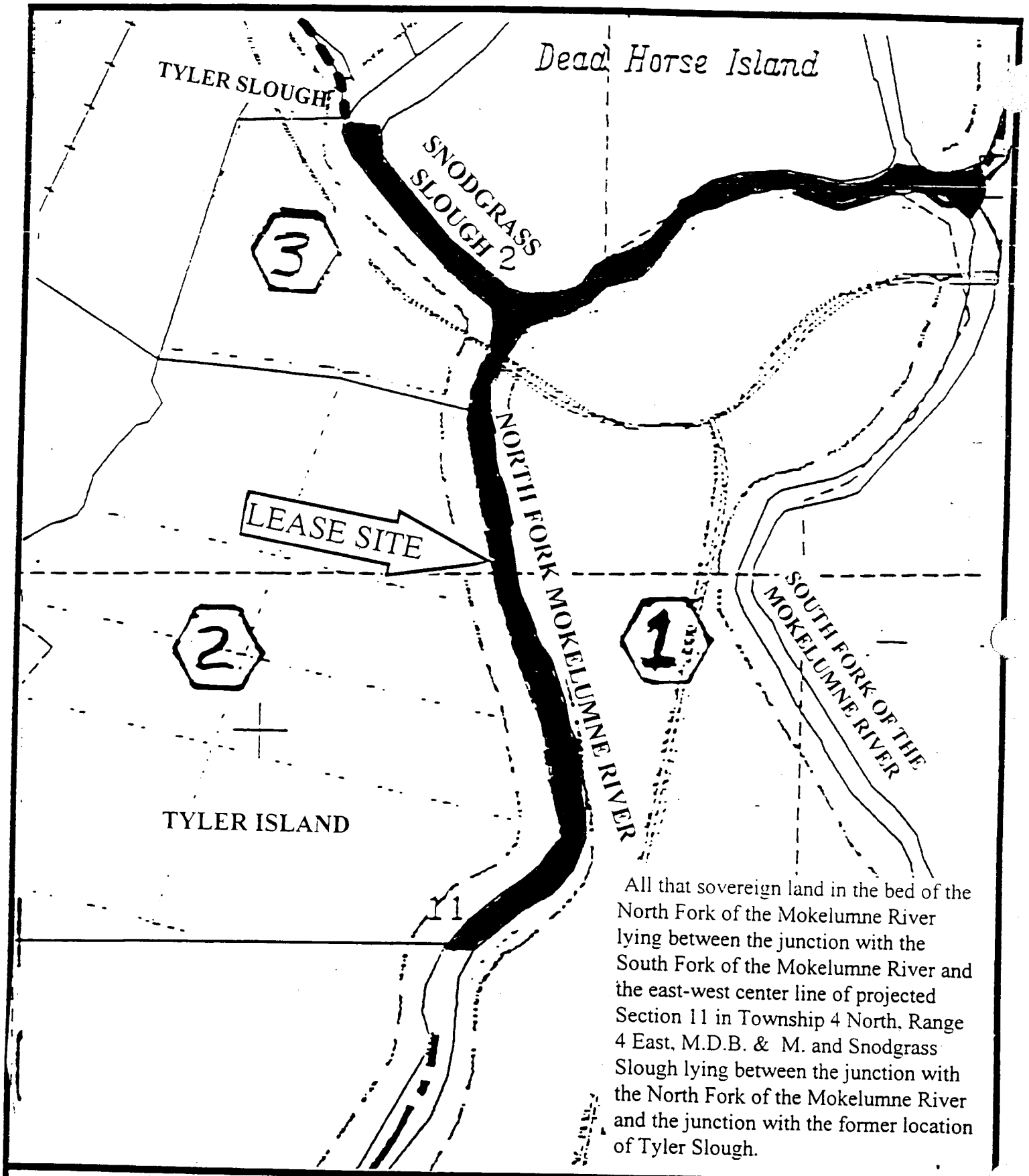
IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THERE IS NO POSSIBILITY THAT THE ACTIVITY MAY HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT, TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061(b)(3).

2. FIND THAT THE SIGNIFICANT ENVIRONMENTAL VALUES ORIGINALLY IDENTIFIED PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET. SEQ., ARE NOT WITHIN THE PROJECT SITE AND WILL NOT BE AFFECTED BY THE PROPOSED PROJECT.

3. APPROVE THE REVISED LAND DESCRIPTION IN EXHIBIT A, ADDING ACREAGE TO OIL AND GAS LEASE NO. PRC 7961, BRINGING THE TOTAL TO 23.8 ACRES IN THE BED OF THE MOKELUMNE RIVER, SAN JOAQUIN AND SACRAMENTO COUNTIES.

4. AUTHORIZE THE EXECUTION OF ANY DOCUMENT(S) NECESSARY TO EFFECT THE COMMISSION'S ACTION.



All that sovereign land in the bed of the North Fork of the Mokelumne River lying between the junction with the South Fork of the Mokelumne River and the east-west center line of projected Section 11 in Township 4 North, Range 4 East, M.D.B. & M. and Snodgrass Slough lying between the junction with the North Fork of the Mokelumne River and the junction with the former location of Tyler Slough.

This exhibit is solely for purposes of generally defining the lease premises, and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

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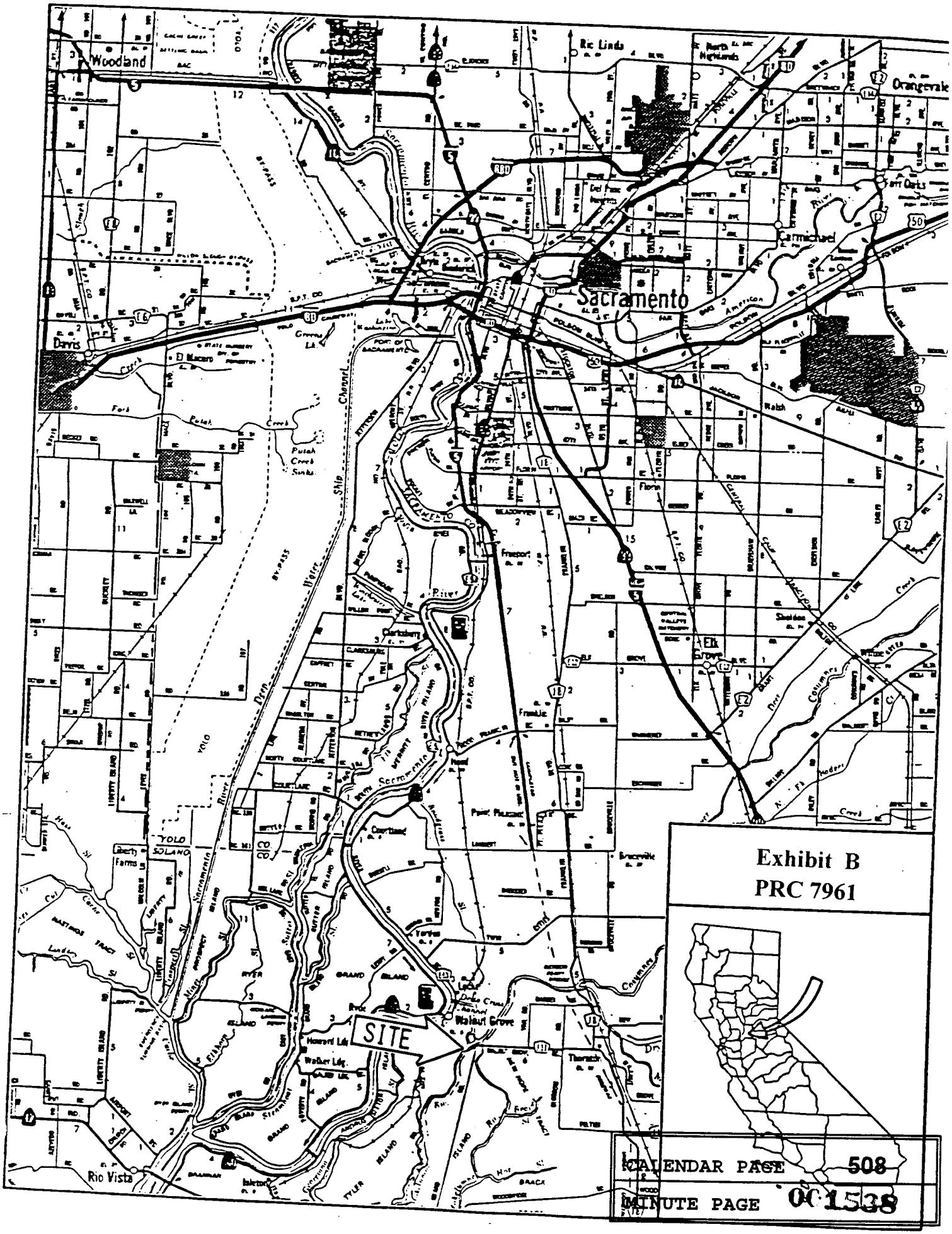
Exhibit A 507

PRC 1637


Woodland
Davis
Sacramento
Carmichael
Orangevale
Elk Grove
Walnut Grove
Rio Vista
SITE
Exhibit B
PRC 7961
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