

MINUTE ITEM

This Calendar Item No. C61 was approved as
Minute Item No. 61 by the California State Lands
Commission by a vote of 3 to 0 at its
8/26/97 meeting.

**CALENDAR ITEM
C61**

A 5
S 4

08/26/97
E-415.1
J. Tanner

**CONSIDER APPROVAL OF NATURAL GAS
PURCHASE AND SALES AGREEMENT,
OIL AND GAS LEASE NO. E-415.1
SACRAMENTO COUNTY**

APPLICANT:

Chevron U.S.A
Attn: Mr. Jay E. Yount
1301 McKinney Street
Houston, TX 77010-3029

AREA, LAND TYPE, AND LOCATION:

Oil and Gas Lease No. E-415.1 consists of 24 acres of tide and submerged
lands under Three Mile Slough, Rio Vista Area, Sacramento County.

BACKGROUND:

Chevron U.S.A. is the lessee and operator of Oil and Gas Lease No. E-415.1.
This lease was issued on June 3, 1940. Chevron currently has a Gas Purchase
and Sales Agreement with Pacific Gas and Electric (PG&E) which it has elected
to terminate pursuant to recent changes in the California Public Utility
Commission regulations. In place of this agreement, Chevron plans to market
natural gas produced from Oil and Gas Lease No. E-415.1 under a Master Gas
Sales Contract with Natural Gas Clearinghouse. The contract term is 10 years
with a five year option to extend. The Commodity Price paid by Natural Gas
Clearinghouse to Chevron U.S.A. under this contract for each MMBtu of
committed gas delivered to Natural Gas Clearinghouse shall be based on
prevailing index prices reported in the Gas Daily, will change each month, and
will vary by source of supply and delivery point. It will include premiums, if any,
and deductions for gathering and transportation charges. Pursuant to Section
2(f) of Oil and Gas Lease No. E-415.1, Chevron requests Commission approval
of this new Natural Gas Purchase and Sales Agreement. Commission staff has
reviewed the Natural Gas Purchase and Sales Agreement and recommends
Commission approval of the Agreement.

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STATUTORY AND OTHER REFERENCES:

- A. Section 2(f) of Lease.
- B. Public Resources Code: Division 6, Parts 1 and 2; Division 13.

OTHER PERTINENT INFORMATION:

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14 California Code of Regulations, section 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 the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14 California Code of Regulations, section 15378.

EXHIBIT:

- A. Location Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

- 1. APPROVE THE NEW NATURAL GAS PURCHASE AND SALES AGREEMENT FOR OIL AND GAS LEASE NO. E-415.1, SACRAMENTO COUNTY.
- 2. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO

CALENDAR ITEM NO. C61 (CONT'D)

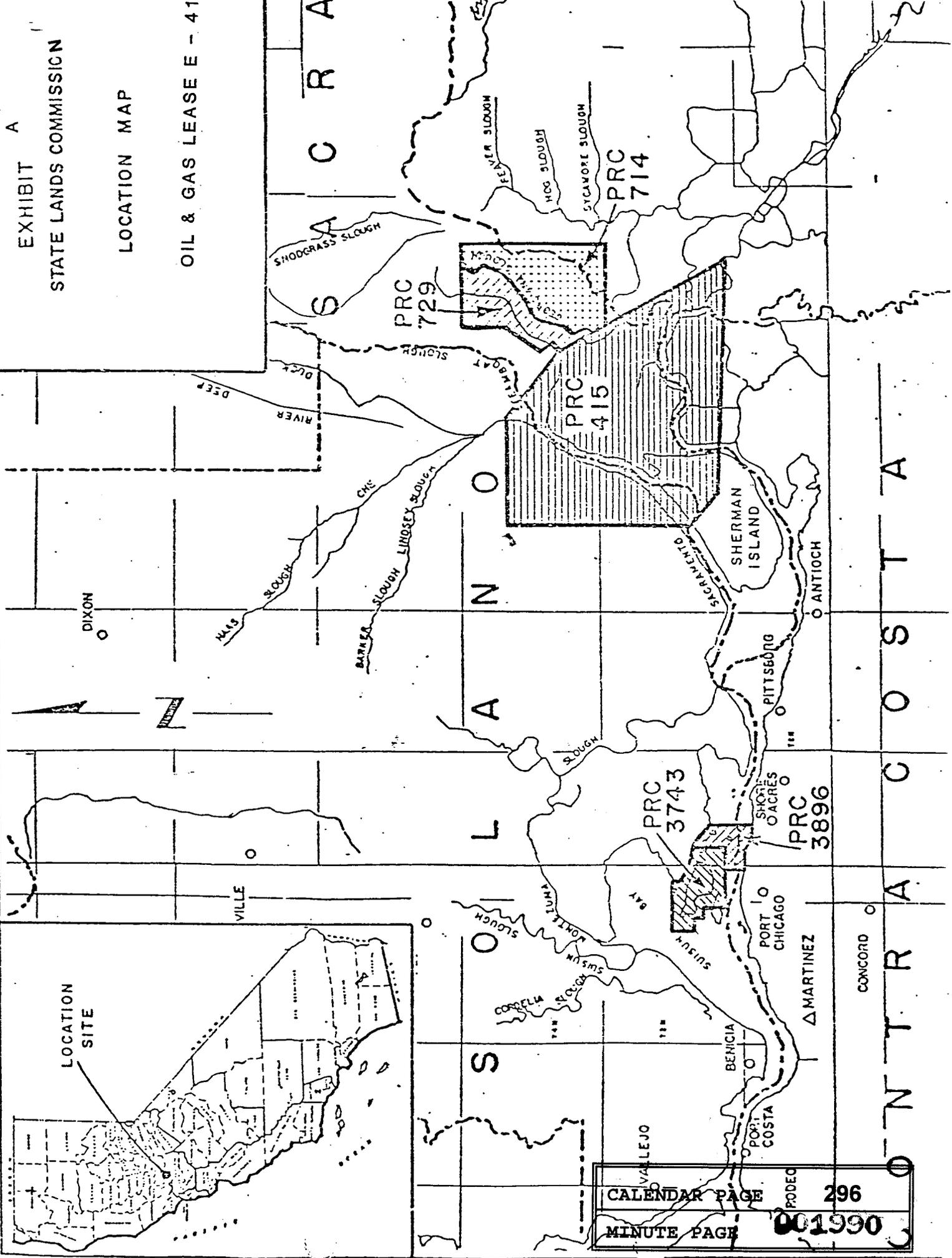
EXECUTE ANY DOCUMENTS NECESSARY TO EFFECT THE APPROVAL OF THIS AGREEMENT.

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EXHIBIT A
STATE LANDS COMMISSION

LOCATION MAP

OIL & GAS LEASE E - 41



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