

MINUTE ITEM

This Calendar Item No. C62 was approved as
Minute Item No. 62 by the California State Lands
Commission by a vote of 3 to 0 at its
4/13/99 meeting.

**CALENDAR ITEM
C62**

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W 40707
A. Nitsche

**CONSIDER APPROVAL OF AN EXTENSION
OF THE SUBSURFACE OIL AND GAS
LEASE TERMS ON COUNTY PROPERTY,
CONTRA COSTA COUNTY**

APPLICANT:

County of Contra Costa Public Works Department
Attn.: Ms. Pat Smyers
255 Glacier Drive
Martinez, CA 94553-48797

AREA, LAND TYPE, AND LOCATION:

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

BACKGROUND:

Contra Costa County has requested approval of an extension of the rental term of an existing Subsurface Oil and Gas Lease with Capitol Oil Corporation (Capitol) of County-owned lands underlying Delta Road and Byron highway near Knightsen. Capitol has leased and has an option to lease acreage surrounding the 12.21 acre parcel of county land. Contra Costa County was granted an exemption from competitive bidding procedures by the Commission on March 8, 1994, to negotiate a lease with Capitol. Capitol leased the parcel of land and agreed to pay Contra Costa County a royalty of 20 percent for any hydrocarbons produced under the lease and \$30 per acre per year rent with five years paid in advance. Capitol has requested that Contra Costa County grant an extension of the present five year rental term of the lease for an additional five years, with all other terms and conditions unchanged. The Lease, as extended, will be consistent with the surrounding private leasehold interests. Commission staff believes that the proposed terms are fair and reasonable.

STATUTORY AND OTHER REFERENCES:

Public Resources Code section 7052 states in part:
"The State Lands Commission may in it 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

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property or drainage, actual or imminent, such procedure would in the judgment of the State Lands Commission in the particular case be impractical".

Commission staff reviewed the original application of Contra Costa County for a subsurface negotiated Oil and Gas Lease with Capitol Oil and 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 Public Resources Code because the parcel is small in size and the county proposes to develop the surface for other uses. Accordingly, there is no available drillsite on the parcel and the potential for drainage from adjacent lands under lease to Capitol is imminent. Such conditions have not changed and are still applicable.

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.

EXHIBITS:

- A. Location Map.
- B. Legal Description

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDINGS:

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.

CALENDAR ITEM NO. C62 (CONT'D)

AUTHORIZATION:

APPROVE THE REQUEST OF THE COUNTY OF CONTRA COSTA FOR A FIVE YEAR EXTENSION OF THE RENTAL TERM OF THE SUBSURFACE OIL AND GAS LEASE IN THE COUNTY-OWNED 12.21 ACRE PARCEL LOCATED UNDER DELTA ROAD AND BYRON HIGHWAY, AS DESCRIBED IN EXHIBIT B, CONTRA COSTA COUNTY.

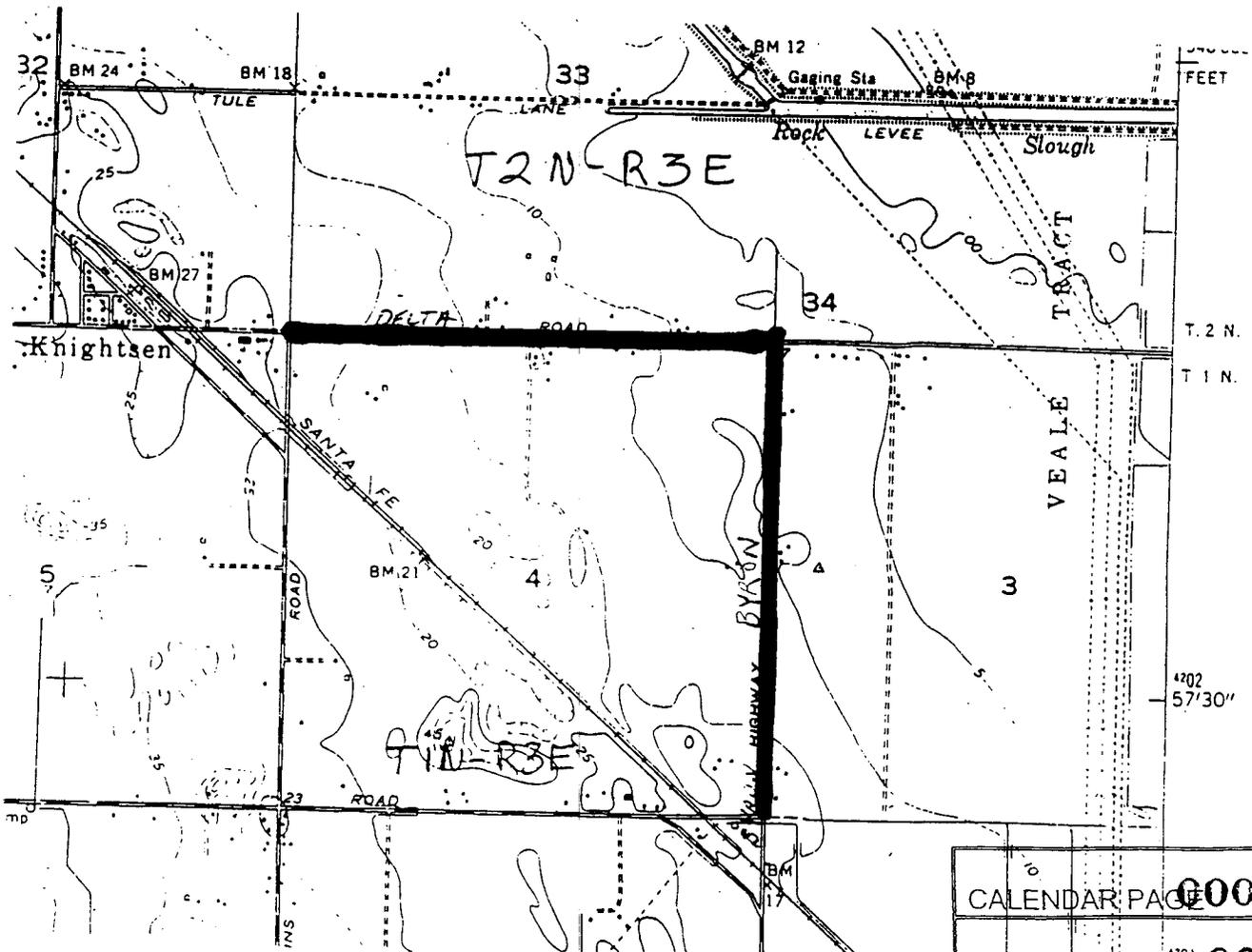
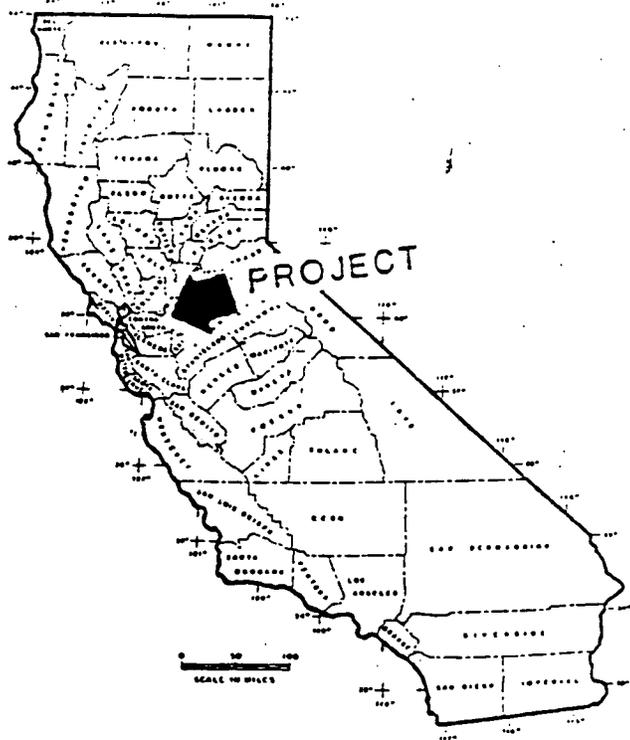
EXHIBIT 'A'

STATE LANDS COMMISSION
EXEMPTION FROM COMPETITIVE BID
W 40707

CONTRA COSTA COUNTY

APRIL 1999

A.F.N.



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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.

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