

MINUTE ITEM

This Calendar Item No. C69 was approved as Minute Item No. 69 by the California State Lands Commission by a vote of 3 to 0 at its 6-14-99 meeting.

**CALENDAR ITEM
C69**

A 8, 10, 15, 17

S 4, 5, 7

06/14/99
E-415.1
A. Nitsche
M. Voskanian

**CONSIDER APPROVAL OF AN AMENDMENT
TO OIL AND GAS AGREEMENT FOR EASEMENT 415.1
CONTRA COSTA, SACRAMENTO, SAN JOAQUIN,
AND SOLANO COUNTIES**

LESSEE:

Vintage Petroleum, Inc.
Attn.: Ms. Carole S. Kelley
4200 One Williams Center
Tulsa, OK 74172-0153

AREA, LAND TYPE, AND LOCATION:

Agreement for Easement 415.1 encompasses portions of the beds of the Sacramento, San Joaquin, Mokelumne, Old and False Rivers and tide and submerged lands and other navigable waterways within the area described by Agreement for Easement 415.1 dated June 3, 1940.

BACKGROUND:

An Agreement for Easement 415.1, covering approximately 2,827 acres of sovereign land of the State in the Rio Vista Gas Field, Contra Costa, Sacramento, San Joaquin and Solano Counties, was issued, pursuant to competitive public bidding, for a term of 20 years on June 3, 1940, to the Standard Oil Company of California, now Chevron U.S.A., Inc. On June 19, 1998, the California State Lands Commission approved the assignment of Chevron's U.S.A. Inc.'s 100 percent interest in Easement E-415.1, to Vintage Petroleum, Inc. (Vintage).

By letter dated March 22, 1999, Vintage requested that the Commission amend Paragraph 2(d) of the Agreement E-415.1 to change the royalty due date from the 25th day of the month following production to the 5th day of the second month following production. The purpose of this change is to provide Vintage

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adequate time in which to pay the royalty, because Vintage (Unit Operator) does not receive all of the unit's sales records until the last week of the month following production. Without the amendment, Vintage cannot make an accurate royalty payment on time.

Commission staff recommends that Paragraph 2(d) of Agreement E-415.1 be amended to change the royalty due date from the 25th day of the month following production to the 5th day of the second month following production, effective the first day of the month following Commission approval.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code sections: Division 6, Parts 1 and 2; Division 13.
- B. California Code of Regulations, sections :Title 3, Division 3; Title 14, Division 6.

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. Lease Amendment
- B. Lease Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

- 1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061

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BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

2. FIND THAT AMENDING PARAGRAPH 2(d) UNDER AGREEMENT FOR EASEMENT 415.1 IS IN THE BEST INTEREST OF THE STATE OF CALIFORNIA.
3. APPROVE THE AMENDMENT OF AGREEMENT FOR EASEMENT 415.1 EFFECTIVE THE FIRST DAY OF THE MONTH FOLLOWING COMMISSION APPROVAL, AMENDING THE ROYALTY DUE DATE FROM THE 25TH DAY OF THE MONTH FOLLOWING PRODUCTION TO THE 5TH DAY OF THE SECOND MONTH FOLLOWING PRODUCTION.
4. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE AN AMENDMENT TO EASEMENT 415.1 MODIFYING THE ROYALTY DUE DATE AS ABOVE PROVIDED.

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EXHIBIT A

AMENDMENT TO OIL AND GAS AGREEMENT FOR EASEMENT 415.1

E-415.1

Agreement for Easement 415.1 was entered into with Standard Oil of California, now Chevron U.S.A. on June 3, 1940. The agreement contains approximately 2,827 acres in the beds of Sacramento, San Joaquin, Mokelumne, Old and False Rivers located in Contra Costa, Sacramento, San Joaquin and Solano Counties, California, through a series of assignments, Vintage Petroleum, Inc., became the lessee effective June 19, 1998.

Pursuant to the Commission approval of June 14, 1999, the California State Lands Commission and Vintage Petroleum, Inc., hereby agree to amend the Agreement for Easement 415.1, Paragraph 2(d) to read: *"State's royalties hereunder shall be due and payable not later than the fifth (5) 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.

VINTAGE PETROLEUM, INC.

STATE OF CALIFORNIA
STATE LANDS COMMISSION

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

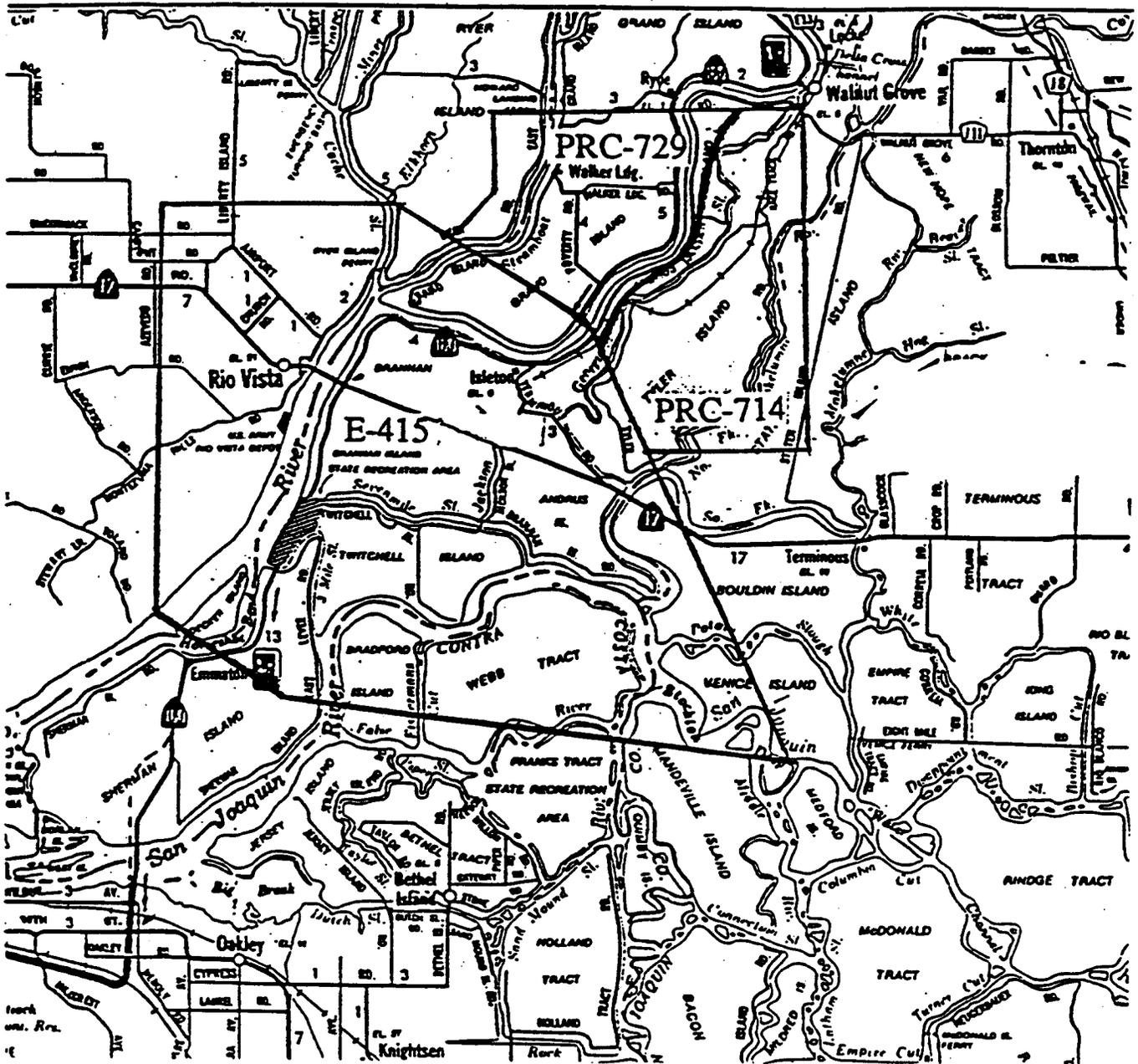
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E-415

EXHIBIT B



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