

MINUTE ITEM

20. APPLICATION BY RECLAMATION DISTRICT NO. 1004, COLUSA COUNTY, FOR EXEMPTION OF PROPOSED OIL AND GAS LEASE FROM PROCEDURES REQUIRED UNDER THE PUBLIC RESOURCES CODE - W.O. 4364., *Les. - Colusa Co.*

After consideration of Calendar Item 23 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION:

1. DETERMINES THAT IT IS IN THE BEST INTEREST OF THE STATE, PURSUANT TO THE PROVISIONS OF SECTION 7052 OF THE PUBLIC RESOURCES CODE, TO EXEMPT FROM COMPETITIVE PUBLIC BIDDING PROCEDURE THE LAND OF RECLAMATION DISTRICT NO. 1004 DESCRIBED AS LOT 103 OF MOULTON IRRIGATED LANDS COMPANY SUBDIVISION NO. 1, AS SHOWN ON THAT CERTAIN MAP FILED JUNE 6, 1912 AT PAGE 75 OF BOOK 1 OF RECORD OF SURVEYS, RECORDS OF COLUSA COUNTY.
2. AUTHORIZES THE EXECUTIVE OFFICER TO SO INFORM THE RECLAMATION DISTRICT.

Attachment

Calendar Item 23 (2 pages)

CALENDAR ITEM

23.

APPLICATION BY RECLAMATION DISTRICT NO. 1004, COLUSA COUNTY, FOR EXEMPTION OF PROPOSED OIL AND GAS LEASE FROM PROCEDURES REQUIRED UNDER THE PUBLIC RESOURCES CODE - W.O. 4364.

An application has been received from Reclamation District No. 1004, Colusa County, pursuant to Sections 7052 and 7053 of the Public Resources Code, for exemption from the public bidding procedure of a proposed oil and gas lease of land owned by the District which contains approximately 11.26 acres in Section 10, T. 17 N., R. 1 W., M.D.B. & M., Colusa County.

Section 7052 of the Public Resources Code states in part: "...the State Lands Commission may in its discretion exempt particular leases or operating agreements from the procedure required by this Section and Section 7053 where by reason of the small size of the property or drainage of offset wells, such procedure would in the judgment of the State Lands Commission in the particular case be impractical."

It is anticipated that if production is obtained in this area the hydrocarbon produced will be natural gas. In order to provide for adequate development of a gas field, not more than one well per 160 acres is normally required. Therefore, it would not be desirable to offer for lease, pursuant to competitive public bidding for the development of natural gas, a parcel of land containing only 11.26 acres.

The exemption is requested by the Reclamation District in order that a lease may be entered into to provide for the development of this parcel in conjunction with adjacent lands. Under the provisions of the leases covering the adjoining areas, it is necessary that pooling be accomplished and that units be formed before production is obtained on adjacent lands. Land not pooled prior to production cannot be included with pooled lands. The purpose, therefore, is to protect the interests of the Reclamation District in gas production which may be drained from the land by means of wells completed on other lands.

The office of the Attorney General has advised that under Section 7061 of the Public Resources Code, which relates to leasing activity by cities, the Commission's authority to exempt particular leases or operating agreements from certain procedural requirements is discretionary, that its decision will not be upset unless it is arbitrary, and that the Commission, under Section 7052, has the same authority to exempt particular leases as it has relating to leasing operations by body public or quasi-public corporations or agencies.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT IT IS IN THE BEST INTEREST OF THE STATE, PURSUANT TO THE PROVISIONS OF SECTION 7052 OF THE PUBLIC RESOURCES CODE, TO EXEMPT FROM COMPETITIVE PUBLIC BIDDING PROCEDURE THE LAND OF RECLAMATION DISTRICT NO. 1004 DESCRIBED AS LOT 103 OF MULLION IRRIGATED LANE

CALENDAR ITEM 23. (CONTD.)

COMPANY SUBDIVISION NO. 1, AS SHOWN ON THAT CERTAIN MAP FILED
JUNE 6, 1912 AT PAGE 75 OF BOOK 1 OF RECORD OF SURVEYS, RECORDS
OF COLUSA COUNTY.

2. AUTHORIZE THE EXECUTIVE OFFICER TO SO INFORM THE RECLAMATION DISTRICT.