

MINUTE ITEM

8/29/74
ADW

24. PROPOSED HYDROCARBON GAS LEASE OFFER, TIDE AND SUBMERGED AND SWAMP AND OVERFLOWED LAND, WEST SHERMAN ISLAND, SACRAMENTO AND SOLANO COUNTIES - W 7305.

During consideration of Calendar Item 23 attached, Mr. E. N. Gladish, Executive Officer, State Lands Commission, requested that the Commission strike the words "by August 29, 1974" in Recommendation 5A. He explained that this would give the Division more flexibility in case Senate Bill No. 2370 (Stull-1974) was not signed by the Governor on that date. He stated that the bill is expected to be on the Governor's desk in two weeks.

Upon motion duly made and carried, the following resolution was adopted:

THE COMMISSION:

1. DETERMINES THAT A FINAL ENVIRONMENTAL IMPACT REPORT HAS BEEN PREPARED BY THE DIVISION FOR THIS PROJECT FOLLOWING EVALUATION OF COMMENTS AND CONSULTATION WITH PUBLIC AGENCIES WHICH WILL ISSUE APPROVALS THEREFOR.
2. CERTIFIES THAT THE FINAL ENVIRONMENTAL IMPACT REPORT (EIR NO. 156) HAS BEEN COMPLETED IN COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT OF 1970, AS AMENDED, AND THE STATE GUIDELINES, AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
3. DETERMINES THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
4. DETERMINES THAT THE PROPOSED LEASE WILL NOT:
 - A. BE DETRIMENTAL TO THE HEALTH, SAFETY, COMFORT, CONVENIENCE, OR WELFARE OF PERSONS RESIDING IN, OWNING REAL PROPERTY, OR WORKING IN THE NEIGHBORHOOD OF SUCH AREAS.
 - B. INTERFERE WITH THE DEVELOPED RIVERBANK OR SHORELINE, RESIDENTIAL OR RECREATIONAL AREAS TO AN EXTENT THAT WOULD RENDER SUCH AREAS UNFIT FOR RECREATIONAL OR RESIDENTIAL USES OR UNFIT FOR PARK PURPOSES;
 - C. DESTROY, IMPAIR, OR INTERFERE WITH THE AESTHETIC AND SCENIC VALUE OF SUCH RECREATIONAL, RESIDENTIAL OR PARK AREAS;
 - D. CREATE ANY FIRE HAZARD OR HAZARDS, OR SMOKE, SMOG OR DUST NUISANCE, OR POLLUTION OF WATERS SURROUNDING OR ADJOINING SAID AREAS.
5. AUTHORIZES THE OFFERING OF A PARCEL OF TIDE AND SUBMERGED AND SWAMP AND OVERFLOWED LAND, DESIGNATED AS W 7305, DESCRIBED IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF, IN SACRAMENTO AND SOLANO COUNTIES FOR HYDROCARBON GAS LEASE, PURSUANT TO DIVISION 6 OF THE PUBLIC RESOURCES CODE AS FOLLOWS:

MINUTE ITEM NO. 24. (CONTD)

A. IF SENATE BILL NO. 2370 HAS BEEN APPROVED BY THE LEGISLATURE, AND SIGNED INTO LAW BY THE GOVERNOR, THEN:

- (1) THE LEASE AWARD IS TO BE MADE TO THE QUALIFIED BIDDER OFFERING THE HIGHEST FLAT RATE OF ROYALTY, BUT NOT LESS THAN 25 PERCENT, IN CONSIDERATION OF THE ISSUANCE OF HYDROCARBON GAS LEASE.

THE BID-LEASE FORM TO BE USED FOR THE PARCEL SHALL BE THE FORM ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION IDENTIFIED AS EXHIBIT "1" (W 7305), AND BY REFERENCE MADE A PART HEREOF. THE RENT IS TO BE \$5 PER ACRE PER YEAR, AND THE DRILLING TERM IS TO BE ONE YEAR. THE PERFORMANCE BOND IS TO BE IN THE AMOUNT OF \$50,000.

B. IF SENATE BILL NO. 2370 HAS NOT BECOME LAW, THEN:

- (1) THE LEASE AWARD IS TO BE MADE TO THE QUALIFIED BIDDER OFFERING THE HIGHEST CASH-BONUS PAYMENT IN CONSIDERATION OF THE ISSUANCE OF HYDROCARBON GAS LEASE.

THE BID-LEASE FORM TO BE USED FOR THE PARCEL SHALL BE THE FORM ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION IDENTIFIED AS EXHIBIT "2" (W 7305) AND BY REFERENCE MADE A PART HEREOF. THE LEASE ROYALTY RATE IS TO BE 25 PERCENT, THE RENT IS TO BE \$5 PER ACRE PER YEAR, AND THE DRILLING TERM IS TO BE ONE YEAR. THE PERFORMANCE BOND IS TO BE IN THE AMOUNT OF \$50,000.

Attachment:

Calendar Item 23 (5 pages)

CALENDAR ITEM

23.

8/74
JWY
W 7305

PROPOSED HYDROCARBON GAS LEASE OFFER

LOCATION: West Sherman Island, Sacramento and Solano Counties.

TYPE OF LAND: Tide and submerged and swamp and overflowed.

ACREAGE: 3,048 acres, more or less.

PUBLIC HEARING: On November 29, 1973, the Commission authorized the staff to conduct a public hearing regarding the proposal to offer for hydrocarbon gas lease certain State-owned lands on and adjacent to West Sherman Island. Notification was given to all whose interest in the subject matter was known to the State Lands Division, and a public hearing was held on March 26, 1974, in the City of Rio Vista, Solano County. As required by Section 6873.2 of the Public Resources Code, a plan for the control of subsidence and pollution was presented at the hearing.

OTHER PERTINENT INFORMATION:

Senate Bill No. 2370 (Senator Stull) would authorize the Commission, with respect to a proposed lease for the extraction of gas, to require bidding to be on the basis of a flat rate of royalty and to award the lease to the qualified bidder who undertakes to pay the highest flat rate of royalty, but not less than 16-2/3 percent. If the bill is approved by the Legislature and signed into law by the Governor before August 29, 1974, the proposed lease will be offered in accordance with the new law. However, if the bill has not been approved, it is proposed to offer the lease under the existing law; i.e., with the biddable factor being a cash bonus and with a flat rate of royalty set at 25 percent.

An environmental impact report has been prepared and circulated to agencies and persons having jurisdiction or expertise. Those comments and recommendations received have been incorporated into the report.

The Office of the Attorney General has reviewed and approved the proposed bid-lease form for compliance with applicable provisions of the law and the rules and regulations of the Commission.

EXHIBITS: A. Land Description. B. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT A FINAL ENVIRONMENTAL IMPACT REPORT HAS BEEN PREPARED BY THE DIVISION FOR THIS PROJECT FOLLOWING EVALUATION OF COMMENTS AND CONSULTATION WITH PUBLIC AGENCIES WHICH WILL ISSUE APPROVALS THEREFOR.

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CALENDAR ITEM NO. 23. (CONTD)

2. CERTIFY THAT THE FINAL ENVIRONMENTAL IMPACT REPORT (EIR NO. 156) HAS BEEN COMPLETED IN COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT OF 1970, AS AMENDED, AND THE STATE GUIDELINES, AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
3. DETERMINE THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
4. DETERMINE THAT THE PROPOSED LEASE WILL NOT:
 - A. BE DETRIMENTAL TO THE HEALTH, SAFETY, COMFORT, CONVENIENCE, OR WELFARE OF PERSONS RESIDING IN, OWNING REAL PROPERTY, OR WORKING IN THE NEIGHBORHOOD OF SUCH AREAS;
 - B. INTERFERE WITH THE DEVELOPED RIVERBANK OR SHORELINE, RESIDENTIAL OR RECREATIONAL AREAS TO AN EXTENT THAT WOULD RENDER SUCH AREAS UNFIT FOR RECREATIONAL OR RESIDENTIAL USES OR UNFIT FOR PARK PURPOSES;
 - C. DESTROY, IMPAIR, OR INTERFERE WITH THE AESTHETIC AND SCENIC VALUE OF SUCH RECREATIONAL, RESIDENTIAL OR PARK AREAS;
 - D. CREATE ANY FIRE HAZARD OR HAZARDS, OR SMOKE, SMOG OR DUST NUISANCE, OR POLLUTION OF WATERS SURROUNDING OR ADJOINING SAID AREAS.
5. AUTHORIZE THE OFFERING OF A PARCEL OF TIDE AND SUBMERGED AND SWAMP AND OVERFLOWED LAND, DESIGNATED AS W 7305, DESCRIBED IN EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF, IN SACRAMENTO AND SOLANO COUNTIES FOR HYDROCARBON GAS LEASE, PURSUANT TO DIVISION 6 OF THE PUBLIC RESOURCES CODE AS FOLLOWS:
 - A. IF SENATE BILL NO. 2370 HAS BEEN APPROVED BY THE LEGISLATURE, AND SIGNED INTO LAW BY THE GOVERNOR BY AUGUST 29, 1974, THEN:
 - (1) THE LEASE AWARD IS TO BE MADE TO THE QUALIFIED BIDDER OFFERING THE HIGHEST FLAT RATE OF ROYALTY, BUT NOT LESS THAN 25 PERCENT, IN CONSIDERATION OF THE ISSUANCE OF HYDROCARBON GAS LEASE.

THE BID-LEASE FORM TO BE USED FOR THE PARCEL SHALL BE THE FORM ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION IDENTIFIED AS EXHIBIT "1" (W 7305), AND BY REFERENCE MADE A PART HEREOF. THE RENT IS TO BE \$5 PER ACRE PER YEAR, AND THE DRILLING TERM IS TO BE ONE YEAR. THE PERFORMANCE BOND IS TO BE IN THE AMOUNT OF \$50,000.
 - B. IF SENATE BILL NO. 2370 HAS NOT BECOME LAW, THEN:
 - (1) THE LEASE AWARD IS TO BE MADE TO THE QUALIFIED BIDDER OFFERING THE HIGHEST CASH-BONUS PAYMENT IN CONSIDERATION OF THE ISSUANCE OF HYDROCARBON GAS LEASE.

CALENDAR ITEM NO. 23. (CONTD)

THE BID-LEASE FORM TO BE USED FOR THE PARCEL SHALL BE THE FORM ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION IDENTIFIED AS EXHIBIT "2" (W 7305) AND BY REFERENCE MADE A PART HEREOF. THE LEASE ROYALTY RATE IS TO BE 25 PERCENT, THE RENT IS TO BE \$5 PER ACRE PER YEAR, AND THE DRILLING TERM IS TO BE ONE YEAR. THE PERFORMANCE BOND IS TO BE IN THE AMOUNT OF \$50,000.

Attachment: Exhibit "A"

EXHIBIT "A"

W 7305

PARCEL 1

A portion of Sherman Island lying westerly of Mayberry Slough situate in Sacramento County within the following described boundary:

BEGINNING at the northeast corner of Swamp Land Survey No. 560; thence along northerly boundary of said Survey No. 560 to the northeast corner of Swamp Land Survey No. 561; thence along the northerly boundary of said Survey No. 561 to the northeast corner of Swamp Land Survey No. 543; thence along the northerly boundary of said Survey No. 543 to the northeast corner of Swamp Land Survey No. 553; thence along the northerly boundary of said Survey No. 553 to the northeast corner of Swamp Land Survey No. 574; thence along the northerly boundary of said Survey No. 574 to the confluence of the Sacramento River and the San Joaquin River; thence along the northerly bank of said San Joaquin River and the southwesterly boundary of said Survey No. 574 to Swamp Land Survey No. 553; thence along the southwesterly boundary of said Survey No. 553 to the northwest corner of Swamp Land Survey No. 557; thence along the southwesterly boundary of said Survey No. 557 to the southwest corner of Swamp Land Survey No. 904; thence along the southerly boundary of said Survey No. 904 to the southwest corner of Swamp Land Survey No. 558; thence along the southerly boundary of said Survey No. 558 to the southeast corner of said Survey No. 558; thence north along the east boundary of Surveys Nos. 558 and 560 to the northeast corner of said Survey No. 560 and the point of beginning, containing 2,023 acres, more or less.

EXHIBIT "A" (CONTD)

PARCEL 2

All that tide and submerged land adjacent to Sherman Island lying within the beds of the Sacramento River and San Joaquin River, in the Counties of Solano and Sacramento, within the following described lines:

BEGINNING at a point on the southwesterly boundary of Swamp Land Survey No. 557, and the north bank of the San Joaquin River, said point bears N 64° E, 3900 feet, more or less, from Point Beenar Beacon; thence west to the centerline of the San Joaquin River; thence northwesterly along the centerline of the San Joaquin River to a point which bears S 88° 30' W, 3000 feet, more or less, from Point Sacramento Beacon on Sherman Island; thence N 35° 30' E, 4500 feet, more or less, to a point on the south shore line of Montezuma Island said shore line being the south boundary of Swamp Land Survey No. 580; thence easterly along said south boundary to the most easterly point of Montezuma Island and Swamp Land Survey No. 580; thence northeasterly across a channel of water to the ordinary high water mark of the Sacramento River; thence southeasterly along said ordinary high water mark to a point which bears due north of the northeasterly corner of Swamp Land Survey No. 560; thence south across the Sacramento River and Sherman Island approximately 13,700 feet to the north bank of the San Joaquin River; thence northwesterly along the southwest shore line of Sherman Island approximately 6800 feet to the point of beginning, containing 1025 acres, more or less.

EXCEPTING FROM Parcel 2 all that portion lying within Swamp Land Surveys above mentioned in Parcel 1.

EXCEPTING ALSO any portion acquired by the U. S. Corps of Engineers for the purpose of dredging and widening the Sacramento River ship channel.

END OF DESCRIPTION