

MINUTE ITEM

This Calendar Item No. 43
was approved as Minute Item
No. 43 by the State Lands
Commission by a vote of 3
to 0 at its 9/23/91
meeting.

CALENDAR ITEM

A 10

S 5

4 4 3

09/23/91
W 9906
Gonzalez

**APPROVAL OF SALE BY STATE CONTROLLER
OF SHALLOW MINERAL RIGHTS ESCHEATED TO THE STATE
SACRAMENTO COUNTY**

APPLICANT:

State Controller
Attn: Ms. Patricia Cruz
300 Capitol Mall, 18th Floor
Sacramento, California 95814

PURCHASER:

County Sanitation District No. 1 of Sacramento County
c/o Hackard, Taylor & Phillip
1435 Riverpark Drive, Suite 300
Sacramento, California 95815

AREA, TYPE LAND AND LOCATION:

One hundred acres of State minerals reserved land located in
Section 30, Township 7 North, Range 6 East, Mount Diablo
Base and Meridian, Sacramento County Assessor's Parcel
number 127-0010-020. The mineral rights to a depth of five
hundred feet below the surface to be sold, the balance of
the mineral rights with no rights of surface entry to be
retained by the State.

BACKGROUND:

The surface of the subject parcel was purchased from a private
owner by the Sanitation District in 1945. The grantor retained
the mineral rights. In 1978, the grantor passed away, intestate.
The estate, including the mineral rights to the subject parcel,
escheated to the State through action of the Sacramento Superior
Court, case No. 85081, December 29, 1978.

The Sanitation District has offered to purchase the mineral
rights of the subject parcel so as to obtain marketable title to
the entire parcel. This parcel will then be exchanged for
privately owned property along the Sacramento River to be
developed by the County as a parkway for the Stone Lakes
preserve.

CALENDAR ITEM NO. 13 (CONT'D)

The Sanitation District contracted for an appraisal of the mineral rights by Harold W. Bertholf, Inc. Registered Geologists and Petroleum Engineers. Using a combination of income and comparative sales appraisal methods, Bertholf appraised the fair market value of 100 percent of the mineral rights at \$50 per acre for a total parcel value of \$5,000.

Bertholf also stated in the appraisal that sufficiently favorable geologic and economic conditions existed in the area to encourage a test for hydrocarbons (by drilling a gas well) of the Winters Formation.

Staff of the State Lands Commission reviewed the appraisal report and concurred with Bertholf in that the area has potential for oil and gas development. Staff suggested that the Controller retain the mineral rights below 500 feet of the surface while selling the shallow rights to the County. The Controller's Office has negotiated such a sale with the Sanitation District for a price of \$5,000.

The staff of the State Lands Commission recommends that the Commission approve this sale pursuant to P.R.C. Section 6404 which states in part: "Any agency that sells any of the lands listed in Section 6403 (which specifies in Part "d", lands escheated to the State) ... may, with the approval of the Commission, dispose of oil and gas...".

AB 884:

N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because Commission's activity is not a "project" as defined by the CEQA and the State Guidelines.

Authority: P.R.C. 21065, 14 Cal. Code Regs. 15378.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061, BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. APPROVE THE SALE OF THE STATE OWNED MINERAL RIGHTS CONTAINED WITHIN THE FIRST FIVE HUNDRED FEET OF THE SURFACE OF THE ESCHEATED PARCEL LOCATED IN SECTION 30, TOWNSHIP 7 NORTH, RANGE 6 EAST, MDMB&M, SACRAMENTO COUNTY ASSESSOR'S PARCEL NUMBER 127-0010-020, PURSUANT TO P.R.C. SECTION 6404, WITH THE STATE RETAINING THE MINERAL RIGHTS BELOW A DEPTH OF FIVE HUNDRED FEET FROM THE SURFACE OF THE LANDS, WITH NO RIGHT OF SURFACE ENTRY.