

MINUTE ITEM

This Calendar Item No. C47
was approved as Minute Item
No. 47 by the State Lands
Commission by a vote of 3
to 0 at its 7-19-93
meeting.

CALENDAR ITEM

C47

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REQUEST FOR EXEMPTION FROM COMPETITIVE BID PROCEDURES
FOR A SUBSURFACE OIL AND GAS LEASE ON
EAST BAY MUNICIPAL UTILITY DISTRICT PROPERTY,
CONTRA COSTA COUNTY

APPLICANT:

East Bay Municipal Utility District
P. O. Box 24055
Oakland, CA 94623

AREA, TYPE LAND AND LOCATION:

A 12.98 acre parcel of East Bay Municipal Utility District
(EBMUD) land in Section 14 of Township 1 North, Range 3
East, MDM, Contra Costa County.

BACKGROUND:

The North Valley Oil and Gas Company (North Valley) has
requested EBMUD to enter into a subsurface oil and gas lease
for EBMUD owned lands underlying Mokelumne Aqueducts near
the Werner Dredge Cut, and near the town of Bixler in Contra
Costa County. North Valley has leased and has an option to
lease acreage surrounding the 12.98 acre parcel of EBMUD
land. EBMUD has requested to be exempted from competitive
bidding procedures in order to negotiate a lease with North
Valley which has offered to lease this parcel of land and
has agreed to pay EBMUD a royalty of 1/6th for any
hydrocarbons produced from this lease, and \$30.00 per acre
per year rent including three years rent paid in advance and
a primary lease term of three years. Commission staff
believes that the proposed terms are fair and reasonable.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.
- B. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.

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"The State Lands Commission may in its discretion exempt particular leases or operating agreements from the procedure required by this section and Section 7053 [competitive bidding procedures] where by reason of the small size of the property or drainage, actual or imminent, such procedure would be in the judgment of the State Lands Commission in the particular cause be impractical". Commission staff has reviewed the application of EBMUD for a subsurface negotiated oil and gas lease with North Valley and has determined that it would be impractical for EBMUD to follow the competitive public bidding procedures as outlined in Section 7052 and 7053 of the California P.R.C. for the following reasons: the parcel is small in size, the EBMUD proposes to develop the surface for other uses so there is no drillsite, and the potential for drainage from adjacent lands under lease to North Valley appears imminent.

AB 884:
N/A.

OTHER PERTINENT INFORMATION:

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 the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

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

EXHIBITS:

- A. Location Map
- B. Land Description

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 THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. APPROVE THE REQUEST OF THE EAST BAY MUNICIPAL UTILITY DISTRICT FOR AN EXEMPTION FROM THE FORMAL BIDDING REQUIREMENTS AS OUTLINED IN P.R.C. SECTIONS 7052 AND 7053, FOR A SUBSURFACE OIL AND GAS LEASE OF A 12.98 ACRE PARCEL LOCATED UNDER THE MOKELUMNE AQUEDUCTS IN SECTION 14, TOWNSHIP 1 NORTH, RANGE 3 EAST, MDM, CONTRA COSTA COUNTY.

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CALENDAR ITEM NO. C47 (CONT'D)

2. APPROVE THE REQUEST OF THE EAST BAY MUNICIPAL UTILITY DISTRICT FOR AN EXEMPTION FROM THE FORMAL BIDDING REQUIREMENTS AS OUTLINED IN P.R.C. SECTIONS 7052 AND 7053, FOR A SUBSURFACE OIL AND GAS LEASE OF A 12.98 ACRE PARCEL LOCATED UNDER THE MOKELUMNE AQUEDUCTS IN SECTION 14, TOWNSHIP 1 NORTH, RANGE 3 EAST, MDM, CONTRA COSTA COUNTY.

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EXHIBIT 'A'

STATE LANDS COMMISSION

EXEMPTION FROM COMPETITIVE BID

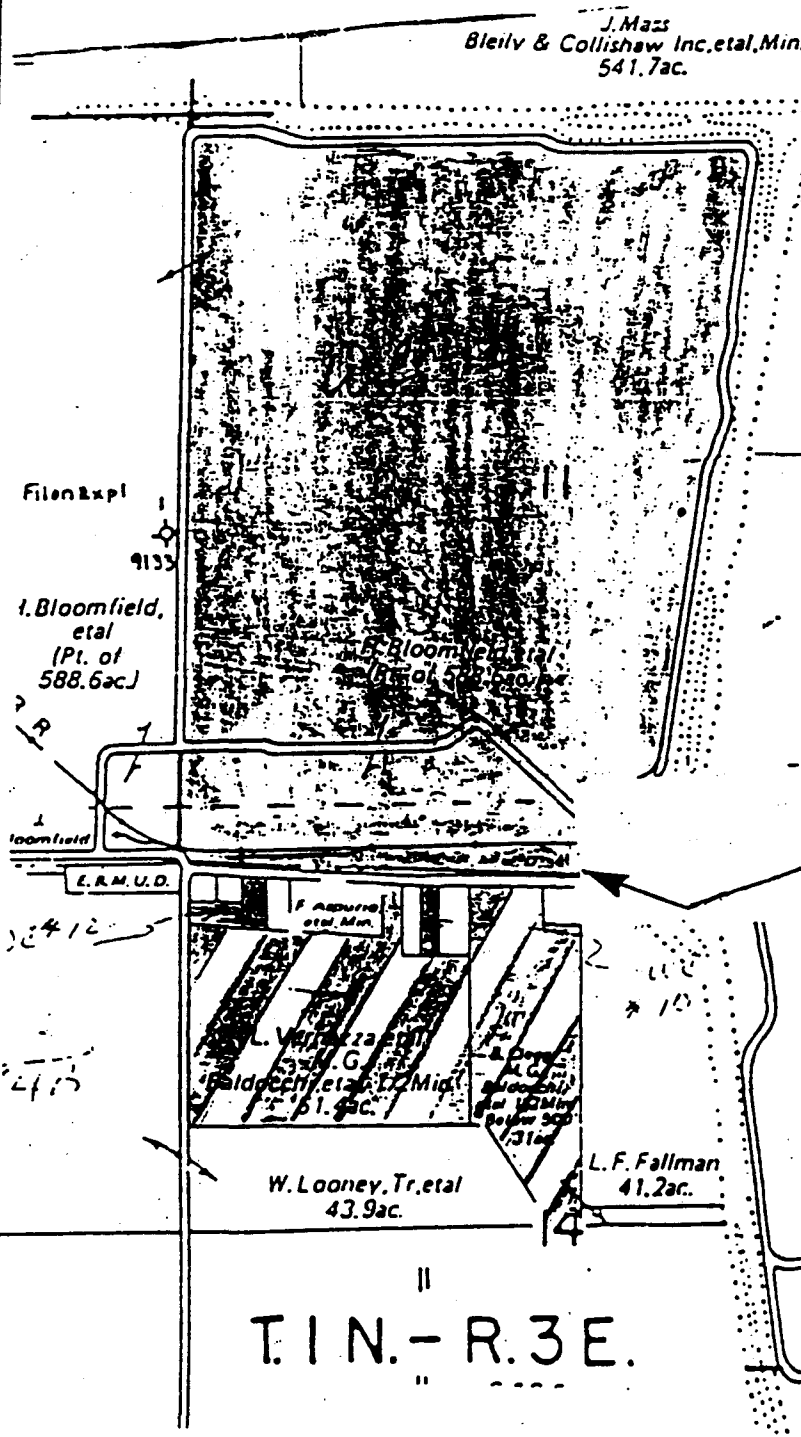
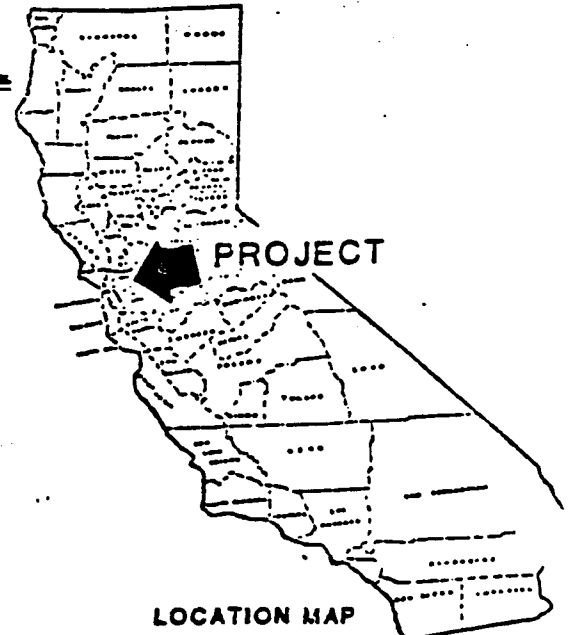
EAST BAY MUNICIPAL UTILITY DISTRICT

CONTRA COSTA COUNTY

W40691

JUNE 1993

A.F.N.



EAST BAY UTILITY DISTRICT ACREAGE

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EXHIBIT 'B'
LAND DESCRIPTION

PARCEL 1:

ALL THAT CERTAIN PARCEL OF LAND CONVEYED TO EAST BAY MUNICIPAL UTILITY DISTRICT, A PUBLIC CORPORATION, FROM THE TOYON DUCK CLUB, A CALIFORNIA CORPORATION, BY DEED DATED FEBRUARY 8, 1926, RECORDED 13, 1926, IN BOOK 20, PAGE 259, OF OFFICIAL RECORDS, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, SAID PARCEL OF LAND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT 200.0 FEET SOUTH OF THE CORNER COMMON TO SECTIONS 10, 11, 14, AND 15 OF T. 1 N. R. 3 E., M.D.B.&M., AND RUNNING THENCE N. 89 DEGREES 06' E. PARALLEL TO AND 200.00 FEET SOUTH OF THE MAIN TRACT OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY TO INTERSECTION WITH THE QUARTER SECTION LINE BISECTING SECTIONS 11 AND 14, IN T. 1 N., R. 3 E., M.D.B.&M., BEING THE POINT OF BEGINNING OF THE TRACT DESCRIBED HEREIN; AND RUNNING THENCE FROM SAID POINT S. 00 DEGREES 39' E. ALONG THE QUARTER SECTION LINE 1000.00 FEET; THENCE N. 89 DEGREES 06' E. PARALLEL TO AND 100.00 FEET SOUTH OF THE SOUTH RIGHT OF WAY LINE OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY, 378.53 FEET TO THE OUTER TOE OF A LEVEE; THENCE ALONG THE OUTER TOE OF SAID LEVEE, N. 42 DEGREES 55' W. 134.6 FEET TO A POINT ON THE SOUTH RIGHT OF WAY LINE OF SAID RAILWAY; THENCE ALONG SAID SOUTH RIGHT OF WAY LINE OF SAID RAILWAY 288.00 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

ALL THAT CERTAIN PARCEL OF LAND CONVEYED TO EAST BAY MUNICIPAL UTILITY DISTRICT, A PUBLIC CORPORATION, FROM CALIFORNIA DELTA FARMS INC., A CALIFORNIA CORPORATION, BY DEED DATED SEPTEMBER 16, 1926, RECORDED ON SEPTEMBER 30, 1926, IN BOOK 50, PAGE 365, OF OFFICIAL RECORDS, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, SAID PARCEL OF LAND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A STRIP OF LAND 125.00 FEET IN WIDTH, LOCATED IN SECTION 14, T. 1 N. R. 3 E., M.D.B.&M., SAID STRIP OF LAND BEING DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT 200 FEET SOUTH OF THE CORNER COMMON TO SECTIONS 10, 11, 14 AND 15, T. 1 N. R. 3 E., M.D.B.&M., AND RUNNING THENCE PARALLEL TO AND 200 FEET SOUTH OF THE CENTER LINE OF THE MAIN TRACT OF THE A.T. & S.F. RAILWAY, N. 89 DEGREES 06' E. 2932.00 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREINAFTER DESCRIBED; AND RUNNING THENCE FROM SAID POINT OF BEGINNING PARALLEL TO AND 200 FEET SOUTH OF THE CENTER LINE OF THE MAIN TRACT OF THE A.T. & S.F. RAILWAY; SAID LINE BEING THE SOUTHERLY RIGHT OF WAY LINE OF SAID RAILWAY, N. 89 DEGREES 06' E. 778.48 FEET; THENCE S. 20 DEGREES 52' E. 133.00 FEET; THENCE SOUTH 89 DEGREES 06' W. 711.28 FEET; THENCE N. 42 DEGREES 55' W. 168.25 FEET TO THE POINT OF BEGINNING.

PARCEL 3:

ALL THAT CERTAIN PARCEL OF LAND CONVEYED TO EAST BAY MUNICIPAL UTILITY DISTRICT, A PUBLIC CORPORATION, FROM HORACE L. HILL, JR., AND JEANNE GALLOIS HILL HIS WIFE, BY DEED DATED DECEMBER 1, 1925, RECORDED DECEMBER 8, 1925, IN BOOK 13, PAGE 360, OF OFFICIAL RECORDS, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA, SAID PARCEL MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A CORNER COMMON TO SECTIONS 10, 11, 14 AND 15, TOWNSHIP 1 NORTH, RANGE 3 EAST, AND THENCE SOUTH 89 DEGREES 53' 30" EAST, 150.6 FEET; THENCE ON A CURVED LINE FORMING THE SOUTH RIGHT OF WAY LINE OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, 514.4 FEET TO THE POINT DESIGNATED AS ENGINEER'S STATION B, 1795 PLUS 11.0 E.C. EQUALS "E" 993 PLUS 54.4; THENCE CONTINUING ALONG THE SOUTH RIGHT OF WAY LINE OF THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, SOUTH 89 DEGREES 53' 30" EAST, 1984.4 FEET TO THE INTERSECTION WITH THE NORTH AND SOUTH CENTER LINE OF SAID SECTION 14; THENCE ALONG SAID NORTH AND SOUTH CENTER LINE, SOUTH 0 DEGREES 21' 30" WEST, 250 FEET; THENCE NORTH 89 DEGREES 53' 30" WEST, 1.49 FEET; THENCE NORTH 85 DEGREES 58' 30" WEST, 2648.88 FEET TO THE WEST LINE OF SAID SECTION 14; THENCE ALONG SAID WEST LINE, NORTH 0 DEGREES 21' 30" EAST, 120 FEET TO THE POINT OF BEGINNING.

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