

MINUTE ITEM

This Calendar Item No. C51
was approved as Minute Item
No. 51 by the State Lands
Commission by a vote of 3
to 0 at its 8-3-94
meeting.

CALENDAR ITEM

C51

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08/03/94
PRC 7318
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**APPROVE AMENDMENT TO
STATE OIL AND GAS LEASE PRC 7318,
CONTRA COSTA COUNTY**

LESSEE:

Tri-Valley Oil and Gas Co.
Attn: Teri Altenburger
2001 Westwind Drive, Suite 14
Bakersfield, California 93301

AREA, TYPE LAND AND LOCATION:

Negotiated subsurface oil and gas lease contains
approximately 58 acres in the bed of Piper and Taylor Slough
located in Contra Costa County.

BACKGROUND:

Negotiated subsurface State oil and gas lease PRC 7318 was
entered into with Tri-Valley Oil and Gas Co. (Tri-Valley) on
July 10, 1989. On February 9, 1992, State Lands consented
to the pooling of 30 acres of leased lands under State oil
and gas lease PRC 7318 with other private leased lands to
form the "Piper Slough Unit #1".

By letter dated June 20, 1994, Tri-Valley requested that the
Commission amend Paragraph 3A of the State oil and gas lease
to change the royalty due date from the 25th of the month
following production to the 5th of the second month
following production. The purpose of this change is to
provide Tri-Valley adequate time in which to pay the
royalty, because Tri-Valley does not receive payment from
its purchaser (TOSCO and Natural Gas Clearinghouse) until
the last week of the month following production. Without
the amendment, Tri-Valley cannot make the royalty payment on
time.

Commission staff recommends that Paragraph 3A of State oil
and gas lease PRC 7318 be amended to change the royalty due
date from the 25th of the month following production to the
5th of the second month following production, effective the
first day of the month following Commission approval.

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CALENDAR ITEM NO. C51 (CONT'D)

STATUTORY AND OTHER REFERENCE:

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

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 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. Lease Amendment
- B. Lease Map

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. FIND THAT AMENDING PARAGRAPH 3A UNDER STATE OIL AND GAS LEASE PRC 7318 IS IN THE BEST INTEREST OF THE STATE.
- 3. APPROVE THE AMENDMENT TO STATE OIL AND GAS LEASE PRC 7318 EFFECTIVE THE FIRST DAY OF THE MONTH FOLLOWING COMMISSION APPROVAL, AMENDING THE ROYALTY DUE DATE FROM THE 25TH OF THE MONTH FOLLOWING PRODUCTION TO THE 5TH OF THE SECOND MONTH FOLLOWING PRODUCTION.

EXHIBIT A

AMENDMENT TO STATE OIL AND GAS LEASE

PRC 7318

Negotiated subsurface State Oil and Gas Lease PRC 7318 was entered into with Tri-Valley Oil and Gas Co. on July 10, 1989. The lease contains approximately 58 acres in the bed of Piper Slough and Taylor Slough located in Contra Costa County, CA. On February 9, 1992, State Lands consented to the pooling of 30 acres of leased lands under State Oil and Gas Lease PRC 7318 with other private leased lands to form the "Piper Slough Unit #1".

Pursuant to the Commission approval of August 3, 1994, the State Lands Commission and Tri-Valley Oil and Gas Corporation hereby agree to amend State Oil and Gas Lease PRC 7318, Paragraph 3a to read: "State's royalties hereunder shall be due and payable not later than the tenth (10) 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.

TRI-VALLEY OIL AND GAS CORP.

STATE OF CALIFORNIA

A California Corporation

STATE LANDS COMMISSION

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

Attest

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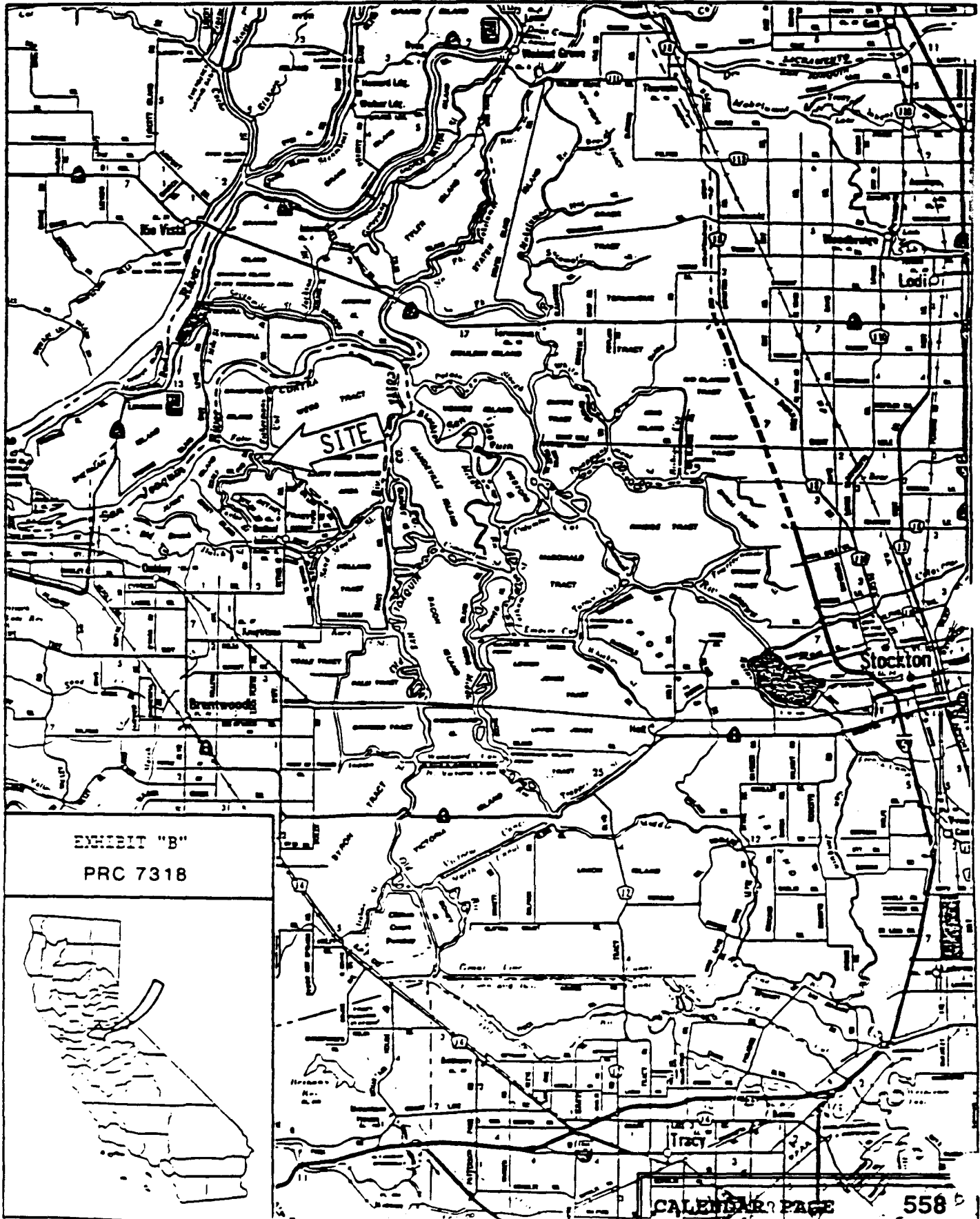
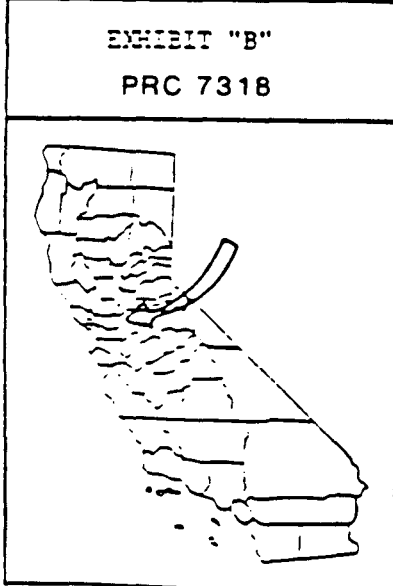


EXHIBIT "B"
PRC 7318



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