

MINUTE ITEM

This Calendar Item No. C91 was approved as Minute Item No. 91 by the California State Lands Commission by a vote of 3 to 0 at its 5/12/97 meeting.

CALENDAR ITEM

C91

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05/12/97

PRC 7657

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**APPROVE AMENDMENT TO
OIL AND GAS LEASE NO. PRC 7657
CONTRA COSTA COUNTY**

BACKGROUND:

Negotiated subsurface Oil and Gas Lease No. PRC 7657 (Lease) contains approximately 195 acres in the bed of False River, Serpent Slough and Short Slough located in Contra Costa County. The Lease was entered into with Sierra Energy Company on September 23, 1992. In October 1, 1993, Tri-Valley Oil and Gas Company (Tri-Valley) was assigned 100 percent undivided interest in Oil and Gas Lease No. PRC 7657. On February 9, 1992, the California State Lands Commission consented to pooling of 30 acres of the leased lands with other private leased lands to form the "Webb Tract Unit #1".

By letter dated March 21, 1997, Tri-Valley has requested an amendment to Paragraph 3C of the Lease to change the royalty due date from the 25th of the month following production to the 15th 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) until the last week of the month following production. Without the amendment, Tri-Valley cannot make the royalty payments on time.

Good cause showing, Commission staff recommends that Paragraph 3C of Oil and Gas Lease No. PRC 7657 be amended to change the royalty due date from the 25th of the month following production to the 15th of the second month following production, effective upon Commission approval.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code: Division 5, Parts 1 and 2; Division 13.
- B. California Code of Regulations: Title 3, Division 3; Title 14, Division 6.

PERMIT STREAMLINING ACT DEADLINE:

N/A

CALENDAR ITEM NO. C91 (CONT'D)

OTHER PERTINENT INFORMATION:

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

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 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 TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.
2. FIND THAT AMENDING PARAGRAPH 3C UNDER OIL AND GAS LEASE NO. PRC 7657 IS IN THE BEST INTEREST OF THE STATE.
3. APPROVE THE AMENDMENT TO OIL AND GAS LEASE NO. PRC 7675 EFFECTIVE UPON COMMISSION APPROVAL, AMENDING THE ROYALTY DUE DATE FROM THE 25TH OF THE MONTH FOLLOWING PRODUCTION TO THE 15TH OF THE SECOND MONTH FOLLOWING PRODUCTION.

EXHIBIT A

AMENDMENT TO STATE OIL AND GAS LEASE

PRC 7657

Negotiated Subsurface State Oil and Gas PRC 7657 was entered into with Sierra Energy Company on September 23, 1992. Sierra Energy Company assigned an undivided 100% interest in PRC 7657 to Tri-Valley Oil and Gas Company effective October 1, 1993. The lease contains approximately 195 acres in the bed of False River, Serpent Slough and Short Slough located in Contra Costa County, California. On May 3, 1995, State Lands consented to the pooling of 140 acres of leased lands under State Oil and Gas Lease PRC 7657 with other private leased lands to form the "Webb Tract Unit #1"

Pursuant to the Commission approval of _____, 199_, the State Lands Commission and Tri-Valley Oil and Gas Company hereby agree to amend the last sentence of Paragraph 3(c) of State Oil and Gas Lease PRC 7657 to read: "State's royalties hereunder shall be due and payable not later than the Fifteenth (15) 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 COMPANY

STATE OF CALIFORNIA

A California Company

STATE LANDS COMMISSION

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

DATE: _____

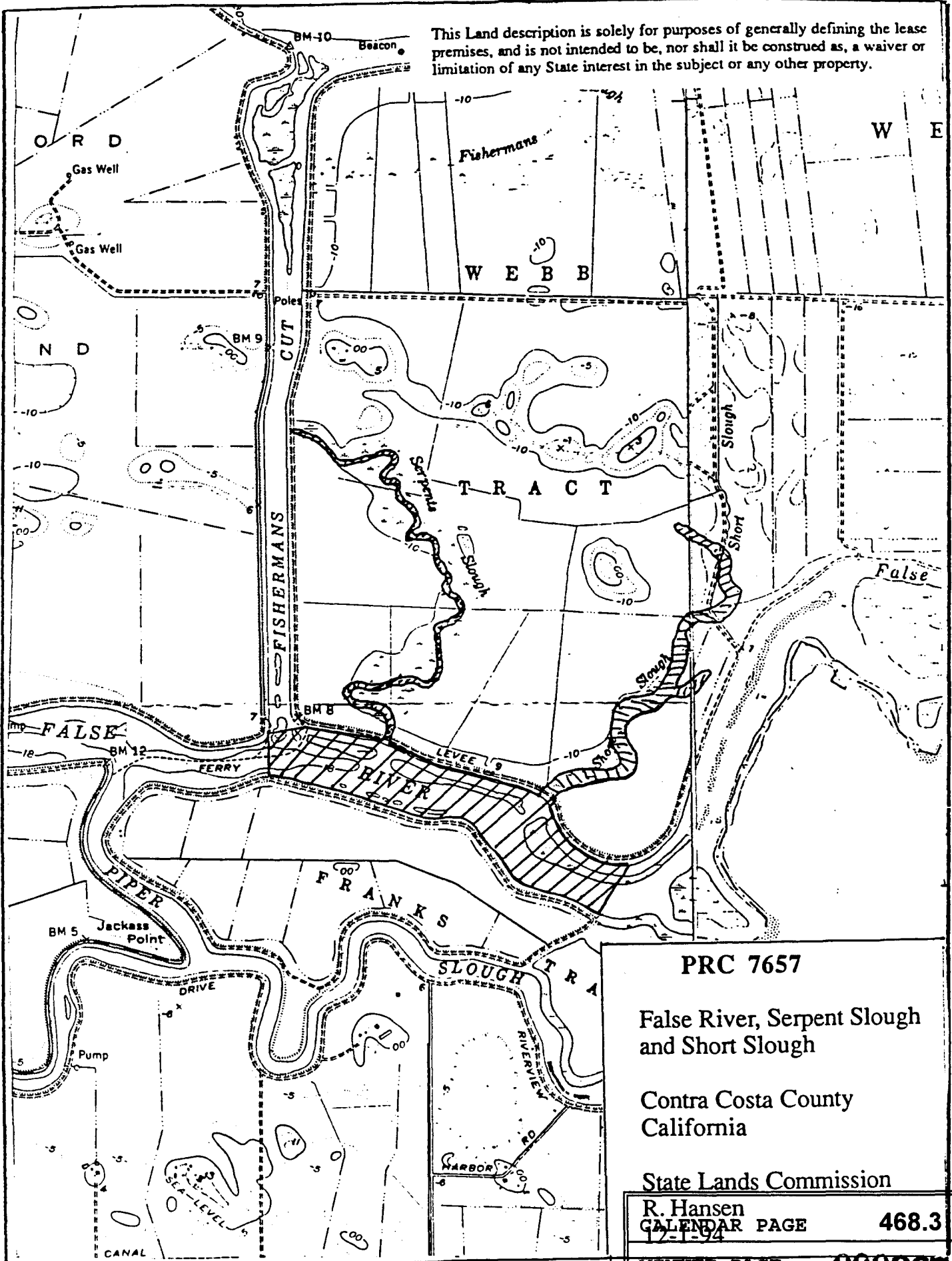
DATE: _____

Attest

Attest

EXHIBIT B

This Land description is solely for purposes of generally defining the lease premises, and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.



PRC 7657

**False River, Serpent Slough
and Short Slough**

**Contra Costa County
California**

State Lands Commission

**R. Hansen
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12-1-94**

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