

MINUTE ITEM

This Calendar Item No. 23
was approved as Minute Item
No. 23 by the State Lands
Commission by a vote of 7-24-80
to 0 at its 7-24-80
meeting.

CALENDAR ITEM

23.

7/80
W 40215
Priddy

APPLICATION FOR EXEMPTION OF PROPOSED OIL
AND GAS LEASE FROM
COMPETITIVE PUBLIC BIDDING PROCEDURE
REQUIRED UNDER THE PUBLIC RESOURCES CODE

APPLICANT: Winton Cemetery District.

LOCATION: City of Winton, Merced County.

PROPOSED USE: The Winton Cemetery District, a political corporation, proposes to lease a single 32-acre parcel of its lands to Ogle Petroleum, Inc. and Texas Pacific Oil Company, Inc., and has requested exemption from the public bidding procedures required by Section 7052 of the P.R.C.. Section 7053 of the P.R.C. provides for the award of a competitive bid lease.

PERTINENT INFORMATION:

Section 7052 of the P.R.C. provides in part: "...the State Lands Commission may in its discretion exempt particular leases or operating agreements from the procedure required by this Section, and Section 7053 whereby reason of the small size of the property or drainage, actual or imminent, such procedure would in the judgment of the State Lands Commission in the particular case be impractical."

Such an exemption has been requested by the applicant in order that a lease may be entered into to provide for the potential development of this small parcel in conjunction with adjacent lands under lease to Ogle Petroleum and Texas Pacific Oil Company. Drillsites are prohibited within the cemetery.

The staff has reviewed the proposed lease form and is of the opinion that the terms and conditions are reasonable. The lease provides for a 20-year term, a 5-year drilling term (drilling would be accomplished by

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CALENDAR PAGE	<u>082</u>
MINUTE PAGE	<u>1610</u>

CALENDAR ITEM NO. 23. (CONTD)

slant drilling or by pooling the leased lands into an operating unit), \$5.00 per acre per year rent and a royalty of 16-2/3%. In view of the small size of the parcel and its lack of available drillsites, it is the opinion of the staff that it would be impractical to require the Winton Cemetery District to follow the competitive bidding procedures of Section 7052.

The Merced County Counsel has advised the Cemetery District that CEQA is not applicable in this matter. No EIR has been required by Merced County for permits to drill oil and gas wells. Only a conditional use permit and performance bond will be required.

The Cemetery District would have the authority to lease this land by competitive bid without the approval of the Commission.

The discretionary action of the State Lands Commission, exempting the Cemetery District from competitive leasing procedures will not have any significant effect on the environment; and therefore, is not subject to the requirements of CEQA.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN EIR HAS NOT BEEN PREPARED FOR THIS ACTIVITY AS SUCH REPORT IS NOT REQUIRED UNDER THE PROVISIONS OF PRC 21100, 14 CAL. ADM. CODE 15060 (LACK OF ANY SIGNIFICANT ENVIRONMENTAL EFFECT).
2. APPROVE THE EXEMPTION OF THE PROPOSED OIL AND GAS LEASE OF WINTON CEMETERY DISTRICT ON THE 32-ACRE PARCEL OF LAND DESCRIBED IN PROPOSED LEASE FORM ON FILE IN THE OFFICE OF THE STATE LANDS COMMISSION, AND BY REFERENCE MADE A PART HEREOF, FROM COMPETITIVE PUBLIC BIDDING PROCEDURE AS AUTHORIZED OF SECTION 7052 OF THE P.R.C. BY REASON OF THE SMALL SIZE OF THE PARCEL TO BE CEASED.

EXHIBIT "A"

**STATE LANDS COMMISSION
W 40215**

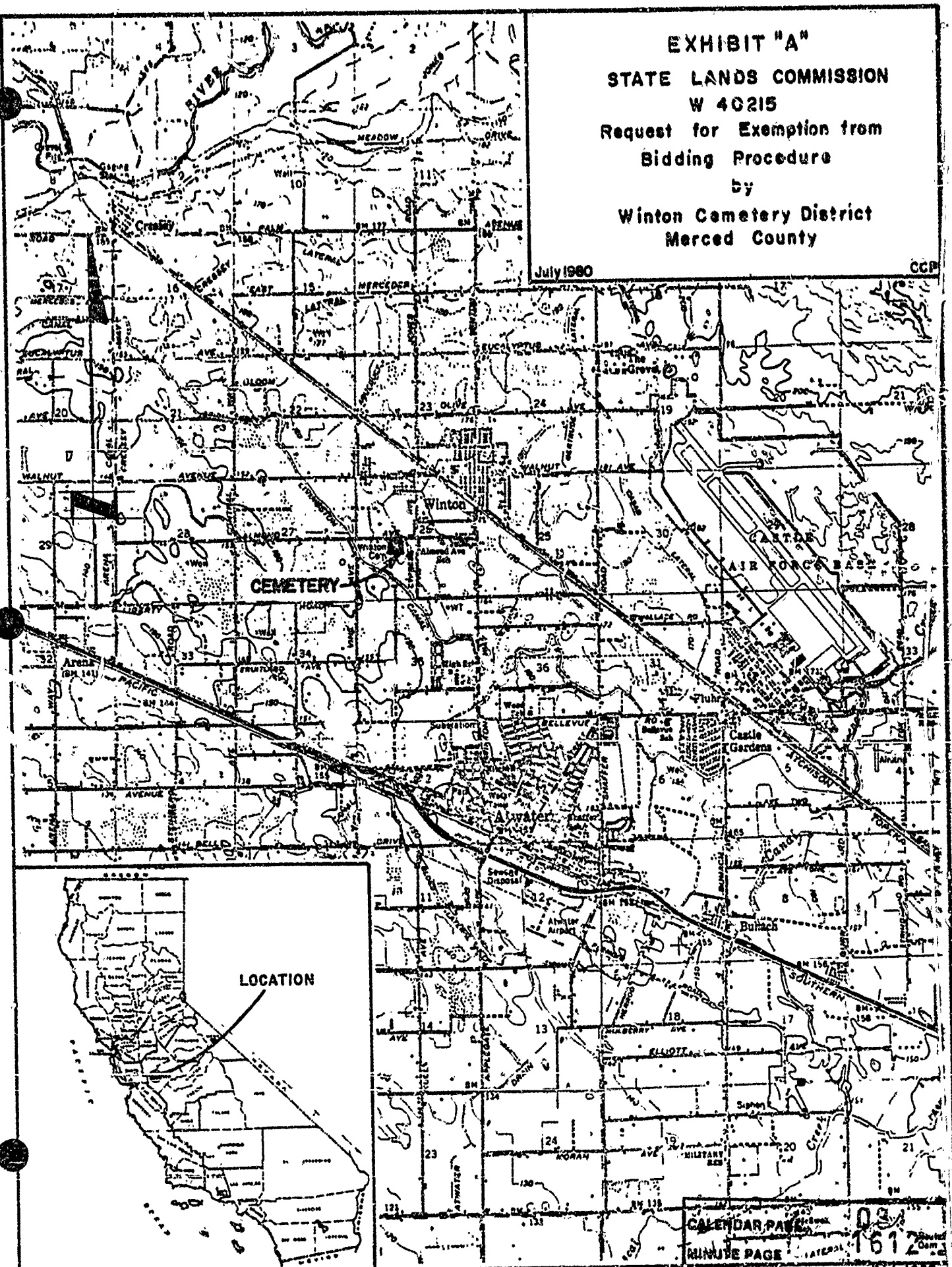
**Request for Exemption from
Bidding Procedure**

by

**Winton Cemetery District
Merced County**

July 1980

CCP



(Added 7/21/80)