

MINUTE ITEM

This Calendar Item No. 18
was approved as Minute Item
No. 18 by the State Lands
Commission by a vote of 2
to 1 on its 4-28-76 MINUTE ITEM
meeting.

4/28/76
AHL

19. DEFERMENT OF DRILLING REQUIREMENTS, SACRAMENTO COUNTY;
ATLANTIC OIL COMPANY - W 9933, PRC 4801.1.

During consideration of Calendar Item 18, Chairman Kenneth Cory disclosed that he owns property similarly located to the subject property. He further stated that as an individual landowner, he would decline to enter into such a lease under the prescribed conditions. Because of these feelings, he indicated it would be inconsistent for him to vote to lease the State's land as proposed when he personally would not lease his own land under the same conditions.

Mr. Donald J. Everitts, Manager, Energy and Mineral Resources Development, summarized the transaction. Mr. Terry Boone, representing Atlantic Oil Company, appeared in favor. Mr. Boone explained that the subject request is for an extension of an existing oil and gas lease (PRC 4801.1). The extension is needed because an environmental impact report, required by the City of Sacramento, has been submitted. However, according to the timetable, another six to eight months will be needed.

Mr. Everitts added that approval of the extension is at the Commission's discretion.

By a vote of 2 to 1, the resolution on Calendar Item 18 attached was approved as presented.

Attachment:

Calendar Item 18 (2 pages)

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CALENDAR ITEM

18

4/76
W 9933
AHJ

DEFERMENT OF DRILLING REQUIREMENTS
PRC 4801.1, SACRAMENTO COUNTY

LFSSEE: Atlantic Oil Company
523 West Sixth Street
Los Angeles, California 90014

LOCATION: Freeport area, City of Sacramento, Sacramento
County on land owned by the California Highway
Patrol, the California Department of Agriculture,
and the California Military Department.

ACREAGE: 240 acres more or less, below the depth of
500 feet.

DATE ISSUED: August 30, 1973.

PRIMARY DRILLING TERM:
August 30, 1973 through August 29, 1976.

DEFERMENT REQUESTED:
August 30, 1976 through August 29, 1977.

REASON FOR REQUEST:

Under the conditions of State Oil and Gas Lease
PRC 4801.1, the lessee is required to commence
drilling operations within the primary term of
3 years. As the lease is located within the
Sacramento city limits, the lessee submitted
an application for a drill permit to the
Sacramento City Planning Commission, which
determined that an Environmental Impact Report
is mandatory. The preparation and approval
of the Environmental Impact Report may require
6 to 12 months; therefore on January 13, 1976,
Atlantic Oil Company requested deferment of
the primary drilling term.

PERTINENT INFORMATION:

Under Section 6829.1 of the Public Resources
Code, the State Lands Commission is authorized
to extend the drilling term of the lease be-
yond the primary term of 3 years.

The Commission's Staff Counsel opinion of
March 8, 1976, concludes that the Commission
pursuant to Section 6828, of the Public Re-
sources Code, and Sections 9 and 11 of the
lease agreement, does have the authority to
grant an extension of the primary drilling

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CALENDAR ITEM NO. 18 (CONTD)

term; and that Atlantic can be granted such extension until the Environmental Impact Report is prepared, circulated and adopted by the Sacramento City Planning Commission.

EXHIBIT: A. Location Map.

IT IS RECOMMENDED THAT THE COMMISSION PURSUANT TO SECTIONS 6828 AND 6829.1, OF THE PUBLIC RESOURCES CODE, AND SECTIONS 9 AND 11, OF THE LEASE AGREEMENT AUTHORIZE THE EXTENSION OF THE OIL AND GAS LEASE PRC 4801.1 PRIMARY DRILLING TERM FROM AUGUST 30, 1976 THROUGH AUGUST 29, 1977, AS REQUESTED BY THE LESSEE, ATLANTIC OIL COMPANY; ALL OTHER TERMS AND CONDITIONS OF THE LEASE ARE TO REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.