

MINUTE ITEM

This Calendar Item No. 26
was approved as Minute Item
No. 26 by the State Lands
Commission by a vote of 3
to 0 at its 4/27/82
meeting.

CALENDAR ITEM

4/22/82
PRC 5890
Willard

25

OIL AND GAS POOLING AGREEMENT

LESSEE: Shell Oil Company
P. O. Box 527
Houston, Texas 77001
Attention: Mr. T. L. Marshall

AREA, TYPE LAND AND LOCATION:
52.50 acres of tide and submerged lands
under the Sacramento River, Freeport area,
in Sacramento and Yolo Counties.

PREREQUISITES: Declaration of Pooling has been executed
by the lessee.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

State Lease PRC 5890.1 was issued on May 20,
1981 to Shell Oil Company for \$20 per acre
annual rental and 30 percent of the current
market price of all "non-oil production"
removed or sold from leased lands. The
first year's rental has been paid.

Lease PRC 5890.1 consists of 52.50 acres
lying under the Sacramento River in Sacramento
and Yolo Counties near the Elkhorn Subdivision
in the Freeport area. Shell Oil Company
has leased all private lands on both sides
of the river adjacent to the State lease.
Shell intends to slant drill one well to
bottom on State land from a location on
private lands on the northeast side of
the river. The Declaration proposes to
pool all Shell's interests into a 151-acre
unit development. Section 22 of the State
lease provides that the lessee may, with
the consent of the State, unite with others
owning or operating lands not belonging
to the State in adopting a unit plan of
development of the pool or field. Shell
has executed a Declaration of Pooling creating
the Chilton 1-2 River Unit and has submitted

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the declaration to the State for approval. Staff has conducted an analysis of the proposed unit, and finds that the geologic data indicates that pooling will be in the public interest in conserving natural resources if natural gas is discovered. For the purposes of royalty calculation, production from any well drilled within such pooled area shall be allocated to the respective leases in the proportion that any individual lease's acreage within the unit bears to the total acreage in the unit.

CEQA is inapplicable because the proposed pooling declaration is not a project under P.R.C. Section 21065 and Title 14, Cal. Adm. Code, Section 16037.

EXHIBIT: A. Location Map.

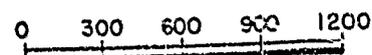
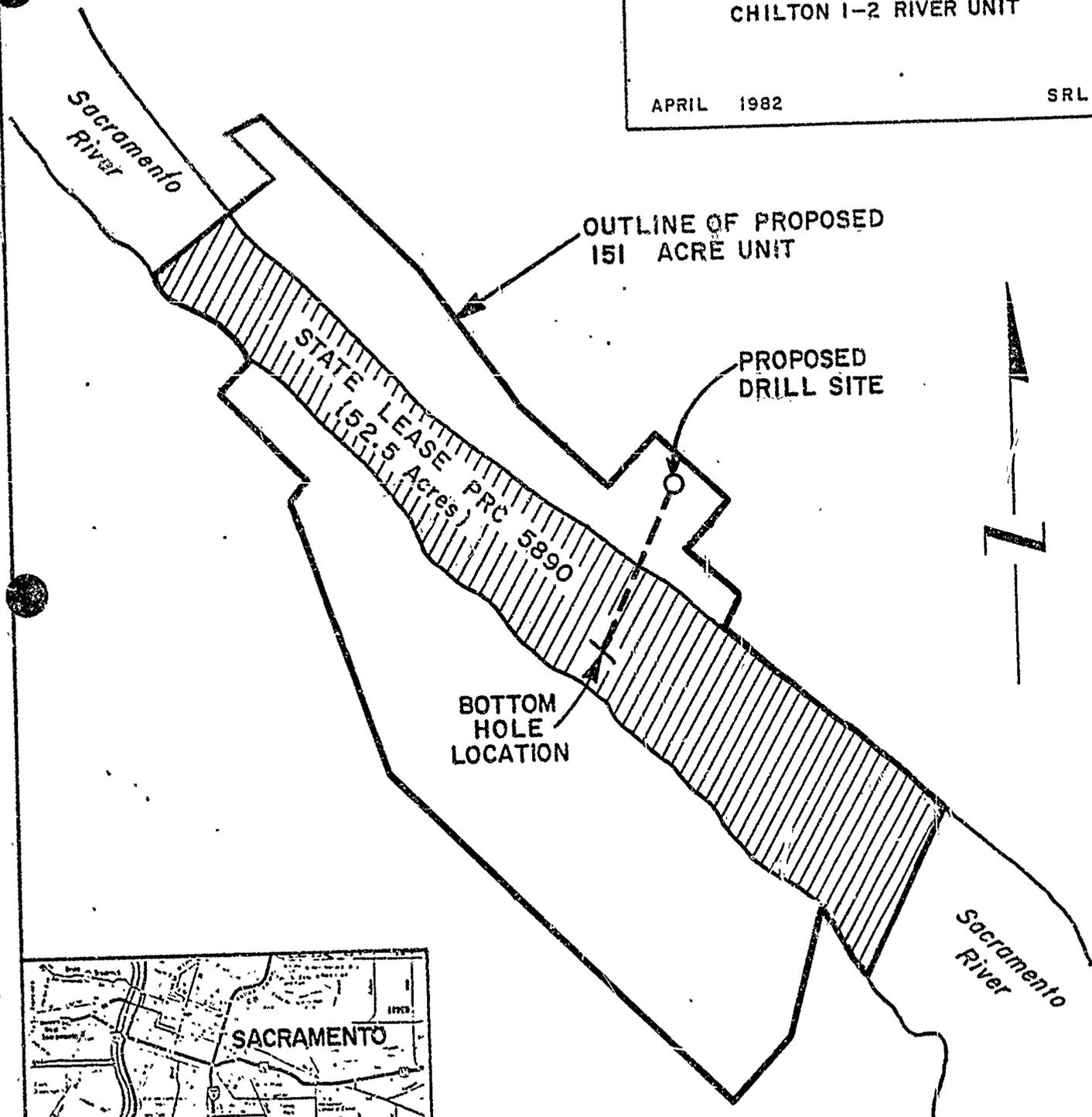
IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN EIR HAS NOT BEEN PREPARED FOR THIS ACTIVITY BECAUSE CEQA IS INAPPLICABLE UNDER P.R.C. SECTION 21065 AND TITLE 14, CAL. ADM. CODE 16037.
2. APPROVE THE DECLARATION OF POOLING BY SHELL OIL COMPANY, COVERING OIL AND GAS LEASE PRO 5890.1, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

EXHIBIT "A"
STATE LANDS COMMISSION
PRC 5890
PROPOSED SHELL OIL COMPANY
CHILTON 1-2 RIVER UNIT

APRIL 1982

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