

STATE OF CALIFORNIA

Minutes of the meeting of 10/28/82
of the State Lands Commission
Sacramento, California

APPEARANCES

Commissioners Present

Kenneth Cory, State Controller, Chairman
David Ackerman, Commission-Alternate for Mike Curb,
Lieutenant Governor
Susanne Morgan, Commission-Alternate for Mary Ann
Graves, Director of Finance

Staff Members in Attendance

Claire T. Dedrick, Executive Officer
James F. Trout, Assistant Executive Officer
R. C. Hight, Chief Counsel
Lance Kiley, Chief, Division of Land Management
and Conservation
W. M. Thompson, Chief, Extractive Development
Program
D. J. Everitts, Assistant Chief, Extractive Development
Program
D. E. Sanders, Chief, Planning and Environmental
Coordination
A. D. Willard, Supervisor Mineral Resources Engineer
Walter Cook, Assistant Chief Counsel
Michael Valentine, Staff Counsel

Representing the Office of the Attorney General

N. Gregory Taylor, Assistant Attorney General
Jan Stevens, Assistant Attorney General

Regarding Minute Item 23:

Mr. Clay Smith, representing Santa Fe Land Company

Regarding Minute Item 49:

Mr. Matthew V. Brady, representing Alaska Geothermal,
Inc.

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Regarding Minute Item 52:

Ms. Agnes Mulhearn, representing the Catalina
Conservancy, and the Santa Catalina Island Company

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MINUTES OF THE STATE LANDS COMMISSION
MEETING OF

10/28/82

The regular meeting of the State Lands Commission was called to order by Chairman Kenneth Cory at 10:10 a.m. in Room 447 of the State Capitol, Sacramento, California.

Also present were Commission-Alternate David Ackerman, representing Mike Curb, Lieutenant Governor, Member, and Commission-Alternate Susanne Morgan, representing Mary Ann Griggs, Director of Finance, Member.

The minutes of the meeting of 9/23/82 and 10/8/82 were approved as presented.

EXECUTIVE OFFICER'S REPORT:

Attached as Exhibit "A".

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EXHIBIT A

EXECUTIVE OFFICER'S REPORT

10/28/82

BY

CLAIRE T. DEDRICK

INDEMNITY SELECTION

W 40351

STAFF IS PROCEEDING WITH IDENTIFICATION OF DESIRABLE FEDERAL LANDS TO BE SELECTED IN LIEU OF LOST SCHOOL LANDS. WHILE THE VALUE OF THE ELK HILLS BASE PARCELS IS STILL TO BE DETERMINED, WE HAVE REACHED AGREEMENT WITH BLM APPRAISERS THAT THE VALUE OF THE 31,685.06 ACRES OF MINERAL BASE (OUTSIDE OF ELK HILLS) IS \$25,685,013.00 AND THE 30,353.41 ACRES OF NON-MINERAL BASE IS \$4,910,584.00. EXISTING APPLICATIONS ARE BEING MODIFIED TO BENEFIT FROM THE ADVANTAGES OF POOLING THE ACREAGE AND VALUES INVOLVED.

W 23121 PRC 6079

ADDITIONAL FEDERAL LANDS IN THE GEYSERS STEAM FIELD, UNDER LEASE TO UNION OIL COMPANY, HAVE BEEN IDENTIFIED AS HAVING REVENUE POTENTIAL. THE UNIT CONSISTS OF APPROXIMATELY 2400 ACRES IN T12N R8W AND T12N R9W MDM IN LAKE COUNTY. THE UNIT IS NOT NOW IN PRODUCTION BUT A WELL IS CURRENTLY BEING DRILLED. ONCE A WELL IS BROUGHT IN AS A PRODUCER, THE AREA MAY NOT BE AVAILABLE FOR SELECTION BUT IF A SELECTION IS FILED

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PRIOR TO PRODUCIBLE STATUS, IT CAN BE ACQUIRED. THEREFORE
A STATE INDEMNITY SELECTION APPLICATION HAS BEEN FILED COVERING
THIS UNIT PRIOR TO ITS POSSIBLE CLASSIFICATION AS PRODUCING
OR PRODUCIBLE.

LETTER OF PERMISSION - STATE RECLAMATION BOARD

W23095

PRC 6345.

A LETTER OF PERMISSION WAS GRANTED TO THE STATE
RECLAMATION BOARD, IN ADVANCE OF A FORMAL PERMIT, TO PLACE
REVTMENT FOR BANK PROTECTION ON THE RIGHT BANK OF THE SACRAMENTO
RIVER, TEHAMA COUNTY. THE WORK IS NEEDED TO PREVENT FURTHER
EROSION OF THE BANK AND FORMATION OF A NEW CHANNEL AT THAT
LOCATION WHICH WOULD RESULT IN INUNDATION OF AREA ORCHARDS.

THE BOARD HAD AGREED TO APPLY FOR A PERMIT. THE
BOARD HAS CLEARANCES FROM OTHER JURISDICTIONS AND A NOTICE
OF EXEMPTION WAS FILED BY THE DEPARTMENT OF WATER RESOURCES
ON AUGUST 24, 1982 IN ACCORDANCE WITH CEQA (14 C. ADM. CODE,
DIV. 6, SEC. 15071 [c]: SPECIFIC ACTIONS NECESSARY TO PREVENT
OR MITIGATE AN EMERGENCY.)

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PROJECT USE	

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BIMONTHLY REVIEW OF DRILLING DEFERMENT-EXXON

PRC 186

ON APRIL 27, 1982 THE STATE LANDS COMMISSION GRANTED A ONE YEAR (MARCH 28, 1982 TO MARCH 27, 1983) DEFERMENT OF DRILLING OBLIGATION TO ALLOW EXXON TIME TO DO ADDITIONAL STIMULATION WORK ON DEEP WELL "PRC 186" NO. 130, WITH THE STIPULATION THAT THEY REPORT PROGRESS TO COMMISSION STAFF BIMONTHLY. THIS IS THE THIRD BIMONTHLY REPORT.

DURING THIS REPORT PERIOD THE PLANNED WORK ON WELL NO. 130 HAD TO BE DELAYED BECAUSE OF REPAIR WORK ON THE PIPELINES FROM "BELMONT" ISLAND TO SHORE, WHICH NECESSITATED A COMPLETE SHUT-DOWN OF ALL WELLS. WORK OF RETURNING KEY PRODUCING WELLS TO SERVICE SO AS TO MAXIMIZE OIL PRODUCTION FROM THE LEASE, FURTHER DELAYED THE SCHEDULED PRESSURE BUILD-UP TEST ON WELL NO. 130, WHICH SHOULD NOW BE COMPLETED DURING OCTOBER. PRODUCTION FROM THE SUBJECT WELL CONTINUES TO BE 20 B.O.P.D., OR LESS, FAR FROM ADEQUATE TO JUSTIFY FURTHER SUCH DEEP "237" ZONE WELL DRILLING.

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EXXON IS CONTINUING TO PERFORM WORKOVER JOBS ON
"SHALLOW" ZONE WELLS TO MAXIMIZE ITS LEASE PRODUCTION. ALSO
THE REVIEW OF "SHALLOW" ZONE WELL DENSITY TO COMPLY WITH LEASE
REQUIREMENTS IS CONTINUING.

WE BELIEVE THAT EXXON IS COMPLYING WITH THE SPIRIT
OF THE DRILLING DEFERMENT AND WE RECOMMEND A CONTINUATION
OF THAT DEFERMENT UNTIL THE NEXT BIMONTHLY PROGRESS REVIEW.

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RECORD OF ACTION TAKEN BY THE
STATE LANDS COMMISSION
AT ITS MEETING OF 10/28/82

During the meeting, the recommendations of the staff relative to Calendar Items C1, C2, C3, C4, C5, C6, C7, C8, C9, C10, C11, C12, C13, C14, C15, C17, C18, C19, C20, C21, 24, 27, 28, 29, 31, 32, 33, 34, 35, 37, 38, 39, 41, 42, 43, 45, 46, 48, 50 and were adopted as resolutions of the Commission by unanimous vote.

Commission action on Calendar Items C16, 23, 30, 36, 47, 49, 51 and 52 are set forth on pages 2601 A, 2649 A, 2692 A, 2743 A, 2799 A, 2807 A, 2818 A, 2823 A.

Calendar Items 22, 25, 26 and 44 were withdrawn from the agenda prior to the meeting.

Calendar Item 40 was submitted for information only.

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