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CALENDAR ITEM

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AUTHORIZATION TO NEGOTIATE
OIL AND GAS LEASE TERMS

APPLICANT: Chevron USA, Inc.
P. O. Box 8000
Concord, California 94520

Attention: Ralph Mayo

AREA, TYPE LAND AND LOCATION:
A 107 acres of proprietary lands located
in the City of Stockton, San Joaquin County.

PROPOSED LAND USE:
Subsurface oil and gas lease.

BASIS FOR CONSIDERATION:
P.R.C. sections 6854, 6827 and 6815.

PREREQUISITE TERMS, FEES AND EXPENSES:
Chevron has paid appropriate filing and
processing fees, holds exclusive leases
on all lands adjacent to the State parcel
and has obtained necessary permits to develop
a drillsite close to State lands.

BACKGROUND INFORMATION:
The Stockton State Hospital is located
on 107 acres of State-owned (proprietary)
lands located in a central area of the
City of Stockton. Several parties have
approached Staff about an oil and gas lease
at the hospital. No surface drillsites
are available on the State lands. Chevron
USA holds exclusive leases on all lands
adjacent to the hospital, as well as extensive
lease holdings in central Stockton. In

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addition, Chevron has obtained necessary approvals from the City of Stockton for an urban drill site from which the State parcel can be reached. No other party has been able to demonstrate access by lease or by easement to the State parcel.

PROPOSED ACTION:

Staff recommends that, (1) pursuant to the P.R.C. Section 6815, the Commission find the provisions of P.R.C. Section 6827 are impracticable because surface drillsites are not reasonably obtainable on the State lands, (2) that all applications from parties who do not have subsurface access to the parcel be denied and (3) that the Commission authorize staff to negotiate an agreement with Chevron because Chevron holds exclusive leases on all adjacent parcels. Prior to award, the proposed negotiated lease will be reviewed under CEQA, Div. 6 of the P.R.C. and all other applicable statutes.

AB 884: 2/15/94.

EXHIBITS: A. Site Map.
B. Land Description.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT IN ACCORDANCE WITH P.R.C. SECTION 6815, AS TO THE 107 ACRES OF PROPRIETARY UPLANDS, PRESENTLY USED AS STOCKTON STATE HOSPITAL, SAN JOAQUIN COUNTY, THE PROVISIONS OF P.R.C. SECTION 6827 ARE IMPRACTICAL BECAUSE THERE ARE NO SURFACE DRILLSITES REASONABLY AVAILABLE ON THE HOSPITAL GROUNDS.
2. AUTHORIZE STAFF TO DENY ALL THOSE APPLICATIONS FOR AN OIL AND GAS LEASE ON THE STOCKTON STATE HOSPITAL WHICH DO NOT INCLUDE EXISTING SUBSURFACE ACCESS TO THE PARCEL.
3. AUTHORIZE STAFF TO PROCESS CHEVRON'S APPLICATION FOR A NEGOTIATED OIL AND GAS LEASE, TO REVIEW SUCH APPLICATION UNDER CEQA, DIV. 6 OF THE P.R.C. AND ALL OTHER RELEVANT STATUTES, TO NEGOTIATE RENTAL AND ROYALTY TERMS, AND TO PRESENT A RECOMMENDATION TO THE COMMISSION ON THE AWARD OF THE PROPOSED LEASE.

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DESCRIPTION

Parcel 1

That portion of projected Sections 19 and 31 within Rancho El Campo de Los Franceses and Block 119 of the City of Stockton in the County of San Joaquin as conveyed by Charles M. Weber to the Trustees of the Insane Asylum of California and their successors in office in that certain deed dated January 13, 1854, recorded on January 14, 1854, in Book A Volume 5 of Deeds at Page 108 in the office of the County Recorder of San Joaquin County described as follows:

Commencing at a point bearing South $78^{\circ}15'$ West distant 80 feet from the City of Stockton's Northeastern corner; running thence North $11^{\circ}45'$ West 5.45 chains to a stake; thence North $78^{\circ}15'$ East 5.80 chains to a stake; thence North $11^{\circ}45'$ West 32 chains to a stake; thence South $78^{\circ}15'$ West 27.76 chains to a stake; thence South $11^{\circ}45'$ East 32 chains to a stake; thence North $78^{\circ}15'$ East 5.80 chains to a stake; thence South $11^{\circ}45'$ East 5.45 chains to a stake; thence North $78^{\circ}15'$ East 5.80 chains to a stake; thence South $11^{\circ}45'$ East 5.45 chains to a stake; thence North $78^{\circ}15'$ East 4.54 chains to a stake; thence North $11^{\circ}45'$ West 5.45 chains to a stake; thence North $78^{\circ}15'$ East 5.74 chains to the point of beginning. Compass variation $16^{\circ}05'$ East containing an area of 100 acres more or less.

EXCEPTING THEREFROM all those streets conveyed in Parcel 7 of that certain deed by Charles M. Weber to the Mayor, Recorder, and Common Council of the City of Stockton as trustees of the public property of the City and the legal representatives of its inhabitants dated August 28, 1851, recorded on February 14, 1852, in Book A Volume 2 of Deeds at Page 449 in the office of the County Recorder of San Joaquin County.

ALSO EXCEPTING all that portion conveyed by the State of California to the County of San Joaquin in that certain quitclaim deed dated September 3, 1980, recorded on October 3, 1980, in Book 80 of Official Records, Page 066540 in the office of the County Recorder of San Joaquin County. Reserving therefrom all mineral deposits as defined in Section 0407 of the Public Resources Code below a depth of 500 feet, without surface rights of entry.

Parcel 2

All mineral deposits below a depth of 500 feet as reserved in that certain quitclaim deed, without surface rights of entry, executed by the State of California to the County of San Joaquin dated September 3, 1980, recorded on October 3, 1980, in Book 80 of Official Records at Page 066540 in the office of the County Recorder of San Joaquin County described as follows:

COMMENCING at the intersection of the Easterly line of California Street with the Southerly line of Harding Way; running thence along said Easterly line of California Street, South $11^{\circ} 41' 30''$ East, 306.00 feet to the True Point of Beginning; continuing thence along said Easterly line of California Street, South $11^{\circ} 41' 30''$ East, 875.83 feet; thence North $65^{\circ} 40' 30''$ East, 266.90 feet to the back edge of a sidewalk along a private street within the State Hospital Grounds known as North American Street; thence along said back edge of sidewalk the following courses and distances: (1) North $35^{\circ} 40' 30''$ West, 25.60 feet; (2) North $7^{\circ} 25'$ West, 92.92 feet; (3) North $15^{\circ} 38' 30''$ East, 42.45 feet; (4) North $2^{\circ} 28'$ West, 300.97 feet; (5) North $12^{\circ} 05'$ West, 312.17 feet; and (6) North $11^{\circ} 11'$ East, 20.71 feet; thence parallel to the back of a curb and gutter. North $12^{\circ} 07' 20''$ West, 35.59 feet; thence South $78^{\circ} 15' 30''$ West, 330.32 feet to the point of beginning.

Parcel 3

All that certain parcel of land in the City of Stockton, County of San Joaquin as conveyed by Robert K. Reid and Matilda B. Reid to the Trustees of the Insane Asylum and their successors in office in deed dated February 16, 1864, recorded on February 11, 1865 in Book A Volume 15 of Deeds at Page 65 in the office of the County Recorder of San Joaquin County described as follows:

All the following described piece or parcel of land lying and being in the City of Stockton, County of San Joaquin and State of California and known on the official map of said City as Block No. one hundred and eighteen (118) East of Centre Street bounded as follows to wit on the North by Flora Street; on the East by Stanislaus Street; on the South by Park Street and on the West by American Street.

Parcel 4

All that certain parcel of land in the City of Stockton, County of San Joaquin as conveyed by Thomas R. Anthony to the State of California in that certain deed dated December 8, 1863, recorded on December 31, 1863, in Book A Volume 14 of Deeds at Page 182 in the office of the County Recorder of San Joaquin County described as follows:

Block No. one hundred and twenty (120) East of Centre Street described as follows: Commencing at the Northeast corner formed by the intersection of Park and Jose Jesus Streets and running thence Easterly along said Park Street three hundred (300) feet; thence at right angles along Aurora Street Northerly three hundred (300) feet; thence at right angles along Flora Street Westerly three hundred (300) feet; thence Southerly along Jose Jesus Street three hundred (300) feet to the place of beginning.

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Parcel 5

All that certain parcel of land in the City of Stockton, County of San Joaquin as conveyed by William L. Overhiser and Catharine E. Overhiser to the State of California in that certain deed dated April 7, 1896, recorded on April 13, 1896, in Book A Volume 88 of Deeds at Page 508 in the office of the County Recorder of San Joaquin County described as follows:

All of Block No. one hundred and ninety-three (193) East of Centre Street according to the map and survey of the said City of Stockton being bounded on the North by Flora Street, on the East by Sacramento Street, on the South by Park Street and on the West by Aurora Street as said streets are known and designated upon the said map and survey of said City of Stockton.

Parcel 6

All that certain parcel of land in the City of Stockton, County of San Joaquin as conveyed in those certain deeds by John Camoetta to the State of California dated March 8, 1889, recorded on March 8, 1889, in Book A Volume 66 of Deeds at Page 295 in the office of the County Recorder of San Joaquin County and by C. E. Williams and Sarah Moore to the State of California dated October 10, 1893, recorded on October 10, 1893, in Book A Volume 79 of Deeds at Page 505 in the office of the County Recorder of San Joaquin County described as follows:

All of Block 187 of the City of Stockton, County of San Joaquin, as per the official plat of the said City of Stockton.

END OF DESCRIPTION

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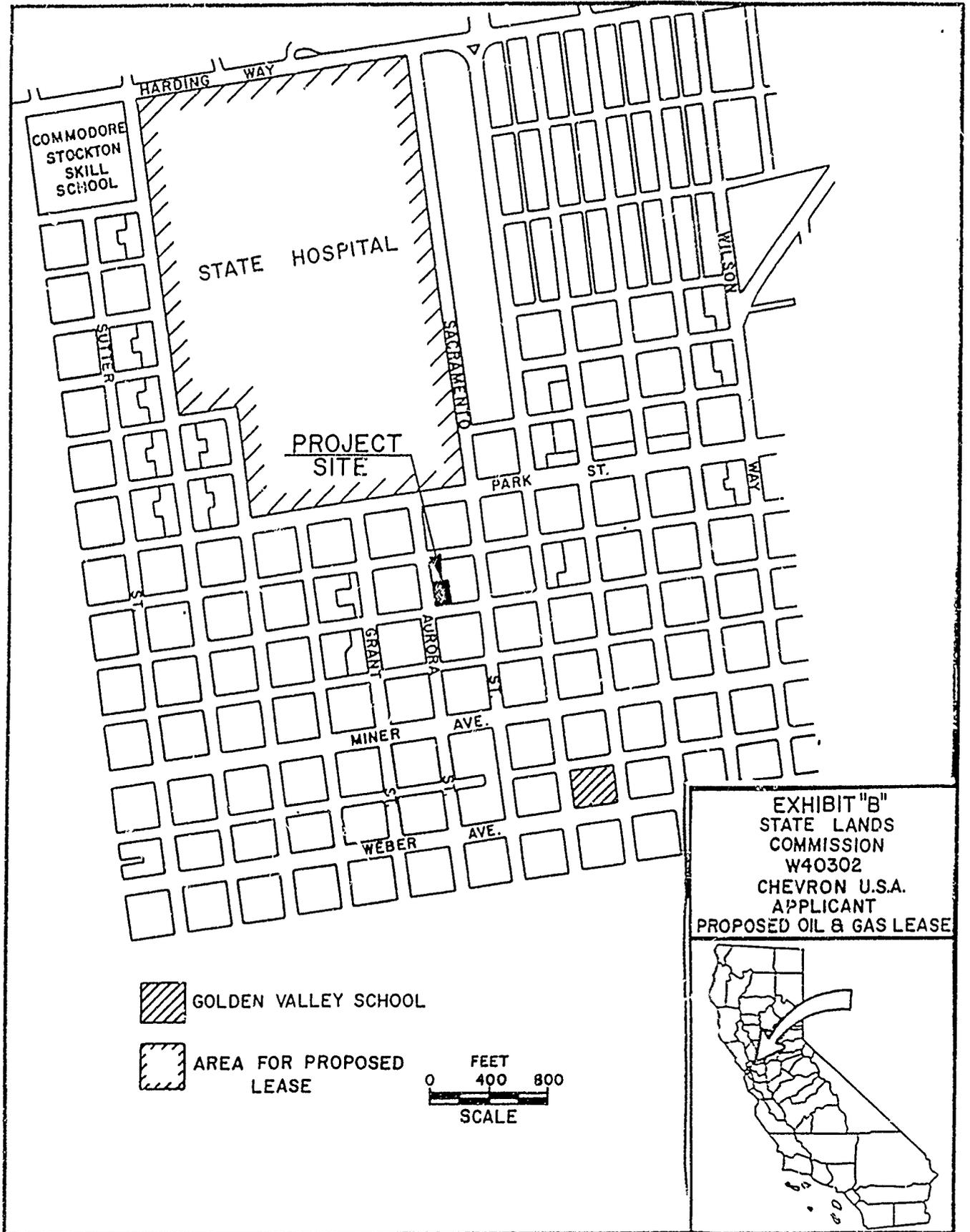
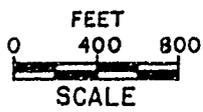


EXHIBIT "B"
 STATE LANDS
 COMMISSION
 W40302
 CHEVRON U.S.A.
 APPLICANT
 PROPOSED OIL & GAS LEASE



 GOLDEN VALLEY SCHOOL

 AREA FOR PROPOSED LEASE



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