

MINUTE ITEM
This Calendar Item No. 24
was approved as Minute Item
No. 24 by the State Lands
Commission by a vote of 2
to 0 at its 11/26/86
meeting.

CALENDAR ITEM

24

A 26

S 5

11/20/86
PRC 6498
Hamilton

AMENDMENT OF STOCKTON GAS UNIT AND PARTIAL QUITCLAIM
OF STATE OIL AND GAS LEASE PRC 6498

LESSEE AND OPERATOR:

Chevron U.S.A., Inc.
Attention: Hilman P. Walker
P. O. Box 5050
San Ramon, California 94583-0905

LEASE INFORMATION:

1. On September 28, 1983, the State Lands Commission issued State oil and gas Lease PRC 6498 to Chevron U.S.A., Inc (Chevron). This lease covers approximately 112 acres of State-owned lands underlying the Stockton State Hospital in the City of Stockton in San Joaquin County, California. The lease also contains a drilling term of two years with a possible extension of one year granted by the Commission at its discretion.

OLD UNIT INFORMATION:

1. On September 26, 1985, the Commission approved the pooling of a portion (46.49 acres out of 112 available acres) of the State leased lands with other adjacent private lands to form Chevron's Stockton Gas Unit. According to the original unit agreement, the total combined acreage (the State leased lands plus all adjacent private lands) of the unit was 775.02 acres. The remaining severed unpooled State leased lands (65.51 acres) were subject to the drilling obligation of the lease and either had to be drilled upon, added to the unit, or quitclaimed back to the State.

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NEW UNIT INFORMATION:

1. In a letter dated July 18, 1986, Chevron advised that the property description was in error and that the correct total unit acreage and State leased acreage in the unit should be 781.2486 acres and 44.43 acres, respectively (instead of 775.02 acres and 46.49 acres, respectively) and requested that the State approve a document titled "Amendment to Declaration of Pooling Counterpart III of Stockton Gas Unit." This document increases the total acreage of the unit and amends the property description reducing the State acreage in the unit to 44.43 acres and increasing the non-pooled acreage to 67.57 acres. The Boundary Services Unit staff has reviewed and approved the corrected property description.

PARTIAL QUITCLAIM OF LEASE:

1. At the September 26, 1985 meeting, the Commission also granted a one year extension of the drilling term for that unpooled portion of the State lease excluded from Chevron's Stockton Gas Unit. Because the extended drilling term expired on September 28, 1986, Chevron has submitted a "Partial Quitclaim Deed for State oil and gas Lease PRC 6498" covering the unpooled (expired) portion of the State lease. Staff Counsel has reviewed the amendment and quitclaim deed for legal sufficiency and finds them to be adequate.

OTHER INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

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CALENDAR ITEM NO. 24 (CONT'D)

AB 884: N/A.

EXHIBIT: A. Description of Quitclaimed State Lands.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. APPROVE THE CHEVRON U.S.A., INC. "AMENDMENT TO DECLARATION OF POOLING COUNTERPART III OF STOCKTON GAS UNIT" RETROACTIVE TO JULY 23, 1985, COVERING 44.43 ACRES, MORE OR LESS, OF STATE LEASED LANDS UNDER STATE OIL AND GAS LEASE PRC 6498; ALL OTHER TERMS AND CONDITIONS OF LEASE PRC 6498 TO REMAIN IN FULL FORCE AND EFFECT.
3. ACCEPT THE CHEVRON U.S.A., INC. "PARTIAL QUITCLAIM DEED FOR STATE OIL AND GAS LEASE PRC 6498" DATED OCTOBER 30, 1986, COVERING 67.57 ACRES, MORE OR LESS, OF STATE-OWNED LANDS UNDER STATE OIL AND GAS LEASE PRC 6498, WHICH STATE LANDS HAVE BEEN EXCLUDED FROM CHEVRON'S "AMENDMENT TO DECLARATION OF POOLING COUNTERPART III OF STOCKTON GAS UNIT."

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EXHIBIT "A"

ATTACHED TO AND MADE A PART HEREOF
THAT CERTAIN QUITCLAIM DEED DATED Oct 30, 1986
BY AND BETWEEN THE STATE OF CALIFORNIA,
STATE LANDS COMMISSION, AS LESSOR
AND CHEVRON U.S.A. INC., AS LESSEE

STATE LANDS TO BE SURRENDERED

All that land as described in Oil and Gas Lease, PRC 6498.0, dated September 28, 1983, recorded on July 29, 1985, as Instrument No. 85044985, lying North and East of the following described line:

Beginning at the centerline intersection of Sacramento and Flora Street, thence South $78^{\circ}16'38''$ West, on and along the centerline of said Flora Street, 384.15 feet to the centerline intersection of Flora and Aurora Streets; thence on and along the centerline of said Aurora Street, North $11^{\circ}51'02''$ West, 363.76 feet to a point; thence North $58^{\circ}15'49''$ West, through the lands of the State Hospital, 2120.43 feet to the centerline intersection of California and Vine Streets; thence on and along the centerline of said California Street, North $11^{\circ}51'07''$ West, 733.08 feet to the end of said line. Surrendered lands also being described as all those State lands lying outside that certain property known as "Stockton Gas Unit" as described in that certain Declaration of Pooling, recorded on October 15, 1985, as Instrument No. 85069671.

(ADDED 11/17/86)

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