

MINUTE ITEM  
This Calendar Item No. 27  
was approved as Minute Item  
No. 27 by the State Lands  
Commission by a vote of 3  
to 0 at its 1-21-88  
meeting.

CALENDAR ITEM

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01/21/88  
W 40540 PRC 7156  
Hamilton

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NEGOTIATED SUBSURFACE STATE OIL AND GAS LEASE,  
SACRAMENTO AND SAN JOAQUIN COUNTIES

APPLICANT: Corbin J. Robertson  
c/o Quintana Petroleum Corporation  
1050 - 17th Street, Suite 400  
Denver, Colorado 80265

AGENT AND OPERATOR:  
Quintana Petroleum Corporation  
Attention: Mr. Bob Gerber  
1050 - 17th Street, Suite 400  
Denver, Colorado 80265

AREA, TYPE LAND AND LOCATION:  
A State parcel containing approximately 27 acres  
of tide and submerged land in the bed of the  
Mokelumne River in Sacramento and San Joaquin  
Counties, California.

LAND USE: There will be no surface use or occupancy of  
the State parcel. Only subsurface development  
of oil and gas resources that may underlie the  
State parcel will be permitted and this may be  
accomplished by directional drilling from  
adjacent or other nearby private lands.

P.R.C. 6815 authorizes the Commission to enter  
into negotiated oil and gas leases on  
State-owned lands in situations where wells  
drilled upon private or public lands are  
draining or may drain oil or gas from  
State-owned lands, where the State-owned lands  
are determined by the Commission to be  
unsuitable for competitive bidding because of  
their small size or irregular configuration or

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their inaccessibility from surface drill sites reasonably available or obtainable, where the State owns a fractional interest in the lands, or where a negotiated oil and gas lease is in the best interests of the State.

TERMS OF PROPOSED LEASE:

1. Advanced annual rental of \$25 per acre or \$675 per year for 27 acres of State leased lands; and
2. Flat rate royalty of 25% on all gas and oil produced from the State leased lands.
3. The lease will provide for the drilling of at least one well into the leased lands within three years. In lieu of drilling into the leased lands, such lands may be included in a pooled or unitized area approved by the State. Wells drilled on private lands within specified distances must be offset by wells on the leased lands unless included in an approved pool or unit agreement.

AB 884: 05/01/88.

APPROVALS OBTAINED:

The San Joaquin County Department of Planning and Building Inspection approves applications to drill for gas and/or oil on private property located within the County. Development plans are processed as ministerial projects by San Joaquin County. The County has approved the applicant's application to drill for gas and/or oil on property located near the State parcel. Copies of the approved application are on file in the Long Beach and Sacramento offices of the Commission.

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

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from the requirements of the CEQA as a categorical exempt project. The project is exempt under Class 4, Minor Alterations to Land, 14 Cal. Adm. Code 15304.

Authority: P.R.C. 21084 and 14 Cal. Adm. Code 15300.

2. The proposed project is situated on lands identified as Class B (P.R.C. 6370), limited use, possessing environmental value. However, this project has been determined to be compatible with the provisions of 2 Cal. Adm. Code Div. 3 Chapter 1, Article II.

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

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 AS A CATEGORICAL EXEMPT PROJECT, CLASS 4, MINOR ALTERATIONS TO LAND, 14 CAL. ADM. CODE 15304.
2. FIND THAT GRANTING OF THE LEASE WILL HAVE NO SIGNIFICANT EFFECT UPON THE ENVIRONMENTAL CHARACTERISTICS IDENTIFIED PURSUANT TO P.R.C. 6370.
3. DETERMINE THAT THE LANDS ARE UNSUITABLE FOR COMPETITIVE BIDDING BECAUSE OF THEIR INACCESSIBILITY FROM SURFACE DRILL SITES REASONABLY AVAILABLE OR OBTAINABLE AND THAT IT IS IN THE BEST INTERESTS OF THE STATE TO ENTER INTO A NEGOTIATED SUBSURFACE STATE OIL AND GAS LEASE.
4. AUTHORIZE THE ISSUANCE TO CORBIN J. ROBERTSON OF A NEGOTIATED SUBSURFACE STATE OIL AND GAS LEASE CONTAINING APPROXIMATELY 27 ACRES OF TIDE AND SUBMERGED LAND IN THE BED OF THE MOKELUMNE RIVER IN SACRAMENTO AND SAN JOAQUIN COUNTIES, CALIFORNIA. LESSEE SHALL PAY AN ADVANCED ANNUAL RENTAL OF \$25 PER ACRE OR \$675 PER YEAR FOR 27 ACRES OF STATE LEASED LANDS, AND A FLAT RATE ROYALTY OF 25 PERCENT ON ALL GAS AND OIL PRODUCED FROM THE STATE LEASED LANDS.

EXHIBIT "A"

LAND DESCRIPTION

W 40540

A parcel of tide and submerged land in the natural bed of the Mokelumne River in Sacramento and San Joaquin Counties, California, said parcel is described as follows:

That portion of the natural bed of the Mokelumne River lying within projected Sections 28 and 29, T5N, R5E, MDM., bounded on the East by the Northerly prolongation of the West line of that certain road (now known as Thornton Road in San Joaquin County) as was conveyed to the County of San Joaquin on September 15, 1890, in Book 58 of Deeds, at Page 96, and bounded on the West by the West line of the E 1/2 of the NW 1/4 of said Section 29, being the Northerly prolongation of the west line of the land conveyed to Francis B. Young, a single man, by deed recorded May 28, 1976, in Book 4130, Page 525, of Official Records, of said San Joaquin County, California.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water marks of the Mokelumne River.

END OF DESCRIPTION

REVIEWED NOVEMBER 18, 1987 BY BIU 1.

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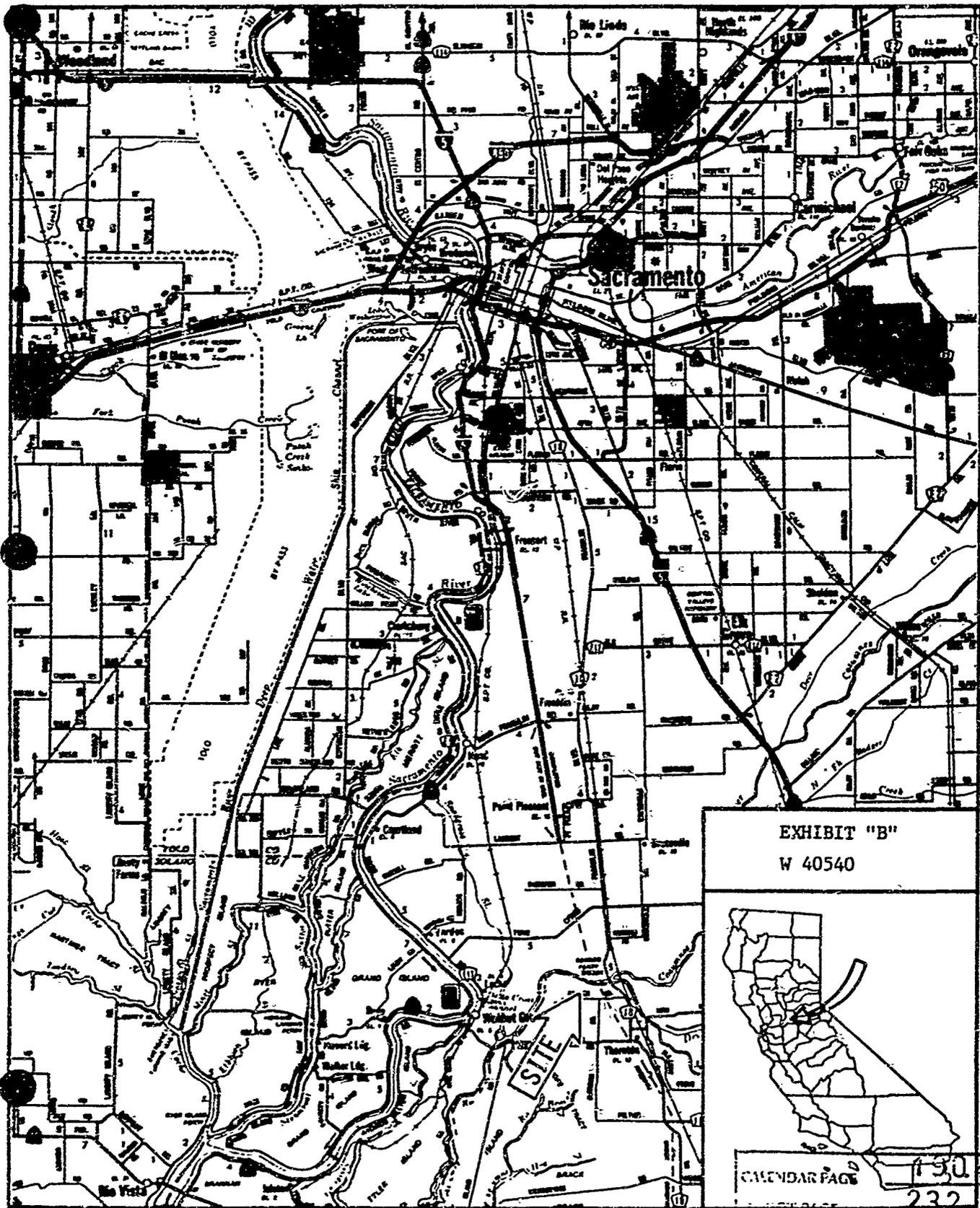


EXHIBIT "B"  
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