

MINUTE ITEM

This Calendar Item No. 35
was approved as Minute Item
No. 05 by the State Lands
Commission by a vote of 3
to 0 at its 3/27/90
meeting.

CALENDAR ITEM

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**ISSUANCE OF A NEGOTIATED SUBSURFACE
STATE OIL AND GAS LEASE,
HUMBOLDT COUNTY**

APPLICANT/PROPOSED LESSEE:

Atlantic Richfield Company
Attn: Mr. Kevin L. Stowe
P. O. Box 147
Bakersfield, California 93302

AREA, TYPE AND LOCATION OF STATE LAND:

Atlantic Richfield Company has applied for a negotiated subsurface (no surface use) State oil and gas lease on the parcel of State land described in Exhibit "A". The State parcel proposed for subsurface development contains approximately 106 acres of land in the bed of the Eel River within Sections 14, 15, 22 and 23, T2N, R1W, HBM, Humboldt County, California.

PROPOSED LAND USE:

Because the State parcel is a waterway, surface locations for oil and/or gas operations (drill sites) are not available. However, the State parcel can be developed by slant drilling from approved drill sites located on the adjacent lands or by inclusion in a Commission-approved pooled area or unit as provided for under the Commission's negotiated subsurface State oil and gas lease.

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The applicant has oil and gas leases on all of the private lands adjacent to the State parcel and has approvals from Humboldt County, the California Coastal Commission and California Division of Oil and Gas to drill for oil and gas on the private lands.

STATUTORY AUTHORITY:

P.R.C. 6815(a) authorizes the Commission to negotiate and enter into oil and gas leases on State lands if any of the following circumstances exists: wells drilled on private or public lands are draining or may drain oil and/or gas from the State lands, the Commission determines the State lands to be unsuitable for competitive bidding because of such factors as their small size or irregular configuration or their inaccessibility from surface drill sites reasonably available or obtainable, the State owns a fractional mineral interest in the lands, or the Commission determines a negotiated oil and gas lease to be in the best interests of the State.

Because the State parcel is a waterway that can be developed only from adjacent lands that are currently under lease to the applicant and because the applicant has all approvals to drill for oil and gas near the State parcel, staff has concluded that the criteria of P.R.C. 6815(a) have been met and that a negotiated subsurface State oil and gas lease will provide for the protection of oil and gas resources that may underlie the State parcel and be in the best interests of the State.

PREREQUISITE CONDITIONS, FEES, AND EXPENSES:

Filing fee, processing costs, first year's rental, performance bond or other security and duly executed negotiated subsurface State oil and gas lease have been received and are on file in the Commission's Long Beach office.

NON-NEGOTIABLE PROVISIONS:

1. Primary term of twenty years and for so long thereafter as oil or gas is produced in paying quantities from the leased lands, or so long as the lessee is diligently conducting producing, drilling, deepening, repairing, redrilling or other necessary lease or well maintenance operations in the leased lands.
2. No right to use any portion of the leased lands to a depth of 500 feet for drilling locations, producing facilities or related oil and gas operations.
3. All development of the leased lands shall be accomplished from surface locations on the adjacent lands.
4. All drilling into the leased lands shall be by slant drilling from surface locations on the adjacent lands and shall be on a course and to an objective approved in writing by the State prior to the commencement of drilling.
5. Compliance with all applicable laws, rules and regulations of Federal, State and local governments and receipt of all necessary permits or approvals prior to slant drilling into the leased lands.

NEGOTIATED PROVISIONS:

1. Drilling term of three years. However, if all or part of the leased lands are included in a Commission-approved pooled area or unit, then drilling operations on, and production from, lands pooled or unitized with the leased lands shall be deemed to be drilling operations on, and production from, the leased lands that are included in the Commission-approved pooled area or unit.
2. Annual rental of \$40 per acre (\$4,240 for approximately 106 acres).

3. Royalty fixed at 16-2/3 percent (16-2/3%) on gas and oil. (All (adjacent private lands are leased for 12-1/2 percent [12-1/2%] royalty).
4. Performance bond or other security in the sum of \$25,000.

AB 884: 06/22/90.

OTHER PERTINENT INFORMATION:

1. The California Coastal Commission (CCC), a "functional equivalent agency" under P.R.C. 21080.5, has considered the project (drilling of an inland exploratory gas well), and found that the project, as proposed, will not have a significant effect on the environment.

In addition, a Negative Declaration was prepared and adopted for this project and a permit to drill a well has been issued by the Humboldt County Planning Commission. The State Lands Commission staff has reviewed the Negative Declaration.

Authority: P.R.C.'s 21083 and 21087.

APPROVALS OBTAINED:

Humboldt County Planning Commission, California Coastal Commission, and California Division of Oil and Gas.

EXHIBITS:

- A. Land Description.
- B. Site Map.
- C. General Location.
- D. Humboldt County Use Permit.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE CCC, A FUNCTIONAL EQUIVALENT AGENCY UNDER P.R.C. 21080.5, HAS CONSIDERED THE PROPOSED PROJECT AND DETERMINED THAT THE PROJECT, AS PROPOSED, WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.

2. FIND THAT THE COMMISSION HAS CONSIDERED THE INFORMATION CONTAINED IN THE ENVIRONMENTAL ANALYSIS PREPARED BY THE CCC AND CONCURS WITH THE CONCLUSIONS AND FINDINGS CONTAINED THEREIN PURSUANT TO 14 CAL. CODE REGS. 15253.
3. DETERMINE THAT THE CRITERIA OF P.R.C. 6815(a) HAVE BEEN MET, THAT WELLS DRILLED UPON ADJACENT PRIVATE LANDS MAY DRAIN OIL AND/OR GAS FROM THE STATE LAND DESCRIBED IN EXHIBIT "A", THAT THE STATE LAND DESCRIBED IN EXHIBIT "A" IS UNSUITABLE FOR COMPETITIVE BIDDING BECAUSE SURFACE DRILL SITES ARE NOT AVAILABLE, AND THAT A NEGOTIATED SUBSURFACE STATE OIL AND GAS LEASE WILL PROVIDE FOR THE PROTECTION OF OIL AND GAS RESOURCES THAT MAY UNDERLIE THE STATE LAND DESCRIBED IN EXHIBIT "A".
4. PURSUANT TO P.R.C. 6815(a), ENTER INTO A NEGOTIATED SUBSURFACE STATE OIL AND GAS LEASE WITH ATLANTIC RICHFIELD COMPANY. THE LEASE WILL CONTAIN THE STATE LAND DESCRIBED IN EXHIBIT "A" (APPROXIMATELY 106 ACRES), A DRILLING TERM OF THREE YEARS, ANNUAL RENTAL OF \$40 PER ACRE (\$4,240 FOR 106 ACRES), ROYALTY ON GAS SUBSTANCES AND OIL FIXED AT 16-2/3 PERCENT AND PERFORMANCE BOND OR OTHER SECURITY IN THE SUM OF \$25,000.
5. AUTHORIZE THE EXECUTION OF THE DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

EXHIBIT "A"

LAND DESCRIPTION

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A parcel of land, being all of the bed of the Eel River within Sections 14, 15, 22, and 23, T2N, R1W, HBM, Humboldt County, California:

EXCEPTING THEREFROM any portion lying landward of the ordinary low water mark of said river.

END OF DESCRIPTION

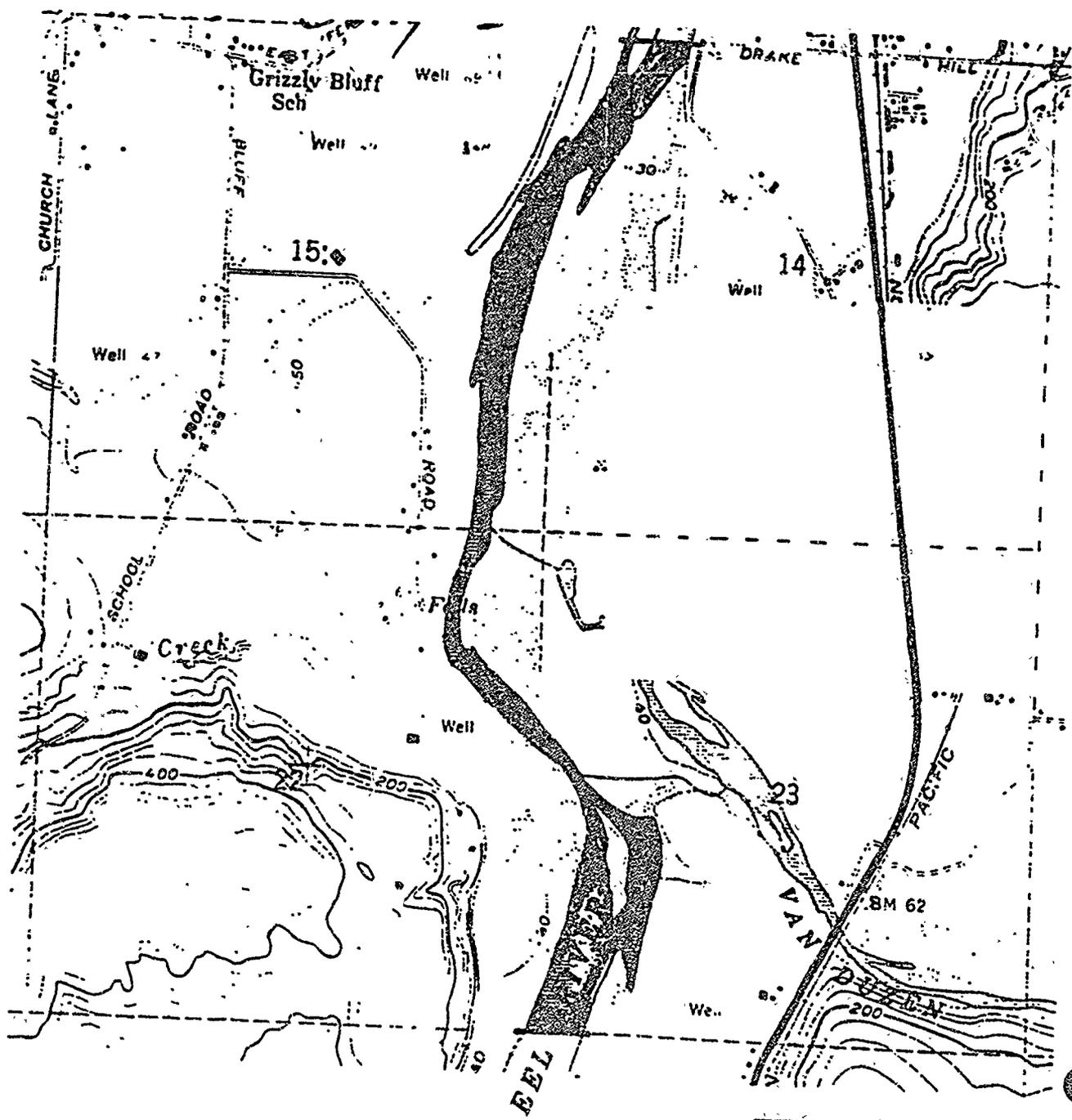
PREPARED SEPTEMBER 18 , 1989 BY BIU 1

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STATE TIDE AND SUBMERGED LAND

SECTIONS 14, 15, 22, AND 23

T2N-R1W H.B.M. HUMBOLDT COUNTY



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AGENDA ITEM TRANSMITTAL

EXHIBIT "D"

TO: HUMBOLDT COUNTY PLANNING COMMISSION
FROM: *Brian Parker*
Thomas D. Conlon, Director of Planning and Building

MEETING DATE: SEPTEMBER 7, 1989	SUBJECT: Public Hearing Item [X] Consent Agenda COASTAL DEVELOPMENT PERMITS/USE PERMITS	CONTACT: BRIAN PARKER
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Before you is the following:

PROJECT: An application for Conditional Use Permits and/or Coastal Development Permits for the drilling of up to two exploratory oil and/or gas wells from each of the five (5) drill sites and the temporary placement of accessory self contained travel trailers to be used as offices and shelters during the well drilling operation for each well. Note: The project is located 10 miles from the coastline and does not relate to offshore oil drilling.

PROJECT LOCATION: The project site is located in the Ferndale and Alton area on the east side of Lawson Lane and West of U.S. Highway 101. The project site is located in Township 2N, Range 1W Sections 14 and 15, 1EM.

Present Plan Designations: Agriculture Exclusive (AE); Eel River Area Plan)

Present Zoning: Agriculture Exclusive (AE-60/A,F,R,T)

APPLICANT	OWNER(S)	AGENT
Kevin Stove Arco Oil & Gas Company P. O. Box 147 Bakersfield, CA 93302		

ENVIRONMENTAL REVIEW:

- Review required per the State CEQA Guidelines.
- Categorically exempt per Class _____, Section _____ of the State CEQA Guidelines.

MAJOR ISSUES

- None _____

STATE APPEAL STATUS: Appealable to the California Coastal Commission

RECOMMENDATION:

- Approval based on findings in the staff report.
- Approval based on findings in the staff report and conditioned in Exhibit A.
- Denial based on findings in the staff report.

RECORD OF ACTION:

- Approved as recommended by the Planning Division.
- Approved with the attached revisions.

Adopted after review and consideration of all the evidence on September 7, 1989
AYES: Commissioners: Bish, Longshore, Odom, Reinholdtsen, Roberts, Samuelson, Sorensen
NOES: Commissioners: None
ABSTAIN: Commissioners: None
ABSENT: Commissioners: None

I, THOMAS D. CONLON, Secretary to the Planning Commission of the County of Humboldt, do hereby certify the foregoing to be a true and correct record of the action taken on the above entitled matter by said Commission at a meeting held on the date noted above.

THOMAS D. CONLON, Humboldt County Director of Planning and Building
By: *Yvette Tucker*
Yvette Tucker

Last day to appeal to Humboldt County Board of Supervisors: 5:00 P.M. Sept. 21, 1989
Effective Date if not appealed: October 6, 1989

cc: Applicant Owner(s) Agent (if any) California Coastal Commission

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EXHIBIT "D"

APPLICANT: ARCO OIL & GAS COMPANY ASSIGN-101-28 (Ferrisale Area) Case Nos. CDP-51-89/CUP-35-89, CUP-36-89
Case Nos. (Cont.): CDP-43-89/CUP-61-89, CUP-44-89 & CDP-46-89/CUP-64-89

***CORRECTED
EXHIBIT A**

APPROVAL OF THE COASTAL DEVELOPMENT PERMITS AND /OR COASTAL DEVELOPMENT PERMITS CONDITIONAL USE PERMITS IS CONDITIONED ON THE FOLLOWING TERMS AND REQUIREMENTS :

A. Development Conditions

1. Proof must be submitted that the proposed drilling waste disposal sites are in compliance with Regional Water Quality Control Board requirements. The proof must be submitted prior to the commencement of drilling operations.
2. Coastal Development Permits shall be obtained for CUP-44-89 and CUP-35-89 from the California Coastal Commission.

B. Operational Restrictions

3. The disposal of waste from drilling operations which may damage soil, plant life or surface or subsurface water supplies, shall not be permitted. All liquid drilling discharge wastes shall be accumulated in steel tanks prior to disposal at any approved disposal site; and such steel tanks shall be removed within thirty (30) days after completion or abandonment of the subject wells.
4. Solid drilling waste materials may be temporarily deposited in an earthen depression with the final deposition of the solid waste materials to be accomplished in compliance with the requirements of the Regional Water Quality Control Board. Disposal of oil field wastes which may pollute surface or subsurface water shall not be permitted.
5. Upon discontinuance of production at a well site, all earthen sumps or other depressions containing drilling mud, oil or other waste products from the drilling operation shall be cleaned up by removing such waste products or by consolidation them into the land by diking, harrowing, regrading and recontouring to restore the site to its original condition. The site shall be reseeded and planted to conform with the surrounding vegetation.
6. These permits are valid for a period of a maximum of two years and expire at that time.
7. The applicant service the travel trailer waste water vaults as needed.
8. The placement and occupancy of the travel trailers shall not exceed one (1) calendar month per each well drilling operation. Should additional time be required the applicant must submit a written request at least one (1) week prior to the expiration of the time period specified above.

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EXHIBIT "D"

APPLICANT: ARCO OIL & GAS COMPANY. AREA: 101-28 (Romala Area) Case Nos. CDP-51-89/CUP-51-89, CUP-36-89
Case Nos. (Cont.): CDP-43-89/CUP-61-89, CUP-44-89 & CDP-46-89/CUP-64-89

9. Within ten (10) working days of the completion of both well drilling operations the applicant shall submit a written statement to the Planning and Building Department attesting to the removal of all temporary permitted travel trailers.

* Corrected 9/7/89.

(Ccrv13SUB1ocp51-89) (TDC:BP:vn) ARCO OIL & GAS COMPANY Report Date: 08-11-89

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