

MINUTE ITEM

This Calendar Item No. C19
was approved as Minute Item
No. 19 by the State Lands
Commission by a vote of 2
0 at its 3/2/92
meeting.

CALENDAR ITEM

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03/02/92
PRC 7318
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CONSENT TO THE POOLING OF 30 ACRES OF LEASED LANDS
UNDER STATE OIL AND GAS LEASE PRC 7318
CONTRA COSTA COUNTY

LESSEE/OPERATOR:

Tri-Valley Oil & Gas Company
Attn: Philip K. Smith
2001 Westwind Drive, Suite 14
Bakersfield, California 93301

SUMMARY:

Negotiated subsurface (no surface use) State oil and gas lease PRC 7318 was entered into with Tri-Valley Oil and Gas Co. (Tri-Valley) on July 10, 1989. This lease contains approximately 58 acres in the bed of the Piper Slough and Taylor Slough located in Contra Costa County, California.

Paragraph 22(b) of the lease allows the Lessee, with the consent of the State and under terms and conditions approved by the State, to pool or unitize all or part of the leased lands with lands held by the Lessee or others.

Tri-Valley proposes to form an operating unit that contains a total of 200.00 acres of State and private leased lands (described in Exhibit "A"). Tri-Valley's unit is called the "Piper Slough Unit No.1" and is created for the development and production of natural gas. Tri-Valley has requested that the Commission consent to the pooling of 30.00 acres of leased lands under State oil and gas lease PRC 7318 by approving Tri-Valley's Declaration of Pooling creating the Piper Slough Unit No. 1.

The staff has evaluated the geologic and reservoir data and has determined that it will be economically advantageous to the State to share in the production from the proposed unit. Therefore, the staff recommends that the Commission consent to the proposed pooling. The Commission's consent shall be subject to the condition that all lands under State oil and gas lease PRC 7318 not pooled or unitized with other lands shall remain subject to

the terms of the lease and shall be unaffected by operations or production on the pooled or unitized portion of the leased lands or on lands pooled or unitized with a portion of the leased lands.

BASIS FOR CONSIDERATION:

P.R.C. 6829.2, P.R.C. 6832 and Paragraph 22(b) of State oil and gas lease 7318.

AB 884:

N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority, and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity, consent to the pooling of a portion of leased lands under State oil and gas lease PRC 7318, 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. Code Regs. 15378.

EXHIBITS:

- A. Land Description of Piper Slough Unit #1.
- B. Map of Piper Slough Unit #1.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTIVITY, CONSENT TO THE POOLING OF A PORTION OF LEASED LANDS UNDER STATE OIL AND GAS LEASE PRC 7318, EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. CONSENT TO THE POOLING OF 30.00 ACRES OF LEASED LANDS UNDER STATE OIL AND GAS LEASE PRC 7318 WITH OTHER PRIVATE LEASED LANDS HELD BY TRI-VALLEY OIL & GAS CO. (TRI-VALLEY). CONSENT IS GIVEN BY APPROVING TRI-VALLEY'S DECLARATION OF POOLING, WHICH CREATES THE "PIPER SLOUGH UNIT #1" DESCRIBED IN EXHIBIT "A" (APPROXIMATELY 200.00 TOTAL ACRES INCLUDING 30.00 ACRES OF LEASED LANDS UNDER STATE OIL AND GAS LEASE PRC 7318) AND IN EXHIBIT "B". THE POOLED OR UNITIZED LEASED LANDS SHALL REMAIN SUBJECT TO THE PROVISIONS OF STATE OIL AND GAS LEASE PRC 7318, ANY CONDITIONS IN THE DECLARATION OF POOLING TO THE CONTRARY NOTWITHSTANDING. IN ADDITION, ALL

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LANDS UNDER STATE OIL AND GAS LEASE PRC 7318, NOT POOLED OR UNITIZED WITH OTHER LANDS, SHALL REMAIN SUBJECT TO THE TERMS OF THE LEASE AND SHALL BE UNAFFECTED BY OPERATIONS OR PRODUCTION ON THE POOLED OR UNITIZED PORTION OF THE LEASED LANDS OR ON LANDS POOLED OR UNITIZED WITH A PORTION OF THE LEASED LANDS, ANY CONDITIONS IN THE DECLARATION OF POOLING TO THE CONTRARY NOTWITHSTANDING.

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EXHIBIT "A"

Attached to and made a part of that certain Declaration of Pooling dated this _____ of _____, 1991, by Tri-Valley Oil & Gas Co., Etal.

1) PSLO-001A, Oil and Gas Lease

Dated: August 30, 1962
 Lessor: Pedro Martins, etux
 Lessee: Signal Oil and Gas Company
 Recorded: November 9, 1962 in Book 4240, Page 323, State of California, Official Records of the County of Contra Costa.
 Containing: 610.20 acres, 170 gross acres (85 net acres) of which are included in the subject pool, INSOFAR AND ONLY INSOFAR AS SAID LEASE COVERS THE FOLLOWING DESCRIBED LAND:

That portion of Sections 4 and 9, Township 2 North, Range 3 East, MDB&M, more particularly described as follows:

BEGINNING on the South bank of Piper Slough where the same is intersected by the section line between Sections 3 and 4, Township 2 North, Range 3 East; thence from said point of beginning, South along said section line between said Sections 3 and 4 to the common corner of Sections 3, 4, 9 & 10; thence continuing South along said section line between Sections 9 & 10, 327.60 feet to a point; thence at right angles West along a line parallel to the section line between Sections 4 and 9, 2,640 feet to a point on the quarter section line, running North and South through the center of said Section 9; thence North along said quarter section line in said Section 9, 327.60 feet to a point on the South line of Section 4; thence West along said section line between Sections 4 and 9, 1,514 feet to a point; thence at right angles North and parallel to the East line of said Section 4 to the South bank of Taylor Slough; thence meandering Easterly along the said South bank of Taylor and Piper Slough to the point of beginning.

2) PSLO-002A Oil and Gas Lease

Dated: July 30, 1972
 Lessor: Edna E. Severin
 Lessee: Signal Oil and Gas Co.
 Recorded: September 26, 1972 in Book 6759, Page 291, State of California, Official Records of the County of Contra Costa.
 Containing: 610.20 acres, 170 gross acres (85 net acres) of which are included in the subject pool, INSOFAR AND ONLY INSOFAR AS SAID LEASE COVERS THE FOLLOWING DESCRIBED LAND:

That portion of Sections 4 and 9, Township 2 North, Range 3 East, MDB&M, more particularly described as follows:

BEGINNING on the South bank of Piper Slough where the same is intersected by the section line between Sections 3 and 4, Township 2 North, Range 3 East; thence from said point of beginning, South along said section line between said Sections 3 and 4 to the common corner of Sections 3, 4, 9 & 10; thence continuing South along said section line between Sections 9 & 10, 327.60 feet to a point; thence at right angles West along a line parallel to the section line between Sections 4 and 9, 2,640 feet to a point on the quarter section line, running North and South through the center of said Section 9; thence North along said quarter section line in said Section 9, 327.60 feet to a point on the South line of Section 4; thence West along said section line between Sections 4 and 9, 1,514 feet to a point; thence at right angles North and parallel to the East line of said Section 4 to the South bank of Taylor Slough; thence meandering Easterly along the said South bank of Taylor and Piper Slough to the point of beginning.

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3) Beth-002A

Dated: July 10, 1989
Lessor: State of California
Lessee: Tri-Valley Oil and Gas Co.
Recorded: July 31, 1989 in Book 15232, Page 742, State of California,
Official Records of the County of Contra Costa.
Containing: 58 acres, 30 gross acres (30 net acres) of which are included
in the subject pool, INSOFAR AND ONLY INSOFAR AS SAID LEASE
COVERS THE FOLLOWING DESCRIBED LAND: Parcel 1 of said lease.

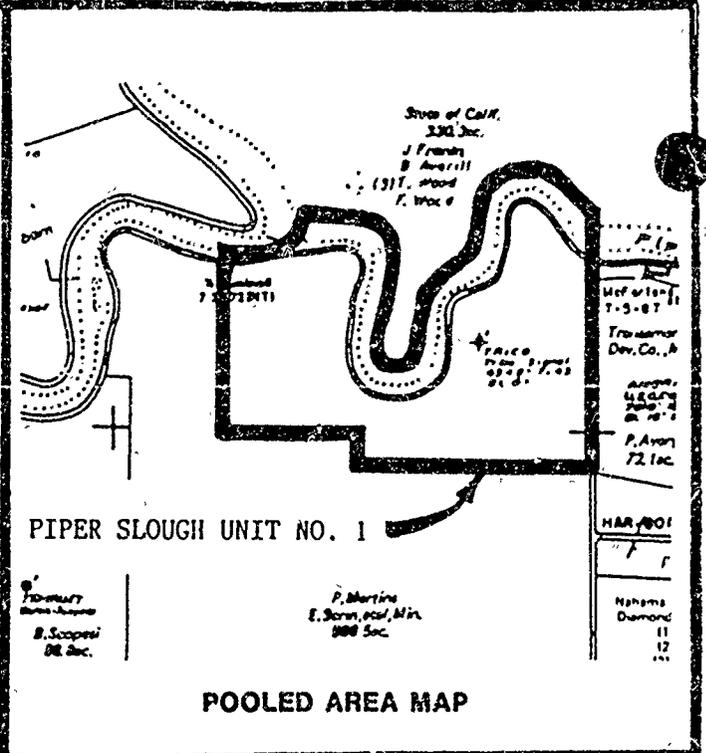
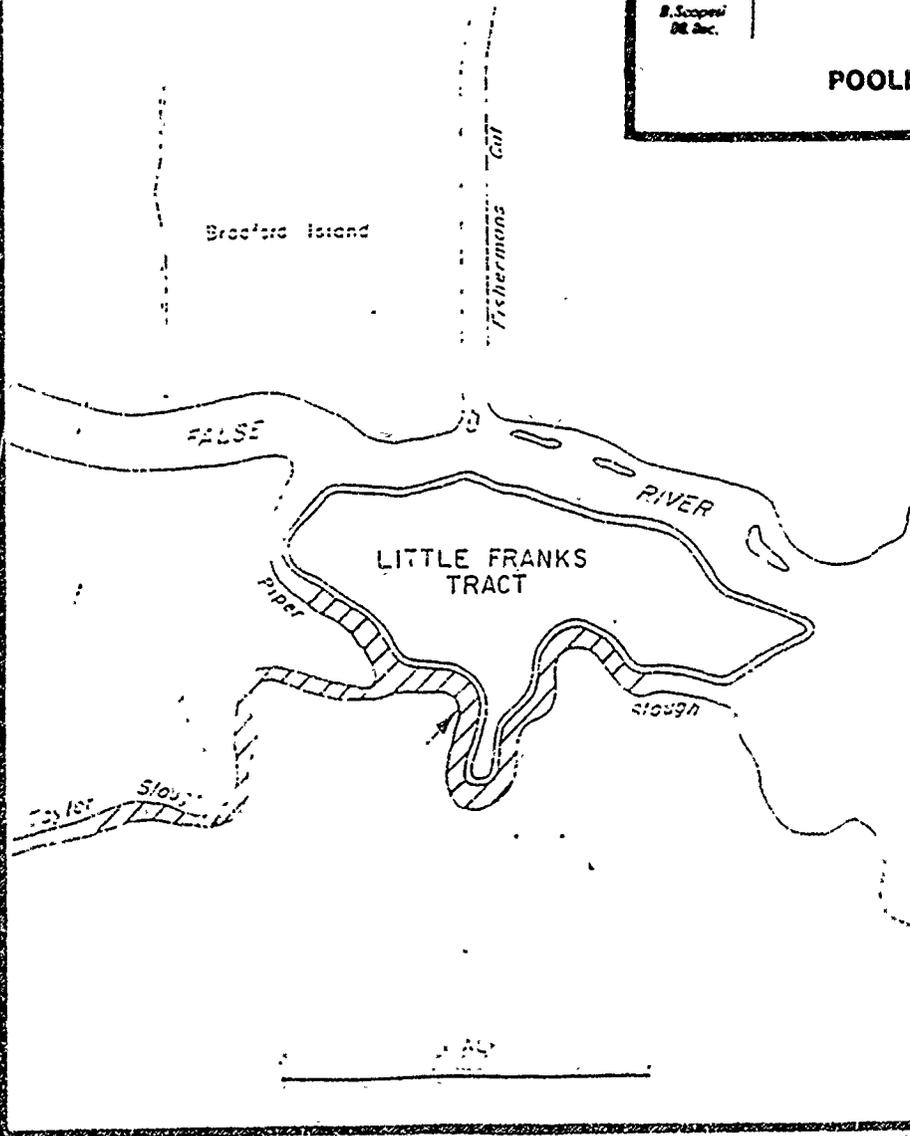
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EXHIBIT "B"

Negotiated Subsurface
State Oil and Gas Lease

PRC 7318

CONTRA COSTA COUNTY



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