

MINUTE ITEM

This Calendar Item No. C15
was approved as Minute Item
No. 75 by the State Land
Commission by a vote of 3
to 0 at its 3/8/94
meeting

CALENDAR ITEM

C75

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03/08/94
W 40706
Nitsche
PRC7750

APPROVE A NEGOTIATED SUBSURFACE (NO SURFACE USE)
STATE OIL AND GAS LEASE
CONTRA COSTA COUNTY

PROPOSED LESSEES:

Russell H. Green, Jr.
P. O. Box 965
Healdsburg, California 95448

Rio Delta Resources, Inc.
3600 American River Drive, Suite 220
Sacramento, California 95864

AREA, TYPE AND LOCATION OF STATE LAND:

Russell H. Green, Jr. (operator) has submitted a complete application for a negotiated subsurface (no surface use) State oil and gas lease on about 209 acres in the bed of the San Joaquin River and in the bed of the False River, Contra Costa County, California (see Exhibit "A" for land description).

LAND USE:

Because the State land is a waterway, surface locations for oil and gas operations (drill sites) are not available. However, oil and gas resources that may underlie the State land can be developed and protected pursuant to the Commission's negotiated subsurface (no surface use) State oil and gas lease which would permit Commission-approved slant drilling from a county-approved drill site and would permit inclusion of the leased lands in a Commission-approved pooled area or unit.

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 exists: wells drilled on private or public lands are draining or may drain oil and 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

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available or obtainable, the State owns a fractional mineral interest in the lands, or the Commission determines the lease to be in the best interests of the State.

Because the Applicant controls by lease and agreement all of the private property adjacent to the State land described in Exhibit "A" and because the Applicant has county (Lead Agency) approval to drill a well near the State land, staff has concluded that the criteria of P.R.C. 6815(a) have been satisfied. A negotiated subsurface (no surface use) State oil and gas lease with the Applicant will protect oil and gas resources that may underlie the State land which is unsuitable for competitive bidding because surface drill sites are not available and wells drilled on the adjacent private property may drain State oil and gas resources.

NON-NEGOTIABLE LEASE PROVISIONS:

1. Primary term will be twenty years and for so long thereafter as oil and 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 adjacent lands.
4. All drilling into the leased lands shall be by slant drilling from surface locations on adjacent lands and shall be on a course and to an objective approved in writing by the Commission's staff 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.

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NEGOTIATED LEASE 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 \$25 per acre (\$5,225 for approximately 209 acres).
3. Royalty of 25 percent on gas and oil.
4. Performance bond or other security in the sum of \$10,000.

PREREQUISITE CONDITIONS, FEES AND EXPENSES:

Filing fee, processing costs, first year's rental and duly executed State Oil and Gas Lease (Negotiated-Subsurface-Royalty) have been received and are on file in the Commission's Long Beach office.

AB 884:

06/08/94

OTHER PERTINENT INFORMATION:

1. CEQA Guidelines Section 15378(a)(3) identifies an activity involving the issuance to a person of a lease as a "project". However, if the site of the project or area in which the major environmental effects will occur is located on private property within the county, that county will have jurisdiction by law and will be the Lead Agency over the project pursuant to CEQA Guidelines Section 15366.
2. As Lead Agency, the Contra Costa County Development Department approves locations for the drilling of gas wells on private property in the County and has found that the proposed project is not a project which will have potential for causing significant effect on the environment [Sec. 15051(b)(3)CAC].

CALENDAR ITEM NO. C75 (CONT'D)

EXHIBITS:

- A. Land Description and Site Map
- B. Contra Costa County Development Department Drilling Permit WD-9-93

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT THE PROJECT, AS APPROVED, WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
2. FIND THAT THE ACTIVITY WILL INVOLVE LANDS IDENTIFIED AS POSSESSING SIGNIFICANT ENVIRONMENTAL VALUES PURSUANT TO P.R.C. 6370, ET SEQ., BUT THAT SUCH ACTIVITY WILL HAVE NO DIRECT OR INDIRECT EFFECT ON SUCH LANDS.
3. FIND THAT DRILLING PERMIT, WD-9-93 WAS APPROVED BY CONTRA COSTA COUNTY.
4. DETERMINE THAT THE CRITERIA OF P.R.C. 6815(a) HAVE BEEN MET, THAT A NEGOTIATED SUBSURFACE (NO SURFACE USE) STATE OIL AND GAS LEASE IS THE BEST INSTRUMENT TO DEVELOP AND PROTECT OIL AND GAS RESOURCES THAT MAY UNDERLIE THE STATE LAND DESCRIBED IN EXHIBIT "A" AND THAT THE STATE LAND IS UNSUITABLE FOR COMPETITIVE BIDDING BECAUSE SURFACE DRILL SITES ARE NOT AVAILABLE AND WELLS DRILLED ON THE ADJACENT PRIVATE PROPERTY MAY DRAIN STATE OIL AND GAS RESOURCES.
5. PURSUANT TO P.R.C. 6815(a), ENTER INTO A NEGOTIATED SUBSURFACE (NO SURFACE USE) STATE OIL AND GAS LEASE WITH RUSSELL H. GREEN, JR., AND RIO DELTA RESOURCES, INC. THE LEASE WILL CONTAIN THE STATE LAND DESCRIBED IN EXHIBIT "A" (APPROXIMATELY 209 ACRES), A DRILLING TERM OF THREE YEARS, ANNUAL RENTAL OF \$25 PER ACRE (\$5,225 FOR APPROXIMATELY 209 ACRES), ROYALTY ON GAS SUBSTANCES AND OIL FIXED AT 25 PERCENT AND PERFORMANCE BOND OR OTHER SECURITY IN THE SUM OF \$10,000.
6. AUTHORIZE THE EXECUTION OF THE DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

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All that tide and submerged land in the bed of the San Joaquin River bounded on the north by the south line of PRC 415.1, on the east by the west line of the Green-Reedy Lease, on the west by the westerly line of Contra Costa County, on the south by a line projected west from the Jersey Point Light, Contra Costa County, California, and marked by hatching on this exhibit.

This Land description is solely for purposes of generally defining the lease premises, and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

REQUESTED AREA
Russell H. Green Jr. and
Rio Delta Resources Inc.

South Line
PRC 415.1

West Line
Green-Reedy Lease

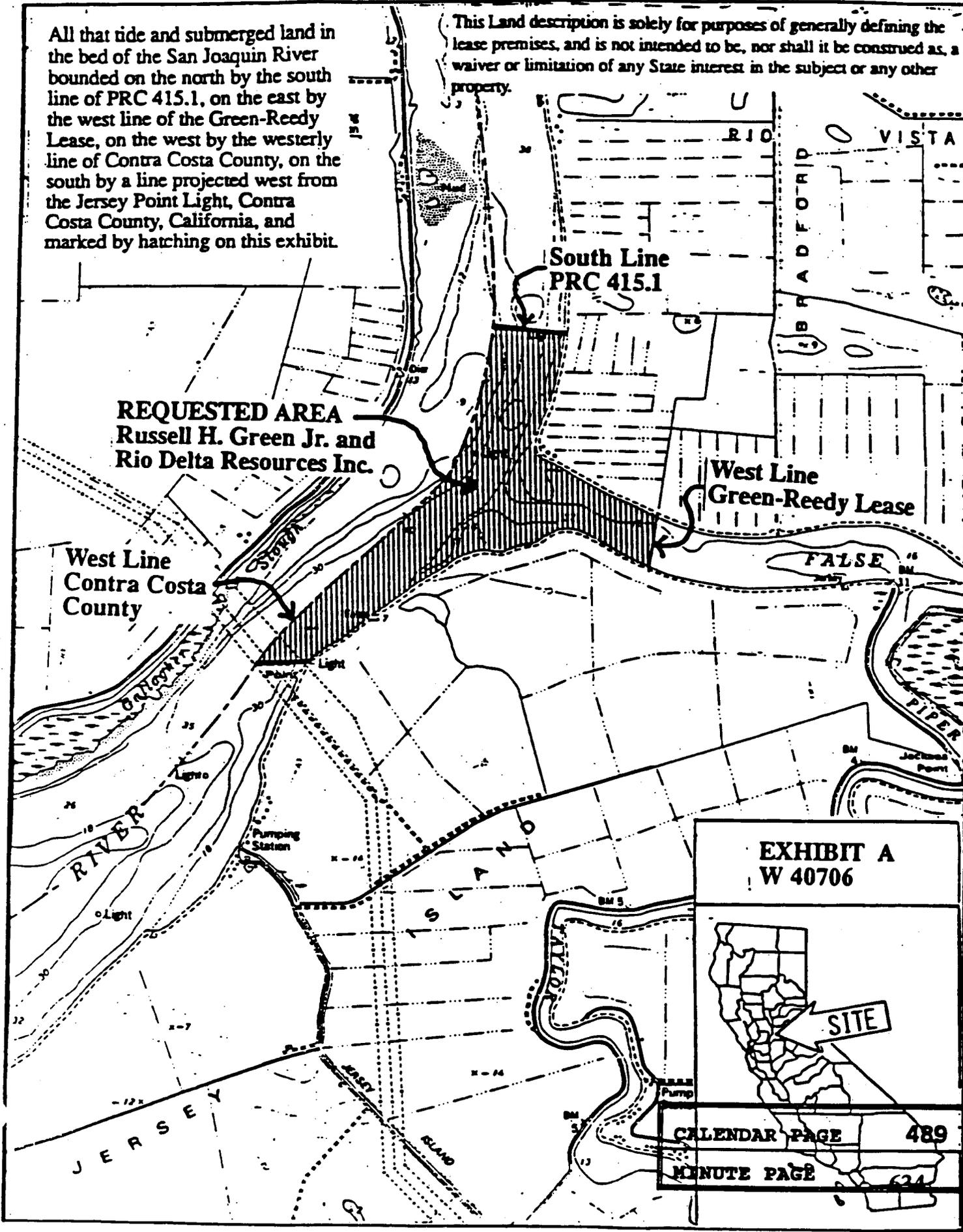
West Line
Contra Costa
County

EXHIBIT A
W 40706



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Phone:

Application for Oil and Gas Well Permit

RECEIVED
 53 OCT 20 PM 1:38
 Contra Costa County

Development of Oil and Gas Wells within the unincorporated area of the County is governed by Chapter 88-14 of the Ordinance Code, unless the project is located on land that is zoned Planned Unit Development (P-1) in which case such activity is subject to the review requirements of that district.

Where any new oil and gas activity is established, Chapter 88-14 requires the granting of a land use permit unless the subject parcel is certified by the County as lying within an area qualifying for administrative approval.

File No.
WD-9-9-3

APPLICANT

Name: Rio Delta Resources, Inc.

Address: 3600 American River Dr., Suite 220

City, State: Sacramento, CA 95864

Phone: (916) 486-2643

Name: Delta Properties, Inc.
T.V. Halsey

Lease dated 20 July 1990

Address: Jersey Island, Star Route

City, State: Stockton, CA 95219

Phone: (510) 684-2318

PROJECT INFORMATION Rio Delta Resources, Inc.
Delta Properties 1-5 & State 1-32

Tract's Parcel Number: 027 - 010 - 010

Total Parcel Area: 534.21 Acres

Section: 5 Township: 2N Range: 3E MDB&M

Project involves:
 Development of a new well site.
 Modifications to an existing well.

Use this space if necessary to further describe the project.
Two wells on a specific 2.07
acre parcel

OTHER SUBMITTAL ITEMS TO ACCOMPANY APPLICATION

VICINITY MAP

SITE PLAN, of the entire parcel drawn to scale showing the location of existing improvements, the proposed well site and the access road.

EXPLORATION AND PRODUCTION PAD LAYOUTS identifying all wellhead equipment.

A STATEMENT describing the location of any nearby residences or other sensitive activities near the well site and describing the measures to be taken to protect these activities from noise, dust, light, glare, odor and other objectionable elements associated with the proposed project.

FILING FEE (If this project is determined to be subject to the land use permit requirements, this fee can continue to be returned and credited to the landowner's account.)
DELTA PROPERTIES, INC.

Owner's Signature: T.V. Halsey

In lieu of owner's signature, a copy of the lease agreement is attached.

APPLICANT MUST READ AND SIGN.

STANDARD CONDITIONS OF APPROVAL FOR OIL AND GAS WELL PERMITS

The proposed use shall be established in accord with the plans submitted with the application as approved by the Contra Costa County Zoning Administrator.

Drilling operations shall conform to the regulations of the California Division of Oil and Gas designed to prevent damage to natural resources.

After drilling is complete, all drilling fluids, mud water, waste water and other waste fluids shall be removed from the site and disposed of in compliance with State and County regulations. Some may remain with the approval of the Zoning Administrator if they are essential to the operation of a producing well.

Any proposed wells shall be lined to or to prevent seepage of fluids into the subsurface. The fluids shall be removed when wells are brought in production.

If wells are abandoned, they shall be sealed in accordance with Division of Oil and Gas regulations, and the drilling or production facilities shall be removed. The site shall be restored to the conditions that existed prior to the commencement of drilling activity.

No toxic substances shall be used in violation of the requirements of either the California Department of Health Services or the Division of Oil and Gas.

The drilling operation shall be confined to as small an area as practical.

The applicant shall comply with the requirements of the local fire protection district.

I hereby certify that I have the authority to make a foregoing application; I have read this application and that all information is true and correct to the best of my knowledge; that all drilling activities undertaken will be carried out in compliance with the regulations of Chapter 88-14 of the Contra Costa County Zoning Code, and that I agree to conform fully to this Oil and Gas Well Permit and all of the above conditions.

Shelli H. Green, Jr. Agent
 Applicant's Signature
 September 30, 1993

FOR OFFICE USE ONLY

DATE FILED 10/20/93

Application Accepted by A. B. Hart

Receipt No. 6739552

THE PROJECT IS A PERMITTED ACTIVITY.

The project is governed by Section 88-14.802 of the County Ordinance Code. The project site is certified as being located in a permitted use.

THE PROJECT SHALL COMPLY WITH THE ADDITIONAL CONDITIONS LISTED ON THE ATTACHMENT.

Granting of this permit does not release the applicant from complying with all other county, state or federal laws.

Failure, neglect or refusal to execute this permit within a period of one (1) year from the date of granting thereof, shall automatically cause the same to become and remain null and void. After the one-year period period has expired, none of the requirements listed below may be invoked until a new permit application is filed and issued.

- compressor unit
- oil storage tank
- water conservation tank

For purposes of compliance with the California Environmental Quality Act, the County has found this project is:

CATEGORICAL EXEMPTION (Class 3)

NEGATIVE DECLARATION

A copy of this permit must be retained on file during drilling and production operations.

Staff Person (Print): TONY B. RIVINGTON

Signed: 10/27/93 Date

Community Development Department
 County of Contra Costa

LAND USE PERMIT APPROVAL IS REQUIRED.

The above described project is not exempt from the land use permit requirement for one or more of the following reasons. The project site is:

zoned for urban development or other non-business district.
A-3
 (zoning district) See attached zoning map.

designated for urban uses on the County General Plan.
Delta Recreation
 (land use designation)

within 1000 feet of an urban land use designation.
- NO -
 (General Plan) (Address) See attached General Plan map.

within 1000 feet of a City Boundary.
NO
 See attached base map.

Before the proposed activity may be undertaken, a land use permit must be granted. Please complete the attached application and prepare the indicated documents including notification materials. We ask you to hand deliver these items together with the indicated filing fee to this department for processing.

Staff Person (Print): 11/16

Signed: 11/16 Date

Community Development Department
 County of Contra Costa

ATTACHMENT TO OIL AND GAME WELL PERMIT # 9-93
(Additional Conditions of Approval)

1. The applicant is allowed one well with the permit.
2. All noise abatement requirements shall be fully satisfied.
3. The applicant shall notify all adjacent neighbors and the department prior to drilling.
4. All clean-up standards shall be satisfied.

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APPLICATION FOR A

HEARING DATE

FILE NO.

APPLICANT

Name Rio Delta Resources, Inc.
Address 3600 American River Dr., Suite 220
City, State Sacramento, California
Phone (707) 486-2643 Zip 95864

OWNER

Name Delta Properties, Inc.
Name T.V. Halsey
Address Jersey Island, Star Route
City, State Stockton, California
Phone (510) 684-2318 Zip 95219
Lease dated 20 July 1990

Parcel Area 027-010-001
534.21 acres
Number of Parcels Requested Not a subdivision

Water Supply Source All water supplied by truck
Agency Regulating Sewers Fully serviced portables

NATURE OF REQUEST - Give Reasons

to drill two natural gas wells and produce if productive. Wells to be
located on a 2.06 acre drilling and production pad. Nearest house 2000'
nearest house on parcel 6300'. Drillsite parcel and all adjoining parcels
zoned A-3 or U. The parcel is not within 1000' of a city boundary and is
neither within 1000' of or within an urban land use designation and thus
conforms as a permitted use.

Applicant's Signature *Russell H. Green, Jr.* Agent Russell H. Green, Jr., Agent
Owner's Signature *T.V. Halsey* President T.V. Halsey, President
Delta Properties, Inc.

Office Use Only

Application Description _____

Property Description _____

Distance Ref.	Comments _____ _____	
	Assessor's No. _____	Date Filed _____
3a	Zoning District _____	Filing Fee _____
3b District	Census Tract _____	Receipt No. _____
3c Sphere of Influence	Atlas Page _____	By _____
	G.P. _____	County _____
	Sup. Dist. _____	City _____

Costa County
County Clerk's Office
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APR 5/85

INSTRUCTIONS ON REVERSE SIDE