

CALENDAR ITEM
C54

MINUTE ITEM
This Calendar Item No. C54
was approved as Minute Item
No. 54 by the State Lands
Commission by a vote of 3
to 0 at its May 3 1995
meeting 05/03/95
PRC 7657
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A 10
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CONSENT TO THE POOLING OF 140 ACRES OF LEASED LANDS
UNDER STATE OIL AND GAS LEASE PRC 7657
CONTRA COSTA COUNTY

LESSEE/OPERATOR:

Tri-Valley Oil & Gas Company
Attention: Mr. Robert Cohan
2001 Westwind Drive, Suite 14
Bakersfield, California 93001

BACKGROUND:

Negotiated subsurface (no surface use) State oil and gas lease PRC 7657 was entered into on September 23, 1992, between the State Lands Commission (SLC) and Sierra Energy Company (lessee). The lease contains approximately 195 acres of tide and submerged lands in the bed of False River, Serpent Slough and Short Slough in Contra Costa County. On September 9, 1993, the Commission approved an assignment of an undivided 100 percent interest in State oil and gas lease PRC 7657 from Sierra Energy Company (Assignor) to Tri-Valley Oil & Gas Company (Tri-Valley) (Assignee), effective October 1, 1993.

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 has formed an operating unit that contains a total of 640 acres of State and private leased lands (described in Exhibit "A"). Tri-Valley's unit is called the "Webb Tract Unit No. 1", and was created for the development and production of natural gas. Tri-Valley has requested that the Commission consent to the pooling of 140 acres of leased lands under State oil and gas lease PRC 7657 by approving Tri-Valley's Declaration of Pooling to form the "Webb Tract Unit No. 1", which includes the State's 140 acres representing 21.88 percent of the pool. The Commission staff has determined that it will be economically advantageous to the State to share in the production from the proposed unit.

BASIS FOR CONSIDERATION:

P.R.C. 6829.2, P.R.C. 6832 and Paragraph 22(b) of the State Oil and Gas Lease PRC 7657.

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| CALENDAR PAGE | 304 |
| MINUTE PAGE | 742 |

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 7657, 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. Declaration of Pooling
- B. Location Map of Negotiated Subsurface Oil and Gas Lease PRC 7657

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THIS ACTIVITY, CONSENT TO THE POOLING OF THE LEASED LANDS UNDER STATE OIL AND GAS LEASE PRC 7657, IS 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 THE LEASED LANDS (140 ACRES) UNDER STATE OIL AND GAS LEASE PRC 7657 WITH OTHER PRIVATE LANDS HELD BY TRI-VALLEY OIL & GAS COMPANY. CONSENT IS GIVEN BY APPROVING TRI-VALLEY OIL & GAS COMPANY'S DECLARATION OF POOLING WHICH CREATES THE WEBB TRACT UNIT NO. 1 DESCRIBED IN EXHIBIT "A" (APPROXIMATELY 640 TOTAL ACRES INCLUDING 140 ACRES OF LEASED LANDS UNDER STATE OIL AND GAS LEASE PRC 7657). THE UNITIZED LEASED LANDS SHALL BE SUBJECT TO THE PROVISIONS OF STATE OIL AND GAS LEASE PRC 7657, ANY CONDITIONS IN THE DECLARATION OF POOLING TO THE CONTRARY NOTWITHSTANDING. FURTHER, DRILLING OPERATIONS ON OIL PRODUCTION FROM THE WEBB TRACT UNIT NO. 1 SHALL MAINTAIN LEASE PRC 7657 IN FORCE ONLY AS TO THOSE LEASED LANDS INCLUDED WITHIN THE UNIT, ANY PROVISIONS IN THE DECLARATION OF POOLING TO THE CONTRARY NOTWITHSTANDING.

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| CALENDAR PAGE | 305 |
| MINUTE PAGE | 743 |

EXHIBIT A

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Tri-Valley Oil & Gas Co.
2001 Westwind Drive, Suite 14
Bakersfield, California 93301
Attn: Teri Altenburger

DECLARATION OF POOLING

Webb Tract Unit No. 1

Contra Costa County, California

THIS DECLARATION OF POOLING made and declared this _____ day of _____, 1994, by TRI-VALLEY OIL & GAS CO., 2001 Westwind Drive, Suite 14, Bakersfield, California 93301, RUSSELL H. GREEN, JR., P.O. Box 965, Healdsburg, California 95448, and RIO DELTA RESOURCES, INC., 3600 American River Drive, Suite 220, Sacramento, California 95864, hereinafter called "Lessees".

THAT WHEREAS, Lessees represent themselves as holders of a portion of the leasehold interest and Tri-Valley Oil & Gas Co., as Operator, represents the lessees holding the remainder of the leasehold interest under those certain oil, gas and mineral leasehold estates covering lands situate in Contra Costa County, California and which leasehold estates are more particularly identified in Exhibit "A" attached hereto and by this reference made a part hereof, and hereinafter referred to as "said Leases"; and

WHEREAS, said Leases cover lands within the area outlined with a heavy black line on the plat attached hereto as Exhibit "B" and by this reference made a part hereof, and is hereinafter referred to as the "Unit Pool Area". Said Unit Pool Area is herein designated "Webb Tract Unit No. 1", and contains 640 acres, more or less; and

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| CALENDAR PAGE | 306 |
| MINUTE PAGE | 744 |

WHEREAS, pursuant to the terms of said Leases, Lessees desire to create a pool or operating unit for the exploration for and development of gas, gas distillate or condensate and all liquid hydrocarbons, except oil, therefrom the Unit Pool Area;

NOW, THEREFORE, Lessees do hereby exercise the right to pool and combine all of the said Leases owned by the parties respectively within the Unit Pool Area, so as to form, in accordance with the terms of said Leases, a single pool or operating unit for the exploration for and development of gas, gas distillate or condensate and all liquid hydrocarbons, except oil, therefrom.

It is not the intention of the parties to exercise the right to pool the subject leases for oil but only to exercise the right to pool under the gas provision of the subject leases.

This Declaration may be executed in any number of counterparts, all of which shall be read together as a single document, and the execution of one such counterpart of any of the parties hereto shall have the same force and effect as if such party or parties had all executed the same document.

IN WITNESS WHEREOF, this Declaration of Pooling is executed as of the day and year first hereinabove written.

TRI-VALLEY OIL & GAS CO.

RIO DELTA RESOURCES, INC.

Robert A. Cohan
Vice President
Oil & Gas Operations

By:
Its:

Russell H. Green, Jr.

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| CALENDAR PAGE | 307 |
| MINUTE PAGE | 745 |

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN
DECLARATION OF POOLING DATED _____
BY TRI-VALLEY OIL & GAS CO.

TVOG LEASE # FRIVR-O-001D-CA
LEASE DATE: SEPTEMBER 1, 1993
LESSOR: FRANK D. MONCKTON
LESSEE: TRI-VALLEY OIL & GAS CO.
LANDS COVERED: T3N-R3E, PORTION OF PROJECTED GOVERNMENT
SECTIONS AS DESCRIBED IN LEASE.
RECORDED: SEPTEMBER 1, 1993, AS BOOK 19130 PAGE 504,
STATE OF CALIFORNIA, OFFICIAL RECORDS OF THE
COUNTY OF CONTRA COSTA.
CONTAINING: 709.1298 GROSS ACRES (177.2825 NET ACRES),
69.00 ACRES WHICH ARE INCLUDED IN THE SUBJECT
POOL,

TVOG LEASE # FRIVR-O-001G-CA
LEASE DATE: FEBRUARY 8, 1988
LESSOR: H. C. KAWAHARA, ET AL
LESSEE: NGC ENERGY COMPANY
LANDS COVERED: T3N-R3E, PORTION OF PROJECTED GOVERNMENT
SECTIONS 22, 23, 26, AND 27, AS DESCRIBED IN
LEASE.
RECORDED: MARCH 22, 1988, AS BOOK 14228 PAGE 584, AND
AMENDMENT RECORDED AUGUST 30, 1993, AS BOOK
18890, PAGE 661, AND PARTIAL QUITCLAIM
RECORDED MARCH 21, 1994, AS DOCUMENT NUMBER
94-078840, STATE OF CALIFORNIA, OFFICIAL
RECORDS OF THE COUNTY OF CONTRA COSTA.
CONTAINING: 224.00 GROSS ACRES (56.00 NET ACRES), 56 ACRES
OF WHICH ARE INCLUDED IN THE SUBJECT POOL,

TVOG LEASE # FRIVR-O-001C-CA
LEASE DATE: JUNE 26, 1994
LESSOR: CHARLES F. FLOTO TRUST
LESSEE: TRI-VALLEY OIL & GAS CO.
LANDS COVERED: T2N-R3E, PORTION OF PROJECTED GOVERNMENT
SECTION 3; T3N-R3E, PORTION OF PROJECTED
GOVERNMENT SECTIONS 22, 23, 26, 27, 28, 33,
AND 35, AS DESCRIBED IN LEASE.
RECORDED: AUGUST 15, 1994 AS DOCUMENT NUMBER 94-205833,
STATE OF CALIFORNIA, OFFICIAL RECORDS OF THE
COUNTY OF CONTRA COSTA.
CONTAINING: 791.53 GROSS ACRES (65.96 NET ACRES), 41.667
ACRES OF WHICH ARE INCLUDED IN THE SUBJECT
POOL,

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| CALENDAR PAGE | 308 |
| MINUTE PAGE | 746 |

EXHIBIT "A" cont.

TVOG LEASE # FRIVR-O-001A-CA
LEASE DATE: MAY 14, 1988
LESSOR: IRENE M. FLOTO
LESSEE: NGC ENERGY COMPANY
LANDS COVERED: T2N-R3E, PORTION OF PROJECTED GOVERNMENT SECTION 3; T3N-R3E, PORTION OF PROJECTED GOVERNMENT SECTIONS 22, 23, 26, 28, 33, 34, AND 35, AS DESCRIBED IN LEASE.
RECORDED: JUNE 21, 1988, AS BOOK 14403 PAGE 915, AND AMENDMENT RECORDED JUNE 28, 1993 AS BOOK 18693, PAGE 323, STATE OF CALIFORNIA, OFFICIAL RECORDS OF THE COUNTY OF CONTRA COSTA.
CONTAINING: 791.53 GROSS ACRES (197.88 NET ACRES), 125 ACRES OF WHICH ARE INCLUDED IN THE SUBJECT POOL,

TVOG LEASE # FRIVR-O-001B-CA
LEASE DATE: JUNE 27, 1994
LESSOR: CLARKSON CHARLES SMITH
LESSEE: TRI-VALLEY OIL & GAS CO.
LANDS COVERED: T2N-R3E, PORTION OF PROJECTED GOVERNMENT SECTION 3; T3N-R3E, PORTION OF PROJECTED GOVERNMENT SECTIONS 22, 23, 26, 28, 33, 34, AND 35, AS DESCRIBED IN LEASE.
RECORDED: AUGUST 15, 1994, AS DOCUMENT NUMBER 94-205835, STATE OF CALIFORNIA, OFFICIAL RECORDS OF THE COUNTY OF CONTRA COSTA.
CONTAINING: 791.53 GROSS ACRES (65.96 NET ACRES), 41.67 ACRES OF WHICH ARE INCLUDED IN THE SUBJECT POOL,

TVOG LEASE # FRIVR-O-001I-CA
LEASE DATE: JUNE 27, 1994
LESSOR: RONALD FRANKLIN SMITH
LESSEE: TRI-VALLEY OIL & GAS CO.
LANDS COVERED: T2N-R3E, PORTION OF PROJECTED GOVERNMENT SECTION 3; T3N-R3E, PORTION OF PROJECTED GOVERNMENT SECTIONS 22, 23, 26, 28, 33, 34, AND 35, AS DESCRIBED IN LEASE.
RECORDED: AUGUST 15, 1994, AS DOCUMENT NUMBER 94-205834, STATE OF CALIFORNIA, OFFICIAL RECORDS OF THE COUNTY OF CONTRA COSTA.
CONTAINING: 791.53 GROSS ACRES (65.96 NET ACRES), 41.67 ACRES OF WHICH ARE INCLUDED IN THE SUBJECT POOL,

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| CALENDAR PAGE | 309 |
| MINUTE PAGE | 747 |

EXHIBIT "A" cont.

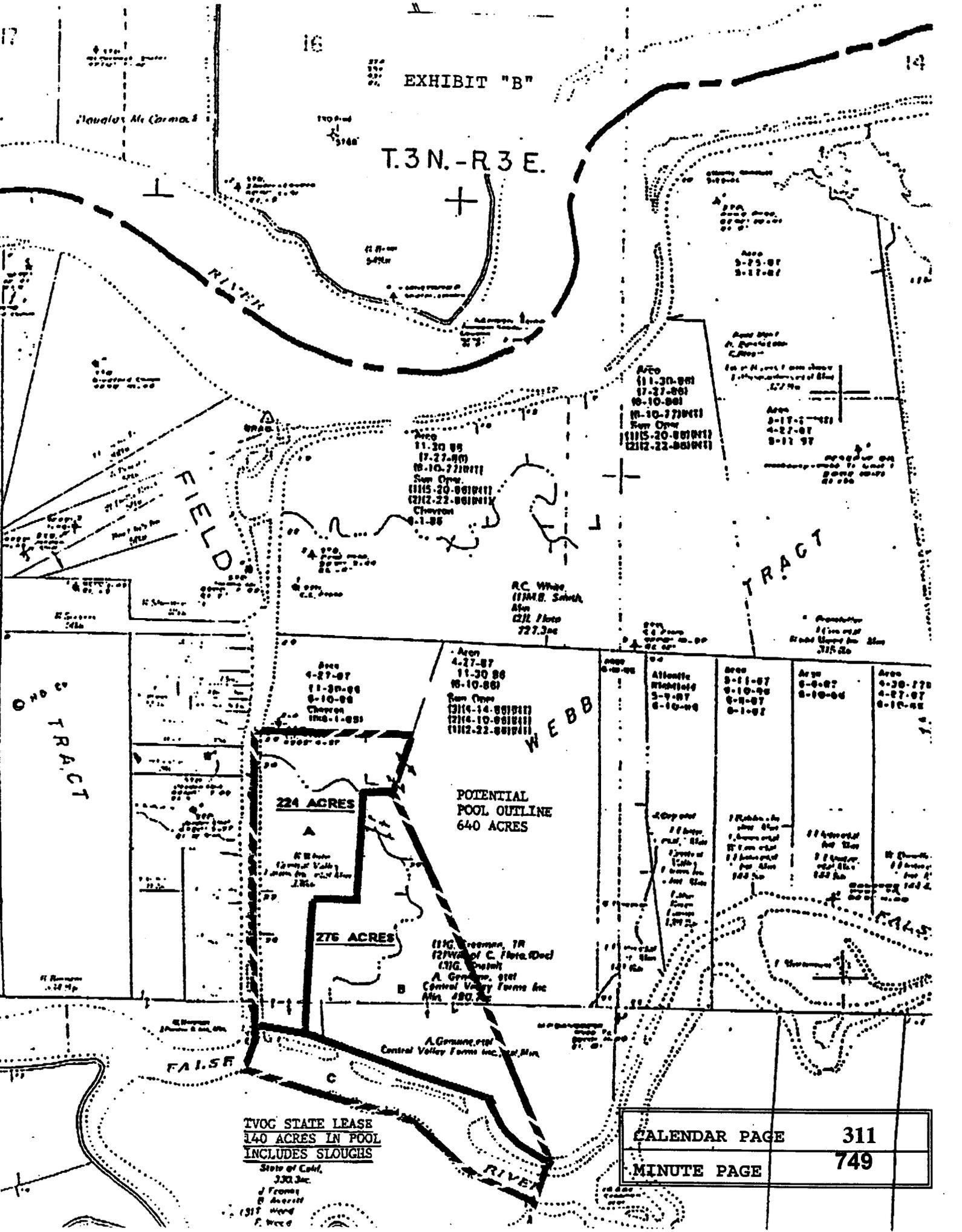
TVOG LEASE # FRIVR-O-0030-CA
LEASE DATE: SEPTEMBER 23, 1992
LESSOR: STATE OF CALIFORNIA, STATES LANDS COMMISSION
LESSEE: SIERRA ENERGY COMPANY
LANDS COVERED: T2N-R3E, PORTION OF SECTION 4: A PARCEL OF TIDE AND SUBMERGED LAND IN THE BED OF FALSE RIVER AND IN THE BED OF SERPENT SLOUGH, AND IN THE BED OF SHORT SLOUGH, CONTRA COSTA COUNTY, CA, MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN LEASE (APN 026-060-008).
RECORDED: MARCH 15, 1994, DOCUMENT NUMBER 94-07390, AND STATE OF CALIFORNIA, OFFICIAL RECORDS OF THE COUNTY OF CONTRA COSTA.
CONTAINING: 195 ACRES, 125.00 ACRES OF WHICH ARE INCLUDED IN THE SUBJECT POOL,

RDR LEASE # 91-WEBB-OG-001
LEASE DATE: JULY 31, 1991
LESSOR: BEDFORD PROPERTIES, INC.
LESSEE: RIO DELTA RESOURCES, INC., ET AL
LANDS COVERED: LANDS COMMONLY KNOWN AS WEBB TRACT AND DELTA FARMS RECLAMATION DISTRICT NO. 2026 MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN LEASE, CONTAINING 434.08 ACRES, MORE OR LESS.
RECORDED: OCTOBER 3, 1991, AS BOOK 16920, PAGE 407 AND AMENDMENT RECORDED JANUARY 3, 1994, AS DOCUMENT NUMBER 94-000655, STATE OF CALIFORNIA, OFFICIAL RECORDS OF THE COUNTY OF CONTRA COSTA.
CONTAINING: 434.80 GROSS ACRES (108.70 NET ACRES), 125.00 ACRES OF WHICH ARE INCLUDED IN THE SUBJECT POOL.

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| CALENDAR PAGE | 310 |
| MINUTE PAGE | 748 |

EXHIBIT "B"

T.3N.-R.3E.



TVOG STATE LEASE
140 ACRES IN POOL
INCLUDES SLOUGHS

State of Calif.
J. J. Inc.
J. Fromy
B. Ansett
1317 Ward
F. Reed

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| CALENDAR PAGE | 311 |
| MINUTE PAGE | 749 |

| PARCEL | ACREAGE | LESSOR | NET ACREAGE | % OF POOL | ROYALTY | NET ROYALTY |
|--------|---------|-----------------|-------------|-----------|----------|-------------|
| A | 224.00 | KAWAHARA | 56.000 | 8.75% | 20.0000% | 1.75000% |
| | | FLOTO, IRENE | 56.000 | 8.75% | 20.0000% | 1.75000% |
| | | SMITH, CLARKSON | 18.667 | 2.92% | 20.0000% | 0.58333% |
| | | SMITH, RONALD | 18.667 | 2.92% | 20.0000% | 0.58333% |
| | | WF/FLOTO | 18.667 | 2.92% | 20.0000% | 0.58333% |
| | | DELTA WETLANDS | 56.000 | 8.75% | 20.0000% | 1.75000% |
| TOTALS | | | 224.000 | 35.00% | 20.0000% | 6.99999% |

| PARCEL | ACREAGE | LESSOR | NET ACREAGE | % OF POOL | ROYALTY | NET ROYALTY |
|--------|---------|-----------------|-------------|-----------|----------|-------------|
| B | 276.00 | MONCKTON | 69.0000 | 10.78% | 16.6666% | 1.79687% |
| | | FLOTO, IRENE | 69.0000 | 10.78% | 20.0000% | 2.15625% |
| | | SMITH, CLARKSON | 23.0000 | 3.59% | 20.0000% | 0.71875% |
| | | SMITH, RONALD | 23.0000 | 3.59% | 20.0000% | 0.71875% |
| | | WF/FLOTO | 23.0000 | 3.59% | 20.0000% | 0.71875% |
| | | DELTA WETLANDS | 69.0000 | 10.78% | 20.0000% | 2.15625% |
| TOTALS | | | 276.0000 | 43.12% | 20.0000% | 8.26562% |

| PARCEL | ACREAGE | LESSOR | NET ACREAGE | % OF POOL | ROYALTY | NET ROYALTY |
|--------|---------|-------------|-------------|-----------|----------|-------------|
| C | 140.00 | STATE LANDS | 140.0000 | 21.88% | 20.0000% | 4.37500% |

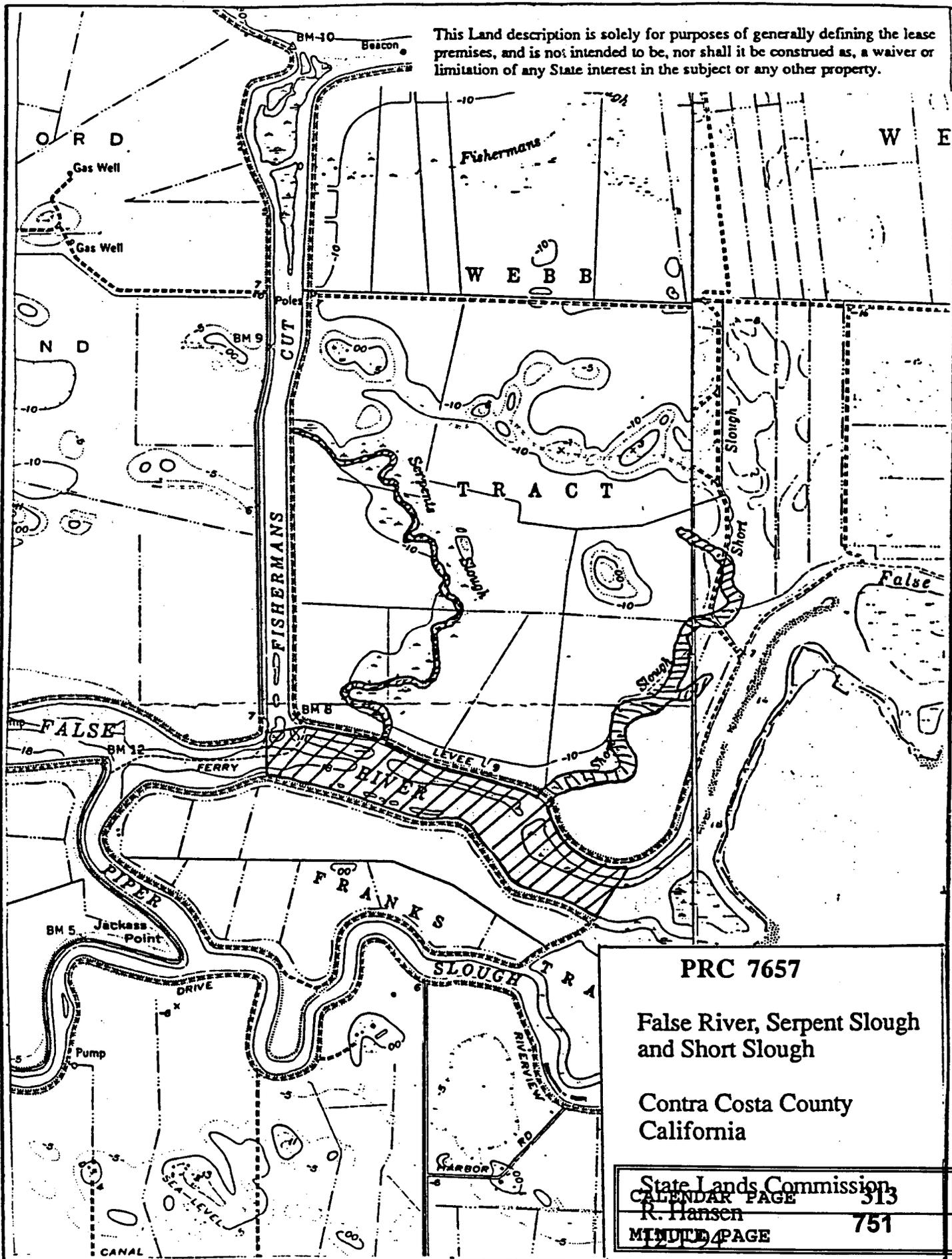
| | | |
|--------------------|-----------|-----------|
| NET ROYALTY TOTALS | PARCEL A: | 6.99999% |
| | PARCEL B: | 8.26562% |
| | PARCEL C: | 4.37500% |
| | TOTAL | 19.64061% |

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|-------|---|----------|
| APO | KAWAHARA 56/640 * .22 = 1.925% (VS 1.75% INCREASE 0.175%) | |
| BPO | MONCKTON 69/640 * .20 = 2.115625% (VS 1.79687% INCREASE 0.31876%) | |
| | 19.64061% | |
| | 0.17500% | KAWAHARA |
| | 0.31876% | MONCKTON |
| TOTAL | 20.13437% | APO |

| LANDOWNER ROYALTY | | | |
|-------------------|--------------|--------------|--|
| STATE LANDS | 4.37500% | | |
| DELTA WETLANDS | 3.90625% | | |
| MONCKTON | 1.79687% BPO | 2.11563% APO | |
| FLOTO, IRENE | 3.90625% | | |
| SMITH, CLARKSON | 1.30208% | | |
| SMITH, RONALD | 1.30208% | | |
| WF/FLOTO | 1.30208% | | |
| KAWAHARA | 1.75000% | 1.92500% APO | |
| TOTALS | 19.64061% | 20.13437% | |

EXHIBIT B

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.



PRC 7657

False River, Serpent Slough
and Short Slough

Contra Costa County
California

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|------------------------|-----|
| State Lands Commission | |
| CALENDAR PAGE | 313 |
| R. Hansen | |
| MINUTE PAGE | 751 |