

MINUTE ITEM

This Calendar Item No. ~~C86~~ was approved as Minute Item No. 86 by the California State Lands Commission by a vote of 3 to ~~0~~ at its 5/12/97 meeting.

**CALENDAR ITEM
C86**

A 8
S 4

05/12/97
W 40748
A. Nitsche

**CONSIDER APPROVAL OF A NEGOTIATED SUBSURFACE
(NO SURFACE USE) OIL AND GAS LEASE
IN THE CALIFORNIA HIGHWAY PATROL TRAINING GROUNDS,
YOLO COUNTY**

BACKGROUND:

Sierra Mineral Development, L.C. and Santa Barbara Resources, Inc., have submitted an application for a negotiated subsurface (no surface use) Oil and Gas Lease on about 321 acres in the California Highway Patrol Training Grounds, Yolo County, California (see Exhibit A for land description). Because this is State proprietary land and currently in use as the training grounds for the California Highway Patrol, 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) 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.

Public Resources Code section 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 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 Public Resources Code section 6815(a) have been satisfied. A negotiated subsurface (no surface use) 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.

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PERMIT STREAMLINING ACT DEADLINE:

July 3, 1997

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 Yolo County Community Development Agency does not require the filing of a Conditional Use Application within agricultural designated zones. The operation may require the submittal of a site plan as outlined in section 8-2.2610. Yolo County does require appropriate permits from the California Department of Conservation, Division of Oil, Gas and Geothermal Resources and the Yolo County Environmental Health Services.
3. As Lead Agency, Yolo County Community Development Agency has found that the proposed project is not a Project which will have potential for causing significant effect on the environment [Section 15051(b)(3) CAC].
4. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the significant environmental values that were originally identified are either no longer there or that such values are not within the project site and will not be affected by the proposed project.
5. 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.

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6. Annual rent of \$6,420 per acre (\$20/acre for 321 acres).
7. Royalty of 20 percent on oil and gas.
8. Performance bond or other security in the sum of \$5,000.

EXHIBITS:

- A. Land Description
- B. Site Map and General Location
- C. Copy of Yolo County Regulations on Oil and Gas Drilling

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THERE IS NO POSSIBILITY THAT THE ACTIVITY MAY HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT. (TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061(b)(3).
2. FIND THAT THE SIGNIFICANT ENVIRONMENTAL VALUES ORIGINALLY IDENTIFIED PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ., ARE NOT WITHIN THE PROJECT SITE AND WILL NOT BE AFFECTED BY THE PROPOSED PROJECT.
3. DETERMINE THAT THE CRITERIA OF PUBLIC RESOURCES CODE SECTION 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.
4. PURSUANT TO PUBLIC RESOURCES CODE SECTION 6815(a), ENTER INTO A NEGOTIATED SUBSURFACE (NO SURFACE USE) STATE OIL AND GAS LEASE WITH SIERRA MINERAL DEVELOPMENT, L.C. AND SANTA BARBARA RESOURCES, INC. THE LEASE WILL CONTAIN THE STATE

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LAND DESCRIBED IN EXHIBIT A (APPROXIMATELY 321 ACRES), A DRILLING TERM OF THREE YEARS, ANNUAL RENT OF \$6,420 (\$20 PER ACRE FOR APPROXIMATELY 321 ACRES), ROYALTY ON GAS SUBSTANCES AND OIL FIXED AT 20 PERCENT AND PERFORMANCE BOND OR OTHER SECURITY IN THE SUM OF \$5,000.

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Exhibit A

LAND DESCRIPTION

W 40748

A parcel of land in, Yolo County, State of California, described as follows:

All the land described as parcels No. 1 and No. 2 in the deed from Mervyn T. Owyang and Esther Owyang to the State of California, recorded May 18, 1971 in Book 977, Page 441, of Official Records in the Office of the County Recorder of Yolo County, California and the land described as parcel No. 1 in the deed from Mary Cornacchioli to the State of California, recorded May 18, 1971 in Book 977, Page 426, of Official Records in the Office of the County Recorder of Yolo County, California.

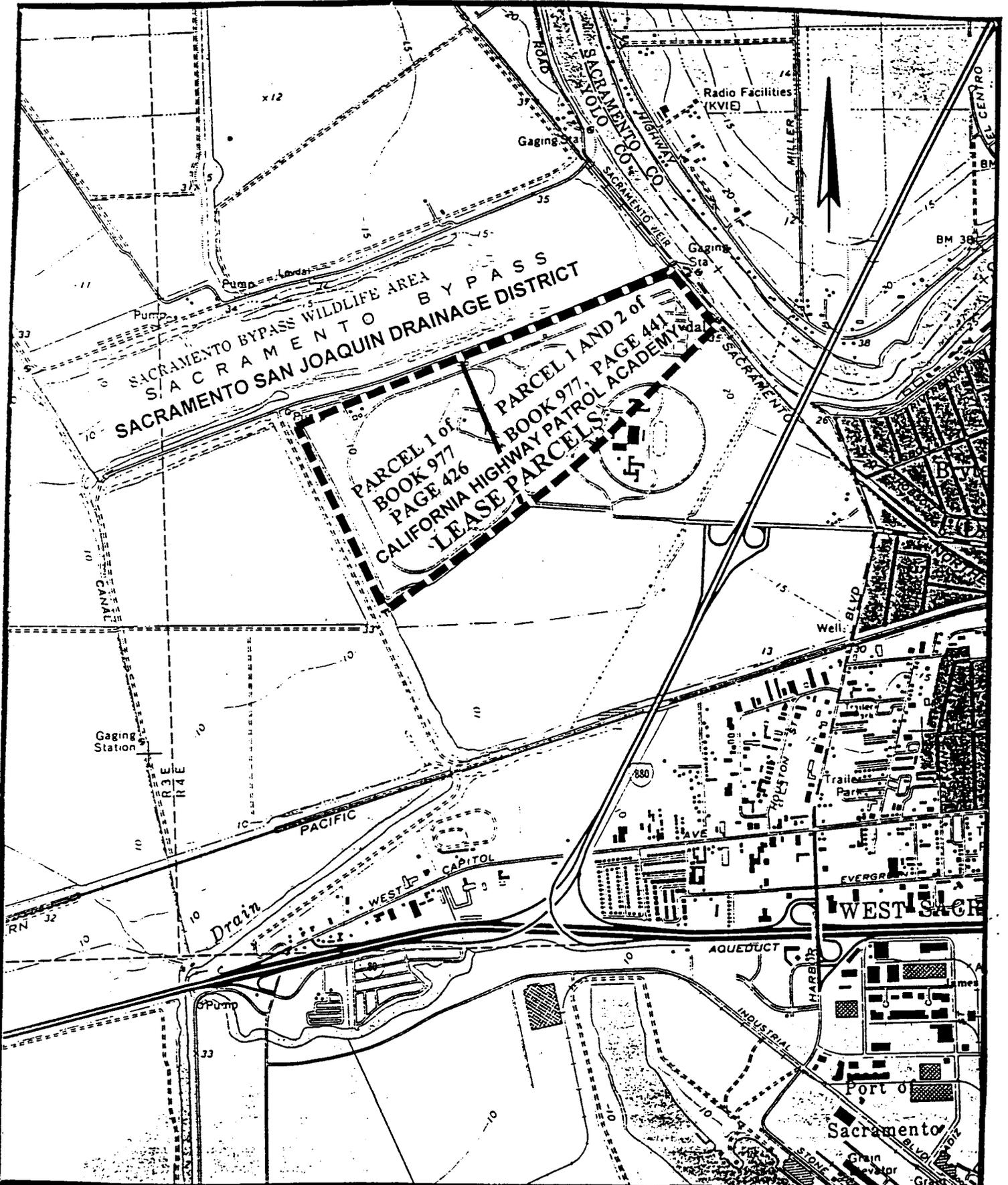
END OF DESCRIPTION

MARCH 6, 1997 BY RICHARD HANSEN, PLS 3951



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This exhibit 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 State interest in the subject or any other property.

and any CALENDAR EXHIBIT B453
 MINUTE PAGE W 4008948



County of Yolo

COMMUNITY DEVELOPMENT AGENCY • 292 WEST BEAMER STREET • WOODLAND CA, 95695

EXHIBIT C

March 4, 1997

Arthur Nitsche
State Lands Commission
200 Oceangate
12th Floor
Long Beach CA 90802

SUBJECT: Copy Of Yolo County Regulations On Oil & Gas Drilling

Dear Mr. Nitsche:

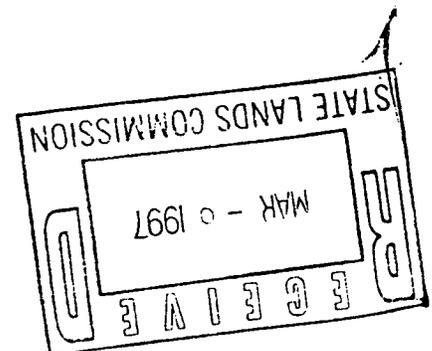
In follow-up to our telephone conversation, I have enclosed a copy of Section 8-2.2610 of the Yolo County Code which pertains to oil or gas drilling operations within one-half mile of urban residential areas.

Oil or gas drilling operations are a principal permit use within Yolo County's agricultural designated zones and therefore do not require the filing of a conditional use permit application. The operation may require the submittal of a site plan as outlined in Section 8-2.2610. The operation is required to obtain the appropriate permits from the California Division of Oil and Gas and the Yolo County Environmental Health Services.

If you have questions regarding this letter you may contact me by phoning the Yolo County Community Development Agency at (916) 666-8036.

Sincerely,


Mark R. Hamblin
Planner



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Sec. 8-2.2610. Oil or gas drilling operations within one-half mile of urban residential areas. Sec.8-2.2610.

- (a) *Applicability.* This section shall apply only to those oil or gas drilling operations which are located within one-half (1/2) mile of any urban residential area as defined in subsection (b) of this section. The one half (1/2) mile distance limitation shall be measured from the site of the drill rig to the nearest boundary of an urban residential area.
- (b) *Urban residential areas.* An urban residential area is that portion of any parcel which is both:
- (1) Located within the limits of the areas of the Woodland Area General Plan, the Davis Area General Plan, or the East Yolo General Plan, as depicted on the land use maps accompanying the plans, three (3) certified copies of which are on file with the Clerk of the Board and which are incorporated in this section by this reference; and
 - (2) Zoned Residential One-Family (R-1); Residential One-Family or Duplex (R-2); Multiple-Family Residential (R-3); or Apartment-Professional (R-4).
- (c) *Site plan approval required.* No oil or gas drilling operation to which this section applies shall be established until the Director of Community Development (referred to in this section as "Director") has approved the site plan for such operation pursuant to Article 27 of this chapter and this section.
- (d) *Findings.* No site plan shall be approved for an oil or gas drilling operation to which this section applies until the applicant as submitted evidence satisfactory to the Director that the following criteria shall be met by such drilling operation;
- (1) Except for drill stem testing and emergency procedures, no drilling operation shall result in an ambient noise level in excess of sixty (60) decibels ([dBa] measured as an LDN average), measured at the outside of the nearest residence in an urban residential area at the bedroom window closest to the drilling site; provided, however, if the applicant demonstrates that the ambient noise level at such location prior to the commencement of the drilling operation was fifty-seven (57) decibels ([dba] measured as an LDN average) or higher, then the noise standard shall be that the drilling operation does not result in the addition of more than three (3) decibels ([dBa] measured as LDN average) to the preexisting ambient noise level.
The noise levels mandated by this subsection may be waived if the applicant has received a written waiver of the noise requirement from the residents of any dwelling at which the noise level would exceed the standards set forth in this subsection. If the dwelling is leased, the waiver shall be executed by the tenant.
 - (2) All lights on the drill site shall be shielded and/or directed so as to focus the direct rays from the lights onto the drilling site and away from dwellings, except where required for aircraft warning purposes.
 - (3) All vehicle parking and maneuvering areas shall be treated in such a manner as to control dust. Such treatment may be accomplished by placing gravel on such areas and/or periodically watering the areas or by other means approved by the Director.
 - (4) The drilling operation shall comply with the requirements of all other agencies of jurisdiction.
 - (5) The drilling operation shall be located no closer than the following distances from the specified uses if such uses are located within an urban residential area:
 - (i) Within 500 feet of any school;
 - (ii) Within 500 feet of any church or place of public worship;
 - (iii) Within 500 feet of any place of public assembly;

- (iv) Within 500 feet of any dwelling, unless the residents of such dwelling have filed a written waiver. If the dwelling is leased, the waiver shall be executed by the tenant;
 - (v) Within 250 feet of the center line of any County road or State highway; provided, however, if the State Supervisor of Oil and Gas has approved a variance of the minimum setback required by State law, which variance would conflict with the provisions of this subsection, such variance shall take precedence over this subsection; and
 - (vi) Within 250 feet of any levee owned by any public agency.
- (e) *Bonds.* Before the site plan is approved, the applicant shall post a performance bond or other good and sufficient surety approved by the County in the amount of not less than Five Thousand and no/100ths (\$5,000.00) Dollars securing compliance with all the criteria and conditions imposed upon the approval of the site plan.
- (f) *Conditions of approval.* All site plan approvals subject to this section shall be conditioned on the fulfillment of the criteria set forth in subsection (d) of this section.
(§ 4, Ord. 681.91, eff. August 26, 1982)