

MINUTE ITEM

This Calendar Item No. ~~C129~~ was approved as Minute Item No. 129 by the California State Lands Commission by a vote of 3 to 0 at its 6-19-98 meeting.

**CALENDAR ITEM
C129**

A 10
S 7

06/19/98
PRC 7670
R. Nobles
A. Nitsche

**CONSENT TO THE POOLING OF LEASED LANDS
UNDER OIL AND GAS LEASE NO. PRC 7670,
CONTRA COSTA COUNTY**

LESSEE/OPERATOR:

Rio Delta Resources, Inc. and Russell H. Green, Jr.
Attn: Mr. Jerry W. Reedy
3600 American River Drive, Suite 220
Sacramento, California 95864

AREA, LAND TYPE, AND LOCATION:

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 7670 contains approximately 144 acres of tide and submerged lands in the bed of False River and in the bed of Piper Slough, situated adjacent to Little Franks Tract in Contra Costa County, California.

BACKGROUND:

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 7670 (Lease) was entered into on or about December 17, 1992, between the California State Lands Commission (Commission) as Lessor and Rio Delta Resources Inc. (Rio Delta) and Russell H. Green Jr. (Green) as Lessee. 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.

Rio Delta Resources, ABA Energy, and Phillips Petroleum Company (hereafter referred to as "Unit Lessees") have formed an operating unit that containing 202.91 gross (175.88 net) acres, more or less, of State and private owned leased lands located in Contra Costa County, California. The unit, called the "Darby Lynn Pool," was created for the development and production of natural gas. The Unit Lessees have drilled a well on an upland parcel in the unit. The well was completed and is currently producing natural gas. Rio Delta and Green have requested the Commission's consent to pool approximately 15.88 acres (described and depicted in Exhibits A and B, respectively) of the 144 acres of

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leased lands under Oil and Gas Lease No. PRC 7670 into the Darby Lynn Pool. Rio Delta and Green seek the approval of the Commission to affect such pooling by executing the undated Supplemental Declaration Of Pooling, attached hereto as Exhibit C. The 15.88 acres proposed to be included in the pool would comprise 9.3 percent of the total net unit acreage. 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:

- A. Public Resources Code section 6829.2, Public Resources Code section 6832 and Paragraph 22(b) of the Oil and Gas Lease No. PRC 7670.

OTHER PERTINENT INFORMATION:

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because the activity is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15378.

EXHIBITS:

- A. Legal Description of that portion of PRC 7670 being pooled.
- B. Location Map of negotiated subsurface Oil and Gas Lease No. PRC 7670
- C. Supplemental Declaration of Pooling (Darby Lynn Pool).

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDINGS:

FIND THAT THE ACTIVITY EXEMPT FROM THE REQUIREMENTS OF THE CEQA, PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS SECTION 15061 BECAUSE THE ACTIVITY IS NOT A

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PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

CONSENT TO THE POOLING OF THE STATE LANDS (15.88 ACRES, MORE OR LESS, UNDER OIL AND GAS LEASE NO. PRC 7670) WITH OTHER PRIVATE LANDS LEASED BY RIO DELTA RESOURCES, INC., AND RUSSELL H. GREEN, ABA ENERGY, AND PHILLIPS PETROLEUM COMPANY. CONSENT IS GIVEN BY APPROVING THE EXECUTION OF THE UNDATED SUPPLEMENTAL DECLARATION OF POOLING, ATTACHED HERETO AS EXHIBIT C, INCORPORATING 15.88 ACRES, MORE OR LESS, INTO THE DARBY LYNN POOL (COMPRISED OF APPROXIMATELY 202.91 GROSS (1755.88 NET) ACRES INCLUDING 15.88 ACRES OF LEASED LANDS UNDER PRC 7670). THE POOLED PORTION OF THE LEASED LANDS SHALL BE DEEMED SEVERED FROM THE UNPOOLED PORTION THEREOF AND SHALL REMAIN SUBJECT TO THE PROVISIONS OF OIL AND GAS LEASE NO. 7670, ANY TERMS AND CONDITIONS IN THE ORIGINAL AND SUPPLEMENTAL DECLARATIONS OF POOLING TO THE CONTRARY NOTWITHSTANDING.

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EXHIBIT "A"
LAND DESCRIPTION

PRC 7670

A parcel of tide and submerged land, lying within the West half of Section 4, Township 2 North, Range 3 East, MDM, Contra Costa County, California and more particularly described as follows:

All of Piper Slough, as described in State Oil and Gas Lease PRC 7670 on file with the California State Lands Commission in Long Beach, California, lying within the boundaries of the following described Darby Lynn Pool:

Attached to and made a part of that certain Notice of Final Description for the Darby Lynn Pool dated April 10, 1998, made and declared by ABA Energy Corporation.

Those portions of the West Half of Section 4, the East Half of Section 5, the Northeast Quarter of Section 8 and the Northwest Quarter of Section 9, Township 2 North, Range 3 East, M.D.B. & M., Contra Costa County, California, more particularly described as follows:

Commencing at the Southwest corner of the tract of land shown on that certain Record of Survey filed in the Office of the County Recorder of Contra Costa County in Book 62 of L.S.M., Page 10; thence along the West line of said tract of land North 00° 56' 14" East, 781.80 feet to the True Point of Beginning; thence continuing along said West line the following five (5) courses:

1. North 00° 56' 14" East, 515.77 feet; thence
2. North 31° 32' 57" East, 109.66 feet; thence
3. North 04° 38' 06" East, 60.30 feet; thence
4. North 20° 19' 50" West, 155.22 feet; thence
5. North 01° 35' 51" East, 1124.78 feet;

thence leaving said West line South 89° 30' 42" East, 1113.27 feet; thence North 06° 43' 30" West, 1763.47 feet to a point on the Southerly bank of Taylor Slough; thence along the meanderings of the Southerly bank of Taylor Slough the following six (6) courses:

1. South 78° 41' 56" East, 311.60 feet; thence
2. South 88° 38' 56" East, 221.39 feet; thence
3. North 74° 11' 04" East, 54.57 feet; thence
4. North 68° 24' 04" East, 165.50 feet; thence
5. North 74° 36' 04" East, 60.02 feet; thence
6. North 88° 16' 04" East, 44.11 feet;

thence leaving said Southerly bank North 01° 07' 16" West, 510.44 feet to a point on the Easterly bank of Piper Slough; thence along the meanderings of the Easterly bank of Piper Slough the following three (3) courses:

1. North 36° 45' 50" West, 639.45 feet; thence
2. North 48° 44' 16" West, 439.27 feet; thence

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3. North 54° 44' 32" West, 584.46 feet;
thence leaving said Easterly bank, along the Easterly projection of the North line of Lot 14, as shown on the plat of "Jersey Island Farms", filed in the Office of the County Recorder of Contra Costa County in Book 18 of Maps, Page 419, South 73° 10' 49" West, 1204.14 feet; thence leaving said North Line of Lot 14, South 1272.60 feet to a point on the Northerly bank of Taylor Slough; thence along the meanderings of the Northerly and Westerly bank of Taylor Slough the following seven (7) courses:

1. South 26° 03' 52" West, 53.03 feet; thence
2. South 06° 21' 02" West, 361.98 feet; thence
3. South 03° 57' 28" East, 492.42 feet; thence
4. South 03° 03' 05" West, 377.99 feet; thence
5. South 42° 14' 38" West, 335.78 feet; thence
6. South 86° 04' 25" West, 354.13 feet; thence
7. North 68° 37' 21" West, 95.04 feet;

thence leaving said Northerly bank South 00° 36' 01" West, 267.36 feet to a point on the Southerly bank of Taylor Slough; thence along the centerline of a drainage ditch and its Northerly projection thereof, South 00° 36' 01" West, 1934.91 feet; thence leaving said centerline South 89° 07' 12" East, 1302.95 feet to the Point of Beginning, containing 202.91 acres more or less.

END DESCRIPTION

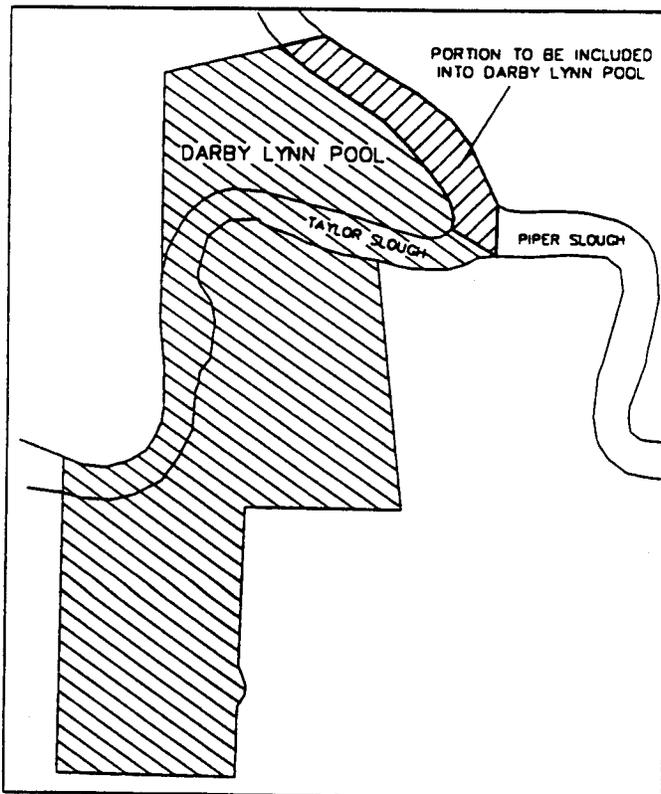
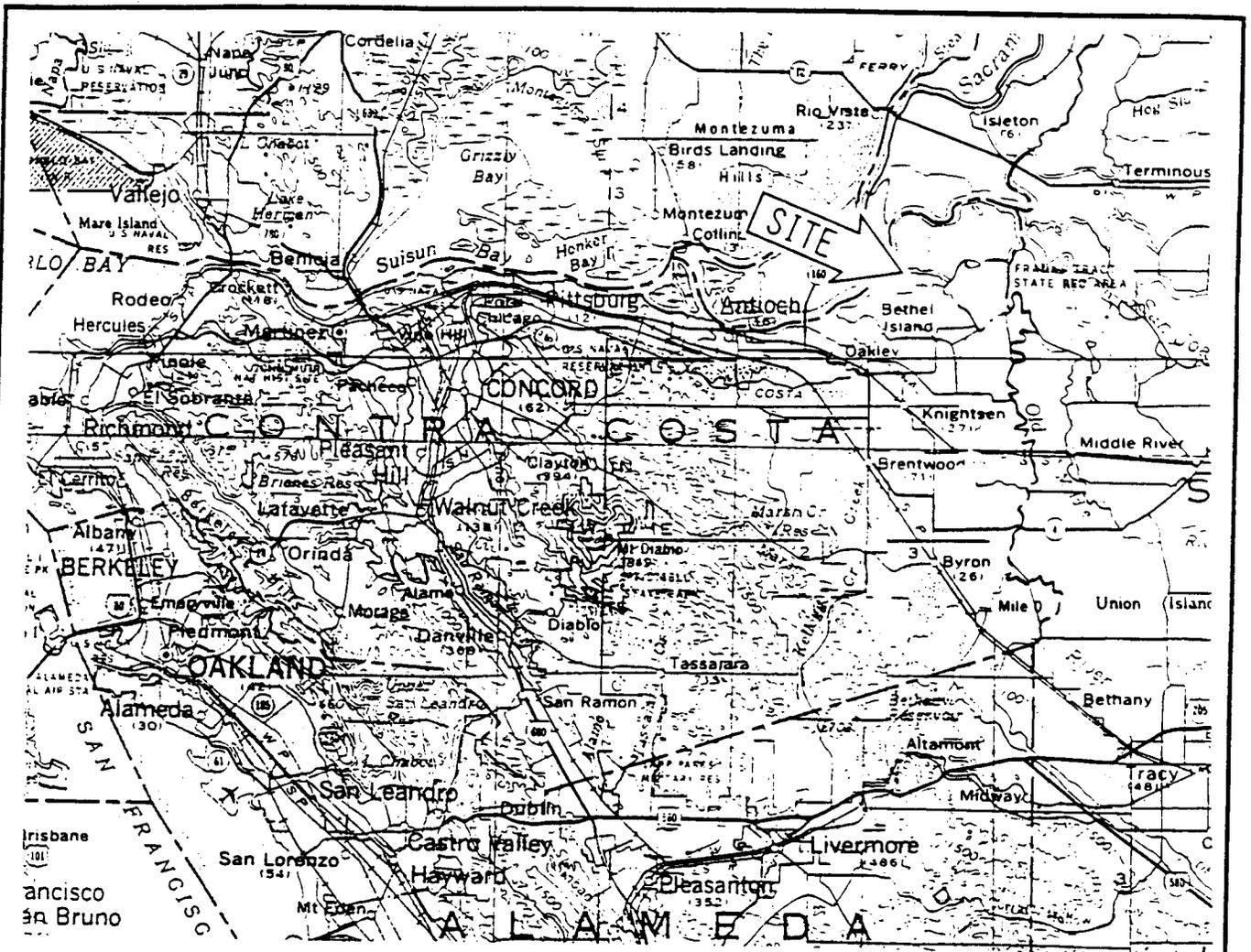


EXHIBIT "B"
PRC 7670
OIL & GAS LEASE
PIPER SLOUGH
CONTRA COSTA COUNTY
CALIFORNIA



RECORDING REQUESTED BY &
WHEN RECORDED MAIL DOCUMENT &
TAX STATEMENTS TO:

ABA ENERGY CORPORATION
400 EASTON DRIVE, SUITE 132
BAKERSFIELD, CA 93309

THE UNDERSIGNED AGENT DECLARES:
DOCUMENTARY TRANSFER TAX IS _____
DOCUMENTARY TRANSFER TAX IS COMPUTED ON THE FULL
VALUE OF THE PROPERTY CONVEYED.

Exhibit C

PRC 7670

SUPPLEMENTAL DECLARATION OF POOLING

DARBY LYNN POOL

THIS SUPPLEMENTAL DECLARATION OF POOLING is made and declared this ___ day of _____ 1997, by Phillips Petroleum Company, a Delaware corporation, herein called "Phillips", Rio Delta Resources, Inc., a California corporation, herein called "Rio Delta", and ABA Energy Corporation, a California corporation, herein called "ABA."

WITNESSETH:

WHEREAS, Phillips, Rio Delta, and ABA executed that certain Declaration of Pooling dated September 10, 1997, which was recorded October 22, 1997 as Document Number 97-204925 in the Official Records of Contra Costa County, California; and,

WHEREAS, said Declaration of Pooling pooled all or a portion of certain oil and gas leases, more particularly described therein, to form an operating unit for the production of gas and other hydrocarbon substances from the ABA Energy Corporation Darby Lynn Number 1 Well; and,

WHEREAS, the operating unit created by said Declaration of Pooling is identified therein as the "Darby Lynn Pool"; and,

WHEREAS, the oil and gas leases described in said Declaration of Pooling contain provisions that provide if there are any lands, or interests in lands, within the exterior boundaries of an operating unit which are not pooled at the time the operating unit is created, that Lessee may at any time after the creation of such operating unit, add any or all of such additional lands or interests to such operating unit by executing a supplemental declaration of pooling; and,

WHEREAS, Rio Delta is the present owner of the Oil and Gas Leasehold Estate created by that certain Oil and Gas Lease PRC 7670 dated December 17, 1992 by and between the State of California, Lessor, and Rio Delta Resources, Inc. and Russell H. Green, Lessee, and recorded January 11, 1993 as Document Number 93-7899 Official Records of Contra Costa County, California covering lands more particularly described therein; and,

WHEREAS, said Oil and Gas Lease contains provisions whereby the Lessee therein, subject to the approval of Lessor, is granted the right to combine or pool all, a portion, or portions of the lands subject to said Oil and Gas Lease, and the oil, gas, and royalty rights therein, including the Lessor's interests therein, so as to create by such combining or pooling an operating unit for the production of oil, gas, and other associated hydrocarbon substances, all in accordance with the terms and provisions of said Oil and Gas Lease; and,

WHEREAS, a portion of the lands covered by said Oil and Gas Lease is located within the exterior boundary of the Darby Lynn Pool; and,

WHEREAS, the State of California, acting through the State Lands Commission, as Lessor of said Oil and Gas Lease, has consented to the inclusion into the Darby Lynn Pool of that portion of the land subject to said Oil and Gas Lease which is located within the exterior boundary of the Darby Lynn Pool; and.

WHEREAS, Phillips, Rio Delta, and ABA propose to pool that portion of said Oil and Gas Lease lying within the boundary of the Darby Lynn Pool into the operating unit created by said Declaration of Pooling.

NOW THEREFORE, in accordance with the terms and provisions of said Oil and Gas Lease and in accordance with the terms and provisions of those certain leases identified in said Declaration of Pooling, Phillips, Rio Delta, and ABA do hereby declare that said Oil and Gas Lease, insofar as it covers and includes that portion of said lease lying within the boundary of the "Darby Lynn Pool" as outlined on Exhibit "B" of said Declaration of Pooling, including the Lessors' interests therein, and all the gas and associated substances and royalty rights thereto and therein, are hereby combined and pooled into said Darby Lynn Pool for the productions therefrom of gas and other hydrocarbon substances.

This Supplemental Declaration of Pooling may be executed in any number of counterparts and all such counterparts shall be deemed to constitute a single Supplemental Declaration of Pooling and the execution of one counterpart by any party hereto shall have the same force and effect as if it had signed all the other counterparts.

This Supplemental Declaration of Pooling and all of its terms, covenants, and conditions shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors, executors, administrators, and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Declaration of Pooling to be duly executed as of the day and year first hereinabove written.

Phillips Petroleum Company

By: _____

By: _____

Rio Delta Resources, Inc.

By: _____

By: _____

ABA Energy Corporation

By: _____
Alan B. Adler, President