

**MINUTE ITEM**

This Calendar Item No. C66 was approved as  
Minute Item No. 166 by the California State Lands  
Commission by a vote of 3 to 0 at its  
6-14-99 meeting.

**CALENDAR ITEM  
C66**

A 8  
S 4

06/14/99  
W 40798  
PRC 8095  
A. Nitsche  
M. Voskanian

**CONSIDER APPLICATION FOR A NEGOTIATED SUBSURFACE  
(NO SURFACE USE) OIL AND GAS LEASE  
SAN JOAQUIN RIVER,  
CONTRA COSTA COUNTY**

**APPLICANTS:**

Russell H. Green, Jr., and Rio Delta Resources, Inc.  
Attn.: Russell H. Green, Jr.  
P. O. Box 965  
Healdsburg, CA 95448

**AREA, LAND TYPE, AND LOCATION:**

Negotiated subsurface (no surface use) Oil and Gas Lease is for about 422 acres in San Joaquin River, Contra Costa County, California (see Exhibit A for land description).

**BACKGROUND:**

Russell H. Green, Jr., and Rio Delta Resources, Inc., has submitted a complete application for a negotiated subsurface (no surface use) Oil and Gas Lease on approximately 422 acres in San Joaquin River, Contra Costa County (see Exhibit A for land description). 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) 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:

CALENDAR PAGE	<b>000470</b>
MINUTE PAGE	<b>005963</b>

CALENDAR ITEM NO. C66 (CONT'D)

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.

**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 under the general rule that the CEQA applies only to projects which have the potential for having a significant effect on the environment. The staff believes, based on the information available to it, that there is no possibility that this project may have a significant effect on the environment.
2. Authority: Title 14, California Code of Regulations, section 15061(b) (3). 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 project, as proposed, is consistent with its use classification.
3. 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

CALENDAR PAGE	000471
MINUTE PAGE	005964

CALENDAR ITEM NO. C66 (CONT'D)

from the leased lands that are included in the Commission-approved pooled area or unit.

4. Annual rental of \$20 per acre (\$8,440 for approximately 422 acres).
5. Royalty of 23 1/2 percent on gas and oil.
6. Performance bond or other security in the sum of \$10,000.

**PERMIT STREAMLINING ACT DEADLINE:**

November 20, 1999

**EXHIBITS:**

- A. Land Description
- B. Land Description Plat
- C. Location Map

**RECOMMENDED ACTION:**

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 THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.
3. DETERMINE THAT THE CRITERIA OF PUBLIC RESOURCES CODE SECTION 6815(a) HAVE BEEN MET, THAT A NEGOTIATED SUBSURFACE (NO SURFACE USE) OIL AND GAS LEASE IS THE BEST INSTRUMENT TO DEVELOP AND PROTECT OIL AND GAS RESOURCES THAT MAY UNDERLIE THE STATE LAND

CALENDAR ITEM NO. C66 (CONT'D)

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) 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 422 ACRES), A DRILLING TERM OF THREE YEARS, ANNUAL RENTAL OF \$20 PER ACRE (\$8,440 FOR APPROXIMATELY 422 ACRES), ROYALTY ON GAS SUBSTANCES AND OIL FIXED AT 23 ½ PERCENT AND PERFORMANCE BOND OR OTHER SECURITY IN THE SUM OF \$10,000.
5. AUTHORIZE THE EXECUTION OF THE DOCUMENTS NECESSARY TO EFFECT THE COMMISSION'S ACTION.

CALENDAR PAGE	000473
MINUTE PAGE	005966

Exhibit A  
LAND DESCRIPTION

A parcel of tide and submerged land in the bed of San Joaquin River, Contra Costa County and Sacramento County, California, more particularly described as follows:

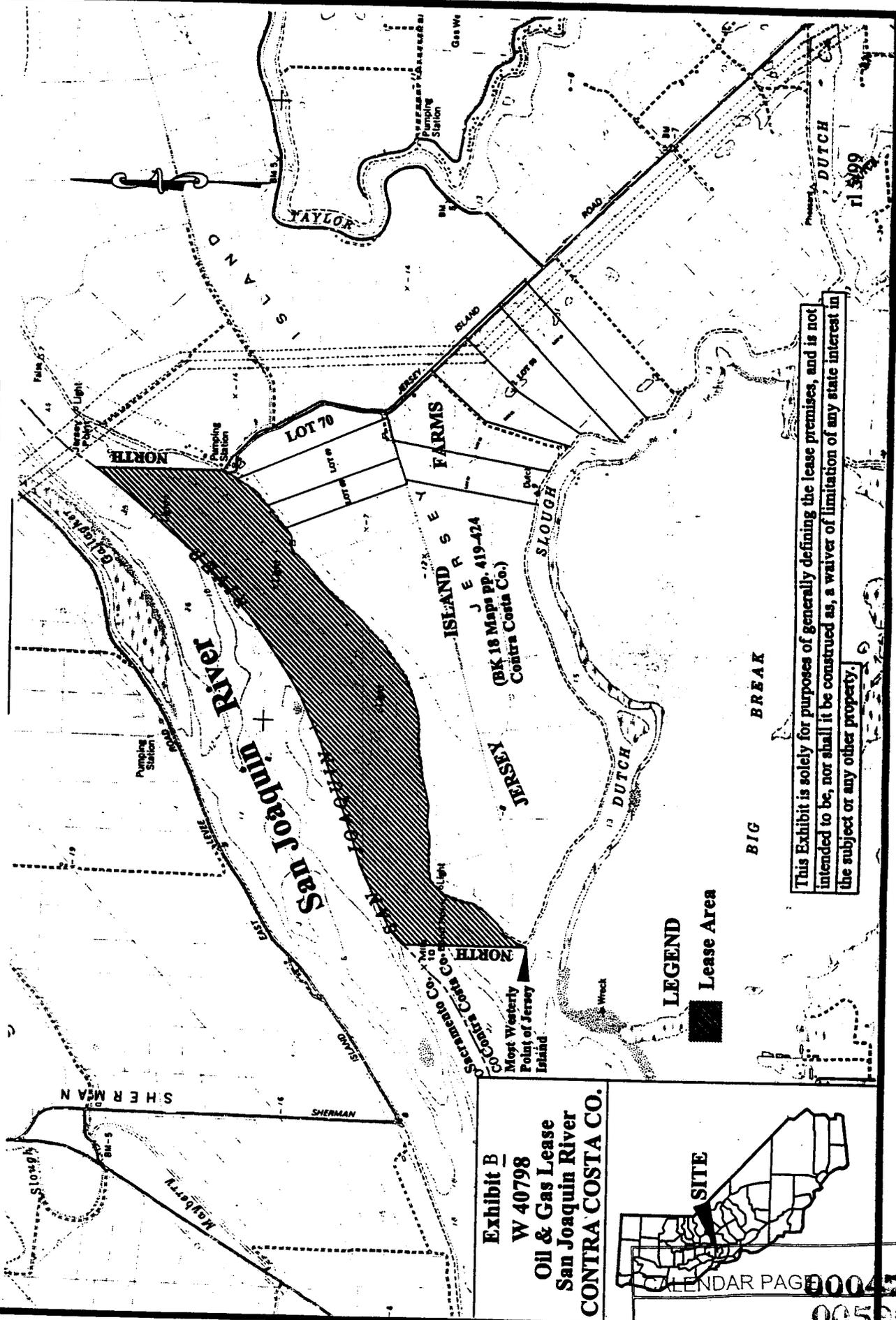
Beginning at the most Westerly point on Jersey Island (at mean high tide); thence due North to the intersection of said Line with the Center Line of the San Joaquin River; as said Center Line is shown on U.S.G.S. topographic map - "Jersey Island Quadrangle", said Center Line also denoting the County Lines of Contra Costa County and Sacramento County; thence Northeasterly with said Line to a point directly North of the northern most corner of Lot 70 as said lot shown on that certain Map of Jersey Island Farms, filed in the office of the Recorder of Contra Costa County, California, in Book 18 of Maps at Page 419 to 424, inclusive, on August 7, 1923; thence South-westerly, Westerly and Southwesterly with the mean high tide line (the Northerly shore) of Jersey Island to the Point of beginning; and containing 422 acres more or less.

CALENDAR PAGE 000474

MINUTE PAGE 005987

# LAND DESCRIPTION PLAT

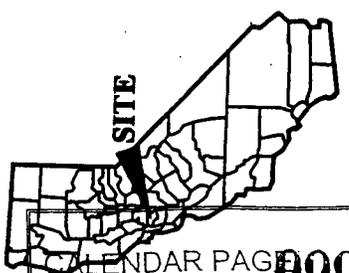
NO SCALE



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 of limitation of any state interest in the subject or any other property.

**LEGEND**  
 Lease Area

**Exhibit B**  
**W 40798**  
**Oil & Gas Lease**  
**San Joaquin River**  
**CONTRA COSTA CO.**



CALENDAR PAGE 000475  
 MINUTE PAGE 005068

LOCATION MAP

NO SCALE

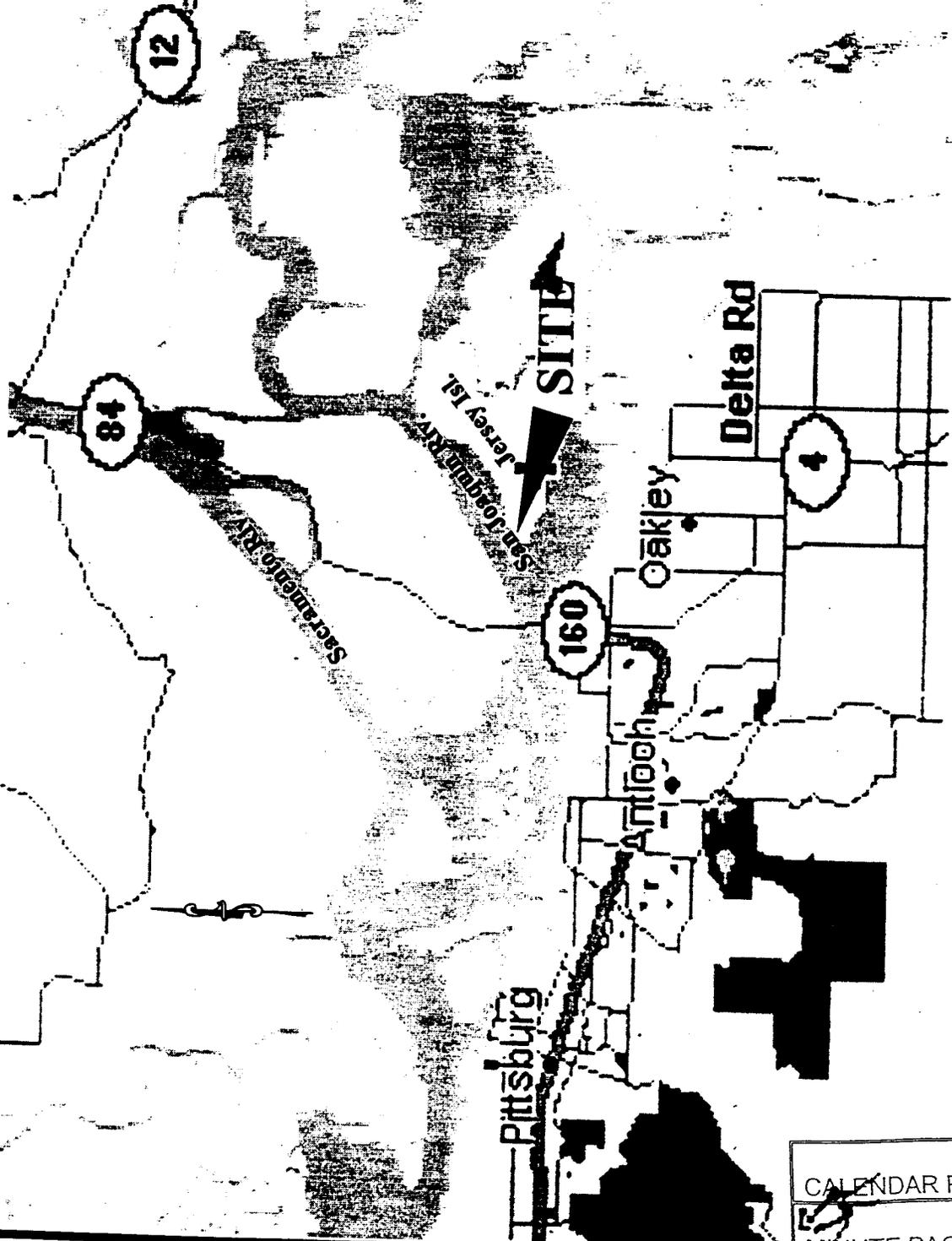
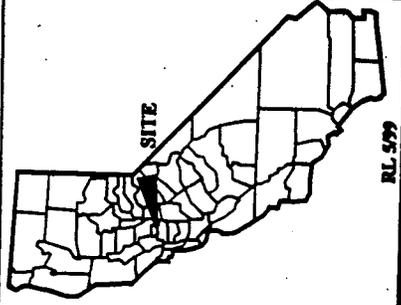


Exhibit C  
 W 40798  
 Oil & Gas Lease  
 San Joaquin River  
 CONTRA COSTA CO.



RL 579

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 of limitation of any state interest in the subject or any other property.

CALENDAR PAGE 000 276  
 MINUTE PAGE 005 069