

MINUTE ITEM

This Calendar Item No. 30
was approved as Minute Item
No. 30 by the State Lands
Commission by a vote of 3
to 0 at its 2/23/78
meeting.

MINUTE ITEM

2/23/78
Priddy

30. APPROVAL OF PROPOSED DRILLING OF NEW WELL; CHEVRON U.S.A., INC.;
E 415; CH 5-1938.

During consideration of Calendar Item 30 attached, Mr. Ralph Prater representing Chevron U.S.A., Inc. appeared. Chairman Kenneth Cory asked Mr. Prater if he was willing to stipulate for the record that Chevron is the sole lessee under this lease. Mr. Prater so stipulated.

Upon motion duly made by Commission-alternate Sid McCausland and seconded by Ms. Smith, the resolution as presented in Calendar Item 30 was passed 3-0 by the following vote:

Chairman CoryAye
Ms. SmithAye
Mr. McCausland ...Aye

Attachment: Calendar Item 30 (3 pages)

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CALENDAR ITEM

30.

2/78
E 415
CH 5-1938
Priddy

APPROVAL OF PROPOSED DRILLING
OF NEW WELL

LEASE: State Gas Lease Easement 415.
LESSEE: Chevron USA, Inc.
P.O. Box 7643
San Francisco, California 94120
COUNTIES: Sacramento and Solano.
AREA: Rio Vista Gas Field.

PERTINENT INFORMATION:

Chevron has requested approval to drill well "Rio Vista State" No. 19. The well will be directionally drilled from an existing drill-site on private land and bottomed under the Sacramento River within State Lease E 415.

The proposed well will be drilled from the existing "Rio Vista State" No. 18 well-site. Based on data from Well No. 18, the proposed well has the potential to produce 5,000 Mcf per day of which approximately 2,000 Mcf per day would be State royalty gas. The reasonable market value of such gas has been established as those prices that are the result of this pending arbitration proceedings between PG&E and Texaco, Aminoil and Superior. In the interim, using a price of \$1.20 per Mcf, income to the State could be as much as \$50,000 per month.

ENVIRONMENTAL CONSIDERATION:

Chevron requested from the Sacramento County Project Planning Commission, a conditional use permit to drill the well. An initial study was performed by the Sacramento County Environmental Impact Section covering the proposed project. As a result thereof it was determined that the project would not have a significant effect on the environment and that the preparation of an EIR pursuant

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to the provisions of CEQA was not required. A Negative Declaration was prepared by the Environmental Coordinator of Sacramento County and filed with the County Clerk of Sacramento County. The Negative Declaration was circulated through the State Clearing-house and filed with the State Lands Commission.

Comments received by the county on the project Negative Declaration are on file in the Office of the State Lands Commission and by reference made a part hereof. The comments did not raise any questions or identify any significant adverse environmental impacts. The environmental documents have been reviewed by the staff, and it is the staff's opinion that the intent of the provisions of CEQA has been satisfied.

OTHER PERTINENT DATA:

1. A Use Permit covering the project has been issued by the Sacramento County Project Planning Commission.
2. Drilling of the well has been approved by the California Division of Oil and Gas.
3. The proposed drilling and completion program has been reviewed by the State Lands Commission's Staff and determined to be in accordance with good engineering practices, procedures, and the rules and regulations of the Commission.

EXHIBIT: A. Location Map. B. Negative Declaration.

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN EIR HAS NOT BEEN PREPARED FOR THIS PROJECT BUT THAT A NEGATIVE DECLARATION HAS BEEN PREPARED BY THE ENVIRONMENTAL COORDINATOR OF SACRAMENTO COUNTY.
2. CERTIFY THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED IN THE NEGATIVE DECLARATION AND THE COMMENTS THAT WERE RECEIVED PURSUANT TO THE CIRCULATION OF THE NEGATIVE DECLARATION.
3. DETERMINE THAT THE PROJECT WILL NOT HAVE A SIGNIFICANT ADVERSE EFFECT ON THE ENVIRONMENT.

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4. AUTHORIZE THE APPROVAL OF DRILLING WELL "RIO VISTA STATE" NO. 19 IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF STATE GAS LEASE EASEMENT 415, AND THE PROCEDURES, RULES AND REGULATIONS OF THE COMMISSION.