STATE OF CALIFORNIA

Minutes of the meeting of 10/28/82 of the State Lands Commission Sacramento, California

APPEARANCES

Commissioners Present

Kenneth Cory, State Controller, Chairman David Ackerman, Commission-Alternate for Mike Curb, Susanne Morgan, Commission-Alternate for Mary Ann Graves, Director of Finance

Staff Members in Attendance

Claire T. Dedrick, Executive Officer James F. Trout, Assistant Executive Officer

R. C. Hight, Chief Counsel Lance Kiley, Chief, Division of Land Management W. M. Thompson, Chief, Extractive Development

D. J. Everitts, Assistant Chief, Extractive Development

D. E. Sanders, Chief, Flanning and Environmental

A. D. Willard, Supervisor Mineral Resources Engineer Walter Cook, Ássistant Chief Counsel Michael Valentine, Staff Counsel

Representing the Office of the Attorney General

N. Gregory Taylor, Assistant Attorney General Jan Stevens, Assistant Attorney General

Regarding Minute Item 23:

Mr. Clay Smith, representing Santa Fe Land Company

Régarding Minute Item 49:

Mr. Matthew V. Brady, representing Alaska Geothermal,

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Regarding Minute Item 52:

Ms. Agnes Mulhearn, representing the Catalina Conservancy, and the Santa Catalina Island Company

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MINUTES OF THE STATE LANDS COMMISSION MEETING OF

10/28/82

The regular meeting of the State Lands Commission was called to order by Chairman Kenneth Cory at 10:10 a.m. in Room 447 of the State Capitol, Sacramento, California.

Also present were Commission-Alternate David Ackerman, representing Mike Curb, Lieutenant Governor, Member, and Commission-Alternate Susanne Morgan, representing Mary Ann Gra 3s, Director of Finance, Member.

The minutes of the meeting of 9/23/82 and 10/8/82 were approved as presented.

EXECUTIVE OFFICER S REPORT:

Attached as Exhibit "A".

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EXHIBIT A

EXECUTIVE OFFICER'S REPORT 10 28 /82

BY

CLAIRE T. DEDRICK

INDEMNITY SELECTION

W 40351

ALENDAR 2105

STAFF IS PROCEEDING WITH IDENTIFICATION OF DESIRABLE FEDERAL LANDS TO BE SELECTED IN LIEU OF LOST SCHOOL LANDS. WHILE THE VALUE OF THE ELK HILLS BASE PARCELS IS STILL TO BE DETERMINED, WE HAVE REACHED AGREEMENT WITH BLM APPRAISERS THAT THE VALUE OF THE 31,685.06 ACRES OF MINERAL BASE (OUTSIDE OF ELK HILLS) IS \$25,685,013.00 AND THE 30,353.41 ACRES OF NON-MINERAL BASE IS \$4,910,584.00. EXISTING APPLICATIONS ARE BEING MODIFIED TO BENEFIT FROM THE ADVANTAGES OF POOLING THE ACREAGE AND VALUES INVOLVED.

ADDITIONAL FEDERAL LANDS IN THE GEYSERS STEAM FIELD, UNDER LEASE TO UNION OIL COMPANY, HAVE BEEN IDENTIFIED AS HAVING REVENUE POTENTIAL. THE UNIT CONSISTS OF APPROXIMATELY 2400 ACRES IN T12N R8W AND T12N R9W MDM IN LAKE COUNTY. THE UNIT IS NOT NOW IN PRODUCTION BUT A WELL IS CURRENTLY BEING DRILLED. ONCE A WELL IS BROUGHT IN AS A PRODUCER, THE AREA MAY NOT BE AVAILABLE FOR SELECTION BUT IF A SELECTICN IS FILED EXECUTIVE OFFICER'S REPORT PAGE 2

PRIOR TO PRODUCIBLE STATUS, IT CAN BE ACQUIRED. THEREFORE A STATE INDEMNITY SELECTION APPLICATION HAS BEEN FILED COVERING THIS UNIT PRIOR TO ITS POSSIBLE CLASSIFICATION AS PRODUCING OR PRODUCIBLE.

LETTER OF PERMISSION - STATE RECLAMATION BOARD

W23095 PRC 6345

A LETTER OF PERMISSION WAS GRANTED TO THE STATE RECLAMATION BOARD, IN ADVANCE OF A FORMAL PERMIT, TO PLACE REVETMENT FOR BANK PROTECTION ON THE KIGHT BANK OF THE SACRAMENTO RIVER, TEHAMA COUNTY. THE WORK IS NEEDED TO PREVENT FURTHER EROSION OF THE BANK AND FORMATION OF A NEW CHANNEL AT THAT LOCATION WHICH WOULD RESULT IN INUNDATION OF AREA ORCHARDS.

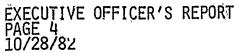
THE BOARD HAD AGREED TO APPLY FOR A PERMIT. THE BOARD HAS CLEARANCES FROM OTHER JURISDICTIONS AND A NOTICE OF EXEMPTION WAS FILED BY THE DEPARTMENT OF WATER RESOURCES ON AUGUST 24, 1982 IN ACCORDANCE WITH CEQA (14 C/ ADM. CODE, DÍV. 6, SEC. 15071 [c]: SPECIFIC ACTIONS NECESSARY TO PREVENT EXECUTIVE OFFICER'S REPORT PAGE 3 10/28/82

BIMONTHLY REVIEW OF DRILLING DEFERMENT-EXXON PRC 186

ON AFRIL 27, 1982 THE STATE LANDS COMMISSION GRANTED A ONE YEAR (MARCH 28, 1982 TO MARCH 27, 1982) DEFERMENT OF DRILLING OBLIGATION TO ALLOW EXXON TIME TO DO ADDITIONAL STIMULATION WORK ON DEEP WELL "PRC 186" NO. 130, WITH THE STIPULATION THAT THEY REPORT PROGRESS TO COMMISSION STAFF BIMONTHLY. THIS IS THE THIRD BIMONTHLY REPORT.

DURING THIS REPORT PERIOD THE PLANNED WORK ON WELL NO. 130 HAD TO BE DELAYED BECAUSE OF REPAIR WORK ON THE PIPELINES FROM "BELMONT" ISLAND TO SHORE, WHICH NECESSITATED A COMPLETE SHUT-DOWN OF ALL WELLS. WORK OF RETURNING KEY PRODUCING WELLS TO SERVICE SO AS TO MAXIMIZE OIL PRODUCTION FROM THE LEASE, FURTHER DELAYED THE SCHEDULED PRESSURE BUILD-UP TEST ON WELL NO. 130, WHICH SHOULD NOW BE COMPLETED DUDRING OCTOBER. PRODUCTION FROM THE SUBJECT WELL CONTINUES TO BE 20 B.O.P.D., OR LESS, FAR FROM ADEQUATE TO JUSTIFY FURTHER SUCH DEEP "237" ZONE WELL DRILLING.

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EXXON IS CONTINUING TO PERFORM WORKOVER JOBS ON "SHALLOW" ZONE WELLS TO MAXIMIZE ITS LEASE PRODUCTION. ALSO THE REVIEW OF "SHALLOW" ZONE WELL DENSITY TO COMPLY WITH LEASE REQUIREMENTS IS CONTINUING.

WE BELIEVE THAT EXXON IS COMPLYING WITH THE SPIRIT OF THE DRILLING DEFERMENT AND WE RECOMMEND A CONTINUATION OF THAT DEFERMENT UNTIL THE NEXT BIMONTHLY PROGRESS REVIEW.

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RECORD OF ACTION TAKEN BY THE

STATE LANDS COMMISSION

AT ITS MEETING OF 10/28/82

During the meeting, the recommendations of the staff relative to Calendar Items 61, C2, C3, C4, C5, C6, C7, C8, C9, C10, C11, C12, C13, C14, C15, C17, C18, C19, C20, C21, 24, 27, 28, 29, 31, 32, 33, 34, 35, 37, 38, 39, 41, 42, 43, 45, 46, 48, 50 and were adopted as resolutions of the Commission by unanimous vote.

Commission action on Calendar Items C16, 23, 30, 36, 47, 49, 51 and 52 are set forth on pages <u>2601 A, 2649 A, 2692 A, 2743 A</u>, 2799 A, 2807 A, 2818 A, 2823 A. Galendar Items 22, 25, 26 and 44 were withdrawn from the agenda prior to the meeting.

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Calendar Item 40 was submitted for information only.