

MINUTE ITEM

This Calendar Item No. 35
was approved as Minute Item
No. 35 by the State Lands
Commission by a vote of 2
to 0 at its _____
meeting.

CALENDAR ITEM

35 4

6/23/83
E 415
Livenick

OIL AND GAS UNITIZATION AGREEMENT

LESSEE: Chevron U.S.A. Inc.
P.O. Box 8000
Concord, California 94520
Attn: Ralph E. Mayo, Land Department

AREA, TYPE LAND AND LOCATION:
Twenty four acres of tide and submerged
lands under Three Mile Slough, Rio Vista
area, Sacramento County, California.

AB 884: N/A.

OTHER PERTINENT INFORMATION:
State Oil and Gas Lease Easement 415 (E
415) was issued in 1943 to Standard Oil
of California (now Chevron U.S.A., Inc.).
Under E 415, Chevron pays to the State
30 percent of the gross gas produced or
51 percent of the cumulative net profits,
whichever is greater. The Rio Vista Unit
currently encompasses the major portion
of the Rio Vista field to a depth of 5,450
feet.

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CALENDAR ITEM NO. 35 (CONT'D)

Uplands lying on the north side of Three Mile Slough belong to the Reclamation Board, and an Oil and Gas Lease was issued by the Reclamation Board to Superior Oil and Gas in 1935. Eight wells have been drilled on this lease, two of which drain E 415 below (5,450 feet) the Rio Vista Unit. A royalty of 12.5 percent is paid by Superior to the Reclamation Board.

Chevron proposes to enter into a 160-acre unit with Amerada-Hess in order to drill from an upland location under lease to Amerada-Hess into the lands leased by Chevron under E 415. The proposed well will offset drainage of gas by the Superior wells from E 415.

Section 2 of E 415 provides that the lessee with the consent of the State, may join with others owning or operating lands not belonging to the State in adopting a unit plan of development of the pool or field.

Staff has conducted an analysis of the proposed unit and finds that the geologic data indicate unitization will be in the public interest in conserving natural resources and protecting the State from drainage if the well is successful. For the purpose of royalty or net profits calculation, production from any well drilled within such pooled area shall be allocated to the respective leases in the proportion that any individual lease's acreage within the unit bears to the total acreage in the unit. The State lands proposed to be included in the unit will be 15 percent of the unitized acreage.

CEQA is inapplicable because the proposed unitization is not a project under P.R.C. Section 21065 and Title 14, Cal. Adm. Code, Section 15037.

EXHIBIT:

A. Location Map.

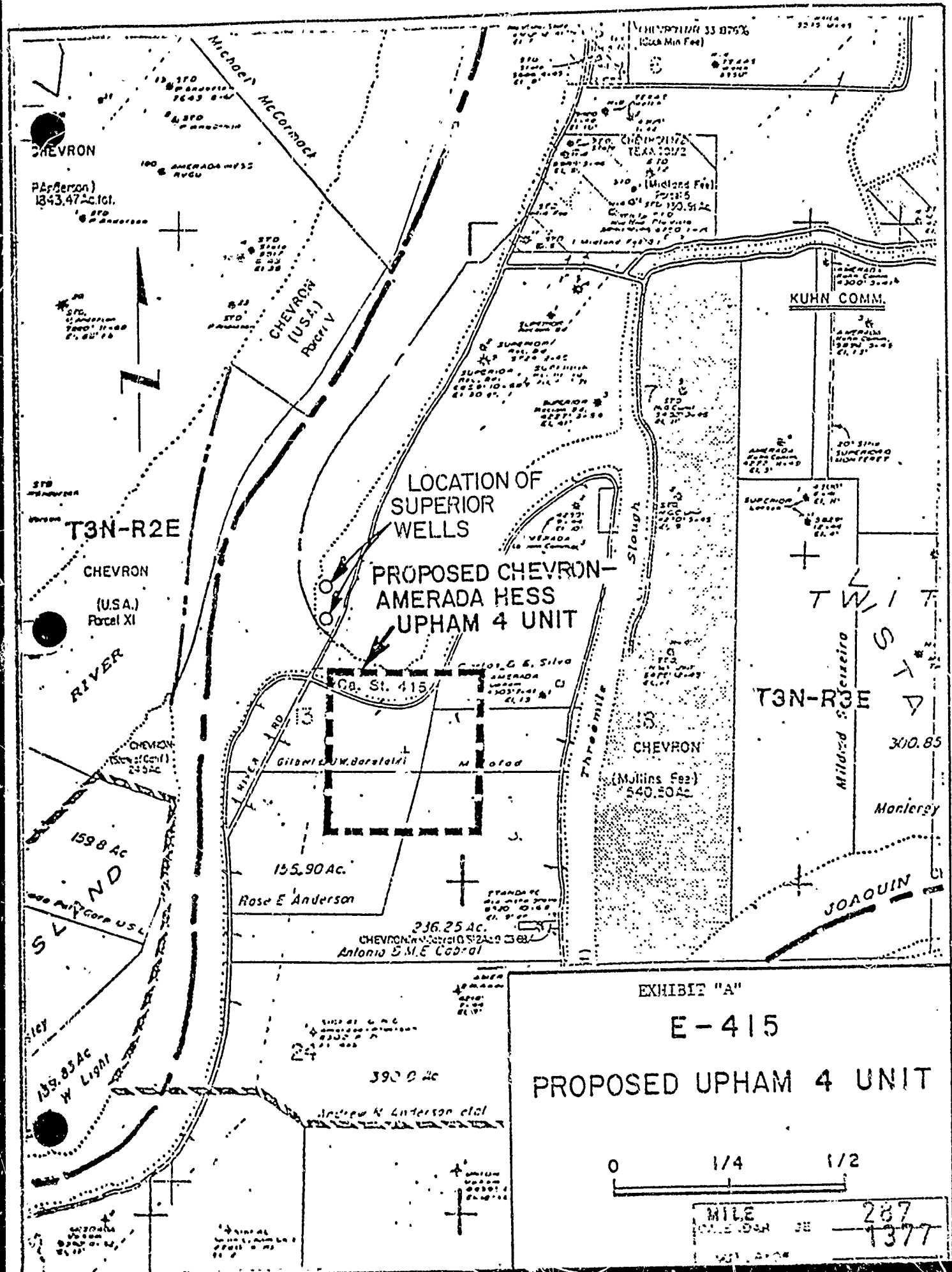
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CALENDAR ITEM NO. 35 (CONTD)

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT AN EIR HAS NOT BEEN PREPARED FOR THIS ACTIVITY BECAUSE CEQA IS INAPPLICABLE UNDER P.R.C. SECTION 21065 AND TITLE 14, CAL. ADM. CODE 16037.
2. APPROVE THE 160 ACRE UNIT PROPOSED BY CHEVRON WHICH WILL INCLUDE 24 ACRES OF STATE LANDS LOCATED WITHIN THE BOUNDARIES OF STATE OIL AND GAS LEASE EASEMENT 415, ALL OTHER TERMS AND CONDITIONS OF THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.
3. THIS APPROVAL IS CONDITIONED UPON REVIEW AND APPROVAL OF THE UNIT AGREEMENT BY STAFF COUNSEL.
4. IN DETERMINING THE ALLOCATION OF COSTS TO THE STATE'S NET PROFITS ACCOUNT FOR THIS UNIT, COSTS SHALL BE ALLOCATED BASED ON THE STATE'S ACREAGE PARTICIPATION OF 15 PERCENT.

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LOCATION OF
SUPERIOR
WELLS

PROPOSED CHEVRON-
AMERADA HESS
UPHAM 4 UNIT

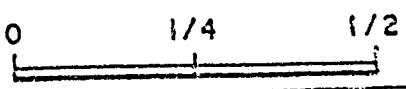
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EXHIBIT "A"

E-415

PROPOSED UPHAM 4 UNIT



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