

MINUTE ITEM

Minute Item No. 39
of 2
8/21/84

CALENDAR ITEM

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08/21/84
PRC 6189.1
Gonzalez

DEFERMENT OF DRILLING OPERATIONS
STATE OIL AND GAS LEASE
PRC 6189

LESSEE: Chevron U.S.A., Inc.
2120 Diamond Boulevard
Concord, California 94524
Attention: Mr. Arthur R. Boehm Jr.

AREA, TYPE LAND AND LOCATION: State Oil and Gas Lease PRC 6189.1 was issued to Chevron on July 22, 1982 and contains approximately 955 acres of State-owned proprietary lands on Joice Island, Solano County.

BACKGROUND: State Oil and Gas Lease PRC 6189.1 contains the conditions of a two-year initial drilling term and a 120 day drilling obligation. In addition, the Negative Declaration, N.D. 289, prepared for issuance of the lease, requires that no activities take place on the leased land except during a dry season "window" from May 1 to August 31st of each year.

During the dry season window of 1983, Chevron drilled the first well into the leased land. The well gave favorable indications of producing gas. Chevron is preparing to perform geophysical testing of the area during this year's window. It may be necessary to conduct geophysical testing, also, during the dry season window of 1985. This testing is necessary for planning for further exploratory or development drilling of the lease. Because of the 120-day drilling obligation, the limited

CALENDAR ITEM NO. 39 (CONT'D)

drilling window, and the required geophysical testing a deferment to conduct geophysical operations and begin further drilling is necessary. Staff is recommending a deferment of the 120-day drilling obligation until August 31, 1985.

AB 884:

N/A.

OTHER PERTINENT INFORMATION:

Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the California Environmental Quality Act (CEQA) because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

EXHIBITS:

- A. Location Map.
- B. Lease area.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.
2. APPROVE A DEFERMENT OF THE DRILLING REQUIREMENTS ON STATE OIL AND GAS LEASE PRC 6189.1 UNTIL AUGUST 31, 1985; ALL OTHER TERMS AND CONDITIONS FOR THE LEASE TO REMAIN IN FULL FORCE AND EFFECT.

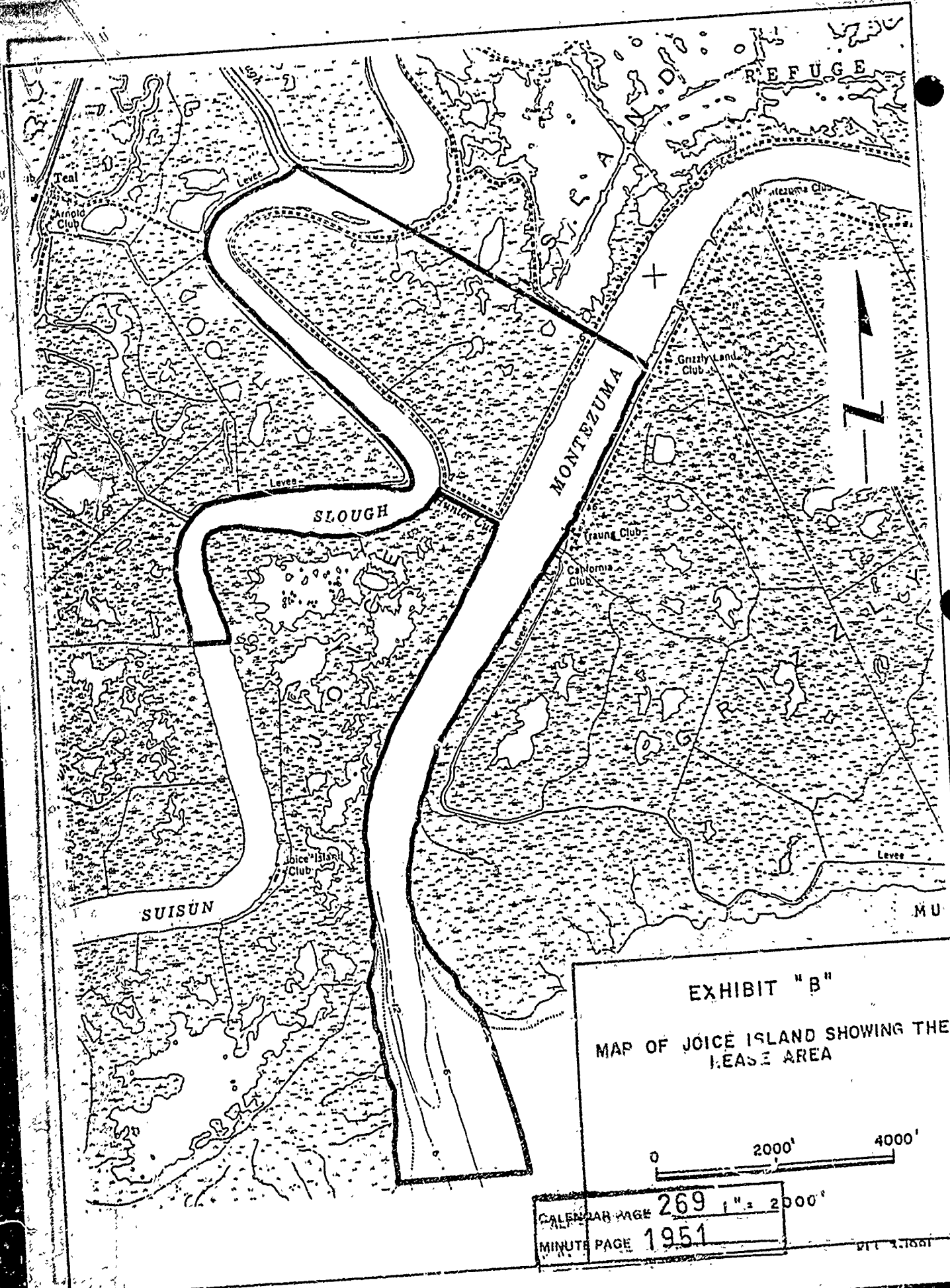
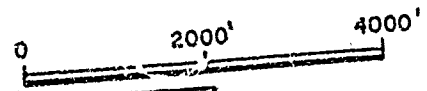


EXHIBIT "B"
 MAP OF JOICE ISLAND SHOWING THE
 LEASE AREA



CALENDAR PAGE 269
 MINUTE PAGE 1951

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