

MINUTE ITEM

This Calendar Item No. 36
was approved as Minute Item
No. 36 by the State Lands
Commission by a vote of 2
to 0 at its 8/29/85
meeting.

CALENDAR ITEM

A 1

36

08/29/85

S 1

W 40443

Hamilton

DENIAL OF APPLICATION
FOR PROPOSED NEGOTIATED SUBSURFACE OIL AND GAS LEASE,
LASSEN COUNTY

APPLICANT: Honey Lake Exploration
1835 Oddie Boulevard
Sparks, Nevada 89431

AGENT: Frank Josselson
838 S. W. First Avenue, Suite 430
Portland, Oregon 97204

PERTINENT INFORMATION:

Frank Josselson, on behalf of Honey Lake Exploration, has applied for a negotiated subsurface oil and gas lease of State lands that were acquired by the State for the Department of Fish and Game. The surface use of these lands is administered by the Department of Fish and Game, and the leasing of underlying oil and gas or other mineral deposits is under the jurisdiction of the State Lands Commission pursuant to Sections 6851 and 6854 of the P.R.C.

The State-owned land is known as the Honey Lake Wildlife Area (Dakin Unit), and contains approximately 1,720 acres of contiguous lands lying north and adjacent to the shoreline of Honey Lake and about 15 miles southeast of the town of Susanville in Lassen County. The area surrounding the State land is considered "wildcat" territory, as wells drilled in the locality have yet to discover natural gas or oil in commercial qualities. However, there have been some gas shows.

CALENDAR ITEM NO. 36 (CONT'D)

OTHER PERTINENT INFORMATION:

At the beginning of this project, staff was notified by the Department of Fish and Game that no drillsites were available on the Dakin Unit. Staff therefore informed the applicant that the lands were unsuitable for surface leasing; however, a negotiated subsurface oil and gas lease, with drilling locations on private lands adjacent to the Dakin Unit, would be considered for the development of the State-owned lands. Staff then circulated an Initial Study and a Proposed Negative Declaration for the proposed subsurface lease. Four weeks after the close of the Initial Study review period, the Department of Fish and Game submitted their comments to the proposed leasing, stating that an Environmental Impact Report was warranted for this project and specified seven drilling conditions for operations that would be conducted on the adjacent private lands. The Department later modified their position and indicated support of the Negative Declaration provided the Commission incorporate five conditions into the proposed negotiated subsurface oil and gas lease. These proposed mitigation measures are:

1. No seismic testing on the Dakin Unit of the wildlife area.
2. Require a drill pad set back of one-quarter mile from the State land boundary.
3. Require all drill sites to be out of drainage channels.
4. Require all drilling to be done between August 1 and March 1 of each year.
5. Require the immediate reestablishment of suitable native vegetation on all reclaimed drill sites.

CALENDAR ITEM NO. 36 (CONT'D)

The applicant has not yet responded to the above conditions and the maximum time permitted under AB 884, including the 90-day extension, for completing negotiations will expire on September 14, 1985. Therefore, it is recommended that the application of Honey Lake Exploration for a negotiated subsurface oil and gas lease be denied without prejudice.

This matter is outside the purview of CEQA. CEQA does not apply to projects which a public agency rejects or disapproves.

Authority: P.R.C. 21080(b)(5) and 14 Cal. Adm. Code 15270.

AB 884: 09/14/85.

EXHIBITS: A. Land Description.
B. Site Map.
C. Project Location Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT CEQA DOES NOT APPLY TO PROJECTS WHICH A PUBLIC AGENCY REJECTS OR DISAPPROVES. P.R.C. 21080(b)(5) AND 14 CAL. ADM. CODE 15270.
2. DENY WITHOUT PREJUDICE THE APPLICATION OF HONEY LAKE EXPLORATION FOR A PROPOSED NEGOTIATED SUBSURFACE OIL AND GAS LEASE OF APPROXIMATELY 1,720 ACRES OF STATE-OWNED LANDS WHICH UNDERLIE THE HONEY LAKE WILDLIFE AREA (DAKIN UNIT) IN LASSEN COUNTY.
3. AUTHORIZE STAFF OF THE COMMISSION TO ADVISE HONEY LAKE EXPLORATION OF THE COMMISSION'S ACTION TO DENY THE APPLICATION AND OF THE APPLICANT'S RIGHT TO REAPPLY.

EXHIBIT "A"

LAND DESCRIPTION

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Those parcels of California State lands in Lassen County, California, described as follows:

SW $\frac{1}{2}$ of NE $\frac{1}{2}$, W $\frac{1}{2}$ of SE $\frac{1}{2}$, SE $\frac{1}{2}$ of SE $\frac{1}{2}$, of Section 2, T28N, R14E, MDM.
NE $\frac{1}{2}$, N $\frac{1}{2}$ of SE $\frac{1}{2}$, SW $\frac{1}{2}$ of SE $\frac{1}{2}$, of Section 4, T28N, R14E, MDM.
NE $\frac{1}{2}$ of Section 9, T28N, R14E, MDM.
Section 10, T28N, R14E, MDM.
N $\frac{1}{2}$, SW $\frac{1}{2}$, of Section 11, T28N, R14E, MDM.

END OF DESCRIPTION

PREPARED MARCH 22, 1985, BY BOUNDARY SERVICES UNIT, M. L. SHAFER, SUPERVISOR.

The State lands described above contain 1720 acres more or less.

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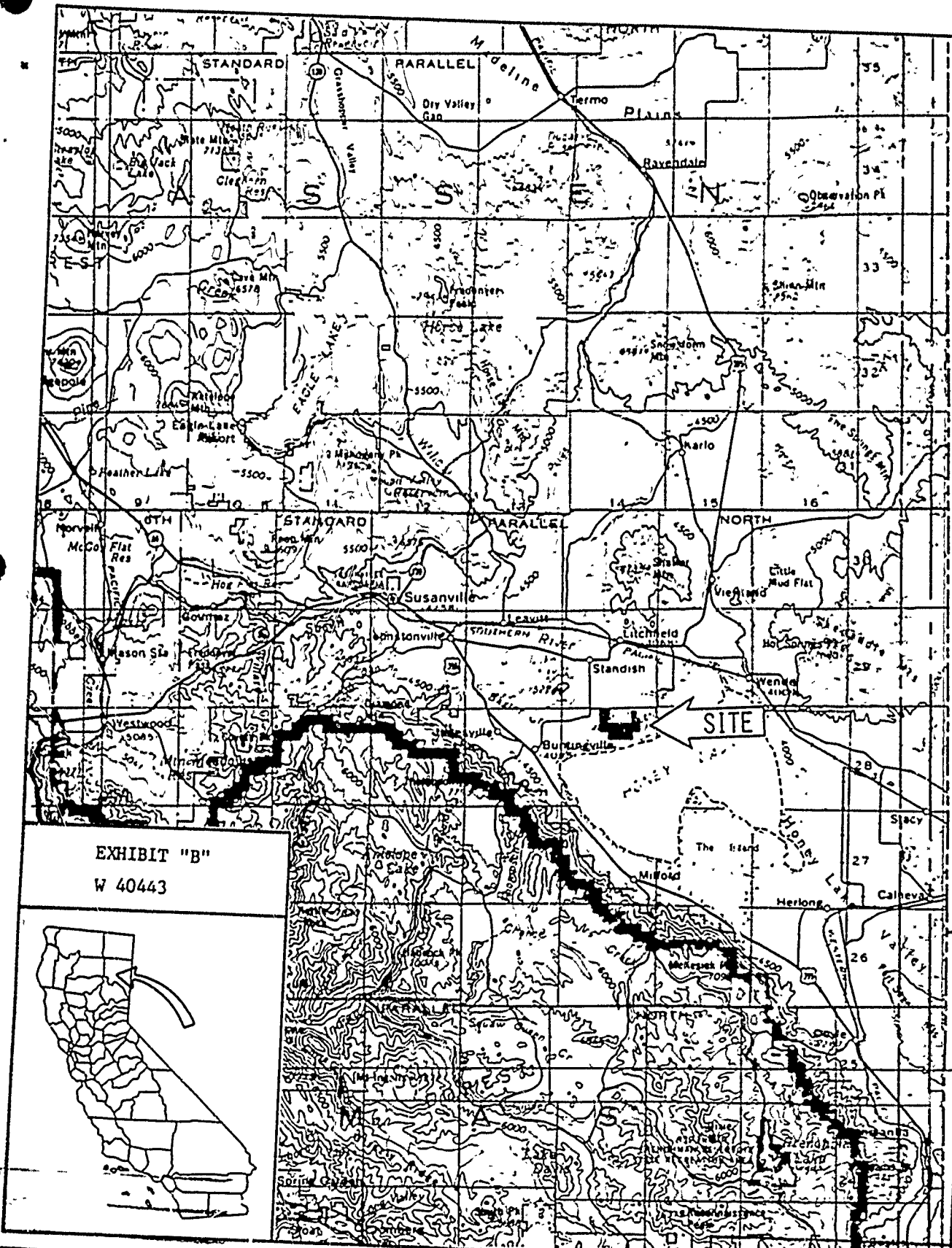


EXHIBIT "B"
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EXHIBIT "C"

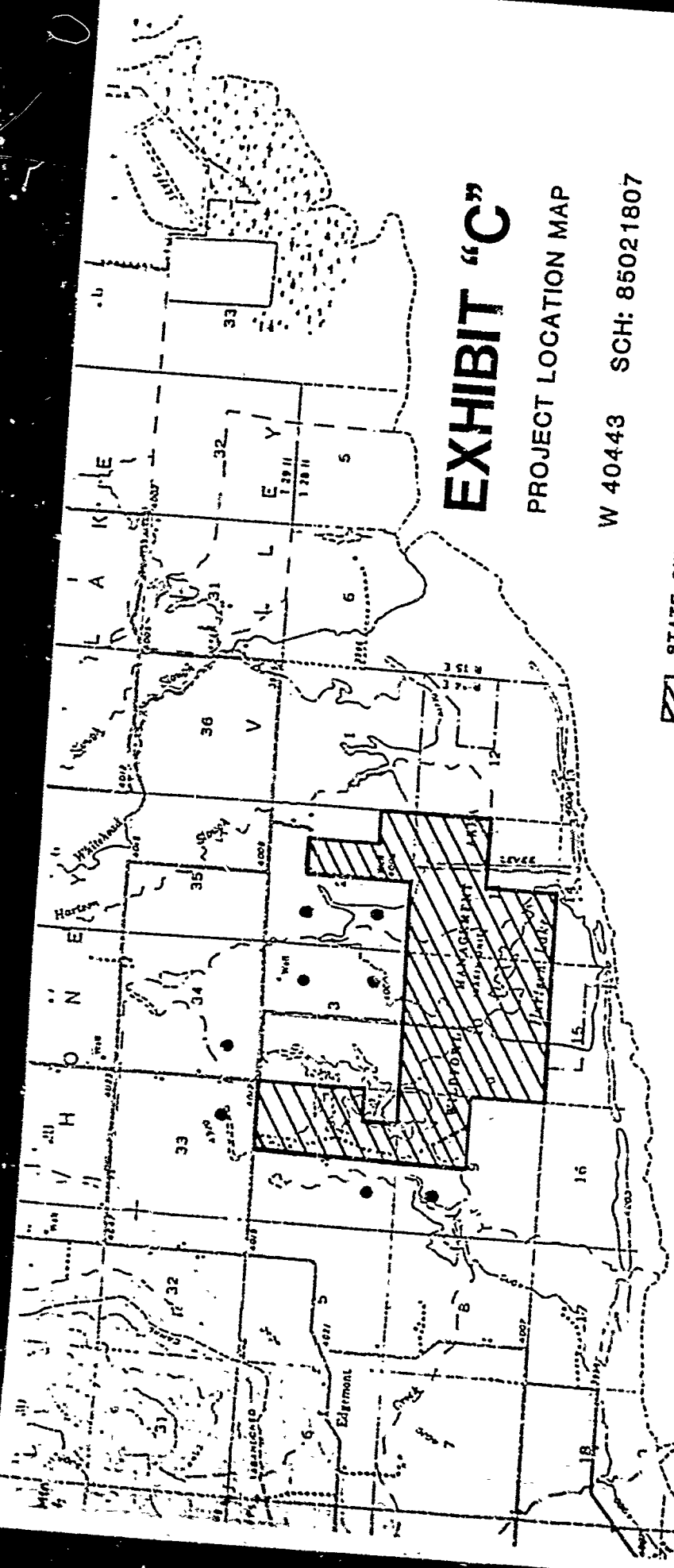
PROJECT LOCATION MAP

W 40443 SCH: 85021807

 STATE-OWNED LANDS
PROPOSED LEASE AREA

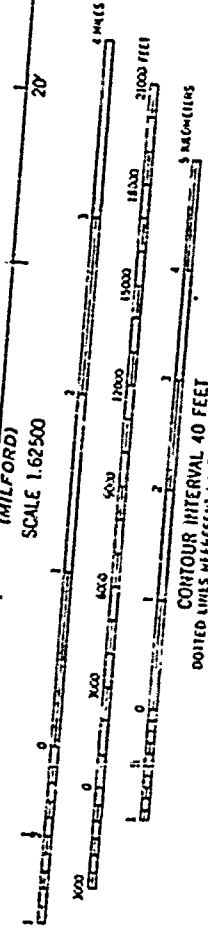
 PROPOSED DRILLSITE LOCATIONS

H O N E Y L A K E

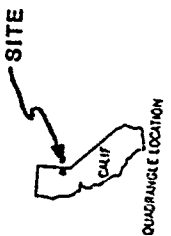


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(MILFORD)
SCALE 1:62500



CONTOUR INTERVAL 40 FEET
DOTTED LINES REPRESENT HALF INTERVAL CONTOURS
DATUM IS MEAN SEA LEVEL



MINERAL-GEOLOGICAL SURVEY, WASHINGTON, D. C. 20515
M. R. 0111

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