

**MINUTE ITEM**

This Calendar Item No. C32  
was approved as Minute Item  
No. 32 by the State Lands  
Commission by a vote of 3  
to 0 at its 9-9-93  
meeting.

**CALENDAR ITEM**

**C32**

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09/09/93  
W 40697 PRC 7715  
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**APPROVE A NEGOTIATED SUBSURFACE (NO SURFACE USE)  
STATE OIL AND GAS LEASE  
SAN JOAQUIN COUNTY**

**PROPOSED LESSEE:**

Amerada Hess Corporation  
P. O. Box 128  
Rio Vista, California 94571

**AREA, TYPE AND LOCATION OF STATE LAND:**

Amerada Hess Corporation has submitted a complete application for a negotiated subsurface (no surface use) State oil and gas lease on about 58 acres in the bed of Whiskey Slough, San Joaquin County, California (see Exhibit "A" for land description).

**LAND USE:**

Because the State land is a waterway, surface locations for oil and gas operations (drill sites) are not available. However, oil and gas resources that may underlie the State land can be developed and protected pursuant to the Commission's negotiated subsurface (no surface use) State oil and gas lease which would permit Commission-approved slant drilling from a county-approved drill site and would permit inclusion of the leased lands in a Commission-approved pooled area or unit.

**AUTHORITY:**

P.R.C. 6815(a) authorizes the Commission to negotiate and enter into oil and gas leases on State lands if any of the following exists: wells drilled on private or public lands are draining or may drain oil and gas from the State lands, the Commission determines the State lands to be unsuitable for competitive bidding because of such factors as their small size or irregular configuration or their inaccessibility from surface drill sites reasonably available or obtainable, the State owns a fractional mineral interest in the lands, or the Commission determines the lease to be in the best interests of the State.

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Because the Applicant controls by lease or agreement all of the private property adjacent to the State land described in Exhibit "A" and because the Applicant has county (Lead Agency) approval to drill a well near the State land, staff has concluded that the criteria of P.R.C. 6815(a) have been satisfied. A negotiated subsurface (no surface use) State oil and gas lease with the Applicant will protect oil and gas resources that may underlie the State land which is unsuitable for competitive bidding because surface drill sites are not available and wells drilled on the adjacent private property may drain State oil and gas resources.

**NON-NEGOTIABLE LEASE PROVISIONS:**

1. Primary term will be twenty years and for so long thereafter as oil and gas is produced in paying quantities from the leased lands, or so long as the lessee is diligently conducting producing, drilling, deepening, repairing, redrilling or other necessary lease or well maintenance operations in the leased lands.
2. No right to use any portion of the leased lands to a depth of 500 feet for drilling locations, producing facilities or related oil and gas operations.
3. All development of the leased lands shall be accomplished from surface locations on adjacent lands.
4. All drilling into the leased lands shall be by slant drilling from surface locations on adjacent lands and shall be on a course and to an objective approved in writing by the Commission's staff prior to the commencement of drilling.
5. Compliance with all applicable laws, rules and regulations of Federal, State and local governments and receipt of all necessary permits or approvals prior to slant drilling into the leased lands.

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**NEGOTIATED LEASE PROVISIONS:**

1. Drilling term of three years. However, if all or part of the leased lands are included in a Commission-approved pooled area or unit, then drilling operations on and production from lands pooled or unitized with the leased lands shall be deemed to be drilling operations on and production from the leased lands that are included in the Commission-approved pooled area or unit.
2. Annual rental of \$30 per acre (\$1,740 for approximately 58 acres).
3. Royalty of 20 percent on gas and oil.
4. Performance bond or other security in the sum of \$5,000.

**PREREQUISITE CONDITIONS, FEES AND EXPENSES:**

Filing fee, processing costs, first year's rental and duly executed State Oil and Gas Lease (Negotiated-Subsurface-Royalty) have been received and are on file in the Commission's Long Beach office.

**AB 884:**

03/04/94.

**OTHER PERTINENT INFORMATION:**

1. CEQA Guidelines Section 15378(a)(3) identifies an activity involving the issuance to a person of a lease as a "project". However, if the site of the project or area in which the major environmental effects will occur is located on private property within the county, that county will have jurisdiction by law and will be the Lead Agency over the project pursuant to CEQA Guidelines Section 15366.
2. As Lead Agency, the San Joaquin County Community Development Department approves locations for the drilling of gas wells on private property in the County. Development plans are processed by San Joaquin County as ministerial projects. The San Joaquin County Community Development Department approved the Amerada Hess Corporation application and issued Improvement Plan No. IP-93-21 on April 21, 1993 to drill for oil and gas.

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3. This action involves lands identified as possessing significant environmental values pursuant to P.R.C. 6370 et seq. Based on the Commission staff's consultation with the persons nominating such lands and through the CEQA review process, it is the Commission staff's opinion that such values are not within the project site and will not be affected by the proposed project.
4. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the Commission staff has determined that this activity is exempt from the requirements of CEQA under the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. The staff believes there is no possibility that this project may have a significant effect on the environment.

Authority: 14 Cal. Code Regs. 15061(b)(3).

**EXHIBITS:**

- A. Land Description and Site Map
- B. Copy of Drilling Permit No. IP-93-21

**IT IS RECOMMENDED THAT THE COMMISSION:**

1. DETERMINE THAT THE CRITERIA OF P.R.C. 6815(a) HAVE BEEN MET, THAT A NEGOTIATED SUBSURFACE (NO SURFACE USE) STATE OIL AND GAS LEASE IS THE BEST INSTRUMENT TO DEVELOP AND PROTECT OIL AND GAS RESOURCES THAT MAY UNDERLIE THE STATE LAND DESCRIBED IN EXHIBIT "A" AND THAT THE STATE LAND IS UNSUITABLE FOR COMPETITIVE BIDDING BECAUSE SURFACE DRILL SITES ARE NOT AVAILABLE AND WELLS DRILLED ON THE ADJACENT PRIVATE PROPERTY MAY DRAIN STATE OIL AND GAS RESOURCES.
2. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THERE IS NO POSSIBILITY THAT THE ACTIVITY MAY HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT (14 CAL. CODE REGS. 15061(b)(3)).

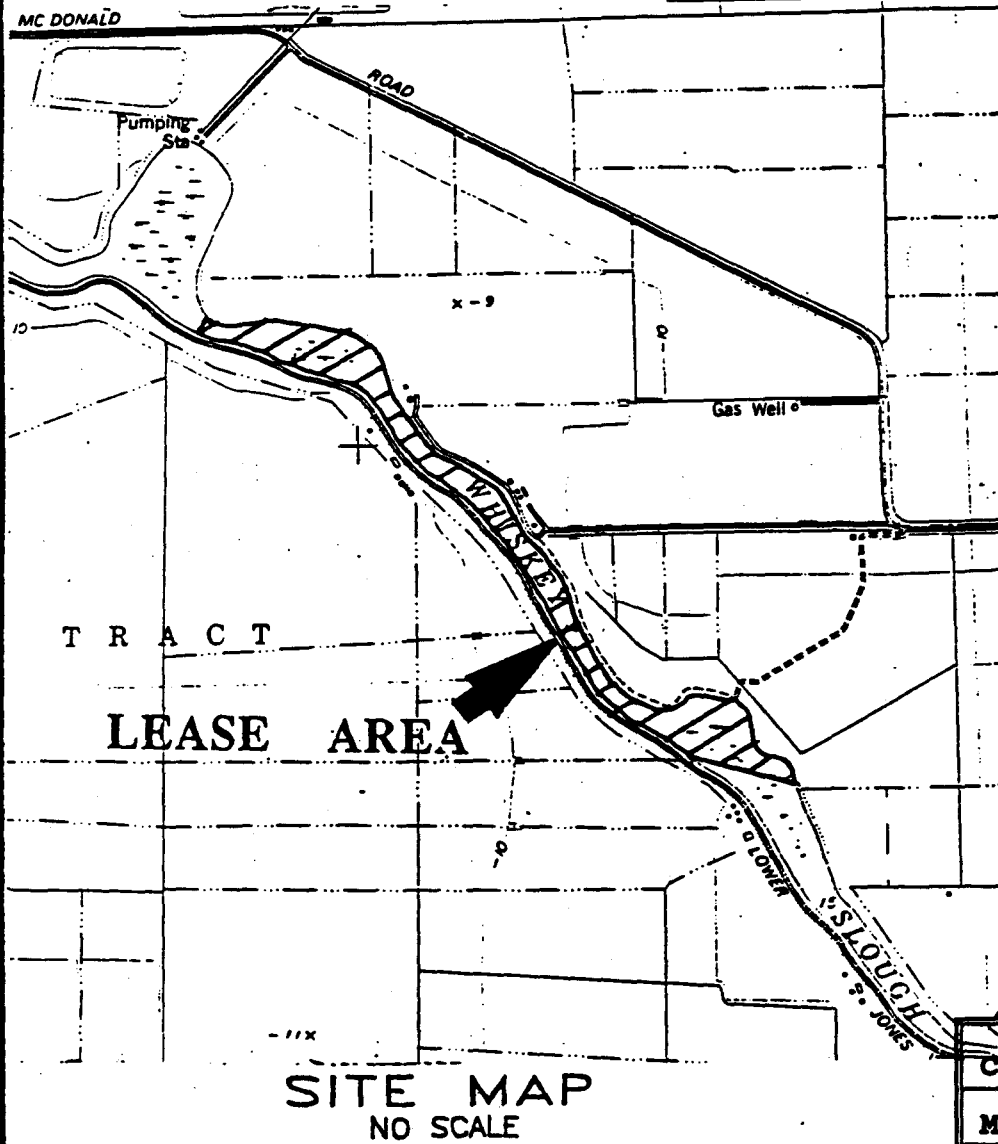
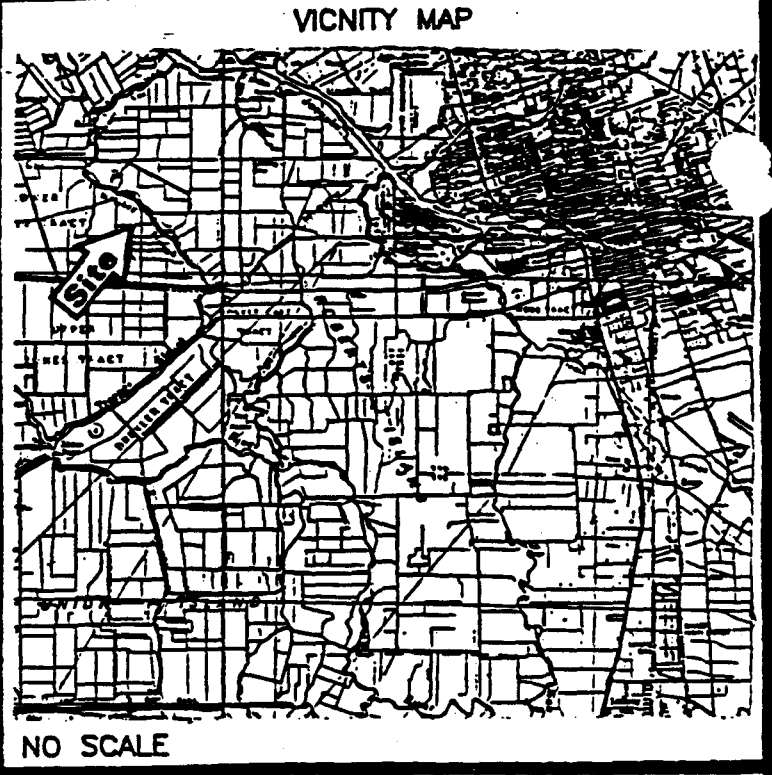
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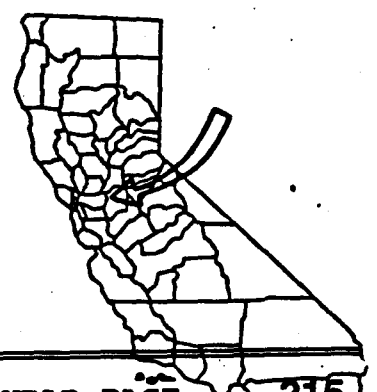
3. PURSUANT TO P.R.C. 6815(a), ENTER INTO A NEGOTIATED SUBSURFACE (NO SURFACE USE) STATE OIL AND GAS LEASE WITH AMERADA HESS CORPORATION. THE LEASE WILL CONTAIN THE STATE LAND DESCRIBED IN EXHIBIT "A" (APPROXIMATELY 58 ACRES), A DRILLING TERM OF THREE YEARS, ANNUAL RENTAL OF \$30 PER ACRE (\$1,740 FOR APPROXIMATELY 58 ACRES), ROYALTY ON GAS SUBSTANCES AND OIL FIXED AT 20 PERCENT AND PERFORMANCE BOND OR OTHER SECURITY IN THE SUM OF \$5,000.
4. AUTHORIZE THE EXECUTION OF THE DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

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*This land description is solely for purposes of generally defining the (lease premises), and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.*



**EXHIBIT 'A'**  
**LONE TREE ENERGY INC.**  
**OIL AND GAS**  
**LEASE**  
**W40697**  
**WHISKEY SLOUGH**  
**SAN JOAQUIN CO.**



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**SAN JOAQUIN COUNTY  
COMMUNITY DEVELOPMENT DEPARTMENT**1810 E. HAZELTON AVE., STOCKTON, CA 95205-8232  
PHONE: 209/468-3120 Fax: 209/468-3163

April 22, 1993

State of California  
State Division of Oil and Gas  
1416 Ninth Street, Room 1316  
Sacramento, CA 95814

Gentlemen:

RE: Improvement Plan No. IP-93-21

On April 21, 1993, the San Joaquin County Community Development Department approved an Application No. IP-93-21 to drill for gas and/or oil on property located on the south side of Lower Jones Road, 3600 feet northwest of Davini Road, west of Stockton (12000 West Lower Jones Road, Stockton).

The property is owned by George P. and Suzette Dohrmann, 6243 Emmarcadero Drive, Stockton CA 95219, and the applicant was Lone Tree Energy, Inc., agent for Amerada Hess Corporation, P.O. Box 191, Sacramento CA 95812.

Development plans are processed as ministerial projects by San Joaquin County.

If you have any questions, please do not hesitate to contact this office.

Sincerely,

DOM DE LA TORRE  
Senior Planner

DLT/KA

Attachments: Conditions of Approval &amp; Map

cc: Environmental Health Division  
Building Inspection Division  
G. & S. Dohrmann

Department of Public Works  
Bureau of Fire Prevention  
Lone Tree Energy, Inc.

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**IMPROVEMENT PLAN CONDITIONS  
FOR  
GAS AND OIL**

**CONDITIONS OF APPROVAL: APPLICATION NO: IP-93-04  
DATE APPROVED: APRIL 21, 1993**

1. There must be proof that the applicant has posted the surety bond as required by the State of California Division of Oil and Gas.
2. An application for a drilling permit for test holes shall be submitted to the San Joaquin Environmental Health Division before drilling commences. The application shall contain a map showing test hole location, depth, and method of test hole destruction.
3. The site plan shall show all structures, equipment, sumps, and access roads.
4. The project shall conform to the approved site plan.
5. The permit shall become void should the use of the property become a nuisance as defined by Section 9-3113 of the Planning Title.
6. Unattended sumps shall be enclosed by a six-foot (6') high chain link fence.
7. Secure encroachment permits for any access points to the public right-of-way from the Department of Public Works.
8. The permit shall expire eighteen (18) months after the date of approval unless all permits necessary to complete the project have been secured and actual drilling shall be diligently pursued to completion, or the permit shall be come void. Any cessation for one-hundred-eighty (180) days or more shall void this permit.
9. This permit may be transferred provided:
  - a. The transferee provides the Planning Division with proof of a surety bond, as required by the California Division of Oil and Gas, two weeks prior to the transfer.
  - b. The transferee complies with all conditions of the approved permit.

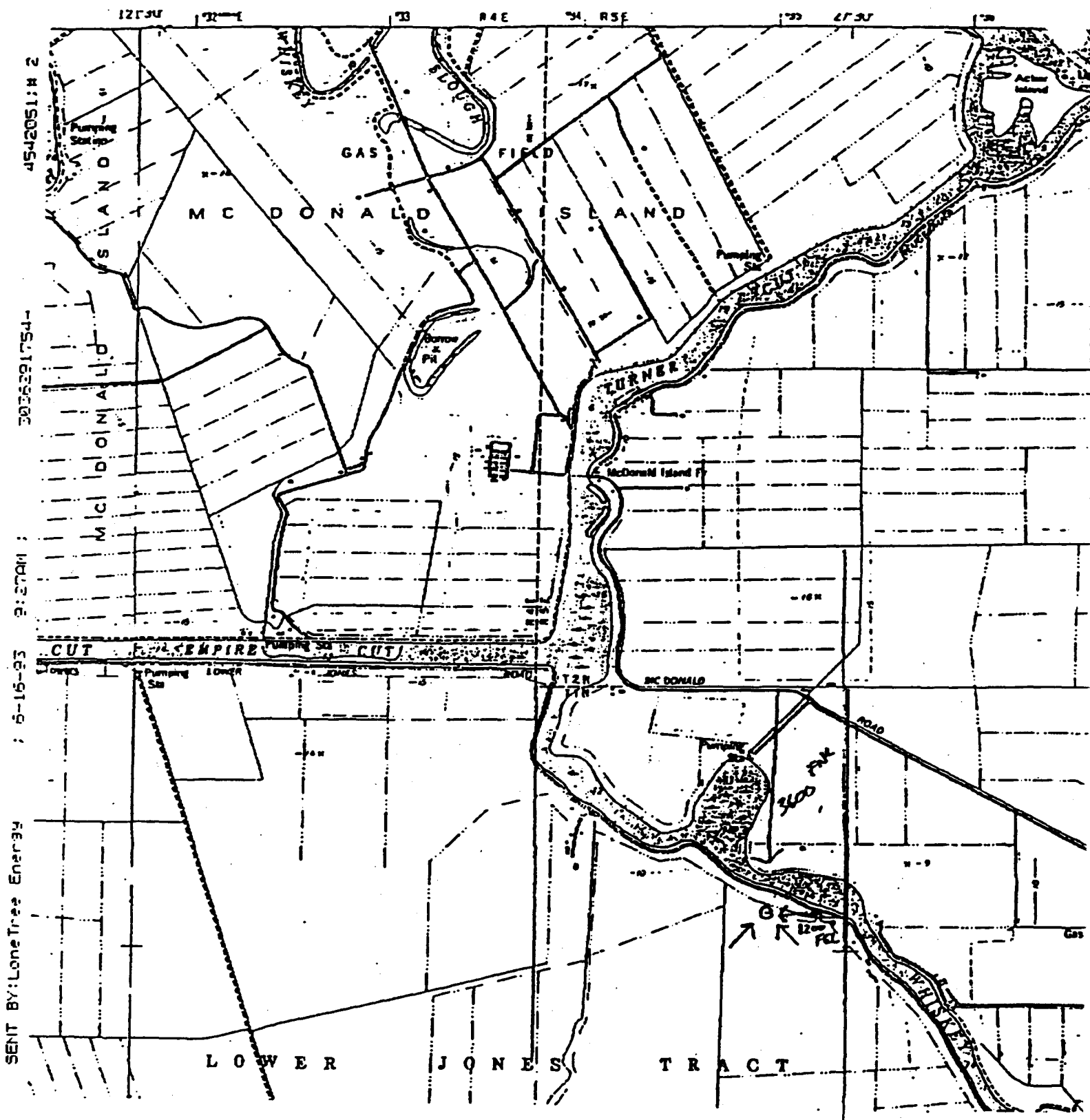
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**IMPROVEMENT PLAN CONDITIONS  
FOR GAS AND OIL WELL  
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10. Provide sanitary facilities for all employees, as required by the California Occupational Safety and Health Administration.
11. Provide a potable water supply approved by the San Joaquin County Environmental Health Services for all employees.
12. All unused or abandoned holes shall be filled with bentonite or other approved grout material as specified in San Joaquin County Ordinance 1862, and the surface is to be left in its original condition.
13. All gas or oil drilling operations shall be performed in accordance with the rules and regulations set forth by the California Division of Oil and Gas.
14. Adequate fire fighting equipment shall be maintained on the premises in conformity with all State and local regulations.
15. Mud and wastes from the drilling and production shall be disposed of at a site approved by the San Joaquin County Environmental Health Division.
16. Any derricks shall be removed within ninety (90) days of completion or abandonment of the well unless a greater time is approved by the Planning Director in writing, based on a showing of good cause.
17. The surety bond shall remain in force until drilling is completed and the site is restored. On completion or abandonment of the well, all sumps shall be filled to natural grade and site restored to its original condition.
18. Secure a permit from the San Joaquin County Bureau of Fire Prevention before drilling commences.

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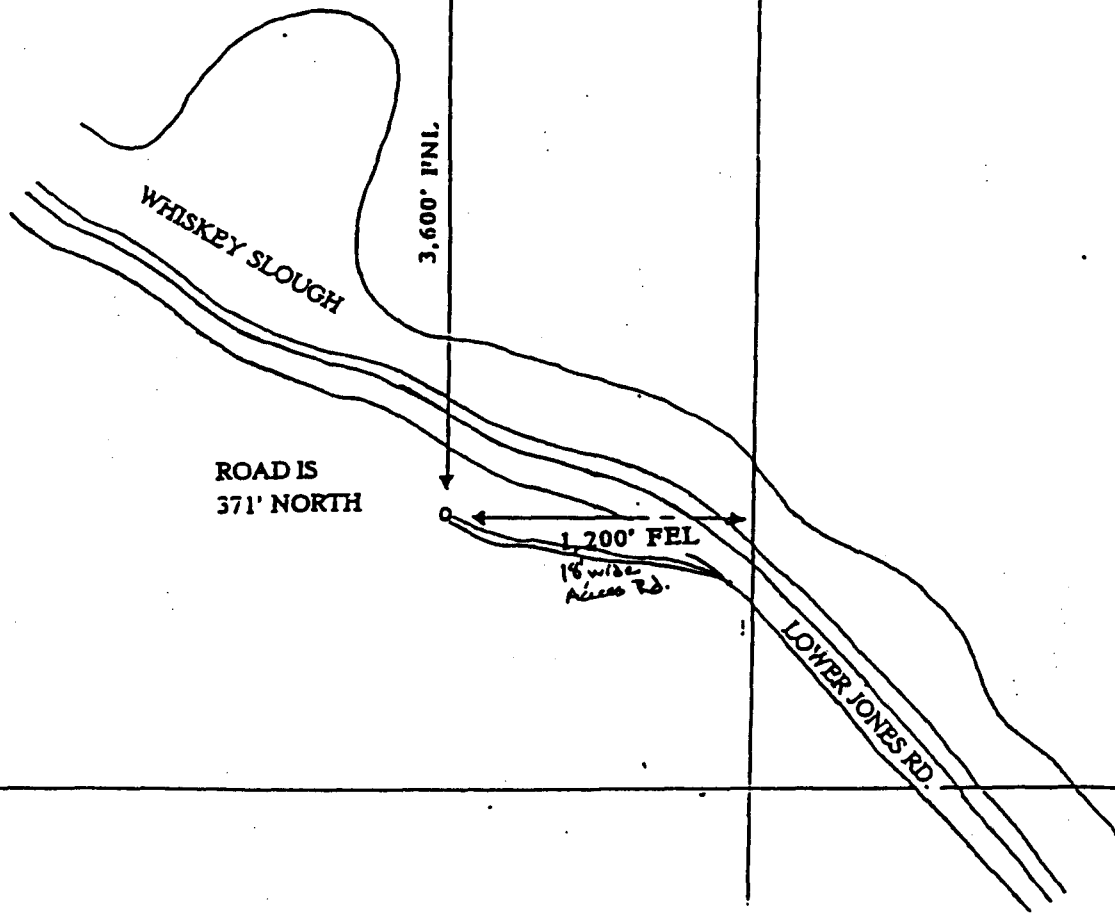


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TOWNSHIP 1 NORTH,  
RANGE 5 EAST, M.D.B.&M



Owners Name: George P. and Suzette Dohrman  
 Address: 6243 Emmarcadero DR.  
 City Stockton, CA 95219  
 Phone: (209) 951-1781  
 Property Address: 12000 Lower Jones R.D.  
 Assessors Parcel No. 129-150-08

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