

**MINUTE ITEM**

This Calendar Item No. C22 was approved as Minute Item No. 22 by the California State Lands Commission by a vote of 3 to 0 at its 8-17-04 meeting.

**CALENDAR ITEM**

**C22**

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08/17/04

PRC 8546

W 25949

S 7

T. Lipscomb

**GENERAL LEASE - RIGHT OF WAY USE**

**APPLICANTS:**

Rio Delta Resources, Inc.  
3600 American River Drive, Suite 220  
Sacramento, CA 95864

Russell H. Green, Jr.  
P.O. Box 965  
Healdsburg, CA 95448

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

0.10 acres, more or less, of sovereign lands in Mallard Slough, near the city of West Pittsburg, Contra Costa County.

**AUTHORIZED USE:**

Construction, use, and maintenance of a proposed access road and natural gas gathering pipeline to be installed through the trenching method.

**LEASE TERM:**

Ten years, beginning August 1, 2004.

**CONSIDERATION:**

\$1,710 per year; with the State reserving the right to fix a different rent periodically during the lease term, as provided in the lease.

**SPECIFIC LEASE PROVISIONS:**

Liability insurance in the amount of no less than \$1,000,000.

Surety bond initially in the amount of no less than \$10,000 to cover construction of the access road and sheet piling. Surety bond shall be increased to a total amount of no less than \$25,000 prior to construction of the pipeline.

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Other:

1. Lessee is to submit to Lessor a geotechnical report certified by a California Registered Geotechnical Engineer that substantiates the road engineering practices and road maintenance on the right of way.
2. Lessee shall, 60 days prior to construction of the proposed pipeline, provide finalized plans for the pipeline, including detailed engineering design and construction information, and construction timeline for Lessor's review and approval.
3. Lessee shall provide Lessor with a copy of the proposed Reclamation and Revegetation Plan, dated January 2004, for Lessor's review and approval.
4. Lessee shall comply with the recommendations of Garcia and Associates Biological Assessment, dated June 2004.

**OTHER PERTINENT INFORMATION:**

1. Applicant has a Drill Site Option Agreement with the Contra Costa Water District for the right to use the uplands adjoining the lease premises. This Option Agreement will expire October 31, 2004, if the Drill Site Agreement is not finalized.
2. **Proposed Project:**  
Rio Delta Resources, Inc. and Russell H. Green Jr. propose to drill and test a maximum of eight gas wells from an upland location adjacent to Mallard Slough from September 2004 to February 2005. The applicants have also applied for a Negotiated Subsurface Oil and Gas Lease and Pass-Through Agreement covering sovereign State lands in Suisun Bay. The proposed Oil and Gas Lease and Pass-Through Agreement is also being presented for the Commission's consideration in a separate Calendar Item at this meeting. The applicants' current drilling program provides for one or more exploratory test wells to be drilled through the State lands underlying Suisun Bay to target locations lying outside the boundary of the proposed Oil and Gas Lease. If the wells are unsuccessful, the project would be discontinued, and the wells would be abandoned in compliance with the State of California's Department of Conservation's Division of Oil, Gas, and Geothermal Resources

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regulations. The site would be restored to its present condition, or better, as determined by staff observations at the time of project initiation.

If test wells are successful, a gathering pipeline of approximately 0.9 miles will be installed along the same right of way as the proposed access road to one of the three existing pipelines along the Union Pacific Railroad line. The pipeline right of way and access road on State Lands will involve an area approximately 200 feet in length and 20 feet wide (0.10 acres) and is located adjacent to Mallard Slough in Contra Costa County. The Contra Costa Water District's (CCWD) intake channel borders the drill site on the west and their pumping station is located approximately .3 mile to the south. The site consists of uplands that were likely formed when sidecast soils were placed adjacent to the CCWD intake channel.

Site preparation will consist of clearing the drill site, access road and pipeline area, enclosing the area in sheet piling, and leveling the site. Sheet piling will extend approximately two feet above the drill platform surface to provide containment in event of a spill.

Drilling and testing phases will require approximately 20 to 25 truck trips to transport drilling equipment to the site. Drilling muds and cuttings will be contained in portable tanks and transported offsite to an appropriate disposal facility. Drilling activities will operate 24 hours per day, and each well will require approximately 20 to 30 days to complete. Total drilling time for drilling 8 to 12 wells will be 5 to 12 months. After each well is drilled, it will be either completed or abandoned, and the drill rig will be removed.

If economic quantities of gas are found, the well will be completed and production facilities will be installed. By-products from natural gas production, including production water and condensates, will be stored temporarily in 12 foot by 20 foot diameter storage tanks. By-products will be transported offsite by truck for disposal and/or recycling. The pipeline will be trenched during the installation of production equipment and will be buried 4-6 feet deep within the roadway to avoid wetlands. Gas production may occur for up to 30 years.

At the conclusion of production, wells will be abandoned and plugged. Surface equipment will be removed from the site. Any sand and gravel placed on the pad will also be removed. Contours will be restored to near

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grade conditions at the time the project was initiated. Sheet pilings will be removed after the contours have been reestablished and vegetation will be planted for erosion control and improved habitat.

3. **Conservation Measures:**

Site preparation and drilling will be from September 1, 2004, to January 31, 2005. If preparation and drilling are not completed by January 31, 2005 surveys for clapper rails will be conducted in accordance with U.S. Fish and Wildlife Service methods. Site preparation and related operations will be postponed until after August 31, if nesting clapper rails are found within a 700-foot radius of the project area.

4. A Conditional Water Quality Certification was issued by the California Regional Water Quality Control Board for the project.

5. A Mitigated Negative Declaration and Mitigation Monitoring Program were prepared and adopted for this project by Contra Costa Water District. The California State Lands Commission's staff has reviewed such document.

6. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification.

**APPROVALS OBTAINED:**

Contra Costa Water District, Contra Costa County Community Development Department, U. S. Fish and Wildlife Service, California Department of Fish and Game, California Regional Water Quality Control Board, U.S. Army Corps of Engineers

**EXHIBIT:**

A. Site Plan and Location Maps

**PERMIT STREAMLINING ACT DEADLINE:**

February 8, 2005

**RECOMMENDED ACTION:**

IT IS RECOMMENDED THAT THE COMMISSION:

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**CEQA FINDING:**

FIND THAT A MITIGATED NEGATIVE DECLARATION AND A MITIGATION MONITORING PROGRAM WERE PREPARED AND ADOPTED FOR THIS PROJECT BY CONTRA COSTA WATER DISTRICT AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.

ADOPT THE MITIGATION MONITORING PROGRAM, ON FILE IN THE OFFICE OF THE COMMISSION AND BY REFERENCE MADE A PART HEREOF.

**SIGNIFICANT LANDS INVENTORY FINDING:**

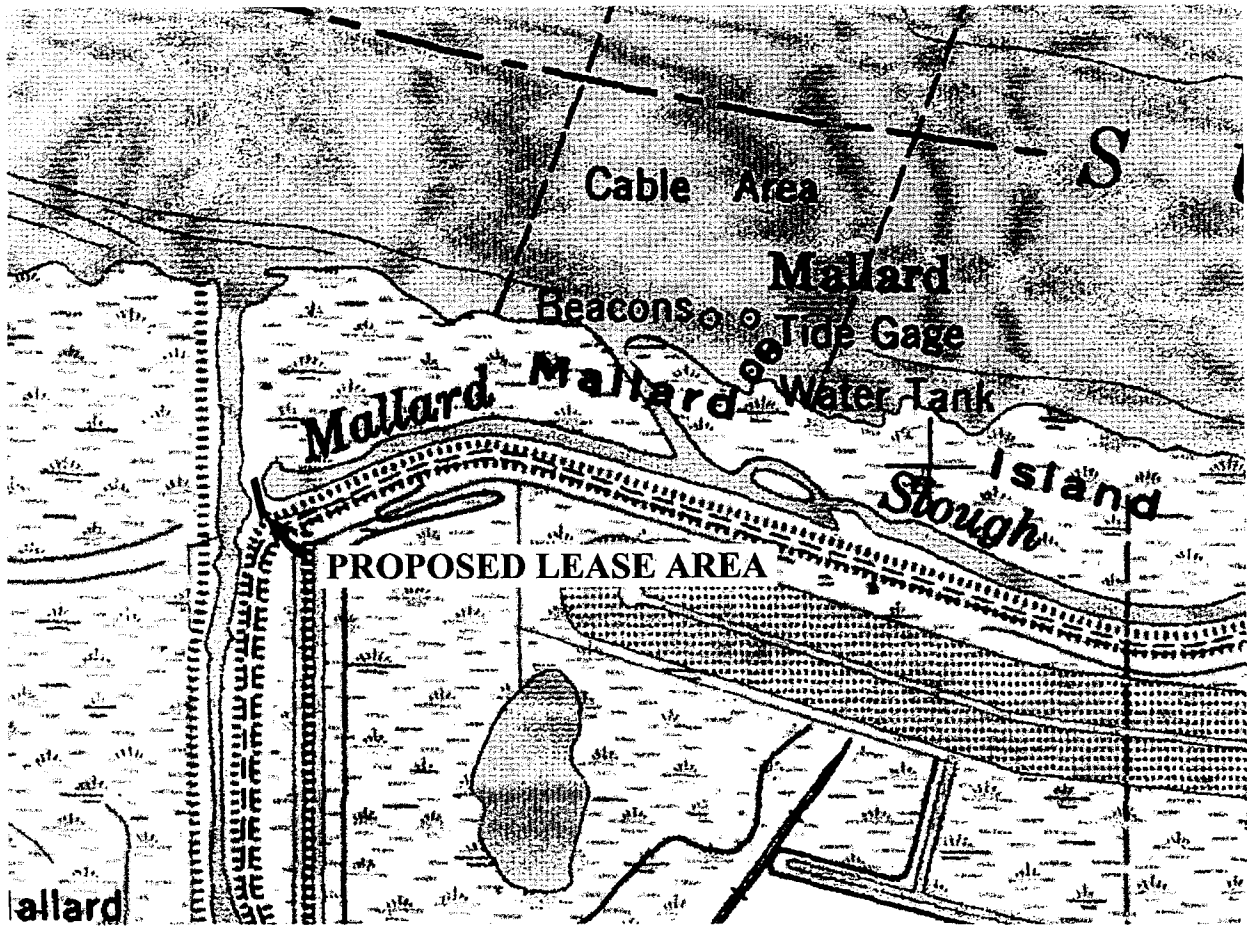
FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

**AUTHORIZATION:**

AUTHORIZE ISSUANCE TO RIO DELTA RESOURCES, INC. AND RUSSELL H. GREEN, JR. OF A GENERAL LEASE - RIGHT OF WAY USE, BEGINNING AUGUST 1, 2004, FOR A TERM OF TEN YEARS, FOR THE CONSTRUCTION, USE, AND MAINTENANCE OF AN ACCESS ROAD AND NATURAL GAS PIPELINE AS REPRESENTED ON THE LAND SHOWN ON EXHIBIT A ATTACHED AND BY THIS REFERENCE MADE A PART HEREOF; CONSIDERATION: ANNUAL RENT IN THE AMOUNT OF \$1,710, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENT PERIODICALLY DURING THE LEASE TERM, AS PROVIDED IN THE LEASE; LIABILITY INSURANCE FOR COMBINED SINGLE LIMIT COVERAGE OF \$1,000,000; SURETY BOND INITIALLY IN THE AMOUNT OF NO LESS THAN \$10,000 TO COVER CONSTRUCTION OF THE ACCESS ROAD AND SHEET PILING. SURETY BOND SHALL BE INCREASED TO A TOTAL AMOUNT OF NO LESS THAN \$25,000 PRIOR TO CONSTRUCTION OF THE PIPELINE.

NO SCALE

SITE



PROPOSED RIO DELTA RESOURCES OIL AND GAS LEASE, ACROSS MALLARD SLOUGH

NO SCALE

LOCATION

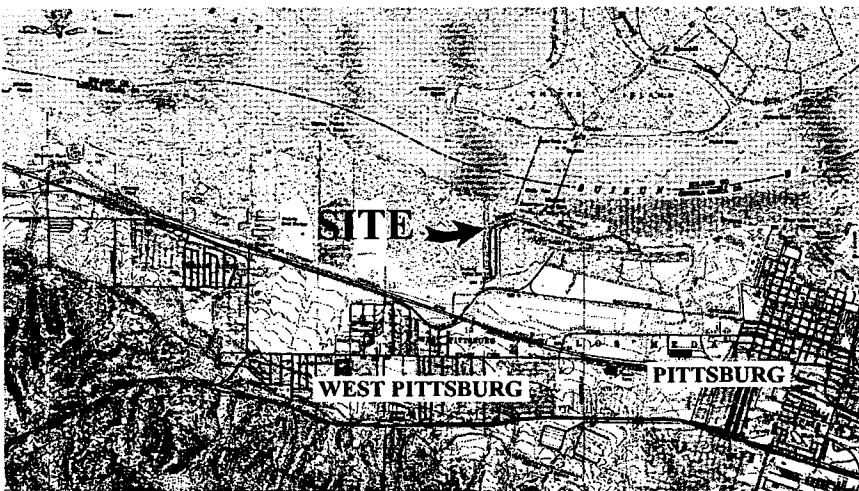


Exhibit A  
W 25949  
RIO DELTA RESOURCES  
CONTRA COSTA  
COUNTY



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties 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. MAP SOURCE: USGS QUAD

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