

MINUTE ITEM

This Calendar Item No. C54  
was approved as Minute Item  
No. 54 by the State Lands  
Commission by a vote of 3  
to 0 at its May 3, 1995  
meeting  
05/03/95  
PRC 7657  
Nitsche

CALENDAR ITEM  
C54

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CONSENT TO THE POOLING OF 140 ACRES OF LEASED LANDS  
UNDER STATE OIL AND GAS LEASE PRC 7657  
CONTRA COSTA COUNTY

**LESSEE/OPERATOR:**

Tri-Valley Oil & Gas Company  
Attention: Mr. Robert Cohan  
2001 Westwind Drive, Suite 14  
Bakersfield, California 93001

**BACKGROUND:**

Negotiated subsurface (no surface use) State oil and gas lease PRC 7657 was entered into on September 23, 1992, between the State Lands Commission (SLC) and Sierra Energy Company (lessee). The lease contains approximately 195 acres of tide and submerged lands in the bed of False River, Serpent Slough and Short Slough in Contra Costa County. On September 9, 1993, the Commission approved an assignment of an undivided 100 percent interest in State oil and gas lease PRC 7657 from Sierra Energy Company (Assignor) to Tri-Valley Oil & Gas Company (Tri-Valley) (Assignee), effective October 1, 1993.

Paragraph 22(b) of the lease allows the Lessee, with the consent of the State and under terms and conditions approved by the State, to pool or unitize all or part of the leased lands with lands held by the Lessee or others.

Tri-Valley has formed an operating unit that contains a total of 640 acres of State and private leased lands (described in Exhibit "A"). Tri-Valley's unit is called the "Webb Tract Unit No. 1", and was created for the development and production of natural gas. Tri-Valley has requested that the Commission consent to the pooling of 140 acres of leased lands under State oil and gas lease PRC 7657 by approving Tri-Valley's Declaration of Pooling to form the "Webb Tract Unit No. 1", which includes the State's 140 acres representing 21.88 percent of the pool. The Commission staff has determined that it will be economically advantageous to the State to share in the production from the proposed unit.

**BASIS FOR CONSIDERATION:**

P.R.C. 6829.2, P.R.C. 6832 and Paragraph 22(b) of the State Oil and Gas Lease PRC 7657.

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**AB 884:**

N/A

**OTHER PERTINENT INFORMATION:**

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity, consent to the pooling of a portion of leased lands under State oil and gas lease PRC 7657, is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the State CEQA Guidelines.

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

**EXHIBITS:**

- A. Declaration of Pooling
- B. Location Map of Negotiated Subsurface Oil and Gas Lease PRC 7657

**IT IS RECOMMENDED THAT THE COMMISSION:**

1. FIND THAT THIS ACTIVITY, CONSENT TO THE POOLING OF THE LEASED LANDS UNDER STATE OIL AND GAS LEASE PRC 7657, IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. CONSENT TO THE POOLING OF THE LEASED LANDS (140 ACRES) UNDER STATE OIL AND GAS LEASE PRC 7657 WITH OTHER PRIVATE LANDS HELD BY TRI-VALLEY OIL & GAS COMPANY. CONSENT IS GIVEN BY APPROVING TRI-VALLEY OIL & GAS COMPANY'S DECLARATION OF POOLING WHICH CREATES THE WEBB TRACT UNIT NO. 1 DESCRIBED IN EXHIBIT "A" (APPROXIMATELY 640 TOTAL ACRES INCLUDING 140 ACRES OF LEASED LANDS UNDER STATE OIL AND GAS LEASE PRC 7657). THE UNITIZED LEASED LANDS SHALL BE SUBJECT TO THE PROVISIONS OF STATE OIL AND GAS LEASE PRC 7657, ANY CONDITIONS IN THE DECLARATION OF POOLING TO THE CONTRARY NOTWITHSTANDING. FURTHER, DRILLING OPERATIONS ON OIL PRODUCTION FROM THE WEBB TRACT UNIT NO. 1 SHALL MAINTAIN LEASE PRC 7657 IN FORCE ONLY AS TO THOSE LEASED LANDS INCLUDED WITHIN THE UNIT, ANY PROVISIONS IN THE DECLARATION OF POOLING TO THE CONTRARY NOTWITHSTANDING.

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# EXHIBIT A

RECORDING REQUESTED BY AND  
WHEN RECORDED RETURN TO:

Tri-Valley Oil & Gas Co.  
2001 Westwind Drive, Suite 14  
Bakersfield, California 93301  
Attn: Teri Altenburger

## DECLARATION OF POOLING

Webb Tract Unit No. 1

Contra Costa County, California

THIS DECLARATION OF POOLING made and declared this \_\_\_\_\_ day of \_\_\_\_\_, 1994, by TRI-VALLEY OIL & GAS CO., 2001 Westwind Drive, Suite 14, Bakersfield, California 93301, RUSSELL H. GREEN, JR., P.O. Box 965, Healdsburg, California 95448, and RIO DELTA RESOURCES, INC., 3600 American River Drive, Suite 220, Sacramento, California 95864, hereinafter called "Lessees".

THAT WHEREAS, Lessees represent themselves as holders of a portion of the leasehold interest and Tri-Valley Oil & Gas Co., as Operator, represents the lessees holding the remainder of the leasehold interest under those certain oil, gas and mineral leasehold estates covering lands situate in Contra Costa County, California and which leasehold estates are more particularly identified in Exhibit "A" attached hereto and by this reference made a part hereof, and hereinafter referred to as "said Leases"; and

WHEREAS, said Leases cover lands within the area outlined with a heavy black line on the plat attached hereto as Exhibit "B" and by this reference made a part hereof, and is hereinafter referred to as the "Unit Pool Area". Said Unit Pool Area is herein designated "Webb Tract Unit No. 1", and contains 640 acres, more or less; and

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WHEREAS, pursuant to the terms of said Leases, Lessees desire to create a pool or operating unit for the exploration for and development of gas, gas distillate or condensate and all liquid hydrocarbons, except oil, therefrom the Unit Pool Area;

NOW, THEREFORE, Lessees do hereby exercise the right to pool and combine all of the said Leases owned by the parties respectively within the Unit Pool Area, so as to form, in accordance with the terms of said Leases, a single pool or operating unit for the exploration for and development of gas, gas distillate or condensate and all liquid hydrocarbons, except oil, therefrom.

It is not the intention of the parties to exercise the right to pool the subject leases for oil but only to exercise the right to pool under the gas provision of the subject leases.

This Declaration may be executed in any number of counterparts, all of which shall be read together as a single document, and the execution of one such counterpart of any of the parties hereto shall have the same force and effect as if such party or parties had all executed the same document.

IN WITNESS WHEREOF, this Declaration of Pooling is executed as of the day and year first hereinabove written.

TRI-VALLEY OIL & GAS CO.

RIO DELTA RESOURCES, INC.

\_\_\_\_\_  
Robert A. Cohan  
Vice President  
Oil & Gas Operations

\_\_\_\_\_  
By:  
Its:

\_\_\_\_\_  
Russell H. Green, Jr.

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EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN  
DECLARATION OF POOLING DATED \_\_\_\_\_  
BY TRI-VALLEY OIL & GAS CO.

**TVOG LEASE #** FRIVR-O-001D-CA  
**LEASE DATE:** SEPTEMBER 1, 1993  
**LESSOR:** FRANK D. MONCKTON  
**LESSEE:** TRI-VALLEY OIL & GAS CO.  
**LANDS COVERED:** T3N-R3E, PORTION OF PROJECTED GOVERNMENT  
SECTIONS AS DESCRIBED IN LEASE.  
**RECORDED:** SEPTEMBER 1, 1993, AS BOOK 19130 PAGE 504,  
STATE OF CALIFORNIA, OFFICIAL RECORDS OF THE  
COUNTY OF CONTRA COSTA.  
**CONTAINING:** 709.1298 GROSS ACRES (177.2825 NET ACRES),  
69.00 ACRES WHICH ARE INCLUDED IN THE SUBJECT  
POOL,

**TVOG LEASE #** FRIVR-O-001G-CA  
**LEASE DATE:** FEBRUARY 8, 1988  
**LESSOR:** H. C. KAWAHARA, ET AL  
**LESSEE:** NGC ENERGY COMPANY  
**LANDS COVERED:** T3N-R3E, PORTION OF PROJECTED GOVERNMENT  
SECTIONS 22, 23, 26, AND 27, AS DESCRIBED IN  
LEASE.  
**RECORDED:** MARCH 22, 1988, AS BOOK 14228 PAGE 584, AND  
AMENDMENT RECORDED AUGUST 30, 1993, AS BOOK  
18890, PAGE 661, AND PARTIAL QUITCLAIM  
RECORDED MARCH 21, 1994, AS DOCUMENT NUMBER  
94-078840, STATE OF CALIFORNIA, OFFICIAL  
RECORDS OF THE COUNTY OF CONTRA COSTA.  
**CONTAINING:** 224.00 GROSS ACRES (56.00 NET ACRES), 56 ACRES  
OF WHICH ARE INCLUDED IN THE SUBJECT POOL,

**TVOG LEASE #** FRIVR-O-001C-CA  
**LEASE DATE:** JUNE 26, 1994  
**LESSOR:** CHARLES F. FLOTO TRUST  
**LESSEE:** TRI-VALLEY OIL & GAS CO.  
**LANDS COVERED:** T2N-R3E, PORTION OF PROJECTED GOVERNMENT  
SECTION 3; T3N-R3E, PORTION OF PROJECTED  
GOVERNMENT SECTIONS 22, 23, 26, 27, 28, 33,  
AND 35, AS DESCRIBED IN LEASE.  
**RECORDED:** AUGUST 15, 1994 AS DOCUMENT NUMBER 94-205833,  
STATE OF CALIFORNIA, OFFICIAL RECORDS OF THE  
COUNTY OF CONTRA COSTA.  
**CONTAINING:** 791.53 GROSS ACRES (65.96 NET ACRES), 41.667  
ACRES OF WHICH ARE INCLUDED IN THE SUBJECT  
POOL,

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EXHIBIT "A" cont.

TVOG LEASE # FRIVR-O-001A-CA  
LEASE DATE: MAY 14, 1988  
LESSOR: IRENE M. FLOTO  
LESSEE: NGC ENERGY COMPANY  
LANDS COVERED: T2N-R3E, PORTION OF PROJECTED GOVERNMENT SECTION 3; T3N-R3E, PORTION OF PROJECTED GOVERNMENT SECTIONS 22, 23, 26, 28, 33, 34, AND 35, AS DESCRIBED IN LEASE.  
RECORDED: JUNE 21, 1988, AS BOOK 14403 PAGE 915, AND AMENDMENT RECORDED JUNE 28, 1993 AS BOOK 18693, PAGE 323, STATE OF CALIFORNIA, OFFICIAL RECORDS OF THE COUNTY OF CONTRA COSTA.  
CONTAINING: 791.53 GROSS ACRES (197.88 NET ACRES), 125 ACRES OF WHICH ARE INCLUDED IN THE SUBJECT POOL,

TVOG LEASE # FRIVR-O-001B-CA  
LEASE DATE: JUNE 27, 1994  
LESSOR: CLARKSON CHARLES SMITH  
LESSEE: TRI-VALLEY OIL & GAS CO.  
LANDS COVERED: T2N-R3E, PORTION OF PROJECTED GOVERNMENT SECTION 3; T3N-R3E, PORTION OF PROJECTED GOVERNMENT SECTIONS 22, 23, 26, 28, 33, 34, AND 35, AS DESCRIBED IN LEASE.  
RECORDED: AUGUST 15, 1994, AS DOCUMENT NUMBER 94-205835, STATE OF CALIFORNIA, OFFICIAL RECORDS OF THE COUNTY OF CONTRA COSTA.  
CONTAINING: 791.53 GROSS ACRES (65.96 NET ACRES), 41.67 ACRES OF WHICH ARE INCLUDED IN THE SUBJECT POOL,

TVOG LEASE # FRIVR-O-001I-CA  
LEASE DATE: JUNE 27, 1994  
LESSOR: RONALD FRANKLIN SMITH  
LESSEE: TRI-VALLEY OIL & GAS CO.  
LANDS COVERED: T2N-R3E, PORTION OF PROJECTED GOVERNMENT SECTION 3; T3N-R3E, PORTION OF PROJECTED GOVERNMENT SECTIONS 22, 23, 26, 28, 33, 34, AND 35, AS DESCRIBED IN LEASE.  
RECORDED: AUGUST 15, 1994, AS DOCUMENT NUMBER 94-205834, STATE OF CALIFORNIA, OFFICIAL RECORDS OF THE COUNTY OF CONTRA COSTA.  
CONTAINING: 791.53 GROSS ACRES (65.96 NET ACRES), 41.67 ACRES OF WHICH ARE INCLUDED IN THE SUBJECT POOL,

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EXHIBIT "A" cont.

**TVOG LEASE #** FRIVR-O-0030-CA  
**LEASE DATE:** SEPTEMBER 23, 1992  
**LESSOR:** STATE OF CALIFORNIA, STATES LANDS COMMISSION  
**LESSEE:** SIERRA ENERGY COMPANY  
**LANDS COVERED:** T2N-R3E, PORTION OF SECTION 4: A PARCEL OF TIDE AND SUBMERGED LAND IN THE BED OF FALSE RIVER AND IN THE BED OF SERPENT SLOUGH, AND IN THE BED OF SHORT SLOUGH, CONTRA COSTA COUNTY, CA, MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN LEASE (APN 026-060-008).  
**RECORDED:** MARCH 15, 1994, DOCUMENT NUMBER 94-07390, AND STATE OF CALIFORNIA, OFFICIAL RECORDS OF THE COUNTY OF CONTRA COSTA.  
**CONTAINING:** 195 ACRES, 125.00 ACRES OF WHICH ARE INCLUDED IN THE SUBJECT POOL,

**RDR LEASE #** 91-WEBB-OG-001  
**LEASE DATE:** JULY 31, 1991  
**LESSOR:** BEDFORD PROPERTIES, INC.  
**LESSEE:** RIO DELTA RESOURCES, INC., ET AL  
**LANDS COVERED:** LANDS COMMONLY KNOWN AS WEBB TRACT AND DELTA FARMS RECLAMATION DISTRICT NO. 2026 MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN LEASE, CONTAINING 434.08 ACRES, MORE OR LESS.  
**RECORDED:** OCTOBER 3, 1991, AS BOOK 16920, PAGE 407 AND AMENDMENT RECORDED JANUARY 3, 1994, AS DOCUMENT NUMBER 94-000655, STATE OF CALIFORNIA, OFFICIAL RECORDS OF THE COUNTY OF CONTRA COSTA.  
**CONTAINING:** 434.80 GROSS ACRES (108.70 NET ACRES), 125.00 ACRES OF WHICH ARE INCLUDED IN THE SUBJECT POOL.

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EXHIBIT "B"

T.3N.-R.3E.

FIELD TRACT

TRACT

TRACT

WEBB

FAISF

RIVER

TVOG STATE LEASE  
140 ACRES LN POOL  
INCLUDES SLOUGHS

State of Calif.  
JJO, Inc.

J Fromy  
B Ansell  
1317 Wood  
F. Wood

POTENTIAL  
POOL OUTLINE  
640 ACRES

224 ACRES

276 ACRES

(1) G. Freeman, TR  
(2) W. of C. Flava, Decd  
(1) G. Freeman  
A. Gorman, et al  
Central Valley Farms Inc  
Attn: JBO, Inc.

A. Gorman, et al  
Central Valley Farms Inc, et al, Min.

Arco  
(1) 1-30-88  
(2) 7-27-88  
(3) 10-10-88  
(4) 11-10-77(841)  
Sun Oper  
(1) 15-20-88(841)  
(2) 12-22-88(841)

Arco  
5-25-87  
5-17-87

Arco  
3-17-88  
4-27-87  
5-17-87

Arco  
11-20-88  
(7-27-88)  
10-10-77(841)  
Sun Oper  
(1) 15-20-88(841)  
(2) 12-22-88(841)  
Chevron  
8-1-88

R.C. White  
(1) M.B. Smith  
Attn  
CJL Photo  
727,300

Atlantic  
Richfield  
5-7-87  
8-10-88

Arco  
5-1-87  
6-10-88  
6-8-87  
8-1-87

Arco  
6-8-87  
8-10-88

Arco  
4-30-78  
4-27-87  
6-17-88

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PARCEL	ACREAGE	LESSOR	NET ACREAGE	% OF POOL	ROYALTY	NET ROYALTY
A	224.00	KAWAHARA	56.000	8.75%	20.0000%	1.75000%
		FLOTO, IRENE	56.000	8.75%	20.0000%	1.75000%
		SMITH, CLARKSON	18.667	2.92%	20.0000%	0.58333%
		SMITH, RONALD	18.667	2.92%	20.0000%	0.58333%
		WF/FLOTO	18.667	2.92%	20.0000%	0.58333%
		DELTA WETLANDS	56.000	8.75%	20.0000%	1.75000%
TOTALS			224.000	35.00%	20.0000%	6.99999%

PARCEL	ACREAGE	LESSOR	NET ACREAGE	% OF POOL	ROYALTY	NET ROYALTY
B	276.00	MONCKTON	69.0000	10.78%	16.6666%	1.79687%
		FLOTO, IRENE	69.0000	10.78%	20.0000%	2.15625%
		SMITH, CLARKSON	23.0000	3.59%	20.0000%	0.71875%
		SMITH, RONALD	23.0000	3.59%	20.0000%	0.71875%
		WF/FLOTO	23.0000	3.59%	20.0000%	0.71875%
		DELTA WETLANDS	69.0000	10.78%	20.0000%	2.15625%
TOTALS			276.0000	43.12%	20.0000%	8.26562%

PARCEL	ACREAGE	LESSOR	NET ACREAGE	% OF POOL	ROYALTY	NET ROYALTY
C	140.00	STATE LANDS	140.0000	21.88%	20.0000%	4.37500%

NET ROYALTY TOTALS	PARCEL A:	6.99999%
	PARCEL B:	8.26562%
	PARCEL C:	4.37500%
TOTAL		19.64061%

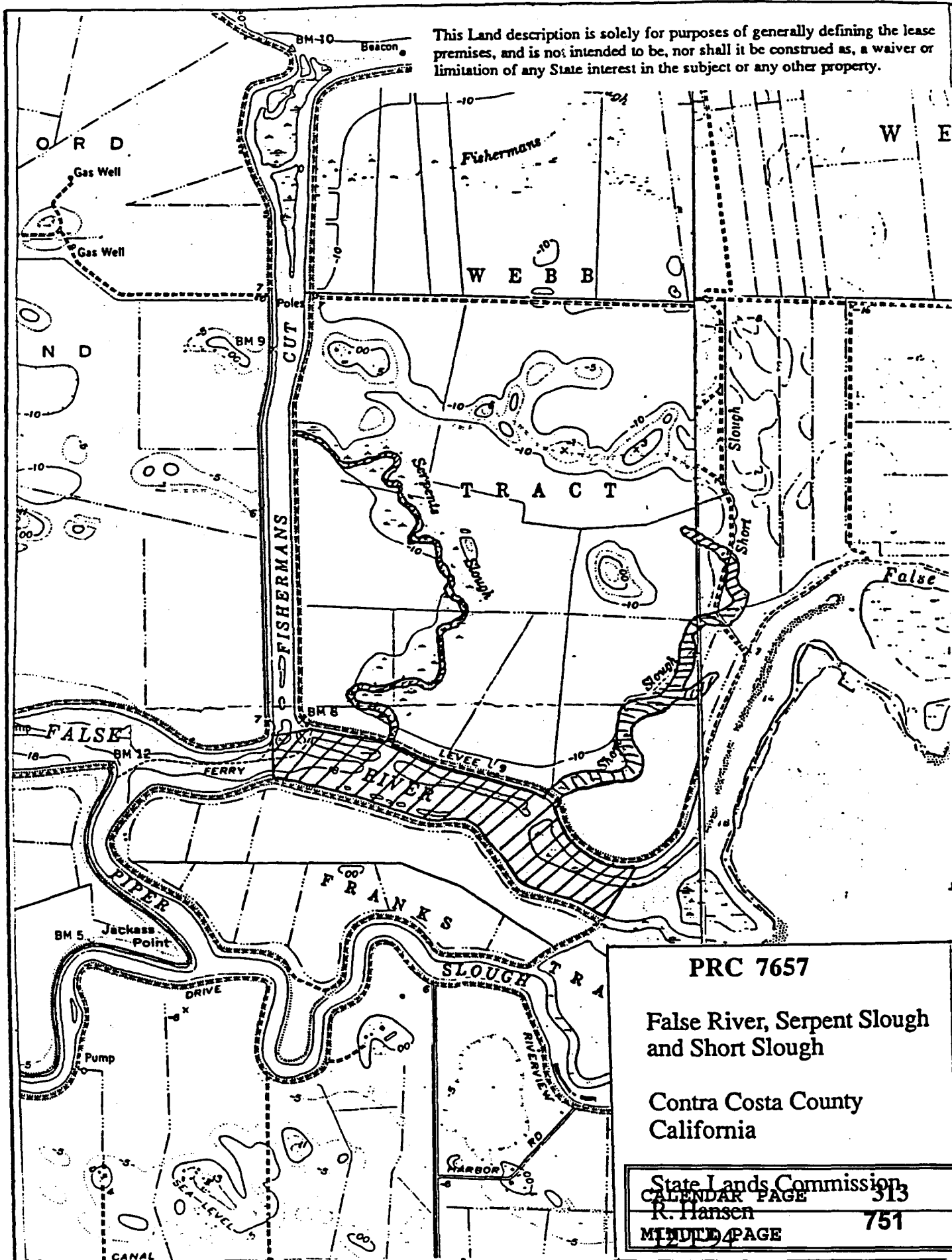
APO	KAWAHARA 56/640 * .22 = 1.925% (VS 1.75% INCREASE 0.175%)	
BPO	MONCKTON 69/640 * .20 = 2.115625% (VS 1.79687% INCREASE 0.31876%)	
	19.64061%	
	0.17500%	KAWAHARA
	0.31876%	MONCKTON
TOTAL	20.13437%	APO

LANDOWNER ROYALTY	
STATE LANDS	4.37500%
DELTA WETLANDS	3.90625%
MONCKTON	1.79687% BPO
FLOTO, IRENE	3.90625%
SMITH, CLARKSON	1.30208%
SMITH, RONALD	1.30208%
WF/FLOTO	1.30208%
KAWAHARA	1.75000%
TOTALS	19.64061%

1.92500% APO	312
20.13437%	750
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# EXHIBIT B

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.



**PRC 7657**  
**False River, Serpent Slough  
and Short Slough**  
**Contra Costa County  
California**

State Lands Commission	
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R. Hansen	
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