

CALENDAR ITEM
C91

MINUTE ITEM
This Calendar Item No. C91
was approved as Minute Item
No. 91 by the State Lands
Commission by a vote of 3
to 0 at its 10/17/95
meeting.

A 8

S 4.

10/17/95
E-415
Nitsche

CONSENT TO THE POOLING OF 2.62 ACRES OF LEASED LANDS
UNDER STATE OIL AND GAS LEASE E-415;
CONTRA COSTA, SACRAMENTO, SAN JOAQUIN AND SOLANO COUNTIES

LESSEE/OPERATOR:

Chevron U.S.A. Inc. Company
Attention: Thomas A. Bartley
P. O. Box 1392
Bakersfield, CA 93302

BACKGROUND:

Agreement for Easement 415 (E-415) was entered into on June 3, 1940 between the State Lands Commission (Commission) and Standard Oil Company of California (Chevron U.S.A. Inc) (Lessee). E-415 contains approximately 2,827 acres of sovereign land of the State in the Rio Vista Gas Field in Contra Costa, Sacramento, San Joaquin and Solano Counties.

Chevron U.S.A. Inc. (Chevron) has formed an operating unit that contains a total of 82.19 acres of State and private leased lands (described in Exhibit "A"). Chevron's unit is called the "T-B #2 Well Pooling Unit" and was created for the development and production of natural gas. Chevron has requested that the Commission consent to the pooling of 2.62 acres of leased lands under Agreement for Easement 415 by approving Chevron's Declaration of Pooling dated June 9, 1995, which will create the "T-B #2 Well Pooling Unit" and which includes the State's 2.62 acres representing 3.19 percent of the pool. E-415 has a royalty rate of the higher of 30 percent of the gross proceeds or 51 percent of the net profits. 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:

A. Public Resources Code Section 6829.2, P.R.C. 6832.

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 is exempt from the requirements of CEQA because the activity is not a "project" as defined by the CEQA Statutes and Guidelines.

Authority: Public Resources Code Section 21084 and 14 Cal. Code Regs. 15378.

EXHIBITS:

- A. Declaration of Pooling dated June 9, 1995
- B. Land Description

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THE ACTIVITY EXEMPT FROM THE REQUIREMENTS OF THE CEQA, PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL. CODE REGS. 15378.
2. CONSENT TO THE POOLING OF THE LEASED LANDS (2.62 ACRES UNDER STATE OIL AND GAS LEASE E-415) WITH OTHER PRIVATE LANDS HELD BY CHEVRON U.S.A. INC. CONSENT IS GIVEN BY APPROVING CHEVRON'S DECLARATION OF POOLING DATED JUNE 9, 1995, WHICH CREATES THE T-B #2 POOLING UNIT DESCRIBED IN EXHIBIT "A" (APPROXIMATELY TOTAL 82.19 ACRES INCLUDING 2.62 ACRES OF LEASED LANDS UNDER E-415). THE UNITIZED LEASED LANDS SHALL BE SUBJECT TO THE PROVISIONS OF E-415, ANY CONDITIONS IN THE DECLARATION OF POOLING TO THE CONTRARY NOTWITHSTANDING.

EXHIBIT A

DECLARATION OF POOLING

T-B #2 WELL POOLING UNIT

STATE OF CALIFORNIA)
) ss
COUNTY OF SACRAMENTO)

WHEREAS, Chevron U.S.A. Production Company, a division of Chevron U.S.A. INC., a Pennsylvania corporation (hereinafter referred to as "CHEVRON"), is the present owner and holder of the right, title and interest in those certain fee lands and oil and gas lease more particularly described in Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, CHEVRON desires to pool, combine and unitize the fee lands and lands covered by said lease lying within the boundaries of a production unit of 82.19 acres, more or less, for the purpose of exploration, development and production of oil, gas and all other hydrocarbons in accordance with the provisions of said lease; and

NOW, THEREFORE, CHEVRON does hereby declare and establish a unit designated the "T-B #2 Well Pooling Unit", said unit to include the lands described more particularly in Exhibit "B" attached hereto and made a part hereof.

CHEVRON, as operator of the T-B #2 Well Pooling Unit, shall allocate to the portion of fee lands and lease included in such unit a fractional part of all production from any part of such unit based upon the ratio between the acreage of the portion of fee lands and lease included in such unit and the total acreage included in such unit. Royalties payable on production so allocated to a pooled lease shall be determined and paid on the basis prescribed in such lease.

CALENDAR PAGE 544

MINUTE PAGE 2413

This Declaration of Pooling shall be effective on June 9, 1995, or on the date that it is filed and recorded with the Sacramento County Office of Recorders, whichever date is earlier.

IN WITNESS WHEREOF, this Declaration is executed this ____th day of _____, 1995.

CHEVRON U.S.A. PRODUCTION COMPANY

By _____
Assistant Secretary

CALENDAR PAGE	545
MINUTE PAGE	2414

EXHIBIT "A"

Attached to and made a part of that certain Declaration of Pooling, T-B #2 Well Pooling Unit, effective the 9th day of June, 1995.

1. State Oil and Gas Lease PRC 415 dated June 6, 1940, by and between the State of California, as Lessor and Chevron U.S.A. Inc., as Lessee, INSO FAR AND ONLY INSO FAR as said lease affects the following described land;

All that portion of the State owned bed of Seven Mile Slough, within projected Section 8, T3N, R3E, MDB&M, Sacramento County, California, also within State Easement 415, said parcel being a portion of that 82.19 acre pool lying easterly of the Midland Fault and lying in the bed of Seven Mile Slough, said 82.19 acre pool is the drainage area of well T-B #2.

Containing 2.62 acres more or less.

2. Chevron Fee lands known as "Midland Farms Fee" acquired by deed dated April 29, 1938 by and between The Texas Company, now know as Texaco Exploration and Production Inc., as Grantor and Standard Oil Company of California now known as Chevron U.S.A. Inc., as Grantee, recorded in Book 716 at Page 100 of Official Records, Sacramento County, California, INSO FAR AND ONLY INSO FAR as said deed affects the following described land:

All that portion of projected Sections 5 & 8, T3N, R3E, MDB&M, Sacramento County, California, lying easterly of the Midland Fault and Northerly of the Northerly Bank of Seven Mile Slough being the northerly boundary of State Easement 415, and in the drainage pool of the well T-B #2.

Containing 79.57 acres, more or less.

END OF EXHIBIT

CALENDAR PAGE 546

MINUTE PAGE

2415

EXHIBIT "B"

Attached to and made a part of that certain Declaration of Pooling, T-B #2 well Pooling Unit, effective the 9th day of June, 1995.

T-B #2 WELL POOLING UNIT

All that portion of projected Sections 5 & 8, T3N, R3E, MDB&M, Sacramento County, California, lying easterly of the Midland Fault and Northerly of the Southerly Bank of Seven Mile Slough, including that portion of the State owned bed of Seven Mile Slough, also within State Easement 415, being the drainage area of well T-B #2.

Containing 82.19 acres more or less.

END OF EXHIBIT

EXHIBIT B

LAND DESCRIPTION

E-415

All that portion of the State owned bed of Seven Mile Slough, within projected Section 8, T3N, R3E, MDM, Sacramento County, California, also within State Easement 415, said parcel being a portion of that 80 acre pool lying easterly of the Midland Fault and lying in the bed of Seven Mile Slough, said 80 acre pool is the drainage area of well TB #2.

Containing 2.62 acres more or less.

END OF DESCRIPTION

CALENDAR PAGE 548

MINUTE PAGE 2417