

MINUTE ITEM

This Calendar Item No. 31
was approved as Minute Item
No. 31 by the State Lands
Commission by a vote of 3
to 0 at its 1/31/85
meeting.

CALENDAR ITEM

A 3
S 1

31

01/31/85
W 40395 PRC 6786
Hamilton
Gonzalez

NEGOTIATED OIL AND GAS LEASE

APPLICANT: Oxy Petroleum, Inc.
Post Office Box 939
Bakersfield, California 93302
Attention: Gary D. Ross

AREA, TYPE LAND AND LOCATION:
The proposed Oil and Gas Lease involves the subsurface development of 23.36 acres of State sovereign lands, underlying the beds of Butte Slough and Butte Creek together with that portion of unpatented S&O lands lying south of the left bank of Butte Slough in Sections 25 and 36, T16N, R1W, MDM and Section 31, T16N, R1E, MDM, Sutter County.

LAND USE: Oxy Petroleum, Inc. has drilled five wells on private uplands that surround the above described State lands. Currently, only well BSU #1 is producing gas. A use permit has been issued by the Sutter County Planning Department and as; lead agency, determined that the production of natural resources in agricultural areas of Sutter County, will not have a significant effect on the environment and has prepared and adopted a Negative Declaration (SCH 83071903) for the drilling of oil/gas wells within the surrounding agricultural properties. The proposed oil and gas development of State lands requires no surface use of State lands.

TERMS OF THE PROPOSED OIL AND GAS LEASE:
The small and irregular configuration of the State-owned lands are surrounded by properties under lease to Oxy Petroleum, Inc. The

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surrounding area is considered a gas producing area and staff has negotiated with Oxy the following lease terms: the lessee agrees (1) to pay a flat rate royalty of 16-2/3 percent on all oil and non-oil production from the leased lands; (2) to include (pool) the State lands with those adjoining lands that are presently under lease to Oxy and make them part of the Oxy Butte Slough Unit; and (3) to pay all back royalties from September 1, 1983.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C. Div. 6, Parts 1 and 2; Section 6815.
- B. Cal. Adm. Code: Title 2, Div. 3; and Title 14, Div. 6.

AB 884: N/A.

OTHER PERTINENT INFORMATION:

Oxy's Butte Slough Unit presently contains 560.28 acres of private lands which surround and abut the State lands. Oxy has agreed to pool the State lands with its lands in the Unit, increasing the Unit to 583.64 acres with the State receiving a 4.0 percent interest in the Unit.

A Negative Declaration was prepared and adopted for this project by the Sutter County Planning Department (SCH 83071903). The State Lands Commission's staff has reviewed the Negative Declaration and believes that it complies with the requirements of the CEQA.

This activity involves lands identified as possessing significant environmental values pursuant to P.R.C. 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.

EXHIBITS:

- A. Land Description.
- B. Location Map.
- C. Negative Declaration.

CALENDAR ITEM NO. 31 (CONT'D)

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT A NEGATIVE DECLARATION (SCH 83071903) WAS PREPARED AND ADOPTED FOR THE PROJECT BY THE SUTTER COUNTY PLANNING DEPARTMENT AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
2. DETERMINE THAT THE PROJECT, AS APPROVED, WILL NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT.
3. FIND THAT THIS ACTIVITY, AS PROPOSED, IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED FOR THE LANDS PURSUANT TO P.R.C. 6370 ET SEQ.
4. AUTHORIZE THE ISSUANCE TO OXY PETROLEUM, INC. OF AN OIL AND GAS LEASE WHICH CONTAINS 23.36 ACRES OF SUBMERGED AND UNPATENTED S&O LANDS IN SUTTER COUNTY.

--3--

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EXHIBIT "A"

LAND DESCRIPTION

W 40395

All those California State lands in Sections 25 and 36, T16N, R1W, MDM, and in Section 31, T16N, R1E, MDM, Sutter County, California, described as follows:

All those submerged lands in the beds of Butte Slough and Butte Creek in said Sections 25, 36, and 31 TOGETHER WITH that portion of the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of said Section 36 lying southerly of said Butte Slough.

END OF DESCRIPTION

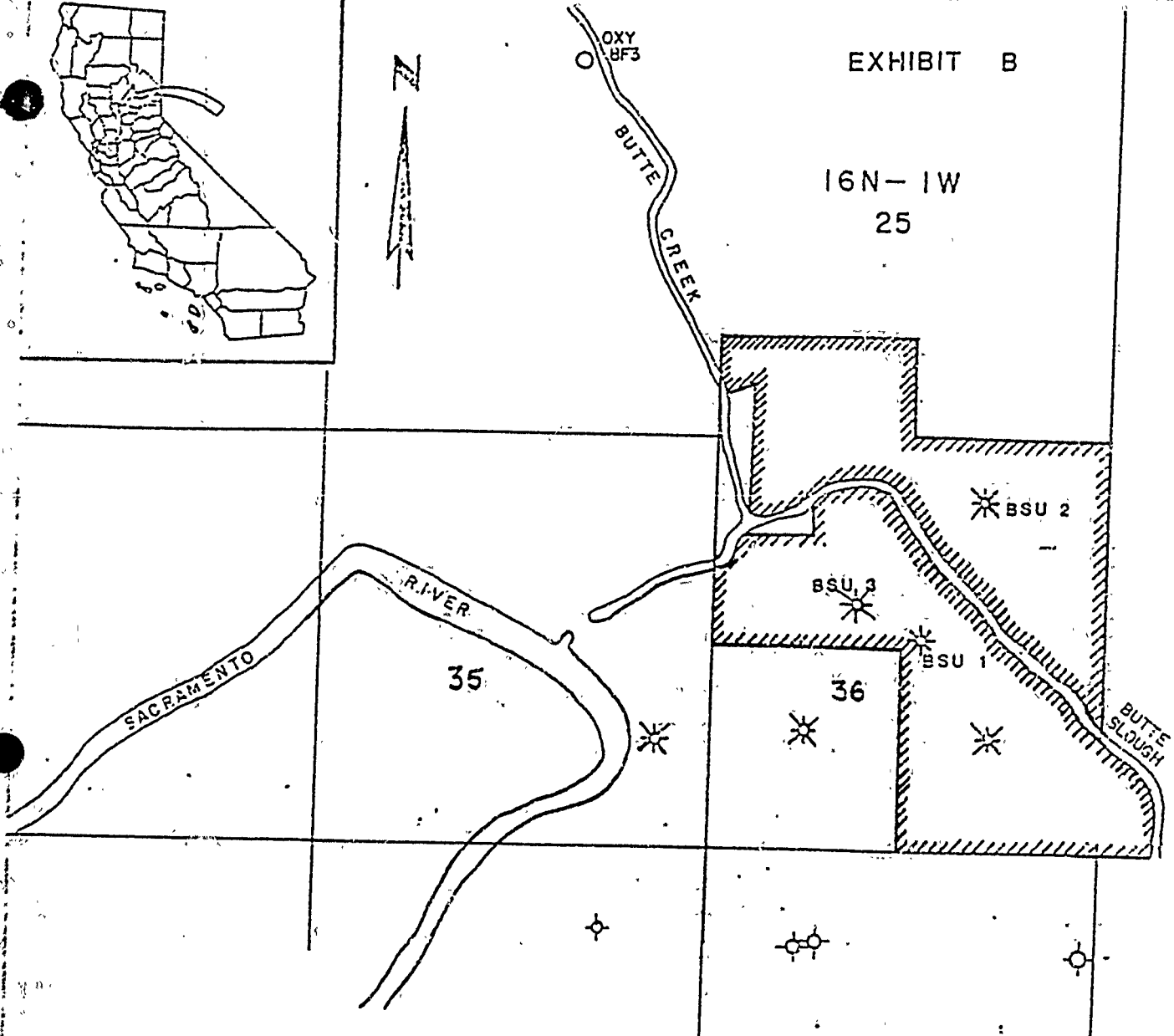
PREPARED JANUARY 27, 1984, BY BOUNDARY AND TITLE UNIT, LEROY WEED, SUPERVISOR.

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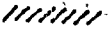





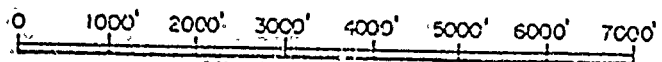
EXHIBIT B

16N-1W
25



LEGEND

-  BUTTE SLOUGH UNIT BOUNDARY
-  PRODUCER
-  ABANDONED PRODUCER
-  DRY HOLE



SCALE

ONLY PERTINENT WELLS ARE SHOWN

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EXHIBIT C

W/C 07-29-83

7123 +

STATE OF CALIFORNIA DEPARTMENT OF CONSERVATION AND ENVIRONMENTAL QUALITY TRANSPORTATION AGENCY

PROJECT TITLE: Use Permit - Oxy Petroleum SUT-1486

PROJECT NUMBER: 83071903

APPLICANT: Sutter County Planning Department CONTACT: Richard P. Vire

ADDRESS: 202 C Street (P.O. Box 1555) CITY: Yuba City

STATE: Sutter ZIP: 95991 PHONE: (916) 673-7932

COUNTY: Sutter COMMUNITY: _____

ROUTE: Pass Road NEAREST TOWN: _____

VICINITY: SACRAMENTO

TYPE OF PROJECT	TYPE OF FACILITY	INDUSTRY	INDUSTRY
<input type="checkbox"/> Airport	<input type="checkbox"/> Airport	<input type="checkbox"/> Air Conditioning	<input type="checkbox"/> Air Conditioning
<input type="checkbox"/> Building	<input type="checkbox"/> Building	<input type="checkbox"/> Automobile	<input type="checkbox"/> Automobile
<input type="checkbox"/> Dam	<input type="checkbox"/> Dam	<input type="checkbox"/> Chemical	<input type="checkbox"/> Chemical
<input type="checkbox"/> Drilling	<input type="checkbox"/> Drilling	<input type="checkbox"/> Commercial	<input type="checkbox"/> Commercial
<input type="checkbox"/> Excavation	<input type="checkbox"/> Excavation	<input type="checkbox"/> Educational	<input type="checkbox"/> Educational
<input type="checkbox"/> Filling	<input type="checkbox"/> Filling	<input type="checkbox"/> Entertainment	<input type="checkbox"/> Entertainment
<input type="checkbox"/> Foundation	<input type="checkbox"/> Foundation	<input type="checkbox"/> Food Processing	<input type="checkbox"/> Food Processing
<input type="checkbox"/> Gasoline	<input type="checkbox"/> Gasoline	<input type="checkbox"/> General	<input type="checkbox"/> General
<input type="checkbox"/> Highway	<input type="checkbox"/> Highway	<input type="checkbox"/> Health	<input type="checkbox"/> Health
<input type="checkbox"/> Industrial	<input type="checkbox"/> Industrial	<input type="checkbox"/> Home	<input type="checkbox"/> Home
<input type="checkbox"/> Landfill	<input type="checkbox"/> Landfill	<input type="checkbox"/> Hotel	<input type="checkbox"/> Hotel
<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Manufacturing	<input type="checkbox"/> Hospital	<input type="checkbox"/> Hospital
<input type="checkbox"/> Mill	<input type="checkbox"/> Mill	<input type="checkbox"/> Industrial	<input type="checkbox"/> Industrial
<input type="checkbox"/> Mining	<input type="checkbox"/> Mining	<input type="checkbox"/> Institutional	<input type="checkbox"/> Institutional
<input type="checkbox"/> Power	<input type="checkbox"/> Power	<input type="checkbox"/> Laboratory	<input type="checkbox"/> Laboratory
<input type="checkbox"/> Refinery	<input type="checkbox"/> Refinery	<input type="checkbox"/> Library	<input type="checkbox"/> Library
<input type="checkbox"/> Road	<input type="checkbox"/> Road	<input type="checkbox"/> Medical	<input type="checkbox"/> Medical
<input type="checkbox"/> Storage	<input type="checkbox"/> Storage	<input type="checkbox"/> Office	<input type="checkbox"/> Office
<input type="checkbox"/> Tank	<input type="checkbox"/> Tank	<input type="checkbox"/> Other	<input type="checkbox"/> Other
<input type="checkbox"/> Tunnel	<input type="checkbox"/> Tunnel	<input type="checkbox"/> Total	<input type="checkbox"/> Total

PROJECT USE AND ZONE: Agricultural/Agricultural-Flood Plain

PROJECT TYPE: Drilling of an oil/gas well

STATE CLEARINGHOUSE - 1400 FENNER ST. - 916/445-0613 (U-105-0613)

CLEARINGHOUSE CONTACT: 83071903 Anna

STATE REVIEW PERIOD BEGAN: 7/18

DEPARTMENT REVIEW TO AGENCY BY: 8/10

AGENCY REVIEW TO SCH BY: 8/15

SCH COMPLIANCE BY: 8/17

Barry Ross (copy)
805/395-5791
1/5 Reb on 8/10
Call C.
N/C
7/29

W/C/N/C	RESOURCES	W/C/N/C
<input type="checkbox"/>	<input type="checkbox"/> CONSERVATION	<input type="checkbox"/> ENERGY
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> FISH AND GAME	<input checked="" type="checkbox"/> HEALTH
<input type="checkbox"/>	<input type="checkbox"/> REGION 5 (SACD)	<input type="checkbox"/> WICES
<input type="checkbox"/>	<input type="checkbox"/> PARKS & REC (OHP)	<input type="checkbox"/> MINE
<input type="checkbox"/>	<input type="checkbox"/> POLY	

COUNTY OF SUTTER
NEGATIVE DECLARATION

SCH # 830719.03

PROJECT NO. SUT-1486

PROJECT TITLE: Use Permit

PROJECT SPONSOR: Oxy Petroleum, Inc.

PROJECT LOCATION: Along Butte Slough, North of Pass Road, Sutter
County

ASSESSOR'S PARCEL NO. 8-140-03

DESCRIPTION OF PROJECT: Drilling of an oil/gas well.

An Initial Study has been conducted by the Planning Director of the County of Sutter. The Planning Director finds that this project will not have a significant effect on the environment. The Initial Study is available for public review at the Sutter County Planning Office, 204 "C" Street, Yuba City, California. (916) 673-7932

STATEMENT OF REASONS TO SUPPORT FINDING
OF NEGATIVE DECLARATION

The Conservation and Open Space Element of the General Plan recognizes the need for production of natural resources in the agricultural areas of Sutter County. Any effects would be short-term in nature during drilling process. Once the drilling has been completed, the area encompassed will be minimal. The subject location is in an area of large agricultural properties. Use Permits issued for drilling are subject to the condition that all drilling wastes be disposed of in accordance with the requirements of the California Division of Oil and Gas and the Sutter County Health Department.

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Richard P. King
Richard P. King, Planning Director
& Environmental Control Officer

INITIAL STUDY

SUT-1486 REF. Us permit #1145

PROJECT TITLE: gas well

Oxy Petroleum

COMPATIBLE/ZONING Yes No
 COMPATIBLE/GENERAL PLAN

INITIAL STUDY PREPARED BY: Richard P. King

DATE: _____

LESSER 1 ← IMPACT → 10 GREATER

proposed actions

existing characteristics	land tran. formation	urban processes	other
	a. structures b. impervious surface or paving c. barriers, including fencing & cut and fill d. erosion control and terracing e. harbor dredging f. marshfill and drainage g. channel dredging & straightening h. cooling water discharge i. liquid effluent discharge j. irrigation k. fertilization (or pesticides) l. planting of non-native species m. alteration of ground cover n. alteration of ground water hydrology o. alteration of drainage p. trails and paths q. power transmission r. noise and vibration s. stack & exhaust emission t. outside lighting u. increased population v. increased employment w. increased privilege x. increased industry		

existing characteristics of the environment

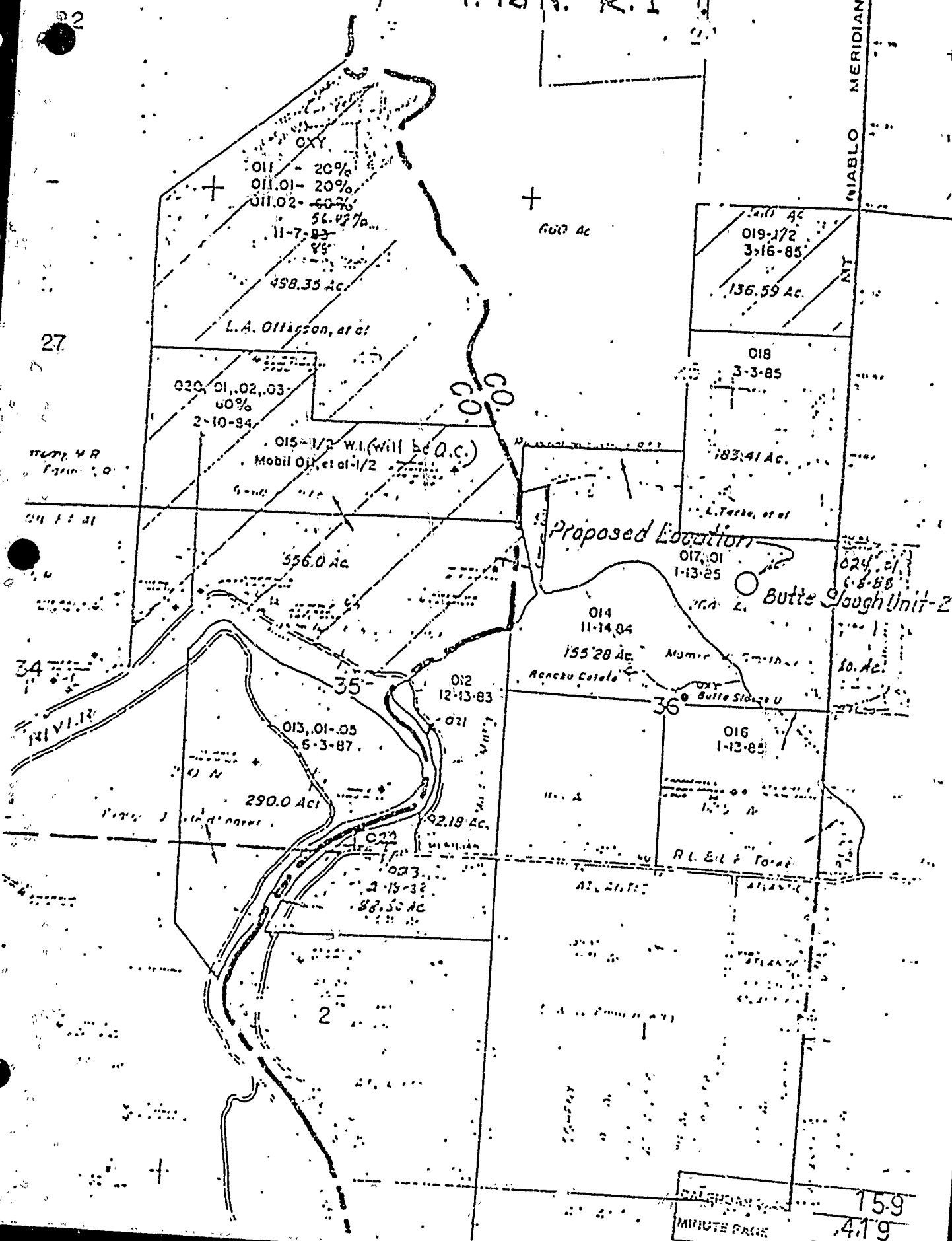
physical characteristics	earth	water	atmosphere	biological conditions	flora and fauna	land use	aesthetics	man-made facilities and activities	proposed actions
									1-10
a. soils									X
b. land forms									
c. unique physical features									
d. compaction, settling, subsidence									
e. stability									
f. earthquake faults									
a. surface									
b. underground									
c. recharge									
d. floods									
e. deposition									
f. erosion									
a. components									
b. climate									
c. temperature									
d. air movements									
e. humidity									
a. trees									
b. shrubs									
c. grasses									
d. aquatic plants									
e. birds									
f. animals, including reptiles									
g. fish and shellfish									
h. insects									
i. endangered species									
j. corridors, barriers									
a. residential									
b. commercial									
c. industrial									
d. agricultural									X
e. open space									
f. recreational									
g. flood plain									
h. marshland									
a. scenic views & vistas									
b. historical/archaeological									
c. unique species, ecosystems									
d. unique architecture, landscape									
a. local social characteristics									
b. population density									
c. health & safety									
d. employment									
e. structures									
f. transportation network									
g. utility network									
h. waste disposal									

No Significant

CALIFORNIA MINUTE PAGE 4158

T. 16 N. - R. 1 W.

DIABLO MERIDIAN



SCALE BAR
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 INCHES PAGE
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