

MINUTE ITEM

This Calendar Item No. C24
was approved as Minute Item
No. 24 by the State Lands
Commission by a vote of 3
to 0 at its 7/15/91
meeting.

CALENDAR ITEM

A 26
S 5

C 2 4

07/15/91
W 40642
Nitsche

**REQUEST FOR EXEMPTION FROM COMPETITIVE BID PROCEDURES
FOR A SUBSURFACE OIL & GAS LEASE ON COUNTY PROPERTY
SAN JOAQUIN COUNTY**

APPLICANT:

County of San Joaquin
General Services Department
4520 West Eight Mile Road
Stockton, California 95209

AREA, AND TYPE LAND:

A 4.0-acre parcel of county land in portions of Sections 18
and 19, Township 2 South, Range 5 East, MDM, San Joaquin
County.

BACKGROUND:

The Nahama and Weagant Energy Company has requested San Joaquin
County (County) to enter into a subsurface oil and gas lease for
certain County-owned lands. Nahama and Weagant Energy Company
has leased and has an option to lease acreage surrounding the
4.0-acre parcel of County land. San Joaquin County has requested
to be exempted from competitive bidding procedures in order to
negotiate a lease with Nahama and Weagant Energy Company which
has offered to lease this parcel of land and has agreed to pay
San Joaquin County a royalty of 20 percent for any hydrocarbons
produced from this lease, and \$50 per-acre, per-year rent,
including three years paid in advance and a three-year drilling
term. Staff believes that the proposed terms are fair and
reasonable.

STATUTORY AND OTHER REFERENCES:

P.R.C. Section 7052 states in part:

"The State Lands Commission may in its discretion exempt
particular leases or operating agreements from the procedure
required by this section and Section 7053 [competitive
bidding procedures] where by reason of the small size of the
property or drainage, actual or imminent, such procedure
would be in the judgment of the State Lands Commission in
the particular cause be impractical."

-1-

(ADDED pgs. 98 - 98.8)

CALENDAR PAGE	<u>38</u>
MINUTE PAGE	<u>204</u>

CALENDAR ITEM NO. C 2 4 (CONT'D)

Staff has reviewed the application of San Joaquin County for a subsurface negotiated oil and gas lease with Nahama and Weagant Energy Company and has determined that it would be impractical for San Joaquin County to follow the competitive public bidding procedures as outlined in Sections 7052 and 7053 of the P.R.C. because the parcel is small in size, the County proposes to develop the surface for other uses so there is no drillsite and the potential for drainage from adjacent lands under lease to Nahama and Weagant Energy Company appears imminent.

AB 884:
N/A.

EXHIBITS:

- A. Location Map.
- B. Legal Description.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority, the staff has determined that this activity 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.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. APPROVE THE REQUEST OF SAN JOAQUIN COUNTY FOR AN EXEMPTION FROM THE FORMAL BIDDING REQUIREMENTS AS OUTLINED IN P.R.C. SECTIONS 7052 AND 7053, FOR A SUBSURFACE OIL AND GAS LEASE IN THE COUNTY OWNED 4.0-ACRE PARCEL LOCATED IN PORTIONS OF SECTIONS 18 AND 19, TOWNSHIP 2 SOUTH RANGE 5 EAST, MDM, SAN JOAQUIN COUNTY.

EXHIBIT "A"

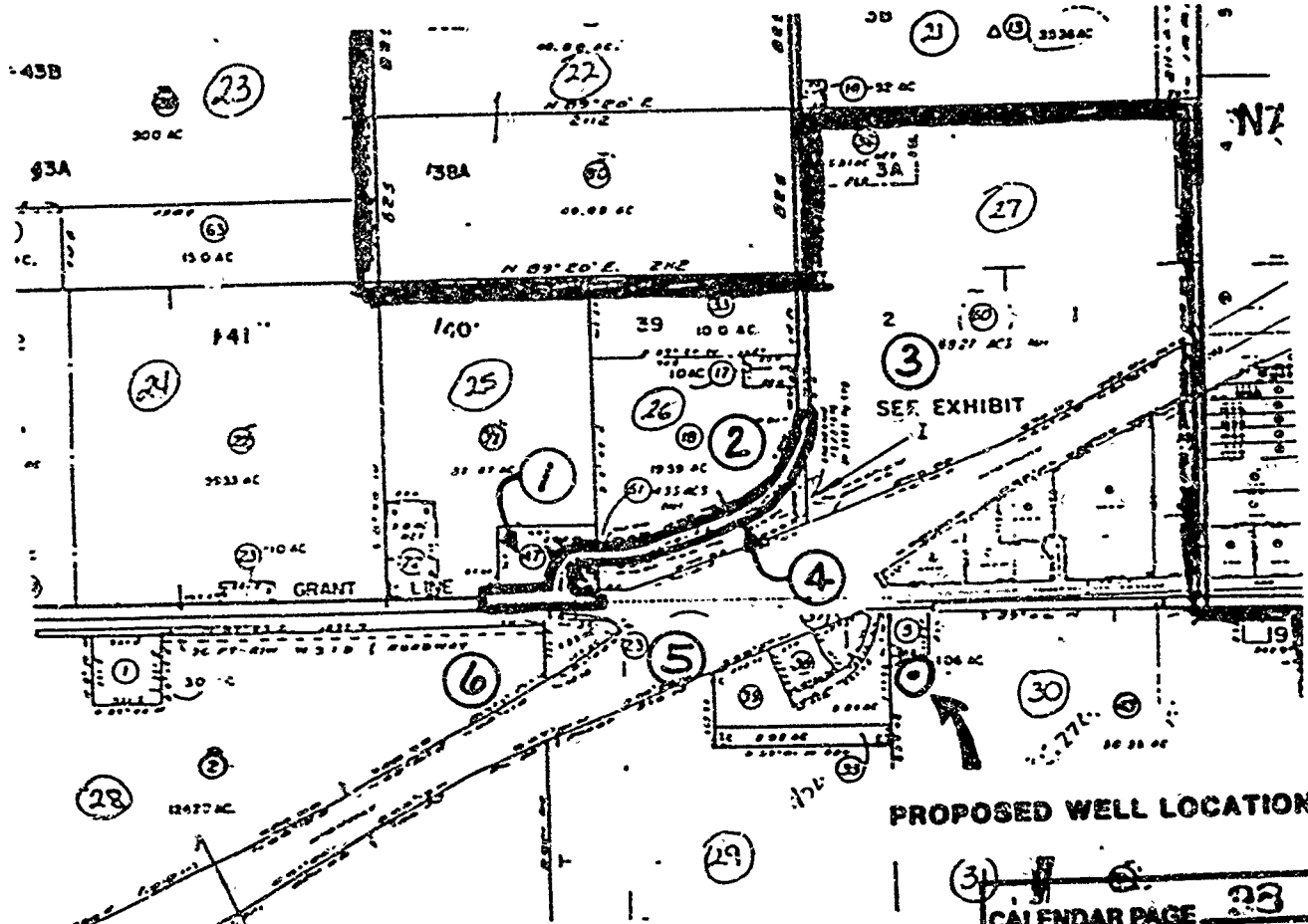
STATE LANDS COMMISSION
EXEMPTION FROM COMPETITIVE BID

SAN JOAQUIN COUNTY

JUNE 1991

W 40642

A.F.N.



PROPOSED WELL LOCATION

CALENDAR PAGE 23 . 2
MINUTE PAGE 3049

RECORDING REQUESTED BY

EXHIBIT "B"

ORIGIN RECORDED MAIL TO

W 40642

NAHAMA & WEAGANT ENERGY COMPANY

602 H Street

Bakersfield, California 93304

SPACE ABOVE THIS LINE FOR RECORDER'S USE

89-39

**SUBSURFACE
OIL, GAS AND MINERAL LEASE
(SHORT FORM)**

THIS LEASE AND AGREEMENT, made and entered into March 28, 1991

by and between County of San Joaquin, a political subdivision of the State

of California

hereinafter called "Lessor" (whether one or more), and NAHAMA & WEAGANT ENERGY COMPANY, a California

corporation

, hereinafter called "Lessee."

WITNESSETH:

Lessor hereby grants and leases to Lessee and Lessee hereby leases from Lessor the land hereinafter described, for the purpose and with the exclusive right of prospecting, exploring, drilling and operating said land for oil, gas, other hydrocarbons, associated substances, sulfur, nitrogen, carbon dioxide, helium and other commercially valuable substances which may be produced through wells on said land, whether or not similar to the above-mentioned substances. The land hereby leased is situated in _____

San Joaquin County, California, and is described as follows.

Portion of Sections 18 and 19, Township 2 South, Range 5 East, M.D.B.&M.

All that portion thereof, lying within that certain Parcel 7 as shown on map entitled "PROPOSED RELINQUISHMENT TO THE COUNTY OF SAN JOAQUIN", filed for record June 22, 1971, in Book 15 of State Highway Map Book, Page 41, San Joaquin County Records.

THIS IS A SUBSURFACE LEASE WITH NO RIGHT OF SURFACE ENTRY ABOVE 500 FEET BELOW THE SURFACE OF THE LEASED PREMISES.

This lease is made for the term and upon and subject to each and all the terms, provisions, covenants and conditions set forth in the certain Oil, Gas and Mineral Lease of even date herewith between the parties hereto covering the land hereinabove described, and said Oil, Gas and Mineral Lease is hereby incorporated herein with the same force and effect as though herein set forth at length.

IN WITNESS WHEREOF, said parties have caused this lease to be duly executed as of the date first hereinabove written.

County of San Joaquin

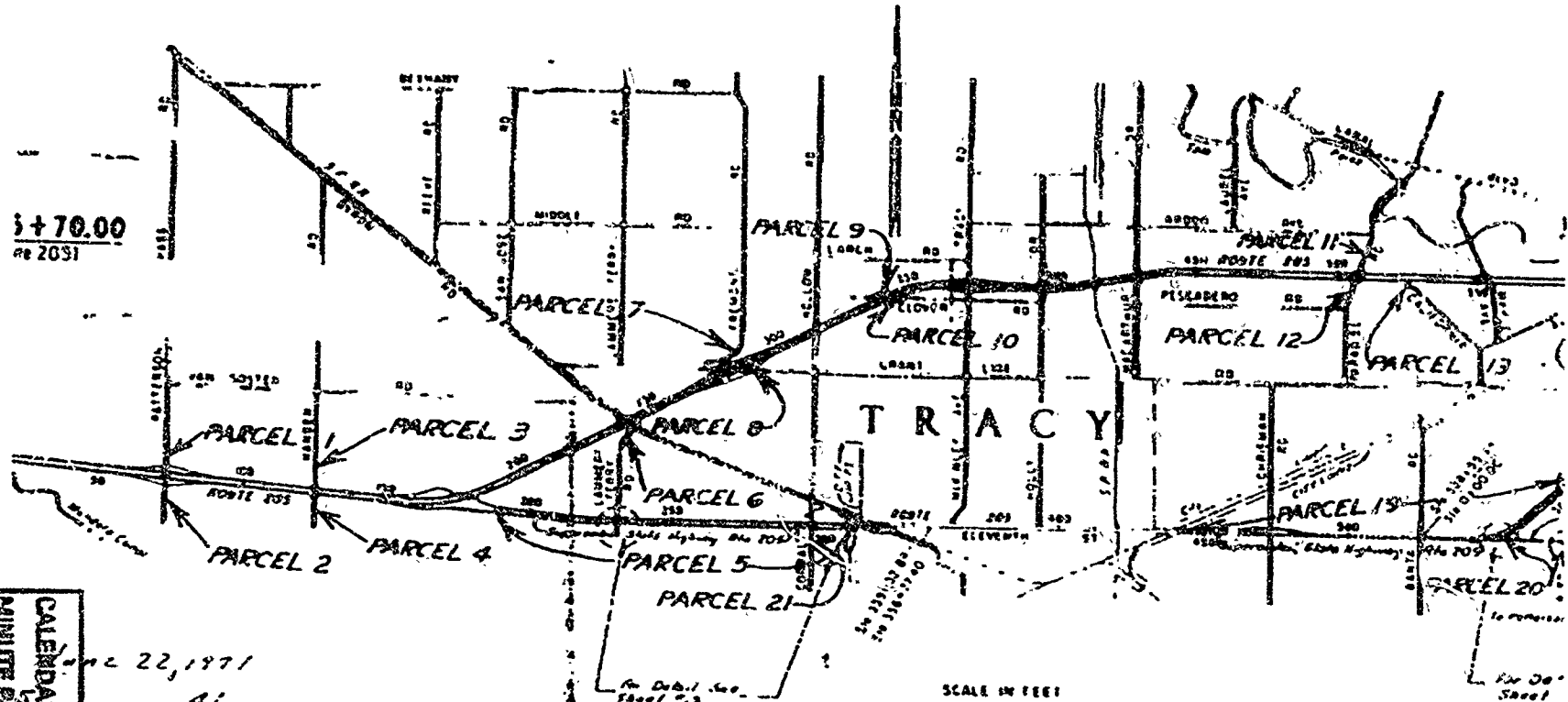
By: _____

NAHAMA & WEAGANT ENERGY COMPANY

By: Rocky Rasley, Vice

EXHIBIT PAGE 38.3
MINUTE PAGE 2051

COUNTY OF SAN JOAQUIN ON STATE
 ROUTES 10-S.J.-205; 5, 33
 REQUEST NO. 127



\$ + 70.00
 No 2051

CALENDAR PAGE
 MINUTE PAGE
 2051
 318 . 4

22, 1971
 41

SCALE IN FEET
 0 2000 4000 6000

Date May 1970
 SAN JOAQUIN COUNTY

T2S R5E MDS 4LM
SECTION 19

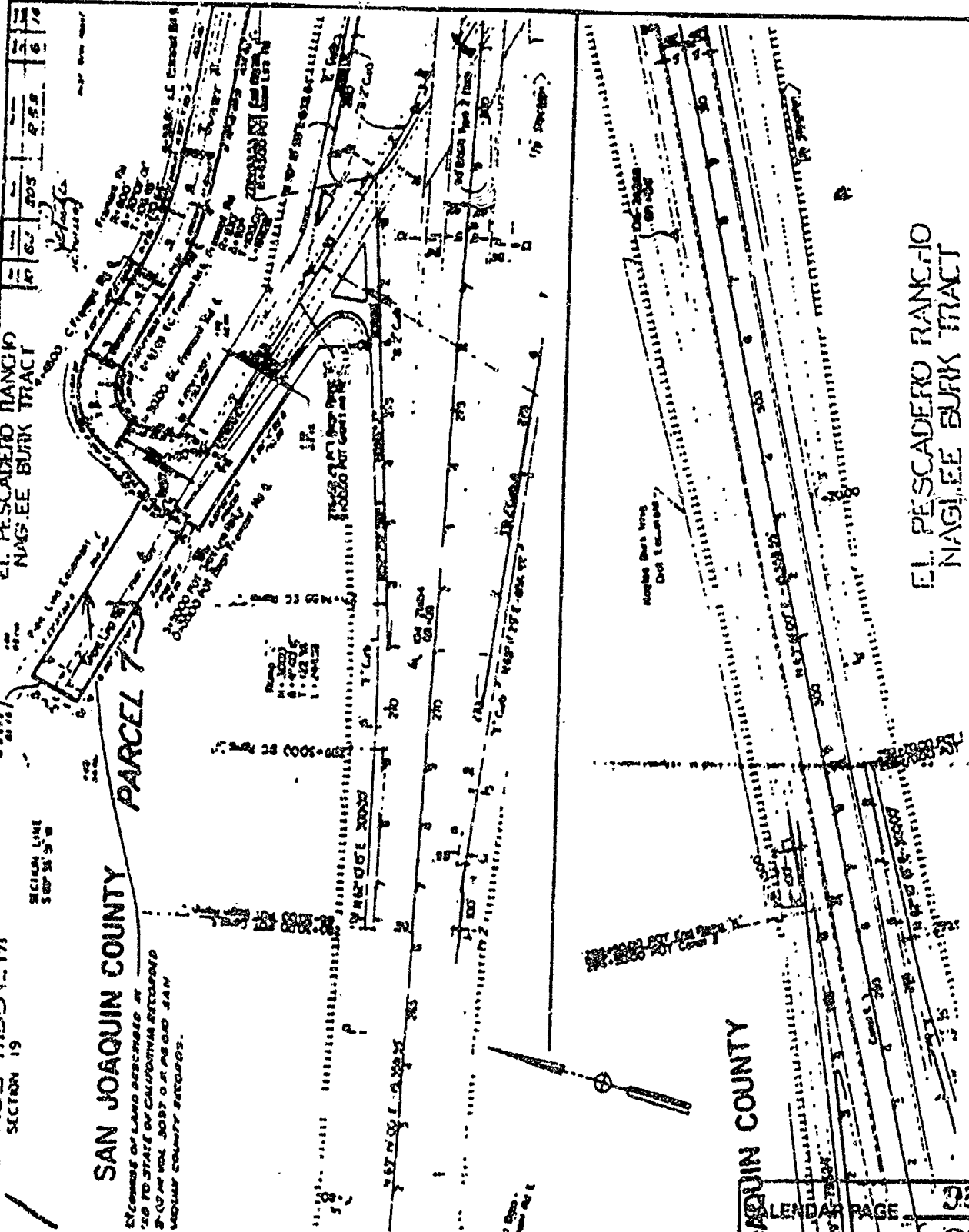
SECTION LINE
180° 34' 30"

SAN JOAQUIN COUNTY

EXEMPT OF LAND ACQUIRED BY
THE STATE OF CALIFORNIA RETAINED
BY THE STATE OF CALIFORNIA
SAN JOAQUIN COUNTY RECORDS.

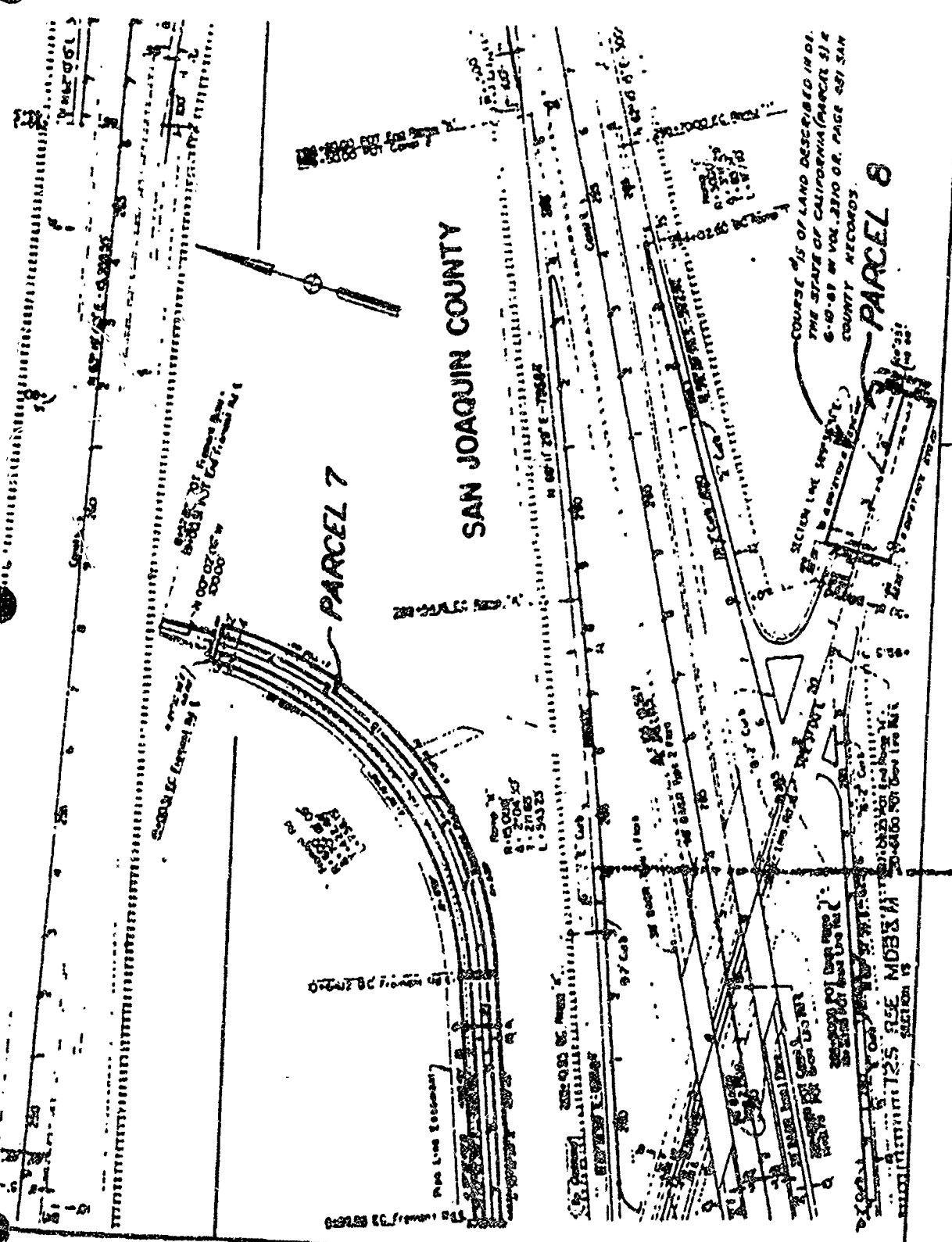
EL. PESCADERO RANCHO
NAGLEE BURK TRACT

PARCEL 7



SAN JOAQUIN COUNTY

EL. PESCADERO RANCHO
NAGLEE BURK TRACT

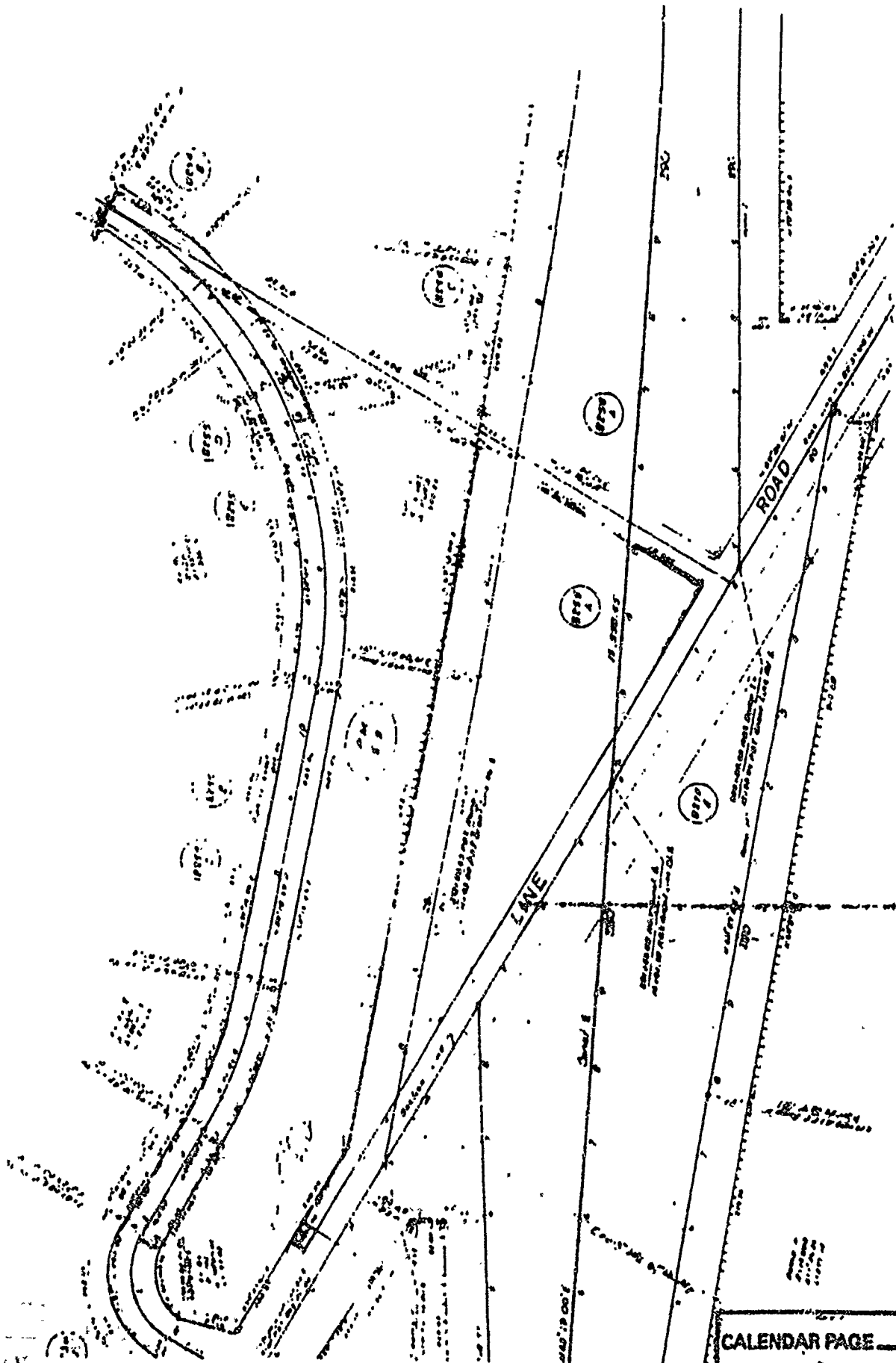


SAN JOAQUIN COUNTY

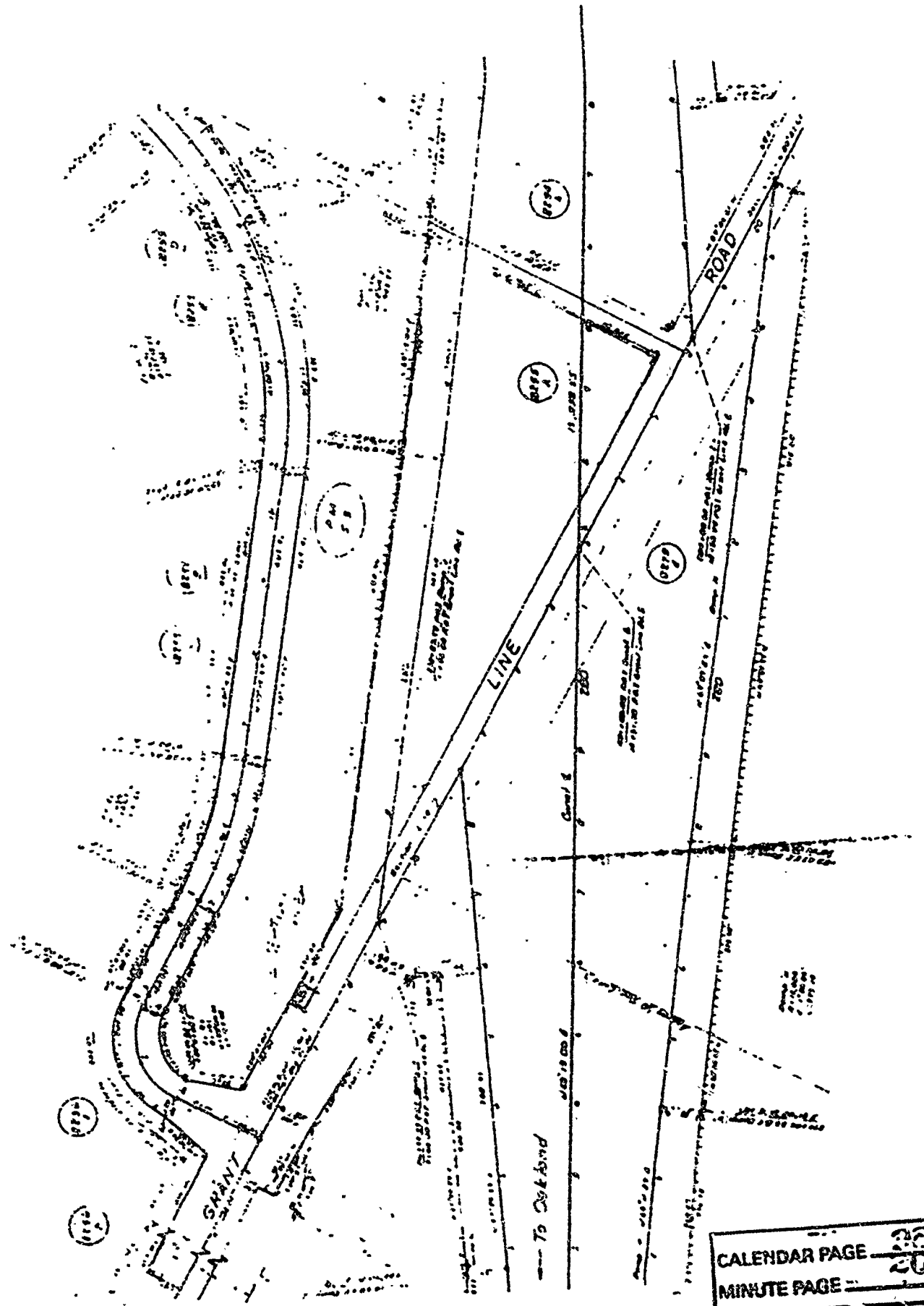
PARCEL 7

PARCEL 8

COURSE 15 OF LAND DESCRIBED IN O.I.
THE STATE OF CALIFORNIA (PARCEL 5)
6-10-87 IN VOL. 2310 OF PAGE 231 SAN
COUNTY RECORDS



CALENDAR PAGE 33 .7
MINUTE PAGE 2054



CALENDAR PAGE 30 - S
 MINUTE PAGE 205