

MINUTE ITEM

This Calendar Item No. C48
was approved as Minute Item
No. 48 by the State Lands
Commjssion by a vote of 3
to 0 at its 12/17/92
meeting.

CALENDAR ITEM

C48

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12/17/92

S 1

PRC 7282

PRC 7658

Tanner

**APPROVE THE ASSIGNMENT OF 100 PERCENT INTEREST
IN STATE OIL AND GAS LEASES PRC 7282 AND PRC 7658,
YOLO AND SUTTER COUNTIES**

ASSIGNOR:

Black Mountain Oil Company
Attn: Patrick J. Fazio, Jr., President
214 West Aliso Street
Ojai, California 93023

ASSIGNEE:

Montis Niger, Inc.
Attn: Herbert H. Brown, Vice President
Three Radnor Corporate Center
Radnor, Pennsylvania 19087

BACKGROUND:

On February 6, 1989, the State Lands Commission issued a negotiated sub-surface oil and gas lease (PRC 7282) to Black Mountain Oil Company (Black Mountain). The lease consists of approximately 110 acres of State land in the bed of the Sacramento River, Sutter and Yolo Counties. On September 23, 1992, the Commission approved a request by Black Mountain to increase the acreage to 320 acres, of which 54.06 acres will be incorporated into a pooling agreement. On September 23, 1992, the Commission approved a second negotiated oil and gas lease (PRC 7658) of approximately 539 acres in the same general vicinity to Black Mountain.

CALENDAR ITEM NO. C48 (CONT'D)

Black Mountain has acquired oil and gas leases and a farm-out agreement on all the private land adjacent to the State parcel. Drill sites on the State parcel are not available or obtainable because the surface of the State parcels are the bed of the Sacramento River and are covered completely with water. However, the State parcels are being developed by slant drilling from surface drill sites on adjacent land.

On August 4, 1992, staff was contacted by Black Mountain requesting Commission approval to assign 100 percent of its interest in these leases to Montis Niger, Incorporated.

Lease Paragraph No. 29 provides that the Lessee, with Commission approval, may assign any portion of the lease to a corporation that possesses the qualifications within P.R.C. 6801. The leases also specify that the assignment will take effect on the first day of the month following Commission approval.

Staff has reviewed the documents and lease files and have found that: (1) the Assignee is qualified under P.R.C. Section 6801 to hold the lease, (2) the lessee has complied with all lease provisions and no default exists, and (3) all filing fees, processing costs and required documentation are on file in the Commission's offices in Long Beach.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C. 6801 and P.R. C. 6804.
- B. Lease Paragraph 29.

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 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. Land Description (PRC 7282)
- B. Land Description (PRC 7658)

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 THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. APPROVE THE ASSIGNMENT OF 100 PERCENT INTEREST IN STATE OIL AND GAS LEASES PRC 7282 AND PRC 7658, YOLO AND SUTTER COUNTIES, FROM BLACK MOUNTAIN OIL COMPANY TO MONTIS NIGER, INCORPORATED. COMMISSION APPROVAL OF THIS ASSIGNMENT IS GIVEN ON THE CONDITION THAT THE ASSIGNMENT WILL NOT RELEASE THE ASSIGNOR FROM ANY OBLIGATIONS UNDER THE LEASES, ANY CONDITIONS IN ANY ASSIGNMENT AGREEMENT TO THE CONTRARY NOTWITHSTANDING AND THAT THE ASSIGNEE WILL BE BOUND BY THE LEASES, INCLUDING ANY MODIFICATIONS AND COLLATERAL AGREEMENTS, TO THE SAME EXTENT AS THE ASSIGNOR, ANY CONDITIONS IN ANY ASSIGNMENT AGREEMENT TO THE CONTRARY, NOTWITHSTANDING. PURSUANT TO LEASE PARAGRAPH 29, THIS ASSIGNMENT WILL TAKE EFFECT ON JANUARY 1, 1993.
3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE, TO EXECUTE ANY DOCUMENTS NECESSARY TO EFFECT THIS ASSIGNMENT.

EXHIBIT "A"

PRC 7282

**AMENDED LEASE
LAND DESCRIPTION**

Two parcels of State owned land in Yolo and Sutter Counties, California, more particularly described as follows:

PARCEL NO.1:

All that submerged land in the bed of the Sacramento River downstream from the southeasterly right-of-way of the Southern Pacific Railroad in the town of Knights Landing within the projected Sections 13, 14, 24, 25 T11N, R2E, and Sections 18, 19, 30, 31, 32 T11N, R3E, MDM.

EXCEPTING THEREFROM that portion in Section 31, 32 T11N, R3E, MDM, as described in PRC 6078, filed in the office of the State Lands Commission, more particularly described as follows: All those State owned submerged lands in the bed of the last natural channel of the Sacramento River at Grays Bend, Sutter and Yolo Counties, State of California, lying within T10N and T11N, R3E, MDM, Bounded on the north by California Coordinate System Zone 2 Coordinates of X=2094600 and Y=398250; thence running downstream southwesterly, southerly, easterly, northerly and northeasterly and terminating at coordinates X=2096000 and Y=396850. ALSO EXCEPTING THEREFROM any portion lying landward of the ordinary low water marks of said river.

PARCEL NO. 2

All that State owned land in the bed of the cut-off loop of the Sacramento River, known as Mary Lake, Sutter County, State of California, described as follows: The northwest-quarter (NW1/4) of Section 19, T11N, R3E, MDM.

EXCEPTING THEREFROM the following:

1. All that portion conveyed by patent from the State of California to James Waters, recorded April 24, 1917, in Book "E" of Patents, page 164, records of Sutter County.
2. All that portion conveyed by patent from the State of California to William McGriff, recorded January 2, 1874 in Book "C" of Patents, page 296, records of Sutter County.
3. All that portion conveyed by patent from the State of California to L. Johnson, recorded January 4, 1911 in Book "E" of Patents, page 121, records of Sutter County.

END OF DESCRIPTION

PREPARED DECEMBER, 1991 BY LLB

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EXHIBIT "B"

LAND DESCRIPTION

PRC 76

THOSE PARCELS OF STATE OWNED LAND IN YOLO AND SUTTER COUNTIES, CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1

ALL THAT SUBMERGED LAND IN THE BED OF THE SACRAMENTO RIVER IN SECTIONS 2, 3, 11, 14, T11N, R2E; SECTIONS 12, 13, 24, 25, T12N, R1E; SECTIONS 7, 18, 19, 21, 22, 26, 27, 28, 29, 30, 34, 35, T12N, R2E, MDM

EXCEPTING THEREFROM THAT PORTION WITHIN THE N1/3 OF SECTION 12, T12N, R1E, MDM AND THAT PORTION WITHIN PRC 7282 IN SECTION 14, T11N R2E, MDM, FILED IN THE RECORDS OF THE STATE LANDS COMMISSION. SAID PRC 7282 WAS RECORDED FEBRUARY 24, 1989 IN BOOK 1290 PAGE 542, OFFICIAL RECORDS OF SUTTER COUNTY; AND RECORDED MARCH 22, 1989 IN BOOK 2011 PAGE 383, OFFICIAL RECORDS OF YOLO COUNTY.

ALSO EXCEPTING THEREFROM ANY PORTION LYING LANDWARD OF THE ORDINARY LOW WATER MARKS OF SAID RIVER.

PARCEL 2

ALL THAT LAND AS DESCRIBED IN THE DEED RECORDED IN BOOK 539, PAGE 352 ON APRIL 15, 1958, FILED IN THE COUNTY RECORDER'S OFFICE OF YOLO COUNTY, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WESTERLY LINE OF CALIFORNIA STATE HIGHWAY NO. 45 RIGHT OF WAY, SAID POINT BEING A DISTANCE OF 40 FEET MEASURED AT RIGHT ANGLES FROM THE INTERSECTION OF THE CENTERLINE OF SAID RIGHT OF WAY OF STATE HIGHWAY AND THE CENTERLINE OF SYCAMORE SLOUGH, AS DEFINED BY GRANT OF RIGHT OF WAY BY RIVER GARDEN FARMS OF CALIFORNIA DATED SEPTEMBER 8, 1938 AND RECORDED SEPTEMBER 22, 1938, IN BOOK 117 AT PAGE 335, OF OFFICIAL RECORDS OF THE COUNTY OF YOLO; THENCE FROM SAID POINT OF BEGINNING N 38° 07' 30" W, 83.00 FEET; THENCE ALONG A CURVE TO THE LEFT, HAVING A RADIUS OF 410.00 FEET, THROUGH A CENTRAL ANGLE OF 32° 02', FOR AN ARC LENGTH OF 229.23 FEET; THENCE TANGENT TO THE PRECEDING CURVE N 70° 09' 30" W, 166.93 FEET TO THE INTERSECTION OF THE SOUTHWESTERLY LINE OF SAID STATE HIGHWAY RIGHT OF WAY AND THE EASTERLY LINE OF THE ABANDONED RIVER FARMS BRANCH OF THE SOUTHERN PACIFIC RAILROAD RIGHT OF WAY; THENCE CONTINUING ALONG SAID SOUTHWESTERLY LINE N 70° 09' 30" W, 113.0 FEET; THENCE S 68° 30' W, 55 FEET; THENCE ALONG A CURVE TO THE LEFT, HAVING A CHORD BEARING OF S 15° 24' E, HAVING A RADIUS OF 1507.69 FEET, FOR AN ARC LENGTH OF 314.00 FEET; THENCE S 24° 17' E, 235.00 FEET, TO THE CENTERLINE OF SYCAMORE SLOUGH; THENCE IN AN EASTERLY DIRECTION ALONG THE CENTERLINE OF SYCAMORE SLOUGH, A DISTANCE OF 450.00 FEET, TO THE WESTERLY LINE OF CALIFORNIA STATE HIGHWAY NO. 45 RIGHT OF WAY AND THE POINT OF BEGINNING.

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PARCEL 3

A PORTION OF THAT TRACT OF LAND SITUATED IN LOT 37 OF JIMENO RANCHO, NEAR A BEND IN THE SACRAMENTO RIVER. LOCALLY KNOWN AS "COLLINS EDDY", SAID PORTION OF LAND BEING A PART OF SAID LOT LYING ON THE WESTERLY SIDE OF THE GENERAL COURSE OF THE SACRAMENTO RIVER, BETWEEN THE RECLAMATION LEVEE OF RECLAMATION DISTRICT NO. 108, AND SAID "COLLINS EDDY", AT THE EXTREME EASTERLY END THEREOF, BEING IN THE COUNTY OF YOLO, STATE OF CALIFORNIA, AS DELINEATED ON THAT CERTAIN MAP ENTITLED "PORTION OF RIVER GARDEN FARMS COMPANY'S TRACT AT COLLINS EDDY ON THE SACRAMENTO RIVER, CALIFORNIA, SHOWING LANDS FOR WHICH TITLES, EASEMENTS, ETC., ARE REQUIRED FOR RECTIFICATION OF THE CHANNEL UNDER THE SACRAMENTO RIVER FLOOD CONTROL PROJECT SCALE 1"=400' ENGINEER OFFICE, U. S. ARMY, THIRD SAN FRANCISCO DISTRICT, SAN FRANCISCO, CALIFORNIA, MARCH 17, 1917", AND COMBINING AND INCLUDING ALL OF THE FOUR PARCELS SHOWN THEREON AS PARCELS "A", "B", "C" AND THAT PARCEL OF LAND IN SEVERANCE, EASTERLY OF PARCEL "C" AND BOUNDED ON THE REMAINING SIDES BY THE RIGHT BANK OF THE SACRAMENTO RIVER, AND BEING DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT (ON THE TOP OF THE RIGHT BANK OF THE SACRAMENTO RIVER ABOUT 260 FEET SOUTHEAST OF BEAVER LAKE AND ABOUT ONE HALF MILE DOWN STREAM FROM COLLINS EDDY, WHICH BEARS N 67° 21' 30" E, 2732.06 FEET FROM STONE MONUMENT NO. 54, AND WHICH ALSO BEARS, S 24° 14' 45" W, 4264.59 FEET FROM THE UNITED STATES ENGINEER DEPARTMENT BENCH MARK NO. 325; AND WHICH ALSO BEARS, N 23° 07' W, 2751.31 FEET FROM THE SW CORNER OF THE SE1/4 OF SE1/4 OF SECTION 13, T12N, R1E, MDM, THENCE FROM SAID POINT OF COMMENCEMENT, S 40° 01' E, 10.0) FEET TO THE POINT OF BEGINNING ON THE LOW WATER SHORE LINE; THENCE FOLLOWING ALONG THE IRREGULAR LOW-WATER SHORE LINE ON THE RIGHT BANK OF THE SACRAMENTO RIVER, UP STREAM, BY THE FOLLOWING COURSES AND DISTANCES; N 61° 57' 30" E, 398.20 FEET; THENCE N 69° 58' E, 351.78 FEET; THENCE N 80° 11' 30" E, 193.69 FEET; THENCE S 89° 58' 15" E, 290.01 FEET; THENCE S 85° 30' E, 802.00 FEET; THENCE S 68° 10' E, 392.00 FEET; THENCE N 14° 10' E, 145.00 FEET; THENCE N 53° 45' W, 518.00 FEET; THENCE N 39° 00' W, 590.00 FEET; THENCE N 29° 45' 45" W, 287.12 FEET; THENCE N 23° 02' 30" W, 292.75 FEET; THENCE N 02° 38' 15" W, 469.00 FEET; THENCE N 02° 54' 45" E, 322.92 FEET; THENCE LEAVING SAID ABOVE MENTIONED LOW-WATER SHORE LINE, S 35° 15' 45" W, 525.60 FEET; THENCE ALONG A CURVE TO THE RIGHT, FROM A TANGENT WHICH BEARS, S 09° 55' W, HAVING A RADIUS OF 2500.00, THROUGH A CENTRAL ANGLE OF 40° 04', FOR AN ARC LENGTH OF 1748.24 FEET (LONG CHORD BEARING S 29° 57' W, 1712.83 FEET); THENCE S 20° 19' W, 454.59 FEET TO THE POINT OF BEGINNING, AND BEING THAT TRACT CONVEYED BY RIVER FARMS COMPANY OF CALIFORNIA, TO THE STATE OF CALIFORNIA, BY DEED DATED OCTOBER 19, 1917, AND RECORDED NOVEMBER 19, 1917, IN BOOK 93 OF DEEDS, AT PAGE 265.

END OF DESCRIPTION

SCANNED AND FORMATTED DECEMBER, 1991 BY LLB

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