

MINUTE ITEM

This Calendar Item No. C83 was approved as Minute Item No. 83 by the California State Lands Commission by a vote of 3 to 0 at its 5/12/97 meeting.

CALENDAR ITEM

C83

A 8, 10, 15, 17

S 4, 5, 7

05/12/97
PRC 714
PRC 729
A. Nitsche

APPROVE THE PARTIAL ASSIGNMENT OF OIL AND GAS LEASES NOS. PRC 714 AND PRC 729, RIVER ISLAND, SACRAMENTO AND SAN JOAQUIN COUNTIES

BACKGROUND:

Oil and Gas Lease Nos. PRC 714 and PRC 729 contain tide and submerged land encompassing portions of the Sacramento River, Georgiana Slough, and the North Fork of the Mokelumne River in Sacramento and San Joaquin Counties. Oil and Gas Lease Nos. PRC 714 and PRC 729 were issued to Brazos Oil and Gas Company on April 18, 1956, and June 30, 1956, respectively. Through a series of assignments, Enron Oil and Gas Company (Enron) holds an undivided one-half interest in Oil and Gas Lease Nos. PRC 714 and PRC 729 and Casex Company (Casex) holds the remaining undivided one-half interest and is the operator.

Paragraph 4 of the leases provides, in part, that the lease may not be assigned except with the written consent of the State, and then only to a corporation, who at the time of the proposed assignment, possesses the qualifications provided in Division 6 of the Public Resources Code.

In a letter dated January 30, 1997, Enron requested approval of the assignment from Casex to Enron of all of Casex's right, title and interest in Oil and Gas Lease Nos. PRC 714 and PRC 729. Commission staff has reviewed the financial documents submitted by Enron and has found Enron to be qualified under Public Resources Code section 6801 and Public Resources Code section 6804 to hold the lease. The bond requirements of each lease have been fulfilled by the Assignee, and the forms of assignment have been executed by Casex (Assignor) and by Enron (Assignee).

PREREQUISITE CONDITIONS, FEES AND EXPENSES:

Filing fees and processing costs have been received.

Separate performance bonds, each in the sum of \$25,000 have been received for State Oil and Gase Lease Nos. PRC 714 and PRC 729.

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CALENDAR ITEM NO. C83 (CONT'D)

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code sections: 6801, 6804 and 6507.
- B. Lease Nos. PRC 714 and PRC 729, Paragraph 4.

PERMIT STREAMLINING ACT DEADLINE:

N/A

OTHER PERTINENT INFORMATION:

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), Commission 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: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

EXHIBITS:

- A. Land Description
- B. Location Map

IT IS RECOMMENDED THAT THE COMMISSION:

- 1. FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.
- 2. APPROVE THE ASSIGNMENT TO ENRON OIL & GAS COMPANY OF CASEX COMPANY'S UNDIVIDED ONE-HALF INTEREST IN STATE OIL AND GAS LEASE NOS. PRC 714 AND PRC 729. THE ASSIGNMENT SHALL NOT RELEASE THE ASSIGNOR FROM ANY OBLIGATION TO THE COMMISSION UNDER THE LEASES, AND THE ASSIGNEE SHALL BE BOUND BY THE LEASES, INCLUDING ANY MODIFICATIONS AND COLLATERAL AGREEMENTS, TO THE SAME EXTENT AS THE ASSIGNOR, ANY CONDITION IN ANY ASSIGNMENT AGREEMENT TO THE CONTRARY NOTWITHSTANDING. THIS ASSIGNMENT WILL TAKE EFFECT ON THE FIRST DAY OF THE MONTH FOLLOWING COMMISSION ACTION.

EXHIBIT A

LAND DESCRIPTION

Parcel A

PRC 729

All of those tide and submerged lands lying northerly and westerly of a line drawn midway between the centerlines of the existing channels of the Sacramento River and Georgiana Slough within the limits of the following described tract:

Tract

Beginning at a point at the southwest corner of Section 31, T. 5 N., R. 4 E., M.D.B. & M., thence east a distance of approximately 18,300 feet to the southeast corner of Section 34, T. 5 N., R. 4 E., M.D.B. & M., thence south a distance of approximately 33,625 feet to a point (on the projection of the east line of Section 34, T. 5 N., R. 4 E., M.D.B. & M.,) thence west a distance of approximately 18,300 feet to the intersection with the boundary of State Easement No. 415 (this point is also the intersection of the east boundary of State Easement No. 415 and the projection of the west line of Township 5 N., R. 4 E., M.D.B. & M.) thence northwesterly along the boundary line of State Easement No. 415 a distance of approximately 10,700 feet to a point marked Pier 8 U.S.E.D., thence northeasterly a distance of approximately 14,300 feet to a point on the projection of the west line of T. 5 N., R. 4 E., M.D.B. & M., thence north a distance of approximately 10,800 feet to the southwest corner of Section 31, T. 5 N., R. 4 E., M.D.B. & M., the point of beginning, hereinafter referred to as the "Tract" and shown on Exhibit "A".

Parcel B

PRC 714

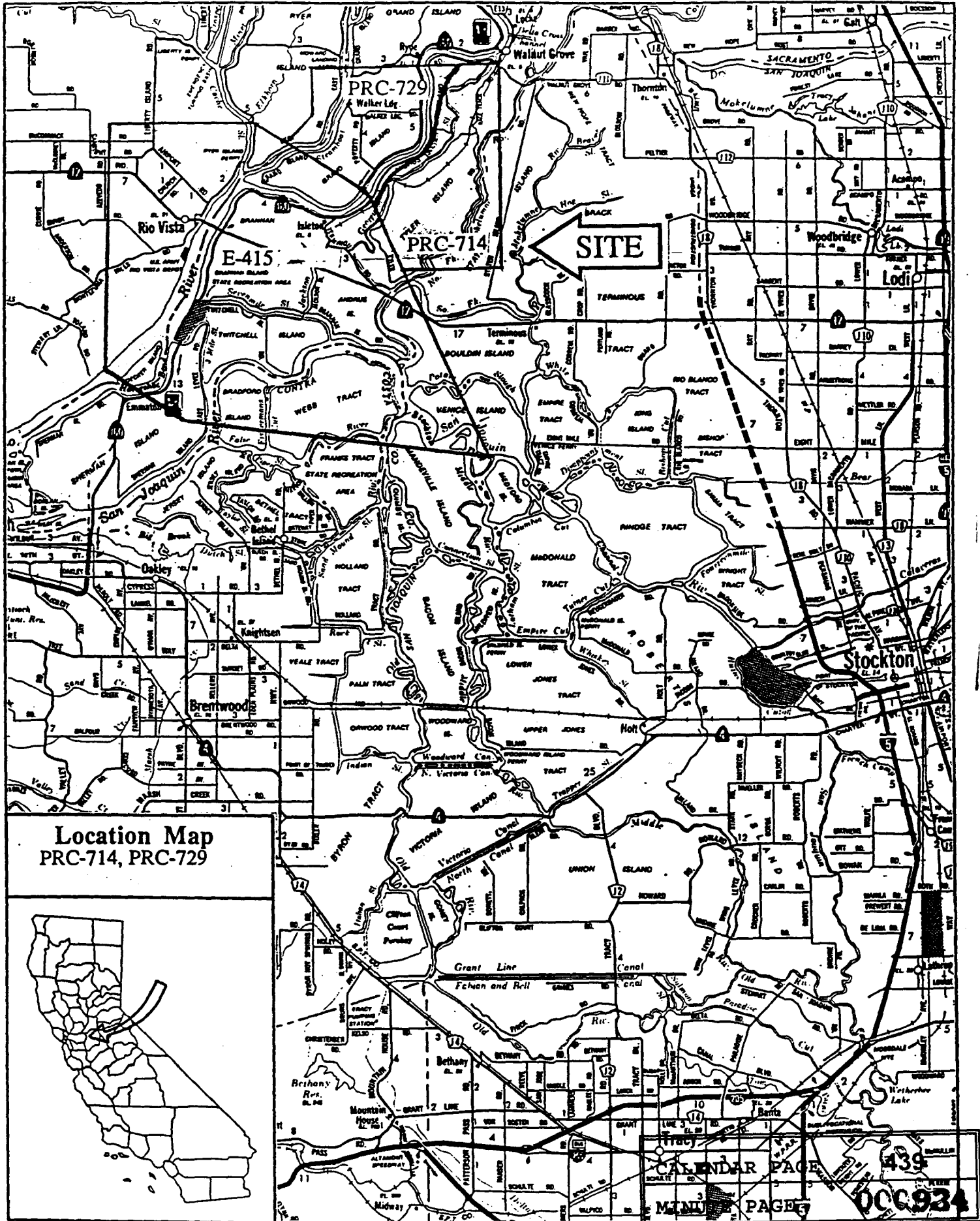
All of those tide and submerged lands lying southerly and easterly of a line drawn midway between the centerlines of the existing channels of the Sacramento River and Georgiana Slough within the limits of the following described tract:

Tract

Beginning at a point at the southwest corner of Section 31, T. 5 N., R. 4 E., M.D.B. & M., thence east a distance of approximately 18,300 feet to the southeast corner of Section 34, T. 5 N., R. 4 E., M.D.B. & M., thence south a distance of approximately 33,625 feet to a point (on the projection of the east line of Section 34, T. 5 N., R. 4 E., M.D.B. & M.,) thence west a distance of approximately 18,300 feet to the intersection with the boundary of State Easement No. 415 (this point is also the intersection of the east boundary of State Easement No. 415 and the projection of the west line of Township 5 N., R. 4 E., M.D.B. & M.) thence northwesterly along the boundary line of State Easement No. 415 a distance of approximately 10,700 feet to a point marked Pier 8 U.S.E.D., thence northeasterly a distance of approximately 14,300 feet to a point on the projection of the west line of T. 5 N., R. 4 E., M.D.B. & M., thence north a distance of approximately 10,800 feet to the southwest corner of Section 31, T. 5 N., R. 4 E., M.D.B. & M., the point of beginning, hereinafter referred to as the "Tract" and shown on Exhibit "A".

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EXHIBIT B



Location Map
PRC-714, PRC-729