

MINUTE ITEM

This Calendar Item No. 42 was approved as Minute Item No. 42 by the State Lands Commission by a vote of 3 to 0 at its 8-23-79 meeting. CALENDAR ITEM 42.

8/79
W 40134
Kuehn
PRC 5716

COMPENSATORY GAS AGREEMENT

APPLICANT: Nahama & Weagant, Inc.
602 H Street
Bakersfield, California 93304

LOCATION: Taylor Slough Area, Contra Costa County.

TYPE OF LAND: Sovereign lands in the Taylor Slough, Dutch Slough and Sand Mound Slough, approximately 67 acres.

PERTINENT INFORMATION:

A compensatory gas agreement is proposed whereunder the State would be compensated for future drainage of gas from State sovereign lands by wells drilled by Nahama & Weagant, Inc. on uplands adjoining the State lands within the Taylor Slough Area. The State lands include a portion of the beds of the Taylor Slough, Dutch Slough and Sand Mound Slough. Nahama & Weagant, Inc. has under lease those lands adjacent to and surround the State lands proposed to be included in the agreement area. Section 6815 of the P.R.C. provides:

"Whenever it appears to the Commission that wells drilled upon private lands are draining or may drain oil or gas from lands owned by the State or where the provisions of Section 6827 are deemed by the Commission to be impractical in the particular case by reason of the small size or irregular configuration of the property, or its inaccessibility from surface drillsites reasonably available or obtainable, the Commission, in lieu of following the provisions of Section 6827, may negotiate and enter into agreements with the owners or operators of such wells on private lands for the payment of compensation to the State for such drainage, or may negotiate and enter into leases for the development of the State lands only"

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CALENDAR ITEM NO. 42. (CONTD)

Under the proposed compensatory agreement, Nahama & Weagant, Inc. agrees to account for and to pay in money to the State on gas produced and saved from any well hereafter drilled within the Taylor Slough Area that will drain gas from adjoining State land, in accordance with the following schedule:

1. 22.5% of the sale value of all gas allocated to State lands.
2. 22.5% of the sale value of all gasoline and other products extracted from the quantity of gas allocated to State lands. The draft of the proposed compensatory agreement has been reviewed and approved by staff counsel.

EXHIBITS: A. Land Description. B-1. Location Map.
 B-2. Site Map.

IT IS RECOMMENDED THAT THE COMMISSION, PURSUANT TO SECTION 6815 OF THE P.R.C., AUTHORIZE THE ISSUANCE OF A COMPENSATORY GAS AGREEMENT TO NAHAMA & WEAGANT, INC. COVERING THOSE STATE LANDS IN THE BED OF TAYLOR SLOUGH, DUTCH SLOUGH AND SAND MOUND SLOUGH IN THE TAYLOR SLOUGH AREA AS DESCRIBED IN EXHIBIT "A" ATTACHED HERETO, CONTRA COSTA COUNTY, SO AS TO PROTECT THE STATE INTEREST IN STATE INTEREST IN SUCH LANDS.

EXHIBIT "A"

LAND DESCRIPTION

W 40134

A parcel of tide and submerged land located within projected Section 22, T2N., R3E., MDM, Contra Costa County, State of California, more particularly described as follows:

BEGINNING at the northwest corner of said Section, as projected onto USC & GS Air Photo Compilation No. T-5014 and located at latitude 38° 00' 44", and longitude 121° 38' 22" as scaled from said Air Photo Compilation; thence South 190.00 feet along the west line of said section to the south bank of Dutch Slough; thence along the south bank of Dutch Slough and the west bank of Sand Mound Slough the following five courses:

1. S 83° 34' 23" E 1,201.53 feet;
2. S 67° 51' 20" E 1,210.40 feet;
3. S 54° 55' 06" E 1,150.56 feet;
4. S 32° 43' 27" E 387.01 feet;
5. S 16° 06' 19" E 3,655.87 feet to the south line of said Section 22; thence East 800.00 feet along said south line to the southeast corner of said Section 22; thence North 5,100.00 feet along the east line of said Section to a point on the north bank of Sand Mound Slough; thence along the north bank of Sand Mound Slough and the north bank of Dutch Slough the following five courses:
6. S 73° 42' 53" W 399.70 feet;
7. S 52° 33' 03" W 1,285.20 feet;
8. N 68° 55' 34" W 1,396.27 feet;
9. N 52° 40' 55" W 563.54 feet;
10. N 75° 53' 52" W 943.39 feet to the north line of said Section 22; thence along the said north line West 1,210.00 feet to the point of beginning.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark of Dutch Slough and Sand Mound Slough.

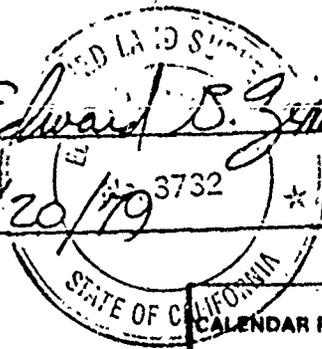
END OF DESCRIPTION

Prepared Carlos Rojas

Checked Edward B. Z...

Reviewed [Signature]

Date 6/20/79



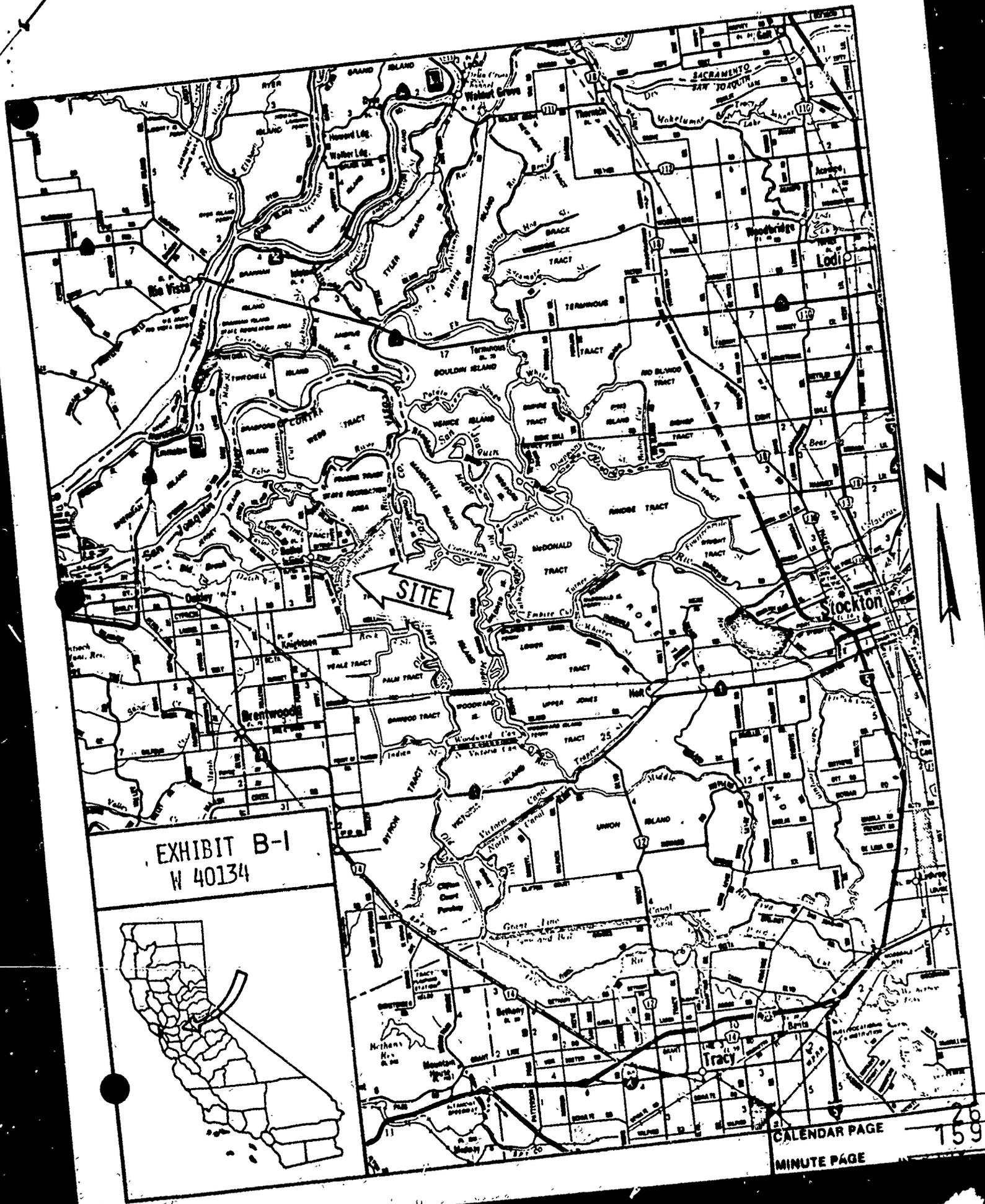


EXHIBIT B-1
W 40134



