

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

C 2 4

S 5

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)

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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 834:  
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.



RECORDING REQUESTED BY

EXHIBIT "B"

ORIGIN RECORDED MAIL TO

W 40642

NAHAMA & WEAGANT ENERGY COMPANY

602 H Street

Sakramento, California 93304

89-39

SPACE ABOVE THIS LINE FOR RECORDER'S USE

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 purposes and with the exclusive right of prospecting, exploring, drilling and operating said land for oil, gas, other hydrocarbons, associated substances, sulphur, 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: \_\_\_\_\_

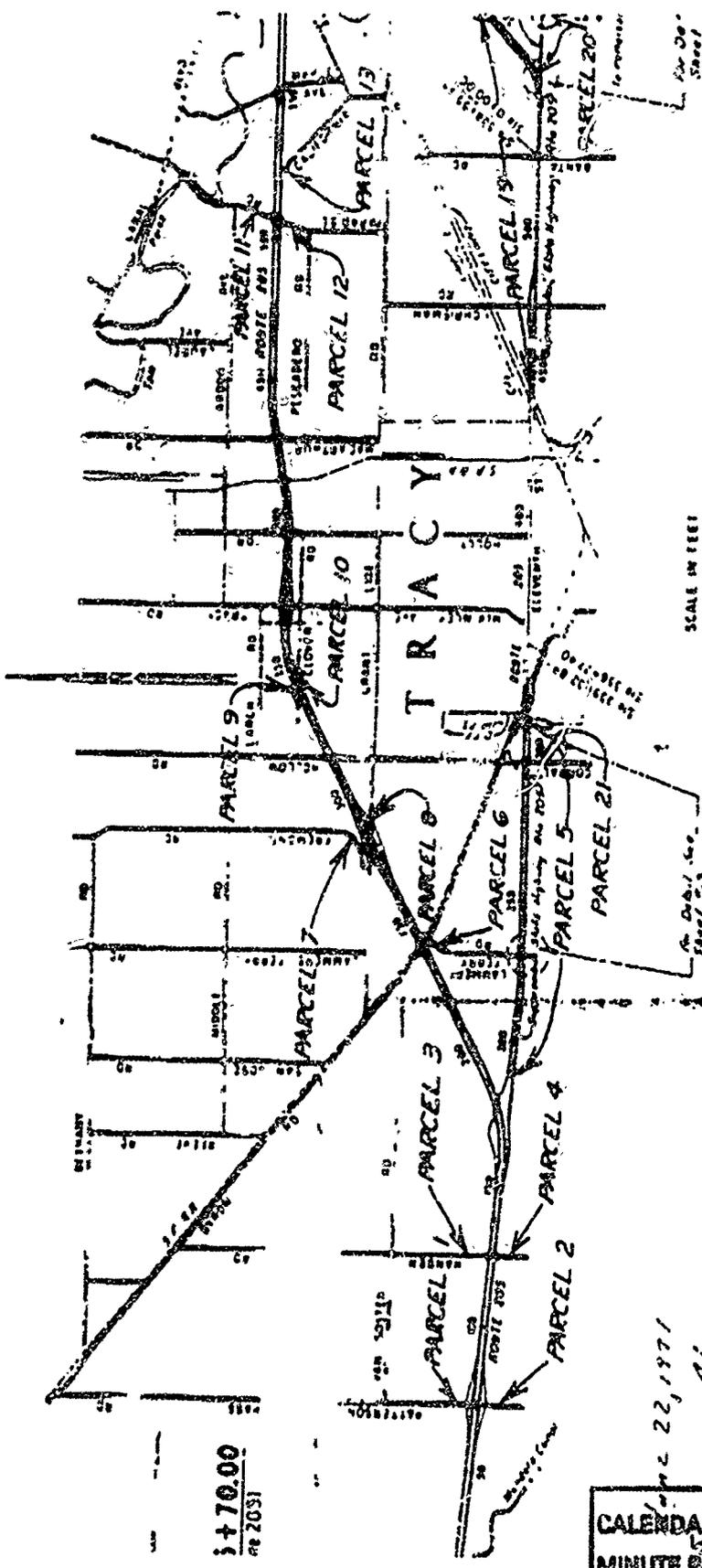
NAHAMA & WEAGANT ENERGY COMPANY

By: \_\_\_\_\_

By: Rocky Rasley, Vice

CONSIDER PAGE 38.3  
MINUTE PAGE 2050

COUNTY OF SAN JOAQUIN ON STATE  
 ROUTES 10-S.1-20S; 5; 33  
 REQUEST NO. 127



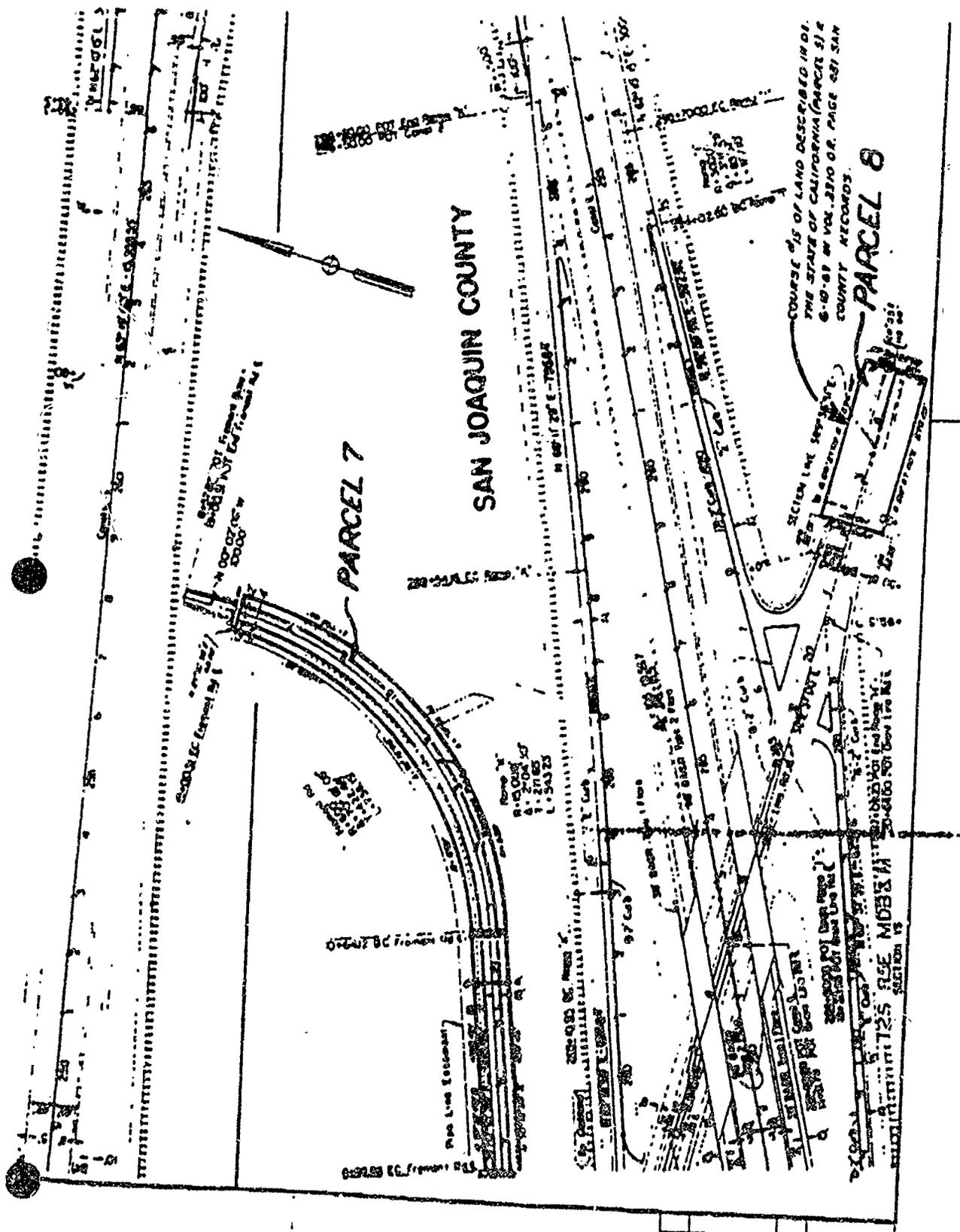
SCALE IN FEET  
 2000 4000 6000  
 Date May 1970  
 SAN JOAQUIN COUNTY

\$ 70.00  
 pr 2031

22, 1971  
 41

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MINUTE PAGE	205



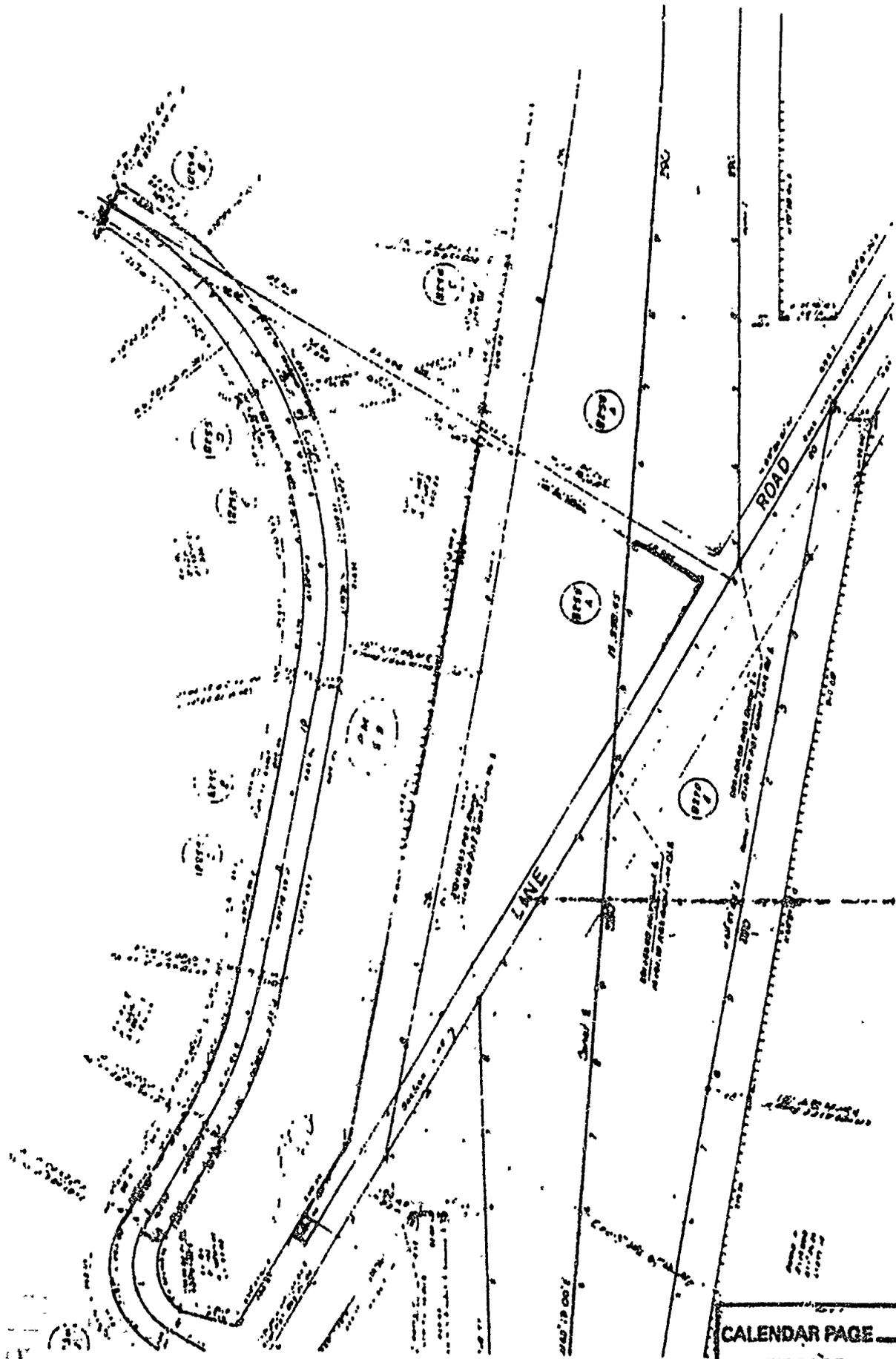


SAN JOAQUIN COUNTY

PARCEL 7

PARCEL 8

COURSE 1/5 OF LAND DESCRIBED IN O.I.  
THE STATE OF CALIFORNIA (PARCEL 5) &  
6-10-89 IN VOL. 2210 OF PAGE 681 SAN  
COUNTY RECORDS.



CALENDAR PAGE 33.7  
MINUTE PAGE 2054

