

MINUTE ITEM

This Calendar Item No. C82 was approved as Minute Item No. 82 by the California State Lands Commission by a vote of 2 to 0 at its 5-9-96 meeting.

CALENDAR ITEM

C82

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05/09/96
PRC 7714.1
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Nitsche

**CONSIDER MODIFICATION OF LEASE DESCRIPTION,
APPROVAL OF PARTIAL QUITCLAIM DEED,
AND SETTLEMENT OF BOUNDARY DISPUTE,
SNODGRASS SLOUGH, SACRAMENTO COUNTY**

APPLICANT:

Enerfin Resources Northwest, Limited Partnership
5100 California Avenue, Suite 226
Bakersfield, California 93309

BACKGROUND:

Lease No. PRC 7714.1 was originally issued to Nahama & Weagant Energy Company on September 9, 1993. The lease is for lands in the upper reaches of Snodgrass Slough, Sacramento County and the description originally identified 93 acres within the leasehold. The description was based upon a preliminary title review. Subsequent to the execution of the lease, the Herzog Company, an adjoining landowner, challenged the State's title to the bed of the Slough.

After an extensive title study of the Slough, staff has concluded that the State's interest is limited. Consequently, Commission staff recommends that the lease description be amended to reflect the true extent of the State's interest. The correct description is found in Exhibit "B" to this Item and comprises 27.2 acres. Staff also recommend that a quitclaim be issued to the Herzog Company for the remainder of the involved acreage.

The State's original lessee has filed bankruptcy and the lease was assumed by Nahama & Weagant Energy Company 1984 Production Purchase Limited Partnership with Enerfin Resources as General Partner during the course of the bankruptcy. The Nahama & Weagant Energy Company 1984 Production Purchase Limited Partnership is now renamed the Enerfin Resources Northwest Limited Partnership. Enerfin Resources has been notified of the need to modify the lease description in accordance with the title settlement and agrees with the modified lease description.

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Subsequent to assumption of the lease, Enerfin Resources has requested that the Commission accept a Partial Quitclaim of Oil and Gas Lease No. PRC 7714.1 effective September 6, 1995, for all of the lease lands outside of the Herzog Unit because of non-production.

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 this activity is not a "project" as defined by the State CEQA Guidelines.

Authority: Public Resources Code Section 21065 and 14 Cal. Code Regs. 15378.

Exhibits:

- A: Form of Quitclaim
- B: Modified Lease Land Description
- C: Partial Quitclaim of Oil and Gas Lease

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 PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL. CODE REGS. 15378.
2. ACCEPT THE PARTIAL QUITCLAIM OF OIL AND GAS LEASE NO. PRC 7714.1 SUBMITTED BY ENERFIN RESOURCES NORTHWEST LIMITED PARTNERSHIP AS STATED IN EXHIBIT "A". THE SURRENDER SHALL BE EFFECTIVE ON SEPTEMBER 6, 1995.

CALENDAR ITEM NO. **C82** (CONT'D)

3. RATIFY AND CONSENT TO THE SALE AND ASSUMPTION OF LEASE NO. PRC 7714.1 BY ENERFIN RESOURCES NORTHWEST LIMITED PARTNERSHIP PURSUANT TO ORDER OF THE BANKRUPTCY COURT.
4. AUTHORIZE AMENDMENT OF THE LEASE DESCRIPTION FOR STATE OIL AND GAS LEASE NO. PRC 7714.1 AS STATED IN EXHIBIT "B" HERETO.
5. AUTHORIZE ISSUANCE OF A QUITCLAIM DEED TO THE HERZOG COMPANY QUITCLAIMING THOSE LANDS DESCRIBED IN EXHIBIT "C" HERETO.

PARTIAL SURRENDER OF OIL AND GAS LEASE

State of California

County of Sacramento

WHEREAS, Nahama & Weagant Energy Company, a California corporation, as Lessee, and California State Lands Commission, as Lessor, entered into that certain Oil and Gas Lease PRC 7714 dated September 9, 1993, covering lands described therein, recorded September 24, 1993, in Book 930924, Page 0818, in the Official Records of Sacramento County, California, and

WHEREAS, under the terms of said Lease, Lessee has the right to surrender this Lease in whole or in part.

THEREFORE, the undersigned hereby releases, relinquishes and surrenders all of its right, title and interest in said Lease INsofar, AND ONLY INsofar, as it covers the lands described in said lease which lie outside of the boundaries of the Herzog Unit established by Declaration of Pooling dated September 12, 1991, and recorded October 21, 1991 in Book 911021, Page 0821 in the Official Records of Sacramento County, California. Said Lease shall remain in full force and effect as to all acreage covered by said Lease and lying within the boundaries of the herein described Herzog Unit; a total of 27.2 acres.

Said Lease is and shall remain in full force and effect according to its original terms and conditions.

No monetary consideration is being paid or received for this instrument.

Executed this 6TH day of SEPTEMBER, 1995.

NAHAMA & WEAGANT ENERGY COMPANY
1984 PRODUCTION PURCHASE LIMITED PARTNERSHIP

By: ENERFIN III-95 CORPORATION, its General Partner

By: *J. E. McCollum*

J. E. McCOLLUM
VICE PRESIDENT

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All that tide and submerged land in the historic bed of Snodgrass Slough Lying between Lambert Road and the westerly right of way line of the Southern Pacific Railroad, Sacramento County, California, and lying within the area marked by cross hatching on this exhibit.

POR. PROJ. T.5N., R.4 & 5E., M.D.B.&M.

BK132

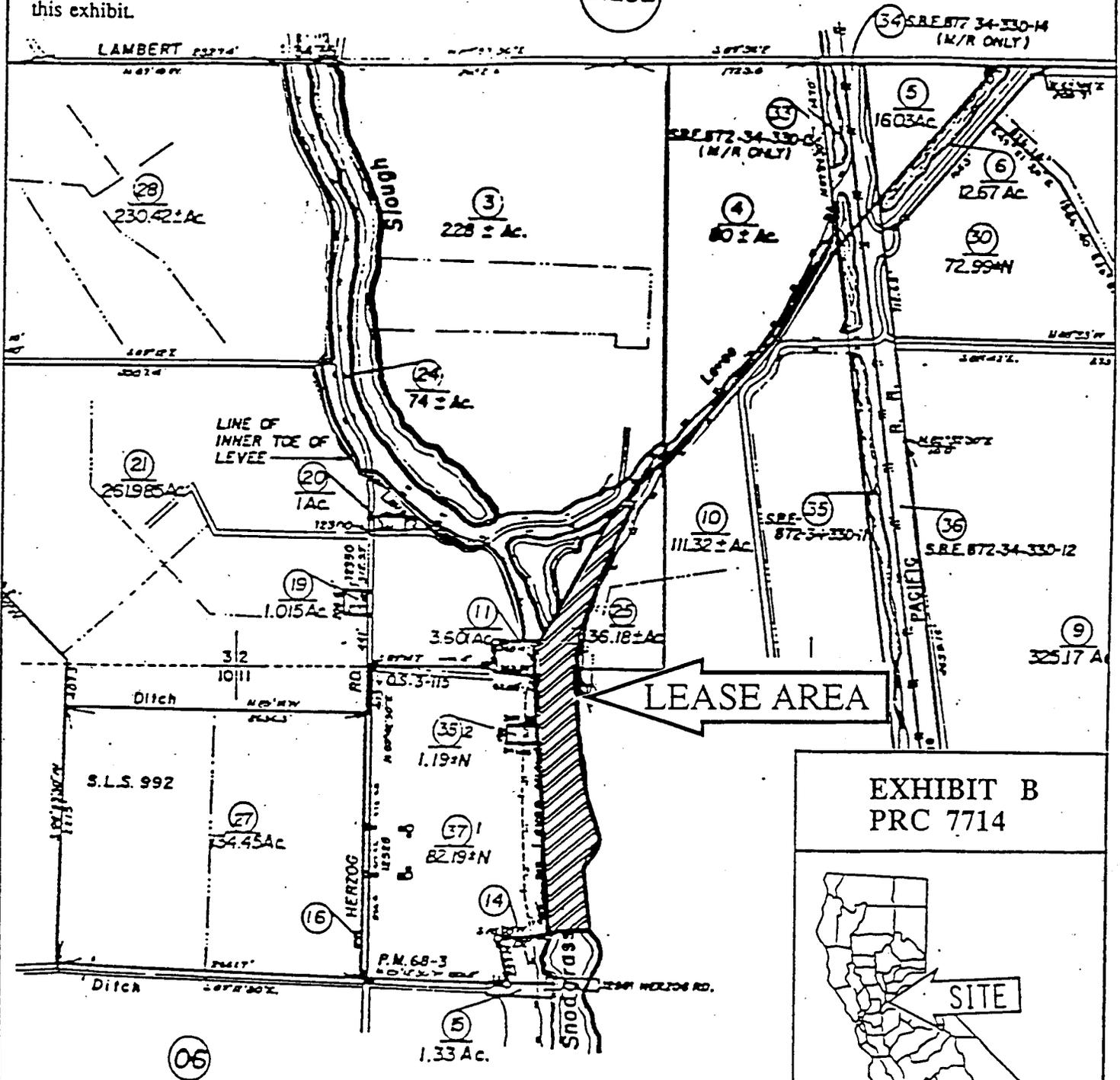


EXHIBIT B
PRC 7714

SITE

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This Land description is solely for purposes of generally defining the lease premises, and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

RECORDED AT THE REQUEST OF
AND WHEN RECORDED MAIL TO:
STATE OF CALIFORNIA
State Lands Commission
Attn: Title Unit
100 Howe Avenue, Suite 100- South
Sacramento, CA 95825-8202

STATE OF CALIFORNIA
OFFICIAL BUSINESS
Document entitled to free recordation
pursuant to Government Code Section 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

QUITCLAIM DEED

The State of California acting by and through the California State Lands Commission hereby remises, releases and quitclaims to the Herzog Corporation all of its right, title and interest in those lands underlying Snodgrass Slough and the Sacramento Drainage Canal and are more particularly described as follows:

See Exhibit A attached hereto.

Executed on _____, 1995 at Sacramento, California.

ROBERT C. HIGHT, EXECUTIVE OFFICER

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EXHIBIT C

PARCEL 1:

That certain parcel of land situate in Sections 2, 3, 10 and 11 in Township 5 North, Range 4 East, M.D.B. & M., described as follows:

Beginning at a point in the center line of a County Road running East and West from which the quarter section corner of the South boundary of Section 34, in Township 6 North, Range 4 East, M.D.B. & M., bears North 89° 57' West at the distance of 34.943 chains and the section corner common to Sections 34 and 35 in said Township 6 North, Range 4 East, M.D.B. & M., bears East at the distance of 5.275 chains; thence along the West line of a road located immediately West of and adjacent to the West base of the levee of Reclamation District No. 551, known as Pierson District, with all the meandering of said West boundary of the said road as follows:

South 11° East 10.067 chains, South 28° 04' East 10.087 chains, South 24° 58' East 2.002 chains, South 3° 54' East 2.238 chains, South 7° 05' West 4.004 chains, South 4° 13' West 4.00 chains, South 3° 04' West 4.00 chains, South 8° 05' East 5.536 chains to the half section line extending East and West through the center of said Section 2, Township 5 North, Range 4 East, as the Southeast corner of a tract of land formerly owned by J.M. Stephenson; thence along the division line common to the lands formerly owned by J.M. Stephenson and L.D. Greene, North 89° 23' West 54.335 chains to the East line of lands formerly owned by P.J. Van Loben Sels at the center of Section 3, in Township 5 North, Range 4 East; thence along the quarter section line through said Section 3, South 0° 22' West 19.95 chains to the Southwest corner of the Northwest quarter of the Southeast quarter of said Section 3; thence along the Easterly line of a drainage canal, South 44° 35' East 28.382 chains, more or less, to the section line common to Sections 3 and 10, said Township and Range; thence South 0° 45' West 6.22 chains to the division fence along the South boundary line of the lands formerly owned by L. D. Greene; thence along said division fence South 89° 42' East 39.936 chains to the West line of lands of Elvesta I. Ehrhardt; thence along the division line common to the lands of Elvesta I. Ehrhardt and the property herein described, North 0° 29' East 6.1 chains; thence North 89° 22' East 17.37 chains to the Southwest corner of that certain tract of land containing .85 of an acre, conveyed by John Ehrhardt to Elvesta Isabel Ehrhardt by a deed recorded in Book 166 of Deeds, Page 282, Sacramento County Records; thence following the division fence between the lands herein described and said .85 acre tract, Northerly 3.34 chains to the Northwest corner of said .85 acre tract; thence East 2.63 chains to the Northeast corner of said .85 acre tract; thence continuing said line East 3.47 chains to the Northeast corner of the lands of Elvesta Isabel Ehrhardt; thence North 25° 20' East 4.80 chains, more or less, to the West line of that certain tract of land containing 11.3 acres, formerly owned by F.W. Ehrhardt; thence along the West boundary of said 11.3 acre tract North 30° 45' East 892 feet to the division fence now and heretofore existing between the lands herein described on the West and the lands of P.W. Ehrhardt on the East; thence along said division fence, North 60 chains, more or less, to the center line of a County road running East and West and located on the First Standard Parallel North and at the quarter section corner of

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the South boundary of Section 35, in Township 6 North, Range 4 East; thence along said First Standard Parallel North and following the center line of the said County Road, West 40.65 chains to the section corner common to Sections 34 and 35, Township 6 North, Range 4 East; thence West 5.275 chains to the place of beginning.

APN: 146-030-03, 20, 21, 24, 19

PARCEL 2:

That certain parcel of land situate in Sections 1 and 2 in Township 5 North, Range 4 East, M.D.B. & M. described as follows:

Beginning at a point in the center of the County Road from which the Northeast corner of said Section 2 bears North 88° 52' East 158.1 feet, said point of beginning also being on the West boundary of the right of way of the Sacramento Southern Railroad Company; thence along the center line of said County Road, South 88° 52' West 1723.8 feet, thence South 0° 03' West 1905 feet, thence South 0° 05' West 895 feet; thence South 0° 01' East 1202 feet to the center of Sacramento drainage canal; thence following center line of said canal North 41° 50' East 1172 feet; thence North 40° 48' East 985 feet; thence North 28° 52' East 1105 feet to a point in the West line of the right of way of the Sacramento Southern Railroad Company; thence along the West line of said right of way North 8° 53' West 1470 feet to the place of beginning.

APN: 146-030-03 (PRTN)
146-030-04