

MINUTE ITEM

This Calendar Item No. C59 was approved as Minute Item No. 59 by the California State Lands Commission by a vote of 3 to 0 at its 8/24/97 meeting.

CALENDAR ITEM

C59

A 8, 10, 15, 17

08/26/97

S 4, 5, 7

PRC 714

A. Nitsche

**CONSIDER CONSENT TO THE POOLING OF LEASED LANDS
UNDER OIL AND GAS LEASE NO. PRC 714,
SACRAMENTO COUNTY**

LESSEE/OPERATOR:

Enron Oil and Gas Company
Attn: Mr. Rodney G. Mellott
1625 Broadway, Suite 1300
Denver, Colorado 80202

AREA, LAND TYPE, AND LOCATION:

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 714 contains approximately 350 acres of tide and submerged lands in the bed and within the area of Georgiana Slough in Sacramento County, California.

BACKGROUND:

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 714 (Lease) was entered into on April 18, 1956, between the State Lands Commission (Commission) and Brazos Oil Company (Lessee). Through a series of assignments, Enron Oil and Gas Company (Enron) holds an undivided 100% interest in PRC 714. Paragraph 22(b) of the lease allows the Lessee, with the consent of the State and under terms and conditions approved by the State, to pool or unitize all or part of the leased lands with lands held by the Lessee or others.

Enron has formed an operating unit that contains a total of 120 acres of State and private leased lands (described in Exhibit A). Enron's unit is called the "Furth 1-15 Unit" and was created for the development and production of natural gas. Enron has requested that the Commission consent to the pooling of 13.041 acres of leased lands under Oil and Gas Lease No. PRC 714 by approving Enron's Declaration Of Pooling dated July 1, 1997, which will be called the "Furth 1-15 Unit" and the pooling map dated June 1997, which includes the State's 13.041 acres representing 10.867 percent of the pool. The Commission staff has determined that it will be economically advantageous to the State to share in the production from the proposed unit.

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BASIS FOR CONSIDERATION:

- A. Public Resources Code section 6829.2, Public Resources Code section 6832 and Paragraph 22(b) of Oil and Gas Lease No. PRC 714.

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), 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 the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21084 and Title 14, California Code of Regulations, section 15378.

EXHIBITS:

- A. Declaration of Pooling dated July 1, 1997
- B. Location Map of negotiated subsurface Oil and Gas Lease No. PRC 714
- C. Pooling Request Letter

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDINGS:

FIND THAT THE ACTIVITY 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.

AUTHORIZATION:

CONSENT TO THE POOLING OF THE LEASED LANDS (13.041 ACRES UNDER OIL AND GAS LEASE NO. PRC 714) WITH OTHER PRIVATE LANDS HELD BY ENRON OIL AND GAS COMPANY. CONSENT IS GIVEN BY APPROVING ENRON'S DECLARATION OF POOLING

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DATED JULY 1, 1997, WHICH CREATES THE "FURTH 1-15 UNIT" DESCRIBED IN EXHIBIT A (APPROXIMATELY 120 TOTAL ACRES INCLUDING 13.041 ACRES OF LEASED LANDS UNDER OIL AND GAS LEASE NO. PRC 714). THE UNITIZED LEASED LANDS SHALL BE SUBJECT TO THE PROVISIONS OF OIL AND GAS LEASE NO. PRC 714, ANY CONDITIONS IN THE DECLARATION OF POOLING TO THE CONTRARY NOTWITHSTANDING.

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Recording Requested by and return to:
ENRON OIL & GAS COMPANY
1625 Broadway, Suite 1300
Denver, Colorado 80202

EXHIBIT A

PRC 714

**DECLARATION OF POOLING
FURTH 1-15 UNIT
Sacramento County, California**

THIS DECLARATION OF POOLING made and declared effective the 1st day of July, 1997, by ENRON OIL & GAS COMPANY, 1625 Broadway, Suite 1300, Denver, Colorado 80202, hereinafter referred to as "Lessee".

WITNESSETH:

THAT WHEREAS, Lessee is the owner of certain oil, gas and mineral leasehold estates covering lands situated in Sacramento County, California and which said leasehold estates are more particularly identified in Exhibit "A" and depicted on Exhibit "A-1" attached hereto and by this reference made a part hereof, and hereinafter referred to as "Leases"; and

WHEREAS, Lessee, in order to facilitate the orderly development of said Leases and to promote the conservation of oil, gas and other hydrocarbon substances, desires to combine and pool said Leases for the purposes herein expressed.

NOW, THEREFORE, by virtue of the authority conferred in said Leases, as modified and amended of record, Lessee does hereby combine and pool those portions of said Leases which are included within the boundary of the operating unit established hereby as shown on Exhibit "A-1" into a one hundred and twenty (120) acre operating unit for the production of gas, gas distillate and condensate, hereinafter referred to as "pooled substances", said operating unit to be known as the Furth 1-15 Unit. The effect on said Leases of drilling, developing, producing and any and all other operations within the Furth 1-15 Unit, and the payment of royalties, shall be provided for in each respective lease(s) pooled hereby.

Lessee expressly reserves the right to amend and supplement this Declaration of Pooling at its discretion so long as any such Supplemental Declaration of Pooling does not violate the terms of said Leases or rules and regulations of any controlling governmental or regulatory body having jurisdiction of said Leases, or both.

This Declaration of Pooling may be executed in any number of counterparts; each counterpart to be considered an original document for all purposes.

IN WITNESS WHERE, this Declaration of Pooling is executed as of the day and year first hereinabove written.

ENRON OIL & GAS COMPANY

By: _____
D. Weaver
Agent and Attorney-in-Fact

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EXHIBIT "A"

Attached to and made a part of that certain Declaration of Pooling for the Furth 1-15 Unit dated effective July 1, 1997

1. Oil and Gas Lease dated March 23, 1995, by and between Gordon L. Furth, Herman B. Zelles and Wynne S. Furth as Managing Agents of the Lavenson Properties, Lessor, and West Coast Land Service, Lessee, recorded in Book 950530 at Page 1291, Official Records, Sacramento County, California, INSO FAR AND ONLY INSO FAR as said lease covers the following described lands:

Township 4 North, Range 4 East
Portion of Sections 15 and 16

That real property in Swamp Land Surveys 360, 340 and 341, situate in projected Sections 15 and 16, Township 4 North, Range 4 East, Mount Diablo Base and Meridian, Sacramento County, California, and being more particularly described as follows:

Beginning at a point on the North line of Swamp Land Survey 360, said point being distant South 88° 29' 00" East 1041.08 feet from the Southeast corner of Swamp Land Survey 322; thence, from said POINT OF BEGINNING, along the North line of Swamp Land Survey 360 and its Easterly projection, South 88° 29' 00" East 1409.92 feet to a point on the East bank of Georgiana Slough; thence, along said East bank South 13° 36' 10" East 175.00 feet; thence leaving said East bank South 88° 24' 00" East 1692.30 feet; thence South 00° 37' 30" West 1024.79 feet; thence South 67° 15' 06" West 1934.50 feet; thence North 88° 29' 00" West 1400.00 feet; thence North 01° 31' 00" East 1961.53 feet to the point of beginning and containing 120.00 acres of land, more or less.

2. Oil and Gas Lease dated January 23, 1996, by and between Western Farm Credit Bank, Lessor, and Petroleum Properties Corporation, Lessee, recorded in Book 960716 at Page 299, Official Records, Sacramento County, California, INSO FAR AND ONLY INSO FAR as said lease covers the following described lands:

Township 4 North, Range 4 East
Portion of Sections 15 and 16

That real property in Swamp Land Surveys 360, 340 and 341, situate in projected Sections 15 and 16, Township 4 North, Range 4 East, Mount Diablo Base and Meridian, Sacramento County, California, and being more particularly described as follows:

Beginning at a point on the North line of Swamp Land Survey 360, said point being distant South 88° 29' 00" East 1041.08 feet from the Southeast corner of Swamp Land Survey 322; thence, from said POINT OF BEGINNING, along the North line of Swamp Land Survey 360 and its Easterly projection, South 88° 29' 00" East 1409.92 feet to a point on the East bank of Georgiana Slough; thence, along said East bank South 13° 36' 10" East 175.00 feet; thence leaving said East bank South 88° 24' 00" East 1692.30 feet; thence South 00° 37' 30" West 1024.79 feet; thence South 67° 15' 06" West 1934.50 feet; thence North 88° 29' 00" West 1400.00 feet; thence North 01° 31' 00" East 1961.53 feet to the point of beginning and containing 120.00 acres of land, more or less.

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3. Oil and Gas Lease dated July 5, 1993, by and between Lester H. Himoto, Lessor, and Casex Co., Lessee, recorded in Book 930907 at Page 439, Official Records, Sacramento County, California, INsofar AND ONLY INsofar as said lease covers the following described lands:

Township 4 North, Range 4 East
Portion of Sections 15 and 16

That real property in Swamp Land Surveys 360, 340 and 341, situate in projected Sections 15 and 16, Township 4 North, Range 4 East, Mount Diablo Base and Meridian, Sacramento County, California, and being more particularly described as follows:

Beginning at a point on the North line of Swamp Land Survey 360, said point being distant South 88° 29' 00" East 1041.08 feet from the Southeast corner of Swamp Land Survey 322; thence, from said POINT OF BEGINNING, along the North line of Swamp Land Survey 360 and its Easterly projection, South 88° 29' 00" East 1409.92 feet to a point on the East bank of Georgiana Slough; thence, along said East bank South 13° 36' 10" East 175.00 feet; thence leaving said East bank South 88° 24' 00" East 1692.30 feet; thence South 00° 37' 30" West 1024.79 feet; thence South 67° 15' 06" West 1934.50 feet; thence North 88° 29' 00" West 1400.00 feet; thence North 01° 31' 00" East 1961.53 feet to the point of beginning and containing 120.00 acres of land, more or less.

4. Oil and Gas Lease dated April 18, 1952, by and between the State of California (P.R.C. 714), acting by and through the State Lands Commission, Lessor, and Brazos Oil and Gas Company, Lessee, INsofar AND ONLY INsofar as said lease covers the following described lands:

Township 4 North, Range 4 East
Portion of Sections 15 and 16

That real property in Swamp Land Surveys 360, 340 and 341, situate in projected Sections 15 and 16, Township 4 North, Range 4 East, Mount Diablo Base and Meridian, Sacramento County, California, and being more particularly described as follows:

Beginning at a point on the North line of Swamp Land Survey 360, said point being distant South 88° 29' 00" East 1041.08 feet from the Southeast corner of Swamp Land Survey 322; thence, from said POINT OF BEGINNING, along the North line of Swamp Land Survey 360 and its Easterly projection, South 88° 29' 00" East 1409.92 feet to a point on the East bank of Georgiana Slough; thence, along said East bank South 13° 36' 10" East 175.00 feet; thence leaving said East bank South 88° 24' 00" East 1692.30 feet; thence South 00° 37' 30" West 1024.79 feet; thence South 67° 15' 06" West 1934.50 feet; thence North 88° 29' 00" West 1400.00 feet; thence North 01° 31' 00" East 1961.53 feet to the point of beginning and containing 120.00 acres of land, more or less.

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5. Oil and Gas Lease dated June 27, 1997, by and between the Reclamation District No. 556, Lessor, and Enron Oil & Gas Company, Lessee, recorded in Book at Page , Official Records, Sacramento County, California, INsofar AND ONLY INsofar as said lease covers the following described lands:

Township 4 North, Range 4 East
Portion of Sections 15 and 16

That real property in Swamp Land Surveys 360, 340 and 341, situate in projected Sections 15 and 16, Township 4 North, Range 4 East, Mount Diablo Base and Meridian, Sacramento County, California, and being more particularly described as follows:

Beginning at a point on the North line of Swamp Land Survey 360, said point being distant South 88° 29' 00" East 1041.08 feet from the Southeast corner of Swamp Land Survey 322; thence, from said POINT OF BEGINNING, along the North line of Swamp Land Survey 360 and its Easterly projection, South 88° 29' 00" East 1409.92 feet to a point on the East bank of Georgiana Slough; thence, along said East bank South 13° 36' 10" East 175.00 feet; thence leaving said East bank South 88° 24' 00" East 1692.30 feet; thence South 00° 37' 30" West 1024.79 feet; thence South 67° 15' 06" West 1934.50 feet; thence North 88° 29' 00" West 1400.00 feet; thence North 01° 31' 00" East 1961.53 feet to the point of beginning and containing 120.00 acres of land, more or less.

6. Oil and Gas Lease dated July 9, 1997, by and between Donna Obert Blower, Lessor, and Enron Oil & Gas Company, Lessee, recorded in Book at Page , Official Records, Sacramento County, California, INsofar AND ONLY INsofar as said lease covers the following described lands:

Township 4 North, Range 4 East
Portion of Sections 15 and 16

That real property in Swamp Land Surveys 360, 340 and 341, situate in projected Sections 15 and 16, Township 4 North, Range 4 East, Mount Diablo Base and Meridian, Sacramento County, California, and being more particularly described as follows:

Beginning at a point on the North line of Swamp Land Survey 360, said point being distant South 88° 29' 00" East 1041.08 feet from the Southeast corner of Swamp Land Survey 322; thence, from said POINT OF BEGINNING, along the North line of Swamp Land Survey 360 and its Easterly projection, South 88° 29' 00" East 1409.92 feet to a point on the East bank of Georgiana Slough; thence, along said East bank South 13° 36' 10" East 175.00 feet; thence leaving said East bank South 88° 24' 00" East 1692.30 feet; thence South 00° 37' 30" West 1024.79 feet; thence South 67° 15' 06" West 1934.50 feet; thence North 88° 29' 00" West 1400.00 feet; thence North 01° 31' 00" East 1961.53 feet to the point of beginning and containing 120.00 acres of land, more or less.

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STATE OF COLORADO)
) ss
COUNTY OF DENVER)

On _____ before me, Erin Britt-Pendery, Notary Public, personally
appeared D. Weaver

personally known to me - OR - proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

My Commission Expires:
2-23-98

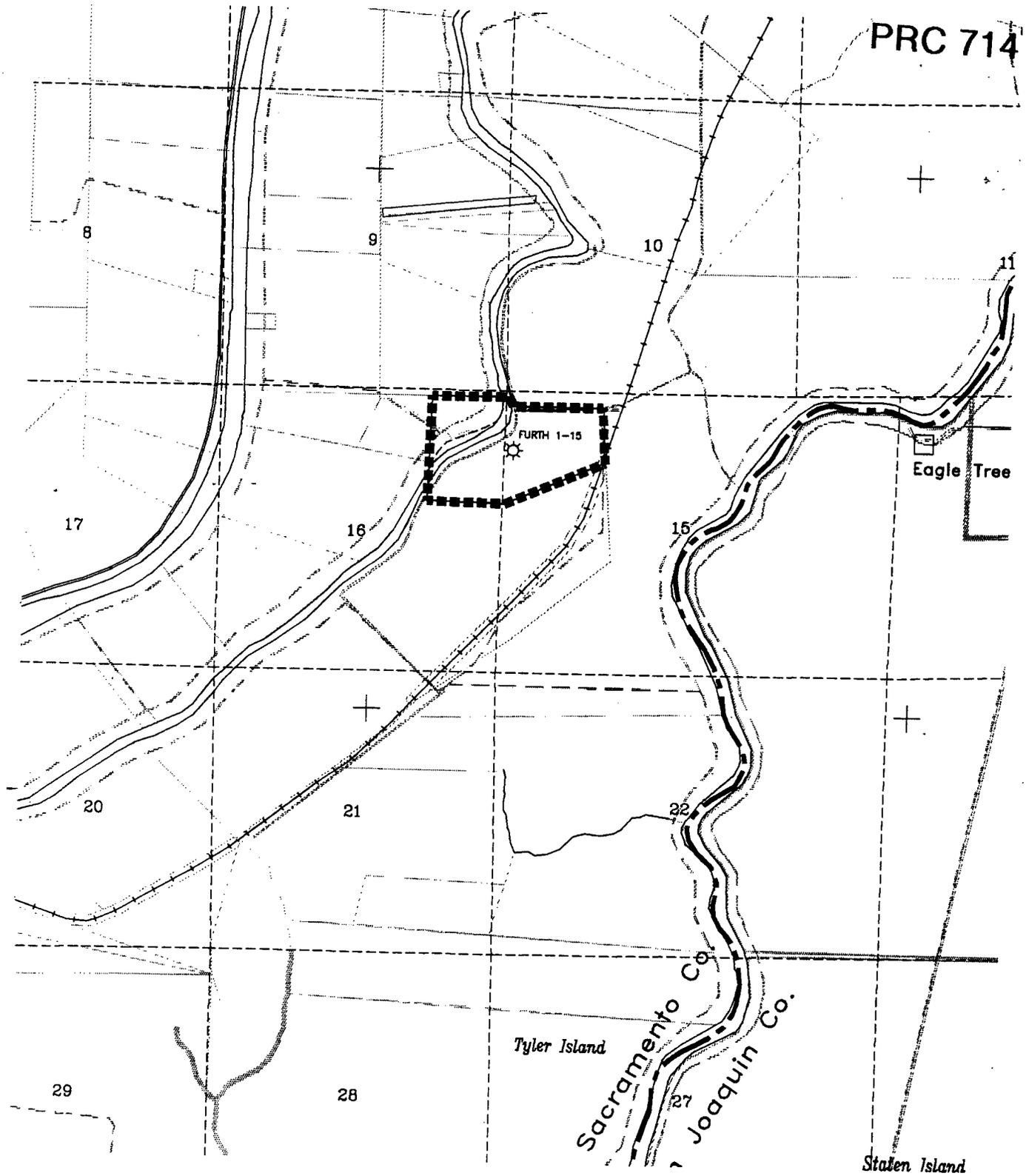
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R 4 E

EXHIBIT B

PRC 714



T
4
N

EXHIBIT "A-1"



FURTH 1-15 UNIT BOUNDARY
 Sections 15 & 16, T4N - R4E, M.D.B. & M.
 Sacramento County, California
 (120 acres)

ENRON Oil & Gas Company

LOCATOR MAP

FURTH 1-15 UNIT
 CALENDAR PAGE 286

Sacramento County
 MINUTE PAGE 001380

Scale: 2"=1mile | Map ID: riv-furth2 | Author: RGM | Date: 8-18-97

ENRON
Oil & Gas Company

EXHIBIT C

PRC 714

1625 Broadway, Suite 1300 Denver, Colorado 80202 (303) 572-9000 FAX (303) 628-2386

August 8, 1997

Mr. Art Nitsche
California State Lands Commission
Mineral Resources Management Division
200 Oceangate, 12th Floor
Long Beach, California 90802-4331

Re: Proposed Pooling
Furth 1-15 Well
Township 4 North, Range 4 East
Section 15
Sacramento County, California
K34.648

Dear Mr. Nitsche:

Pursuant to our recent telephone conversation, please find this letter as notification that Enron Oil & Gas Company (Enron) has successfully drilled a 9,000' Winters Exploratory Test Well located in Section 15, Township 4 North, Range 4 East, Sacramento County, California (Furth 1-15). So that Enron may begin disbursing revenues for said well, Enron proposes the establishment of a 120 acre pool/unit described on the attached land map. Agreeing to this proposed 120 acre pool/unit would result in the protection of all parties correlative rights, would assist in preventing waste and the unnecessary drilling of additional wells.

If the State of California is in agreement with Enron's proposed 120 acre pool/unit, please so indicate by signing in the space provided below, returning one (1) original of this letter to the attention of the undersigned at your earliest convenience.

Thank you for your consideration in this matter and should you have any questions concerning this proposed pool/unit, please do not hesitate to contact me.

Yours very truly,

ENRON OIL & GAS COMPANY


Rodney G. Mellott
Project Landman

RGM/ebp

ACCEPTED AND AGREED TO THIS ___ DAY OF _____, 1997.

CALIFORNIA STATE LANDS COMMISSION

By: _____

Title: _____

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