

**CALENDAR ITEM
C128**

A 11, 14, 15

06/23/11
PRC 5716.1
N. Heda
M. LeClair

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**CONSIDER TERMINATING
COMPENSATORY GAS AGREEMENT PRC 5716.1,
ABANDONED SAND MOUND SLOUGH GAS FIELD,
CONTRA COSTA COUNTY**

LESSEE (LAST KNOWN):

Nahama & Weagant Energy Co.
c/o Enerfin Resources Company
Attn: Mr. Steven Brandt, Land Agent
P.O. Box 472
Seminole, OK 74868

AREA, LAND TYPE, AND LOCATION:

Sovereign lands underlying portions of Taylor, Dutch and Sand Mound Sloughs (Section 22, T2N, R3E, MDM), containing approximately 67 acres in Contra Costa County, California (Exhibit A, attached hereto).

BACKGROUND:

On August 23, 1979, the State of California, acting by and through the State Lands Commission (Commission), and Nahama & Weagant Energy Co. (Lessee) entered into Compensatory Gas Agreement PRC 5716.1 to compensate the State for drainage of gas from wells drilled in the now abandoned Sand Mound Slough Gas Field. Several wells were drilled in the area covered by this agreement; the first being drilled in August 1979. Upon field depletion, all wells were abandoned, the last in June 1988.

Under the terms of Paragraph 19 of Compensatory Gas Agreement PRC 5716.1 and Public Resources Code section 6805, this agreement ceased to exist when the last well was abandoned. Staff efforts to contact the Lessee have been unsuccessful. However, through research, Staff discovered that Enerfin Resources Company acquired properties from Nahama & Weagant Energy Co. (Bakersfield, California) in 1995. Therefore, since all wells under the agreement have been abandoned and the operator is no longer in existence, Staff proposes

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that the Commission terminate this agreement.

STATUTORY AND OTHER REFERENCES:

- A. Compensatory Gas Agreement Paragraph 19.
- B. Public Resources Code section 6805

OTHER PERTINENT INFORMATION

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of CEQA because it 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, sections 15060 (c)(3) and 15378.

EXHIBIT:

- A. Location Map.

PERMIT STREAMLINING ACT DEADLINE:

N/A.

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDINGS:

- 1. Find that the activity is not subject to the requirements of CEQA pursuant to Title 14, California Code of Regulations, section 15060(c)(3) 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:

- 1. Authorize the termination of Compensatory Gas Agreement PRC 5716.1.
- 2. Authorize the Executive Officer or his designee to execute any documents necessary to implement the Commission's action.



EXHIBIT A
STATE LANDS COMMISSION
Compensatory Gas Agreement
PRC 5716.1
Sand Mound Slough Gas Field Area
Contra Costa County