

CALENDAR ITEM

C51

MINUTE ITEM
This Calendar Item No. C51
was approved as Minute Item
No. 51 by the State Lands
Commission by a vote of 3
to 0 at its 5/26/94
meeting

A 8, 10, 15, 17

S 4, 5, 7

05/26/94
PRC 714
PRC 729
E-415
Nitsche
PRC 7820

APPROVE THE ASSIGNMENT OF STATE GAS LEASES PRC 714,
PRC 729, AND EASEMENT 415 ISLETON GAS UNIT,
SACRAMENTO AND SAN JOAQUIN COUNTIES

ASSIGNOR:

Chevron U.S.A. Inc.
Attn: D. H. Wilson
P. O. Box 1392
Bakersfield, CA 93302

ASSIGNEE:

Casex Company
P. O. Drawer 2667
Truckee, CA 96160-2667

AREA, TYPE LAND AND LOCATION:

Oil and gas leases PRC 714 and PRC 729 contain tide and submerged land encompassing portions of the Sacramento River, Georgiana Slough, and the North Fork of the Mokelumne River. E-415 Isleton Gas Unit, encompasses a portion of existing gas easement E-415, the beds of the Sacramento River and Georgiana Slough, which lands are in Sacramento and San Joaquin Counties.

BACKGROUND:

Agreement for Easement 415.1, covering approximately 2,827 acres of sovereign land of the State in the Rio Vista Gas Field in Contra Costa, Sacramento, San Joaquin and Solano Counties, was issued, pursuant to competitive public bidding, for a term of 20 years on June 3, 1940, to the Standard Oil Company of California, now Chevron U.S.A. Inc. The agreement was modified on November 1, 1950, by the formation of the Isleton Gas Field Unit, which is included within Easement 415.1. Section 2(o) of the agreement provides, in part, that the holder of the easement may not assign, transfer or sublet its interest, without the prior consent in writing of the State.

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Gas leases PRC 714 and 729 were issued to Brazos Oil and Gas Company on April 18, 1956, and June 30, 1956, respectively. Through a series of assignments, Union Oil Company of California holds an undivided one-half interest in PRC 714 and PRC 729. Chevron U.S.A. Inc. (Chevron), holds an undivided one-half interest in PRC 714 and PRC 729.

Paragraph 4 of gas leases PRC 714 and PRC 729 provides, in part, that the lease may not be assigned except with the written consent of the State, and then only to a corporation, who at the time of the proposed assignment, possesses the qualifications provided in Division 6 of the Public Resources Code.

In a letter dated December 29, 1993, Casex Company (Casex) requested approval of the assignment from Chevron to Casex of all of Chevron's right, title and interest in PRC 714 and PRC 729, and in the E-415 Isleton Gas Unit except all those horizons and zones included in the Rio Vista Gas Unit.

Casex has previously submitted evidence that the corporation possesses qualifications required for the issuance of a State oil and gas lease. The bond requirements of the leases have been fulfilled by the Lessee, and the forms of assignment have been executed by Chevron (Assignor) and by Casex (Assignee).

PREREQUISITE CONDITIONS, FEES AND EXPENSES:

Filing fee, processing costs have been received.

Separate performance bonds, each in the sum of \$25,000, have been received for PRC 714, PRC 729, and E-415 Isleton Gas Unit.

STATUTORY AND OTHER REFERENCES:

A. P.R.C. 6801, P.R.C. 6804 and P.R.C. 6507.

B. Section 2(o) of the Agreement for Easement 415.1 and PRC 714 and PRC 729 Lease Paragraph 4.

AB 884:

N/A

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code

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Regs. 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 CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

EXHIBITS:

- A. Land Description
- B. Location Map

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 P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. APPROVE THE ASSIGNMENT TO CASEX COMPANY OF CHEVRON U.S.A., INC'S ENTIRE 50 PERCENT INTEREST IN PRC 714 AND PRC 729, AND CHEVRON USA INC'S ENTIRE INTEREST WITHIN THE EXTERIOR BOUNDARY OF E-415 ISLETON GAS UNIT, EXCEPT ALL THOSE HORIZONS AND ZONES INCLUDED IN THE RIO VISTA GAS UNIT. THE ASSIGNMENT SHALL NOT RELEASE THE ASSIGNOR FROM ANY OBLIGATION TO THE COMMISSION UNDER THE ORIGINAL AGREEMENT AND LEASES, AND THE ASSIGNEE SHALL BE BOUND BY THE AGREEMENT AND LEASES, INCLUDING ANY MODIFICATIONS AND COLLATERAL AGREEMENTS, TO THE SAME EXTENT AS THE ASSIGNOR, ANY CONDITIONS IN ANY ASSIGNMENT AGREEMENT TO THE CONTRARY NOTWITHSTANDING. THIS ASSIGNMENT WILL TAKE EFFECT ON THE FIRST DAY OF THE MONTH FOLLOWING COMMISSION ACTION.
3. AUTHORIZE THE STAFF TO EXECUTE ANY DOCUMENT NECESSARY TO AFFECT THE COMMISSION'S ACTION.

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EXHIBIT A

LAND DESCRIPTION

Parcel A

PRC 729

All of those tide and submerged lands lying northerly and westerly of a line drawn midway between the centerlines of the existing channels of the Sacramento River and Georgiana Slough within the limits of the following described tract:

Tract

Beginning at a point at the southwest corner of Section 31, T. 5 N., R. 4 E., M.D.B. & M., thence east a distance of approximately 18,300 feet to the southeast corner of Section 34, T. 5 N., R. 4 E., M.D.B. & M., thence south a distance of approximately 33,625 feet to a point (on the projection of the east line of Section 34, T. 5 N., R. 4 E., M.D.B. & M.,) thence west a distance of approximately 18,300 feet to the intersection with the boundary of State Easement No. 415 (this point is also the intersection of the east boundary of State Easement No. 415 and the projection of the west line of Township 5 N., R. 4 E., M.D.B. & M.) thence northwesterly along the boundary line of State Easement No. 415 a distance of approximately 10,700 feet to a point marked Pier 8 U.S.E.D., thence northeasterly a distance of approximately 14,300 feet to a point on the projection of the west line of T. 5 N., R. 4 E., M.D.B. & M., thence north a distance of approximately 10,800 feet to the southwest corner of Section 31, T. 5 N., R. 4 E., M.D.B. & M., the point of beginning, hereinafter referred to as the "Tract" and shown on Exhibit "A".

Parcel B

PRC 714

All of those tide and submerged lands lying southerly and easterly of a line drawn midway between the centerlines of the existing channels of the Sacramento River and Georgiana Slough within the limits of the following described tract:

Tract

Beginning at a point at the southwest corner of Section 31, T. 5 N., R. 4 E., M.D.B. & M., thence east a distance of approximately 18,300 feet to the southeast corner of Section 34, T. 5 N., R. 4 E., M.D.B. & M., thence south a distance of approximately 33,625 feet to a point (on the projection of the east line of Section 34, T. 5 N., R. 4 E., M.D.B. & M.,) thence west a distance of approximately 18,300 feet to the intersection with the boundary of State Easement No. 415 (this point is also the intersection of the east boundary of State Easement No. 415 and the projection of the west line of Township 5 N., R. 4 E., M.D.B. & M.) thence northwesterly along the boundary line of State Easement No. 415 a distance of approximately 10,700 feet to a point marked Pier 8 U.S.E.D., thence northeasterly a distance of approximately 14,300 feet to a point on the projection of the west line of T. 5 N., R. 4 E., M.D.B. & M., thence north a distance of approximately 10,800 feet to the southwest corner of Section 31, T. 5 N., R. 4 E., M.D.B. & M., the point of beginning, hereinafter referred to as the "Tract" and shown on Exhibit "A".

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EXHIBIT A

LAND DESCRIPTION

E-415 ISLETON GAS UNIT

PARCEL 9

All that certain real property situated in the County of Sacramento, State of California, described as follows:

All those certain submerged lands belonging to the State of California and underlying that portion of the Sacramento River which is bounded on the East by a straight line extending southeasterly from United States Geological Survey Pier No. 8, on Grand Island, to United States Engineers' Station "Venice U.S.E. 1931," on Venice Island, and is bounded on the West by a straight line extending southeasterly from a point which is East 750 feet from United States Coast and Geodetic Survey Triangulation Station "Isleton, northeast transmission tower" to a point which is East 2250 feet from United States Coast and Geodetic Survey Triangulation Station "Jackson,"

PARCEL 10

All that certain real property situated in the County of Sacramento, State of California, described as follows:

All those certain submerged lands belonging to the State of California and underlying that portion of Georgiana Slough which is bounded on the East by said straight line extending Southeasterly from United States Geological Survey Pier No. 8, on Grand Island, to United States Engineers' Station "Venice U.S.E. 1931," on Venice Island, and on the South by a straight line extending East from a point which is 550 feet North from United States Coast and Geodetic Survey Triangulation Station "Jackson."

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EXHIBIT B

