MINUTE ITEM
This Calendar Item No. 22
was approved as Minute Item
No. 22 by the State Lands
Commission by a vote of 3
to 0 at its 10/7/88
meeting.

CALENDAR ITEM

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10/07/88
PRC 7004
Hamilton

QUITCLAIM OF NEGOTIATED SUBSURFACE
STATE OIL AND GAS LEASE PRC 7004,
GLENN COUNTY

LESSEE: TXO Production Corp.
Attention: Mr. Gregory H. Guerrazzi
9343 Tech Center Drive, Suite 200
Sacramento, California 95826

LEASE SUMMARY: State oil and gas lease PRC 7004 was issued to TXO Production Corp. on August 28, 1986. This lease contains approximately 95.7 acres of submerged land in the bed of the Sacramento River, Glenn County, California. This lease also contains a three year drilling term and prohibits the surface use of the leased lands for oil and gas operations.

On August 26, 1988, a full Quitclaim Deed for State oil and gas lease PRC 7004 was filed with the Commission. This deed was executed by the lessee on August 25, 1988.

STATUTUORY AND OTHER AUTHORITY:
P.R.C. 6804.1 and paragraph 30 of State oil and gas lease PRC 7004 provide that the lessee may make at any time a written quitclaim or relinquishment of all rights under the lease or of any portion of the leased lands comprising a ten-acre parcel or multiple thereof in compact form, or of any separate or distinct zone or geological horizon or portion thereof underlying a ten-acre parcel or multiple thereof in compact form. The quitclaim or

(ADDED 10/05/88 pgs. 124-124.4)

relinquishment will be effective when it is filed with the Commission subject to the continued obligation of the lessee and its surety to pay all accrued rentals and royalties and to abandon all wells drilled on, into or through the leased lands or in the zones or horizons to be quitclaimed or relinquished.

Staff has reviewed information supplied by the lessee and other data in the files of the Commission and has found no default existing on State oil and gas lease PRC 7004 as of August 26, 1988, the filing date of the quitclaim deed. Therefore, pursuant to P.R.C. 6804.1 and the terms of the lease, the effective date of the quitclaim will be August 26, 1988.

OTHER PERTINENT INFORMATION:

1. As of August 26, 1988, all rentals have been paid for a total of $9,600 during the two-year lease term. No royalties are due as the lease was never developed. One well was drilled near the leased land and this well was properly abandoned in accordance with the terms of the lease and the rules and regulations of the Commission and the Division of Oil and Gas. A copy of the Division of Oil and Gas "Notice of Intention to Abandon Well" is on file in the Long Beach and Sacramento offices of the Commission.

2. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that the acceptance of the quitclaim 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. Adm. Code 15378.

EXHIBITS:

A. Land Description (Quitclaimed State Lands - all lands described in State Oil and Gas Lease PRC 7004).

B. Site Map.

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT THE ACCEPTANCE OF THE QUITCLAIM IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

2. ACCEPT, IN ACCORDANCE WITH P.R.C. 6804.1 AND THE TERMS OF STATE OIL AND GAS LEASE PRC 7004 DATED AUGUST 28, 1986, THE FULL QUITCLAIM DEED FOR STATE OIL AND GAS LEASE PRC 7004 WHICH WAS DULY EXECUTED BY TXO PRODUCTION CORP. ON AUGUST 25, 1988. THE EFFECTIVE DATE OF THE QUITCLAIM WILL BE AUGUST 25, 1988, THE FILING DATE OF THE QUITCLAIM DEED.

EXHIBIT "A"

PRC 7004
(W 40493)

LAND DESCRIPTION

A parcel of submerged land in the bed of the Sacramento River in T18N, R1W, MDM, Glenn County, California, described as follows:

All those lands bounded on the east and west by the ordinary low water marks of the Sacramento River; bounded on the north by the easterly prolongation of the northerly line of Parcel One of the Oil and Gas Lease recorded October 3, 1985 in Book 780 Page 171, Glenn County Official Records; bounded on the south by the most southerly line of said Parcel One.

END OF DESCRIPTION

PREPARED JUNE 24, 1986 BY BOUNDARY SERVICES UNIT, M. L. SHAFER, SUPERVISOR

THE ABOVE PARCEL OF SUBMERGED LAND CONTAINS 95.7 ACRES, MORE OR LESS.

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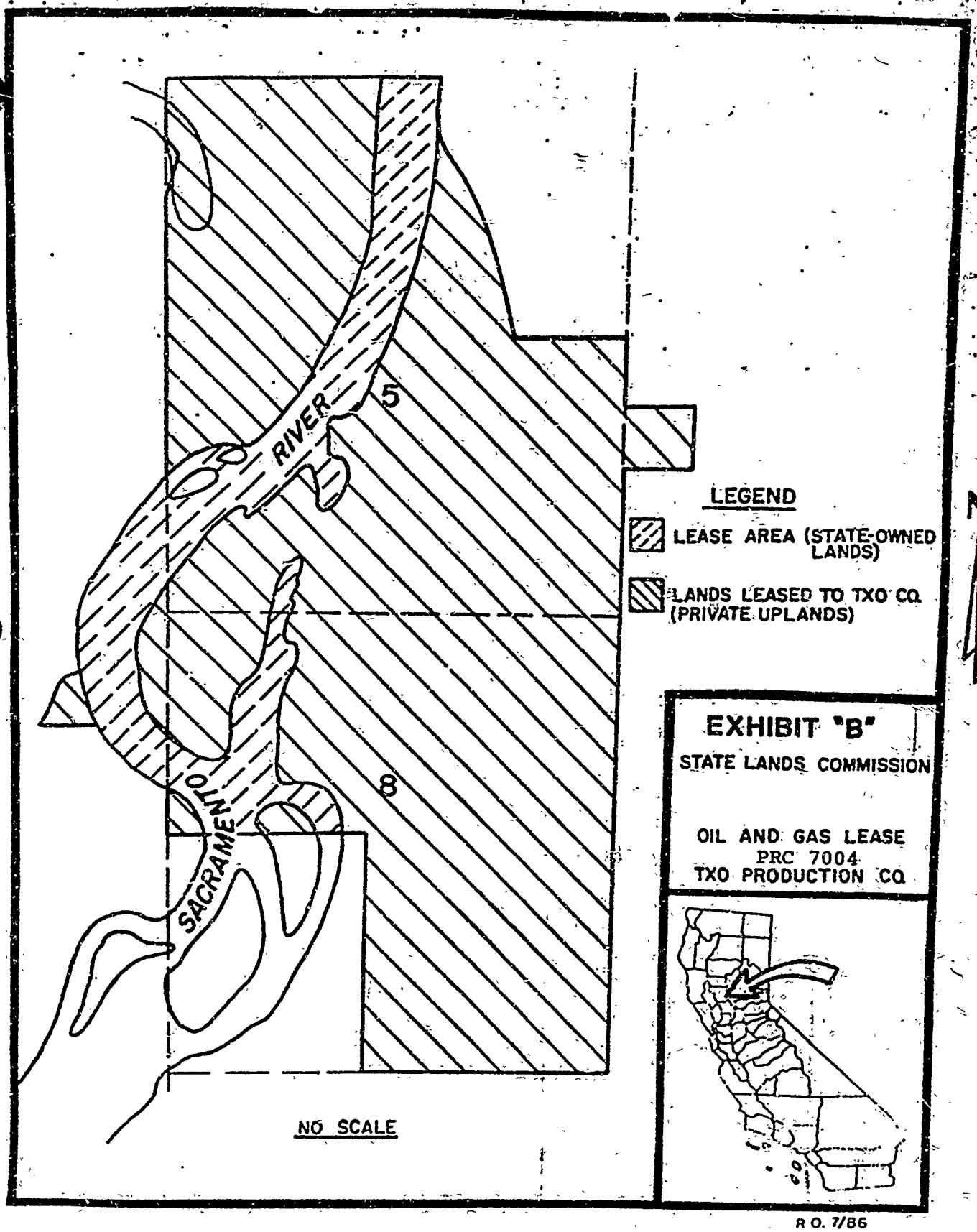

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