MINUTE ITEM
This Calendar Item No. C40
was approved as Minute Item
No. 40 by the State Lands
Commission by a vote of 3
to Ø at its 12/17/92
meeting.

CALENDAR ITEM

C40

A 4

S 2

12/17/92
PRC 6189
Nitsche

ACCEPT QUITCLAIM DEED OF
STATE OIL AND GAS LEASE PRC 6189
MONTEZUMA AND SUISUN SLOUGHS
SOLANO COUNTY

APPLICANTS:

Chevron U.S.A. Inc.
Attn: Vanita L. Menapace
P. O. Box 1635
Houston, Texas 77251

Nippon Oil Exploration Onshore U.S., Ltd.
Attn: Tadashi Ohmura
5847 San Felipe, Suite 2800
Houston, Texas 77057

AREA, TYPE LAND AND LOCATION:

State oil and gas lease PRC 6189 contains 955 acres of tide and submerged lands in Montezuma and Suisun Sloughs, Solano County.

LEASE INFORMATION:

Negotiated subsurface State oil and gas lease PRC 6189 was issued to Chevron U.S.A. Inc. (Chevron) on July 22, 1982. As a consideration for the lease, Chevron agreed to a rental of $15 per acre and a 33 1/3 percent flat rate royalty on total production plus five (5) percent of the value of all oil and gas produced by wells drilled through the parcel into adjacent lands. On October 29, 1990, the State Lands Commission approved the assignment of an undivided 37.5 percent interest in the lease from Chevron to Nippon Oil Exploration Onshore U.S. Ltd.

BACKGROUND:
P.R.C. 6804.1 and lease paragraph 26 provides that the lessee may at any time make a written quitclaim of all rights under the lease or of any portion of the leased lands comprising a ten-acre parcel or multiple thereof in a compact form. The quitclaim will be effective when it is filed with the State 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 the leased lands.

Chevron U.S.A. Inc. filed at the Commission's Long Beach office the Quitclaim Deed for State oil and gas lease PRC 6189 on July 31, 1992. The quitclaim document is dated June 26, 1992, and quitclaims to the State all of the lessee's right, title and interest in and to the leased lands described in Exhibit "A" of State oil and gas lease PRC 6189. Two exploratory wells were directionally drilled under lease PRC 6189 and did not encounter commercial production. These wells have been abandoned pursuant to rules and regulations of the State Lands Commission and the Division of Oil and Gas.

A review of the Commission's records reveals that no default exists on the lease, that the lessee has complied with all applicable laws and lease provisions and has paid all rentals (no royalty is due as the leased lands were not productive).

STATUTORY AND OTHER REFERENCES:
A. P.R.C. 6804.1 and Paragraph 6.

AB 884:
N/A.

OTHER PERTINENT INFORMATION:
1. All wells drilled into State lands were abandoned in accordance with Division of Oil and Gas standards.

2. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 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. Code Regs. 15378.

EXHIBITS:

A. Location Map
B. Land Description

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. ACCEPT FROM CHEVRON U.S.A. INC. AND NIPPON OIL EXPLORATION ONSHORE U.S., LTD THE QUITCLAIM DEED FOR STATE OIL AND GAS LEASE PRC 6819 DATED JUNE 26, 1992, WHEREIN LESSEES QUITCLAIM TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LANDS DESCRIBED IN EXHIBIT "A" OF STATE OIL AND GAS LEASE PRC 6819 DATED JULY 22, 1982. THE QUITCLAIM IS EFFECTIVE JULY 31, 1992, THE DATE IT WAS FILED WITH THE STATE.

3. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

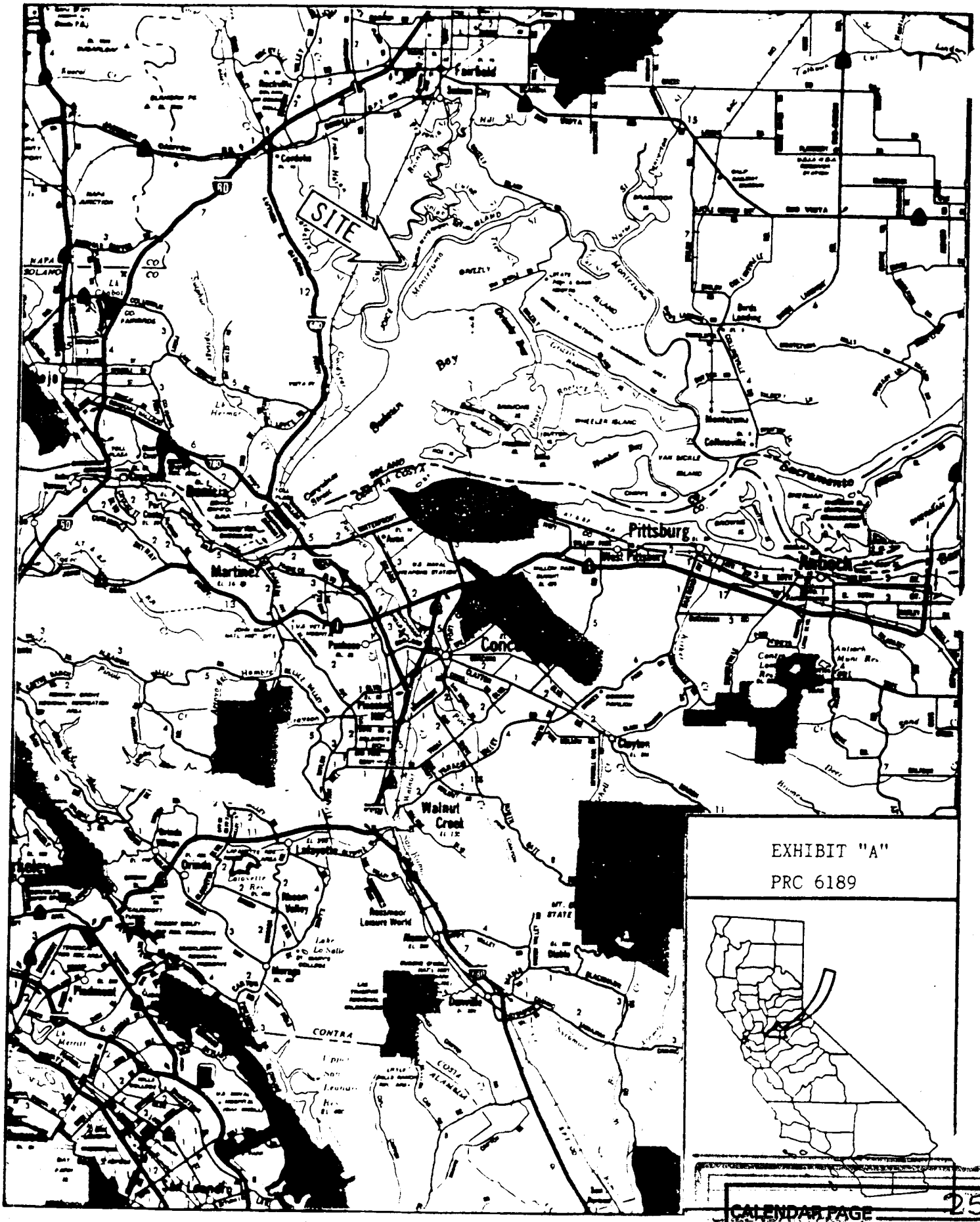

EXHIBIT "A"
PRC 6189

EXHIBIT "B"

PRC 6189

LAND DESCRIPTION

W 9771

All that real property in the County of Solano, State of California, described as follows:

BEGINNING at a point on the ordinary high water mark on the westerly bank of Suisun Slough at the southeast corner of the parcel of land described as Parcel No. 1 in the deed from Solano County Title Company to George Marcantelli, et ux., recorded October 25, 1948, in Book 458 of Official Records at page 97, Instrument No. 11004; thence from said point of beginning, northerly, easterly, northwesterly, northerly, and northeasterly along said ordinary high water mark of Suisun Slough to the intersection thereof with the southwesterly bank of Wells Slough; thence S 58° 26' E, in a direct line, crossing Suisun Slough, Joice Island and Montezuma Slough to the easterly bank of Montezuma Slough at high water mark; thence southerly along the ordinary high water mark of Montezuma Slough to the most northerly corner of State Tide Land Location No. 25; thence southerly along the westerly line of State Tide Land Location No. 25 to the southwest corner thereof; thence west in a direct line to a westerly bank of Grizzly Bay at high water mark; thence northerly along the ordinary high water mark of Grizzly Bay and Montezuma Slough to the most southerly corner of the parcel of land described in the deed from Andrew F. Mahoney, Co. to State of California, dated February 1, 1932, recorded February 17, 1932, in Book 89 of Official Records at page 90, Instrument No. 540; thence northwesterly along the southerly line of said State of California parcel to the easterly bank of Suisun Slough at high water mark; thence southwesterly, westerly, and southerly along the ordinary high water mark of Suisun Slough to a point that bears east from the point of beginning; thence west, in a direct line, to the point of beginning.

END OF DESCRIPTION

REVISED MAY 14, 1982 BY TECHNICAL SERVICES UNIT, ROY MINNICK, SUPERVISOR

CALENDAR PAGE 234
MINUTE PAGE 3953