

MINUTE ITEM

This Calendar Item No. C55
was approved as Minute Item
No. 55 by the State Lands
Commission by a vote of 3
to 0 at its 7-19-93
meeting.

CALENDAR ITEM

C55

A 4

S 2

07/19/93
PRC 255
Nitsche/
Gonzalez

W 40699

ACCEPT THE TERMINATION OF
COMPENSATORY ROYALTY AGREEMENT
PRC 255 (512 ACRES OF INLAND TIDE AND
SUBMERGED LANDS) NEAR KIRBY HILLS
GAS FIELD, SOLANO COUNTY

LESSEE:

Chervon U.S.A. Inc.
Attention: Darlene McGlothlin
P. O. Box 11191
Bakersfield, California 93389

BACKGROUND:

Compensatory Royalty Agreement PRC 255 was issued to Chevron U.S.A. Inc. on February 9, 1953 and contains 512 acres of inland tide and submerged lands in the vicinity of the Kirby Hills Gas Field in Solano County, California.

Public Resources Code Section 6815 provides that the Commission may negotiate and enter into agreements for compensation for drainage of State lands by oil and gas wells drilled upon private land. Compensatory Royalty Agreement PRC 255, issued to compensate the State for drainage from wells drilled in the Kirby Hills Gas Field, provides in Paragraph 4 that the Agreement may terminate when such drainage no longer is occurring. Paragraph 13 of the Agreement provides that the agreement may be terminated by mutual consent of the parties. Chevron has requested the State's agreement to a termination. All production has ceased from wells draining State lands.

On June 11, 1993, the Commission's Long Beach office staff received the document "Termination of Compensatory Royalty Agreement PRC 255". This document was dated June 9, 1993 and relinquishes to the State all of the "lessee's" rights and interest in the lands described in Exhibit "A" of State Compensatory Royalty Agreement PRC 255 dated February 9, 1953.

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A review of the Commission's files reveals that no default exists on the Agreement, that the "lessee" has complied with all applicable laws and provisions.

STATUTORY AND OTHER REFERENCES:

- A. P.R.C. 6815 and Agreement Paragraphs 4 and 13.

AB 884:

N/A.

OTHER PERTINENT INFORMATION:

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that this activity is exempt from the requirements of CEQA because the activity is not a "project" as defined by the CEQA Statutes and Guidelines.

Authority: P.R.C. 21084 and 14 Cal. Code Regs. 15378.

EXHIBIT:

- A. Land Description and Location Map

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THE ACTIVITY 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., (APPLICANT) THE TERMINATION FOR STATE COMPENSATORY ROYALTY AGREEMENT DATED JUNE 9, 1993, WHEREIN CHEVRON U.S.A. INC., RELINQUISHES TO THE STATE ALL RIGHT AND INTEREST IN THE LANDS DESCRIBED IN EXHIBIT "A" OF STATE COMPENSATORY ROYALTY AGREEMENT PRC 255 DATED FEBRUARY 9, 1953.
3. CONSENT TO THE TERMINATION AND RELEASE OF CHEVRON U.S.A. INC. FROM ALL OBLIGATIONS UNDER STATE COMPENSATORY ROYALTY AGREEMENT PRC 255 EFFECTIVE JUNE 9, 1993, THE FILING DATE OF THE TERMINATION.
4. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

STATE LANDS COMMISSION
KIRBY HILL GAS FIELD
STATE COMPENSATORY ROYALTY
AGREEMENT P.R.C. 255
SOLANO COUNTY

FAIRFIELD

STATE
HIGHWAY NO. 12

MONTEZUMA

SUISUN BAY

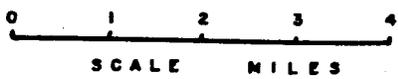
BLOUGH

HONKER BAY

SACRAMENTO RIVER

SAN JOAQUIN

PITTSBURG



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ANTIOCH