

MINUTE ITEM

This Calendar Item No. C73
was approved as Minute Item
No. 73 by the State Lands
Commission by a vote of 3
to 0 at its 3/8/94
meeting.

03/08/94
PRC 7705
Nitsche

CALENDAR ITEM

C73

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ACCEPT THE FULL QUITCLAIM OF
NEGOTIATED SUBSURFACE (NO SURFACE USE)
STATE OIL AND GAS LEASE PRC 7705,
SOLANO COUNTY

LESSEE:

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

BACKGROUND:

Negotiated subsurface (no surface use) State Oil and Gas Lease PRC 7705 (Lease) was issued to Chevron U.S.A. Inc. on July 19, 1993 and became effective August 1, 1993. PRC 7705 contains 182 acres in which the State owns a 100 percent mineral interest in the bed of Montezuma Slough, and 1,957 acres in which the State owns a 50 percent mineral interest adjacent to Montezuma Slough, Solano County, California (leased lands). Under the terms of the Lease, the lessee is required to pay an annual rental of \$25 per acre (\$29,037.50 for 1,160 net acres) and commence drilling operations on the leased lands within three years. No wells have been drilled on or into the leased lands.

P.R.C. 6804.1 and Lease Paragraph 30 provide that the lessee may make at any time 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.

On December 20, 1993, the Commission received the document "(Full) Quitclaim Deed for State Oil and Gas Lease". This document was dated December 13, 1993 and quitclaims back to the State all of the lessee's right, title and interest in the leased lands described in Exhibit "A" of State Oil and Gas Lease PRC 7705 dated August 1, 1993.

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A review of the Commission's files 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 developed).

STATUTORY AND OTHER REFERENCES:

- A. P.R.C. 6804.1 and Lease Paragraph 30.

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.

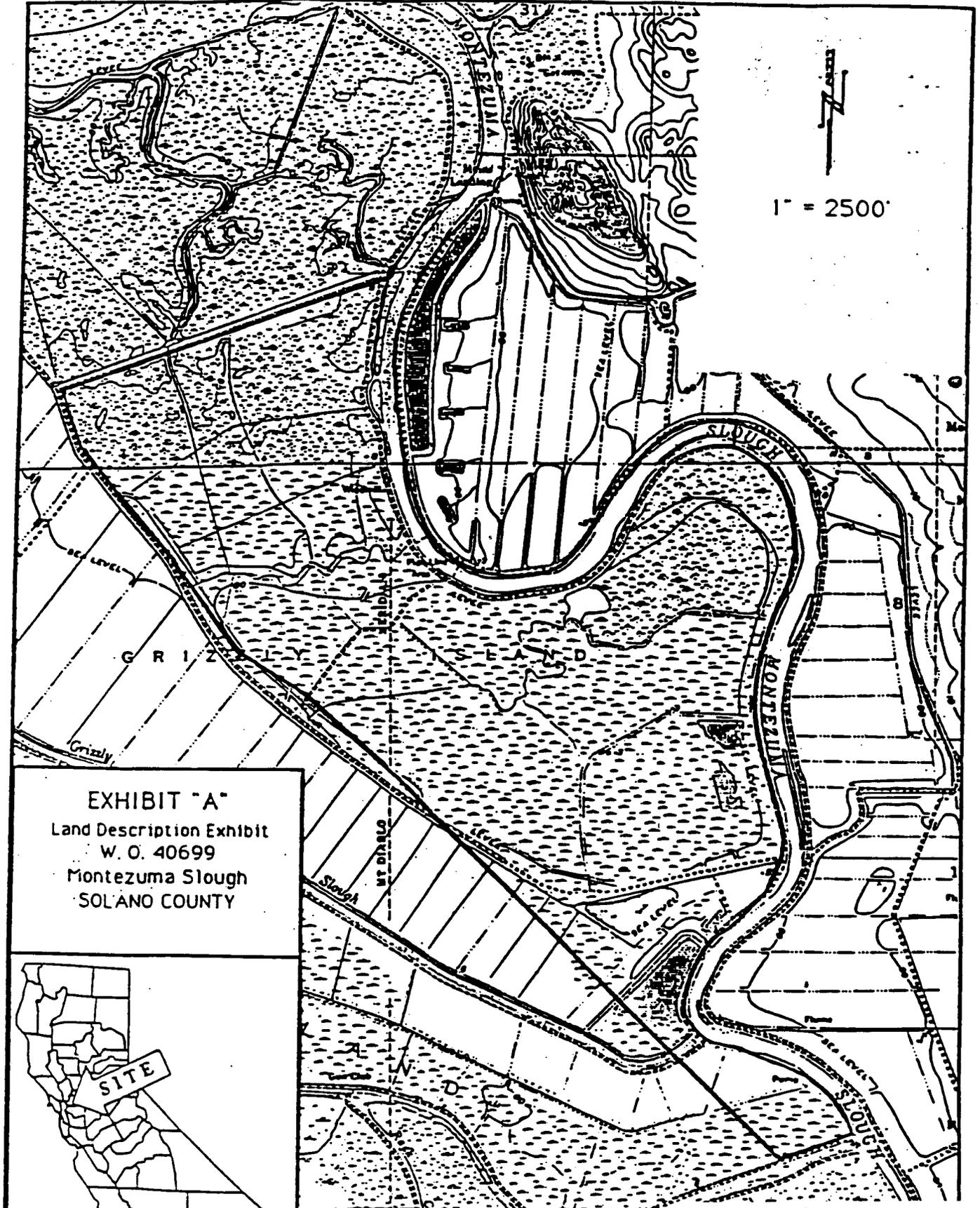
Authority: P.R.C. 21084 and 14 Cal. Code Regs. 15378.

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. (LESSEE) THE QUITCLAIM DEED FOR STATE OIL AND GAS LEASE DATED DECEMBER 13, 1993, WHEREIN THE LESSEE QUITCLAIMS TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LANDS DESCRIBED IN EXHIBIT "A" OF STATE OIL AND GAS LEASE PRC 7705 DATED AUGUST 1, 1993.
3. RELEASE CHEVRON U.S.A. INC. FROM ALL OBLIGATIONS UNDER STATE OIL AND GAS LEASE PRC 7705 EFFECTIVE DECEMBER 20, 1993, THE FILING DATE OF THE QUITCLAIM DEED.
4. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.



1" = 2500'

EXHIBIT "A"
 Land Description Exhibit
 W. O. 40699
 Montezuma Slough
 SOLANO COUNTY



NOTE:
 THIS EXHIBIT IS NOT A SURVEY, NOR
 DOES ANY LINE APPEARING HEREON
 REPRESENT A BOUNDARY LINE

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