

CALENDAR ITEM

C52

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MINUTE ITEM
This Calendar Item No. C52
was approved as Minute Item
No. 52 by the State Lands
Commission by a vote of 3
to 0 at its 5/26/94
meeting

05/26/94
PRC 7628
Nitsche

ACCEPT THE QUITCLAIM OF
NEGOTIATED SUBSURFACE (NO SURFACE USE)
STATE OIL AND GAS LEASE PRC 7628
(105 ACRES UNDER THE SAN JOAQUIN RIVER),
MERCED COUNTY

LESSEE:

Enron Oil and Gas Company
P. O. Box 1188
Houston, Texas 77251-188

BACKGROUND:

Negotiated subsurface (no surface use) State Oil and Gas Lease PRC 7628 (Lease) was issued to Enron Oil and Gas Company (Enron) on May 5, 1992 and contains 105 acres of tide, submerged and proprietary lands in the bed the San Joaquin River in Merced County, California (leased lands). Under the terms of the Lease, the lessee is required to pay an annual rental of \$30 per acre (\$3,150 for 105 acres) and commence drilling operations on the leased lands within three years. No wells were drilled under or through state lands.

P.R.C. 6804.1 and Lease paragraph 30 permit the lessee to 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, royalties and liabilities under the lease prior to the effective date of the quitclaim.

On April 25, 1994, the Commission received the document "(Full) Quitclaim Deed for State Oil and Gas Lease". This document was dated April 23, 1994 and quitclaims 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 7628 dated May 5, 1992.

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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. 21065 and 14 Cal. Code Regs. 15378.

EXHIBITS:

- A. Land Description
- B. 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 ENRON OIL AND GAS COMPANY (LESSEE) THE QUITCLAIM DEED FOR STATE OIL AND GAS LEASE PRC 7628 DATED APRIL 25, 1994, WHERE THE LESSEE QUITCLAIMS TO THE STATE ALL RIGHT, TITLE AND INTEREST IN STATE OIL AND GAS LEASE PRC 7628 DATED MAY 5, 1992.
3. RELEASE ENRON OIL AND GAS COMPANY FROM ALL OBLIGATIONS UNDER STATE OIL AND GAS LEASE PRC 7628 EFFECTIVE APRIL 29, 1994, THE FILING DATE OF THE QUITCLAIM DEED.
4. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

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EXHIBIT "A"

PRC 7628

W 40652

LAND DESCRIPTION

All those state owned land in the bed of the San Joaquin River situated in the S 1/2 of the S 1/2 of Section 35, the S 1/2 of the S 1/2 of Section 36, T 7 S, R 10 E, MDM, Section 1, Section 2, the N 1/2 of Section 11, and the N 1/2 of Section 12, T 8 S, R 10 E, MDM, Merced County, California.

END OF DESCRIPTION

PREPARED FEBRUARY, 1992 BY LLB

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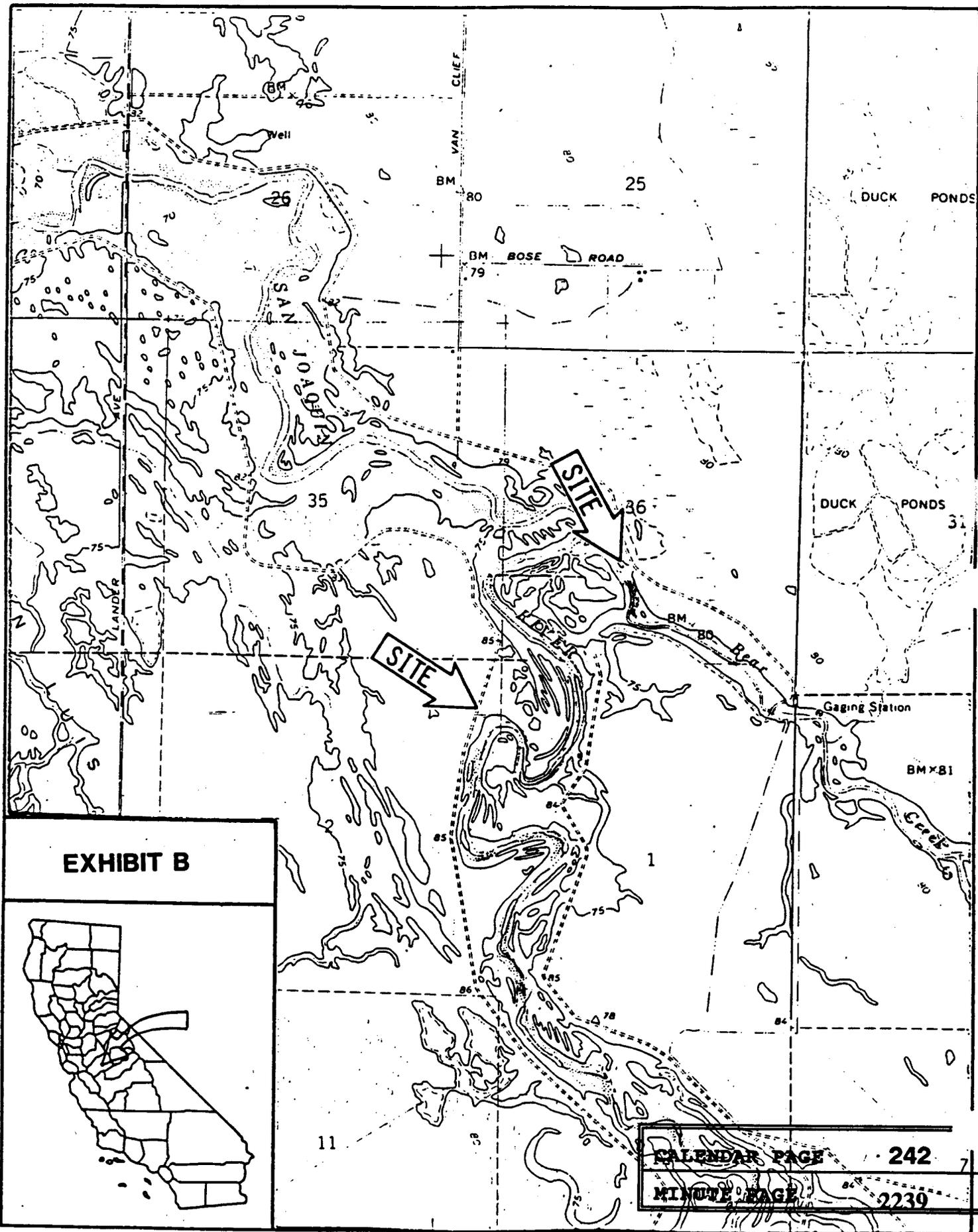


EXHIBIT B

