MINUTE ITEM
This Calendar Item No. C87 was approved as Minute Item No. 87 by the California State Lands Commission by a vote of 3 to 0 at its 2/27/98 meeting.

CALENDAR ITEM
C87

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O2/27/98
PRC 7715
A. Nitsche

CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM DEED OF NEGOTIATED SUBSURFACE (NO SURFACE USE) OIL AND GAS LEASE NO. PRC 7715 (58 ACRES UNDER WHISKEY SLOUGH), SAN JOAQUIN COUNTY

LESSEE:

Amerada Hess Corporation
Attn.: Ms. Sheila R. Herron
500 Dallas Street, Level 2
Houston, Texas 77002

BACKGROUND:

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 7715 (Lease) was issued to Amerada Hess Corporation on September 9, 1993, and contains 58 acres of tide, submerged and proprietary lands in the bed and vicinity of Whiskey Slough in San Joaquin County, California (leased lands). Under the terms of the Lease, the lessee is required to pay an annual rental of $30 per acre ($1,740 for 58 acres) and commence drilling operations on the leased lands within three years. No wells have been drilled on or into the leased lands.

Public Resources Code section 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 and royalties and to abandon all wells drilled on the leased lands.

On December 15, 1997, the Commission's Long Beach office staff received the document "(Full) Quitclaim Deed for State Oil and Gas Lease." This document was dated December 10, 1997, and quitclaims back to the State all of the lessee's right, title and interest in the leased lands described in Exhibit A of Oil and Gas Lease No. PRC 7715 dated September 9, 1993.

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. Public Resources Code section 6804.1 and Lease paragraph 30.

OTHER PERTINENT INFORMATION:

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

   Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

EXHIBIT:

A. Land Description and Location Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THE ACTIVITY EXEMPT FROM THE REQUIREMENTS OF THE CEQA, PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

1. ACCEPT FROM AMERADA HESS CORPORATION (LESSEE) THE (FULL) QUITCLAIM DEED FOR OIL AND GAS LEASE DATED DECEMBER 10, 1997, WHEREIN THE LESSEE QUITCLAIMS BACK TO THE STATE ALL RIGHT, TITLE AND

INTEREST IN THE LEASED LANDS DESCRIBED IN EXHIBIT A OF OIL AND GAS LEASE NO. PRC 7715 DATED SEPTEMBER 9, 1993.

2. RELEASE AMERADA HESS CORPORATION FROM ALL OBLIGATIONS UNDER OIL AND GAS NO. LEASE PRC 7715 EFFECTIVE DECEMBER 15, 1997, THE FILING DATE OF THE QUITCLAIM DEED.

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

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This land description is solely for purposes of generally defining the (lease premises), and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

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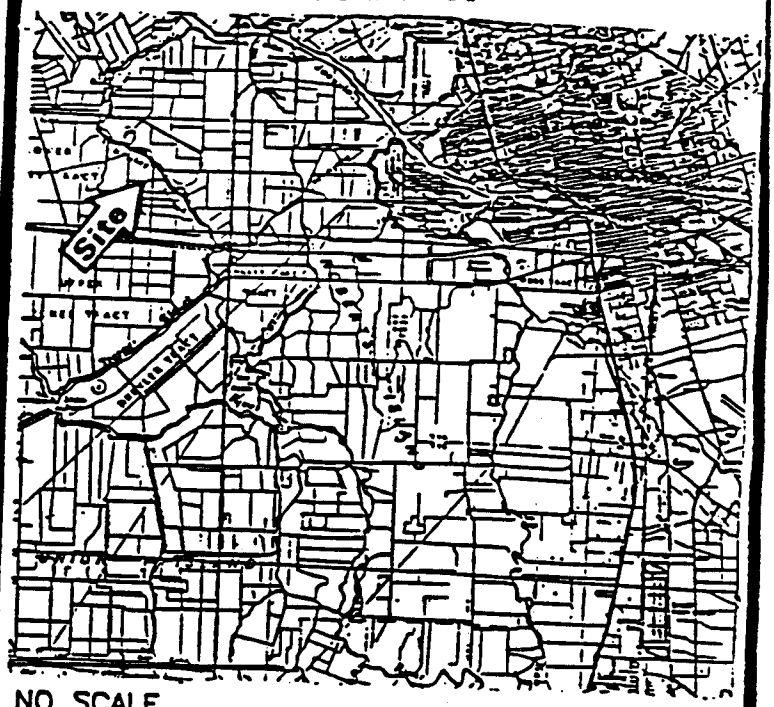
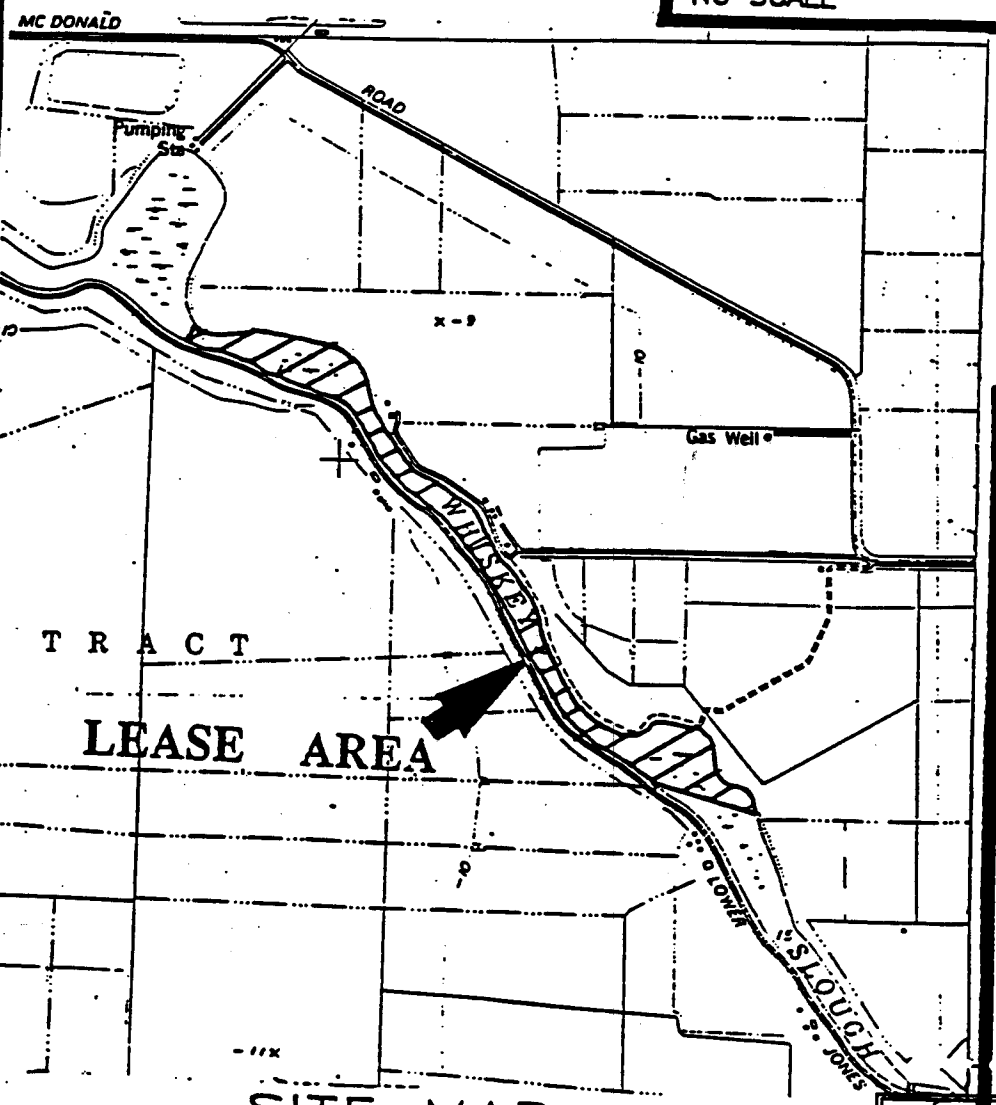
VICNITY MAP



NO SCALE



SITE MAP
NO SCALE

PRC 7715

EXHIBIT 'A'

LONE TREE ENERGY INC.
OIL AND GAS
LEASE
W40697
WHISKEY SLOUGH
SAN JOAQUIN CO.

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