

MINUTE ITEM

This Calendar Item No. C123 was approved as Minute Item No. 123 by the California State Lands Commission by a vote of 3 to 0 at its 6-19-98 meeting.

**CALENDAR ITEM
C123**

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S 4, 5

06/19/98
PRC 7961
A. Nitsche

**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM DEED OF
NEGOTIATED SUBSURFACE (NO SURFACE USE)
OIL AND GAS LEASE NO. PRC 7961
(23.8 ACRES UNDER THE MOKELUME RIVER),
SAN JOAQUIN AND SACRAMENTO COUNTIES**

LESSEE:

Enron Oil and Gas Company
Attn: Deborah Johnson
P. O. Box 4362
Houston, Texas 77210-436

AREA, LAND TYPE, AND LOCATION:

Oil and Gas Lease No. PRC 7961 contains 23.8 acres of tide, submerged and proprietary lands in the bed and vicinity of the Mokelumne River, San Joaquin and Sacramento counties.

BACKGROUND:

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 7961 (Lease) was issued to Enron Oil and Gas Company (Enron) on May 12, 1997, and contains 14.5 acres of tide, submerged and proprietary lands in the bed and vicinity of the Mokelumne River in San Joaquin and Sacramento counties, California (leased lands). On July 11, 1997, the California State Lands Commission approved a revised land description adding acreage and bringing the total leased acreage to 23.8 acres. Under the terms of the Lease, the lessee is required to pay an annual rental of \$32.50 per acre (\$779.50 for 23.8 acres) and commence drilling operations on the leased lands within three years. No wells have been drilled on, into, or near 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 is effective when 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.

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On April 23, 1998, the Commission's Long Beach office staff received the document "(Full) Quitclaim Deed for State Oil and Gas Lease". This document was dated April 21, 1998, 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 7961 dated May 12, 1997.

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.

EXHIBITS:

- A. Land Description
B. 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

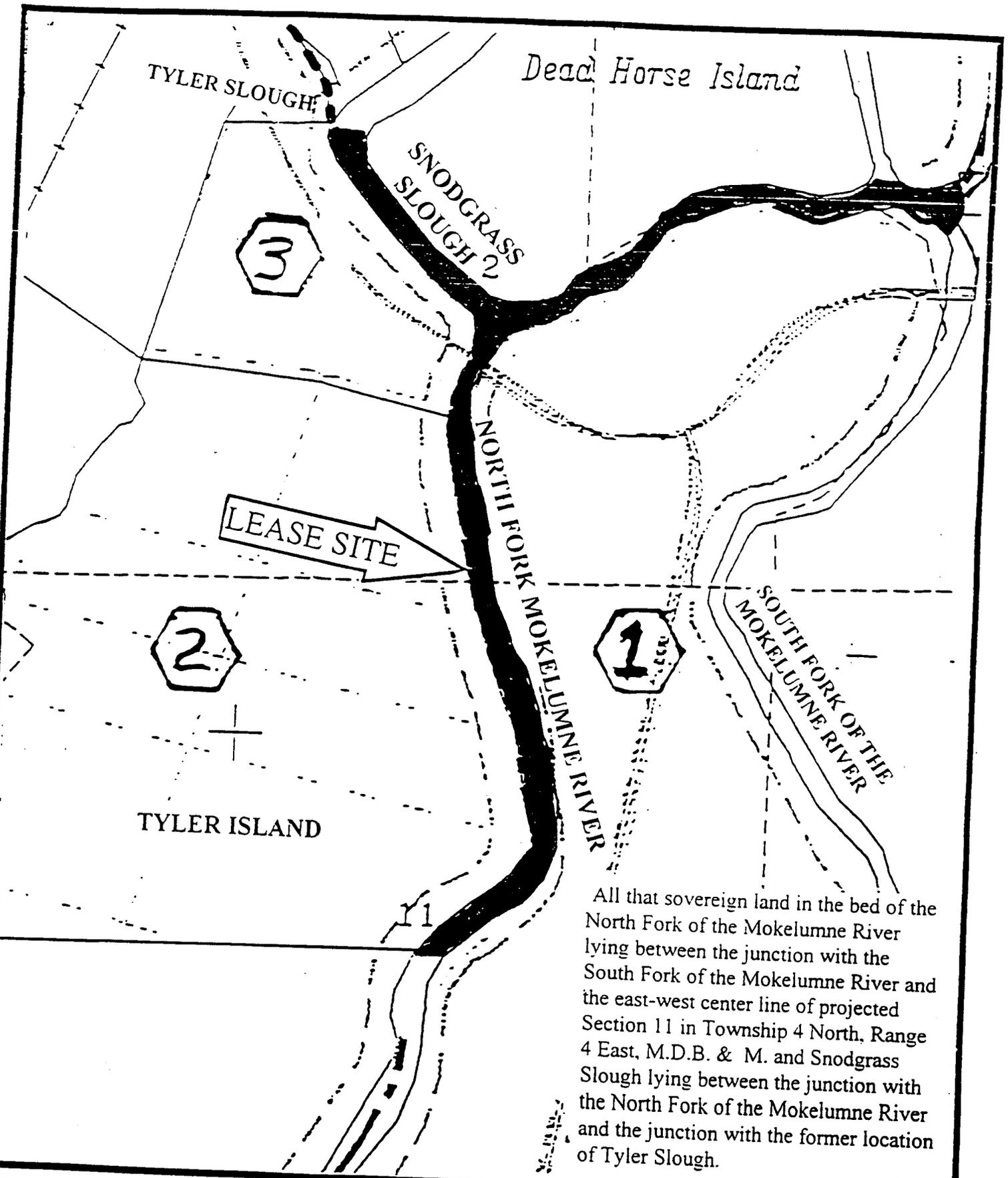
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SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

1. ACCEPT FROM ENRON OIL AND GAS COMPANY (LESSEE) THE (FULL) QUITCLAIM DEED FOR OIL AND GAS LEASE DATED APRIL 21, 1998, 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 7961 DATED MAY 12, 1997.
2. RELEASE ENRON OIL AND GAS COMPANY FROM ALL OBLIGATIONS UNDER OIL AND GAS LEASE NO. PRC 7961 ACCRUING AFTER THE EFFECTIVE APRIL 23, 1998, 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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All that sovereign land in the bed of the North Fork of the Mokolumne River lying between the junction with the South Fork of the Mokolumne River and the east-west center line of projected Section 11 in Township 4 North, Range 4 East, M.D.B. & M. and Snodgrass Slough lying between the junction with the North Fork of the Mokolumne River and the junction with the former location of Tyler Slough.

This exhibit 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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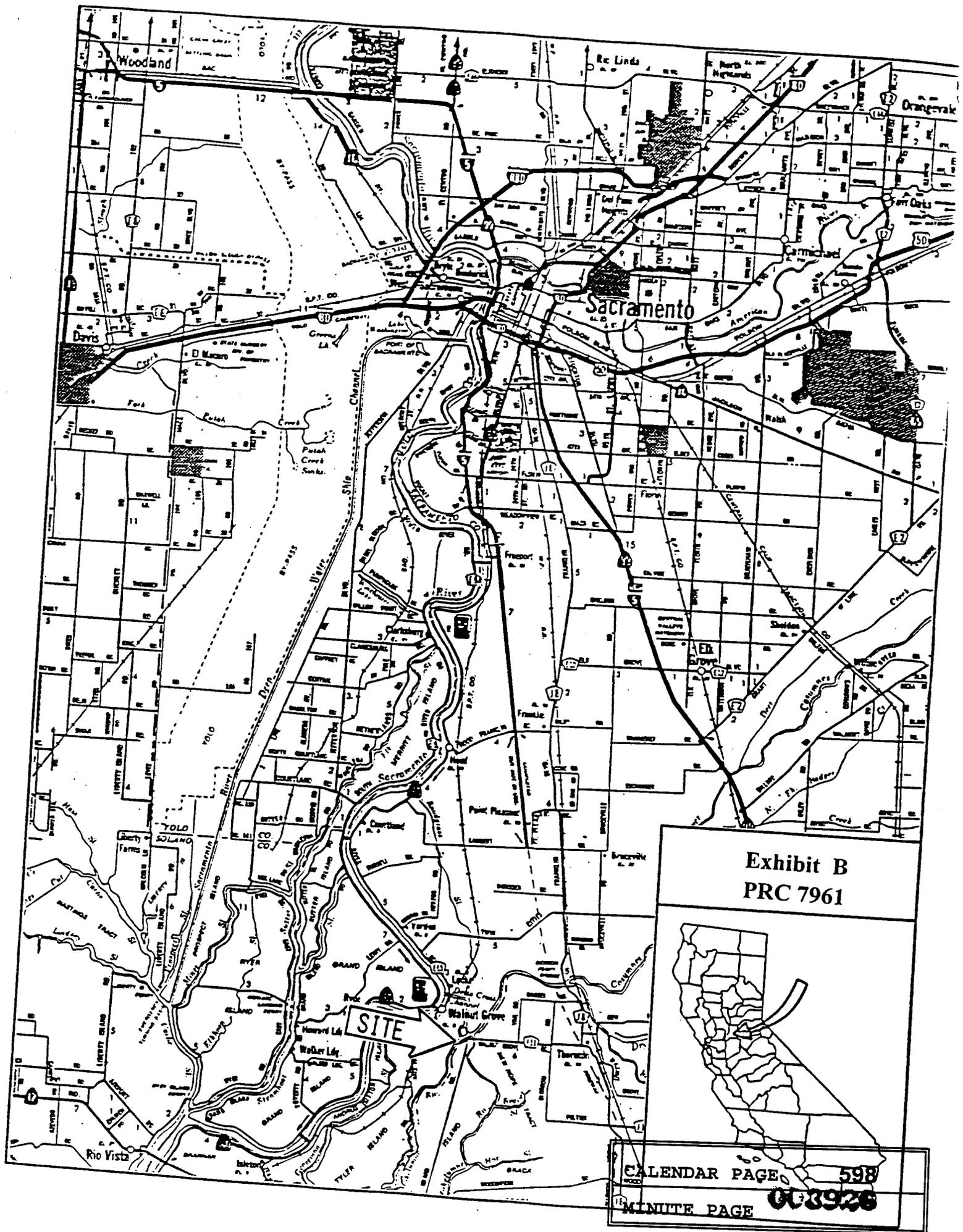


Exhibit B
 PRC 7961



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