

MINUTE ITEM

This Calendar Item No. ~~C77~~ was approved as
Minute Item No. 27 by the California State Lands
Commission by a vote of 3 to ~~0~~ at its
9399 meeting.

**CALENDAR ITEM
C77**

A 8
S 4

09/03/99
PRC 7962
A. Nitsche
M. Voskanian

**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM OF
NEGOTIATED SUBSURFACE (NO SURFACE USE)
OIL AND GAS LEASE NO. PRC 7962
(321 ACRES IN THE VICINITY OF THE CALIFORNIA HIGHWAY
PATROL TRAINING GROUNDS),
YOLO COUNTY**

LESSEE:

Sierra Mineral Development, L.C.
Attn.: Mr. John Eads
952 Echo Lane, Suite 290
Houston, TX 77024

Santa Barbara Resources, Inc.
Attn.: Ms. Phyllis N. Ventura
5813 La Goleta Road
Santa Barbara, CA 93117

AREA, LAND TYPE, AND LOCATION:

Oil and Gas Lease No. PRC 7962 contains 321 acres in the vicinity of the California Highway Patrol Training Grounds, Yolo County, California.

BACKGROUND:

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 7962 (Lease) was issued to Sierra Mineral Development L.C. and Santa Barbara Resources, Inc., on May 12, 1997, and contains 321 acres of the California Highway Patrol land in Yolo County, California (leased lands). Under the terms of the Lease, the lessee is required to pay an annual rental of \$20 per acre (\$6,420 for 321 acres) and commence drilling operations on the leased lands within three years. No wells have been drilled on or into the leased lands.

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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, abandon all wells drilled on the leased lands, and to undertake such other activities as may be set forth in the lease or as may be required by law.

On May 4, 1999, the Commission's Long Beach office staff received the document "(Full) Quitclaim Deed for State Oil and Gas Lease." This document was dated May 5, 1999, 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 7962 dated May 12, 1999.

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

CALENDAR ITEM NO. C77 (CONT'D)

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 SIERRA MINERAL DEVELOPMENT L.C. AND SANTA BARBARA RESOURCES, INC., (LESSEE) THE (FULL) QUITCLAIM DEED FOR OIL AND GAS LEASE DATED MAY 5, 1999, 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 7962 DATED MAY 12, 1997.
2. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO AFFECT THE COMMISSION'S ACTION.

LAND DESCRIPTION

W 40748

A parcel of land in, Yolo County, State of California, described as follows:

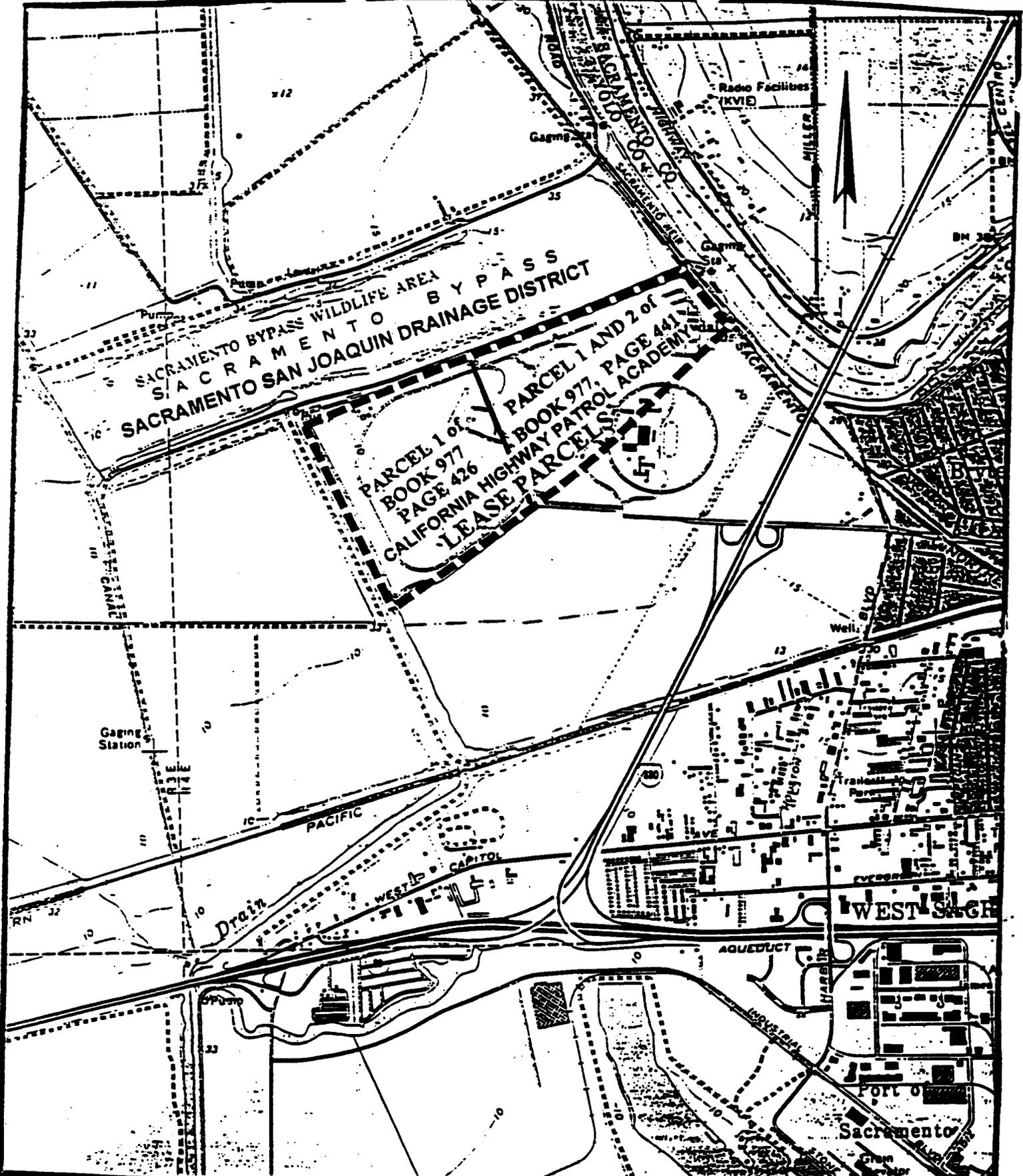
All the land described as parcels No. 1 and No. 2 in the deed from Mervyn T. Owyang and Esther Owyang to the State of California, recorded May 18, 1971 in Book 977, Page 441, of Official Records in the Office of the County Recorder of Yolo County, California and the land described as parcel No. 1 in the deed from Mary Cornacchioli to the State of California, recorded May 18, 1971 in Book 977, Page 426, of Official Records in the Office of the County Recorder of Yolo County, California.

END OF DESCRIPTION

MARCH 6, 1997 BY RICHARD HANSEN, PLS 3951



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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.

EXHIBIT B

PRC 7962

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