

MINUTE ITEM

This Calendar Item No. C81
was approved as Minute Item
No. 81 by the State Lands
Commission by a vote of 3
to 0 at its 4-20-00
meeting.

**CALENDAR ITEM
C81**

A 18

04/20/00

S 3

PRC 2933.1

A. Nitsche

**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM OF
OIL AND GAS LEASE NO. PRC 2933.1, (4,250.14 ACRES)
OFFSHORE SANTA BARBARA COUNTY**

LESSEES:

Phillips Petroleum Company
Attn.: Ms. Ruby I. Evans
P. O. Box 7500
Bartlesville, OK 74005-7500

Exxon Mobil Corporation
Attn: Mr. G. E. Ladd
P. O Box 4697
Houston, TX 77210-4697

AREA, LAND TYPE, AND LOCATION:

Oil and Gas Lease No. PRC 2933.1 contains 4,250.14 acres of tide and submerged lands in the vicinity of Gaviota, Santa Barbara County, California.

BACKGROUND:

Oil and Gas Lease No. PRC 2933.1 (Lease) was issued to Phillips Petroleum Company and Pauley Petroleum, Inc., on October 25, 1962, and contains 4,250.14 acres of tide and submerged lands in the vicinity of Gaviota, Santa Barbara County. Through a series of assignments, Phillips Petroleum has a 66 2/3 percent interest in the lease and Exxon Mobil Corporation (Exxon Mobil) has the remaining 33 1/3 percent interest. Under the terms of the Lease, the lessee was required to pay an annual rental of \$1.00 per acre (\$4,250). Eight offshore wells were drilled on Lease PRC 2933.1. Of these eight wells, six were subsea completion wells (these wells were abandoned and associated flow lines were removed from the onshore and nearshore area to the 15 foot water depth, as part of the SWARS Project between August 1997 to March 1998). The other two wells were dry holes and were immediately plugged and abandoned in accordance with applicable State rules and regulations.

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Public Resources Code section 6804.1 and Lease paragraph 5 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 January 3, 2000, the Commission's Long Beach office staff received the Phillips Petroleum document "(Full) Quitclaim Deed for State Oil and Gas Lease." This document was dated October 12, 1999, and quitclaims back to the State all of the lessee's right, title and interest in the leased lands (66 2/3%) described in Exhibit A of Oil and Gas Lease No. PRC 2933.1 dated October 25, 1962.

On April 6, 2000, the Commission received the Exxon Mobil document "(Full) Quitclaim Deed for State Oil and Gas Lease." This document was dated March 31, 2000, and quitclaims back to the State all of the lessee's right, title and interest in the leased lands (33 1/3%) described in Exhibit A of Oil and Gas Lease No. PRC 2933.1 dated October 25, 1962.

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 and royalties.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code section 6804.1 and Lease Paragraph 5.

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.

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

AUTHORIZATION:

1. ACCEPT FROM PHILLIPS PETROLEUM COMPANY (LESSEE) THE (FULL) QUITCLAIM DEED FOR OIL AND GAS LEASE DATED OCTOBER 12, 1999, AND ACCEPT FROM EXXON MOBIL CORPORATION (LESSEE) THE (FULL) QUITCLAIM DEED FOR OIL AND GAS LEASE DATED MARCH 31, 2000, WHEREIN THE LESSEES QUITCLAIM BACK TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LANDS DESCRIBED IN EXHIBIT A OF OIL AND GAS LEASE NO. PRC 2933.1 DATED OCTOBER 25, 1962.
2. RELEASE PHILLIPS PETROLEUM COMPANY FROM ALL OBLIGATIONS UNDER OIL AND GAS NO. LEASE PRC 2933.1 EFFECTIVE JANUARY 3, 2000, THE FILING DATE OF THE QUITCLAIM DEED, PURSUANT TO PUBLIC RESOURCES CODE SECTION 8704.1.
3. RELEASE EXXON MOBIL CORPORATION FROM ALL OBLIGATIONS UNDER OIL AND GAS NO. LEASE PRC 2933.1 EFFECTIVE APRIL 6, 2000, THE FILING DATE OF THE QUITCLAIM DEED, PURSUANT TO PUBLIC RESOURCES CODE SECTION 8704.1.

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

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STATE LANDS COMMISSION
OIL AND GAS LEASE PRC 2933

LAND DESCRIPTION

EXHIBIT A

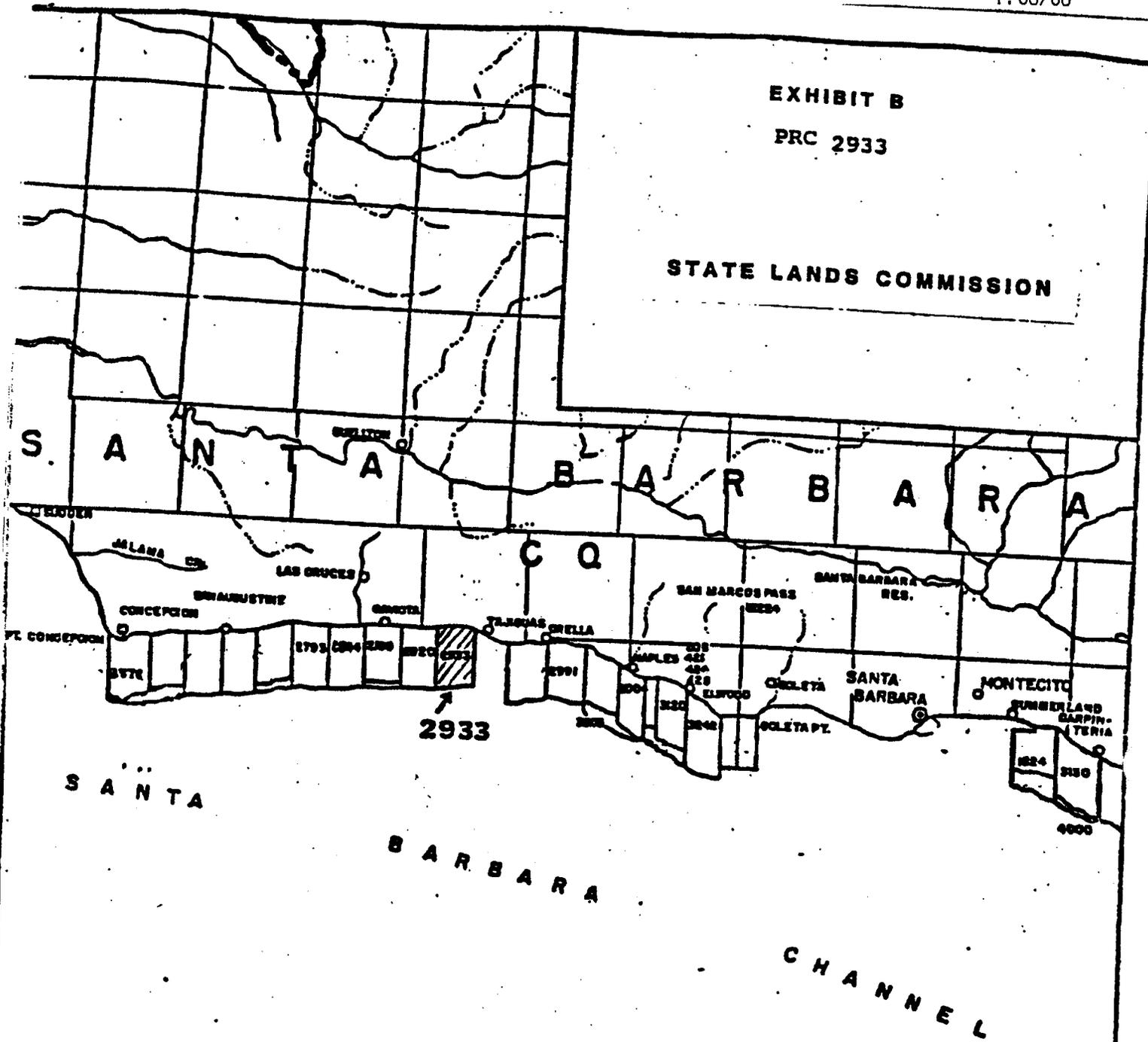
18 that certain tract of tide
and submerged lands, situate in the County of Santa Barbara, State of
19 California, described as follows:
20

21 That area of tide and submerged lands bounded on the
22 West by California Coordinate System, Zone 5, grid line
23 having an X value of 1,351,430; on the East by a grid
24 line having an X value of 1,361,580; on the landward
(northerly) boundary by the ordinary high water mark of
25 the Santa Barbara Channel; on the seaward (southerly)
26 boundary by a line parallel to the ordinary high water
27 mark and seaward therefrom three nautical miles; contain-
28 ing 4,250.14 acres.
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30
31

EXHIBIT B

PRC 2933

STATE LANDS COMMISSION



8 MILES

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