

**CALENDAR ITEM
C62**

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**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM OF
NEGOTIATED SUBSURFACE (NO SURFACE USE)
OIL AND GAS LEASE NO. PRC 8094.1,
(93 ACRES UNDER THE FALSE RIVER AND PIPER SLOUGH),
CONTRA COSTA COUNTY**

LESSEE:

Rio Delta Resources, Inc.
Attn.: Mr. Jerry W. Reedy
3600 American River Drive, Suite 220
Sacramento, CA 95864

AREA, LAND TYPE, AND LOCATION:

Oil and Gas Lease No. PRC 8094.1 contains 93 acres of tide and submerged lands in the vicinity of the False River and Piper Slough, Contra Costa County, California.

BACKGROUND:

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 8094.1 (Lease) was issued to Rio Delta Resources, Inc., on June 14, 1999, and contains 93 acres of tide and submerged lands in the bed and vicinity of the False River and Piper Slough in Contra Costa County, California (leased lands). Under the terms of the Lease, the lessee is required to pay an annual rental of \$10.00 per acre (\$930.00 for 93 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.

CALENDAR ITEM NO. **C62** (CONT'D)

On July 11, 2002, the Commission's Long Beach staff received the document "(Full) Quitclaim Deed for State Oil and Gas Lease." This document was dated June 10, 2002 and quitclaimed back to the State all of the lessee's right, title and interest in the leased lands described in Exhibit A, attached hereto, of Oil and Gas Lease No. PRC 8094.1 dated June 14, 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 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it 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, sections 15060 (c)(3) and 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 THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

CALENDAR ITEM NO. C62 (CONT'D)

AUTHORIZATION:

1. ACCEPT FROM RIO DELTA RESOURCES, INC. (LESSEE) THE (FULL) QUITCLAIM DEED FOR OIL AND GAS LEASE DATED JUNE 14, 1999, WHEREIN THE LESSEE QUITCLAIMS BACK TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LANDS DESCRIBED IN EXHIBIT A, ATTACHED HERETO, OF OIL AND GAS LEASE NO. PRC 8094.1 DATED JUNE 14, 1999.

2. RELEASE RIO DELTA RESOURCES, INC. FROM ALL OBLIGATIONS UNDER OIL AND GAS NO. LEASE PRC 8094.1 ACCRUING AFTER JULY 11, 2002, THE FILING DATE OF THE QUITCLAIM DEED.

3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENT NECESSARY TO IMPLEMENT THE COMMISSION'S ACTION.