

This Calendar Item No. C57 was approved as
Minute Item No. 57 by the California State Lands
Commission by a vote of 3 to 0 at its 04/05/04
meeting.

**CALENDAR ITEM
C57**

A 33

04/05/04

S 19

PRC 2879.1

M. Hamilton

**CONSIDER ACCEPTANCE OF FULL QUITCLAIM DEED
FOR STATE OIL AND GAS LEASE NO. PRC 2879.1,
(5,653.1 ACRES OFFSHORE
POINT CONCEPTION AND GOVERNMENT POINT),
SANTA BARBARA COUNTY**

LESSEE:

Union Oil Company of California
Attn.: Mr. Russ C. Hanscom
Post Office Box 1069
San Luis Obispo, CA 93406

AREA, LAND TYPE, AND LOCATION:

Oil and Gas Lease No. PRC 2879.1 (Lease) contains approximately 5,653.1 acres of tide and submerged lands located offshore and south of Point Conception and Government Point in Santa Barbara County, California.

BACKGROUND:

The Lease was issued by competitive bid to Union Oil Company of California on April 26, 1962, for the cash bonus payment of \$3,047,740.00. The rental is \$5,653.10 or \$1.00 per acre per year. For the period 1964 to 1992, the leased lands produced about 1.191 million barrels of oil and 643 MMcf of gas from nine wells directionally drilled from onshore locations into the northern portion of the leased lands. These wells were plugged and abandoned and the Point Conception Field abandoned in 1994. Additionally, there were six exploratory wells drilled into the leased lands from offshore drill vessels that were never connected to shore nor produced. The offshore wells were abandoned and removed as part of the SWARS (Subsea Well Abandonment and Rig Sharing) program in or around 1997.

The Cojo Field (in the southern portion of the lease and overlapping into "Parcel 1" to the west) is estimated by staff to still contain 150 million barrels of recoverable oil within State waters.

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CALENDAR ITEM NO. C57 (CONT'D)

In the mid-1980s, the Lessee submitted an application to develop the untapped reserves on the Lease. The original proposal was to install a 48-slot platform (named Haley) in 285 feet of water about 2.75 miles offshore Point Conception. In 1988, an EIR had been prepared for the project and the final draft was being reviewed, however the matter was not presented to the Commission because the applicant elected to withdraw its application. Later that year, Unocal had discussions with Commission staff, exploring the possibility of developing the reserves by "long-reach" directional drilling from existing shore-based facilities. That proposal was not pursued and did not develop into a formal application because only a limited number of wells were considered which Commission staff determined would be insufficient to adequately develop the reservoir. Unocal did not submit any further applications for additional exploration or development of the lease.

Public Resources Code Section 6804.1 and Lease Paragraph 5 permit the Lessee at any time to make and file with the Commission a written quitclaim of all rights under the Lease. The quitclaim will be effective as of the date of its filing, subject to its acceptance by the Commission. On April 16, 2003, Commission staff received from the Lessee the document "Lease Quitclaim Deed for State Oil and Gas Lease" (Exhibit C, attached hereto). This document is dated April 2, 2003, and quitclaims back to the State all of the Lessee's interest in the Lease. 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.

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 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.

CALENDAR ITEM NO. **C57** (CONT'D)

EXHIBITS:

- A. Land Description
- B. Location Map
- C. Lease Quitclaim Deed

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

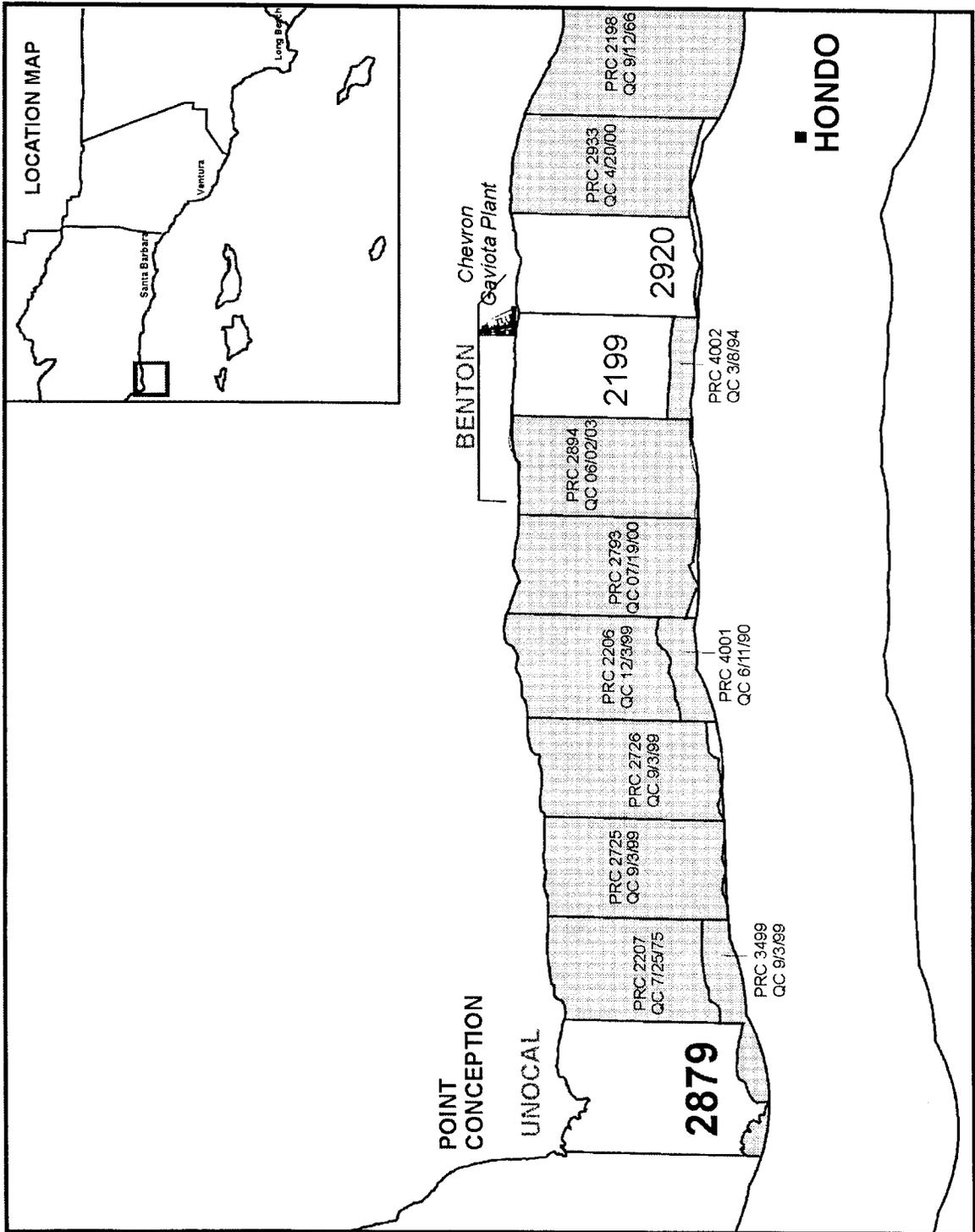
FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

AUTHORIZATION:

1. ACCEPT FROM UNION OIL COMPANY OF CALIFORNIA (LESSEE) THE FULL LEASE QUITCLAIM DEED FOR STATE OIL AND GAS LEASE DATED APRIL 2, 2003, WHEREIN THE LESSEE QUITCLAIMS BACK TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LANDS DESCRIBED IN THE BODY OF OIL AND GAS LEASE NO. PRC 2879.1, DATED APRIL 26, 1962.
2. RELEASE UNION OIL COMPANY OF CALIFORNIA FROM ALL OBLIGATIONS UNDER OIL AND GAS LEASE NO. PRC 2879.1 ACCRUING AFTER APRIL 16, 2003, THE FILING DATE OF THE LEASE QUITCLAIM DEED.
3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENT NECESSARY TO IMPLEMENT THE COMMISSION'S ACTION.

Land Description

That area of tide and submerged lands bounded on the West by California Coordinate System, Zone 5, grid line having an X value of 1,255,500; on the East by a grid line having an X value of 1,269,000; on the landward (northerly) boundary by the ordinary high water mark of the Pacific Ocean; on the seaward (southerly) boundary by a line parallel to the ordinary high water mark and seaward therefrom three nautical miles; containing 5,653.1 acres.



RECORDED AT THE REQUEST OF
AND WHEN RECORDED MAIL TO:

STATE OF CALIFORNIA
State Lands Commission
100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202
Attn: Title Unit

STATE OF CALIFORNIA
OFFICIAL BUSINESS
Document entitled to free recordation
Pursuant to Government Code Section 27383

No Tax Due

SPACE ABOVE THIS LINE FOR RECORDER'S USE

LEASE QUITCLAIM DEED
FOR STATE OIL AND GAS LEASE

State Oil and Gas Lease No. PRC 2879.1 (Lease), covering certain State lands located in Santa Barbara County(ies), State of California, was issued by the State of California, acting through the California State Lands Commission (State), on April 26, 1962, and was recorded in the Official Records of Santa Barbara County, as Document 25258, on June 13, 1963.

(Attach additional recording information if leased lands are located in and Lease is recorded in more than one county.)

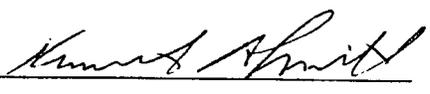
Union Oil Company of California, a California corporation (Lessee) is the present holder of the Lease.

Pursuant to the terms of the Lease and Section 6804.1 of the Public Resources Code, the Lessee may at any time make and file with the State a written quitclaim or relinquishment of all rights under the Lease or of any portion of the Lease comprising a 10-acre parcel or multiple thereof in compact form, or of any separate or distinct zone or geological horizon thereof underlying such 10-acre parcel or multiple thereof.

Acting in accordance with such terms, the Lessee does hereby release, remise and forever quitclaim unto the **State of California** all of its right, title and interest in and to the State lands or that portion of the State lands held by virtue of the Lease, which lands are or portion is described in the attached Exhibit A.

IN WITNESS WHEREOF, this Quitclaim Deed is executed this 2nd day of April, 2003.

LESSEE: Union Oil Company of California, a ^{Wyo} California corporation

By 

(UNOCAL ACKNOWLEDGEMENT ON FOLLOWING PAGE)

UNION OIL COMPANY ACKNOWLEDGEMENT

State of California }
County of San Luis Obispo}

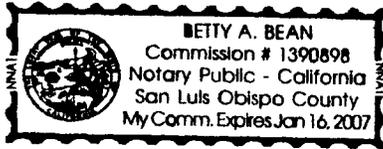
On April 2, 2003, before me, the undersigned Notary Public, personally appeared Kenneth A. Smith

personally known to me OR

proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal

Betty A. Bean
Signature of Notary



CAPACITY CLAIMED BY SIGNER

Individual(s)
 Corporate _____
 Officer(s) _____
Title(s)

Partner(s)
 Attorney-In-Fact
 Trustee(s)
 Subscribing Witness
 Guardian/Conservator
 Other: _____

SIGNER IS REPRESENTING:

Union Oil Company of California, a California corporation

Exhibit "A"

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

That area of tide and submerged lands bounded on the West by California Coordinate System, Zone 5, grid line having an X value of 1,255,500; on the East by a grid line having an X value of 1,269,000; on the landward (northerly) boundary by the ordinary high water mark of the Pacific Ocean; on the seaward (southerly) boundary by a line parallel to the ordinary high water mark and seaward therefrom three nautical miles; containing 5,653.1 acres.