

**MINUTE ITEM**

This Calendar Item No. C53 was approved as Minute Item No. 53 by the California State Lands Commission by a vote of 3 to 4 at its 2-17-05 meeting.

**CALENDAR ITEM  
C53**

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02/17/05  
PRC 8377.1  
J. Planck

**CONSIDER ACCEPTANCE OF THE PARTIAL QUITCLAIM  
OF NEGOTIATED LIMITED SURFACE USE  
STATE OIL AND GAS LEASE NO. PRC 8377.1, WITHIN THE  
GRIZZLY ISLAND WILDLIFE MANAGEMENT AREA,  
SOLANO COUNTY**

**LESSEE:**

Occidental Resources of California, LLC  
Attn.: Mr. Vance Wooley  
P.O. Box 1002  
Tupman, CA 93276

**AREA, LAND TYPE, AND LOCATION:**

Oil and Gas Lease No. PRC 8377.1 currently contains approximately 9,273 gross acres (5,163.5 net acres) of tide and submerged lands on Grizzly Island, Solano County, California.

**BACKGROUND:**

Negotiated limited surface use Oil and Gas Lease No. PRC 8377.1 (Lease) was issued to Occidental Resources of California, LLC (Lessee) on January 30, 2002, and has been amended twice, once on June 2, 2003, and again on August 19, 2003. The Lease contains approximately 9,273 gross (5,163.5 net) mineral acres in the Grizzly Island Wildlife Management Area, Solano County, California (see Location Map, Exhibit B, attached hereto). The State's mineral interests in the leased lands are of two types. One is derived from a fifty percent (50%) mineral interest in those lands underlying Grizzly and Hammond Islands under the jurisdiction of the Department of Fish and Game (DF&G). The other is a one hundred percent (100%) mineral interest in those lands under the jurisdiction of the California State Lands Commission (Commission) underlying Montezuma Slough, Grizzly Slough, Howard Slough and Roaring River. The DF&G administers all surface use of the Grizzly Island Wildlife Management Area.

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Under the terms of the Lease, the Lessee is required to pay an annual rental of \$40.00 per net acre (\$206,540 for 5,163.5 net acres) and was required to commence drilling operations on the leased lands within three years. The Commission authorized two wells prior to the Lessee submitting a full development plan for the lease. One of those wells was drilled earlier this year. The information from that well, as well as the seismic information, has prompted the Lessee to quitclaim those portions of the lease, which do not appear commercially viable at this time, and are no longer considered for development by this Lessee.

Public Resources Code section 6804.1 and Lease Paragraph 30 permit the Lessee to make a written quitclaim at any time 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 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. In this case, it is only a partial quitclaim, and the lease will continue in full force and effect in regard to that portion of the lease which is not being surrendered.

The Commission's Long Beach office staff received the document "Partial Quitclaim Deed for State Oil and Gas Lease" on December 8, 2004. The document was dated December 8, 2004, and quitclaims back to the State all of the Lessee's right, title and interest in approximately 4,755 acres of the leased lands, as described in Exhibit A, attached hereto, of Oil and Gas Lease No. PRC 8377.1. Exhibit B is a plat showing the quitclaimed lands and the retained lands with the estimated acreage for each. Exhibit C, attached hereto, delineates the portions of the leased lands being retained by the Lessee (i.e., the legal description of the lease acreage after quitclaim).

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 currently due as the one drilled well has not yet produced). No wells have been drilled on or into the proposed quitclaimed portion of the leased lands.

As stated above, the Lessee drilled and completed the first well on the retained lands within the time required by the Commission approval of the Lease. The annual rent for the retained 4,518 gross acres of land (2,435 net acres) has been recalculated to be \$97,400.00 beginning with the anniversary date of the Lease

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(January 31, 2005).

**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. Legal Description of Quitclaimed (Surrendered) Lands.  
B. Location Map Showing Quitclaimed and Retained Lands and approximate acreage.  
C. Legal Description of Retained Lands.

**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 OCCIDENTAL RESOURCES OF CALIFORNIA LLC (LESSEE) THE PARTIAL QUITCLAIM DEED FOR OIL AND GAS LEASE NO. PRC 8377.1 DATED JANUARY 30, 2002, AND AS AMENDED ON JUNE 2, 2003, AND AGAIN ON AUGUST 19,

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2003, WHEREIN THE LESSEE QUITCLAIMS BACK TO THE STATE ALL RIGHT, TITLE AND INTEREST IN APPROXIMATELY 4,755 ACRES OF THE LEASED LANDS, AS DESCRIBED IN EXHIBIT A, ATTACHED HERETO.

2. ACKNOWLEDGE THAT THE LESSEE HAS RETAINED APPROXIMATELY 4,518.1 GROSS MINERAL ACRES (APPROXIMATELY 2,435.4 NET MINERAL ACRES), WITH AN ANNUAL RENTAL OF \$40 PER ACRE (\$97,400.00 FOR 2,435 NET MINERAL ACRES). ALL OTHER LEASE TERMS AND PERFORMANCE BOND OR OTHER SECURITY TO REMAIN THE SAME.
3. RELEASE LESSEE FROM ALL OBLIGATIONS UNDER OIL AND GAS NO. LEASE PRC 8377.1 ACCRUING AFTER DECEMBER 8, 2004, THE FILING DATE OF THE QUITCLAIM DEED, INsofar AND ONLY INsofar AS IT RELATES TO THAT PORTION OF THE LEASED LANDS BEING QUITCLAIMED AND EXCEPT AS TO ANY COVENANT OR OBLIGATIONS THAT SURVIVE THE TERMINATION OF THE LEASE, INCLUDING THOSE SPECIAL OPERATING REQUIREMENTS FOR THE GRIZZLY ISLAND WILDLIFE MANAGEMENT AREA CONTAINED WITHIN THE LEASE AND AS SET FORTH IN EXHIBIT C, ATTACHED HERETO, THEREOF WHICH APPLY TO THE SURRENDERED LANDS.
4. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENT NECESSARY TO IMPLEMENT THE COMMISSION'S ACTION.

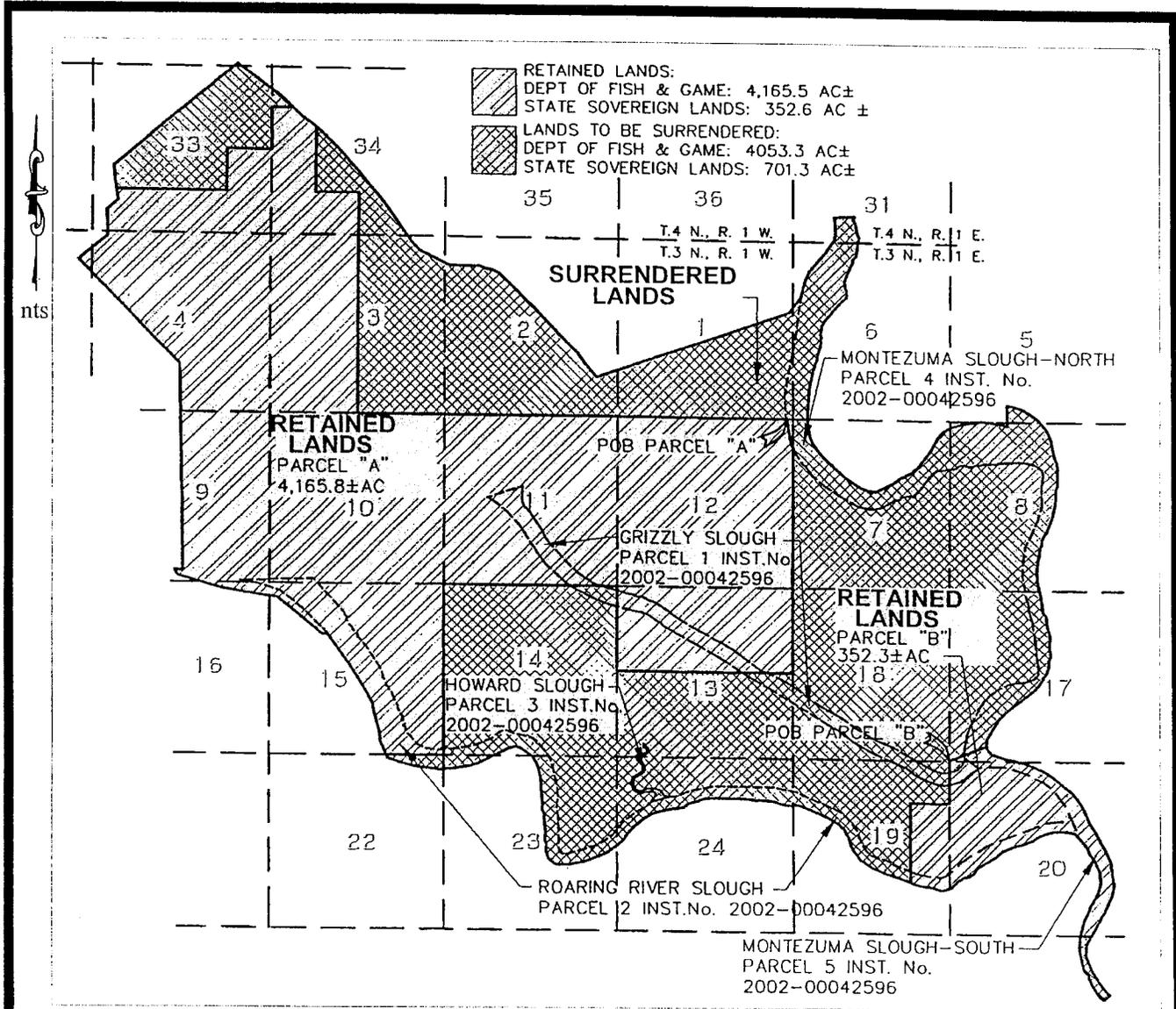
**EXHIBIT "A"**  
**LAND DESCRIPTION**  
**(Surrendered Lands)**

All that certain parcel of land situated within the protracted Sections 1, 2, 3, 13, 14, 22, 23 and 24 Township 3 North, Range 1 West, M.D.M., protracted Sections 5, 6, 7, 8, 17, 18, 19, 20 and 29 Township 3 North, Range 1 East, M.D.M., protracted Sections 33 and 34 Township 4 North, Range 1 West, M.D.M., County of Solano, State of California and being portions of Parcels 1, 2 and 3 as conveyed to the State of California by the Final Order and Decree of Condemnation recorded March 30, 1950 in Book 527, Page 43 Official Records Solano County and portions of Parcels 1, 2 and 5 and all of Parcels 3 and 4 as described in Exhibit A-2 as recorded in Instrument Number 2002-00042596 April 3, 2002 in Official Records Solano County.

EXCEPTING THEREFROM any portion lying within the herein Exhibit 'C' as described in Parcels A and B (Retained Lands).

Containing 701.3 acres of State Sovereign Lands, more or less and containing 4053.3 acres of Department of Fish & Game Lands, more or less.





**GRIZZLY ISLAND - HAMMOND ISLAND**



**EXHIBIT B**

**PARTIAL QUITCLAIM  
OIL AND GAS LEASE  
TO CSLC**

This Exhibit is solely for purposes of generally defining the lease premises, and is not intended to be, nor shall it nor shall it be construed as, a waiver or limitation of any state interest in the subject or any other property.

**LOCATION MAP**

**PRC 83771  
OXY RESOURCES  
CALIFORNIA LLC**

**OIL & GAS LEASE IN  
HOWARD, MONTEZUMA &  
GRIZZLY & ROARING RIVER  
SLOUGHS AND  
FISH & GAME LANDS ON  
HAMMOND & GRIZZLY ISLAND  
SOLANO COUNTY**

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**EXHIBIT "C"**  
**LAND DESCRIPTION**  
**(Retained Lands)**

**Parcel A**

All that certain parcel of land situated within the protracted Sections 3, 4, 5, 9, 10, 11, 12, 13, 15 and 16 in Township 3 North, Range 1 West, M.D.M., and protracted Sections 33 and 34, Township 4 North, Range 1 West, M.D.M., County of Solano, State of California and being portions of Parcels 1, 2, 3 and all of Parcel 4 as conveyed to the State of California by the Final Order and Decree of Condemnation as recorded March 30, 1950 in Book 527 of Deeds at Page 43, Official Records of Solano County and portion of Parcels 1 and 2 as described in Exhibit A-2, Instrument No. 2002-00042596, recorded April 3, 2002 in Official Records of Solano County and more particularly described as follows:

Commencing at NGS Control Station CATTLE, said point having California Coordinates X=2,041,076.61 feet; Y=154,103.88 feet, Zone 2, NAD 27; thence North 52°01'20" West a distance of 21,242.52 feet to the POINT OF BEGINNING on the Oil and Gas lease line, said point being on the westerly line described in Parcel 4 Montezuma Slough-North Portion of said Exhibit A-2 having California Coordinates X=2,024,332.18 feet, Y=167,175.55 feet, Zone 2, NAD 27; thence southerly along said Parcel 4 the following three (3) consecutive courses:

- 1) South 08°36'25" East a distance of 541.27 feet;
- 2) South 12°16'33" East a distance of 304.05 feet;
- 3) South 25°25'59" East a distance of 93.88 feet; thence leaving said westerly Lease line South 00°02'54" West a distance of 7021.52 feet;
- 4) North 89°43'06" West a distance of 5400.20 feet;
- 5) North 00°11'39" East a distance of 2681.85 feet;
- 6) North 89°43'06" West a distance of 5333.97 feet;
- 7) South 00°11'39" West a distance of 5363.69 feet;
- 8) North 89°43'06" West a distance of 1772.12 feet to a point on the westerly line of said Oil and Gas Lease line of Parcel 2 as described in said Exhibit A-2, said point having California Coordinates X=2,011,997.02 feet, Y=156,616.62 feet, Zone 2, NAD 27; thence westerly along said Lease line the following eight (8) consecutive courses;
- 9) North 21°52'08" West a distance of 437.84 feet;
- 10) North 07°17'42" West a distance of 303.98 feet;
- 11) North 12°43'59" West a distance of 209.97 feet;
- 12) North 16°08'19" West a distance of 337.65 feet;
- 13) North 11°08'09" West a distance of 391.86 feet;
- 14) North 26°38'15" West a distance of 339.81 feet;
- 15) North 31°15'07" West a distance of 979.33 feet;

- 16) North 35°00'27" West a distance of 1262.06 feet to a point on the southerly boundary of said Parcel 3 as described in said Final Order and Decree of Condemnation; thence leaving said Lease line South 73°14'47" West a distance of 133.39 feet;
- 17) North 49°45'13" West a distance of 1810.00 feet;
- 18) North 80°30'13" West a distance of 1690.00 feet;
- 19) North 73°30'13" West a distance of 1376.00 feet;
- 20) North 28°15'13" West a distance of 191.00 feet to a point on the southerly line of Tide Land Location No. 39; thence easterly along said southerly line South 89°37'03" East a distance of 241.70 feet to the Southwest corner of Parcel 4 as described in said Final Order and Decree of Condemnation; thence leaving said southerly line along the westerly line of said Parcel 4 North 00°46'49" East a distance of 6361.08 feet;
- 21) North 43°58'37" West a distance of 4436.45 feet to a point on centerline of Chaplin Dredger Cut; thence along said centerline North 50°05'58" East a distance of 647.88 feet to a point on northwesterly line of said Parcel 3; thence along said centerline the following four (4) consecutive courses:
  - 22) North 50°05'58" East a distance of 508.02 feet;
  - 23) North 02°01'46" West a distance of 773.10 feet;
  - 24) North 48°10'21" East a distance of 440.86 feet;
  - 25) North 09°57'13" West a distance of 341.23 feet; thence leaving said centerline South 89°34'16" East a distance of 3340.24 feet;
  - 26) North 00°11'39" East a distance of 1305.07 feet;
  - 27) South 89°34'16" East a distance of 1350.90 feet;
  - 28) North 00°11'39" East a distance of 1305.07 feet;
  - 29) South 89°34'16" East a distance of 638.98 feet to a point on the south line of Lot 6 as shown on Map of Survey for J.W. Dutton and F.N. Chaplin, April 1910, by E.N. Eager, said map filed in the Office of County Recorder, in Book 3 of Maps at Page 29, said point having California Coordinates X=2,009,151.47 feet Y=176,647.35 feet, Zone 2, NAD 27; thence southeasterly along said south line following three (3) consecutive courses;
    - 30) South 44°00'37" East a distance of 308.49 feet;
    - 31) South 52°24'37" East a distance of 582.80 feet;
    - 32) South 45°28'37" East a distance of 19.65 feet; thence leaving said south line the following four (4) consecutive courses;
      - 33) South 00°11'39" West a distance of 2024.15 feet;
      - 34) South 89°34'16" East a distance of 1331.13 feet;
      - 35) South 00°11'39" West a distance of 6765.60 feet;
      - 36) South 89°38'54" East a distance of 13189.49 feet to the POINT OF BEGINNING.

Containing 223.0 acres of State Sovereign Lands, more or less and containing 3942.8 acres of Department of Fish and Game Lands, more or less.

**Parcel B**

All that certain parcel of land situate within the protracted Sections 17, 19 and 20, Township 3 North, Range 1 East, M.D.M., County of Solano, State of California being a portion of Parcel 3 as conveyed to the State of California by the Final Order and Decree of Condemnation recorded March 30, 1950 in Book 527, Page 43 Official Records Solano

County and portions of Parcels 1, 2 and 5 as described in Exhibit A-2 as recorded April 3, 2002 in Instrument Number 2002-00042596 Official Records Solano County, the northerly and westerly boundary of which is more particularly described as follows:

BEGINNING at a point on the easterly Oil and Gas Lease line described in said Parcel 5 Montezuma Slough-South Portion having a California Coordinate System 1927 Zone 2 coordinates of X = 2030421.197 feet and Y = 156996.137 feet from which the NGS Control Station CATTLE bears South 74°48'50" East 11040.97 feet, thence leaving said Lease line the following four (4) courses:

- 1) South 67°24'12" West a distance of 1209.11 feet;
- 2) South 00°11'39" West a distance of 1340.92 feet;
- 3) North 89°43'06" West a distance of 1197.90 feet;
- 4) South 00°09'28" West a distance of 2456.64 feet to the southerly Oil and Gas Lease line as said line is described in said Parcel 2 Roaring River Slough in said Exhibit A-2.

Containing 129.6 acres of State Sovereign Lands, more or less and containing 222.7 acres of Department of Fish and Game Lands, more or less.

