

**CALENDAR ITEM
C12**

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02/05/07
W 25306
J. Trout
J. Brown

**CONSIDER AUTHORIZING THE ACCEPTANCE OF A QUITCLAIM DEED FROM
AERA ENERGY LLC FOR THE SURFACE AND THAT PORTION OF THE
SUBSURFACE EXTENDING DOWNWARDS TO A DEPTH OF 500 FEET FOR THE
FULL TIDAL AREA OF THE BOLSA CHICA LOWLANDS RESTORATION PROJECT**

PARTIES:

California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825

Aera Energy LLC (Lessee)
10000 Ming Ave.
P.O. Box 11164
Bakersfield, Ca 93389-1164

BACKGROUND:

As part of the Bolsa Chica Lowlands Restoration Project (Project) approved by the State Lands Commission (Commission) on January 30, 2002 (Calendar Item 49), Aera Energy LLC (Aera) was required to abandon numerous oil and gas wells in the area known as the Full Tidal Area. The Commission acquired this property for the Project in 1997 (approved by the Commission on February 12, 1997, Calendar Item 90) subject to pre-existing lease obligations connected with oil and gas operations. The Bolsa Surface Use Agreement, dated September 2, 1971, as amended (BSUA), governs the relationship between the fee owner, now the Commission, and the oil and gas lessee (now Aera) by allowing for the development of the surface of the Project lands.

In furtherance of the Project, the Commission and Aera's predecessor in interest signed the Operating Assurances Agreement (OAA) on February 13, 1997, in recognition of the plans to restore the Bolsa Chica property as wetlands and the obligations of the Commission on behalf of the Project under the BSUA. Under the OAA and the subsequent "Agreement Implementing Provisions of the Bolsa Surface Use Agreement and the Operating Assurances Agreement Concerning Acquisition of Surface Rights; Lost Production; and Plugging and Abandonment

CALENDAR ITEM NO. C12 (CONT'D)

at Bolsa Chica, Orange County, California,” (Agreement) the Commission and Aera agreed on the abandonment of wells in the Full Tidal Area. The abandonment of the wells was completed and the Full Tidal Area was opened to tidal influence on August 24, 2006.

Pursuant to the Agreement, Aera has executed a Quitclaim Deed for the surface and subsurface rights it has down to a depth of 500 feet in the Full Tidal Area. The underlying leases remain in effect except for this partial surrender.

OTHER PERTINENT INFORMATION:

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. Quitclaim Deed
- B. Location and Site Map

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

AUTHORIZATION:

1. 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.
2. ACCEPT A QUITCLAIM DEED FOR THE SURFACE AND THAT PORTION OF THE SUBSURFACE EXTENDING DOWNWARDS TO A DEPTH OF 500 FEET FOR THE FULL TIDAL AREA OF THE BOLSA CHICA LOWLANDS RESTORATION PROJECT.

CALENDAR ITEM NO. **C12** (CONT'D)

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