

CALENDAR ITEM

C53

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08/22/08
PRC 8557.1
J. Smith

**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM DEED
OF NEGOTIATED SUBSURFACE (NO SURFACE USE)
OIL AND GAS LEASE NO. PRC 8557.1 (A PARCEL OF TIDE AND
SUBMERGED LANDS LYING WITHIN THE BED OF SUISUN BAY),
CONTRA COSTA AND SOLANO COUNTIES.**

LESSEES:

Mr. Russell H. Green, Jr.
P.O. Box 965
Healdsburg, CA 95448

Rio Delta Resources, Inc.
Attn.: Mr. Jerry W. Reedy, President
3620 American River Drive, Suite 105
Sacramento, CA 95864

AREA, LAND TYPE, AND LOCATION:

Negotiated Subsurface (No Surface Use) Oil and Gas Lease No. PRC 8557.1 contains approximately 335 acres of tide and submerged lands within the bed of Suisun Bay, Contra Costa and Solano Counties, California.

BACKGROUND:

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 8557.1 (Lease) was issued to Rio Delta Resources, Inc. and Russell H. Green, Jr. (collectively lessee) on August 17, 2004. Each acquired a 50 percent (50%) undivided interest in the Lease. The negotiated subsurface lease contains 335 acres of tide and submerged lands within the bed of Suisun Bay in Contra Costa and Solano Counties, California (leased lands). Under the terms of the Lease, the lessee is required to pay an annual rental of \$20 per acre (\$6,700 for 335 acres) and commence drilling operations on the leased lands within five years.

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To date, no drilling or associated well operations have been conducted on the lease, no surface occupancy or disturbance of any kind has occurred and no wells have been drilled into or through the lease.

Public Resources Code section 6804.1 and Lease Paragraph 29 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 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.

On July 16, 2008, the Commission's staff received the document "(Full) Quitclaim Deed for State Oil and Gas Lease." This document was dated June 30, 2008, and quitclaims 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 8557.1.

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 29.

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.

- 2. Note that associated General Right-of-Way Lease No. PRC 8546.1 is being quitclaimed back to the State under separate Calendar Item C22.

EXHIBITS:

- A. Land Description
- B. Location Map

PERMIT STREAMLINING ACT DEADLINE:

N/A (not a "development project" subject to the Act)

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 RIO DELTA RESOURCES, INC. AND RUSSELL H. GREEN, JR. (LESSEE) THE FULL QUITCLAIM DEED OF OIL AND GAS LEASE DATED JUNE 30, 2008, 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 8557.1, DATED AUGUST 17, 2004.
2. RELEASE RIO DELTA RESOURCES, INC. AND RUSSELL H. GREEN, JR. FROM ALL OBLIGATIONS UNDER OIL AND GAS LEASE NO. PRC 8557.1 ACCRUING AFTER JULY 16, 2008.
3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENTS NECESSARY TO IMPLEMENT THE COMMISSION'S ACTION.

