CALENDAR ITEM
C51

A 25, 29, 31 04/06/10
PRC 3650.1
S 14, 16 J. L. Smith

CONSIDER ACCEPTANCE OF FULL QUITCLAIM DEEDS OF COMPENSATORY AGREEMENT PRC 3650.1, GILL RANCH GAS FIELD, FRESNO AND MADERA COUNTIES

LESSEES:

Vern Jones Oil & Gas Corporation
Attn.: Ms. Kimberly A. Lopez
2981 Gold Canal Drive
Rancho Cordova, CA 95670

Estate of Daniel L. Pickrell
Attn: Ms. Lornaa Pickell, Trustee
336 Bon Air Center, #503
Greenbrae, CA 94904

AREA, LAND TYPE AND LOCATION:

The California State Lands Commission (Commission) entered into Compensatory Agreement PRC 3650.1 (Agreement PRC 3650.1) to receive compensation from wells draining natural gas from State sovereign lands (a portion of the San Joaquin River) within the Gill Ranch Gas Field. The State lands are located about twenty miles west of the City of Fresno in Sections 21 and 22, T13S, R16E, MDB&M, Fresno and Madera Counties.

BACKGROUND:

Agreement PRC 3650.1 was originally issued by the Commission to Shell Oil Company on October 27, 1966. Agreement PRC 3650.1, dated November 28, 1966, does not allow for any surface or subsurface use of State lands nor does it allow for any mineral development of or entitlement to State lands. Vern Jones Oil & Gas Corporation (Vern Jones) and Daniel L. Pickrell (Pickrell) are the successors in interest to Shell Oil Company. Vern Jones is the operator of record. Production ceased from the wells that gave rise to the drainage in 1996, and the wells have since been abandoned.

The Commission's Long Beach office staff has received two documents entitled Quitclaim of Compensatory Agreement PRC 3650.1 (attached hereto as Exhibit B). One document is dated January 13, 2010 and is signed by Vern Jones, and the other document is dated February 3, 2010 and signed by the trustee of the estate of Pickrell. Collectively, both documents release, remise and forever quitclaim unto the State, all right, title and interest in and to Agreement PRC 3650.1.

STATUTORY AND OTHER REFERENCES:

A. California Public Resources Code section 6804.1
B. Paragraph 6 of Agreement PRC 3650.1.

OTHER PERTINENT INFORMATION

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060a(c)(3)], the staff has determined that this activity is not subject to the provisions of CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

   Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15060(c)(3) and 15378.

EXHIBITS:

A. Location Map
B. Quitclaims of Compensatory Agreement PRC 3650.1

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMEND ACTION:

It is recommended that the Commission:

CEQA FINDINGS:

1. Find that the activity is not subject to the requirements of 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 the documents entitled Quitclaim of Compensatory Agreement PRC 3650.1, one document signed by Vern Jones Oil & Gas Corporation dated January 13, 2010, and the other document signed by Lornaa Pickrell, trustee for the estate of Daniel L. Pickrell dated February 3, 2010. Collectively, both documents release, remise and forever quitclaim unto the State, all right, title and interest in and to Agreement PRC 3650.1.

2. Terminate Compensatory Agreement PRC 3650.1.

3. Authorize the Executive Officer or his designee to execute any documents necessary to implement the Commission's action.

Exhibit A

PRC 3650.1

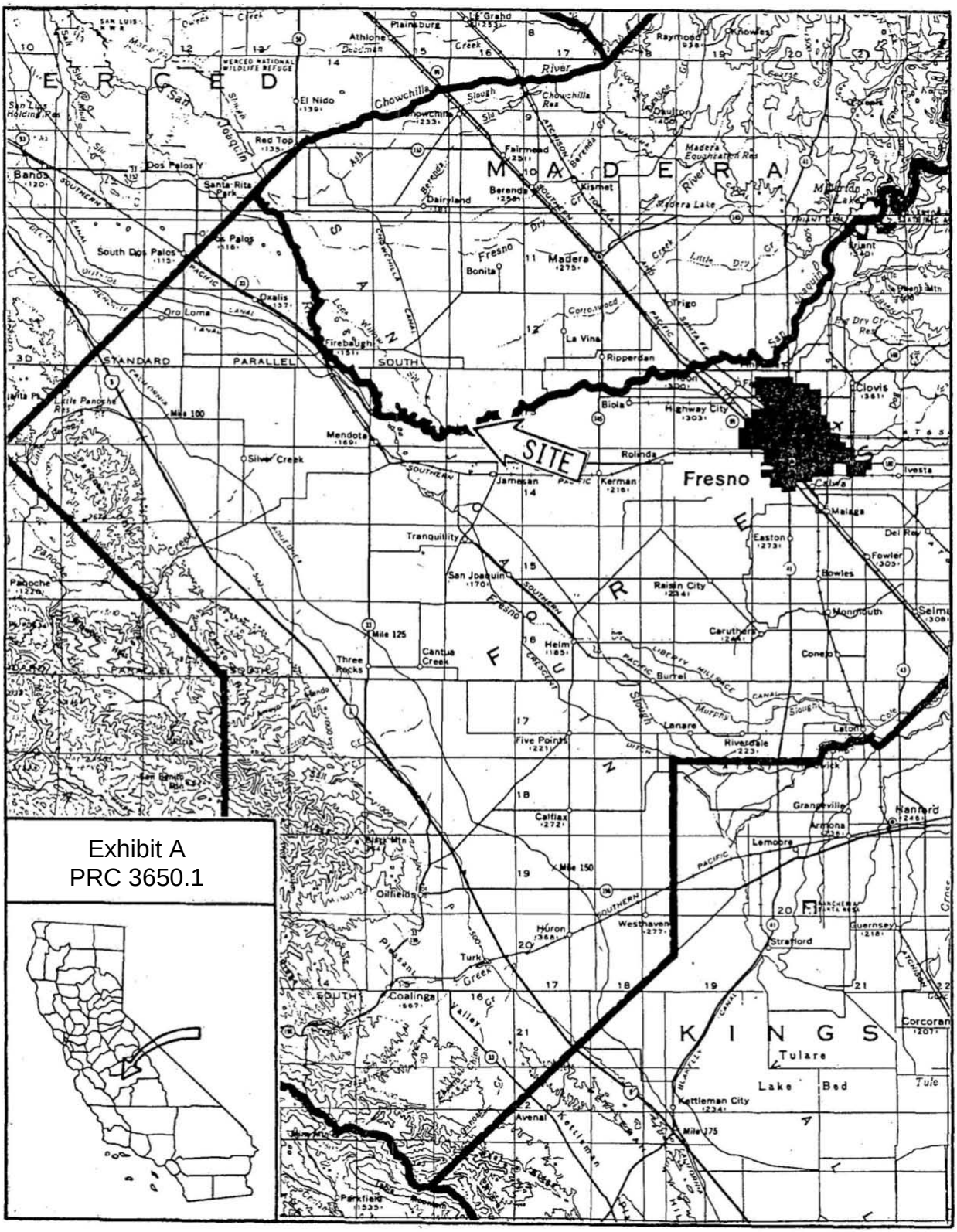

EXHIBIT B

PRC 3650.1

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

SPACE ABOVE THIS LINE FOR RECORDER'S USE

QUITCLAIM OF COMPENSATORY AGREEMENT PRC 3650.1

STATE OF CALIFORNIA)

COUNTIES of FRESNO and MADERA)

WHEREAS, Daniel L. Pickrell (Pickrell) and Vern Jones Oil and Gas Corporation (Vern Jones) are the successor lessees to that certain Compensatory Agreement Easement 3650.1 (Agreement) dated November 28, 1966, by and between Shell Oil Company (Shell), lessee, and the State of California, acting by and through the California State Lands Commission (State), covering certain state lands underlying the San Joaquin River and associated water courses in the Gill Ranch Gas Field in Madera and Fresno Counties, California; and

WHEREAS, Paragraph 6 of the Agreement permits the parties to terminate the Agreement by mutual consent, and Section 6804.1 of the California Public Resources Code permits Pickrell and Vern Jones, as the successor lessees of the Agreement, to quitclaim all of their rights under the Agreement, and Pickrell and Vern Jones have elected to surrender and release all of their right, title and interest in the Agreement; now, therefore be it

RESOLVED, that Daniel L. Pickrell (Pickrell) and Vern Jones Oil and Gas Corporation (Vern Jones) do hereby release, remise, terminate and quitclaim all of their right, title and interest in and to the Agreement.

IN WITNESS WHEREOF, this 13 day of January, 2010.

_____
Print Name(s) or Entity Name

By: _____

VERN JONES OIL & GAS CORPORATION

By: Vern C. Jones
Vern C. Jones, President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of Sacramento)

On January 13, 2010 before me, Kimberly A. Lopez, Notary Public (insert name and title of the officer) personally appeared
Vern C. Jones, Jr.,
who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

KIMBERLY A. LOPEZ
Commission # 1814950
Notary Public - California
Sacramento County
My Comm. Expires Sep 26, 2012

Signature Kimberly A. Lopez (Seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California
County of _____)

On _____ before me, _____ (insert name and title of the officer) personally appeared
_____,
who 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.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

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
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SPACE ABOVE THIS LINE FOR RECORDER'S USE

QUITCLAIM OF COMPENSATORY AGREEMENT PRC 3650.1

Compensatory Agreement Easement 3650.1 (Agreement), covering certain state lands underlying San Joaquin River and associated water courses in the Gill Ranch Gas Field in Madera and Fresno Counties, California, was issued October 1, 1966, between the State of California, acting through the California State Lands Commission (State) and Shell Oil Company (Shell). The Agreement was amended effective June 1, 1992 by the Daniel L. Pickrell (Pickrell) and Vern Jones Oil & Gas Corporation (Vern Jones), successors in interest to Shell.

Paragraph 6 of the Agreement permits the parties to terminate the Agreement by mutual consent. Section 6804.1 of the Public Resources Code permits Pickrell and Vern Jones, as the holders of the Agreement, to quitclaim all of their rights under the Agreement. Acting pursuant to these provisions, Pickrell and Vern Jones, collectively release, remise and forever quitclaim unto the State, all of their right, title and interest in and to the Agreement.

IN WITNESS WHEREOF, this Quitclaim is executed on 2/3/2010, 2008.

DANIEL L. PICKRELL

By: Linda Pickrell, trustee
(Signature)
for Estate of Daniel L. Pickrell
Daniel L. Pickrell

VERN JONES OIL & GAS CORPORATION

By: _____
(Signature)

_____
(Name of Officer)

_____
(Title)

ACKNOWLEDGMENT