

**CALENDAR ITEM
C41**

A 67
S 35

09/01/11
WP 8409
J. Brown

**CONSIDER ACCEPTANCE OF A QUITCLAIM DEED FOR AN APPROXIMATELY 25-
ACRE PARCEL FOR THE SURFACE AND THAT PORTION OF THE SUBSURFACE
EXTENDING DOWNWARDS TO A DEPTH OF 500 FEET FOR THE POCKET AREA
OF THE BOLSA CHICA LOWLANDS, ORANGE COUNTY**

PARTIES:

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

Aera Energy, LLC
10000 Ming Avenue
P.O. Box 11164
Bakersfield, CA 93389-1164

INTRODUCTION:

The purpose of this calendar item is to seek authorization from the State Lands Commission (Commission) to accept a quitclaim deed from Aera Energy, LLC (Aera) for an approximately 25-acre parcel known as the Pocket area previously used for oil and gas operations that is now part of the larger Bolsa Chica Lowlands Restoration Project (Project). Construction of the Project was approved by the Commission on January 30, 2002 (Calendar Item 49). The quitclaim deed pertains to the surface and that portion of the subsurface extending downwards to a depth of 500 feet. The Pocket area is located between the Bolsa Chica Mesa and the East Garden Grove-Wintersburg Flood Control Channel.

BACKGROUND:

The Commission acquired this property for the Project in 2002 (approved by the Commission on February 12, 1997, Calendar Item 89) as real property of the legal character of tidelands and submerged lands. The property was, however, subject to a pre-existing License Agreement dated July 1, 1999, by and between the Metropolitan Water District of Southern California, the Bolsa Chica Land Trust and David W. Farrar (collectively, Licensor), and Aera (Licensee) to continue pre-existing obligations connected with Aera's oil and gas operations. The Commission is the successor in

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interest to the Licensor. The License Agreement contains a termination provision that required Aera to abandon the two oil and gas wells in the Pocket area upon request by the Licensor. Pursuant to the Project's approval, Commission staff requested that the wells be abandoned to accommodate the reintroduction of ocean water into the Pocket area. Aera complied with this request. Paragraph 2.3 of the License Agreement required Aera to execute a quitclaim terminating all its rights, title, and interest under the License Agreement. Aera provided a quitclaim dated January 25, 2006; however, Commission staff requested copies of reports from the Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR) that the wells were properly abandoned.

Subsequently, Commission staff received Reports of Well Plugging and Abandonment of Wells North Bolsa 141 and North Bolsa 141A prepared by DOGGR substantiating that the surface plugging was completed in 2004 on November 23, and 19, respectively; and that, on December 13, 2004, a surface inspection was completed by DOGGR staff determining that all of the requirements of DOGGR had been fulfilled relative to plugging and abandonment of the well, removal of well equipment and junk, and the filing of well records.

The Pocket area has since been successfully opened to muted tidal influence with ocean water received through Outer Bolsa Bay and integrated into the Bolsa Chica Ecological Reserve managed by the California Department of Fish and Game.

STAFF ANALYSIS AND RECOMMENDATION:

Aera complied with its requirements under paragraph 2.3 of the License Agreement to provide a quitclaim. DOGGR determined that the two wells on the property were properly abandoned according to its requirements. Aera remains responsible for any environmental conditions related to its oil and gas operations on the property under provisions that survive the termination of the License Agreement. Staff therefore recommends that the Commission authorize the acceptance of the quitclaim.

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 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, sections 15060 (c) (3) and 15378.

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EXHIBITS:

- A. Quitclaim Deed
- B. Location and Site Map

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 a Quitclaim Deed for the surface and that portion of the subsurface extending downwards to a depth of 500 feet for the area of the Bolsa Chica Lowlands described on Exhibit A to the Quitclaim Deed.
2. Authorize the Executive Officer or his Designee to execute any documents necessary to implement the Commission's action.

EXHIBIT A

W25306

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Aera Energy LLC
Attn: Coastal Land
10000 Ming Ave.
Bakersfield, CA 93311

APN 110-017-10
110-017-12

No Documentary Tax Due
Consideration is less than \$100
By: Undersigned

Space Above For Recorder's Use Only
MC71330

QUITCLAIM DEED

FOR A VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged,

Aera Energy LLC, a California limited liability company

does hereby REMISE, RELEASE, SURRENDER, TERMINATE AND FOREVER
QUITCLAIM to the California State Lands Commission, the surface and that portion of
the subsurface thereof extending downwards to a depth of five hundred feet (500 ft.)
below the surface of the following described real property in the County of Orange, State
of California:

See Exhibit "A", attached hereto and made a part hereof.

Without limiting the generality of this Quitclaim Deed, it is the intent of the undersigned
to specifically quitclaim any and all right, title or interest of the undersigned arising under
or created by a License Agreement entered into as of July 1, 1999 by and between the
Metropolitan Water District of Southern California, the Bolsa Chica Land Trust and
David W. Farrar (collectively, Licensor) and the undersigned (Licensee).

Dated: January 25, 2006

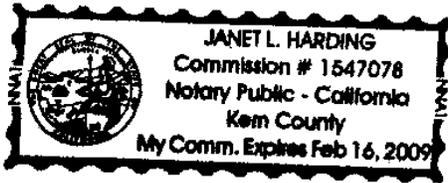
Aera Energy LLC, a California limited
liability company

By: 
T. E. Enders, Attorney-in-Fact

State of California)
(ss.
County of Kern)

On January 24, 2006, before me, JANET L. HARDING, Notary Public,
personally appeared T.E. ENDERS,
 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.



Janet L. Harding
Signature of Notary

LEGAL DESCRIPTION - EXHIBIT A

That certain parcel of land in the County of Orange, State of California conveyed to the Bolsa Chica Land Trust, a California nonprofit public benefit corporation as trustee, by Quitclaim Deed recorded November 05, 1996 as Instrument No. 19960561407 of Official Records of said County, more particularly described as follows:

That portion of those certain parcels of land in the County of Orange, State of California conveyed to The Metropolitan Water District of Southern California as Parcel 6 and Parcel 7, by Corporation Quitclaim Deed recorded February 22, 1974 in Book 11080, page 287 of Official Records of said County lying southerly and southwesterly of the following described line:

Commencing at the most easterly corner of said Parcel 6, said corner also being a point on the northwesterly line of that certain parcel of land conveyed to the Orange County Flood Control District by Grant Deed recorded October 11, 1960 in Book 5457, page 298, of Official Records of said County; thence along the southeasterly line of said Parcel 6 coincident with said northwesterly line S 63° 40' 21" W 1144.88 feet to the POINT OF BEGINNING of said described line; thence leaving said southeasterly line N 26° 19' 56" W 47.22 feet; thence N 84° 15' 33" W 214.27 feet; thence S 89° 29' 03" W 231.10 feet; thence N 75° 56' 05" W 147.84 feet; thence N 83° 04' 25" W 77.68 feet to the northwesterly line of said Parcel 7 and the POINT OF TERMINATION of said described line.

TOGETHER with all right, title and interest in and to that portion of that 7/4000th interest lying within the above described parcel of land, as conveyed by said Corporation Quitclaim Deed recorded February 22, 1974 in Book 11080, page 287 of Official Records of said County.

END OF DESCRIPTION

PREPARED UNDER MY SUPERVISION

[Signature]
Peter G. Wiseman P.L.S. 6241

Date 01/13/00



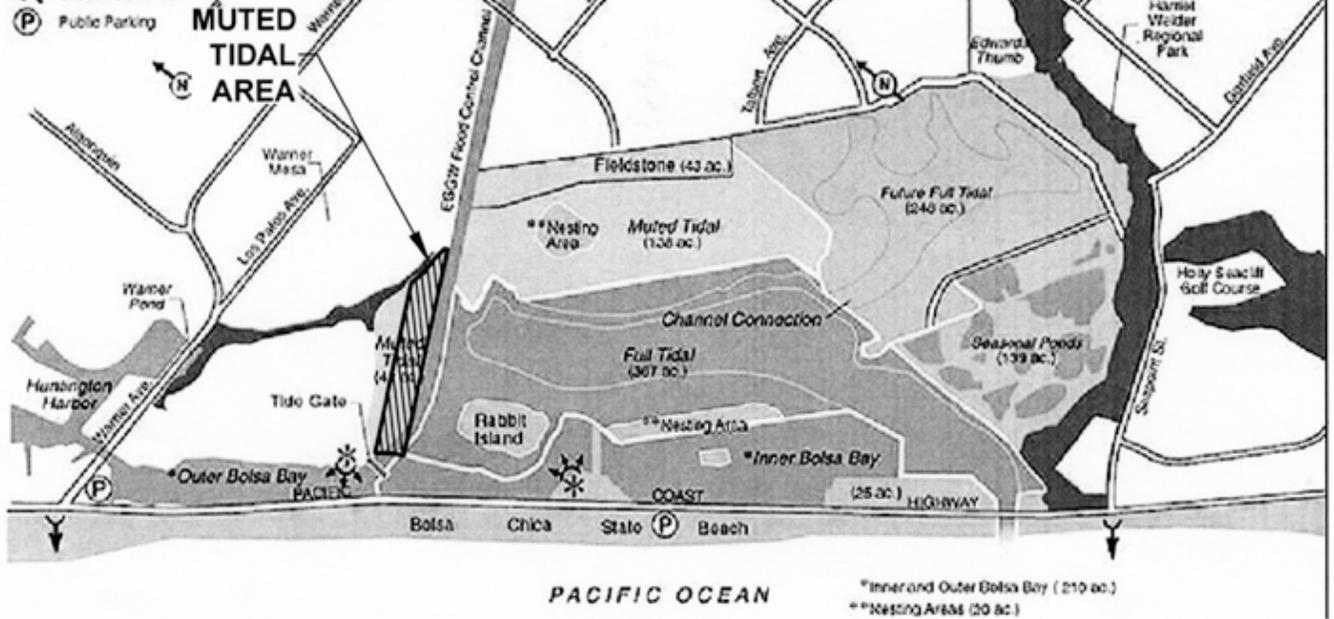
NO SCALE

SITE



BOLSA CHICA LOWLANDS RESTORATION PROJECT

- Visual Overlook
- Existing Interpretive Overlook
- Shoreline Access
- Public Parking



BOLSA CHICA LOWLANDS RESTORATION PROJECT

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit B

W25306
 AERA ENERGY
 QUITCLAIM
 BOLSA CHICA
 ORANGE COUNTY



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.

JAK 07/28/11