

**CALENDAR ITEM
C100**

A 67

03/29/12
PRC 1341.1
M. Le Clair

S 35

**CONSIDER THE TERMINATION OF
STATE OIL AND GAS LEASE PRC 1341.1,
HUNTINGTON BEACH OIL AND GAS FIELD
(OFFSHORE AREA),
ORANGE COUNTY**

PARTY:

W.K. Company
c/o Ms. Barbara S. Stone
15480 Arbela Dr.
Whittier, CA 90603

AREA, LAND TYPE AND LOCATION:

Offshore Huntington Beach, California, see Exhibit A (attached hereto) for land description.

BACKGROUND:

State Oil and Gas Lease PRC 1341.1 (Lease PRC 1341.1) was originally issued as "Agreement for Easement No. 336 Huntington Beach" by the Director of Finance on March 1, 1934 to W.K. Company, et al. This agreement was one of approximately 80 such "one-well trespass easement" agreements that were entered into in 1933 and 1934. The well associated with Lease PRC 1341.1 was plugged and abandoned on July 15, 1974.

Lease PRC 1341.1 Paragraph 2 requires the Lessee to pay the State annually in advance, as rental, the sum of fifty dollars (\$50.00) and Paragraph 13 requires the Lessee to maintain a good and sufficient bond in the penal sum of two thousand dollars (\$2,000.00) to guarantee the faithful performance by the Lessee of the terms, covenants and conditions of the Lease. The last annual rental payment received for this lease was in March 1998.

California State Lands Commission (CSLC) staff sent correspondence dated February 18, 1999 to Ms. Barbara Stone, the Trustee for Dorothy F. Morton

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owner of W.K. Company, requesting payment for the 1999 annual rental due. Ms. Stone sent a reply stating that the Estate sold the lease to a Mr. Richard Kelter. Attempts to contact and bill Mr. Kelter at the address given by Ms. Stone have gone unanswered. There has been no application submitted by Mr. Kelter or any other party to request Commission consideration to assign the lease.

Because the rental and bond requirements of Lease PRC 1341.1 have not been met, staff recommends that the California State Lands Commission terminate Lease PRC 1341.1 for lack of rental payments and for having an expired surety bond.

STATUTORY AND OTHER REFERENCES:

- A. Lease Paragraphs 2 and 13.
- B. Public Resources Code section 6805

OTHER PERTINENT INFORMATION:

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Cal. Code Reg., tit.14, § 15060, subdivision. (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 California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

EXHIBITS:

- A. Land Description
- B. Site Map

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the activity is not a project as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378.

CALENDAR ITEM NO. **C100** (CONT'D)

AUTHORIZATION:

Terminate State Oil and Gas Lease PRC 1341.1 effective April 1, 2012.

EXHIBIT A

PRC 1341.1

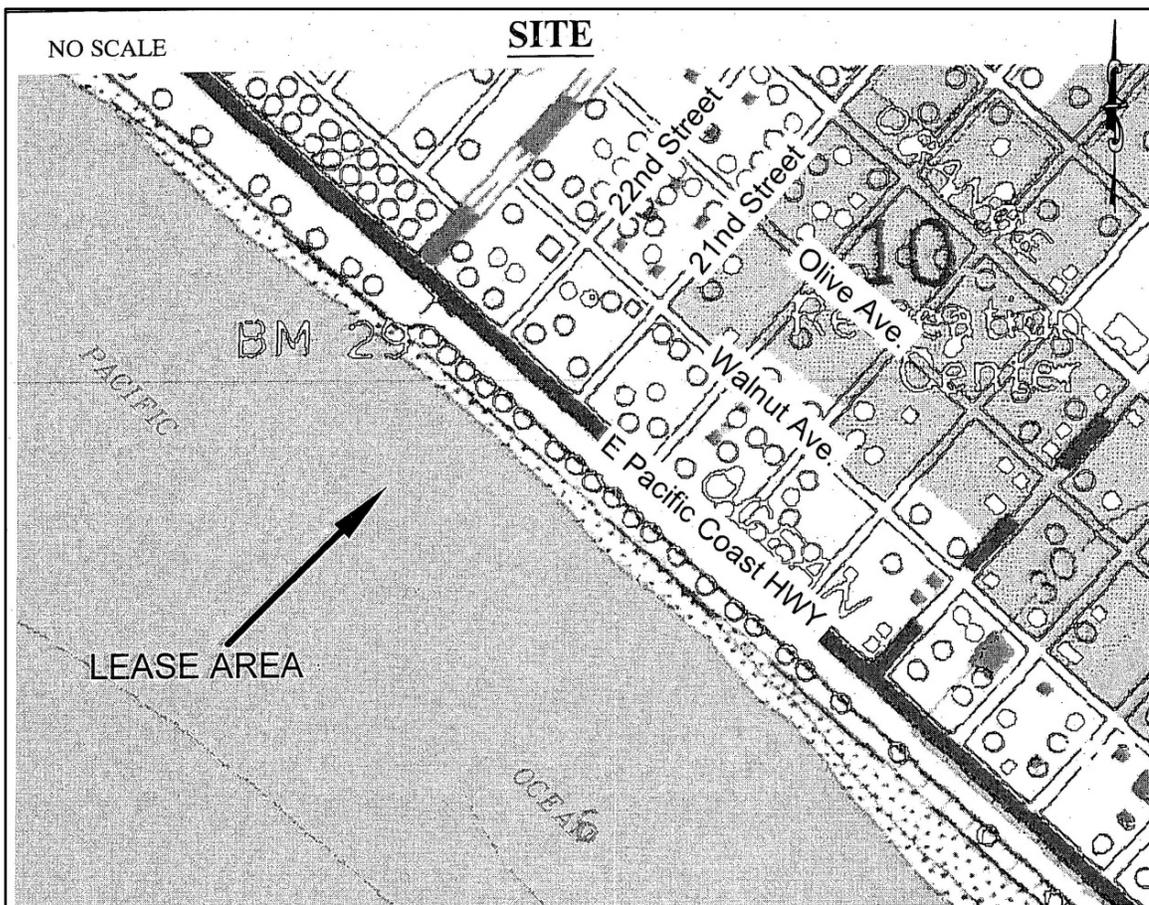
LAND DESCRIPTION

A cylindrical area 24 inches in diameter extending throughout the full length, course and distance of well "W.K." No. 1 in so far as the same is in lands of the State extending seaward of the ordinary high water mark of the Pacific Ocean. The centerline of the cylindrical area is the centerline of the well as disclosed by the survey or plats thereof filed heretofore with the Division of Oil and Gas of the Department of Natural Resources.

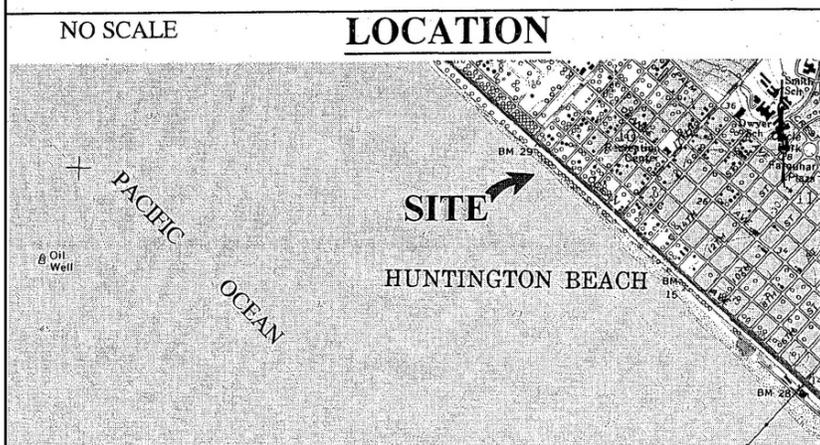
The surface location of well "W.K." No. 1, for which an easement is granted hereby, and the producing facilities are located on Lots Fourteen (14), Sixteen (16), Eighteen (18) and Twenty (20) in Block Two Hundred Twenty-one (221) of "Huntington Beach, Seventeenth St. Section", as shown on a Map recorded in Book 4, Page 10 of Miscellaneous Maps, records of Orange County, California.

EXHIBIT B

PRC 1341.1



HUNTINGTON BEACH, CA



MAP SOURCE: USGS QUAD

Exhibit B

PRC 1341.1
APN 023-132-19, 20, 22 & 23
TERMINATION
OIL AND GAS LEASE
ORANGE COUNTY



TS 02/23/12

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.