

MINUTE ITEM
This Calendar Item No. C18
was approved as Minute Item
No. 18 by the State Lands
Commission by a vote of 3
to 0 at its 4/26/89
meeting.

CALENDAR ITEM

A 1
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C18

04/26/89
PRC 7060
Hamilton

QUITCLAIM OF STATE OIL AND GAS LEASE PRC 7060,
GLENN COUNTY

LESSEE: TXO Production Corp.
Attention: Mr. Gregory H. Guerrazzi
9343 Tech Center Drive, Suite 200
Sacramento, California 95826

SUMMARY: Negotiated subsurface State oil and gas lease
PRC 7060 was issued to TXO Production Corp. on
March 26, 1987. This lease contains about
198 acres of submerged land in the bed of the
Sacramento River in Glenn County, California.
Under the terms of the lease, the leased lands
must be developed from surface drill sites
located on adjacent or other nearby lands, or
by inclusion in a Commission-approved pooled
area or unit.

On February 27, 1989, TXO Production Corp.
filed a full Quitclaim Deed for State oil and
gas lease PRC 7060 with the Commission. This
deed which was duly executed on February 15,
1989, surrendered back to the State all of the
leased lands under State oil and gas lease
PRC 7060.

STATUTORY AND OTHER AUTHORITY:

Pursuant to P.R.C. 6804.1 and the provisions of
the lease, the lessee may at any time make a
written quitclaim or relinquishment of all
rights under the lease or any portion of the
leased lands comprising a ten-acre parcel or
multiple thereof in compact form, or of any
separate or distinct zone or geological horizon
or portion thereof underlying a ten-acre parcel
or multiple thereof in compact form. The

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quitclaim or relinquishment will be effective when it is filed with the Commission 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, into or through the leased lands or in the zones or horizons to be quitclaimed or relinquished.

PREREQUISITE CONSIDERATIONS:

The lessee has complied with all applicable laws and lease provisions. All rentals have been paid and no royalties are due because the leased lands were never developed. No default exists on the lease as of the filing date of the quitclaim deed.

CEQA AND OTHER ENVIRONMENTAL REVIEW:

The lessee has drilled one well near the leased lands, however, the well was not productive and was abandoned in accordance with the rules and regulations of the Division of Oil and Gas. Copies of the Division of Oil and Gas "Report on Operations" (witnessing and approving plugging operations) and "Report of Well Abandonment" (conducting and approving an environmental inspection of the drill site) are on file in the Commission's Long Beach office.

Pursuant to the Commission's delegation of authority and the CEQA Guidelines (14 Cal. Code Regs. 15061), the staff has determined that the acceptance of the lease quitclaim is exempt from the requirements of the CEQA because the activity is not a "project" as defined by CEQA and the CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Code Regs. 15378.

EXHIBITS:

- A. Land Description (Quitclaimed State Lands - all lands described in State oil and gas lease PRC 7060).
- B. Site Map.

AB 884:

N/A.

CALENDAR ITEM NO. C18 (CONT'D)

IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT THE PROPOSED ACTIVITY, ACCEPTANCE OF THE LEASE QUITCLAIM, IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. ACCEPT, PURSUANT TO P.R.C. 6804.1 AND THE PROVISIONS OF STATE OIL AND GAS LEASE PRC 7060 DATED MARCH 26, 1987, THE FULL QUITCLAIM DEED FOR STATE OIL AND GAS LEASE PRC 7060 WHICH WAS DULY EXECUTED ON FEBRUARY 15, 1989. THE EFFECTIVE DATE OF THE LEASE QUITCLAIM WILL BE FEBRUARY 27, 1989, THE FILING DATE OF THE QUITCLAIM DEED.
3. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

EXHIBIT "A"

LAND DESCRIPTION

PRC 7060
(W 40508)

PARCEL "A"

A parcel of submerged land in the bed of the Sacramento River, Glenn County, California, said parcel being bounded on the east and west by the ordinary low water marks along the right and left banks of said river; bounded on the north by the westerly prolongation of the north line of Section 17, T19N, R1W, M.D.M.; and bounded on the south by southerly line of the area described in Parcel 1 of the Quitclaim between Transamerica Development Company and Texas Oil and Gas Corp. as recorded February 8, 1984 in book 740, pages 347-349 in the office of the County Recorder of said County.

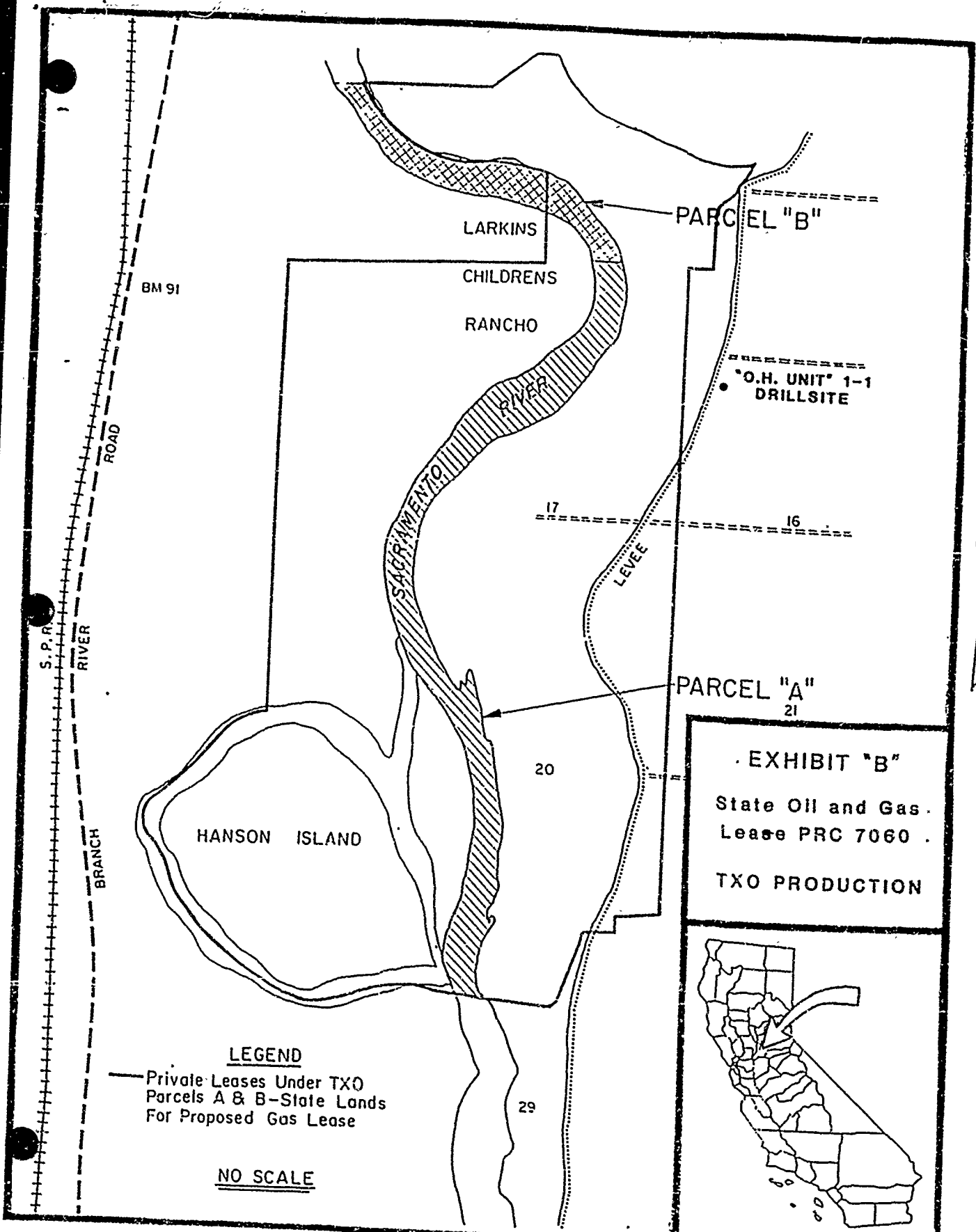
PARCEL "B"

A parcel of submerged land in the bed of the Sacramento River, Glenn County, California, said parcel being bounded on the east and west by the ordinary low water marks along the right and left banks of said river; bounded on the south by the westerly prolongation of the north line of Section 17, T19N, R1W, MDM; and bounded on the north by the westerly prolongation of the course described as "thence west 1000 feet, more or less, to the east bank of the Sacramento River" in the oil and gas lease between Transamerica Minerals Company, Lessor and TXO Production Corp., Lessee as recorded April 24, 1986, in book 792 pages 44-47 in the Office of the County Recorder of said County.

END OF DESCRIPTION

PREPARED DECEMBER 2, 1986 BY BOUNDARY SERVICES UNIT, M. L. SHAFER,
SUPERVISOR.

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LEGEND
 — Private Leases Under TXO
 Parcels A & B—State Lands
 For Proposed Gas Lease

NO SCALE

EXHIBIT "B"
 State Oil and Gas
 Lease PRC 7060
 TXO PRODUCTION



Added 4-17-88 by AEG (PAGE R.O. 1/85 3)

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