

MINUTE ITEM

This Calendar Item No. C72 was approved as Minute Item No. 72 by the State Lands Commission by a vote of 3 to 0 at its 3/8/94 meeting.

CALENDAR ITEM

C72

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03/08/94
PRC 7706
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ACCEPT THE FULL QUITCLAIM OF
NEGOTIATED SUBSURFACE (NO SURFACE USE)
STATE OIL AND GAS LEASE PRC 7706
(30 ACRES UNDER THE ACRES UNDER TREE SLOUGH)
SOLANO COUNTY

LESSEE:

ABA Energy Corporation
7313 Huntington Court
Bakersfield, California 93308

BACKGROUND:

Negotiated subsurface (no surface use) State Oil and Gas Lease PRC 7706 (Lease) was issued to ABA Energy Corporation (ABA) on July 19, 1993 and contains 30 acres of tide, submerged and proprietary lands in the bed and vicinity of Tree Slough in Solano County, California (leased lands). Under the terms of the Lease, the lessee is required to pay an annual rental of \$25 per acre (750 for 30 acres) and commence drilling operations on the leased lands within three years. An exploratory well was directionally drilled from an upland drillsite which bottomed under state lands. The exploratory well was a dry hole and subsequently abandoned in accordance with applicable regulations.

P.R.C. 6804.1 and Lease Paragraph 30 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 will be effective when it is filed with the State subject to the continued obligation of the lessee and its surety to pay all accrued rentals, royalties and liabilities under the lease prior to the effective date of the quitclaim.

On November 4, 1993, the Commission received the document "(Full) Quitclaim Deed for State Oil and Gas Lease". This document was dated October 7, 1993 and quitclaims to the State all of the lessee's right, title and interest in the leased lands described in Exhibit "A" of State Oil and Gas Lease PRC 7706 dated July 19, 1993.

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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. P.R.C. 6804.1 and Lease Paragraph 30.

AB 884:

N/A

OTHER PERTINENT INFORMATION:

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

Authority: P.R.C. 21084 and 14 Cal. Code Regs. 15378.

EXHIBIT:

- A. Land Description and Location Map

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THE ACTIVITY EXEMPT FROM THE REQUIREMENTS OF THE CEQA, PURSUANT TO 14 CAL. CODE REGS. 15061 BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. CODE REGS. 15378.
2. ACCEPT FROM ABA ENERGY CORPORATION (LESSEE) THE (FULL) QUITCLAIM DEED FOR STATE OIL AND GAS LEASE DATED OCTOBER 7, 1993, WHERE THE LESSEE QUITCLAIMS BACK TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LANDS DESCRIBED IN EXHIBIT "A" OF STATE OIL AND GAS LEASE PRC 7706 DATED JULY 19, 1993.
3. RELEASE ABA ENERGY CORPORATION FROM ALL OBLIGATIONS UNDER STATE OIL AND GAS LEASE PRC 7706 EFFECTIVE NOVEMBER 4, 1993, THE FILING DATE OF THE QUITCLAIM DEED.
4. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

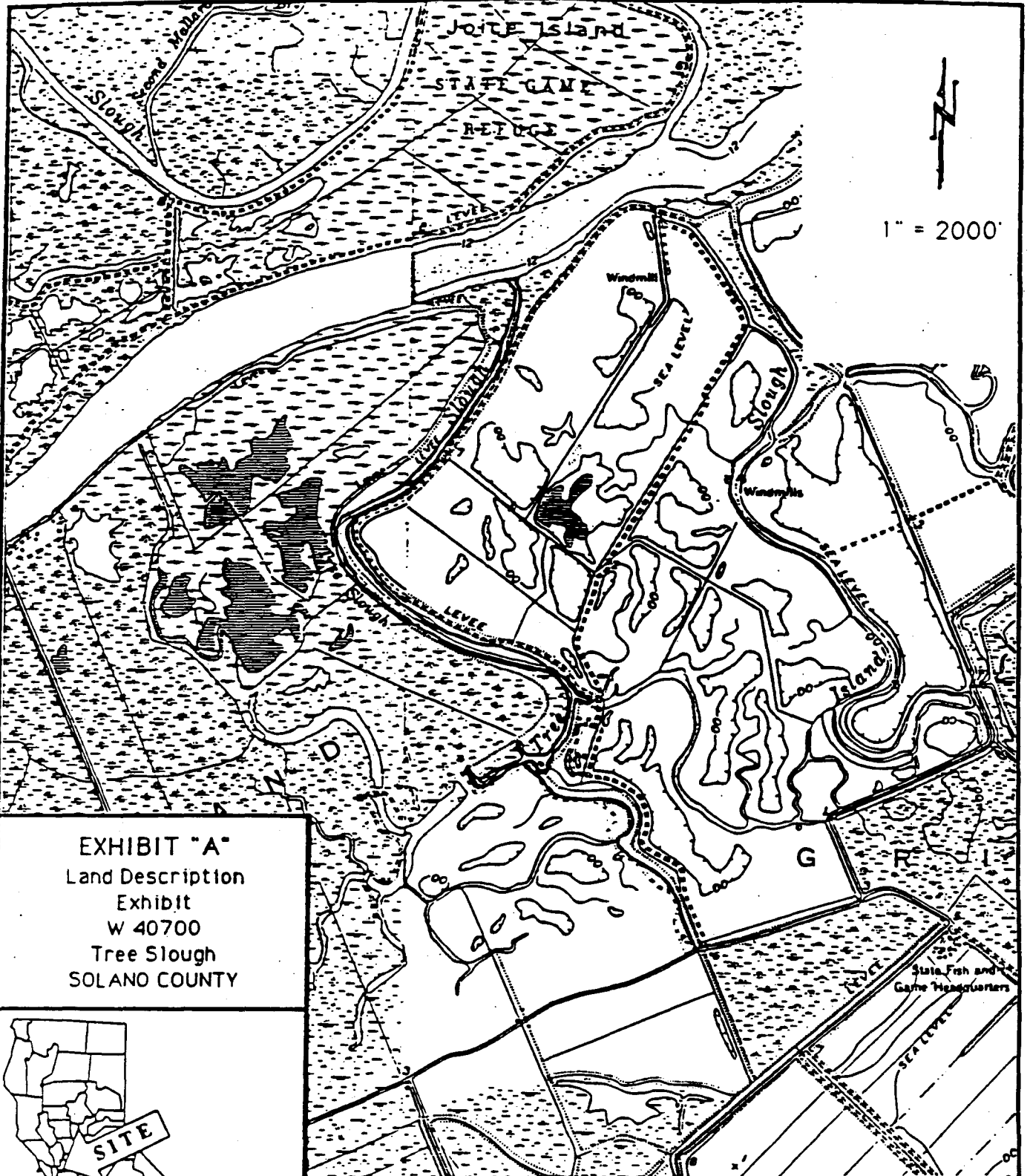


EXHIBIT "A"
 Land Description
 Exhibit
 W 40700
 Tree Slough
 SOLANO COUNTY



NOTE:
 THIS EXHIBIT IS NOT A SURVEY, NOR
 DOES ANY LINE APPEARING HEREON
 REPRESENT A BOUNDARY LINE.

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