

MINUTE ITEM
This Calendar Item No. C 78
was approved as Minute Item
No. 78 by the State Lands
Commission by a vote of 2
to 0 at its 2/27/96
meeting.

**CALENDAR ITEM
C78**

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PRC 7282
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**ACCEPT THE PARTIAL QUITCLAIM OF NEGOTIATED SUBSURFACE
(NO SURFACE USE) STATE OIL AND GAS LEASE NO. PRC 7282
(265.94 ACRES UNDER THE SACRAMENTO RIVER),
SUTTER AND YOLO COUNTIES COUNTY**

LESSEE:

Montis Niger, Inc.
Three Radnor Corporate Center
Radnor, Pennsylvania 19087

BACKGROUND:

Negotiated subsurface (no surface use) State Oil and Gas Lease No. PRC 7282 (Lease) was issued to Black Mountain Oil Company on February 6, 1989 and then assigned to Montis Niger, Inc., and contains 320±acres of tide, submerged and proprietary lands in the bed and vicinity of the Sacramento River in Sutter and Yolo Counties, California (leased lands). On September 23, 1992, the Commission approved Black Mountain's request for a pooling of 54.06 State acres into "Knights Landing Unit B". The Commission approved a 100 percent assignment from Black Mountain Oil Company to Montis Niger, Inc. effective January 1, 1993. Montis Niger, Inc., through their operator AA Production, Inc., by letter dated November 15, 1995, has requested the Commission's consent to quitclaim the 265.94 acres lying outside the 54.06 acres pooled into the "Knights Landing Unit B". Under the terms of the Lease, the lessee is required to pay a revised annual rental of \$25 per acre (\$1,351.50 for 54.06 acres).

Public Resources Code Section 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 and royalties and to abandon all wells drilled on the leased lands.

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On January 18, 1996, the Commission's Long Beach office staff received the document "(Partial) Quitclaim Deed for State Oil and Gas Lease". This document was dated January 11, 1996 and partially quitclaims back 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 No. PRC 7282.

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. Public Resources Code Section 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: Public Resources Code Section 21084 and 14 Cal. Code Regs. 15378.

EXHIBITS:

- A. Land Description
- B. Location Map

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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 PUBLIC RESOURCES CODE SECTION 21065 AND 14 CAL. CODE REGS. 15378.
2. ACCEPT FROM MONTIS NIGER, INC. (LESSEE) THE PARTIAL QUITCLAIM DEED FOR STATE OIL AND GAS LEASE DATED JANUARY 11, 1996, WHERE THE LESSEE QUITCLAIMS BACK TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LANDS DESCRIBED IN EXHIBIT "A" REVISED DECEMBER 1995, STATE OIL AND GAS LEASE NO. PRC 7282.
3. RELEASE MONTIS NIGER, INC. FROM ALL OBLIGATIONS UNDER STATE OIL AND GAS LEASE NO. PRC 7282 FOR THOSE LEASED LANDS DESCRIBED IN EXHIBIT "A" REVISED DECEMBER 1995 EFFECTIVE JANUARY 18, 1996, THE FILING DATE OF THE QUITCLAIM DEED.
4. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

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EXHIBIT "A"

LAND DESCRIPTION

Two parcels of State owned lands in Yolo and Sutter Counties, California, more particularly described as follows:

PARCEL NO. 1:

All that submerged land in the bed of the Sacramento River downstream from the southeasterly right-of-way of the Southern Pacific Railroad in the Town of Knights Landing within the projected Sections 13, 14, 24, 25, T11N, R02E, Sections 18, 19, 30, 31, 32, T11N, R03E, MDM.

EXCEPTING THEREFROM that portion in Sections 31 and 32, T11N, R03E, MDM, as described in PRC-6078, filed in the Office of the State Lands Commission, more particularly described as follows: All those State owned submerged lands in the bed of the last natural channel of the Sacramento River at Grays Bend, Sutter and Yolo Counties, State of California, lying within T10N, and T11N, R03E, MDM, Bounded on the north by California Coordinate System "CCS 1927", Zone 2 Coordinates of X=2,094,600 feet and Y=398,250 feet: Thence running downstream southwesterly, southerly, easterly, northerly and northeasterly and terminating at "CCS 1927", Coordinates X=2,096,000 feet and Y=396,850 feet.

PARCEL NO. 2

All that State owned land in the bed of the cut-off loop of the Sacramento River, known as Mary Lake, Sutter County, State of California, described as follows: The northwest-quarter (NW1/4) of Section 19, T11N R03E, MDM.

EXCEPTING THEREFROM the following:

1. All that portion conveyed by patent from the State of California to James Waters, Recorded April 24, 1917, in Book "E" of Patents Page 164, Records of Sutter County.
2. All that portion conveyed by patent from the State of California to William McGriff, Recorded January 2, 1874, in Book "C" of Patents Page 296, Records of Sutter County.
3. All that portion conveyed by patent from the State of California to L Johnson, Recorded January 4, 1911, in Book "E" of Patents Page 121, Records of Sutter County.

ALSO EXCEPTING THEREFROM all those portions of the above described Parcels 1 and 2 within the present channel of the Sacramento River lying within Knights Landing Pooling Unit B, as described in PRC-7282, filed in the Office of the State Lands Commission.

ALSO EXCEPTING THEREFROM any portion lying landward of the ordinary low water marks of said waterways.

END OF DESCRIPTION

Revised December, 1995 by LMD Boundary Staff.

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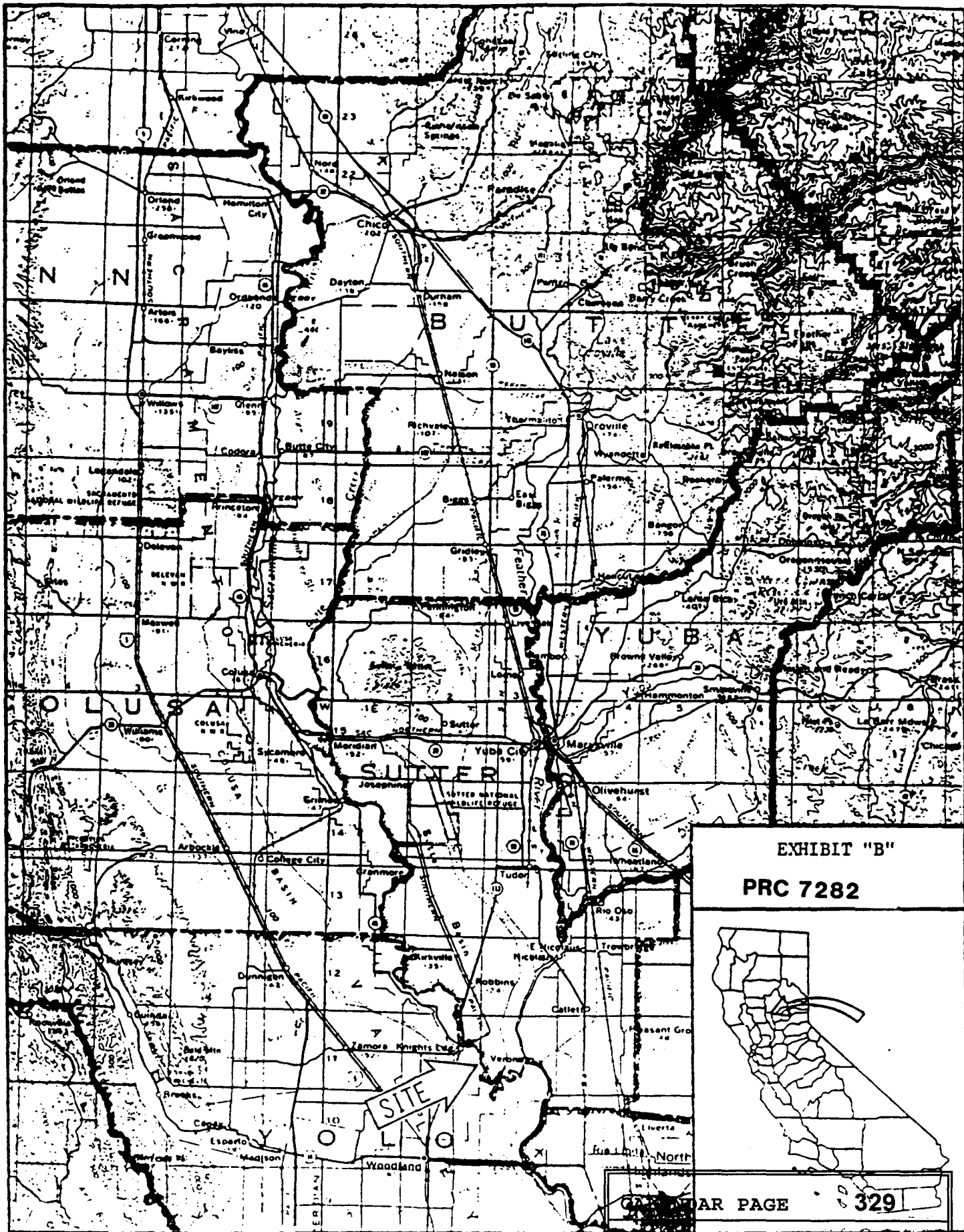


EXHIBIT "B"
 PRC 7282



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