

MINUTE ITEM

This Calendar Item No. C60 was approved as Minute Item No. 60 by the California State Lands Commission by a vote of 3 to 0 at its 866/97 meeting.

**CALENDAR ITEM
C60**

A 30
S 16

08/26/97
PRC 7840
A. Nitsche

**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM OF
NEGOTIATED SUBSURFACE (NO SURFACE USE)
OIL AND GAS LEASE NO. PRC 7840
FRESNO AND MADERA COUNTIES**

LESSEE:

McFarland Energy, Inc.
10425 South Painter Avenue
Santa Fe Springs, CA 90670

BACKGROUND:

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 7840 (Lease) was issued to McFarland Energy, Inc., on July 6, 1995, and contains 21.31 acres of tide, submerged lands in the bed of the San Joaquin River in Fresno and Madera Counties, California (leased lands). Under the terms of the Lease, the lessee is required to pay an annual rental of \$50 per acre (\$1,065.50 for 21.31 acres) and commence drilling operations on the leased lands within three years. No wells have been drilled on or into the leased lands, and the Mitchell Unit which included the State lease has been terminated.

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.

On July 8, 1997, the Commission's Long Beach office staff received the document "(Full) Quitclaim Deed for State Oil and Gas Lease". This document was dated July 3, 1997, and quitclaims back to the State all of the lessee's right, title and interest in the leased lands described in Exhibit A of Oil and Gas Lease No. PRC 7840 dated July 6, 1995.

A review of the Commission's files reveals that no default exists on the Lease,

CALENDAR PAGE	288
MINUTE PAGE	001982

CALENDAR ITEM NO. C60 (CONT'D)

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).

OTHER PERTINENT INFORMATION:

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

Authority: Public Resources Code Section 21065 and Title 14 California Code of Regulations, Section 15378.

EXHIBITS:

- A. Land Description
- B. Location Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061, 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 FROM MCFARLAND ENERGY, INC (LESSEE) THE (FULL) QUITCLAIM DEED FOR OIL AND GAS LEASE DATED JULY 3, 1997, WHEREIN THE LESSEE QUITCLAIMS BACK TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LANDS DESCRIBED IN EXHIBIT A OF OIL AND GAS LEASE PRC NO. 7840

CALENDAR ITEM NO. C60 (CONT'D)

DATED JULY 6, 1995.

2. RELEASE MCFARLAND ENERGY, INC. FROM ALL OBLIGATIONS UNDER OIL AND GAS LEASE NO. PRC 7840 EFFECTIVE JULY 8, 1997, THE FILING DATE OF THE QUITCLAIM DEED.
3. AUTHORIZE THE EXECUTION OF ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

CALENDAR PAGE	290
MINUTE PAGE	001984

LAND DESCRIPTION

A parcel of submerged land in the bed of the San Joaquin River, Fresno and Madera Counties California, said parcel being bounded on the east and west by the ordinary low water marks along the right and left banks of the San Joaquin River and bounded on the south by a line which bears N. 45° E. from a point on the north line of Section 2, T. 11 S., R. 13 E., M. D. M., which bears N. 89° 24' E., 1642.90 feet from the northwest corner of said Section 2 and bounded on the north by the north line of the southeast one - quarter of Section 34, T. 10 S., R. 13 E., M. D. M. .

END OF DESCRIPTION



CALENDAR PAGE 291

MINUTE PAGE 001985

