

MINUTE ITEM

This Calendar Item No. C87 was approved as
Minute Item No. 87 by the California State Lands
Commission by a vote of 3 to 0 at its
6-27-00 meeting.

CALENDAR ITEM

C87

A 35

06/27/00

S 18

PRC 2793.1

A. Ntitsche

**CONSIDER ACCEPTANCE OF THE PARTIAL QUITCLAIM OF
OIL AND GAS LEASE NO. PRC 2793.1,
(4,250 ACRES OF TIDE AND SUBMERGED LANDS)
OFFSHORE SANTA BARBARA COUNTY**

APPLICANTS:

Atlantic Richfield Company
Attn.: Mr. Craig Blancett
444 South Flower Street, 32nd Floor
Los Angeles, CA 90071

Phillips Petroleum Company
Attn.: Ms. Ruby I. Evans
P. O. Box 7500
Bartlesville, OK 74005-7500

AREA, LAND TYPE, AND LOCATION:

Oil and Gas Lease No. PRC 2793.1 contains 4,250 acres of tide and submerged lands offshore Santa Barbara County, California.

BACKGROUND:

Oil and Gas Lease No. PRC 2793.1 (Lease) was issued to Richfield Oil Corporation, Socony Mobil Oil Company and Signal Oil and Gas Company on October 26, 1961, and contains 4,250 acres of tide and submerged lands offshore Santa Barbara County (leased lands). Through a series of corporate name changes, the current lessees are Atlantic Richfield Oil Company (ARCO), Exxon Mobil Corporation, and Phillips Petroleum Company (Phillips). Under the terms of the Lease, the lessee is required to pay an annual rental of \$1.00 per acre (\$4,250.14 for 4,250 acres) and commence drilling operations on the leased

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lands within three years. One well has been drilled on the leased lands, completed as a subsea well and subsequently abandoned in December 1997, as part of the SWARS project.

Public Resources Code section 6804.1 and Lease Paragraph 4 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.

Commission staff received two (Partial) Quitclaim Deeds for State Oil and Gas Lease" on the subject lease, one from ARCO dated June 15, 2000, and one from Phillips dated June 15, 2000. These documents quitclaim 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 2793.1 dated October 26, 1961.

The receipt of a quitclaim deed from Exxon Mobil Corporation will complete quitclaim of the subject lease back to the State. However, in the interim, this lease will remain in effect with Exxon Mobil Corporation fully responsible for compliance with all of the terms and conditions of the lease.

A review of the Commission's files reveals that no default currently exists on the Lease, and that the Lessees have complied with all applicable laws and Lease provisions and has paid all rentals.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code section 6804.1 and Lease Paragraph 4.

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:

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- A. Land Description
- B. Location Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THE ACTIVITY 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 ATLANTIC RICHFIELD COMPANY (LESSEE) THE QUITCLAIM DEED FOR OIL AND GAS LEASE DATED JUNE 15, 2000, 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 NO. PRC 2683,1 DATED OCTOBER 26, 1961.
2. ACCEPT FROM PHILLIPS PETROLEUM CORPORATION THE QUITCLAIM DEED FOR OIL AND GAS LEASE DATED JUNE 15, 2000, 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 NO. PRC 2683,1 DATED OCTOBER 26, 1961.
3. RETAIN EXXON MOBIL CORPORATION AS LESSEE.
4. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENT NECESSARY TO EFFECT THE COMMISSION'S ACTION.

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EXHIBIT A

LAND DESCRIPTION

PRC 2793.1

SANTA BARBARA COUNTY

.... that certain tract of tide

18 and submerged lands, situate in the County of Santa Barbara, State of
19 California, described as follows:

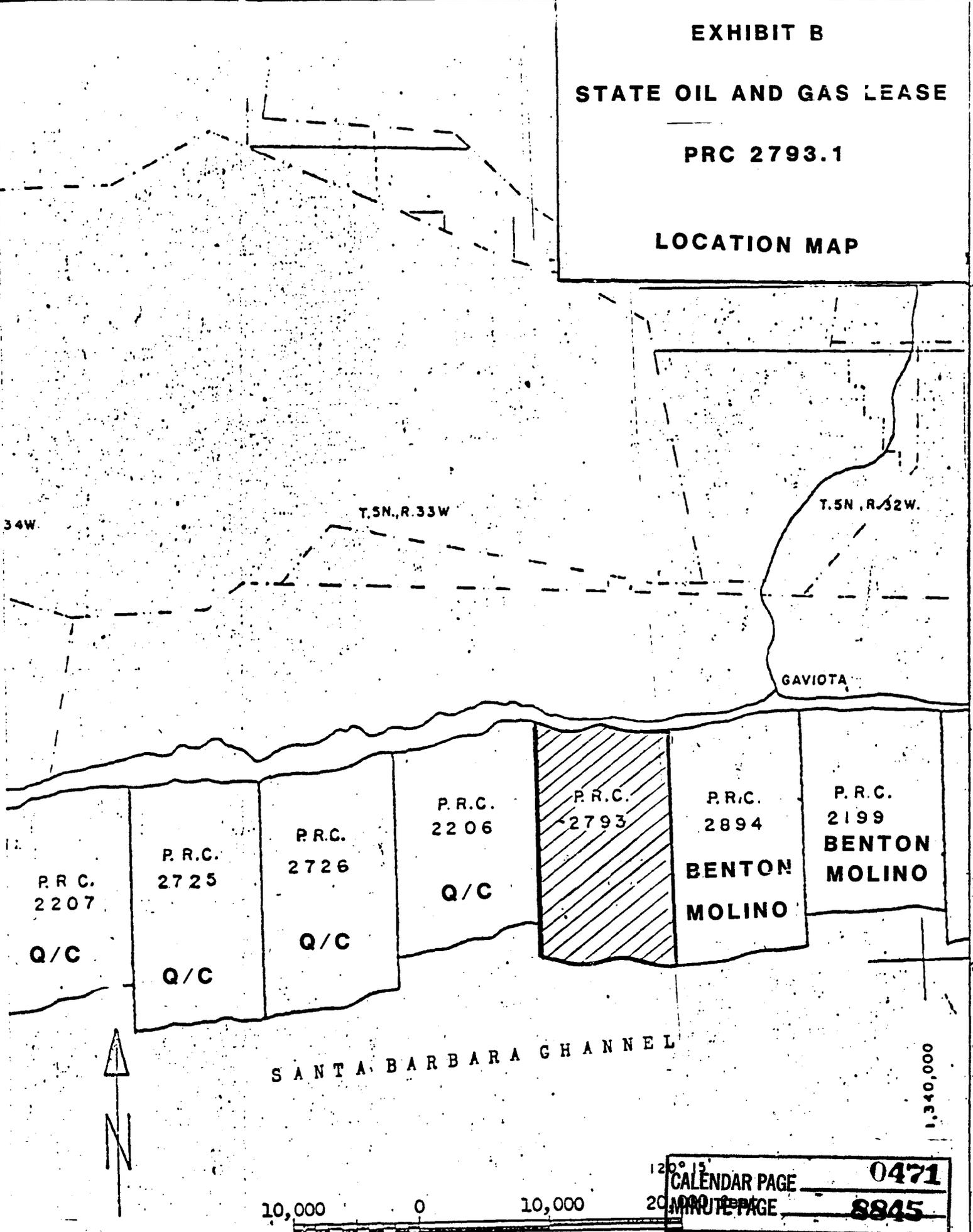
20 That area of tide and submerged lands bounded on the
21 West by California Coordinate System, Zone 5, grid line
22 having an X value of 1,310,420; on the East by a grid
23 line having an X value of 1,320,570; on the landward
24 (northerly) boundary by the ordinary high water mark of
25 the Pacific Ocean; on the seaward (southerly) boundary
26 by a line parallel to the ordinary high water mark and
27 seaward therefrom three nautical miles; containing
28 4,250.14 acres.

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EXHIBIT B
STATE OIL AND GAS LEASE

PRC 2793.1

LOCATION MAP



126° 15' CALENDAR PAGE 0471
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1,340,000