

CALENDAR ITEM  
**C80**

MINUTE ITEM  
This Calendar Item No. C80  
was approved as Minute Item  
No. 80 by the State Lands  
Commission by a vote of 3  
to 0 at its 11-26-01  
meeting.

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11/26/01  
PRC 6078.1  
A. Nitsche

**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM OF  
NEGOTIATED SUBSURFACE (NO SURFACE USE)  
OIL AND GAS LEASE NO. PRC 6078.1  
(80 ACRES UNDER THE SACRAMENTO RIVER),  
SUTTER AND YOLO COUNTIES**

**LESSEE:**

Gaines Well Service, Inc.  
Attn: Mr. Gregory Jack Gaines  
9741 Colony Road  
Wilton, CA 95693

**AREA, LAND TYPE, AND LOCATION:**

Oil and Gas Lease No. PRC 6078.1 contains 80 acres of tide and submerged lands in the vicinity of the Sacramento River, Sutter and Yolo Counties, California.

**BACKGROUND:**

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 6078.1 (Lease) was issued to Hilliard Oil and Gas on October 30, 1981, and contains 80 acres of tide and submerged lands in the bed and vicinity of the Sacramento River in Sutter and Yolo Counties, California (leased lands). Through a series of assignments, the present lessee is Gaines Well Service, Inc. Under the terms of the Lease, the lessee is required to pay an annual rental of \$10.00 per acre (\$800.00 for 80 acres). The "Edson No. 2" well was drilled through the leased lands in 1982 and was productive. This well last produced in March 1997. The California Division of Oil, Gas and Geothermal Resources witnessed and approved the abandonment of the well on July 12, 2001.

Public Resources Code section 6804.1 and Lease Paragraph 7 permits the lessee to make at any time a written quitclaim of all rights under the lease or of

CALENDAR ITEM NO. **C80** (CONT'D)

any portion of the leased lands comprising a ten-acre parcel or multiple thereof in a compact form. The quitclaim is effective when filed with the State, and acceptance by the Commission subject to the continued obligation of the lessee and its surety to pay all accrued rentals, royalties and to abandon all wells drilled on the leased lands.

On August 27, 2001, the Commission's Long Beach office staff received the document "(Full) Quitclaim Deed for State Oil and Gas Lease." This document was dated August 20, 2001, and quitclaims back to the State all of the lessee's right, title and interest in the leased lands described in Exhibit A, attached hereto, of Oil and Gas Lease No. PRC 6078.1, dated October 30, 1981.

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 and royalties.

**STATUTORY AND OTHER REFERENCES:**

- A. Public Resources Code section 6804.1 and Lease Paragraph 7.

**OTHER PERTINENT INFORMATION:**

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it 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, sections 15060 (c)(3) and 15378.

**EXHIBITS:**

- A. Land Description
- B. Location Map

**PERMIT STREAMLINING ACT DEADLINE:**

N/A

**RECOMMENDED ACTION:**

IT IS RECOMMENDED THAT THE COMMISSION:

CALENDAR ITEM NO. **C80** (CONT'D)

**CEQA FINDING:**

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3) 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 GAINES WELL SERVICE, INC. (LESSEE) THE (FULL) QUITCLAIM DEED FOR OIL AND GAS LEASE, DATED AUGUST 20, 2001, WHEREIN THE LESSEE QUITCLAIMS BACK TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LANDS DESCRIBED IN EXHIBIT A, ATTACHED HERETO, OF OIL AND GAS LEASE NO. PRC 6078.1, DATED OCTOBER 30, 1981.
2. RELEASE GAINES WELL SERVICE, INC. FROM ALL OBLIGATIONS UNDER OIL AND GAS NO. LEASE PRC 6078.1 ACCURURING AFTER AUGUST 27, 2001, THE FILING DATE OF THE QUITCLAIM DEED.
3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENT NECESSARY TO IMPLEMENT THE COMMISSION'S ACTION.

# EXHIBIT A

PRC 6078

## LAND DESCRIPTION

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 T10 & 11N, R3E, MDM, bounded on the north by California Coordinate System Zone 2 coordinates of  $X = 2,094,600$  and  $Y = 398,250$ ; thence running downstream southwesterly, southerly, easterly, northerly, and northeasterly and terminating at coordinates  $X = 2,096,000$  and  $Y = 396,850$ , consisting of 80 acres, more or less.

END OF DESCRIPTION

CALENDAR PAGE	00416
MINUTE PAGE	

# EXHIBIT B

