

**MINUTE ITEM**  
This Calendar Item No. C31 was approved as  
Minute Item No. 31 by the California State Lands  
Commission by a vote of 3 to 0 at its  
12-03-07 meeting.

**CALENDAR ITEM  
C31**

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12/03/07

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PRC 8525.1

J. Smith

**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM OF  
NEGOTIATED SUBSURFACE (NO SURFACE USE)  
OIL AND GAS LEASE NO. PRC 8525.1,  
CACHE SLOUGH, SOLANO COUNTY**

**LESSEE:**

Rosetta Resources Operating LP  
Attn.: Mr. Michael Rosinski  
1200 17th Street, #770  
Denver, CO 80202

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

Oil and Gas Lease No. PRC 8525.1 contains 103 acres of State tide, submerged and proprietary lands in the vicinity of Cache Slough, Solano County, California.

**BACKGROUND:**

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 8525.1 (Lease) was issued by the California State Lands Commission (Commission) to Castle Minerals Inc. (Castle Minerals) and Calpine Natural Gas, L.P. (Calpine) on April 5, 2004. Each company acquired a 50 percent (50%) undivided interest in the Lease. Through a series of name changes and corporate mergers, Rosetta Resources Operating LP (Rosetta) is the successor-in-interest to Calpine.

The negotiated subsurface lease contains 103 acres of tide, submerged and proprietary lands in the bed and vicinity of Cache Slough in Solano County (leased lands). Under the terms of the Lease, the lessee is required to pay an annual rental of \$40 per acre (\$4,120 for 103 acres).

In July 2004, the lessees drilled and abandoned an unsuccessful well from an adjoining private upland lease. The well was directionally drilled and bottomed under PRC 8525.1 and satisfied the drilling term of the Lease. The well, named "Blue Heron" #1, was plugged and abandoned to Division of Oil, Gas, and Geothermal Resources (DOGGR) standards on or about July 29, 2004, as

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CALENDAR ITEM NO. C31 (CONT'D)

shown on Exhibit C, attached hereto. No surface occupancy or disturbance of any kind has occurred and no other wells have been drilled into or through the lease.

Public Resources Code section 6804.1 and Lease Paragraph 29 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 is 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 April 17, 2006, the Commission accepted the full quitclaim deed from Castle Minerals of its 50 percent (50%) interest in the Lease. On October 26, 2007 the Long Beach office staff received from Rosetta the document "(Full) Quitclaim Deed for State Oil and Gas Lease." This document was dated October 12, 2007, and quitclaims back to the State all of Rosetta's right, title and interest in the leased lands described in Exhibit A, attached hereto, of Oil and Gas Lease No. PRC 8525.1.

A review of the Commission's files reveals that no default exists on the Lease and 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 29.

**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
- C. Report of Well Plugging and Abandonment

CALENDAR ITEM NO. C31 (CONT'D)

**PERMIT STREAMLINING ACT DEADLINE:**

N/A (not a "development project" subject to the Act)

**RECOMMENDED ACTION:**

IT IS RECOMMENDED THAT THE COMMISSION:

**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 ROSETTA RESOURCES OPERATING LP (LESSEE) THE FULL QUITCLAIM DEED FOR OIL AND GAS LEASE DATED OCTOBER 12, 2007, 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 8525.1 DATED APRIL 5, 2004.
2. RELEASE ROSETTA RESOURCES OPERATING LP FROM ALL OBLIGATIONS UNDER OIL AND GAS NO. LEASE PRC 8525.1 ACCRUING AFTER OCTOBER 26, 2007, THE FILING DATE OF THE QUITCLAIM DEED.
3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENTS NECESSARY TO IMPLEMENT THE COMMISSION'S ACTION.

**LAND DESCRIPTION**

A parcel of tide and submerged land lying within protracted Sections 31 and 32, T5N, R3E, MDM, and protracted Section 5, T4N, R3E, MDM, County of Solano, State of California, more particularly described as follows:

BEGINNING at a point having California Coordinate System 1983, Zone 2 North y-coordinate = 1,848,630.00 feet and East x-coordinate = 6,655,385.00 feet; thence the following four (4) courses:

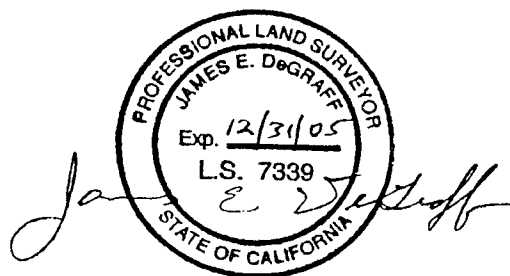
1. N90°00'00"W 4325.00 feet;
2. S24°30'03"E 4593.63 feet;
3. N90°00'00"E 2420.00 feet;
4. N00°00'00"E 4180.00 feet to the point of beginning.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark.

This description is based on the California Coordinate System of 1983, Zone 2.

END OF DESCRIPTION

Prepared by the California State Lands Commission Boundary Unit January 15, 2004



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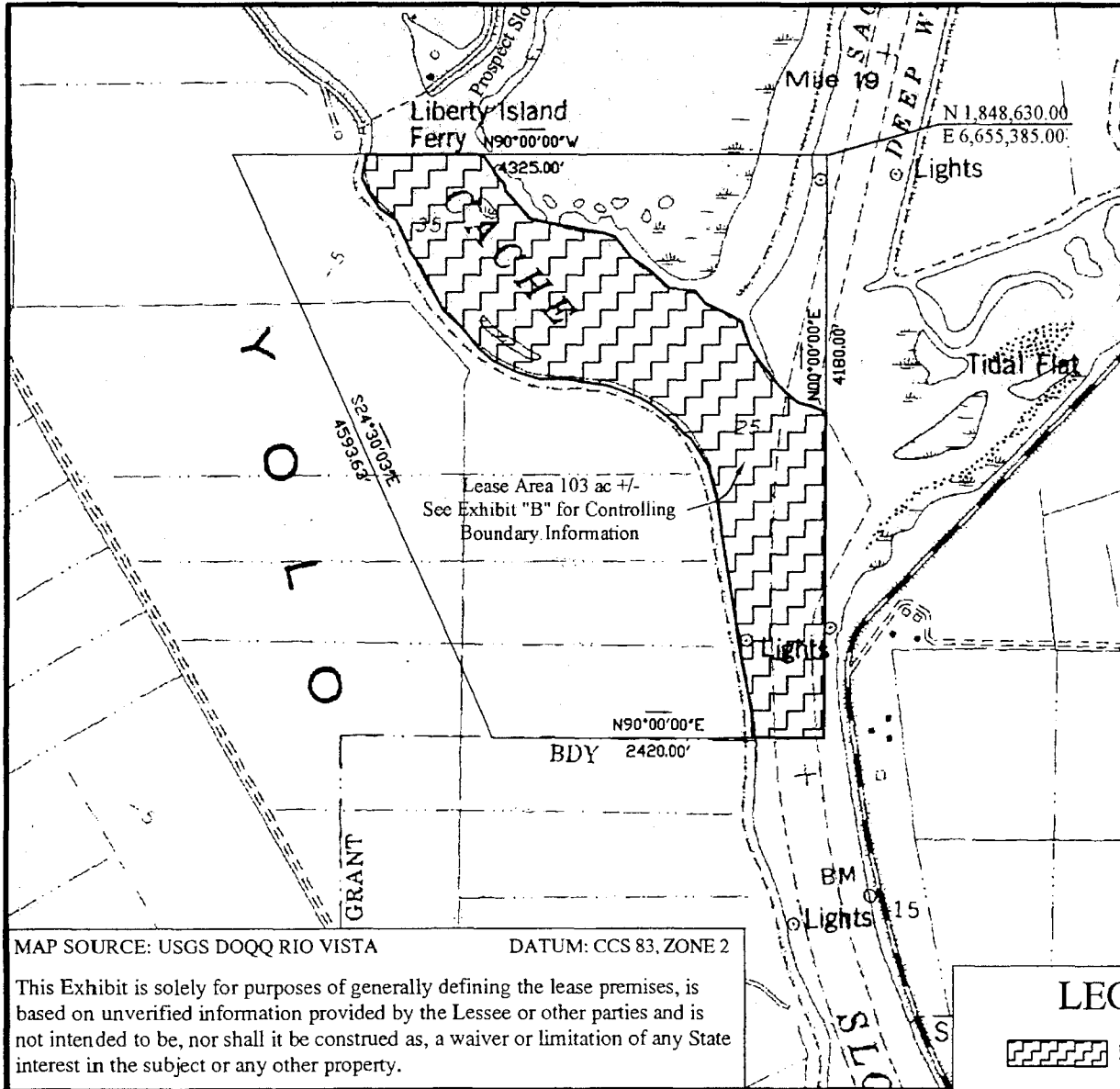
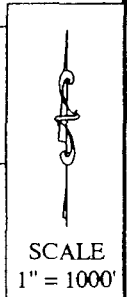


Exhibit B  
 PRC 8525.1  
 ROSETTA RESOURCES  
 OPERATING LP  
 SUBSURFACE OIL & GAS  
 LEASE CACHE SLOUGH,  
 SOLANO COUNTY



**EXHIBIT C**

PRC 8525.1

RESOURCES AGENCY OF CALIFORNIA  
DEPARTMENT OF CONSERVATION  
DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES

**REPORT OF WELL PLUGGING AND ABANDONMENT**

Sacramento, California

March 8, 2005

Jeff Stiles, Agent  
\_\_\_\_\_  
**CASTLE MINERALS**  
\_\_\_\_\_  
45 Main Street  
\_\_\_\_\_  
Rio Vista, CA 94571  
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Your report of the plugging and abandonment of well "Blue Heron" #1, A.P.I. No. 095-21199, Section 31, T. 5N, R. 3E, M.D. B. & M, N/A field, Solano County, dated 7/23/04, received 7/27/04, has been examined in conjunction with records filed in this office. We have determined that all of the requirements of this Division have been fulfilled relative to plugging and abandonment of the well, removal of well equipment and junk, and filing of well records.

- NOTES:**
1. Surface plugging completed on 7/22/04.
  2. Site inspection made and approved 7/29/04.

**BOND:** BLANKET

**STATUS:** CONFIDENTIAL

Hal Bopp,  
State Oil and Gas Supervisor

By Robert S Habel  
\_\_\_\_\_  
Robert S. Habel  
District Deputy

RSH/syh