

MINUTE ITEM
This Calendar Item No. C32 was approved as
Minute Item No. 32 by the California State Lands
Commission by a vote of 3 to 0 at its
12-03-07 meeting.

P8604

CALENDAR ITEM

C32

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12/03/07

PRC 8604.1

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J. L. Smith

**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM DEED OF
NEGOTIATED SUBSURFACE (NO SURFACE USE)
OIL AND GAS LEASE NO. PRC 8604.1
SACRAMENTO COUNTY**

LESSEE:

Towne Exploration Company
Attn.: Clifford L. Conkle
P. O. Box 520
San Francisco, CA 94104-0520

AREA, LAND TYPE, AND LOCATION:

Oil and Gas Lease No. PRC 8604.1 contains 9.93 acres of tide and submerged lands in the vicinity of Georgiana Slough, Sacramento County, California.

BACKGROUND:

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 8604.1 (Lease) was issued to Towne Exploration Company on April 26, 2005, and contains 9.93 acres of tide, submerged and proprietary lands in the bed and vicinity of Georgiana Slough in Sacramento County (leased lands). Under the terms of the Lease, the lessee is required to pay an annual rental of \$25 per acre (\$250 for 9.93 acres) and commence drilling operations on the leased lands within three years. No wells have been drilled on or into the leased lands. 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 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 November 15, 2007, the Commission's Long Beach office staff received the document "(Full) Quitclaim Deed for State Oil and Gas Lease." This document was dated November 8, 2007 and quitclaims back to the State all of the lessee's

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right, title and interest in the leased lands described in Exhibit A, attached hereto, of Oil and Gas Lease No. PRC 8604.1 dated April 26, 2005.

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

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.

CALENDAR ITEM NO. C32 (CONT'D)

AUTHORIZATION:

1. ACCEPT FROM TOWNE EXPLORATION COMPANY (LESSEE) THE FULL QUITCLAIM DEED FOR OIL AND GAS LEASE DATED NOVEMBER 8, 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 8604.1 DATED APRIL 26, 2005.
2. RELEASE TOWNE EXPLORATION COMPANY FROM ALL OBLIGATIONS UNDER OIL AND GAS NO. LEASE PRC 8604.1 ACCRUING AFTER NOVEMBER 8, 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.

EXHIBIT A

PRC 8604.1

LAND DESCRIPTION

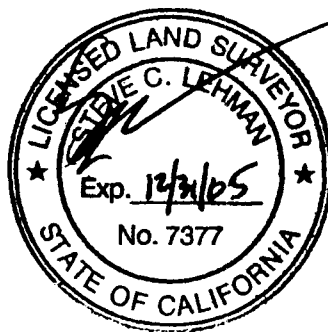
A parcel of tide and submerged land in the bed of Georgiana Slough, County of Sacramento, State of California, and more particularly described as follows:

Said parcel being bounded on the southwest by the southeasterly prolongation of the northeast line of that land conveyed to Andrus Island Co. in Deed Recorded October 15, 1908, in Book 276 of Deed, Page 253, Sacramento County Records; bounded on the northeast by a line lying 1596 feet northeast of and parallel with said northeast line of that land conveyed to Andrus Island Co.; bounded on the northwest by the right bank of Georgiana Slough; bounded on the southeast by the left bank of Georgiana Slough.

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

END OF DESCRIPTION

Prepared by the California State Lands Commission Boundary Unit March 30, 2005



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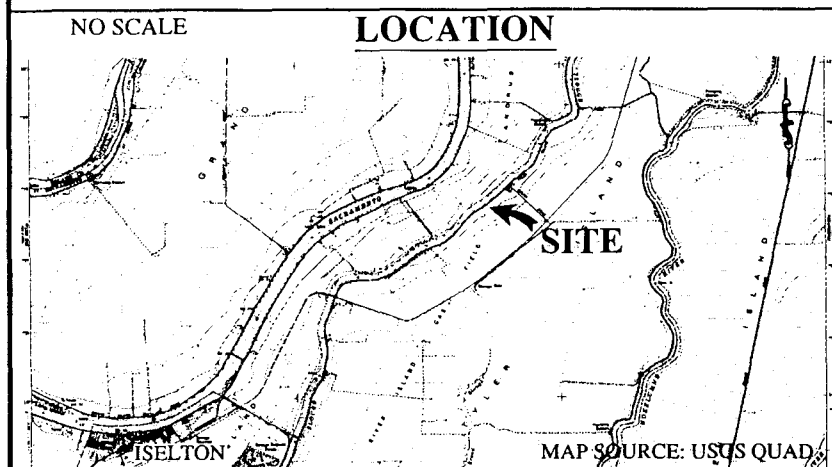
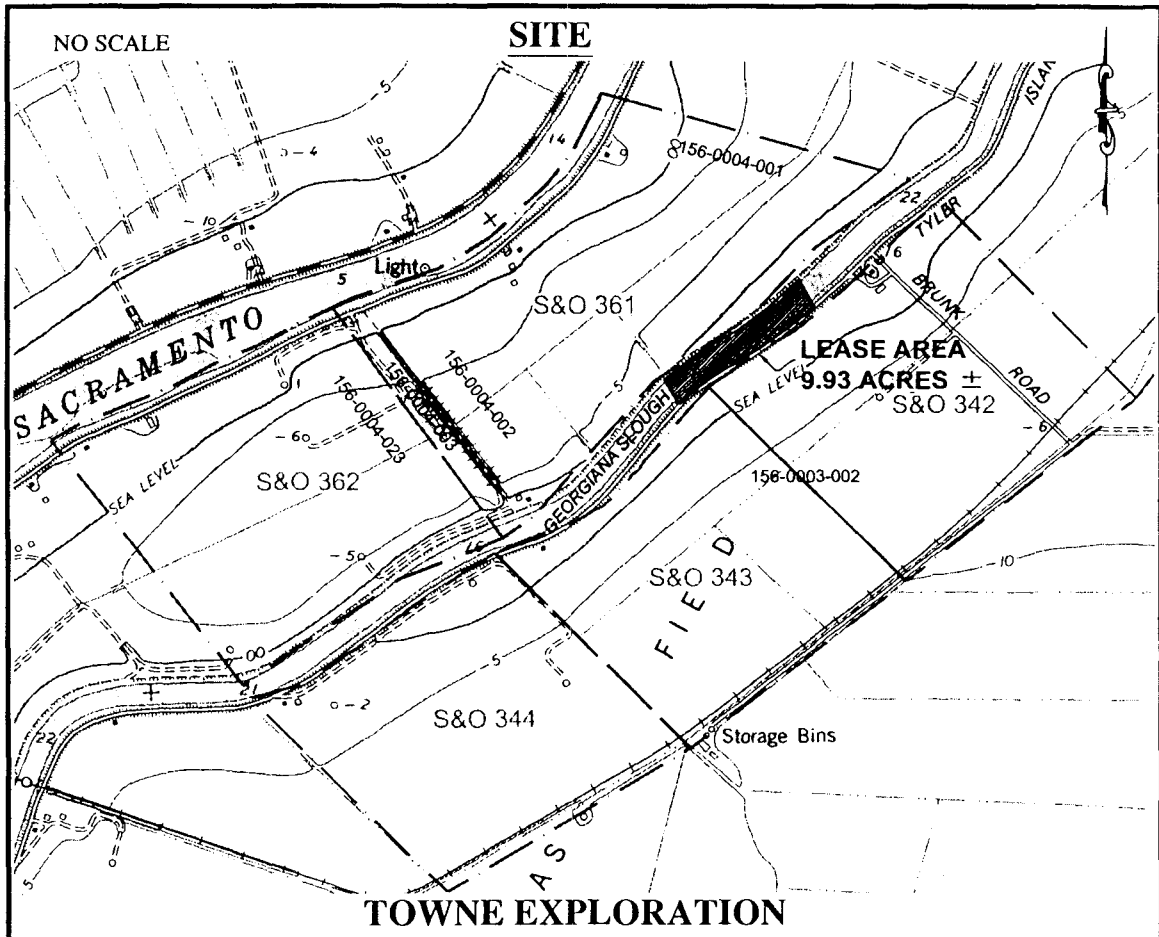
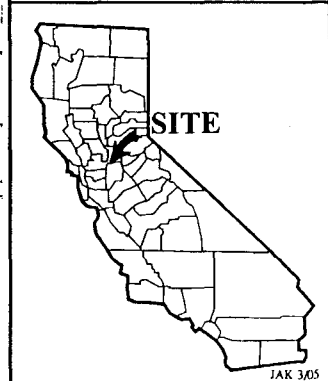


Exhibit B
 PRC 8604.1
 OIL AND GAS LEASE
 GEORGIANA SLOUGH
 SACRAMENTO COUNTY



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.