

CALENDAR ITEM

C51

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06/24/08
PRC 3004.1
J. Smith

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**CONSIDER ACCEPTANCE OF FULL QUITCLAIM DEED OF
OIL AND GAS LEASE NO. PRC 3004.1 (A PARCEL OF TIDE AND
SUBMERGED LANDS IN THE SANTA BARBARA CHANNEL LYING
IN THE VICINITY OF EL CAPITAN BEACH STATE PARK),
SANTA BARBARA COUNTY**

LESSEES:

Chevron U.S.A. Inc.
Attn.: Mr. Mike Sarad, Agent
P.O. Box 1392
Bakersfield, CA 93302

Exxon Mobil Corporation
Attn.: Mr. Hank Alford, Agent
Corp-GP8-3772
P.O. Box 4778
Houston, TX 77210-4778

AREA, LAND TYPE, AND LOCATION:

Oil and Gas Lease No. PRC 3004.1 contains approximately 3,150 acres of tide and submerged lands in the Santa Barbara Channel in the vicinity of El Capitan Beach State Park, Santa Barbara County.

BACKGROUND:

On April 25, 1963, the California State Lands Commission (Commission) awarded Oil and Gas Lease No. PRC 3004.1 to Union Oil Company of California (Unocal) (50%) and Humble Oil & Refining Company (Humble) (50%) for the cash bonus of \$612,840.00. In 2005, Unocal was acquired by the parent of Chevron U.S.A. Inc. (Chevron). Humble changed its name to Exxon Corporation which merged with Mobil Oil Corporation in 1999 to become Exxon Mobil

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Corporation (ExxonMobil) on November 30, 1999. Eight (8) exploratory wells have been drilled on this lease and all of these wells have been plugged and abandoned, and all debris was removed from the leased lands by 1998.

On April 14, 2008, staff received a quitclaim deed for Lease No. PRC 3004.1 signed by Chevron and ExxonMobil. Public Resources Code section 6804.1 and Lease Paragraph 5 permit the lessee to make and file at any time a written quitclaim of all rights under the lease. 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.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code section 6804.1 and Lease Paragraph 5.

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. Location Map
- B. Executed Quitclaim Deed

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.

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AUTHORIZATION:

1. ACCEPT FROM CHEVRON U.S.A. INC. AND EXXON MOBIL CORPORATION THE FULL QUITCLAIM DEED OF OIL AND GAS LEASE DATED APRIL 2, 2008, WHEREIN THE LESSEE QUITCLAIMS BACK TO THE STATE ALL RIGHT, TITLE AND INTEREST IN THE LEASED LANDS DESCRIBED IN OIL AND GAS LEASE NO. PRC 3004.1, ORIGINALLY DATED APRIL 25, 1963, AND ANY SUBSEQUEUNT AMENDMENTS THERETO.
2. RELEASE CHEVRON U.S.A. INC. AND EXXON MOBIL CORPORATION FROM ALL OBLIGATIONS UNDER OIL AND GAS LEASE NO. PRC 3004.1 ACCRUING AFTER APRIL 14, 2008.
3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENTS NECESSARY TO IMPLEMENT THE COMMISSION'S ACTION.