

**CALENDAR ITEM  
C39**

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02/01/10  
PRC 2850.1  
J. L. Smith

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**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM DEED OF  
COMPENSATORY ROYALTY AGREEMENT NO. PRC 2850.1  
HASS SLOUGH, MAINE PRAIRIE GAS FIELD,  
SOLANO COUNTY**

**PARTY:**

Rosetta Resources Operating, LP  
Attn: Ms. Ellen R. DeSanctis  
1200 17<sup>th</sup> Street, Suite 770  
Denver, Colorado 80202

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

Compensatory Royalty Agreement No. PRC 2850.1 contains 50.52 acres of inland tide and submerged lands under and near Hass Slough, in the vicinity of the Maine Prairie Gas Field in Solano County, California (Exhibit A, attached hereto).

**BACKGROUND:**

Public Resources Code Section 6815 provides that the California State Lands Commission (Commission) may negotiate and enter into agreements for compensation for drainage of State lands by oil and gas wells drilled upon private land. Compensatory Royalty Agreement No. PRC 2850.1 (Agreement) was issued to Amerada Petroleum Corporation on October 13, 1961, to compensate the State for drainage of State lands under and near Hass Slough (State Lands) from upland wells in the Maine Prairie Gas Field, as defined in the Agreement. Through a series of assignments, mergers and name changes, Rosetta Resources Operating, LP (Rosetta) succeeded to the interest under the Agreement issued to Amerada.

Public Resources Code section 6804.1 and Paragraph 14 of the Agreement provide for the termination of the Agreement when such drainage no longer is occurring and that the Agreement may be terminated by mutual consent of the

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parties. Rosetta has requested the State's consent to a termination. No drilling or associated well operations have been conducted on the State Lands, no surface occupancy or disturbance of any kind has occurred and no well has been drilled into or through the State Lands associated with this Agreement. All production has ceased from wells draining State Lands subject to the Agreement. The last royalty payment was received February 20, 2004.

On November 23, 2009, the Commission's Long Beach office staff received the document "(Full) Quitclaim of Compensatory Gas Agreement PRC 2850.1." This document was dated November 3, 2009, and quitclaims back to the State all of Rosetta's right, title and interest in the State Lands as shown in Exhibit B (attached hereto) of Compensatory Gas Agreement No. PRC 2850.1 dated October 13, 1961. Based on staff review of the Commission's files, no default exists under the Agreement and Rosetta has complied with all applicable laws and provisions of the Agreement.

**STATUTORY AND OTHER REFERENCES:**

- A. Public Resources Code sections 6804.1 and 6815 and Agreement Paragraph 14.

**OTHER PERTINENT INFORMATION:**

- 1. Pursuant to the Commission's delegation of authority and State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of CEQA because the activity is not a "project" as defined by CEQA and State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, section 15378.

**EXHIBITS:**

- A. Site Location Map
- B. Maine Prairie Area Boundary Map

**PERMIT STREAMLINING ACT DEADLINE:**

N/A

**RECOMMENDED ACTION:**

It is recommended that the Commission:

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**CEQA FINDING:**

Find that the activity is exempt from the requirements of CEQA, pursuant to Title 14, California Code of Regulations 15061 because the activity is not a project as defined by Public Resources Code section 21065 and Title 14, California Code Regulations, section 15378.

**AUTHORIZATION:**

Accept from Rosetta Resources Operating, LP the quitclaim for State Compensatory Royalty Agreement dated November 3, 2009, wherein Rosetta relinquishes to the State all right and interest in the lands described in Exhibit B of Compensatory Royalty Agreement No. PRC 2850.1 dated October 13, 1961.

Consent to the quitclaim and release of Rosetta Resources Operating, LP from all obligations under State Compensatory Royalty Agreement No. PRC 2850.1 effective November 3, 2009, the filing date of the quitclaim.

Authorize the Executive Office or his designee to execute any documents necessary to implement the Commission's action.