

**CALENDAR ITEM
C40**

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02/01/10
PRC 8693.1
J. L. Smith

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**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM DEED OF
NEGOTIATED SUBSURFACE (NO SURFACE USE)
OIL AND GAS LEASE NO. PRC 8693.1,
SAN JOAQUIN RIVER, FALSE RIVER AND PIPER SLOUGH,
CONTRA COSTA COUNTY**

LESSEE:

ABA Energy Corporation
Attn.: Mr. Alan B. Adler, President
P.O. Box 80476
Bakersfield, CA 93380-0476

AREA, LAND TYPE, AND LOCATION:

Oil and Gas Lease No. PRC 8693.1 contains 619 acres of tide and submerged lands in the beds of the San Joaquin River, False River and Piper Slough, Contra Costa County, California.

BACKGROUND:

Negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 8693.1 (Lease) was issued to ABA Energy Corporation on June 26, 2006, and contains 619 acres of inland tide and submerged lands in the beds of the San Joaquin River, False River and Piper Slough, in Contra Costa County, California (leased lands). Under the terms of the Lease, the lessee is required to pay an annual rental of \$20 per acre (\$12,380 for 619 acres) and commence drilling operations on the leased lands within three years.

No drilling or associated well operations have been conducted on the leased lands, no surface occupancy or disturbance of any kind has occurred and no well has been drilled into or through 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. The quitclaim is effective when

CALENDAR ITEM NO. **C40** (CONT'D)

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 permanently abandon all wells drilled on the leased lands.

On November 19, 2009, the Commission's Long Beach office staff received the document "(Full) Quitclaim Deed for State Oil and Gas Lease." This document was dated June 26, 2009 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 8693.1 dated June 26, 2006.

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 (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 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 CEQA because it 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, 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:

CEQA FINDING:

Find that the activity is not subject to the requirements of 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. **C40** (CONT'D)

AUTHORIZATION:

1. Accept from Aba Energy Corporation (lessee) the (full) Quitclaim Deed dated June 26, 2009, for Oil and Gas Lease No. PRC 8693.1, wherein the lessee quitclaims back to the State all right, title and interest in the leased lands described in Exhibit A of Oil and Gas Lease No. PRC 8693.1.
2. Release Aba Energy Corporation from all obligations under Oil and Gas Lease No. PRC 8693.1 accruing after November 19, 2009, 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.