

**CALENDAR ITEM
C88**

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08/14/12
PRC 7976.1
N. Heda
M. LeClair

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**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM DEED
FOR NEGOTIATED SUBSURFACE (NO SURFACE USE)
STATE OIL AND GAS LEASE NO. PRC 7976.1,
NURSE SLOUGH,
SOLANO COUNTY**

LESSEE/OPERATOR:

Slawson Exploration Company, Inc.
Attn: Ms. Helen Capps
1625 Broadway, Suite 1450
Denver, CO 80202-4714

Santa Barbara Resources, Inc.
Attn: Ms. Phyllis N. Ventura
5813 Goleta Road
Santa Barbara, CA 93117

AREA, LAND TYPE AND LOCATION:

Negotiated subsurface (no surface use) State Oil and Gas Lease No. PRC 7976.1 (Lease PRC 7976.1) contains approximately 42 acres of tide and submerged land in the bed of Nurse Slough (also known as Luco Slough) situated in Solano County, California (see Exhibit A attached hereto).

BACKGROUND:

On July 11, 1997, the California State Lands Commission (Commission) and McFarland Energy Company (80%) and Santa Barbara Resources, Inc. (20%) entered into Lease PRC 7976.1. On January 29, 1999, McFarland Energy Company assigned all of its interest to Slawson Exploration Company, Inc. (Slawson).

Slawson diligently pursued drilling activities to make PRC 7976.1 a productive lease. On June 18, 2002, the Commission granted a one-year extension of the drilling term to enable Slawson time to accomplish this goal; however, the lease never became productive.

CALENDAR ITEM NO. **C88** (CONT'D)

Public Resources Code section 6804.1 and Lease Paragraph 30 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 10-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 lessees and its surety to pay all accrued rentals and royalties.

On July 9, 2012, the Commission's Long Beach office staff received the document "(Full) Quitclaim Deed for State Oil and Gas Lease" from Slawson and Santa Barbara Resources. This document was dated June 1, 2012, and quitclaims back to the State all of the lessees' right, title and interest in the leased lands described in Exhibit A.

A review of the Commission's files reveals that no default exists on the Lease that the lessees have complied with all applicable laws and Lease provisions and have paid all rentals.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code section 6804.1
- B. Lease PRC 7976.1 paragraph 30.

OTHER PERTINENT INFORMATION:

1. The staff recommends that the Commission find that the subject quitclaim deed does not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

Authority: Public Resources Code section 21065 and California Code of Regulations, Title 14, sections 15060, subdivision (c)(3), and 15378.

EXHIBITS:

- A. Land Description
- B. Site Map
- C. Lease Quitclaim Deed

CALENDAR ITEM NO. **C88** (CONT'D)

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the subject quitclaim deed is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the subject activity is not a project as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378.

AUTHORIZATION:

1. Accept from Slawson Exploration Company, Inc., and Santa Barbara Resources, Inc., the full Quitclaim Deed dated June 1, 2012, that quitclaims back to the State all right, title and interest in the lands described in State Oil and Gas Lease No. PRC 7976.1 (see Exhibit A, attached hereto).
2. Authorize the Executive Officer or his designee to execute any documents necessary to implement this quitclaim.

EXHIBIT A

PRC 7976.1

Description of Quitclaimed Lands

A parcel of State owned tide and submerged lands lying in the bed of Nurse Slough (Luco Slough) Solano County, California, said parcel described as follows:

All that portion of the bed of Nurse Slough bounded on the north by a line parallel with and 3400 feet southerly of the northerly line of Section 13, T04N, R01W, MDM, and bounded on the south by Little Honker Bay.

END OF DESCRIPTION



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.



EXHIBIT B

PRC 7976.1
Slawson Exploration Co., Inc.
Negotiated Quitclaim for
Oil and Gas Lease
Solano County

EXHIBIT C

PRC 7976.1

RECORDED AT THE REQUEST OF
AND WHEN RECORDED MAIL TO:
STATE OF CALIFORNIA
State Lands Commission
100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202
Attn: Title Unit

STATE OF CALIFORNIA
OFFICIAL BUSINESS
Document entitled to free recordation
pursuant to Government Code Section 27383



No Tax Due

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**LEASE QUITCLAIM DEED
FOR STATE OIL AND GAS LEASE**

State Oil and Gas Lease No. PRC 7976 (W 40754) (Lease), covering certain State lands located in Solano County, State of California, was issued by the State of California, acting through the California State Lands Commission (State), on July 21, 1997, but effective on July 11, 1997, and was recorded in the Official Records of Solano County, as 1997-00050666, on August 7, 1997.

(Attach additional recording information if leased lands are located in and Lease is recorded in more than one county.)

Slawson Exploration Company, Inc., a Kansas Corporation D/B/A Donald C. Slawson Exploration Company, Inc. within the State of California and Santa Barbara Resources, Inc. (Lessee) are the present holders of the Lease.

Pursuant to the terms of the Lease and Section 6804.1 of the Public Resources Code, the Lessee may at any time make and file with the State a written quitclaim or relinquishment of all rights under the Lease or of any portion of the Lease comprising a 10-acre parcel or multiple thereof in compact form, or of any separate or distinct zone or geological horizon thereof underlying such 10-acre parcel or multiple thereof.

Acting in accordance with such terms, the **Lessee** does hereby release, remise and forever quitclaim unto the **State of California** all of its right, title and interest in and to the State lands or that portion of the State lands held by virtue of the Lease, which lands are or portion is described in the attached Exhibit A.

IN WITNESS WHEREOF, this Quitclaim Deed is executed this 1st day of June, 2012.

LESSEE: Slawson Exploration Company, Inc., a Kansas Corporation D/B/A
Donald C. Slawson Exploration Company, Inc. within the State of California

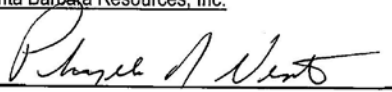
By: _____
(Signature)


Coni J. Stokes

Vice President

CA 780

LESSEE: Santa Barbara Resources, Inc.

By: 
(Signature)

Phyllis N. Ventura

President

ACKNOWLEDGMENT

STATE OF KANSAS
COUNTY OF SEDGWICK

This instrument was acknowledged before me on June 1, 2012, by Coni J. Stokes, Vice President of Slawson Exploration Company, Inc., a Kansas corporation, D/B/A, Donald C. Slawson Exploration Company, Inc. within the State of California.



Colleen K. Schawe

Notary Public in and for the State of Kansas

Printed Name: Colleen K. Schawe

Commission Expires: January 26, 2013

NOTARY ACKNOWLEDGMENT


State of California
County of Santa Barbara)

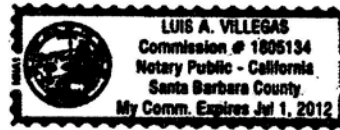
On June 28, 2012 before me, Luis Villegas, Notary Public
(Insert name and title of the officer)

personally appeared Phyllis Nancy Ventura, who proved to me on the basis of satisfactory evidence to be the person~~s~~ whose name~~s~~ is~~are~~ subscribed to the within instrument and acknowledged to me that he~~she~~ they executed the same in his~~her~~ their authorized capacity~~ies~~, and that by his~~her~~ their signature~~s~~ on the instrument the person~~s~~, or the entity upon behalf of which the person~~s~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature  (Seal)



OPTIONAL

The following information is not required by law, but may be helpful to other parties relying on the document and may deter fraudulent activity if removed and reattached to another document.

Title (or type) of Document: Lease Quitclaim Deed for State Oil and Gas Lease

Number of pages (not including this page): 4