

CALENDAR ITEM

C52

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06/24/08
PRC 3503.1
J. Smith

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**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM DEED OF
OIL AND GAS LEASE NO. PRC 3503.1 (A PARCEL OF SUBMERGED
LANDS IN THE SANTA BARBARA CHANNEL LYING
SOUTH OF EL CAPITAN BEACH STATE PARK),
SANTA BARBARA COUNTY**

LESSEE:

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

AREA, LAND TYPE, AND LOCATION:

Oil and Gas Lease No. PRC 3503.1 contains approximately 1,660 acres of submerged land in the Santa Barbara Channel in the vicinity of El Capitan Beach State Park, Santa Barbara County.

BACKGROUND:

On June 28, 1966, the California State Lands Commission (Commission) awarded Oil and Gas Lease No. PRC 3503.1 to Union Oil Company of California (Unocal) for the cash bonus of \$1,320,760.00. In 2005, Unocal was acquired by the parent of Chevron U.S.A. Inc. (Chevron). In 1967, one exploratory well was drilled on Lease No. PRC 3503.1. This well found no hydrocarbons and was abandoned to State standards and the site cleared.

On April 14, 2008, staff received a quitclaim deed for Lease No. PRC 3503.1 from Chevron. 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.

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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.

AUTHORIZATION:

- 1. ACCEPT FROM CHEVRON U.S.A. INC. THE FULL QUITCLAIM DEED OF OIL AND GAS LEASE DATED APRIL 10, 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 3503.1, ORIGINALLY DATED JUNE 28, 1966, AND ANY SUBSEQUENT AMENDMENT THERETO.
- 2. RELEASE CHEVRON U.S.A. INC. FROM ALL OBLIGATIONS UNDER OIL AND GAS LEASE NO. PRC 3503.1 ACCRUING AFTER APRIL 14, 2008.

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3. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE ANY DOCUMENTS NECESSARY TO IMPLEMENT THE COMMISSION'S ACTION.