

# Staff Report 58

## **LESSEE:**

---

California Resources Production Corporation

## **PROPOSED ACTION:**

---

Acknowledgment of a Quitclaim Deed for negotiated subsurface (No Surface Use)  
Oil and Gas Lease No. 8694

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

Oil and Gas Lease No. 8694 contains 13.86 acres of tide and submerged land in the bed of Georgiana Slough, Sections 19 and 30, Township 4 North, Range 4 East, Mount Diablo Baseline & Meridian, Sacramento County, California (see Exhibits A and B, attached).

## **BACKGROUND**

---

On October 20, 2022, the Lessee submitted a lease quitclaim deed (Exhibit C, attached) pursuant to Public Resources Code section 6804.1<sup>1</sup> which relinquishes the Lessee's full interest in State oil and gas lease No. 8694, so long as the lessees' obligations have been fulfilled and there are no outstanding defaults or breaches of the lease at the time the quitclaim deed is filed. This document, dated October 19, 2022, surrenders to the State all the Lessee's right, title, and interest in and to the leased lands. Staff has reviewed the lease and found no outstanding default or breach of the lease at the time the quitclaim deed was filed.

---

<sup>1</sup> Public Resources Code section 6804.1 – "...[s]uch quitclaim shall be effective as of the date of the filing, subject to the continued obligation of the lessee and his surety to make payment of all rentals and royalties theretofore accrued and to place all wells on the lands..., in condition for suspension or abandonment in accordance with applicable lease terms and regulations; thereupon the lessee shall be released from all obligations thereafter accruing under said lease...."

## STAFF ANALYSIS AND RECOMMENDATION:

---

The Commission authorized the negotiated subsurface oil and gas lease No. 8694 (Lease) to Towne Exploration Company LP (Towne) ([Item 82, June 26, 2006](#)). This lease was part of a pooled unit (North Isleton 30-1 Unit), which produced natural gas from a well located on private land adjacent to State lands. The Commission received royalty payments based on its unit participation and the draining of natural gas from the State's mineral interest. The negotiated subsurface lease included 13.86 acres, more or less, of tide and submerge lands in the bed of Georgiana Slough in Sacramento County, California.

Under the terms of the Lease, the Lessee was required to pay an annual rental of \$35 per acre (\$490 for 13.86 total acres), pay a royalty of 20 percent on produced gas, and maintain a performance bond in the amount of \$10,000.

On May 10, 2007, the Commission approved a partial assignment of an undivided 40 percent interest in the Lease to Capitol Oil Corporation. Towne retained an undivided 60 percent ownership interest in the Lease and continued to be the operator ([Item 86, May 10, 2007](#)). Capitol Oil Corporation was an exploration and production company that entered into an Area of Mutual Interest agreement with Towne.

On September 20, 2013, the Commission approved assignment of Towne's undivided 60 percent interest in Lease No. 8694 to Vintage Production California LLC (Vintage) ([Item 105, September 20, 2013](#)). Vintage was a subsidiary of Occidental Petroleum Corporation, a multinational corporation.

In June 2014, Capitol Oil Corporation, the holder of the 40 percent interest, assigned its undivided right, title, and interest to Vintage. Vintage thus became the holder of the full 100 percent interest in the Lease. This action was not presented to the Commission. In October 2016, Vintage's name was changed to California Resources Production Company.

A review of the Commission's files and those of the California Division of Geological Energy Management (CalGEM) confirms that no wells were drilled on or into the leased lands, no default payments exist on the Lease, and that the Lessee has complied with all applicable laws and Lease provisions and has paid all rentals.

On October 20, 2022, the Commission's Long Beach office staff received the Quitclaim Deed for State Oil and Gas Lease No. 8694 (Exhibit C, attached). This document was dated October 19, 2022, and surrenders to the State all the Lessee's right, title, and interest in and to the leased lands described in the attached Exhibit A.

**AUTHORITY:**

Public Resources Code section 6804.1.

**PUBLIC TRUST AND STATE’S BEST INTERESTS:**

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. The quitclaim is 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 or into the leased lands. Consistent with Public Resources Code section 6804.1, because no lease obligations remain outstanding, staff recommends that the Commission acknowledge receipt of the quitclaim deed. The lease quitclaim does not negatively impact the Public Trust needs and values at this location, and in fact frees up the leased land for future Public Trust uses. The proposed action is consistent with the Public Trust Doctrine and is in the best interests of the State.

**CONCLUSION:**

The Lessee executed a quitclaim deed releasing all rights, title, and interest in the lease effective as of October 20, 2022 (date of filing), the filing date of the quitclaim deed. Staff recommends acknowledgement of the quitclaim deed.

**OTHER PERTINENT INFORMATION:**

---

1. This action is consistent with the “Meeting Evolving Public Trust Needs” Strategic Focus Area of the Commission's 2021-2025 Strategic Plan.
2. Acknowledgement of a quitclaim deed is not a project as defined by the California Environmental Quality Act because it is an administrative action that will not result in direct or indirect physical changes in the environment.

Authority: Public Resources Code section 21065 and California Code of Regulations, title 14, section 15378, subdivision (b)(5).

3. No default payments currently exist on the lease, and the Lessee has complied with all applicable laws and lease provisions.

## **EXHIBITS:**

---

- A. Land Description
- B. Location Map
- C. Quitclaim Deed

## **RECOMMENDED ACTION:**

---

It is recommended that the Commission:

### **PUBLIC TRUST AND STATE'S BEST INTERESTS:**

Find that the acknowledgment of the quitclaim deed filed October 20, 2022, will not substantially interfere with the Public Trust needs and values at this location, at this time; is consistent with the Public Trust Doctrine; and is in the best interests of the State.

### **AUTHORIZATION:**

1. Acknowledge receipt of a quitclaim deed filed on October 20, 2022, for Oil and Gas Lease No. 8694, wherein the Lessee surrenders to the State all of its rights, title, and interest in and to the leased lands described in the attached Exhibit A.
2. Release California Resources Production Company from any remaining obligations under Oil and Gas Lease No. 8694 accruing after October 20, 2022, the filing date of the lease quitclaim deed.

**EXHIBIT A**

**LEASE 8694**

**LAND DESCRIPTION**

A parcel of tide and submerged land in the bed of Georgiana Slough situate in Sacramento County, California, said parcel being more particularly described as follows:

BEGINNING at the southerly corner of the parcel of land described in that certain Oil, Gas and Mineral Lease, recorded July 15<sup>th</sup>, 2005, in Book 20050715 Page 1293 Official Records of Sacramento County said corner being on the right bank of Georgiana Slough; thence northerly along said bank 2,512.96 feet; thence South 51°21'56" East 339.92 feet, more or less, to a point on the left bank of said Georgiana Slough; thence southerly along said bank 2,023.75 feet to a point on said bank which bears North 57°44'33" East from the point of beginning; thence South 57°44'33" West 467.7 feet, more or less, to the point of beginning.

EXCEPTING THEREFROM any land lying landward of the Ordinary High Water Mark of said Georgiana Slough.

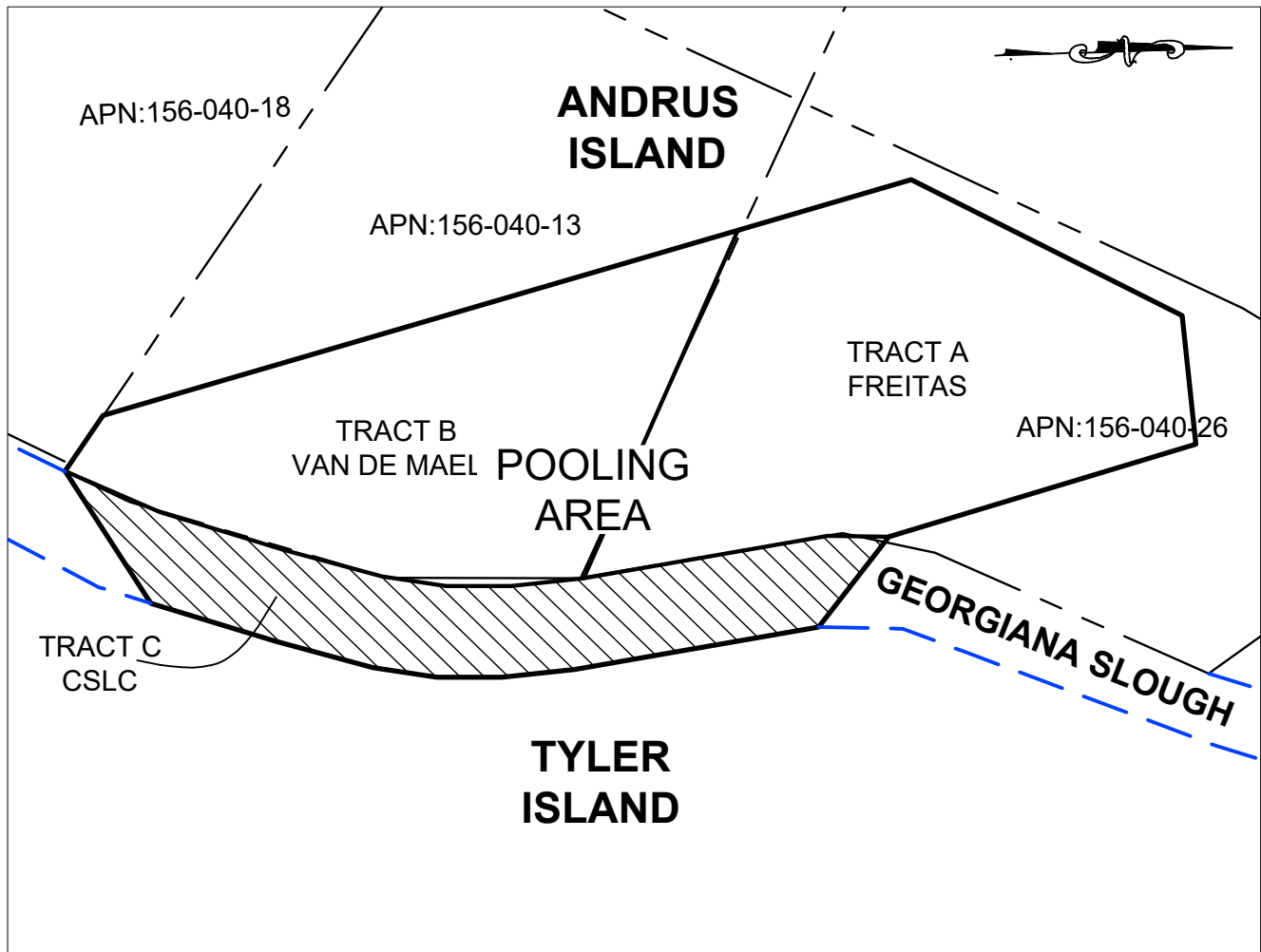
**END OF DESCRIPTION**

Prepared 10/20/2022 by the California State Lands Commission Boundary Unit



NO SCALE

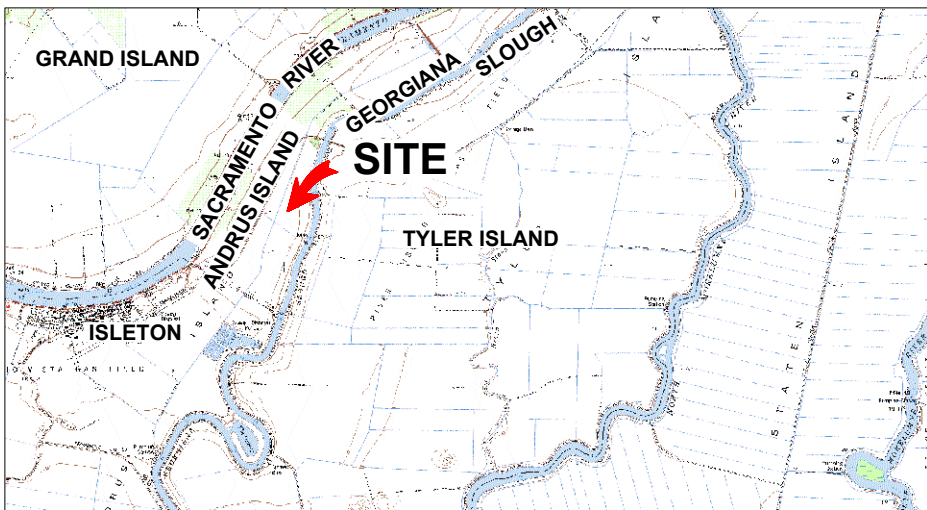
### SITE



ANDRUS ISLAND, SACRAMENTO RIVER

NO SCALE

### LOCATION



MAP SOURCE: USGS QUAD

### **Exhibit B**

LEASE 8694  
 CALIFORNIA RESOURCES  
 PRODUCTION CORPORATION  
 OIL AND GAS LEASE  
 SACRAMENTO COUNTY



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.

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 8694.1 (Lease), covering certain State lands located in Sacramento County, State of California, was issued by the State of California, acting through the California State Lands Commission (State), on June 26, 2006, and was recorded in the Official Records of County, as 20080826-0729, on August 26, 2008.  
(Attach additional recording information if leased lands are located in and Lease is recorded in more than one county.)

California Resources Production Corporation (Lessee) is the present holder 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.

Such quitclaim and relinquishment is subject to the continued obligation of the Lessee to make payment of all rentals and royalties theretofore accrued, to place all wells on the lands, or in the zones or horizons to be quitclaimed or relinquished, in a condition of abandonment in accordance with the terms of the Lease and all applicable state, local, and federal regulations, and to comply with all other terms and obligations of the Lease. Such quitclaim and relinquishment does not release Lessee from any liability for breach of any obligation of the Lease with respect to which the Lessee is in default at the time of filing the quitclaim.

IN WITNESS WHEREOF, this Quitclaim Deed is executed this 19th day of October.

LESSEE: California Resources Production Corporation

By: Valerie Riley  
(Signature)  
Valerie Riley  
(Name of Officer)  
Land Manager / Attorney-in-fact  
(Title)

Acknowledgment

# ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

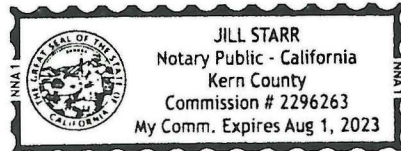
County of Kern

On October 19, 2022 before me, Jill Starr, Notary Public  
(insert name and title of the officer)

personally appeared Valerie Riley, 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)