

**CALENDAR ITEM
C72**

A 2

05/24/12
PRC 2628.1
N. Heda
M. LeClair

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**CONSIDER PARTIAL QUITCLAIM DEED OF
STATE LANDS ENCOMPASSED WITHIN
COMPENSATORY GAS AGREEMENT PRC 2628.1,
SACRAMENTO RIVER AREA NEAR GRIMES,
COLUSA AND SUTTER COUNTIES**

OPERATOR:

Venoco, Inc.
Attn.: Mr. Craig Blancett, Land Manager
370 17th St., Suite 3900,
Denver, CO 80202

AREA, LAND TYPE, AND LOCATION:

A parcel of State submerged land lying in the bed of the Sacramento River in Section 5, T14N, R1E, MDB&M in Colusa and Sutter Counties, California (Exhibit A, attached hereto).

BACKGROUND:

Compensatory Gas Agreement P.R.C. 2628.1 (Agreement) was issued September 6, 1960, between the State of California, acting by and through the State Lands Commission, referred to as "State", and Franco Western Oil company, a Delaware Corporation, and A. A. Cameron, an individual, collectively referred to as "Operator". Through a series of assignments and transfers, Venoco, Inc. is the present Operator of this Agreement.

The original Agreement contained the submerged lands in the bed of the Sacramento River in Sections 5, 6, 8, 9, 10, 15, 16, 17, and 18, T4N, R1E, and were parts of various unitized segments referred to as "Grimes Operating Units" (GOU). Prior to Venoco's interest in the Agreement, substantial changes were made to the original boundaries. The State lands within Sections 9, 10, 15, 16,

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17, and 18 were quitclaimed. The Commission accepted the quitclaim at its meeting on September 19, 1970. A previously filed partial quitclaim and termination of GOU 6 was filed December 19, 1969 and was not part of this action, nor had the Commission been notified of that quitclaim.

Paragraph 6 of the Agreement permits the parties to terminate the Agreement. Also, Public Resources Code section 6804.1 permits Venoco, as holder of the Agreement, to quitclaim all of its rights under the Agreement.

On May 2, 2012, the Commission's Long Beach office staff received the document Partial Quitclaim of Agreement P.R.C. 2628.1. This document was dated April 27, 2012 and quitclaims back to the State all of the lands contained within Section 5 ("GOU 5"), described in Exhibit A, attached hereto.

If the Commission accepts the quitclaim, the Agreement will remain only for the State lands lying in the Sacramento River within the boundaries of Sections 7 and 8 ("GOU 7" and "GOU 8").

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code section 6804.1 and Agreement paragraph 6.

OTHER PERTINENT INFORMATION:

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Cal. Code Reg., tit.14, § 15060, subd. (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 the State CEQA Guidelines.

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. Location Map
- C. Partial Quitclaim of Agreement P.R.C. 2628.1

RECOMMENDED ACTION:

It is recommended that the Commission:

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CEQA FINDING:

Find that the activity is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the 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 Venoco, Inc. (Operator) the Partial Quitclaim, dated April 27, 2012, of lands within the Compensatory Gas Agreement PRC 2628.1, wherein Venoco, Inc. quitclaims back to the State all right, title and interest in the area covering state lands within Section 5 of the Agreement.

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

EXHIBIT A

PRC 2628.1

**QUITCLAIM
LAND DESCRIPTION**

A portion of submerged land as described in PRC2628.1 dated September 6, 1960 on file at the California State Lands Commission lying in the bed of the Sacramento River adjacent to Township 14 North, Range 1 East, M.D.M., as shown on Official Government Township plat approved January 13, 1872, and also lying adjacent to Jimeno Rancho, surveyed February 1861, Counties of Sutter and Colusa, State of California, described as follows:

All of projected Sections 5, 6, 7, 8, 9, 16, 17 and 18 T.14 N., R.1 E., M.D.B.&M.; any portions of Lots 454, 455, 456, 457 and 460, as shown on that certain Map entitled Meridian Farms, Sutter County, California, Unit No. 4, filed in the Office of the County Recorder of the County of Sutter, California on May 5, 1925, in Book 5 of Surveys, at Page 29, which portions are not contained in any projected sections; and that portion of projected Section 15, T.14 N., R.1 E., M.D.B.&M., lying westerly of a projected line which is the southerly prolongation of the east line of said lot 454 as shown on said Map.

EXCEPTING THEREFROM any portion lying south of Section 5 and the westerly prolongation of the southerly line of said Section 5

END OF DESCRIPTION



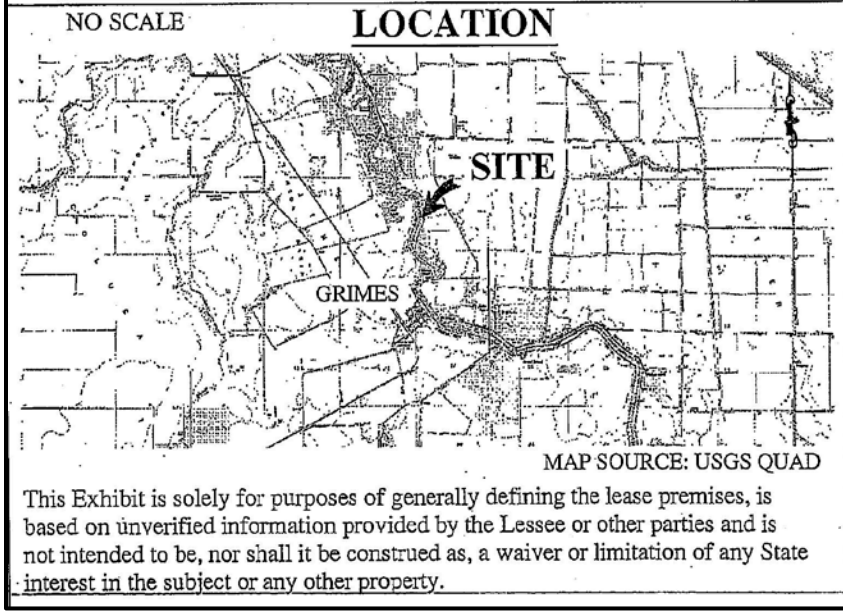
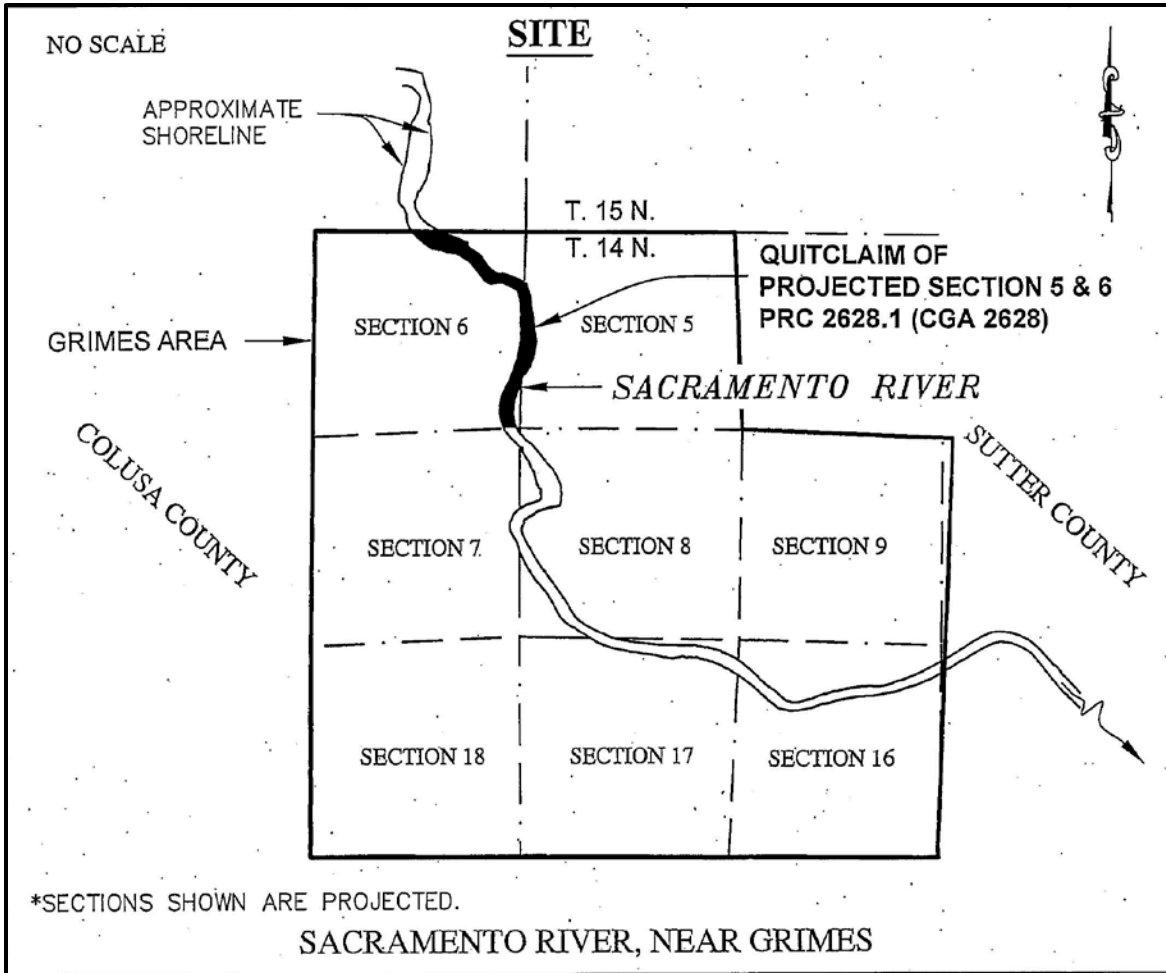


Exhibit B

PRC 2628

VENOCO, INC.

PARTIAL QUITCLAIM OF COMPOSITE GAS AGREEMENT

COLUSA & SUTTER COUNTIES

SITE

DJF 5/7/12