

**CALENDAR ITEM  
C70**

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06/22/17  
PRC 9008.1  
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**CONSIDER ACCEPTANCE OF THE FULL QUITCLAIM DEED OF  
A NEGOTIATED SUBSURFACE (NO SURFACE USE)  
OIL AND GAS LEASE NO. PRC 9008.1**

**LESSEE:**

Summit Exploration (California), LLC

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

Oil and Gas Lease No. PRC 9008.1 contains 5 acres of sovereign land underlying Tyler Slough, bounded by Georgiana Slough on the northwest and Snodgrass Slough on the southeast in the South ½ of projected Section 35 in Township 5 North, Range 4 East, and in the North ½ of projected Section 2 in Township 4 North, Range 4 East MDM, in the Walnut Grove area of Sacramento County, California (Exhibit A, attached).

**BACKGROUND:**

The Commission authorized the negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 9008.1 (Lease) to Summit Exploration (California), LLC, on August 14, 2012 ([Calendar Item C87, August 14, 2012](#)). Under the terms of the Lease, the Lessee is required to pay an annual rental of \$50 per acre (\$250 for 5 total acres) and to commence drilling operations on the leased lands within 5 years. A review of the Commission's files reveals that no wells have been drilled on or into the leased lands, no default payment exists on the Lease, and that the Lessee has complied with all applicable laws and Lease provisions and has paid all rentals.

On March 30, 2017, the Commission's Long Beach office staff received the document PRC 9008.1 Quitclaim Deed for State Oil and Gas Lease (Exhibit C, attached). This document was dated March 30, 2017, and quitclaims to the State all of the Lessee's rights, title and interest in the leased lands as described in the attached Exhibit A to Oil and Gas Lease No. PRC 9008.1.

**STAFF ANALYSIS AND RECOMMENDATION:**

Public Resources Code section 6804.1 and Lease paragraph 9 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

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to abandon all wells drilled on the leased lands. Specifically, section 6804.1 of the Public Resources Code indicates that “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”. The above lease was issued to Summit Energy on August 14, 2012 with a 5-year primary term (that is they had 5 years to commence drilling or the lease would expire under its own terms). No drilling or any other activity has been done on this lease since its issue and Summit Energy has no current plan to develop the lease. At all times, the Lessee has conformed to all lease provisions and all rent has been paid to date. Staff therefore, recommends acceptance of Summit Energy’s request to quitclaim the lease.

**Authority:**

- A. Public Resources Code section 6804.1
- B. Oil and Gas Lease No. PRC 9008.1, paragraph 9

**OTHER PERTINENT INFORMATION:**

1. This action is consistent with Strategy 1.1 of the Commission’s Strategic Plan to deliver the highest levels of public health and safety in the protection, preservation, and responsible economic use of the lands and resources under the Commission’s jurisdiction.
2. Acceptance of the 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).

**EXHIBITS:**

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

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**AUTHORIZATION:**

1. Accept from Summit Exploration (California), LLC, the full Quitclaim Deed for Oil and Gas Lease No. 9008.1, dated March 30, 2017, wherein the lessee quitclaims to the State all of its right, title and

CALENDAR ITEM NO. **C70** (CONT'D)

interest in the leased lands described in the attached Exhibit A, attached hereto.

2. Release Summit Exploration (California), LLC, from all obligations under Oil and Gas Lease No. PRC 9008.1 accruing after March 30, 2017, the filing date of the quitclaim deed.
3. Authorize the Executive Officer or her designee to execute any documents necessary to implement the Commission's action.

## EXHIBIT A

PRC 9008.1

### LAND DESCRIPTION

A parcel of State sovereign land lying in the historic bed of Tyler Slough, adjacent to Swamp and Overflow survey 356, patented January 9, 1874, Swamp and Overflow survey 135, patented January 9, 1874, Swamp and Overflow survey 596, patented June 16, 1871, Swamp and Overflow survey 795, patented June 16, 1871, and Government Lot 4 of Section 35, Township 5 North, Range 4 East, M.D.M., as shown on Official Government Township plat approved June 18, 1859, County of Sacramento, State of California, bounded as follows:

All that sovereign land bounded on the north by Georgiana Slough, bounded on the south by Snodgrass Slough, bounded on the east and west by the Ordinary High Water Marks of the east and west banks of Tyler Slough.

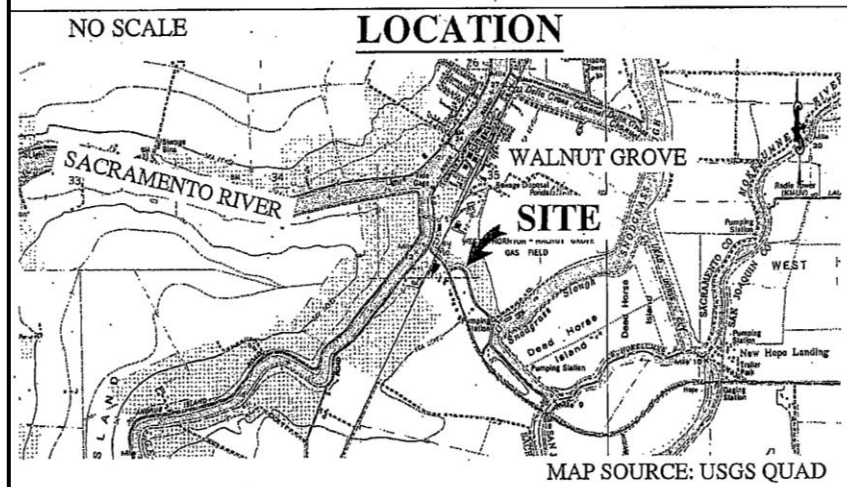
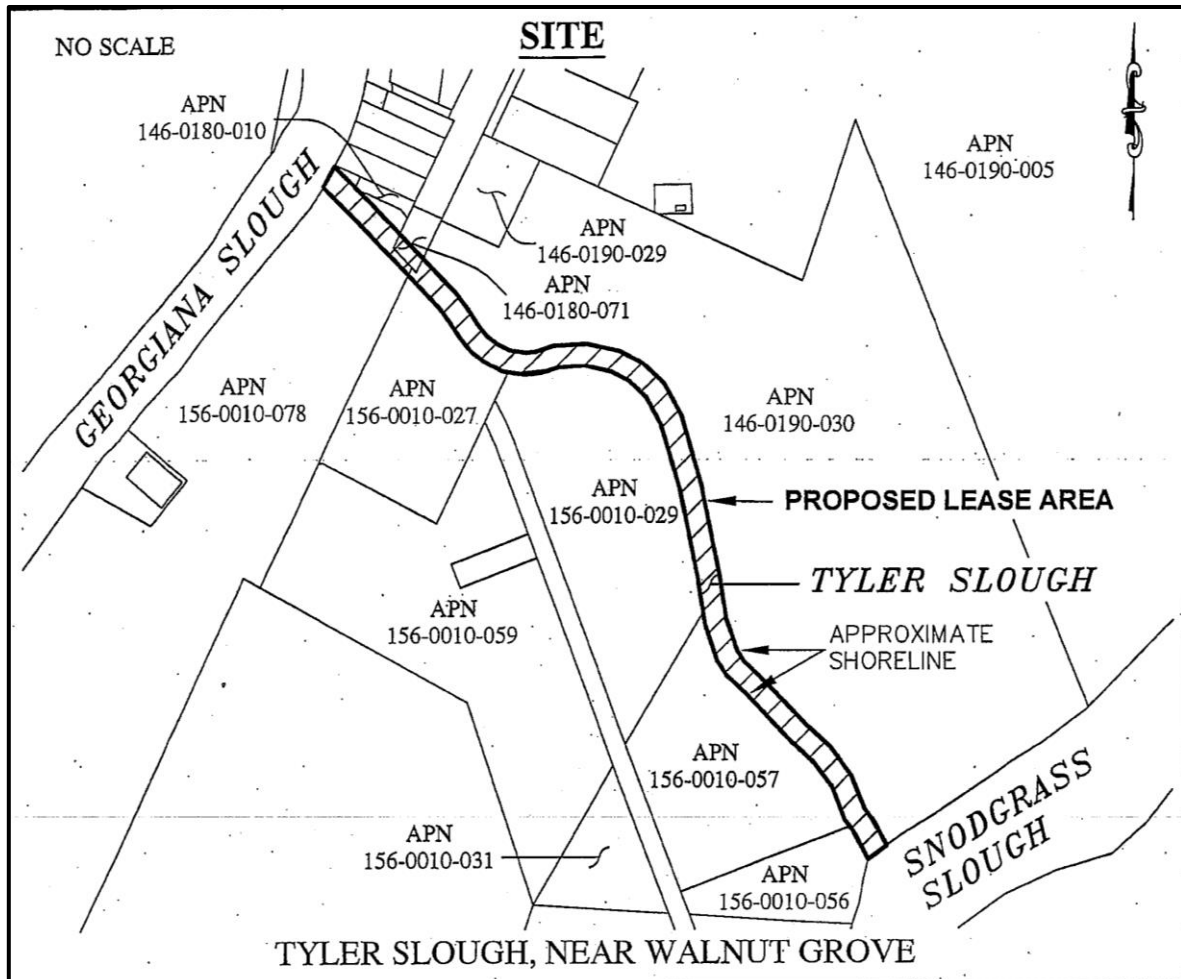
END OF DESCRIPTION

Prepared 5/10/2012 by the California State Lands Commission Boundary Unit.



**EXHIBIT B**

PRC 9008.1



**Exhibit B**  
PRC 9008.1  
Summit Exploration  
(California), LLC  
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.

DJF 05/30/12

**EXHIBIT C**

PRC 9008.1

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**

**WHEREAS**, State Oil and Gas Lease No. PRC 9008.1 (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 August 14, 2012.


**WHEREAS**, Summit Exploration (California), LLC (Lessee), is the present holder of the Lease.

**WHEREAS**, 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.

**NOW THEREFORE**, 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 30<sup>th</sup> day of March, 2017.

LESSEE: SUMMIT EXPLORATION (CALIFORNIA), LLC

By:   
Terry L. Shyer


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President and Chief Executive Officer

**ACKNOWLEDGMENT**

STATE OF OKLAHOMA §  
§  
COUNTY OF OKLAHOMA §

This instrument was acknowledged before me on March 30<sup>th</sup>, 2017 by Terry L. Shyer, President and Chief Executive Officer of Summit Exploration (California), LLC, on behalf of said company.



  
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Notary Public in and for the State of Oklahoma

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All that sovereign land bounded on the north by Georgiana Slough, bounded on the south by Snodgrass Slough, bounded on the east and west by the Ordinary High Water Marks of the east and west banks of Tyler Slough.

**END OF DESCRIPTION**

Prepared 5/10/2012 by the California State Lands Commission Boundary Unit.

