

**STAFF REPORT  
C87**

A 11

10/19/17

PRC 7318.1

PRC 7657.1

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**CONSIDER ACKNOWLEDGMENT OF RECEIPT OF THE  
FULL QUITCLAIM DEEDS FOR NEGOTIATED SUBSURFACE  
(NO SURFACE USE) OIL AND GAS LEASE NOS. PRC 7318.1 AND PRC 7657.1**

**LESSEE:**

Island Energy Partners, LLC

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

Oil and Gas Lease No. PRC 7318.1 (PRC 7318.1) contains approximately 30 acres of tide and submerged lands in the vicinity of the Piper Slough in Contra Costa County, and Oil and Gas Lease No. PRC 7657.1 (PRC 7657.1) contains approximately 140 acres of tide and submerged lands in the vicinity of the False River in Contra Costa County (Exhibits A, B, C, and D, attached). PRC 7318.1 and PRC 7657.1 together (Leases) contain approximately 170 acres of leased lands and collectively are referred to herein as the leased lands.

**BACKGROUND:**

On July 10, 1989, the Commission entered into the negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 7318.1 with Tri-Valley Oil & Gas Company (Tri-Valley), ([Item 50, July 10, 1989](#)); and on September 23, 1992, the Commission entered into the negotiated subsurface (no surface use) Oil and Gas Lease No. PRC 7657.1 with Sierra Energy Company (Sierra), ([Item C58, September 23, 1992](#)). On September 9, 1993, the Commission approved an assignment of an undivided 100 percent interest in PRC 7657.1 from Sierra to Tri-Valley ([Item C33, September 9, 1993](#)).

Under the terms of PRC 7318.1, the Lessee is required to pay an annual rental of \$25 per acre (\$750 for 30 total acres). Similarly, the Lessee is also required to pay an annual rental of \$30 per acre (\$4,200 for 140 total acres) under the terms of PRC 7657.1. Both leases require production to commence from the leased lands within 5 years. The royalty for PRC 7318.1 is 25 percent and for PRC 7657.1 it is 20 percent.

On August 17, 2007, staff received partial Quitclaim Deeds, dated August 15, 2007, for the Leases (approximately 48 percent of PRC 7318.1 and 28 percent of PRC 7657.1).

## STAFF REPORT NO. **C87** (CONT'D)

As a result of a bankruptcy, Tri-Valley's remaining interests in both leases were acquired by Island Energy Partners, LLC (IEP), on September 6, 2013. One well, Martins-Severin #6, was drilled on PRC 7318.1, and two wells, the Webb Tract #1 and Webb Tract #2, were drilled on PRC 7657.1 by Tri-Valley. The bottom holes for all three wells are located under the Sacramento River.

Upon acquisition of both leases, IEP continued to produce gas for sale from the subject wells. Because of the complexity of the bankruptcy, IEP was unaware of its obligations to pay royalty until staff contacted it in October 2015. IEP has now paid all the rents and royalty due to the State from the time it acquired the leases.

On January 13, 2017, staff received the full Quitclaim Deeds for both Leases, dated December 30, 2016, which quitclaimed back to the State the entirety of both Leases (Exhibits H and I attached). However, the three wells on State lands were not plugged and abandoned in compliance with lease provisions and Division of Oil, Gas, and Geothermal Resources (DOGGR) standards and procedures.

On August 23, 2017, staff received Reports by DOGGR confirming that the wells were since properly plugged and abandoned (See Exhibits E, F and G, attached). A review of the Commission's files reveals that no defaults exist on the Leases, and that the Lessee has otherwise complied with all applicable laws and Lease.

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 Leases. The quitclaims are effective when filed with the State. Staff presents this staff report and authorization to acknowledge and confirm the completion of the Lessee's obligations under the leases so that staff may properly release held performance bonds or other guarantees held under the leases.

### **Authority:**

- A. Public Resources Code section 6804.1
- B. Oil and Gas Lease Nos. PRC 7318.1 and PRC 7657.1, Paragraph 30

### **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.

**STAFF REPORT NO. C87 (CONT'D)**

2. Acceptance of the quitclaim deeds 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 for PRC 7318.1
- B. Location Map for PRC 7318.1
- C. Land Description for PRC 7657.1
- D. Location Map for PRC 7657.1
- E. DOGGR Abandonment Approval for Well "Martins-Severin" 6
- F. DOGGR Abandonment Approval for Well "Webb Tract" 1
- G. DOGGR Abandonment Approval for Well "Webb Tract" 2
- H. Quitclaim Deed PRC 7318.1
- I. Quitclaim Deed PRC 7675.1

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**AUTHORIZATION:**

1. Acknowledge receipt of the full Quitclaim Deeds for Oil and Gas Lease Nos. PRC 7318.1 and PRC 7657.1, effective January 13, 2017, wherein the Lessee quitclaims to the State all rights, title and interest in the leased lands described in the attached Exhibits A and C.
2. Find that Island Energy Partners, LLC, has complied with all obligations under Oil and Gas Lease Nos. PRC 7318.1 and PRC 7657.1, including its obligation to fully and properly abandon wells producing from the leased lands.
3. Release Island Energy Partners, LLC, from all obligations under Oil and Gas Lease Nos. PRC 7318.1 and PRC 7657.1.
4. Authorize the Executive Officer or her designee to execute any documents necessary to implement the Commission's action.

## **EXHIBIT A**

**PRC 7318.1**

### **LAND DESCRIPTION**

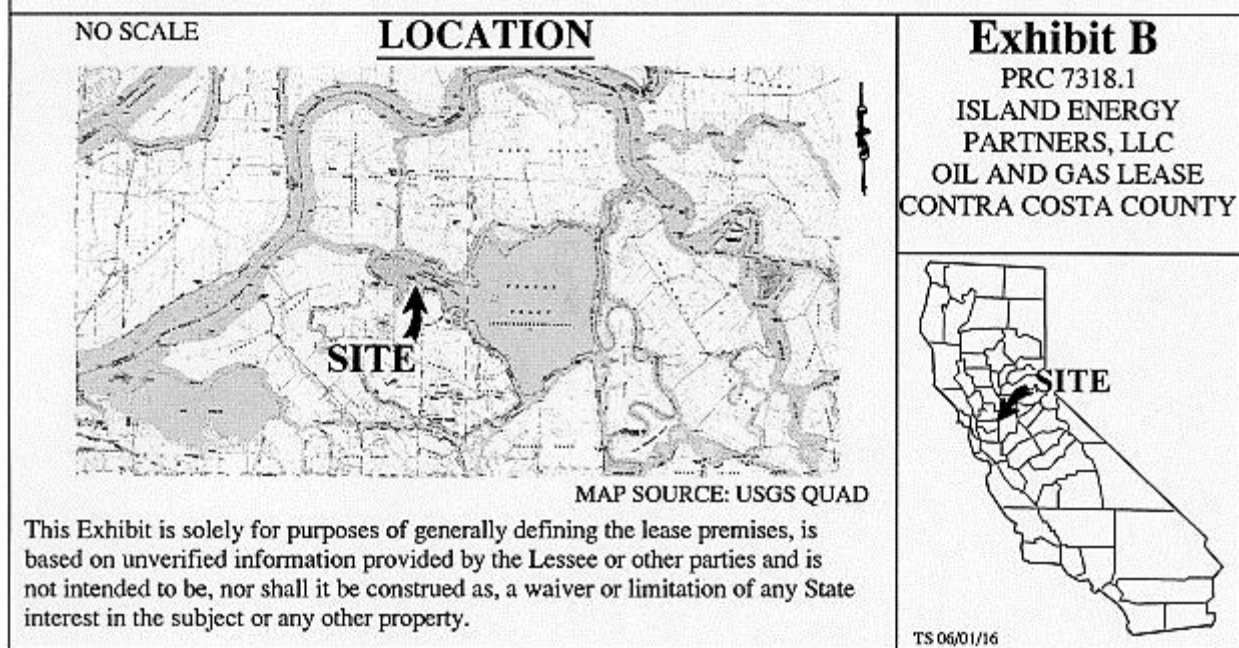
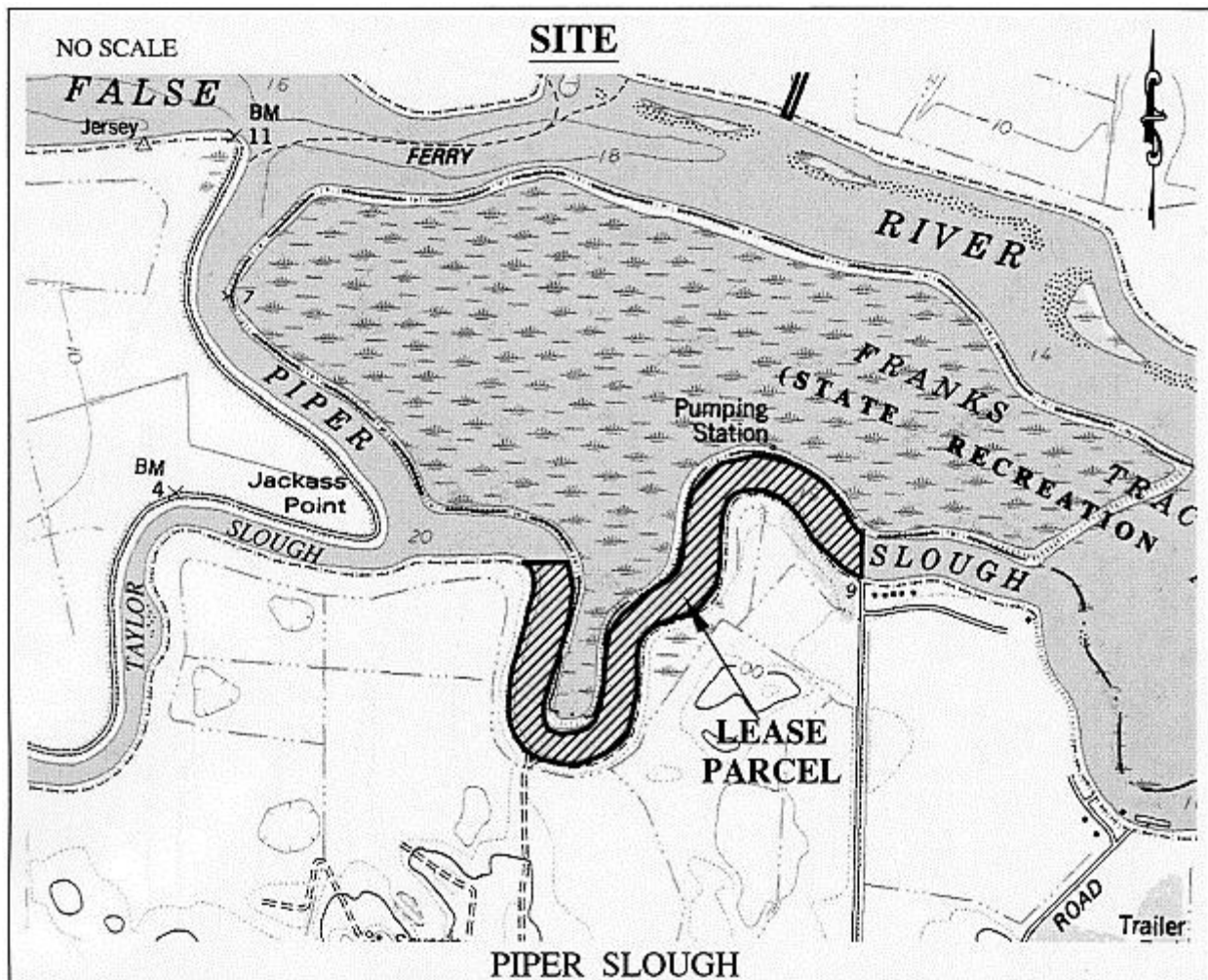
A parcel of tide and submerged land in the bed of Piper Slough in Contra Costa County, California described as follows:

That portion of the bed of Piper Slough bounded by the ordinary high water marks of said slough; bounded on the northwest by the easterly extension of the line of the southerly levee of Piper Slough from its confluence with Taylor Slough, said extension is produced through a point of approximate scaled zone 3 (1927) coordinates of N 568200 feet and E 1669500 feet, said coordinates scaled from Jersey Island, California Quad dated 1978; and bounded on the southeast by the northerly extension of the centerline of Bethel Island Road.

### **END OF DESCRIPTION**

The above description revised by California State Lands Commission Boundary Unit on June 1, 2016. Original description prepared by California State Lands Commission on July 6, 1989 as found in PRC 7318 file, Calendar Item 50.





## EXHIBIT C

PRC 7657.1

### LAND DESCRIPTION

A parcel of tide and submerged land in the beds of False River, Serpent Slough and Short Slough in Contra Costa County, California, more particularly described as follows:

BEGINNING at the intersection of the Ordinary High Water Mark on the north bank of False River with the common boundary between the lands described in that certain Grant Deed to Michael Skarry, et ux, recorded on February 12, 1987 in Book 13446 at page 266, and the lands described in that certain Quit Claim Deed to Peter L. Townsend, et ux, recorded on February 3, 1977 in Book 8189 at page 500; thence southerly along the southerly prolongation of the aforesaid common boundary to the intersection with the Ordinary High Water Mark on the south bank of false River, thence easterly along said Ordinary High Water Mark of said south bank of false River to a point at the northeasterly terminus of the common boundary between the lands granted to the State of California and described in Document No. 3482-522, recorded on October 27, 1959, and the lands granted to the State of California and described in Document No. 3900-486 recorded on June 30, 1961 Contra Costa Records; thence from said point crossing False River, N 35° E, to the Ordinary High Water Mark on the north bank of said river; thence westerly along said Ordinary High Water Mark on the north bank to the POINT OF BEGINNING.

TOGETHER WITH all those tide and submerged lands lying between the Ordinary High Water Mark in the historical bed of Short Slough.

ALSO TOGETHER WITH all those tide and submerged lands lying between the Ordinary High Water Mark in the historical bed of Serpent Slough.

EXCEPTING THEREFROM those parcels of land as shown on Exhibit D, on calendar page 333, approved in Calendar Item C66, by the California State Lands Commission on October 13, 2007 and filed under PRC 7657, in the Official Records of said Commission.

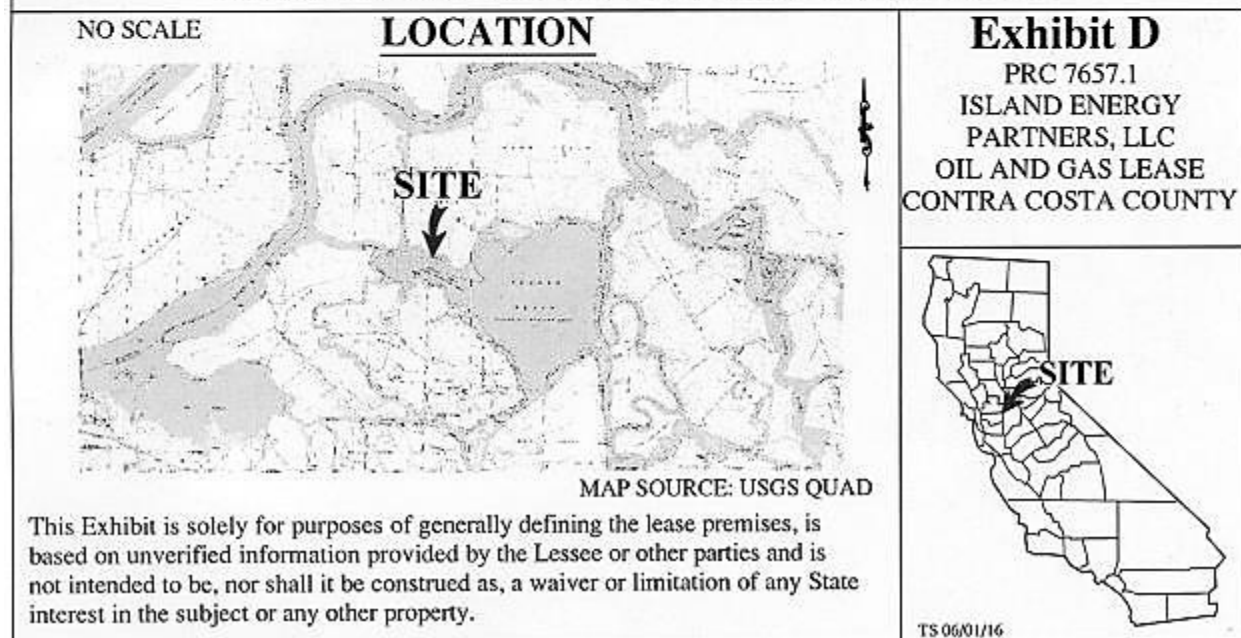
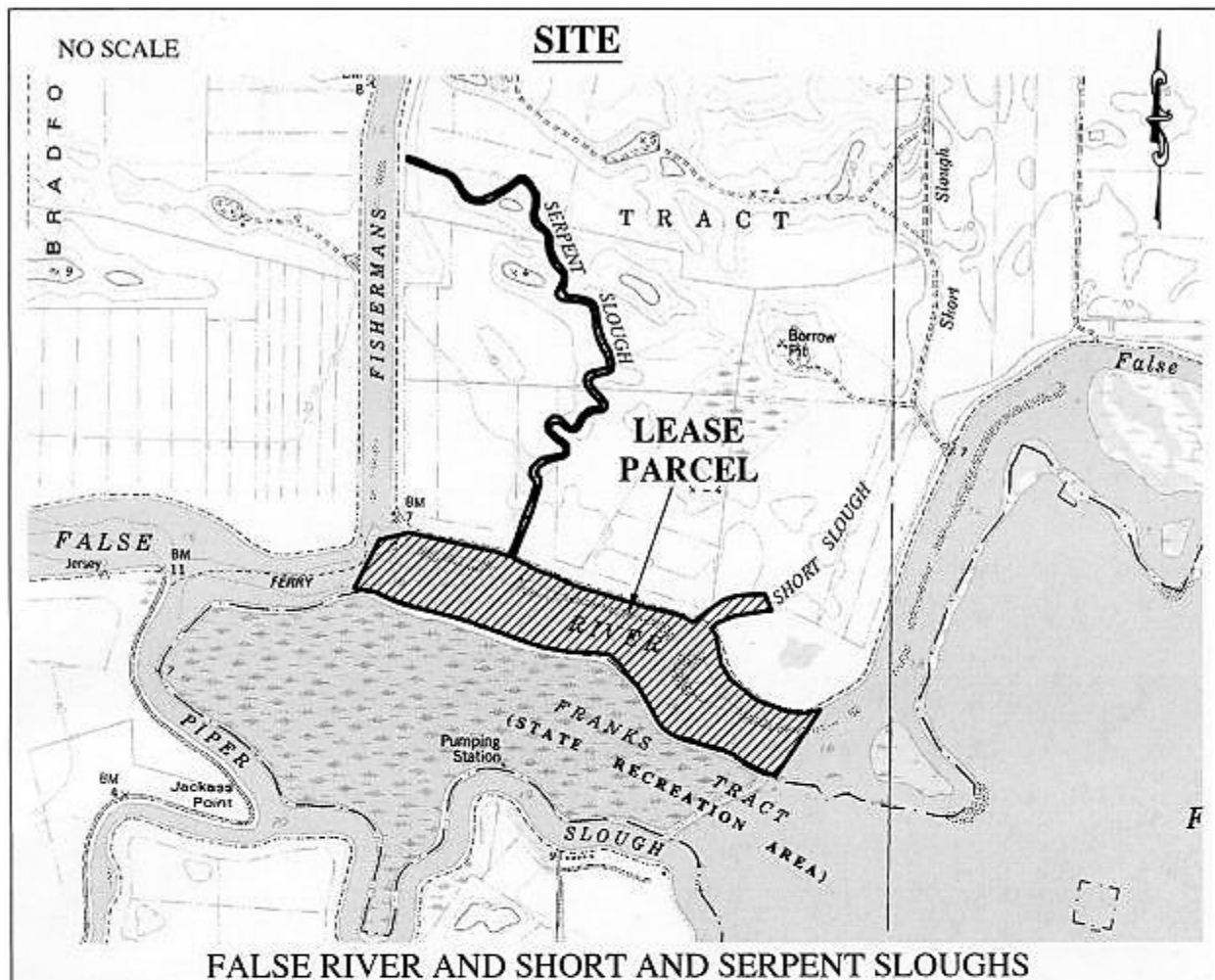
### END OF DESCRIPTION

The above description revised by California State Lands Commission Boundary Unit on June 1, 2016.

Original description prepared by California State Lands Commission on June, 1992 as found in PRC 7657 file, Calendar Item 58.







## EXHIBIT E

PRC 7318  
PRC7657



NATURAL RESOURCES AGENCY OF CALIFORNIA  
DEPARTMENT OF CONSERVATION  
DIVISION OF OIL, GAS & GEOTHERMAL RESOURCES  
Northern California District – Sacramento  
801 K Street • MS 18-05 / Sacramento, CA 95814  
(916) 322-1110 / [Dogdist6@conservation.ca.gov](mailto:Dogdist6@conservation.ca.gov) / Fax (916) 445-3319

No. T 616-0056

### REPORT ON OPERATIONS

Mr Dero Parker  
Island Energy Partners, LLC (I0883)  
PO Box 520  
Lincoln, CA 95648

Sacramento, California  
November 28, 2016

Your operations at well "Martins-Severin" 6, A.P.I. No. 013-20344, Sec. 4, T. 02N, R. 03E, MD B.&M., Dutch Slough Gas field, in Contra Costa County, were witnessed on 11/15/2016, by Colin Lawson, a representative of the supervisor.

The operations were performed for the purpose of: Abandonment

DECISION: The plugging/cementing operations as witnessed and reported are approved.

Kenneth A. Harris Jr.  
State Oil & Gas Supervisor

*Charlene L Wardlow*  
Charlene L. Wardlow  
Northern CA District Deputy

COL/sh



## EXHIBIT F

PRC 7318.1  
PRC 7657.1



State of California • Natural Resources Agency  
Department of Conservation  
Division of Oil, Gas, and Geothermal Resources  
Northern California District – Sacramento  
801 K Street • MS 18-05  
Sacramento, CA 95814  
(916) 322-1110 • FAX (916) 445-3319

Edmund G. Brown Jr., Governor  
Kenneth A. Harris Jr., Oil and Gas Supervisor

### REPORT OF WELL ABANDONMENT

Sacramento, California  
May 08, 2017

Mr. Dero Parker, Jr.  
Island Energy Partners, LLC (I0883)  
PO Box 520  
Lincoln, CA 95648

Your report of abandonment of well "Webb Tract" 1, A.P.I. No. 013-20328, Section 34, T. 03N, R. 03E, MD B.&M., Rio Vista Gas field, Contra Costa County, dated --, received --, has been examined in conjunction with records filed in this office. We have determined that all of the requirements of this Division have been fulfilled relative to plugging and abandonment of the well, removal of well equipment and junk, and filing of well records.

#### NOTE:

1. Surface plugging completed on 12/9/2016.
2. Site inspection made and approved on 4/21/2017.

Bond 6-433  
Released 4/7/1997

Kenneth A. Harris Jr.  
State Oil and Gas Supervisor

*Charlene L Wardlow*  
Charlene L. Wardlow  
Northern District Deputy

## EXHIBIT G

PRC 7318.1

PRC 7657.1



State of California • Natural Resources Agency

Department of Conservation

Division of Oil, Gas, and Geothermal Resources  
Northern California District – Sacramento

801 K Street • MS 18-05

Sacramento, CA 95814

(916) 322-1110 • FAX (916) 445-3319

Edmund G. Brown Jr., Governor

Kenneth A. Harris Jr., Oil and Gas Supervisor

### REPORT OF WELL ABANDONMENT

Sacramento, California

May 04, 2017

Mr. Dero Parker  
Island Energy Partners, LLC (I0883)  
PO Box 520  
Lincoln, CA 95648

Your report of abandonment of well "Webb Tract" 2, A.P.I. No. 013-20341, Section 34, T. 03N, R. 03E, MD B.&M., Rio Vista Gas field, Contra Costa County, dated 1/24/2017, received --, has been examined in conjunction with records filed in this office. We have determined that all of the requirements of this Division have been fulfilled relative to plugging and abandonment of the well, removal of well equipment and junk, and filing of well records.

#### NOTE:

1. Surface plugging completed on 12/9/2016.
2. Site inspection made and approved on 4/24/2017.

Kenneth A. Harris Jr.  
State Oil and Gas Supervisor

*Charlene L Wardlow*

Charlene L. Wardlow  
Northern District Deputy

## EXHIBIT H

PRC 7318.1

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 7318/ (Lease), covering certain State lands located in Contra Costa County (ies), State of California, was issued by the State of California, acting through the California State Lands Commission (State), on 07/10/1989, and was recorded in the Official Records of Contra Costa County, as \_\_\_\_\_, on \_\_\_\_\_.

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

Island Energy, LLC (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 A.

IN WITNESS WHEREOF, this Quitclaim Deed is executed this 30th day of December, 2016.

LESSEE: Island Energy, LLC

PO Box 520 Lincoln, CA. 95648

By:

  
(Signature)

Dero Parker, Jr

(Name of Officer)

Agent

(Title)

Acknowledgment

NOTARY DOCUMENT  
ATTACHED

## 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 Placer

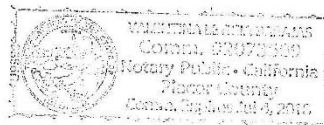
On 01/05/2017 before me, Valentina Leticia Barajas, Notary Public  
(insert name and title of the officer)

personally appeared DEDDO D. PARKER JR  
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 [Signature] (Seal)



# EXHIBIT I

PRC 7657.1

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 7657 (Lease), covering certain State lands located in  
Contra Costa County (ies), State of California, was issued by the State of California, acting  
through the California State Lands Commission (State), on 09/23/1992, and was recorded in the Official Records of  
Contra Costa County, as  
\_\_\_\_\_, on \_\_\_\_\_.

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

Island Energy, LLC (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.

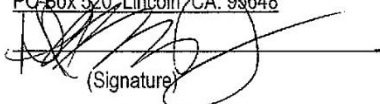
Acting in accordance with such terms, the Lessee does hereby release, remise and forever quitclaim unto the State of  
California all of its right, title and interest in and to the State lands or that portion of the State lands held by virtue of the Lease,  
which lands are or portion is described in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

IN WITNESS WHEREOF, this Quitclaim Deed is executed this 30th day of December, 2016.

LESSEE: Island Energy, LLC

P.O. Box 520, Lincoln, CA 95648

By:

  
(Signature)

Dero Parker, Jr

(Name of Officer)

Agent

(Title)

Acknowledgment

**NOTARY DOCUMENT  
ATTACHED**

## 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 Placer

On 01/05/2017 before me, Valentina Leticia Barajas, Notary Public  
(insert name and title of the officer)

personally appeared DEDRIO D. PARKER JR  
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 [Signature] (Seal)

