

**STAFF REPORT**

**99**

A 37

06/28/19

PRC 3914.1

S 19

L. Pino

**TERMINATION OF A GENERAL LEASE – RIGHT-OF-WAY USE**

**LESSEE:**

Signal Hill Service, Inc.

**LAND TYPE, AND LOCATION:**

Approximately 13.1 acres of sovereign land in the Santa Barbara Channel, near Rincon Point, Santa Barbara and Ventura Counties.

**AUTHORIZED USE:**

The use and maintenance of four pipelines from Federal Platform Hogan to an onshore point: a 4-inch-diameter water pipeline, two 10-inch-diameter oil pipelines, a 12-inch-diameter gas pipeline; and a nonoperational 8-inch- diameter outfall pipeline from shore.

**LEASE TERM:**

10 years, beginning March 1, 2013.

**CONSIDERATION:**

Annual rent in the amount of \$57,575, with the State reserving the right to adjust the rent periodically during the lease term, as provided in the lease.

**SPECIFIC LEASE PROVISIONS:**

*Insurance:* No less than \$1,000,000 per occurrence.

*Bond:* No less than \$50,000.

**STAFF ANALYSIS AND RECOMMENDATION:**

**Authority:**

Public Resources Code sections 6005, 6216, 6301, and 6501.1; California Code of Regulations, title 2, sections 1906 and 2000.

**Background:**

Lease No. PRC 3914.1 was initially authorized by the Commission on February 29, 1968, to Phillips Petroleum Company for four pipelines and one outfall pipeline for a 15-year term, with three renewal periods of 10 years each (staff report not prepared). On January 27, 1983, the

STAFF REPORT NO. 99 (CONT'D)

Commission authorized the renewal and amendment of the pipeline right-of-way lease for ten years, commencing March 1, 1983, with two renewal periods of 10 years each ([Item 4, January 27, 1983](#)). On February 12, 1997, the Commission authorized the assignment of the Lease to Signal Hill Service, Inc.; and the amendment and renewal of the Lease, for 20-years beginning March 1, 1993 ([Item 52, February 12, 1997](#)).

On September 20, 2013, the Commission issued a 10-year, General Lease – Right-of-Way Use, to Signal Hill Service, Inc., for the operation and maintenance of four existing submerged pipelines, crossing state sovereign lands, serving Platform Hogan in federal waters. The improvements consist of a 4-inch-diameter water pipeline, two 10-inch-diameter oil pipelines, a 12-inch-diameter gas pipeline, extending approximately 14,500 feet from shore to the easterly boundary of County of Santa Barbara's legislative grant; and a nonoperational 8-inch-diameter outfall, extending approximately 500 feet from shore into the Pacific Ocean, near Rincon Point, Santa Barbara and Ventura Counties, beginning March 1, 2013 ([Item 94, September 20, 2013](#)). The Lease would expire on February 28, 2023, absent termination.

On December 14, 2015, staff sent Invoice No. 38884 to Lessee for the 2016 – 2017 rental period of the Lease, with payment due on March 1, 2016. On January 10, 2017, staff sent Invoice No. 41466 to Lessee for the 2017-2018 rental period of the Lease, with payment due on March 1, 2017; payment was never received. Several past due notices were sent to the Lessee, as shown in the attached correspondence (see Exhibit C). On July 13, 2017, staff contacted the Lessee to discuss the unpaid rent.

On August 29, 2017, the Lessee notified staff that it could not pay the rent due to the depressed crude oil market. Additionally, the Lessee informed staff that it was working to abandon its nonproducing wells with the cooperation and approval of the U.S. Bureau of Safety and Environmental Enforcement. The Lessee stated that if the crude oil market did not significantly improve within 12 months, it planned to commence abandoning all remaining producing wells.

On September 14, 2017, staff sent a Notice of Default to Signal Hill covering several breaches of contract, including the non-payment of rent and failure to provide and maintain a bond as required under the Lease. On September 19, 2017, the Lessee requested a meeting with staff. On September 22, 2017, staff met with the Lessee to discuss how to bring the lease into good standing. On February 20, 2018, the Lessee submitted a formal proposal to address the unpaid rent. The Lessee proposed to make

STAFF REPORT NO. 99 (CONT'D)

payments over several years at a rate tied to the market price for oil. The Lessee also proposed that a bond from one of its oil and gas leases be transferred to the pipeline lease. Staff was clear during various calls and meetings that regardless of whether the proposal was accepted or rejected, the Lessee needed to make a good faith effort to repay the rent in arrears to demonstrate its intent to bring the lease into compliance. During these discussions with the Lessee, interest accruals were tolled on the unpaid rent.

The Lessee has not communicated with staff since these discussions and submittal of its proposal. On January 31, 2019, staff sent a notice to the Lessee that if the good faith payment previously discussed and the 2019-2020 lease year rental payment due March 1 were not received by March 1, 2019, interest would resume until the Lessee's violations were cured. To date, Lessee has made no payments since 2015.

The Lessee owes \$282,094.34 in unpaid rent including penalties for the period from November 22, 2015, through June 28, 2019, and interest, for the period from November 22, 2015, to February 20, 2018, and March 1, 2019, to June 28, 2019, with interest accruing daily. These calculations are shown in the attached Exhibit D.

The Lease requires the Lessee to provide and maintain a bond of no less than \$50,000 that was to be secured upon delivery of the Lease. The only bond on file lapsed in 2013 when the company holding the bond went out of business. Staff has no record of a subsequent bond being obtained as required under the Lease. Failure to maintain the bond as required by the Lease is an additional breach of the Lessee's obligations under the lease agreement.

**Public Trust and State's Best Interest Analysis:**

Lease compliance is essential to ensure that Public Trust lands are being used responsibly, equitably, and in the best interests of the State. The recommended termination of Lease No. PRC 3914.1, by quitclaim or by direct action of the Commission, for Lessee's failure to pay rent and failure to maintain the \$50,000 surety bond required by the Lease is in the State's best interests, because its purpose is to enforce the material terms of the Lease. The termination of this Lease is an administrative action that does not directly impact or interfere with Public Trust resources, uses, and values. However, the effective management and enforcement of the Commission's leases serves the Public Trust by holding lessees accountable for all aspects of the Lease, from payment of rent to the

STAFF REPORT NO. 99 (CONT'D)

prevention of environmental harm that may result from an uncontrolled discharge of oil.

**OTHER PERTINENT INFORMATION:**

1. The Commission's decision to terminate the lease is a discretionary action by the Commission. Each time the Commission approves or rejects a use of sovereign land, it exercises legislatively delegated authority and responsibility as trustee of the State's Public Trust lands as authorized by law.
2. In addition to recommending the termination of this Lease, staff is also requesting the termination of three oil and gas leases, PRC 3133.1, PRC 4000.1, and PRC 7911.1, located offshore Carpenteria, which are held by Carone Petroleum Inc.; Carone Petroleum Inc. and Signal Hill Services, Inc. share a similar ownership group. Staff is recommending termination of these leases for failure to produce oil and gas, failure to pursue a development program, and failure to pay annual rent. The recommendation to terminate these oil and gas leases is also on the June 28, 2019 Commission meeting agenda, as Agenda Item 98.
3. 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, and Strategy 1.5 to ensure the highest level of environmental protection and public safety in the production and transportation of oil and gas resources.
4. Termination of the Lease 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. Site and Location Map
- C. Invoices and Past Due Notices
- D. Current Penalty and Interest Calculation

STAFF REPORT NO. 99 (CONT'D)

**RECOMMENDED ACTION:**

It is recommended that the Commission:

**AUTHORIZATION:**

1. Find that Signal Hill Service, Inc., is in default of Lease No. PRC 3914.1, because it has not complied with:
  - Section 3, General Provisions, paragraphs 2(a)(1) and 11(a)(1) of the lease by failure to pay the annual rent specified in Section 1, Basic Provisions, CONSIDERATION;
  - Section 3, General Provisions, paragraphs 9(a) and 9(c), SURETY BOND, by failure to provide evidence of a bond and maintain a bond in the amount specified in Section 1, Basic Provisions, SURETY BOND OR OTHER SECURITIES.
2. Terminate Lease No. PRC 3914.1, a General Lease – Right-of-Way Use issued to Signal Hill Service, Inc., for failure to cure or cause to be cured the defaults of the Lease set forth in Authorization paragraph 1 above.
3. Direct staff to cooperate, as needed, with federal, state, and local agencies in any activity necessary to enforce the termination of the Leases.
4. Authorize the Executive Officer or her designee, in cooperation with the Office of the Attorney General and, if reasonably necessary, retain outside counsel, to take all steps reasonably necessary, including litigation, to enforce the termination of Lease No. PRC 3914.1 against Signal Hill Services, Inc., and any agents, successors, or assigns; to access the Lease to ensure the health and safety of the people of California and the surrounding environment; to eject trespassers that occupy the Lease; to seek removal of improvements, if any, from State sovereign land overlying the Lease; to restore the sovereign land at this location to the satisfaction of the Commission; and to recover the Commission's damages and costs.

**EXHIBIT A**

**PRC 3914.1**

**LAND DESCRIPTION**

A strip of tide and submerged land fifty (50) feet wide, lying in the Pacific Ocean, Counties of Ventura and Santa Barbara, State of California, the centerline of which is described as follows:

BEGINNING at a point having CCS27, Zone 5 coordinates of East (X) = 1,516,525 feet and North (Y) = 319,420 feet; thence S 54°30'00" W 14,010 feet to the easterly boundary of the lands granted in trust to the County of Santa Barbara pursuant to Chapter 846, California Statutes of 1931, and the terminus of said centerline.

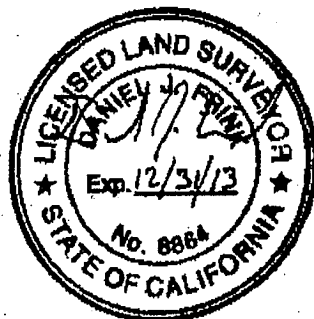
EXCEPTING THEREFROM any portion lying landward of the Ordinary High Water Mark of the Pacific Ocean.

The sidelines of said strip shall be prolonged or shortened so as to commence at the Ordinary High Water Mark of the Pacific Ocean, and terminate at the easterly line of said grant.

This description is based on the California Coordinate System of 1927, Zone 5. All distances are grid distances.

**END OF DESCRIPTION**

Prepared 4/19/2012 by the California State Lands Commission Boundary Unit.



# EXHIBIT B

## Carone/Signal Hill State Leases with Associated Federal OCS infrastructure

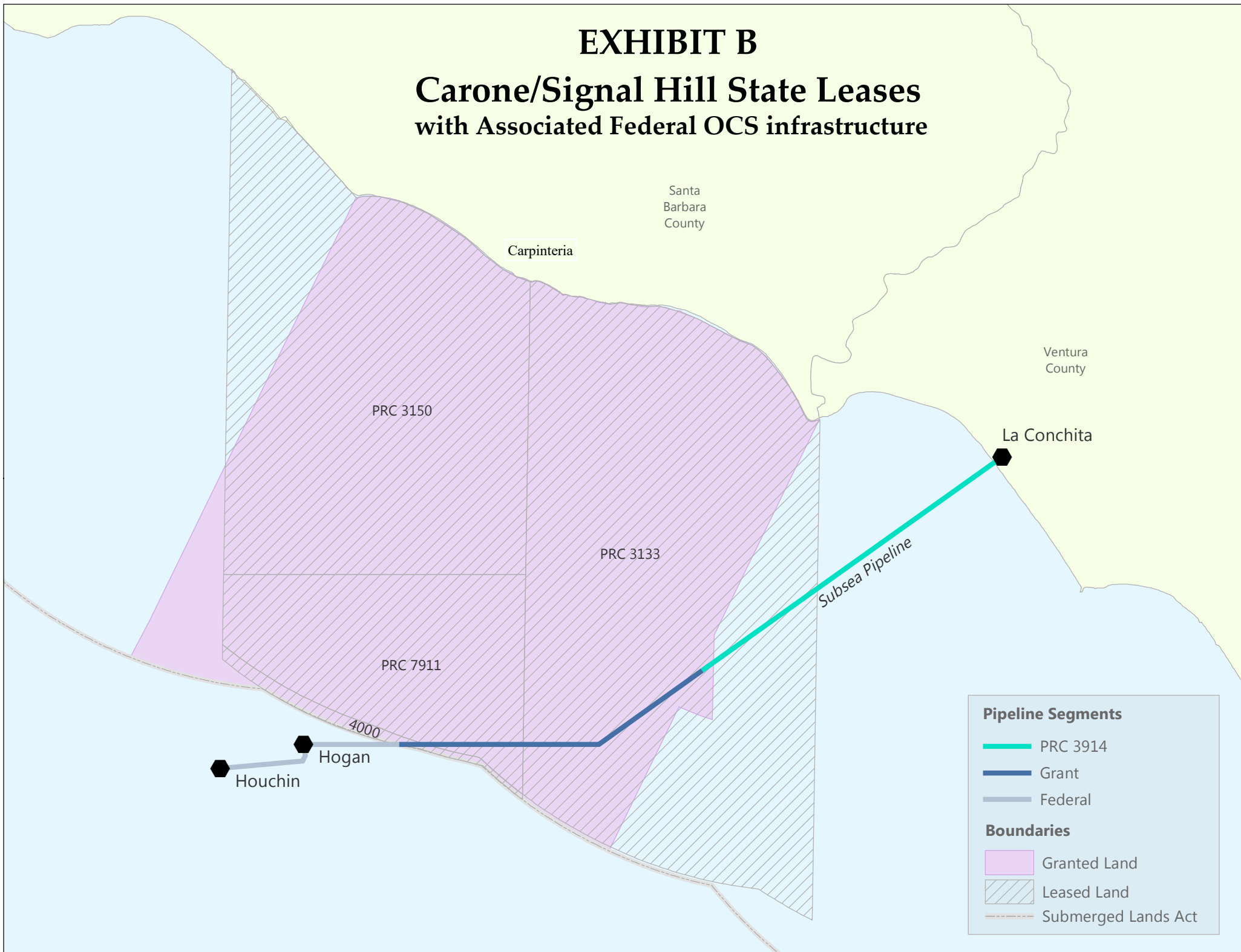
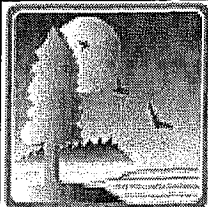


Exhibit C:  
Invoices and Past Due Notices  
for PRC 3914.1





**State of California**  
**CALIFORNIA STATE LANDS COMMISSION**  
 Attn: Accounting, 100 Howe Ave, Suite 100 South, Sacramento, CA 95825  
 TAX ID# 68-0291104

# INVOICE

Invoice Date: 06/02/2014  
 Invoice Number: 35658  
 Due Date: 07/02/2014  
 Lease Number: 3914  
 Rent Period: Annual  
 Index: 3010  
 PCA: 88001  
 Source: 152200

Billed To:  
 Signal Hill Service, Inc.  
 PO Box 5565  
 Oxnard, CA 93031

**Lessee:** Signal Hill Service, Inc.

General Lease - Right of Way Use, for four pipelines from Federal Platform Hogan to an onshore point: one 4-inch water pipeline, two 10-inch oil pipelines, one 12-inch gas pipeline; and one 8-inch non-operational outfall pipeline from shore, on Santa Barbara Channel, near Rincon Point, Santa Barbara and Ventura Counties in the county or counties of: Ventura Santa Barbara

Charges	Amount Due	Charge Description
Penalty (Sacramento)	\$4,468.00	Invoice 35312 was due 5/4/14 for rent difference 2013/2014 and 2014/2015 year; was postmarked 5/28/14.
Interest (Sacramento)	\$1,057.63	Invoice 35312 was due 5/4/14 for rent difference 2013/2014 and 2014/2015 year; was postmarked 5/28/14.

**Total Balance Due On : 07/02/2014**

**\$0.00**

LATE PAYMENTS SHALL BE SUBJECT TO PENALTY AND INTEREST 2 COR § 1911

This invoice is sent as a courtesy reminder only. The lessee's obligation is to pay rent according to the schedule and amount set forth within the lease.

For questions regarding the invoice call (916) 574-1943. To make a payment by Mastercard, Visa, Discover call (916) 574-0397.

**Please write your Lease Number on your payment**

Return this stub and remittance payable to:  
**CA STATE LANDS COMMISSION**  
 Attn: Accounting  
 100 Howe Ave, Suite 100-South  
 Sacramento, CA 95825-8202

Invoice Date: 06/02/2014  
 Invoice Number: 35658  
 Due Date: 07/02/2014  
 Lease Number: 3914  
 Rent Period: Annual  
 Amount Due: \$0.00  
 Index: 3010  
 PCA: 88001  
 Source: 152200

**Lessee: Signal Hill Service, Inc.**

Change of Address - Please note changes.

State of California

**CALIFORNIA STATE LANDS COMMISSION**

Attn: Accounting, 100 Howe Ave, Suite 100 South, Sacramento, CA 95825  
TAX ID# 68-0291104

**INVOICE**

Invoice Date: 12/15/2014  
Invoice Number: 36655  
Due Date: 03/01/2015  
Lease Number: 3914  
Rent Period: Annual  
Index: 3010  
PCA: 88001  
Source: 152200

Billed To:  
Signal Hill Service, Inc.  
PO Box 5565  
Oxnard, CA 93031

**Lessee:** Signal Hill Service, Inc.

General Lease - Right of Way Use, for four pipelines from Federal Platform Hogan to an onshore point: one 4-inch water pipeline, two 10-inch oil pipelines, one 12-inch gas pipeline; and one 8-inch non-operational outfall pipeline from shore, on Santa Barbara Channel, near Rincon Point, Santa Barbara and Ventura Counties in the county or counties of: Ventura Santa Barbara

Charges	Amount Due	Charge Description
Rental	\$57,575.00	Annual Rental Due Date = 03/01/2015

**Total Balance Due On : 03/01/2015                      \$5,525.63**

LATE PAYMENTS SHALL BE SUBJECT TO PENALTY AND INTEREST . 2 CCR § 1911

This invoice is sent as a courtesy reminder only. The lessee's obligation is to pay rent according to the schedule and amount set forth within the lease.

For questions regarding the invoice call (916) 574-1943. To make a payment by Mastercard, Visa, Discover call (916) 574-0397.

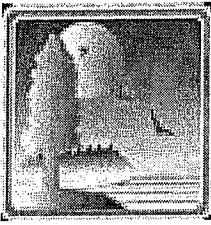
**Please write your Lease Number on your payment**

Return this stub and remittance payable to:  
**CA STATE LANDS COMMISSION**  
Attn: Accounting  
100 Howe Ave, Suite 100-South  
Sacramento, CA 95825-8202

Invoice Date: 12/15/2014  
Invoice Number: 36655  
Due Date: 03/01/2015  
Lease Number: 3914  
Rent Period: Annual  
Amount Due: \$5,525.63  
Index: 3010  
PCA: 88001  
Source: 152200

**Lessee:** Signal Hill Service, Inc.

Change of Address - Please note changes.



CALIFORNIA STATE LANDS COMMISSION

# Receipt

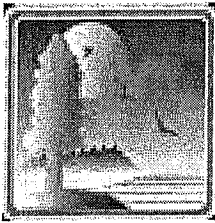
RECORD: 3914

LESSEE: Signal Hill Service, Inc.

LOCATION DESC: Santa Barbara Channel, near Rincon Point, Santa Barbara and Ventura Counties

Receipt #	Payor	Method	Doc Num	Deposit Slip	Batch Job	Postmark Date	Comments
12764	Pacific Operators Offshore	Check		rd000448	223	9/22/15	

Fee Desc	Invoice #	Amount
Penalty (Sacramento)	35658	4468.00
Interest (Sacramento)	35658	1057.63
Rental	36655	23261.87
<b>Total Paid:</b>		<b>\$28,787.50</b>



CALIFORNIA STATE LANDS COMMISSION

# Receipt

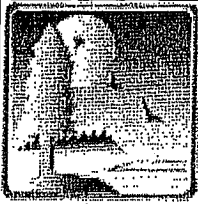
RECORD: 3914

LESSEE: Signal Hill Service, Inc.

LOCATION DESC: Santa Barbara Channel, near Rincon Point, Santa Barbara and Ventura Counties

Receipt #	Payor	Method	Doc Num	Deposit Slip	Batch Job	Postmark Date	Comments
13085	Pacific Operators Offshore LLC	Check		rd000502	362	11/13/15	

Fee Desc	Invoice #	Amount
Rental	36655	28787.50
<b>Total Paid:</b>		<b>\$28,787.50</b>



State of California  
**CALIFORNIA STATE LANDS COMMISSION**  
 Attn: Accounting, 100 Howe Ave, Suite 100 South, Sacramento, CA 95825  
 TAX ID# 68-0291104

**INVOICE**

Billed To:  
 Signal Hill Service, Inc.  
 PO Box 5565  
 Oxnard, CA 93031

Invoice Date: 12/14/2015  
 Invoice Number: 38884  
 Due Date: 3/1/2016  
 Lease Number: 3914  
 Rent Period: Annual  
 Index: 3010  
 PCA: 88001  
 Source: 152200

**Lessee:** Signal Hill Service, Inc.

General Lease - Right of Way Use, for four pipelines from Federal Platform Hogan to an onshore point: one 4-inch water pipeline, two 10-inch oil pipelines, one 12-inch gas pipeline; and one 8-inch non-operational outfall pipeline from shore, on Santa Barbara Channel, near Rincon Point, Santa Barbara and Ventura Counties in the county or counties of: Ventura Santa Barbara

Charges	Amount Due	Charge Description
Rental	\$57,575.00	Annual Rental Due Date = 3/1/2016

**Total Balance Due On : 3/1/2016 \$57,575.00**

**LATE PAYMENTS SHALL BE SUBJECT TO PENALTY AND INTEREST** 2 CCR § 1911

This invoice is sent as a courtesy reminder only. The lessee's obligation is to pay rent according to the schedule and amount set forth within the lease.

For questions regarding the invoice call (916) 574-1943. To make a payment by Mastercard, Visa, Discover call (916) 574-0397.

**Please write your Lease Number on your payment**

Return this stub and remittance payable to:  
**CA STATE LANDS COMMISSION**  
 Attn: Accounting  
 100 Howe Ave, Suite 100-South  
 Sacramento, CA 95825-8202

Invoice Date: 12/14/2015  
 Invoice Number: 38884  
 Due Date: 3/1/2016  
 Lease Number: 3914  
 Rent Period: Annual  
 Amount Due: \$57,575.00  
 Index: 3010  
 PCA: 88001  
 Source: 152200

**Lessee:** Signal Hill Service, Inc.

Change of Address - Please note changes.



State of California  
**CALIFORNIA STATE LANDS COMMISSION**  
 Attn: Accounting, 100 Howe Ave, Suite 100 South, Sacramento, CA 95825  
 TAX ID# 68-0291104

# INVOICE

Billed To:  
 Signal Hill Service, Inc.  
 PO Box 5565  
 Oxnard, CA 93031

Invoice Date: 01/10/2017  
 Invoice Number: 41466  
 Due Date: 3/1/2017  
 Lease Number: 3914  
 Rent Period: Annual  
 Index: 3010  
 PCA: 88001  
 Source: 152200

**Lessee:** Signal Hill Service, Inc.

General Lease - Right of Way Use, for four pipelines from Federal Platform Hogan to an onshore point: one 4-inch water pipeline, two 10-inch oil pipelines, one 12-inch gas pipeline; and one 8-inch non-operational outfall pipeline from shore, on Santa Barbara Channel, near Rincon Point, Santa Barbara and Ventura Counties in the county or counties of: Ventura Santa Barbara

Charges	Amount Due	Charge Description
Rental	\$57,575.00	Annual Rental Due Date = 3/1/2017

**Total Balance Due On : 3/1/2017 \$57,575.00**

LATE PAYMENTS SHALL BE SUBJECT TO PENALTY AND INTEREST 2 COR § 1811

This invoice is sent as a courtesy reminder only. The lessee's obligation is to pay rent according to the schedule and amount set forth within the lease.

For questions regarding the invoice call (916) 574-1943. To make a payment by Mastercard, Visa, Discover call (916) 574-0397.

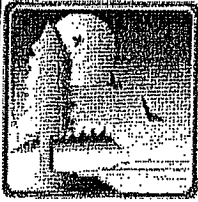
**Please write your Lease Number on your payment**

Return this stub and remittance payable to:  
**CA STATE LANDS COMMISSION**  
 Attn: Accounting  
 100 Howe Ave, Suite 100-South  
 Sacramento, CA 95825-8202

Invoice Date: 01/10/2017  
 Invoice Number: 41466  
 Due Date: 3/1/2017  
 Lease Number: 3914  
 Rent Period: Annual  
 Amount Due: \$57,575.00  
 Index: 3010  
 PCA: 88001  
 Source: 152200

**Lessee:** Signal Hill Service, Inc.

Change of Address - Please note changes.



State of California  
**CALIFORNIA STATE LANDS COMMISSION**  
 Attn: Accounting, 100 Howe Ave, Suite 100 South, Sacramento, CA 95825  
 TAX ID# 68-0291104

# INVOICE

Billed To:  
 Signal Hill Service, Inc.  
 PO Box 5565  
 Oxnard, CA 93031

Invoice Date: 12/15/2014  
 Invoice Number: 36655  
 Due Date: 03/01/2015  
 Lease Number: 3914  
 Rent Period: Annual  
 Index: 3010  
 PCA: 88001  
 Source: 152200

**Lessee:** Signal Hill Service, Inc.

General Lease - Right of Way Use, for four pipelines from Federal Platform Hogan to an onshore point: one 4-inch water pipeline, two 10-inch oil pipelines, one 12-inch gas pipeline; and one 8-inch non-operational outfall pipeline from shore, on Santa Barbara Channel, near Rincon Point, Santa Barbara and Ventura Counties in the county or counties of: Ventura Santa Barbara

Charges	Amount Due	Charge Description
Rental	\$57,575.00	Annual Rental Due Date = 03/01/2015

**Total Balance Due On : 03/01/2015 \$5,525.63**

## First Past Due Notice

3/27/2017

LATE PAYMENTS SHALL BE SUBJECT TO PENALTY AND INTEREST 2 CCR § 1911

This invoice is sent as a courtesy reminder only. The lessee's obligation is to pay rent according to the schedule and amount set forth within the lease.

For questions regarding the invoice call (916) 574-1943. To make a payment by Mastercard, Visa, Discover call (916) 574-0397.

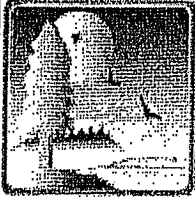
**Please write your lease number on your payment**

Return this stub and remittance payable to:  
**CA STATE LANDS COMMISSION**  
 Attn: Accounting  
 100 Howe Ave, Suite 100-South  
 Sacramento, CA 95825-8202

Invoice Date: 12/15/2014  
 Invoice Number: 36655  
 Due Date: 03/01/2015  
 Lease Number: 3914  
 Rent Period: Annual  
 Amount Due: \$5,525.63  
 Index: 3010  
 PCA: 88001  
 Source: 152200

**Lessee:** Signal Hill Service, Inc.

Change of Address - Please note changes.



State of California  
**CALIFORNIA STATE LANDS COMMISSION**  
 Attn: Accounting, 100 Howe Ave, Suite 100 South, Sacramento, CA 95825  
 TAX ID# 68-0291104

# INVOICE

Billed To:  
 Signal Hill Service, Inc.  
 PO Box 5565  
 Oxnard, CA 93031

Invoice Date: 12/14/2015  
 Invoice Number: 38884  
 Due Date: 3/1/2016  
 Lease Number: 3914  
 Rent Period: Annual  
 Index: 3010  
 PCA: 88001  
 Source: 152200

**Lessee:** Signal Hill Service, Inc.

General Lease - Right of Way Use, for four pipelines from Federal Platform Hogan to an onshore point: one 4-inch water pipeline, two 10-inch oil pipelines, one 12-inch gas pipeline; and one 8-inch non-operational outfall pipeline from shore, on Santa Barbara Channel, near Rincon Point, Santa Barbara and Ventura Counties in the county or counties of: Ventura Santa Barbara

Charges	Amount Due	Charge Description
Rental	\$57,575.00	Annual Rental Due Date = 3/1/2016

**Total Balance Due On : 3/1/2016 \$57,575.00**

## First Past Due Notice

3/27/2017

LATE PAYMENTS SHALL BE SUBJECT TO PENALTY AND INTEREST 2 CFR § 1811

This invoice is sent as a courtesy reminder only. The lessee's obligation is to pay rent according to the schedule and amount set forth within the lease.

For questions regarding the invoice call (916) 574-1943. To make a payment by Mastercard, Visa, Discover call (916) 574-0397.

**Please write your lease number on your payment**

Return this stub and remittance payable to:  
**CA STATE LANDS COMMISSION**  
 Attn: Accounting  
 100 Howe Ave, Suite 100-South  
 Sacramento, CA 95825-8202

Invoice Date: 12/14/2015  
 Invoice Number: 38884  
 Due Date: 3/1/2016  
 Lease Number: 3914  
 Rent Period: Annual  
 Amount Due: \$57,575.00  
 Index: 3010  
 PCA: 88001  
 Source: 152200

**Lessee:** Signal Hill Service, Inc.

Change of Address - Please note changes.



STATE OF CALIFORNIA

EDMUND G. BROWN JR., Governor

**CALIFORNIA STATE LANDS COMMISSION**

100 Howe Avenue, Suite 100-South  
Sacramento CA 95825-8202



*Established in 1938*

April 27, 2017

**Jennifer Lucchesi**, Executive Officer

(916) 574-1800 FAX (916) 574-1810

CA Relay Service from TDD phone 1-800-735-2929

from voice phone 1-800-735-2922

**Contact Phone: (916) 574-1943**

**Contact Fax: (916) 574-1875**

**Email: [Beth.Pett@slc.ca.gov](mailto:Beth.Pett@slc.ca.gov)**

Signal Hill Service, Inc.

PO Box 5565

Oxnard, CA 93031

Lease No. PRC 3914.1

Invoice No. 41466, 38884 & 36655

**Subject: Third Past Due Notice – URGENT**

Our Accounting records indicate that full payment for the attached invoice has not been received and is seriously past due. The records indicate you have been sent prior notices without response, therefore; your delinquency is being referred to our Land Management and Legal Divisions for further action. Please remit all past due amounts and reference **Lease No. 3914.1** and **Invoice No. 41466, 38884 & 36655** on your payment and mail to:

California State Lands Commission

Attn: Accounting

100 Howe Ave, Suite 100 South

Sacramento, CA 95825-8202

To pay by Visa, MasterCard or Discover, please contact our payment desk at (916) 574-0397.

The State Lands Commission appreciates your prompt attention to this matter. If you have any questions, or think the billing is in error, please contact me as soon as possible. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Beth".

Beth Pett  
Accounting

cc: Land Management Division  
Legal Office

# EXHIBIT D

## Penalty and Interest Calculation

LEASE NO. PRC:

3914.1

LESSEE NAME:

Signal Hill Service, Inc.

RENTAL YEARS

2015-2019

ESTIMATED AMOUNT DUE: **\$282,094.34** if paid by 6/28/19

California State Lands Commission  
100 Howe Ave, Suite 100 South  
Sacramento CA 95825-8202

ACTUAL PENALTY & INTEREST CALCULATIONS ON PAYMENTS ALREADY RECEIVED PLUS ESTIMATED PENALTY & INTEREST CALCULATIONS ON PAYMENTS NOT YET RECEIVED

RENT PERIOD	INVOICE NUMBER	RENT AMOUNT PAID	RENT AMOUNT DUE	DUE DATE	ACTUAL / ESTIMATED PAYMENT DATE	5 % PENALTY	18% per year INTEREST	P&I AMOUNT DUE	DAILY INTEREST
2015	36655	\$28,787.50		3/1/15	11/13/15	\$1,439.38	\$3,648.52	\$5,087.90	\$0.00
2015-Balance	36655	\$23,261.87		3/1/15	9/22/15	\$1,163.09	\$2,351.68	\$3,514.77	\$0.00
2015-Balance Due	36655		\$2,280.63	3/1/15	2/19/18	\$114.03	\$1,221.42	\$1,335.45	\$1.12
	No interest from 2/20/18 to 2/28/19								
2016	38884		\$54,330.00	3/1/16	6/28/19		\$133.84	\$133.84	\$1.12
	No interest from 2/20/18 to 2/28/19								
2017	41466		\$54,330.00	3/1/17	2/19/18	\$2,716.50	\$19,290.87	\$22,007.37	\$26.79
	No interest from 2/20/18 to 2/28/19								
2018	44089		\$54,330.00	3/1/18	6/28/19	\$2,716.50	\$9,511.47	\$12,227.97	\$26.79
	No interest from 2/20/18 to 2/28/19								
2019	46755		\$54,330.00	3/1/19	2/28/19	\$2,716.50	\$0.00	\$2,716.50	\$0.00
	No interest from 3/1/15 to 3/1/19								
			\$54,330.00	3/1/19	6/28/19	\$2,716.50	\$3,188.35	\$3,188.35	\$26.79
			\$219,600.63	3/1/19	6/28/19	\$2,716.50	\$3,188.35	\$5,904.85	\$26.79
			<b>\$219,600.63</b>		<b>TOTALS</b>	<b>\$13,582.50</b>	<b>\$48,911.21</b>	<b>\$62,493.71</b>	<b>\$27.91</b>

Estimated Total Amount Due

**\$282,094.34** \*\*

Actual P&I Due on late payments already received \$8,602.67 amount will not change  
 Estimated P&I Due on payments not yet received \$53,891.04 amount will change based on payment date  
 Rent Due from 3/1/15 to 3/1/19 \$219,600.63  
**\$282,094.34** \*\*

\*\* If payment is postmarked after 6/28/2019, add daily interest of \$27.91 per a day starting 6/29/2019 until date of actual payment or postmark