

MINUTE ITEM

This Calendar Item No. C7
was approved as Minute Item
7 by the State Lands
Commission by a vote of 3
to 0 at its 9/28/83
meeting.

CALENDAR ITEM

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9/28/83
PRC 5995
PRC 5996
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APPROVAL OF AGREEMENT PROVIDING FOR
UNIFICATION OF STATE OIL AND GAS LEASES
PRC 5995 AND PRC 5996
LINDSEY SLOUGH, SOLANO COUNTY

LESSEE: Seahawk Oil International, Inc.
660 Newport Circle Dr., Suite 340
Newport Beach, California 92660
and
Casex Company
1370 Brea Boulevard, Suite 220
Fullerton, California 92635

AREA, TYPE LAND, AND LOCATION:

State Oil and Gas Lease PRC 5995.1 was
issued to Seahawk-Casex on April 29, 1981
and consists of 86 acres of tide and submerged
lands lying in the bed of Lindsey Slough
in Solano County on April 29, 1981 and
consists of 152 acres of tide and submerged
lands in the bed of Lindsey Slough, Solano
County.

SUMMARY:

The Commission staff has negotiated an
Agreement with Lessee, Seahawk/Casex which
will provide uniform and efficient adminis-
tration of existing leases, PRC 5995 and
5996 in the bed of Lindsey Slough totaling
approximately 238.49 contiguous acres,
under unified operations, to the mutual

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CALENDAR ITEM NO. 07 (CONT'D)

economic benefit of the lessee and the State. The existing leases have different royalty terms. PRC 5995.1 is an 81.38 percent net-profits agreement, PRC 5996.1 is a 79.5 percent net-profits agreement. Under the proposed agreement, a royalty of 81.38 percent will be due. Unification of the leases will permit development to proceed based on geologic and engineering principles rather than on arbitrary lease boundaries and conflicting lease conditions.

AB 884: N/A.

PERTINENT INFORMATION:

The Agreement accomplishes the unification by modification of the existing leases as follows:

1. Amendment of lease PRC 5995.1 to include the lease area of lease PRC 5996.1.
2. Modify lease PRC 5995.1 to provide for an annual rental of \$4,769.80.
3. The surviving lease will provide for 81.38 percent of the net profits.

EXHIBITS:

- A. Location Map.
- B. Agreement regarding Oil and Gas Lease PRC 5996.1 and amendment of State Lease PRC 5995.1.

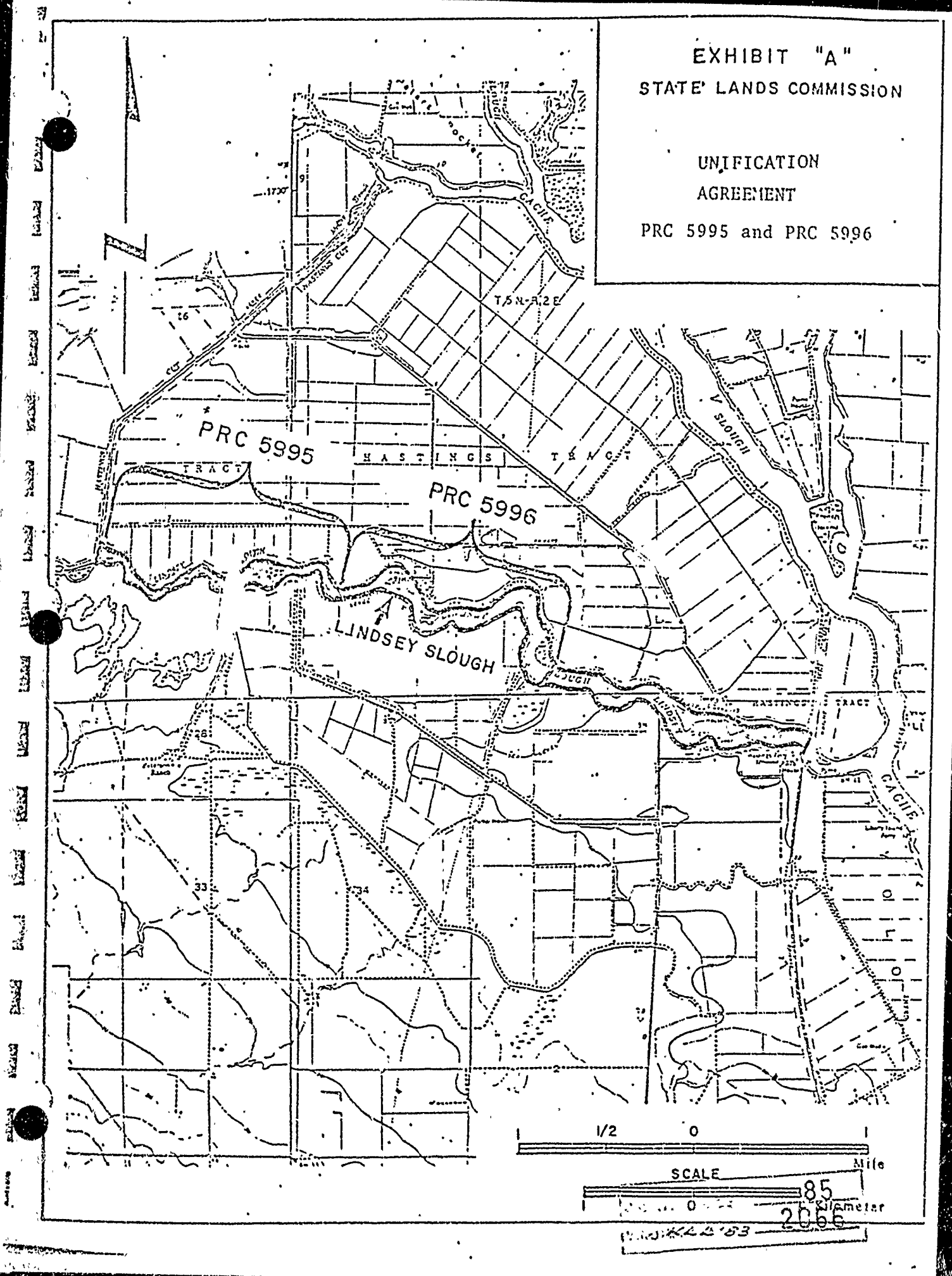
IT IS RECOMMENDED THAT THE COMMISSION:

1. DETERMINE THAT NO ENVIRONMENTAL DOCUMENTATION HAS BEEN PREPARED FOR THIS ACTIVITY AS SUCH DOCUMENTATION IS NOT REQUIRED UNDER THE PROVISION OF P.R.C. 21065, AND 14 CAL. ADM. CODE 15378.
2. AUTHORIZE EXECUTION OF THE AGREEMENT REGARDING AMENDMENT OF LEASE PRC 5995.1 TO PROVIDE FOR UNIFIED OPERATIONS OF THE LEASE AREA ATTACHED HERETO AS EXHIBIT "A" AND MADE A PART HEREOF, SUCH AGREEMENT BEING EFFECTIVE OCTOBER 1, 1983.

EXHIBIT "A"
STATE LANDS COMMISSION

UNIFICATION
AGREEMENT

PRC 5995 and PRC 5996



AGREEMENT REGARDING TWO STATE
OIL AND GAS LEASES AND
AMENDMENT AND MODIFICATION OF SUCH
STATE AND GAS LEASES

The State Lands Commission of the State of California (hereinafter referred to as "the State"), acting pursuant to Division 6 of the California Public Resources Code, is the lessor of State Oil and Gas Leases Nos. P.R.C. 5995.1 and 5996.1; and

Seahawk Oil International, Inc. and Casex Company, California corporations, (hereinafter referred to as "the Lessee") are the lessees of both State Leases Nos. 5995.1 and 5996.1; and

State Oil and Gas Leases Nos. 5995.1 and 5996.1 are located contiguous to one another in the bed of Lindsey Slough in the County of Solano, California; and

State Oil and Gas Leases Nos. 5995.1 and 5996.1 have been issued by the State to the Lessees for the production of oil and gas from the leased lands; and

The leases vary with respect to formulas for determining royalties to be paid to the State; and

The leases vary with respect to annual rental due to the State; and

The State and the Lessees recognize that there would be a mutual economic benefit in the consolidation of the area in the two State oil and gas leases and in the unitization of operations performed by the Lessee thereunder;

NOW, THEREFORE, the State and the Lessees do hereby agree as follows:

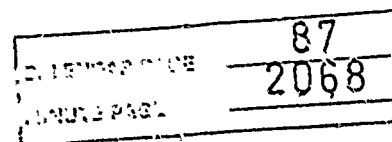
PART I -- GENERAL PROVISION

The effective date of this Agreement shall be October 1, 1983.

PART II -- MERGER OF LEASES

A. State O.1 and Gas Lease No. P.R.C. 5996.1 shall BE MERGED INTO Lease No. PRC 5995.1 pursuant to the terms of this agreement and shall cease to exist as such.

B. Lessee and State agree that, notwithstanding this agreement, Lessee remains obligated under State Oil and Gas Lease No. P.R.C 5996.1, and the provisions of Section 6804.1, including but not limited to the obligation to pay all rents,



royalties, and obligations due and payable to the State on or before the effective date of this Agreement. Said payments, as agreed to herein by the State and the Lessee are as described in Part IV of this Agreement, subject to audit by the State.

PART III - PAYMENT OF CONSIDERATION

A. On or before October 25, 1983, the Lessee shall submit the amounts due the State in accordance with the provisions of P.R.C. 5995.1 and P.R.C. 5996.1 respectively. Said amounts to be paid in accordance with the terms of the respective leases which are subject to audit by the State, are intended to satisfy the Lessee's royalty obligations under each respective lease, through September 30, 1983, and the Lessee's rental obligations through April 29, 1983.

B. On or before October 25, 1983, the Lessee shall submit royalty payments for the period beginning with the first then unreported day of each individual lease through September 30, 1983.

PART IV - AMENDMENT OF STATE OIL AND GAS LEASE NO. P.R.C. 5995.1.

The State and the Lessee agree to the following amendments of State Oil and Gas Lease No. 5995.1, (hereinafter "the lease").

1. On page 1 of the lease, the second paragraph reads as follows:

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| AMENDMENT NO. | 88 |
| DATE | 2069 |

"In consideration of the rental, royalty and other considerations to be paid and the covenants, conditions, agreements and stipulations contained in this lease, the State leases to the Lessee certain lands, which will be referred to as the "leased lands," situate in the County of Solano, State of California, identified as Parcel No. 2 on the attached map that is marked Exhibit "A", and described as follows:

"All the tide and submerged land lying within the bed of Lindsey Slough, situated in Sections 22, 23, 26 and 27, T5N, R2E, MDM, being bounded on the west by the northerly extension of the west line of the east half of the west half of Section 27, and bounded on the east by the northerly prolongation of the easterly line of the parcel of land described in the assignment of oil and gas lease from Humble Oil and Refining Company to Richfield Oil Corporation, recorded November 15, 1960, in Book 1052 of Official Records, page 599, Instrument No. 22390. Excepting therefrom any portion lying landward of the ordinary high water mark of Lindsey Slough. The above-described Parcel contains 152.22 acres more or less."

is hereby deleted and the following is substituted therefor:

In consideration of the rental, royalty and other consideration to be paid and the covenants, conditions, agreements and stipulations contained in this lease, the State leases to the Lessee certain lands, which will be referred to as the "leased lands," situate in the County of Solano, State of California, identified as Parcel No. 1 and Parcel No. 2 on the attached map that is marked Exhibit "A", and

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described as follows:

Parcel No. 1

All the tide and submerged land lying within the bed of Lindsey Slough, situated in Sections 20, 21 and 22, T5N, R2E, MDM, being bounded on the west by the southerly extension of the easterly line of Hasings Cut, and bounded on the east by the northerly extension of the west line of the east half of the west half of Section 27, T5N, R2E, MDM. Excepting therefrom any portion lying landward of the ordinary highwater mark of Lindsey Slough. The above described Parcel contains 86.27 acres more or less.

Parcel No. 2

All the tide and submerged land lying within the bed of Lindsey Slough, situated in Sections 22, 23, 26 and 27, T5N, R2E, MDM, being bounded on the west by the northerly extension of the west line of the east half of the west half of Section 27, and bounded on the east by the northerly prolongation of the easterly line of the parcel of land described in the assignment of oil and gas lease from Humble Oil and Refining Company to Richfield Corporation, recorded November 15, 1960, in Book 1052 of Official Records, page 599, Instrument No. 22390. Excepting therefrom any portion lying landward of the ordinary highwater mark of Lindsey Slough. The above-described Parcel contains 152.22 acres more or less.

for a total of 238.49 acres, more or less.

2. In Paragraph 2 of the lease, the sentence,

2. The Lessee shall pay to the State, annually in advance, rental of \$1725.40 per year.

is hereby deleted and the following is substituted therefor:

2. The Lessee shall pay to the State, annually in advance, rental of \$4769.80 per year.

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3. Paragraph 30 is added to the lease and reads as follows:

"30. NON-WARRANTY OF TITLE

The State enters into this lease based upon information presently available to the State Lands Commission, and this lease is entered into without survey or title determination. This lease shall in no way be construed as fixing State land boundaries nor as necessarily establishing the extent of the State's claim to any real property. The State warrants neither the title to the demised premises nor any right the lessee may have to possession or to quiet enjoyment of the same."

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IN WITNESS WHEREOF, the State and the Lessee do
execute this Agreement.

DATED:

LESSOR, STATE OF CALIFORNIA
STATE LANDS COMMISSION

By _____

CLAIRE T. DEDRICK
Executive Officer

DATED:

LESSEE, SEAHAWK OIL INTERNATIONAL, INC.

By _____

LESSEE, CASEX COMPANY

By _____

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| NO. OF PAGES | 2073 |