

**MINUTE ITEM**  
 This Calendar Item No. 24  
 was approved as Minute Item  
 No. 24 by the State Lands  
 Commission by a vote of 3  
 to 0 at its 7/24/86  
 meeting.

**CALENDAR ITEM**  
**24 1**

A 58, 69

S 37

|          |          |          |
|----------|----------|----------|
| PRC 91   | PRC 920  | 07/24/86 |
| PRC 163  | PRC 977  | PRC 1331 |
| LSE 392  | PRC 980  | PRC 1332 |
| PRC 425  | PRC 983  | PRC 1333 |
| PRC 426  | PRC 986  | PRC 1334 |
| PRC 4736 | PRC 989  | PRC 1336 |
| LSE 400  | PRC 997  | PRC 1337 |
| LSE 401  | PRC 999  | PRC 1340 |
| PRC 919  | PRC 1329 | PRC 1345 |
|          | PRC 985  | PRC 4887 |
|          |          | Tanner   |

**CALENDAR ITEM**

**ASSIGNMENT AND AMENDMENT OF STATE OIL AND GAS LEASES,  
 HUNTINGTON BEACH FIELD, ORANGE COUNTY**

**ASSIGNOR:** Phillips Petroleum Company  
 Attn: J. F. Settle, Manager,  
 Huntington Beach Area  
 P. O. Box 191  
 Huntington Beach, California 92648

**ASSIGNEE:** Shell California Production Inc.  
 Attn: T. L. Marshall  
 P. O. Box 11164  
 Bakersfield, California 93389-1164

**AREA, TYPE LAND AND LOCATION:**  
 See Exhibit "A".

**BACKGROUND:** Phillips has requested the approval of a  
 transfer of certain State oil and gas Leases  
 and a Drill Site Agreement to Shell California  
 Production Inc.

**PREREQUISITE ITEMS:**  
 A. Assignment forms have been executed by  
 Assignor and Assignee and are on file in  
 the Long Beach office of the Commission.

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(NON-SUBSTANTIVE REVISION 09/05/86)  
 (NON-SUBSTANTIVE REVISION 12/5/86)

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MEMORANDUM  
DATE: 10/11/74  
TO: [illegible]  
FROM: [illegible]  
SUBJECT: [illegible]

CALENDAR ITEM NO. 24 (CONT'D)

- B. Assignee is qualified to hold State leases.
- C. Filing fee and processing costs have been received.
- D. \$10 million Certificate of Insurance and executed Agreements for resolution of damage claims by third parties as a result of operations under the leases.
- E. A blanket performance bond in the amount of \$250,000.
- F. A Structure Bond in the amount of \$1.5 million covering Platform "Emmy" on Lease PRC 425.

STATUTORY AND OTHER REFERENCES:

- A. Section 4 of the leases.
- B. P.R.C Section 6804.

OTHER PERTINENT INFORMATION:

- 1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15061), the staff has determined that this activity is exempt from the requirements of the CEQA because it is not a "project" as defined by CEQA and the State CEQA Guidelines.

Authority: P.R.C. 21065 and 14 Cal. Adm. Code 15378.

AB 884: N/A.

EXHIBITS:

- A. List of Leases.
- B. Agreement of Amend Leases for Substitution of Blanket Bond.
- C. Assignment Agreement.

IT IS RECOMMENDED THAT THE COMMISSION:

- 1. FIND THAT THIS ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO 14 CAL. ADM. CODE 15061 BECAUSE IT IS NOT A PROJECT AS DEFINED BY P.R.C. 21065 AND 14 CAL. ADM. CODE 15378.

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CALENDAR ITEM NO. 24 (CONT'D)

2. APPROVE THE AGREEMENT FOR AMENDMENT OF THE LEASES ATTACHED AS EXHIBIT "B" AND INCORPORATED HEREIN BY REFERENCE AND AUTHORIZE ACCEPTANCE OF A BLANKET BOND IN THE AMOUNT OF \$250,000 COVERING THE STATE LEASES LISTED IN EXHIBIT "A".
  
3. CONSENT TO THE ASSIGNMENT OF THE STATE OIL AND GAS LEASES AND OTHER ENTITLEMENTS LISTED IN EXHIBIT "A" IN THE HUNTINGTON BEACH FIELD, ORANGE COUNTY, FROM PHILLIPS PETROLEUM COMPANY (ASSIGNOR) TO SHELL CALIFORNIA PRODUCTION INC. (ASSIGNEE), WITH THE ASSIGNEE TO BE BOUND BY ALL THE TERMS AND CONDITIONS OF THE LEASES AND ENTITLEMENTS, AS WELL AS THOSE LISTED HEREIN, INCLUDING A GOOD AND SUFFICIENT BOND IN THE AMOUNT OF \$1.5 MILLION, IN FAVOR OF THE STATE OF CALIFORNIA, SHALL BE FILED AND MAINTAINED WITH THE STATE TO GUARANTEE THE FAITHFUL PERFORMANCE BY THE LESSEE OF THE TERMS AND CONDITIONS CONTAINED IN LEASE PRC 425 RELATING TO THE MAINTENANCE OF DRILLING AND PRODUCTION PLATFORM "EMMY" AND ITS REMOVAL, AT THE REQUEST OF THE STATE, UPON EXPIRATION OR SOONER TERMINATION OF THE LEASE.

Exhibit "A"

State Leases P.R.C. 91.1, 163.1, E-392.1, 425.1, 426.1, 4736.1,  
400.1, 401.1, 919.1, 920.1, 977.1, 980.1, 983.1, 985.1, 986.1,  
989.1, 997.1, 999.1, 1329.1, 1331.1, 1332.1, 1333.1, 1334.1,  
1336.1, 1337.1, 1340.1, 1345.1, and Drillsite Agreement PRC  
4887.

Huntington Beach Field  
Orange County, California

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given, Phillips agrees to provide a new bond satisfactory to the State within 45 days of the date of sending of the Notice of Cancellation or be considered in default in its performance of the leases.

And it is further agreed that all other terms and conditions of said Leases are to remain unchanged and in full force and effect.

This Agreement will become binding on the Lessor only when duly executed on behalf of the State Lands Commission of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date hereafter affixed.

PHILLIPS OIL COMPANY

STATE LANDS COMMISSION

By \_\_\_\_\_

By \_\_\_\_\_

TITLE

Date \_\_\_\_\_

ADDRESS \_\_\_\_\_

Execution of this document was authorized by the State Lands Commission on \_\_\_\_\_.

\_\_\_\_\_  
(SEAL)

\*In executing this document the following is required:

Corporations.

1. Affixation of Corporate Seal.
2. A certified copy of the Resolution or other document authorizing execution of this Agreement on behalf of the corporation.

Exhibit "B"

STATE OF CALIFORNIA  
STATE LANDS COMMISSION

AMENDMENT TO

State Leases PRC's 91.1, 163.1, E-392.1, E-400.1, E-401.1, 425.1, 426.1, 919.1, 920.1, 977.1, 980.1, 983.1, 985.1, 986.1, 989.1, 997.1, 999.1, 1329.1, 1331.1, 1332.1, 1333.1, 1334.1, 1336.1, 1337.1, 1340.1, 1345.1

THIS AMENDMENT is entered into by and between the State of California, acting by and through the State Lands Commission, herein referred to as "STATE", and PHILLIPS OIL COMPANY, herein referred to as "PHILLIPS".

WHEREAS, the STATE and PHILLIPS' predecessors in interest have heretofore entered into State Oil and Gas Leases PRC 91.1 dated May 21, 1943; PRC 163.1 dated November 15, 1944; E-392.1 dated September 25, 1958; PRC 425.1 dated February 10, 1950, PRC 426.1 dated February 10, 1950; and the twenty-one (21) so-called "trespass" well State Leases listed above and subject to the 91.1 Lower Main Zone Unit, all of which are hereinafter referred to as "Said Leases," and PHILLIPS is the Lessee and Operator thereof; and

WHEREAS, the terms of each of said Leases require the Lessee to furnish a bond in a specific amount in favor of the State of California to guarantee the faithful performance of the terms, covenants and conditions of each Lease; and

WHEREAS, said Leases may also be changed, altered or amended by mutual consent of the parties; and

NOW THEREFORE, the STATE and PHILLIPS agree that it is advantageous and efficient to substitute a good and sufficient blanket bond in favor of the State of California in the sum of \$250,000 to guarantee the faithful performance of the terms, conditions and covenants of these leases and Division 6 of the Public Resources Code and the rules and regulations promulgated thereunder. Phillips agrees to provide and the State agrees to accept such a blanket bond. It is further agreed that Phillips will maintain such blanket bond during the term of the leases and that any Notice of Cancellation issued under such blanket bond shall give the State 120-days written notice of its effectiveness. In the event such Notice of Cancellation is

Exhibit "C"

STATE OF CALIFORNIA  
STATE LANDS COMMISSION

STATE OIL AND GAS LEASE ASSIGNMENT  
APPROVAL FORM

At its meeting on July 24, 1986, the State Lands Commission (State) approved the assignments between PHILLIPS PETROLEUM COMPANY (Assignor) and SHELL CALIFORNIA PRODUCTION, INC. (Assignee), regarding State Oil and Gas Leases PRC 91.1, PRC 163.1, E-392.1, E-400.1, E-401.1, PRC 425.1, PRC 426.1, PRC 919.1, PRC 920.1, PRC 977.1, PRC 980.1, PRC 983.1, PRC 985.1, PRC 986.1, PRC 989.1, PRC 997.1, PRC 999.1, PRC 1329.1, PRC 1331.1, PRC 1332.1, PRC 1333.1, PRC 1334.1, PRC 1336.1, PRC 1337.1, PRC 1340.1, PRC 1345.1, PRC 4736.1 and Drillsite Agreement PRC 4887.9.

The Assignor shall not be liable to the State under the leases and drillsite agreement for obligations arising or accruing after the effective date of these assignments, but shall remain fully liable with respect to all obligations under the leases and drillsite agreement arising or accruing prior to the effective date of these assignments. The Assignee shall be bound by the terms and conditions of the leases and drillsite agreement including any modifications and collateral agreements to the same extent as the Assignor, any conditions in the assignment agreements to the contrary notwithstanding. These assignments shall take effect on August 1, 1986.

STATE OF CALIFORNIA  
STATE LANDS COMMISSION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF CALIFORNIA    )  
                                  )    ss.  
COUNTY OF                    )

On \_\_\_\_\_, 1986, before me, the undersigned, a Notary Public in and for said County and State, personally appeared

\_\_\_\_\_, personally known to me (or proved to me on the basis of satisfactory evidence) to be an

authorized officer of the State Lands Commission of the State of California who executed the within instrument on behalf of the State Lands Commission there named, and acknowledged to me that such Commission executed the within instrument pursuant to a resolution of its Commissioners.

WITNESS my hand and official seal.

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NOTARY PUBLIC

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STATE OF CALIFORNIA  
STATE LANDS COMMISSION

STATE OIL AND GAS LEASE ASSIGNMENT  
AND ACCEPTANCE FORM

PHILLIPS PETROLEUM COMPANY (Assignor), as the holder of an interest in State Oil and Gas Leases PRC 91.1, PRC 163.1, E-392.1, E-400.1, E-401.1, PRC 425.1, PRC 426.1, PRC 919.1, PRC 920.1, PRC 977.1, PRC 980.1, PRC 983.1, PRC 985.1, PRC 986.1, PRC 989.1, PRC 997.1, PRC 999.1, PRC 1329.1, PRC 1331.1, PRC 1332.1, PRC 1333.1, PRC 4736.1 and Drillsite Agreement PRC 4887.9 hereby assigns 100 percent of its right, title and interest under these leases and drillsite agreement to Shell California Production Inc. (Assignee).

Shell California Production Inc. (Assignee) hereby accepts the assignment of these leases and drillsite agreement and agrees to perform in the manner provided in the leases and drillsite agreement the conditions, covenants and agreements to be kept and performed by the Assignor and to be bound by the terms of the leases and drillsite agreement including and modifications and collateral agreements to the same extent as the Assignor, and conditions in the assignment agreements to the contrary notwithstanding.

ASSIGNOR:

ASSIGNEE:

PHILLIPS PETROLEUM COMPANY

SHELL CALIFORNIA PRODUCTION INC.

354 Frank Phillips Building

P.O. Box 11164

Bartlesville, Oklahoma 74004

Bakersfield, CA 93389-11164

By: \_\_\_\_\_  
Signature

By: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Name of Officer

\_\_\_\_\_  
Name of Officer

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

All signatures must be acknowledged.