

**CALENDAR ITEM  
C58**

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08/08/05

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PRC 8605

J. Smith

**CONSIDER APPROVAL OF AN ASSIGNMENT OF INTEREST  
IN OIL AND GAS LEASE NO. PRC 8605,  
COLUSA AND SUTTER COUNTIES**

**ASSIGNOR:**

Matris Exploration Company  
Attn.: Mr. J. T. Thompson  
2202 Timberloch Place, Suite 230  
The Woodlands, TX 77380

**ASSIGNEE:**

Livingstone Energy, Inc.  
Attn.: Mr. Craig Burton  
3585 Maple Street, Suite 284  
Ventura, CA 93003

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

Negotiated subsurface (no surface use) Oil and Gas Lease comprises about 16.28 acres in the Sacramento River, Colusa and Sutter Counties, California.

**BACKGROUND:**

On April 26, 2005, the California State Lands Commission (Commission) issued negotiated subsurface (no surface use) Oil and Gas Lease PRC 8605 (Lease) to Matris Exploration Company (Matris) and Orchard Petroleum, Inc. (Orchard). Matris and Orchard (jointly the Lessee) each owns a fifty percent (50%) interest in the Lease. The Lease contains 16.28 acres of submerged land in the bed of the Sacramento River in Colusa and Sacramento Counties.

Matris has requested that the Commission approve the assignment of its 50 percent (50%) interest in the Lease to Livingstone Energy, Inc. (Livingstone). Livingstone possesses the statutory qualifications to hold a State oil and gas lease.

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Under the terms of the Lease, the Lessee is required to pay an annual rental of \$20.00 per net acre (\$340.00 for 16.28 acres) and to commence drilling operations on the leased lands within five years. No default exists on the Lease. The Lessee has complied with all applicable laws and lease provisions and has paid all rentals pursuant to the lease terms.

**STATUTORY AND OTHER REFERENCES:**

- A. Section 28 of the Lease.
- B. Public Resources Code section 6804

**OTHER PERTINENT INFORMATION**

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines [Title 14, California Code of Regulations, section 15060(c)(3)], the staff has determined that this activity is not subject to the provisions of the CEQA because it is not a "project" as defined by the CEQA and the State CEQA Guidelines.

Authority: Public Resources Code section 21065 and Title 14, California Code of Regulations, sections 15060 (c)(3) and 15378.

2. Assignment forms and prerequisite filing fees have been paid.
3. Orchard is the operator of Lease No. PRC 8605. The staff has determined that both Orchard and Livingstone possess the financial resources to meet the requirements and obligations under the terms of Oil and Gas Lease.

**EXHIBITS:**

- A. Land Description.
- B. Site Map.

**PERMIT STREAMLINING ACT DEADLINE:**

N/A.

**RECOMMENDED ACTION:**

IT IS RECOMMENDED THAT THE COMMISSION:

**CEQA FINDING:**

FIND THAT THE ACTIVITY IS NOT SUBJECT TO THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14,

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CALIFORNIA CODE OF REGULATIONS, SECTION 15060(c)(3)  
BECAUSE THE ACTIVITY IS NOT A PROJECT AS DEFINED BY  
PUBLIC RESOURCES CODE SECTION 21065 AND TITLE 14,  
CALIFORNIA CODE OF REGULATIONS, SECTION 15378.

**AUTHORIZATION:**

CONSENT TO THE ASSIGNMENT OF ALL OF MATRIS EXPLORATION  
COMPANY'S FIFTY PERCENT (50%) INTEREST IN OIL AND GAS  
LEASE NO. PRC 8605 TO LIVINGSTONE ENERGY, INC., WITH THE  
ASSIGNEE TO BE BOUND BY ALL THE TERMS AND CONDITIONS OF  
THE LEASE.

AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO  
EXECUTE ANY DOCUMENT NECESSARY TO IMPLEMENT THIS  
ASSIGNMENT.

**EXHIBIT A**

**LAND DESCRIPTION**

A parcel of submerged land in the bed of the Sacramento River situated in Colusa and Sutter Counties, California, said parcel being more particularly described as follows:

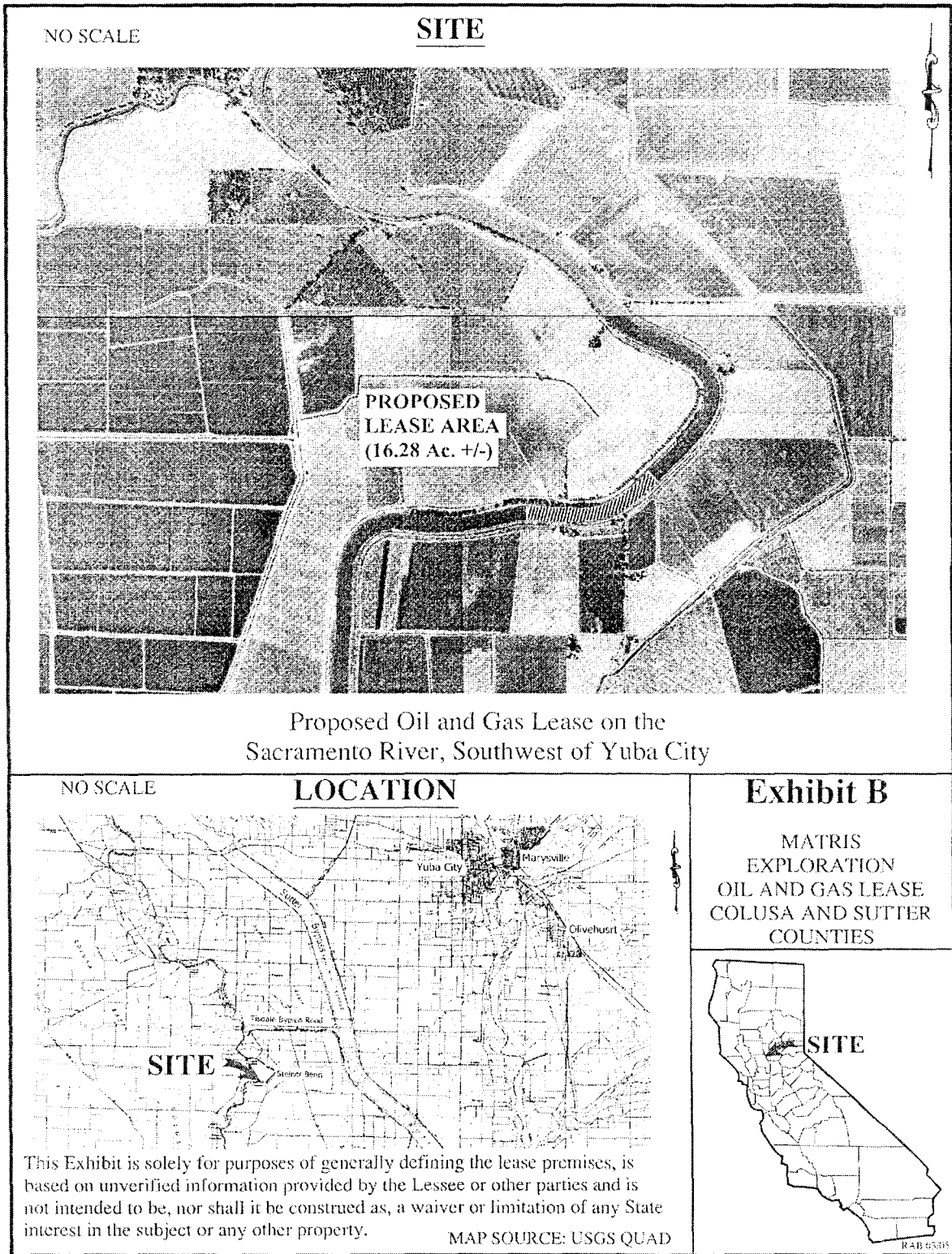
BEGINNING at a point on the right bank of the Sacramento River, from which the Northwest corner of Lot 223 of River Garden Farms Subdivision No.4, as said lot is shown on the official map filed March 3, 1913 in the Colusa County Recorder's Office, in Book 1 of Records of Surveys, at Page 91, bears North 1,205 feet, more or less from said point, thence South along the prolongation of the West line of said Lot 223 to a point on the left bank of the Sacramento River, thence East, northeasterly along the left bank of said river 2,806 feet, more or less to a point that intersect the southeasterly prolongation of the northeasterly line of said Lot 220, thence northwesterly along said line to a point on the left bank of the Sacramento River, thence southwesterly along said bank to the point of beginning.

EXCEPTING THEREFROM any land lying landward of the Ordinary Low Water Mark of said Sacramento River.

**END OF DESCRIPTION**

Prepared 3-24-2005 by the Boundary Unit of the California State Lands Commission.





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