

MINUTE ITEM

This Calendar Item No. C42 was approved as Minute Item No. 42 by the California State Lands Commission by a vote of 2 to 0 at its 10-30-07 meeting.

**CALENDAR ITEM
C42**

A 67
S 35

10/30/07
PRC 91.1
M. Hamilton

**CONSIDER APPROVAL OF AN ASSIGNMENT
FROM GREKA OIL & GAS, INC., OF A MINORITY INTEREST IN
OIL AND GAS LEASE NO. PRC 91.1, TO AERA ENERGY LLC,
HUNTINGTON BEACH OIL AND GAS FIELD (OFFSHORE AREA),
ORANGE COUNTY**

ASSIGNOR:

Greka Oil & Gas, Inc.
Attn.: Ms. Susan Whalen
6527 Dominion Rd
Santa Maria, CA 93454

ASSIGNEE:

Aera Energy LLC
Attn.: Mr. Chris Boyd
10000 Ming Avenue
Bakersfield, CA 93311

AREA, LAND TYPE, AND LOCATION:

Oil and Gas Lease No. PRC 91.1 contains approximately 589 acres of offshore tide and submerged lands located within the Huntington Beach Oil and Gas Field (offshore area) in Orange County, California.

BACKGROUND:

Lease PRC 91.1 is an oil and gas mineral lease operated by Aera Energy LLC which produces offshore State oil and gas resources from wells located onshore, and for which the State receives royalty revenues. Lease PRC 91.1 was originally awarded to H.R. Hamilton, Operator, on May 21, 1943. The interests in this lease have been divided and these portions have been transferred to other parties through corporate mergers, name changes and Commission-approved assignments. On April 4, 1994, the California State Lands Commission (Commission) approved the assignment of Exxon Corporation's minority interest (23-1/3%) in Lease PRC 91.1 to Saba Petroleum, Inc. In an assignment

CALENDAR ITEM NO. C42 (CONT'D)

document recorded June 16, 2000, Saba Petroleum, Inc. assigned all of its interest (23-1/3%) in Lease PRC 91.1 to Greka AM, Inc., and then in an assignment document recorded March 8, 2004, Greka AM, Inc. assigned all of this interest to Greka Oil & Gas, Inc. (see Exhibit B, attached hereto). Now, Greka Oil & Gas, Inc. proposes to assign all of its interest (23-1/3%) in Lease PRC 91.1 to Aera Energy LLC, the current operator and owner of the majority (73.76472%) interest in the lease. After this assignment, Aera's interest in this lease will be over 97 percent (97%) leaving less than three percent (3%) with several minority owners.

STATUTORY AND OTHER REFERENCES:

- A. Lease paragraph 4.
- 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.

EXHIBITS:

- A. Location Map.
- B. Recorded assignment documents.
- C. Executed State assignment document

PERMIT STREAMLINING ACT DEADLINE:

N/A (not a "development project" subject to the Act).

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,

CALENDAR ITEM NO. C42 (CONT'D)

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 THE INTEREST OF
GREKA OIL & GAS, INC. IN OIL AND GAS LEASE PRC 91.1 TO AERA
ENERGY LLC WITH THE ASSIGNEE TO BE BOUND BY ALL THE
TERMS AND CONDITIONS OF THE LEASE.

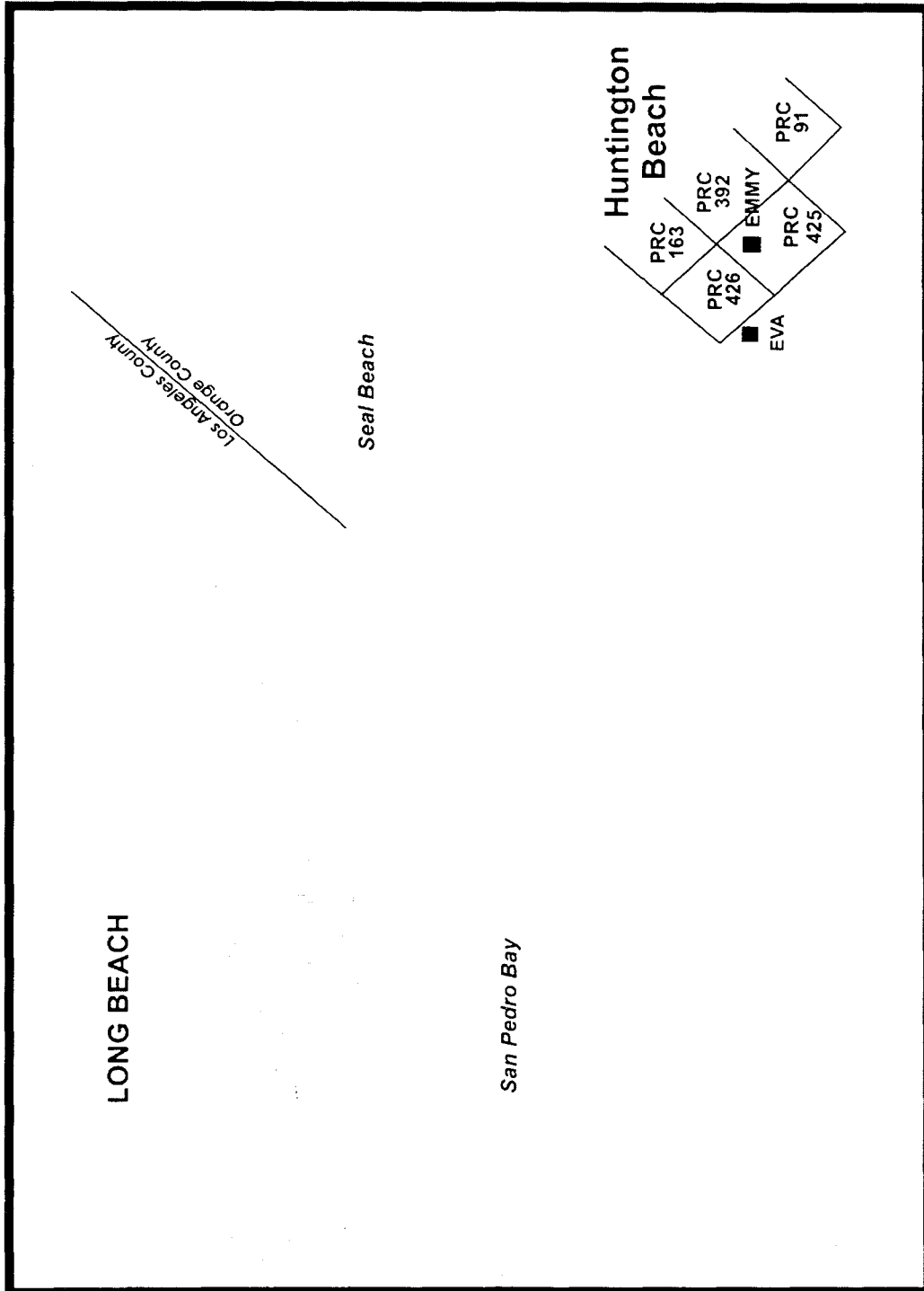
THIS ASSIGNMENT WILL TAKE EFFECT ON THE FIRST DAY OF THE
MONTH FOLLOWING THE COMMISSION APPROVAL AS PROVIDED
IN PUBLIC RESOURCES CODE SECTION 6804.

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

EXHIBIT A

Location Map

Huntington Beach Oil Field (Offshore Area)
State Oil and Gas Leases



000190

CALENDAR PAGE

000751

MINUTE PAGE

EXHIBIT B

PRC 91.1

Upon recordation return to:
Greka Energy
Attn: Land Department
3000 Wilcrest, Suite 220
Houston, TX 77042

Recorded in Official Records, County of Orange
Gary Granville, Clerk-Recorder

115 67 A34 4
0.00 0.00 0.00 20.00 9.00 0.00 0.00 12.00
20000318599 12:33pm 06/16/00 47.00

ASSIGNMENT OF INTERESTS IN OIL AND GAS LEASES

Term of lease less than 99 years

STATE OF CALIFORNIA }
 }
COUNTY OF ORANGE }

KNOW ALL MEN BY THESE PRESENTS:

For and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **SABA PETROLEUM, INC.**, a California corporation, whose address is 3201 Airpark Drive, Suite 201, Santa Maria, CA 93455 hereinafter referred to as Assignor, does hereby bargain, grant, sell, assign, convey and deliver unto **Greka AM, Inc.**, a Colorado corporation, dba **Greka Energy**, whose address is 3000 Wilcrest, Suite 220, Houston, Texas 77042, hereinafter referred to as Assignee, its successors and assigns, all of Assignors right, title and interest in and to those certain ^{unrecorded} oil and gas leases including without limitation rights of way, easements, rights, liberties, privileges, hereditaments and appurtenances thereto and other interests (if any) more fully described on Exhibit "A" attached hereto and made a part hereof.

NP 1 4 MS

THE PROVISIONS HEREOF shall bind and inure to the benefit of assignor and assignee and their respective affiliates, heirs, devisees, legal representatives, executors, administrators, successors and assigns and shall constitute covenants running with the land and interests hereby effected.

This assignment is made without warranty of title either express or implied, as to merchantability and fitness for particular purpose. Further, it is the intent of this assignment to convey all of the right, title and interest of Saba Petroleum, Inc. in the Richfield East Dome Unit to Greka AM, Inc. whether or not it has been described on Exhibit "A" attached hereto.

000191

CALENDAR PAGE

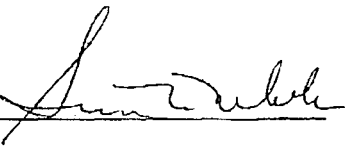
000172

MINUTE PAGE

This Assignment is and shall be effective as of the 31st day of December, 1999.

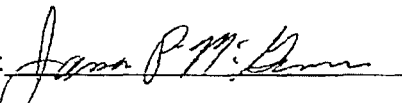
IN WITNESS WHEREOF the said Assignor and Assignee have caused their names to be affixed to this instrument on this 5th day of June, 2000.

Saba Petroleum, Inc.

By: 

Susan M. Whalen, VP

Greka AM, Inc.

By: 

James P. McGinnis, Controller

000132

CALENDAR PAGE

002743

MINUTE PAGE

Exhibit A - Attached to and made a part of the certain Assignment of Oil and Gas Leases effective December 31, 1999 from Saba Petroleum, Inc., as Assignor, to Greka AM, Inc., dba Greka Energy, as Assignee, covering lands in Orange County, California.

DATE OF AGREEMENT: May 31, 1943
LESSOR: State of California (Lease PRC 91.1)
LESSEE: H. R. Hamilton
DESCRIPTION: 589 acres, mol, of offshore tide and submerged lands being State of California PRC 91.1 lease located within the Huntington Beach Offshore Field, Orange County, California

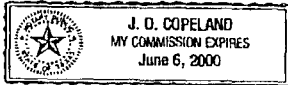
ACKNOWLEDGMENT

STATE OF Texas)
)SS
COUNTY OF Harris)

On this 5th day of June, 2000, before me, J.D. Copeland
personally appeared James P. McGinnis

personally known to me
 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.



WITNESS my hand and official seal.

J.D. Copeland

ACKNOWLEDGMENT

STATE OF NEW YORK)
)SS
COUNTY OF NEW YORK)

On this 5th day of JUNE, 2000, before me, GUS D. PLAKAS
personally appeared SUSAN M. WHALEN

personally known to me
 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.

GUS D. PLAKAS
Notary Public, State of New York
No. 41-4961904
Qualified in Queens County
Commission Expires February 5, 2002

WITNESS my hand and official seal.

Gus D. Plakas

RECORDING REQUESTED BY
FIDELITY NATIONAL TITLE

1437-50

Recording requested by &
when recorded return to:

GREKA ENERGY, LAND DEPARTMENT
6527 Dominion Road
Santa Maria, CA 93454

DOCUMENTARY TRANSFER TAX 0
() computed on full value less liens and
encumbrances remaining at time of
transfer *Consideration less than \$100.-*

By: Burgard, Ben

This Document was electronically recorded by
Fidelity National Major Accounts

Recorded In Official Records, County of Orange
Tom Daly, Clerk-Recorder



15.00

2004000183971 02:34pm 03/08/04

121 4 A30 4
0.00 0.00 0.00 0.00 9.00 0.00 0.00 0.00

STATE OF CALIFORNIA) ss
COUNTY OF ORANGE}

ASSIGNMENT

KNOWN ALL MEN BY THESE PRESENTS:

For and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **Greka AM, Inc., a Colorado corporation**, whose address is 6527 Dominion Road, Santa Maria, California 93454, hereinafter refer to as Assignor, does hereby bargain, grant, sell, assign, convey and deliver unto **Greka Oil & Gas, Inc., a Colorado corporation**, whose address is 6527 Dominion Road, Santa Maria, California 93454, hereinafter referred to as Assignee, its successors and assigns, all of Assignor's right, title and interest in and to those unrecorded oil and gas leases including without limitation rights of way, easements, rights, liberties, privileges, hereditaments and appurtenances thereto and other interests (if any) more fully described on Exhibit "A" attached hereto and made a part hereof.

THE PROVISIONS HEREOF shall bind and insure to the benefit of assignor and assignee and their reflective affiliates, heirs, devisees, legal representatives, executors, administrators, successors and assigns and shall constitute covenants running with the land and interest hereby effected.

This assignment is made without warranty of title either express or implied, as to merchantability and fitness for particular purpose. Further, it is the intent of this assignment to convey all of the right, title and interest of Greka AM, Inc. in PRC-91.1 to Greka Oil & Gas, Inc. whether or not it has been described on Exhibit "A" attached hereto.

FIDELITY NATIONAL TITLE INSURANCE
COMPANY HAS RECORDED THIS INSTRUMENT
BY REQUEST AS AN ACCOMMODATION ONLY
AND HAS NOT EXAMINED IT FOR REGULARITY
AND SUFFICIENCY OR AS ITS EFFECT UPON
THE TITLE TO ANY REAL PROPERTY THAT
MAY BE DESCRIBED THEREIN.

SIGNATURE PAGE TO FOLLOW

033195

CALENDAR PAGE

002743

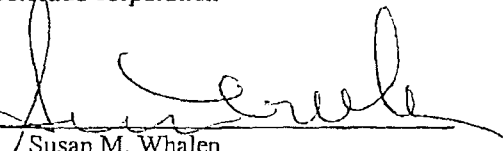
MINUTE PAGE

This Assignment is and shall be effective as of the 1st day of March 2002.

IN WITNESS WHEREOF the said Assignor and Assignee has caused their names to be affixed to this instrument on this 5th day March 2004.

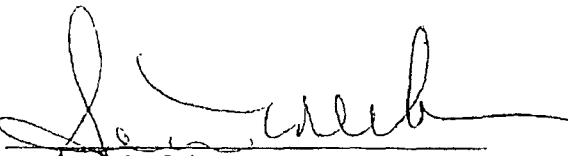
GREKA AM, INC.
A Colorado corporation

ASSIGNOR

By: 
Susan M. Whalen
V.P. of Asset Management

GREKA OIL & GAS, INC.
A Colorado corporation

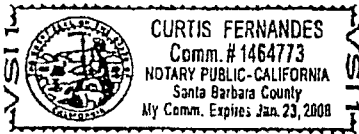
ASSIGNEE

By: 
Susan M. Whalen
V.P. of Asset Management

State of California } SS
County of Santa Barbara }

On this 5th day of March, in the year 2004, before me, Curtis Fernandes, a Notary Public of said State, personally appeared Susan M. Whalen known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in her capacity for said corporation and that said instrument was signed in behalf of said corporation by authority of their Board of Directors and acknowledged said instrument to be the free act and deed of said corporation.

WITNESS my hand and official seal.

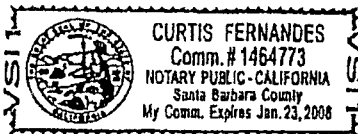


Curtis Fernandes
Signature of Notary Public

State of California } SS
County of Santa Barbara }

On this 5th day of March, in the year 2004, before me, Curtis Fernandes, a Notary Public of said State, personally appeared Susan M. Whalen known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity for said corporation and that said instrument was signed in behalf of said corporation by authority of their Board of Directors and acknowledged said instrument to be the free act and deed of said corporation.

WITNESS my hand and official seal.



Curtis Fernandes
Signature of Notary Public

000187

CALENDAR PAGE

000718

MINUTE PAGE

EXHIBIT "A"

Attached to and made a part of the certain Assignment of Oil and Gas Leases effective March 1, 2002 from Greka AM, Inc., as Assignor to Greka CA, Inc., as Assignee, covering lands in Orange County, California

DATE OF AGREEMENT: May 31, 1943
LESSOR: State of California (Lease PRC 91.1)
LESSEE: H. R. Hamilton
DESCRIPTION: 589 acres, mol, of offshore tide and submerged lands being State of California PRC 91.1 lease located within the Huntington Beach Offshore Field, Orange County, California

Exhibit C

STATE LANDS COMMISSION

STATE OIL AND GAS LEASE

- ASSIGNMENT FORM -

Greka Oil & Gas, Inc. (Assignor), as holder of an interest in State Oil and Gas Lease PRC 91 dated May 21, 1943, assigns 100 percent of its undivided right, title and interest under this lease to Aera Energy LLC (Assignee).

Assignee accepts the assignment of this lease and agrees to perform in the manner provided in the lease the conditions, covenants and agreements to be kept and performed by the Assignor and to be bound by the terms of the lease, including any modifications and collateral agreements, to the same extent as the Assignor.

ASSIGNOR:

ASSIGNEE:

Name: Greka Oil & Gas, Inc.

Name: Aera Energy LLC

Address: 6527 Dominion Road

Address: 10000 Ming Avenue

Santa Maria, California 93454

Bakersfield, California 93311

By: Susan M. White

By: J. O. Boyd

Name: Susan M. White

Name: J. O. Boyd

Title: Sr VP & General Counsel

Title: Attorney in Fact

Date: 8-9-07

Date: 8/9/07

- ACCEPTANCE FORM -

At its meeting on _____, the State Lands Commission approved the Assignment from _____ (Assignor) to _____ (Assignee) of State Oil and Gas Lease PRC _____.

This approval was given upon the following conditions:

1. This assignment shall not release the Assignor from any obligation to the State Lands Commission under the lease, any conditions in the assignment agreement to the contrary notwithstanding.
2. The Assignee shall be bound by the terms of the lease, including any modifications and collateral agreements, to the same extent as the Assignor, any conditions in the assignment agreement to the contrary notwithstanding.
3. This assignment is made pursuant to Public Resources Code section 6804; this assignment shall take effect on _____.

STATE LANDS COMMISSION

By: Paul B. Mount II, P.E., Chief, Mineral Resources Management

Date: _____

All signatures must be acknowledged.

Revised June 2007

000189
CALENDAR PAGE

000750
MINUTE PAGE