

**CALENDAR ITEM
C89**

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PRC 8605

M. Le Clair

**CONSIDER APPROVAL OF AN ASSIGNMENT OF 100 PERCENT
OF LIVINGSTONE ENERGY, INC.'S 50 PERCENT INTEREST
IN OIL AND GAS LEASE NO. PRC 8605 TO
ORCHARD PETROLEUM, INC.,
COLUSA AND SUTTER COUNTIES**

ASSIGNOR:

Livingstone Energy, Inc.
Attn.: Mr. Will Satterfield
121 N. Fir Street, Suite H
Ventura, CA 93001-2094

ASSIGNEE:

Orchard Petroleum, Inc.
Attn.: Ms. Malvina K. Lerma
3585 Maple Street, Suite 284
Ventura, CA 93003

AREA, LAND TYPE, AND LOCATION:

Negotiated subsurface (no surface use) Oil and Gas Lease PRC 8605 comprises about 16.28 acres under the Sacramento River, in 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 owned a 50 percent (50%) interest in the Lease. The Commission subsequently approved the assignment of Matris' interest to Livingstone Energy, Inc. (Livingstone) at its August 8, 2005 meeting.

Livingstone has requested that the Commission approve the assignment of its 50 percent (50%) interest in the Lease to Orchard, thereby giving Orchard 100 percent (100%) interest in the Lease. Orchard possesses the statutory

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qualifications to hold a State oil and gas lease. The terms of the Lease will remain unchanged and no default exists on the Lease. The Lessee has complied with all applicable laws and lease provisions and has paid all rentals and royalties 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. Assignment forms have been filed and prerequisite filing fees have been paid by Livingstone Energy, Inc.
- 2. The staff recommends that the Commission find that the subject assignment does not have a potential for resulting in either a direct or a reasonably foreseeable indirect physical change in the environment, and is, therefore, not a project in accordance with the California Environmental Quality Act (CEQA).

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

EXHIBITS:

- A. Location Map
- B. Land Description

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the subject assignment is not subject to the requirements of CEQA pursuant to California Code of Regulations, Title 14, section 15060, subdivision (c)(3), because the subject activity is not a project as defined by Public Resources Code section 21065 and California Code of Regulations, Title 14, section 15378.

AUTHORIZATION:

Consent to the assignment of 100 percent (100%) of Livingstone Energy, Inc.'s 50 percent (50%) interest In Oil and Gas Lease No. PRC 8605 to

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Orchard Petroleum, 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 documents necessary to implement this assignment.

EXHIBIT A

LAND DESCRIPTION

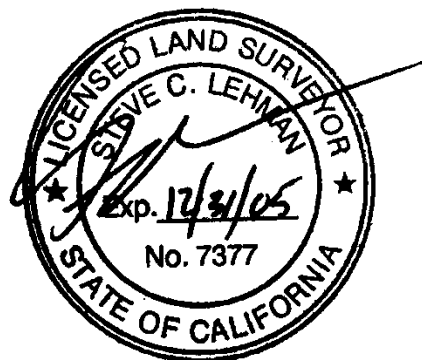
A parcel of submerged land in the bed of the Sacramento River situated in Colusa and Sutter Counties, California, said parcel being more particularly described as follows:

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.



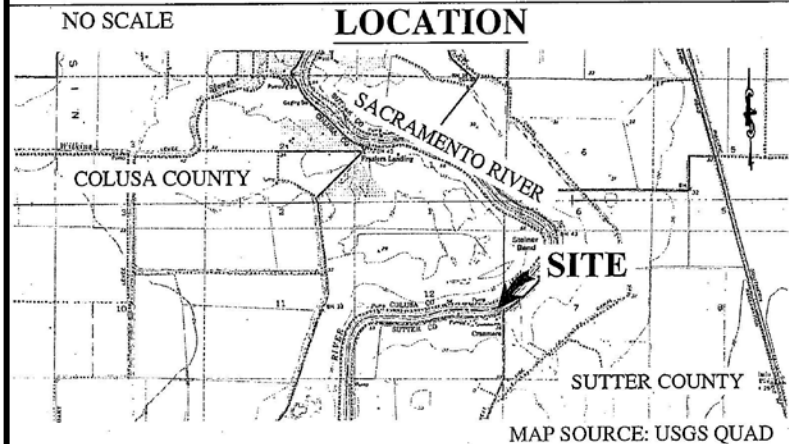
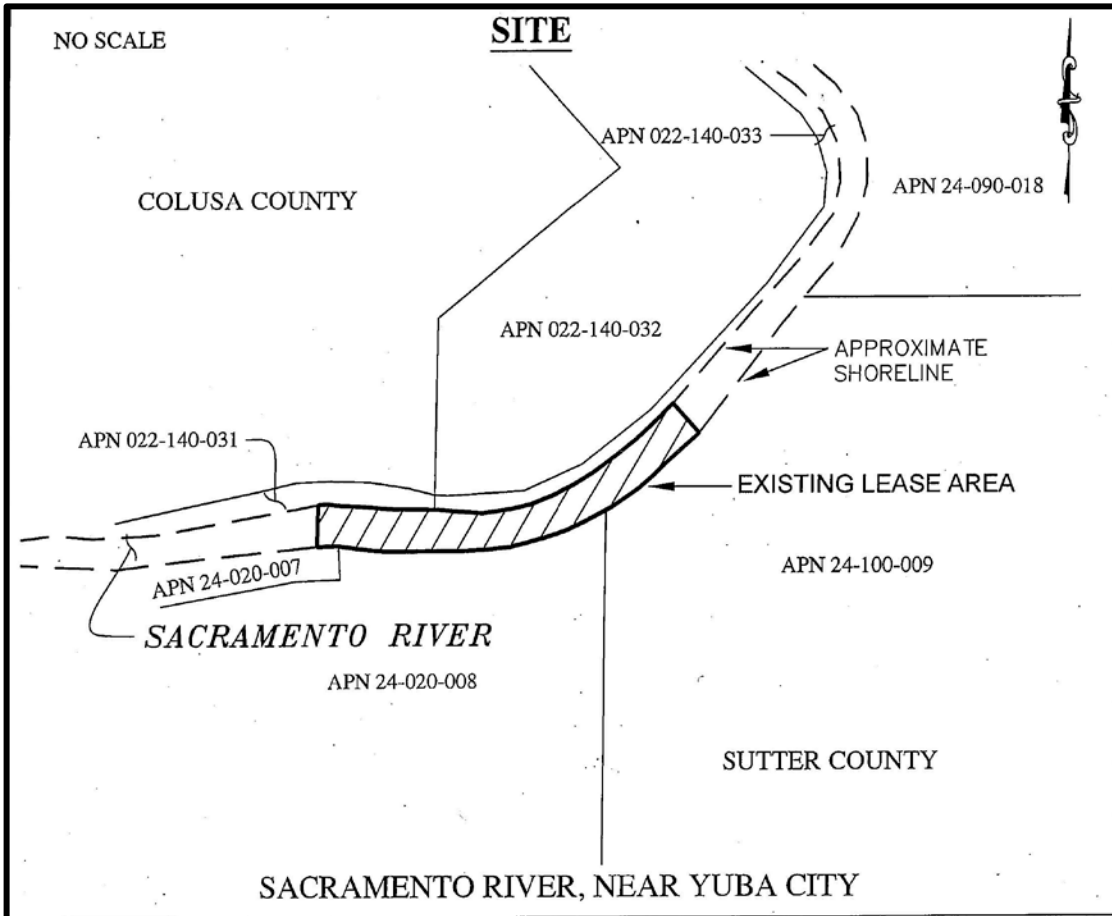


Exhibit B
 PRC 8605.1
 LIVINGSTONE /
 ORCHARD PETROLEUM
 OIL & GAS LEASE
 COLUSA & SUTTER
 COUNTIES



This Exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties and is not intended to be, nor shall it be construed as, a waiver or limitation of any State interest in the subject or any other property.