MINUTE ITEM
This Calendar Item No. C35
was approved as Minute Item
No. 35 by the State Lands
Commission by a vote of 3
to 0 at its 7-19-93
meeting.

CALENDAR ITEM

C35

A 11

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07/19/93
PRC 5735
Kiley

CONSIDER AMENDMENT TO AGREEMENT AND CONSENT
TO ENCUMBRANCING OF LEASE PRC 5735

LESSEE:
Wickland Oil Company, a California Corporation
P.O. Box 13648
Sacramento, California 95853

SECURED-PARTY LENDER:
First National Bank of Boston
100 Federal Street
Boston, Massachusetts 02110

BACKGROUND:
Lenders who accept a security interest in a business enterprise as collateral for loans typically require that the security interest extend to all assets of the enterprise which contribute to the ongoing health of the business, including leases. The lender thereby acquires the right to "step into the shoes" of the lessee, subject to all of the terms and conditions of the lease. The lender acquires no rights in the property other than those specified in the lease.

On December 13, 1988, the State Lands Commission approved an agreement and consent to encumbrancing of lease PRC 5735 in which the First National Bank of Boston was named agent for itself and three other banks as Secured Party Lenders. The Secured Party Lenders had agreed to lend money to Lessee and related entities pursuant to certain financing agreements in exchange for the granting of a security interest in various assets owned by Lessee, including land adjacent to and upland of the lease premises, and including Lessee's interest in Lease PRC 5735.1.

On June 11, 1990, the Commission approved the deletion of the three banks which had been represented by First National and the addition of two other banks as Secured Party Lenders, along with an increase in the secured amount.

CURRENT SITUATION:
Lessee is in the process of amending its financing agreements with the Secured Party Lenders to add one or more additional lenders and to increase the maximum aggregate principal indebtedness thereunder from $165,000,000 to $187,200,000.

AB 884:
N/A

OTHER PERTINENT INFORMATION:

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

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

2. This activity involves lands identified as possessing significant environmental values pursuant to P.R.C. 6370, et seq. but will not affect those significant lands.

EXHIBIT:
Third Amendment and Consent to Encumbrancing of Lease PRC 5735.1

IT IS RECOMMENDED THAT THE COMMISSION:

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

2. AUTHORIZE THE EXECUTIVE OFFICER TO EXECUTE THE THIRD AMENDMENT TO AGREEMENT AND CONSENT TO ENCUMBRANCING OF LEASE PRC 5735.1.

Exhibit

STATE OF CALIFORNIA
STATE LANDS COMMISSION

THIRD AMENDMENT TO AGREEMENT AND CONSENT
TO ENCUMBRANCING OF LEASE PRC 5735.1

WHEREAS, the State of California, acting by and through the State Lands Commission (the "Commission"), Wickland Oil Company, a California corporation ("Lessee"), and The First National Bank of Boston, as agent for itself and other banks as secured party lenders, entered into an Agreement and Consent to Encumbrancing of Lease PRC 5735.1 (as amended prior to the date hereof, the "Agreement"), which Agreement was approved by the Commission on December 13, 1988 and recorded on May 22, 1990, as instrument number 90-104619 in Book 15871, page 510 Official Records of Contra Costa County, California;

WHEREAS, pursuant to the Agreement, certain Secured Party Lenders (hereinafter, as defined in the Agreement) made loans to Lessee and related entities under various financing agreements ("Financing Agreements") in exchange for the granting of a security interest in various assets owned by Lessee, including Lessee's interest in Lease PRC 5735.1; and

WHEREAS, Lessee is currently in the process of amending its Financing Agreements with the Secured Party Lenders to add one or more additional lenders thereto and to increase the maximum aggregate principal indebtedness thereunder to $187,200,000;

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Any or all of the entities listed on Exhibit A hereto may become Secured Party Lenders.

2. All other terms and conditions of the Agreement, as amended, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment to Agreement and Consent to Encumbrancing of Lease PRC 5735.1 as of the date hereinafter affixed.

Dated: _____ __, 1993

LESSOR:

STATE OF CALIFORNIA
STATE LANDS COMMISSION

By:_____
Title:_____

LESSEE:

WICKLAND OIL COMPANY

By:_____

Title:_____

AGENT FOR SECURED PARTY
LENDERS:

THE FIRST NATIONAL BANK
OF BOSTON, as agent

By:_____

Title:_____

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss.

On this ____ day of _____, 1993, before me, the undersigned, a Notary Public in and for the State of California, with principal office in the County of Sacramento, personally appeared _____ of the STATE LANDS COMMISSION, STATE OF CALIFORNIA, the Commission that executed the within instrument pursuant to a resolution of its Commissioners.

WITNESS my hand and official seal.

_____
Notary Public in and for said County and State

_____
Notary Name typed or Printed

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss.

On this ____ day of _____, 1993, before me the undersigned, a Notary Public in and for the State of California, personally appeared _____, known to me to be the _____ of Wickland Oil Company, a California corporation and the corporation that executed the within instrument, known to be the person who executed the within instrument on behalf of the corporation herein named, and acknowledged to me that such corporation executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.

_____
Notary Public in and for said County and State

COMMONWEALTH OF MASSACHUSETTS)
COUNTY OF SUFFOLK) ss.

On _____ __, 1993, before me, the undersigned, a Notary Public in and for the Commonwealth aforesaid, personally appeared _____, proved to me by satisfactory evidence to be the _____ of The First National Bank of Boston, the bank therein named, and proved to me by satisfactory evidence to be the person who executed the within instrument of his free act and deed on behalf of said bank, and acknowledged to me that said bank executed the within instrument pursuant to its bylaws or a resolution of its board of directors.

WITNESS my hand and official seal.

_____
Notary Public in and for said County and State

My commission expires:_____

1989X

EXHIBIT A

ABN-AMRO BANK N.V.
San Francisco International Branch
555 California Street, Suite 2750
San Francisco, California 94104-1603

The Fuji Bank, Limited
San Francisco Agency
601 California Street
San Francisco, California 94108

Banque Paribas
The Equitable Tower
787 7th Avenue
New York, New York 10019

Banque Indosuez
777 South Figueroa Street
Suite 2900
Los Angeles, California 90017

Girocentrale Vienna Los Angeles Branch
633 West Fifth Street
69th Floor
Los Angeles, California 90071