

MINUTE ITEM
This Calendar Item No. C47 was approved as
Minute Item No. 47 by the California State Lands
Commission by a vote of 3 to 0 at its
6-20-05 meeting.

**CALENDAR ITEM
C47**

A 8
S 2

06/20/05
PRC 8377
M. Hamilton

**CONSIDER AMENDMENT TO NEGOTIATED LIMITED SURFACE USE
OIL AND GAS LEASE NO. PRC 8377,
GRIZZLEY ISLAND WILDLIFE MANAGEMENT AREA,
SOLANO COUNTY**

LESSEE:

OXY Resources of California LLC
Attn. Mr. Vance E. Woolley
P. O. Box 1001
Tupman, CA 93276

AREA, LAND TYPE, AND LOCATION:

Negotiated limited surface use Oil and Gas Lease No. PRC 8377 currently contains 352.6 acres of State Sovereign Lands, more or less, and 4,165.5 acres of Department of Fish and Game (DFG) Lands, more or less, in Solano County. The State's mineral interest is 50 percent (50%) and DFG's mineral interest is 100 percent (100%). The DFG administers all surface use of the Grizzly Island Wildlife Management Area.

BACKGROUND:

Negotiated limited surface use Oil and Gas Lease No. PRC 8377 was issued to OXY Resources of California LLC (OXY) on January 30, 2002. On May 13, 2005, Commission staff received a request from OXY to revise the royalty payment requirement to permit OXY to make royalty payments on the 25th day of the second month instead of the current 5th day of the second month. This will be consistent with OXY's current practice of paying its royalty owners on the 25th day of the second month following the month of production.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code sections: Division 6, Parts 1 and 2; Division 13.
- B. California Code of Regulations sections: Title 3, Division 3; Title 14, Division 6.

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CALENDAR ITEM NO. **C47** (CONT'D)

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 CEQA because it is not a " project "as defined by the CEQA and the State CEQA Guidelines.

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

EXHIBITS:

- A. Amendment to Oil and Gas Lease No. PRC 8377
- B. Location Map

PERMIT STREAMLINING ACT DEADLINE:

N/A

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDINGS:

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

1. APPROVE THE AMENDMENT OF OIL AND GAS LEASE NO. PRC 8377 EFFECTIVE THE FIRST DAY OF THE MONTH FOLLOWING THE COMMISSION APPROVAL, CHANGING THE ROYALTY DUE DATE TO THE TWENTY-FIFTH (25TH) DAY OF THE SECOND MONTH FOLLOWING THE MONTH OF PRODUCTION.
2. AUTHORIZE THE EXECUTIVE OFFICER OR HIS DESIGNEE TO EXECUTE THE AMENDMENT.

EXHIBIT A

AMENDMENT TO STATE OIL AND GAS LEASE PRC 8377

State Oil and Gas Lease (Negotiated-Limited Surface Use-Royalty) PRC 8377 was issued by the State Lands Commission (State) to OXY Resources California LLC (Lessee) on January 30, 2002. The lease originally contained approximately 8,850 acres (4,952 net mineral acres) located in Solano County, California.

The Lessee has requested that the State amend the royalty due date provisions for oil and gas substances from no later than the fifth (5th) day of the second calendar month following the calendar month in which the oil and gas substances are produced to no later than the twenty-fifth (25th) day of the second month following the month of production.

The State agrees to amend the last sentence of Lease Paragraph 3a to read:
"Money royalty on oil shall be due no later than the twenty-fifth (25th) day of the second calendar month following the calendar month in which the oil is produced and shall be paid in accordance with procedures prescribed by the State."

The State agrees to amend the last sentence of Lease Paragraph 3c to read:
"Money royalty on gas substances shall be due no later than the twenty-fifth (25th) day of the second calendar month following the calendar month in which the oil is produced and shall be paid in accordance with procedures prescribed by the State."

All other terms and conditions of the agreement shall remain unchanged and in full force and effect. The effective date of this amendment is July 1, 2005.

OXY Resources California LLC

State Lands Commission

By: _____

By: _____

Name: _____

Name: _____

Title: _____

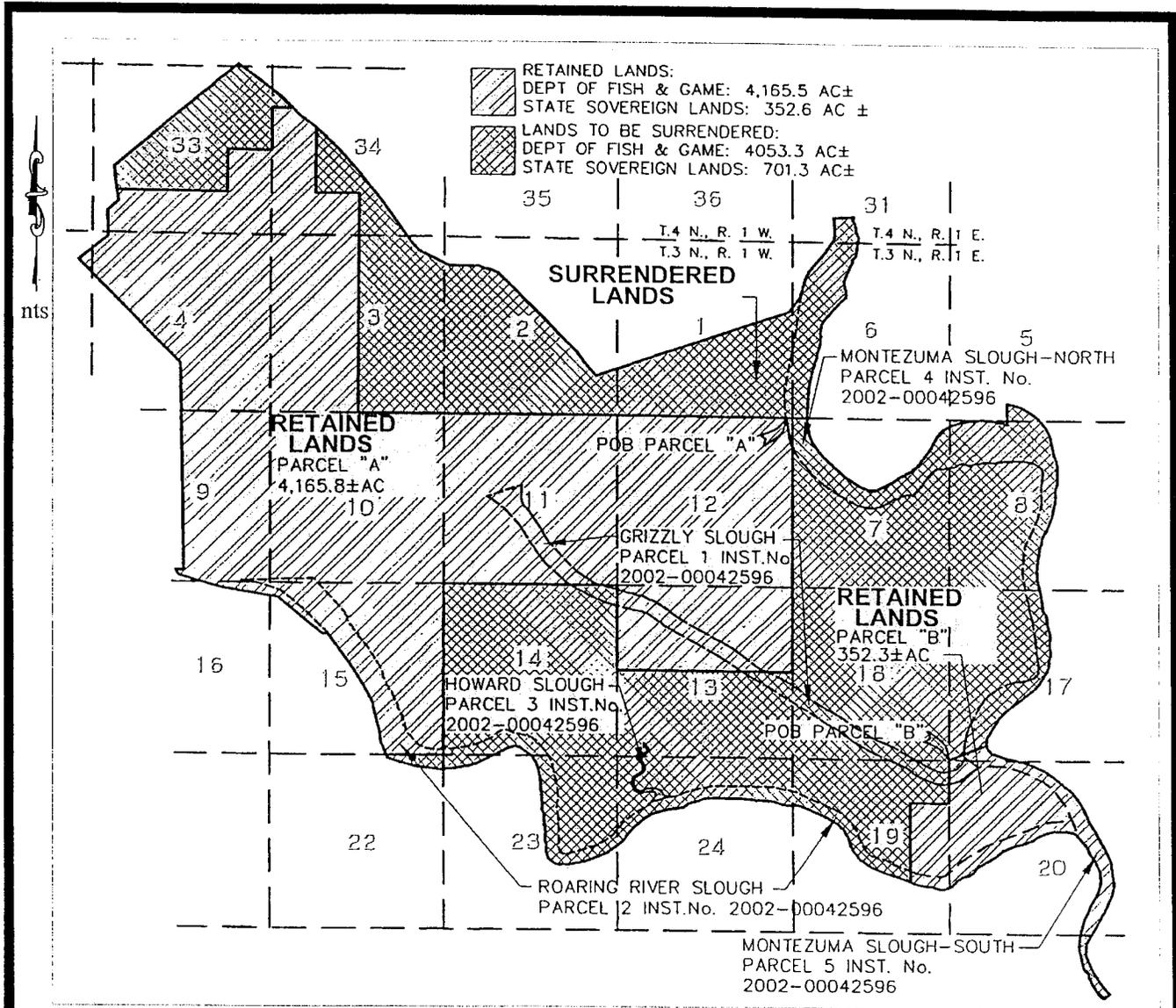
Title: _____

Date: _____

Date: _____

Attest

Attest



GRIZZLY ISLAND - HAMMOND ISLAND



EXHIBIT B

**PARTIAL QUITCLAIM
 OIL AND GAS LEASE
 TO CSLC**

This Exhibit is solely for purposes of generally defining the lease premises, and is not intended to be, nor shall it nor shall it be construed as, a waiver or limitation of any state interest in the subject or any other property.

LOCATION MAP

**PRC 83771
 OXY RESOURCES
 CALIFORNIA LLC**

**OIL & GAS LEASE IN
 HOWARD, MONTEZUMA &
 GRIZZLY & ROARING RIVER
 SLOUGHS AND
 FISH & GAME LANDS ON
 HAMMOND & GRIZZLY ISLAND
 SOLANO COUNTY**