MINUTE ITEM
This Calendar Item No. C58 was approved as Minute Item No. 58 by the California State Lands Commission by a vote of 3 to 0 at its 8-8-05 meeting.

CALENDAR ITEM
C58

A 2

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08/08/05
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,

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.

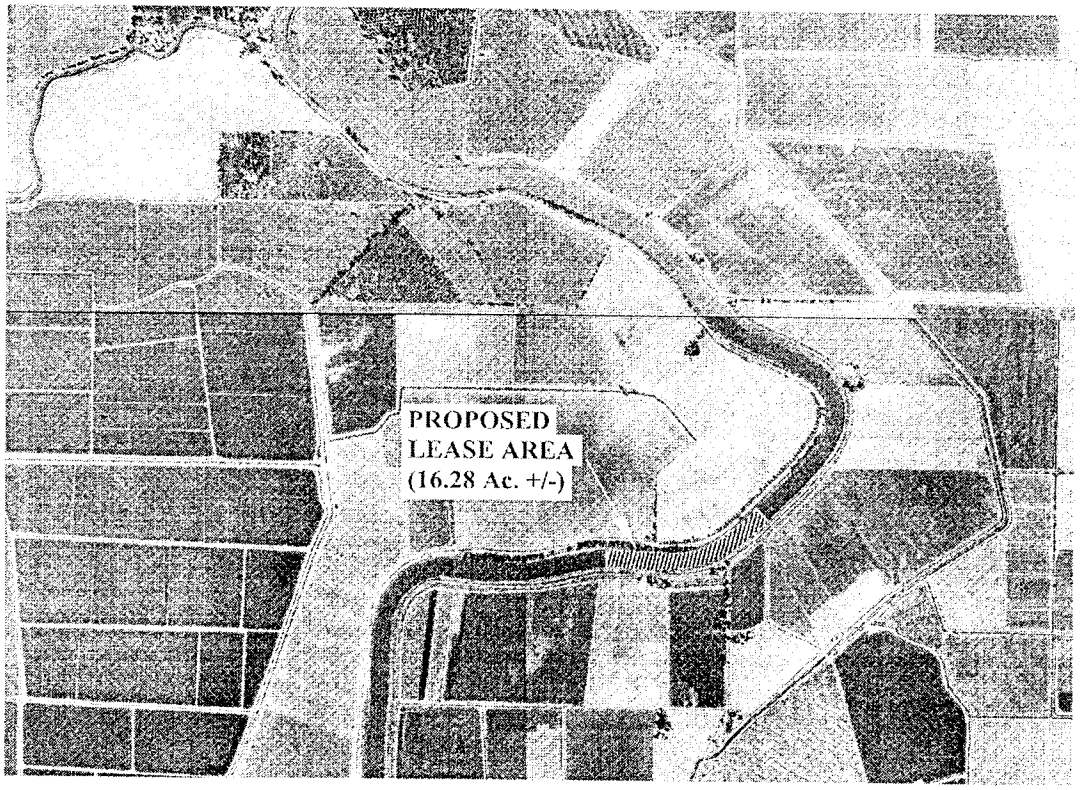
END OF DESCRIPTION

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

LICENSED LAND SURVEYOR
STEVE C. LEHMAN
Exp. 12/31/05
No. 7377
STATE OF CALIFORNIA

NO SCALE

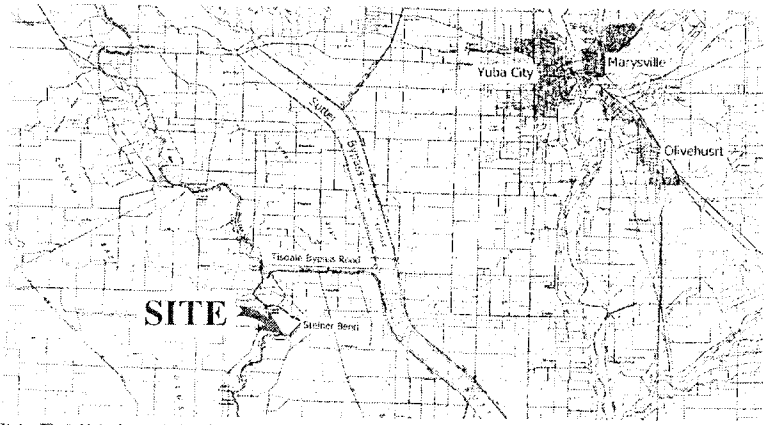
SITE



Proposed Oil and Gas Lease on the
Sacramento River, Southwest of Yuba City

NO SCALE

LOCATION



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.

MAP SOURCE: USGS QUAD

Exhibit B

MATRIS
EXPLORATION
OIL AND GAS LEASE
COLUSA AND SUTTER
COUNTIES

RAB 05305