

**CALENDAR ITEM
C53**

A 67

10/27/11

PRC 91, PRC 163, PRC E392
PRC E400, PRC E401, PRC 425
PRC 426, PRC 919, PRC 920
PRC 977, PRC 980, PRC 983
PRC 985, PRC 986, PRC 989
PRC 997, PRC 999, PRC 1329
PRC 1331, PRC 1332, PRC 1333
PRC 1334, PRC 1336, PRC 1337
PRC 1340, PRC 1345, PRC 4736
PRC 4887, PRC 5663

S 35

M. Le Clair
J. L. Smith

CONSIDER APPROVAL OF:

- 1) A LEASE AMENDMENT AND ASSIGNMENT OF 100 PERCENT OF AERA ENERGY LLC'S INTEREST IN OIL AND GAS ASE NOS. PRC 91, PRC 163, PRC E-392, PRC 425, PRC 426 AND PRC 4736;**
- 2) APPROVAL OF AN ASSIGNMENT OF 100 PERCENT OF AERA ENERGY LLC'S INTEREST IN OIL AND GAS LEASE EXTENSION AND RENEWAL AGREEMENT NOS. PRC E-400, PRC E-401, PRC 919, PRC 920, PRC 977, PRC 980, PRC 983, PRC 985, PRC 986, PRC 989, PRC 997, PRC 999, PRC 1329, PRC 1331, PRC 1332, PRC 1333, PRC 1334, PRC 1336, PRC 1337, PRC 1340, AND PRC 1345 ;**
- 3) APPROVAL OF AN ASSIGNMENT OF 100 PERCENT OF AERA ENERGY LLC'S INTEREST IN DRILL SITE AGREEMENT NO. PRC 4887; AND**
- 4) APPROVAL OF AN ASSIGNMENT OF AERA ENERGY LLC'S AGREEMENT FOR USE OF EASEMENTS NO. PRC 5663 OF STATE OWNED LANDS AT BOLSA CHICA STATE BEACH , ALL TO OXY USA INC., ORANGE COUNTY**

ASSIGNOR:

Aera Energy LLC
Attn.: Mr. J.C. Boyd, Attorney-in-Fact
P. O. Box 11164
Bakersfield, CA 93389-1164

ASSIGNEE:

OXY USA Inc.
Attn.: Mr. Mike Gooding, Attorney-in-Fact
10889 Wilshire Boulevard
Los Angeles, CA 90024

AREA, LAND TYPE, AND LOCATION:

Twenty-nine (29) leases and/or agreements comprise Aera Energy LLC's (Aera's) interest in the Huntington Beach Oil Field in Orange County, consisting of: Six (6) State Oil and Gas Leases which currently produce State resources in the offshore portion of the field, and are developed from wells both at onshore drilling sites as well as from offshore Platform Emmy; Twenty-one (21) Oil and Gas Extension and Renewal Agreements, which are former "one-well easement" leases that have been unitized to provide for the cooperative waterflood development of the Main Zone portion of Oil and Gas Lease No. PRC 91; One (1) Drill Site Agreement that provides an onshore location for the purposes of drilling, exploring and prospecting for, producing, developing, extracting, and removing oil, gas, oil shale and other hydrocarbon substances in or underlying the offshore lands; and One (1) Agreement for Use of Easements (PRC 5663) that provides an area for a pipeline crossing under Bolsa Chica State Beach (Location Map, attached as Exhibit A).

BACKGROUND:

Aera is the current operator and majority working interest owner in the 29 leases and/or agreements (Leases) as part of this offshore oil and gas operation. All of these Leases were issued between September 26, 1938 and January 25, 1973, and, through a number of assignments and mesne conveyances, Aera is the current lessee of record for all of the Leases.

Commission staff received a letter dated August 15, 2011, containing an application for the California State Lands Commission (Commission) approval of the assignment of 100 percent (100%) of Aera's interest in the aforementioned Leases to OXY USA Inc. (OXY), a Delaware corporation. As part of the assignment review process, staff performed a financial review of OXY's assets to ensure its performance of the terms of the Leases. Staff determined that, in addition to an increased performance bond, OXY's parent, Occidental Oil and Gas Holding Corporation (OOGHC), a California corporation, would be required to sign, and has signed, a parental guarantee (in a form substantially similar to that set forth in Exhibit B, attached) and take ultimate financial responsibility for the Lease obligations.

Staff determined that the Leases should be amended to provide additional protection of the State's interests in the leased lands. The amendments to the leases and agreements are contained in the Amendment on file with the Commission in a form substantially similar to the document attached as Exhibit

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C.

Some of the more significant new lease terms are:

1. An increase in the bond provisions from the current amount of \$250,000 to \$30 million, with a five-year review of the bonding terms;
2. A requirement that OXY sign a lease management fee reimbursable agreement with the Commission to cover staff costs associated with lease administration;
3. A requirement that OXY adhere to all current regulations and any regulations promulgated during the remaining life of the Leases;
4. A requirement that OXY make capital expenditures not less than \$18 million in the first year following assignment and \$30 million per year in each of the flowing three (3) years on the state leases, contingent on the price of oil remaining stable above \$70 per barrel;
5. A requirement that OXY will diligently work with Southern California Gas (SoCal Gas) and the Bolsa Chica Lowlands Restoration Project to facilitate repair of the Long Beach Gas sales pipeline, and that OXY shall request a Capacity Study from SoCal Gas in order to ascertain if an interconnect is feasible and if so, if it can accept gas deliveries on a firm basis in order to limit the amount of gas that is flared; and,
6. A requirement that OXY will consent to the current Safety Audit schedule and submit to a Safety and Management Systems (SAMS) Audit at any time upon the request of the Commission staff.

STATUTORY AND OTHER REFERENCES:

- A. Section 4 of the leases PRC 91, PRC 163, PRC 425 and PRC 426.
- B. Section 2(n) of lease PRC E-392
- C. Article 3.4 and 11.8 of lease PRC 4736
- D. Public Resources Code section 6804.

OTHER PERTINENT INFORMATION

1. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines, California Code of Regulations, Title 14, Section 15060, subdivision (c)(3), the staff has determined that this activity is not subject

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to the provisions of CEQA because it is not a “project” as defined by 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. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code section 6370, et seq., but such activity will not affect those significant lands. Based upon the staff’s consultation with the persons nominating such lands and through the CEQA review process, it is the staff’s opinion that the project, as proposed, is consistent with its use classification.
3. Assignment forms have been provided and prerequisite filing fees have been paid by Aera.
4. Upon approval of the assignment, the six (6) State Oil & Gas Lease Nos. PRC 91, PRC 163, PRC E-392, PRC 425, PRC 426, and PRC 4736, and the twenty-one (21) Oil and Gas Lease Extension and Renewal Agreement Nos. PRC E-400, PRC E-401, PRC 919, PRC 920, PRC 977, PRC 980, PRC 983, PRC 985, PRC 986, PRC 989, PRC 997, PRC 999, PRC 1329, PRC 1331, PRC 1332, PRC 1333, PRC 1334, PRC 1336, PRC 1337, PRC 1340, and PRC 1345, and the one (1) Drill Site Agreement No. PRC 4887 and the one (1) Agreement for Use of Easements No. PRC 5663 shall be amended in a form substantially similar to the Amendment document attached as Exhibit C.
5. Performance Bonds totaling \$30 million are on file at the Commission’s Long Beach office.
6. Occidental Oil and Gas Holding Company has executed an irrevocable and unconditional guaranty of OXY USA Inc.’s performance of the terms of the Lease. Occidental Oil and Gas Holding Company has submitted corporate and financial data which were reviewed by Commission staff. Based on the results of the reviews and that Occidental Oil and Gas Holding Company’s other entities have current leases with the State, Commission staff has determined that Occidental Oil and Gas Holding Company possesses the financial resources to meet the requirements and obligations under the terms of the six (6) State Oil & Gas Lease Nos. PRC 91, PRC 163, PRC E-392, PRC 425, PRC 426, and PRC 4736, and of the twenty-one (21) Oil and Gas Lease Extension and Renewal Agreement

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Nos. PRC E-400, PRC E-401, PRC 919, PRC 920, PRC 977, PRC 980, PRC 983, PRC 985, PRC 986, PRC 989, PRC 997, PRC 999, PRC 1329, PRC 1331, PRC 1332, PRC 1333, PRC 1334, PRC 1336, PRC 1337, PRC 1340, and PRC 1345, and of the one (1) Drill Site Agreement No. PRC 4887 and of the one (1) Agreement for Use of Easements No. PRC 5663.

7. OXY USA Inc. shall uphold the precedent dictated by Aera Energy LLC of paying rent on behalf of the working interest owners for the following eight (8) Oil and Gas Lease Extension and Renewal Agreement Nos. PRC 988, PRC 991, PRC 992, PRC 993, PRC 1335, PRC 1338, PRC 1339, and PRC 1346.
8. The surface of the upland area included in or in the vicinity of the 29 leases is owned and managed by the Commission and has been restored to marine and wetland habitat. In 1973 the Commission obtained 320 acres as part of a title settlement agreement. In 1997, the Commission acquired approximately 880 additional acres for inclusion in the Bolsa Chica Lowlands Restoration Project (Project). This area and the previously acquired lands are managed under leases to the California Department of Fish and Game (PRC 4733, PRC 4734, and PRC 8704) as part of the Bolsa Chica Ecological Reserve.
9. When the Commission acquired the 880 acres for the Project, it took title subject to the existing non-State North and South Bolsa oil and gas leases. However, the consent of the Commission is not required for the assignment of the North and South Bolsa leases and the various agreements related to these leases that provide for the coordination of activities between the surface owner (now the Commission) and the oil and gas operator. Although the Commission's consent for the assignment of the North and South Bolsa leases and related agreements is not required, they will be assigned to OXY by Aera. As the assignee and/or successor-in-interest, OXY will be required to fulfill the obligations contained in those leases and various agreements. The assignment of the North and South Bolsa leases and related agreements from Aera to OXY does not release Aera, or its predecessors in interest, from any obligations imposed on them by the leases and related agreements, or as otherwise imposed by law.

EXHIBITS:

- A. Location Map
- B. Proposed "Parental" Guarantee of Occidental Oil and Gas Holding Corporation
- C. Proposed Lease Amendment

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RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

1. Find that the activity is not subject to the requirements of 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.
2. Find that this activity is consistent with the use classification designated by the Commission for the land pursuant to Public Resources Code section 6370, et seq.

AUTHORIZATION:

1. Consent to the assignment of 100 percent of Aera Energy LLC's interest in Leases Nos. PRC 91, PRC 163, PRC E392, PRC E400, PRC E401, PRC 425, PRC 426, PRC 919, PRC 920, PRC 977, PRC 980, PRC 983, PRC 985, PRC 986, PRC 989, PRC 997, PRC 999, PRC 1329, PRC 1331, PRC 1332, PRC 1333, PRC 1334, PRC 1336, PRC 1337, PRC 1340, PRC 1345, PRC 4736, PRC 4887, and PRC 5663 to OXY USA, Inc., with the assignee to be bound by all the terms and conditions of the Leases.
2. Approve the Parental Guarantee of Occidental Oil and Gas Holding Corporation in a form substantially similar to that set forth in Exhibit B of this calendar item.
3. Approve the Lease Amendment for the six (6) State Oil and Gas Leases, the twenty-one (21) Oil and Gas Extension and Renewal Agreements, the one (1) Drill Site Agreement and the one (1) Agreement for Use of Easements in a form substantially similar to that set forth in Exhibit C of this calendar item.
4. Authorize the Executive Officer or his designee to execute any documents necessary to implement this assignment and lease amendment.

PRC 91, PRC 163, PRC E392
 PRC E400, PRC E401, PRC 425
 PRC 426, PRC 919, PRC 920,
 PRC 977, PRC 980, PRC 983
 PRC 985, PRC 986, PRC 989
 PRC 997, PRC 999, PRC 1329
 PRC 1331, PRC 1332, PRC 1333
 PRC 1334, PRC 1336, PRC 1337
 PRC 1340, PRC 1345, PRC 4736
 PRC 4887, PRC 5663

EXHIBIT A

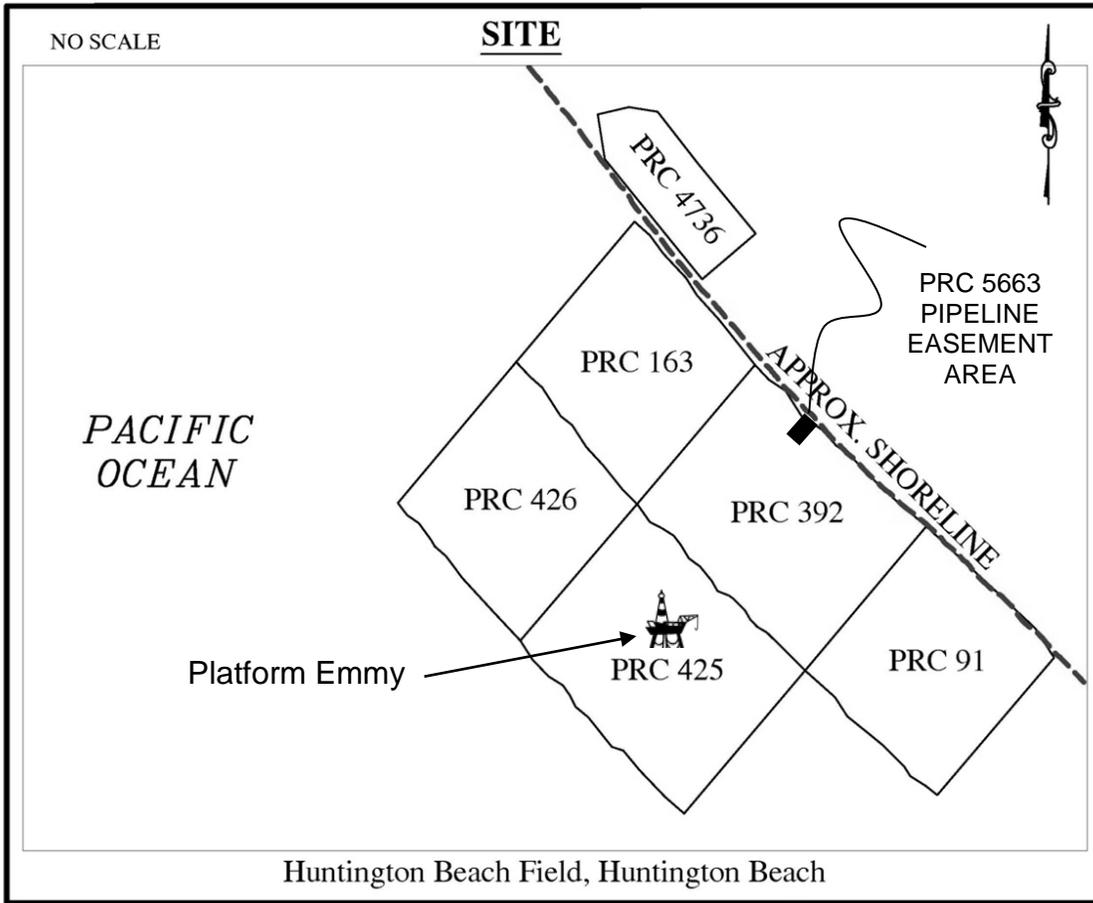


Exhibit A

PRC 91, 63, 392, 425, 426, 4736
 AERA ENERGY LLC
 TO OXY USA INC
 ASSIGNMENT OF LEASE
 ORANGE COUNTY



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.

EXHIBIT B

PRC 91, PRC 163, PRC E392
PRC E400, PRC E401, PRC 425
PRC 426, PRC 919, PRC 920,
PRC 977, PRC 980, PRC 983
PRC 985, PRC 986, PRC 989
PRC 997, PRC 999, PRC 1329

PRC 1334, PRC 1336, PRC 1337
PRC 1340, PRC 1345, PRC 4736
PRC 4887, PRC 5663

GUARANTY

1. **Occidental Oil and Gas Holding Corporation a California corporation,** (“Guarantor”) owns **OXY USA Inc., a Delaware corporation.** OXY USA Inc. is the lessee of 97.09808% interest in Oil and Gas Lease designated as PRC 91.1, the lessee of 96.21489% interest in Oil and Gas Lease designated as PRC 163.1, the lessee of 96.21489% interest in Oil and Gas Lease designated as PRC E-392.1, the lessee of 96.21489% interest in Oil and Gas Lease designated as PRC 425.1 the lessee of 96.21489% interest in Oil and Gas Lease designated as PRC 426.1, and the lessee of 100.00% interest in Oil and Gas Lease designated as PRC 4736.1, and the lessee of twenty-one (21) Oil and Gas Lease Extension and Renewal Agreement Nos. PRC E-400, PRC E-401, PRC 919, PRC 920, PRC 977, PRC 980, PRC 983, PRC 985, PRC 986, PRC 989, PRC 997, PRC 999, PRC 1329, PRC 1331, PRC 1332, PRC 1333, PRC 1334, PRC 1336, PRC 1337, PRC 1340, and PRC 1345, and lessee of Drill Site Agreement No. PRC 4887 and lessee of Agreement for Use of Easements No. PRC 5663 (“State Leases”) granted by the State of California acting by and through the State Lands Commission (“Lessor”). For valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the undersigned, Guarantor hereby unconditionally guarantees to Lessor the performance by OXY USA Inc. of all the terms, covenants, conditions, agreements, and obligations of the State Leases in the same manner and to the same extent as though Guarantor were the lessee thereunder (the “Obligation”).
2. This is a continuing and absolute Guaranty relating to the Obligation, irrespective of any release of, or granting of time or any other forbearance or indulgence to OXY USA

Inc., except as specifically authorized by the Lessor. Modifications of or alterations or changes which may be made in the State Leases, or in the terms, duties and obligations imposed thereunder shall not in any way release the Guarantor, either in whole or in part, from any liability arising under this Guaranty. Notice to the Guarantor of any such modifications, alterations, changes, extensions or forbearance is hereby waived.

3. If, during the term this Guaranty is in effect, OXY USA Inc. fails to timely perform any obligation arising under the State Leases, including without limitation, the obligation to make any monetary payment provided for thereunder, and fails to cure any such failure in the manner and within the period of time provided within the State Leases, Guarantor will tender performance of such obligation directly for Lessor's benefit promptly upon Lessor's demand therefore, and without Lessor having to make prior demand upon OXY USA Inc.. Notwithstanding the preceding sentence, the obligations of the Guarantor hereunder are independent of the obligations of OXY USA Inc., and a separate action or actions may be brought and prosecuted against the Guarantor whether an action is brought against OXY USA Inc. or whether OXY USA Inc. is joined in any such action or actions.

4. The Guarantor waives: (a) any right to require the Lessor to (i) proceed against OXY USA Inc.; (ii) proceed against or exhaust any security or other guarantor; or (iii) pursue any other remedy in Lessor's power whatsoever; and (b) notice of acceptance of this Guaranty. Nothing in this Guaranty shall constitute a waiver by Guarantor of, or shall prevent Guarantor from asserting, (i) any defense based on Lessor's default under, or Lessor's failure to have performed its obligations arising under, the State Leases, and

(ii) any defense which OXY USA Inc. or the Guarantor may have or assert under the express terms of the State Leases or this Guaranty.

5. The Guarantor represents and warrants to Lessor that (a) all authorizations, approvals, notices, filings and other action required by the internal documents governing the Guarantor and the regulatory authorities having jurisdiction over the Guarantor in connection with the due authorization, execution and delivery of this Guaranty has been duly obtained or made and are in full force and effect; and (b) this Guaranty has been duly executed and delivered by the Guarantor and constitutes the legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with its terms.

6. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF CALIFORNIA WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS. The Guarantor, by its execution of this Guaranty, hereby submits to the non-exclusive jurisdiction of the courts of the State of California and of the United States of America in connection with any action or proceeding relating to this Guaranty and hereby consents to service of process or other summons in any such action or proceeding brought by Lessor against it in any such court by means of registered mail to the last known address of the Guarantor. Nothing herein, however, shall prevent service of process by any other means permitted by law or the bringing of any such action or proceeding in any other jurisdiction.

7. None of the terms or provisions hereof may be waived, altered, modified or amended except by a writing duly signed by the Lessor and by the undersigned. If any term hereof shall be held to be invalid, illegal or unenforceable in any jurisdiction, the validity of all other terms shall in no way be affected thereby in that jurisdiction, and the unenforceability in that jurisdiction shall in no way affect the validity or enforceability of that or any other terms hereof in any other jurisdiction.
8. This Guaranty shall be binding on the Guarantor and its successors and assigns and shall inure to the benefit of the Lessor. This Guaranty shall not be deemed to benefit any person except OXY USA Inc. and Lessor.

In witness whereof, the Guarantor has caused this Guaranty to be executed on its behalf by its duly authorized representatives, as of this 27th day of October 2011.

Occidental Oil and Gas Holding Corporation.

By: _____

Name: _____

Title: _____

EXHIBIT C

PRC 91, PRC 163, PRC E392,
PRC E400, PRC E401, PRC 425,
PRC 426, PRC 919, PRC 920,
PRC 977, PRC 980, PRC 983,
PRC 985, PRC 986, PRC 989,
PRC 997, PRC 999, PRC 1329,
PRC 1331, PRC 1332, PRC 1333,
PRC 1334, PRC 1336, PRC 1337,
PRC 1340, PRC 1345, PRC 4736,
PRC 4887, PRC 5663

**AMENDMENT OF STATE OIL AND GAS LEASES
PRC 91, PRC 163, PRC E392, PRC 425, PRC 426 AND PRC 4736,
AND OIL AND GAS LEASE EXTENSION AND RENEWAL AGREEMENTS
PRC E400, PRC E401, PRC 919, PRC 920, PRC 977, PRC 980, PRC 983,
PRC 985, PRC 986, PRC 989, PRC 997, PRC 999, PRC 1329, PRC 1331,
PRC 1332, PRC 1333, PRC 1334, PRC 1336, PRC 1337, PRC 1340, AND
PRC 1345, AND DRILL SITE AGREEMENT PRC 4887,
AND AGREEMENT FOR USE OF EASEMENTS PRC 5663**

This Amendment is entered into by and between the State of California, acting by and through the State Lands Commission, referred to as "State," and OXY USA, Inc., referred to as "OXY."

The State and OXY's predecessors in interest entered into State Oil and Gas Leases PRC 91.1 dated May 21, 1943, PRC 163.1 dated November 15, 1944, PRC E-392.1 dated September 25, 1958, PRC 425.1 dated February 10, 1950, PRC 426.1 dated February 10, 1950, PRC 4736 dated January 25, 1973, and twenty-one (21) Oil and Gas Lease Extension and Renewal Agreements (so called "trespass " wells) listed in the heading above and subject to the PRC 91.1 Lower Main Zone Unit (91 MZU), and Drill Site Agreement PRC 4887.9 dated January 25, 1973 and Agreement For Use Of Easements PRC 5663.1 dated May 15, 1979, all which are referred to as the "Leases." OXY is the lessee and operator of the Leases.

Whereas, the terms of the Leases require the lessee to furnish a bond in favor of the State of California in an amount acceptable to the State to guarantee the lessee's faithful performance of the terms, covenants and conditions of the Lease; and,

Whereas, the amount of the performance bond currently required by the Leases is \$250,000; and,

Whereas, the State has determined that it is in its best interest to modify the security requirements for faithful performance by the lessee under the Leases. The State and OXY agree that it is advantageous and efficient to substitute a good and sufficient blanket bond or other security acceptable to the State in favor of the State of California

to guarantee performance by the lessee of all the terms, covenants and conditions of the Leases; and,

Whereas the State has determined that it is in its best interest to modify the terms of the Leases to include a Lease Management Fee to reimburse the State for the reasonable and necessary costs incurred for the administration and implementation of the terms and conditions of the Leases; and,

Whereas, the State and OXY have also agreed to other modifications of the Leases, including a commitment for State lease development by OXY and OXY's and the State's facilitating, to the extent feasible and within their control the repair of the gas pipeline through the Bolsa Chica wetlands to be used for marketing produced gas; and,

Whereas, the Leases may be amended by mutual consent of the parties to them,

NOW THEREFORE, OXY and the State agree as follows:

1. OXY, as lessee, shall furnish and maintain a good and sufficient blanket bond or other security acceptable to the State in favor of the State of California in the sum of thirty million dollars (\$30,000,000) to guarantee the faithful performance by the lessee of all of the terms, covenants and conditions of the Leases, the provisions of Division 6 of the California Public Resources Code and all rules and regulations now in effect, or promulgated hereafter, applicable to the operations under the Leases, including but not limited to the removal of Platform Emmy and all associated facilities and pipelines.
2. The amount of the bond shall be subject to review and modification by the State every five years.
3. So long as the bond is maintained and in effect, OXY, as lessee, shall be in compliance with Section 13 of PRC 91.1, PRC 163.1, PRC 425.1, and PRC 426.1 and Section 2(a) of PRC E-392.1. OXY's failure to maintain the bond as required by this Amendment shall be a violation of the aforementioned sections of PRC 91.1, PRC 163.1, PRC 392.1, PRC 425.1 and PRC 426.1.
4. OXY, as lessee, shall execute a State Standard Reimbursement Agreement for the combined Leases, subject to a one hundred twenty-five thousand dollar (\$125,000) per annum cap to start on November 1, 2011, with automatic annual renewals increasing the cap five percent (5%) per year. The lessee shall be billed for reimbursement of staff time incurred for the reasonable and necessary costs of the administration and implementation of the terms of the Leases, including, but not limited to, engineering review, royalty verification and/or audit, reservoir and geologic review, annual lease reviews and any other staff time or expenditures to ensure lease operations conform to all the terms of the Leases

and to the rules and regulations of the State currently in effect and those promulgated or amended after the effective date of this Amendment applicable to drilling and production operations in or on the Leases. Notwithstanding the foregoing, all costs incurred for environmental mitigation monitoring required to be performed pursuant to the terms of the Leases and costs and expenses of the State that are reimbursable under or funded by the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act (Pub. Resources Code § 87850 et seq.) are excluded from the provisions of this paragraph and not subject to the cap, unless and until such funding is insufficient to cover these costs and expenses. Lessee may request reasonable back-up support for all such charges.

5. OXY is committed to, and shall make capital expenditures, subject to product price, equipment availability and permitting, at least \$18 million in the first year following the assignment to it of the Leases, and at least \$30 million in each of the following three (3) years to carry out the development plans for the State Leases. The expenditures may include, but not limited to, engineering, research, drilling, workovers and upgrades of facilities for the handling and processing of oil, gas and associated fluids from the Leases. Notwithstanding the foregoing, these expenditures are contingent upon an available product market for the Lease oil and a stable oil price above \$70.00 per barrel.
6. Beginning in the 2012 construction window, the parties shall facilitate,, to the extent feasible and within their reasonable control, repair of the gas pipeline through the Bolsa Chica wetlands area that is now out of service in order to connect this gas pipeline to the northern sales gas line. The parties acknowledge that OXY does not own the pipeline nor the real property on which it is located. Additionally, OXY shall request a Capacity Study from Southern California Gas Company in order to ascertain if this gas pipeline can accept gas deliveries on a firm basis after it is repaired.
7. OXY shall permit and fully cooperate with State Lands Commission safety audits, which currently are performed on a five year cycle or as staff and time allows, and the Safety Assessment of Management Systems (SAMS), either during and as a part of the safety audits or at any time staff determines that such a management systems review is warranted.
8. All other terms and conditions of the Leases shall remain in full force and effect.
9. The effective date of this Amendment is November 1, 2011.

This Amendment will be binding on the State only after it is duly executed on behalf of the State Lands Commission of the State of California.

IN WITNESS WHEREOF, the parties have executed this Amendment to State Oil and Gas Leases PRC 91, PRC 163, PRC E392, PRC 425, PRC 426 AND PRC 4736, and Oil and Gas Lease Extension and Renewal Agreements PRC E400, PRC E401, PRC 919, PRC 920, PRC 977, PRC 980, PRC 983, PRC 985, PRC 986, PRC 989, PRC 997, PRC 999, PRC 1329, PRC 1331, PRC 1332, PRC 1333, PRC 1334, PRC 1336, PRC 1337, PRC 1340, AND PRC 1345, and Drill Site Agreement PRC 4887, and Agreement For Use of Easements PRC 5663.

LESSEE
OXY USA, Inc.

STATE OF CALIFORNIA
STATE LANDS COMMISSION

By _____

By _____

Title _____

Title _____

Dated _____

Dated _____