

**REQUEST FOR ASSIGNMENT
OF OIL AND GAS LEASE PRC _____**

California Public Resources Code (P.R.C.) Section 6804 governs the assignments of all State Oil and Gas Leases. Unless approved by the State Lands Commission (Commission) no assignment shall be of any effect. Before the Commission may consider your request, the following information must be provided:

SECTION A: Identification of Parties

Current Lessee/Assignor: _____

Attention: _____

Address: _____

City, State, Zip Code: _____

Phone/Fax/Cell: _____

E-Mail Address: _____

Current interest held: _____%. Interest proposed for assignment: _____%.

Interest remaining after this assignment: _____%.

Proposed Lessee/Assignee: _____

Attention: _____

Address: _____

City, State, Zip Code: _____

Phone/Fax/Cell: _____

E-Mail Address: _____

SECTION B: Assignee Requirements

(1) If the assignment involves the transfer, in whole or in part, of an operating interest under the State Oil and Gas Lease, the Assignee must provide evidence, satisfactory to the Commission, of its ability to perform the lease operations. This requirement may be fulfilled by submitting certified copies for the preceding two complete fiscal years of each of the following: balance sheet, income statement, statement of changes in financial position and all notes to the financial statements. Also submit resumes of the principal management for the company. For publicly traded companies, a copy of the annual report to the Securities and Exchange Commission on Form 10-K may be substituted for the preceding material.

(2) A new bond or bond rider or other security in an amount satisfactory to the Commission will also be required. A "Bond Accompanying Lease" form, in addition to the bond or security document, will need to be submitted upon approval of the Commission of the assignment. (See form below)

(3) All assignees must provide evidence that they possess the qualifications of P.R.C. Section 6801 and are eligible to hold the State Oil and Gas Lease. Please place an "X" in the appropriate box ([]) and provide the required information.

- [] **1. INDIVIDUAL:** Submit a certified copy of birth certificate or other evidence of eligibility.
- [] **2. CORPORATION:** Submit a Certificate of Incorporation issued by the State of California or a Certificate of Incorporation issued by the State of incorporation with the Certificate of Good Standing of Foreign Corporation issued by the Secretary of State of California authorizing the transaction of business in California; Articles of Incorporation and/or By-Laws; certified statement of the names of the corporate president, secretary and/or officer(s) authorized to execute contracts; and a board resolution or other evidence of authority to enter into the requested transaction.
- [] **3. PARTNERSHIP:** Submit a certified copy of partnership statement. If no partnership statement has been filed in the county in which the partnership does business, so state in the application and further give all particulars of the partnership.
- [] **4. PUBLIC AGENCY:** Generally, all leases and permits issued by the Commission require monetary consideration. However, a public agency applicant may qualify for a rent-free lease/permit. In order to qualify, the applicant must submit in writing a statement of justification for the rent-free status, which status shall be based on a statewide, as compared to a primarily local, public benefit. Such statement shall detail the statewide public benefit derived from the project. The Commission will determine whether a statewide public benefit is derived from the project.

Leases and permits involving "School Lands" cannot qualify for rent-free status. Public agencies will also be required to submit evidence of the authority of the official(s) to execute contracts together with a resolution or other document authorizing execution of the appropriate lease or permit.

- [] **5. OTHER:** State the nature, membership and other particulars regarding the legal status of applicant, and submit the organizing documents and, if a foreign entity, authorization to do business in the State of California from the Secretary of State. Provide legal documentation establishing the authority of applicant to enter into the requested transaction, and designating who is authorized to act on behalf of applicant.

SECTION C: Filing Fee and Approximate Expense Deposit

Assignments of oil and gas leases are not development projects as defined by Government Code Section 65928 and are not subject to the Permit Streamlining Act (Government Code Sections 64920 et seq.) because their approval is at the discretion of the Commission. Unless otherwise provided, the parties will be required to pay the Commission’s costs of processing this application. The initial costs include a non-refundable \$25.00 filing fee and an approximate expense deposit to cover reimbursable services. The approximate expense deposit applies to routine or uncomplicated services such as title determination, preparing the requested document and land description, coordinating with other public agencies, preparing and circulating documents, field inspections, office technical review, financial review, and preparing the request for Commission approval. Any unused portion of the expense deposit will be refunded and any additional expense will be billed. A reimbursement agreement will be used to formalize this transaction.

Please submit a check payable to the “State of California” in the amount of the \$25.00 filing fee and approximate expense deposit from the list below for EACH State Oil and Gas Lease assignment (partial or full) requested:

| | |
|---|-------------|
| Assignment of existing Lease without amendment to another current State Lessee | \$ 1,500.00 |
| Assignment of existing Lease with amendment to another current State Lessee | \$ 3,000.00 |
| Assignment of existing Lease with or without amendment to a proposed Lessee who is not a current State Lessee | \$ 5,000.00 |
| Assignment of an Offshore Oil & Gas Lease | \$10,000.00 |

SECTION D: ASSIGNMENT FORM

Our typical assignment form is found below. Prior to completion and execution by Commission staff (assuming Commission approval), this form must be executed in triplicate by the Assignor and Assignee. Please note that all signatures must be acknowledged and authorized pursuant to some formal written authorization or power of attorney.

- ASSIGNMENT FORM -

_____ (Assignor), as holder of a _____ percent interest in State Oil and Gas Lease PRC _____ dated _____, assigns _____ percent of its undivided right, title and interest under this lease to _____ (Assignee).

Assignee accepts the assignment of this lease and agrees to perform in the manner provided in the lease the conditions, covenants and agreements to be kept and performed by the Assignor and to be bound by the terms of the lease, including any modifications and collateral agreements, to the same extent as the Assignor.

ASSIGNOR:

ASSIGNEE:

Name: _____

Name: _____

Address: _____

Address: _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

- ACCEPTANCE FORM -

At its meeting on _____, the State Lands Commission approved the Assignment from _____ (Assignor) to _____ (Assignee) of State Oil and Gas Lease PRC _____.

This approval was given upon the following conditions:

1. This assignment shall not release the Assignor from any obligation to the State Lands Commission under the lease, any conditions in the assignment agreement to the contrary notwithstanding.
2. The Assignee shall be bound by the terms of the lease, including any modifications and collateral agreements, to the same extent as the Assignor, any conditions in the assignment agreement to the contrary notwithstanding.
3. This assignment is made pursuant to Public Resources Code section 6804; this assignment shall take effect on _____.

STATE LANDS COMMISSION

By: _____
Chief, Mineral Resources Management Division

All signatures must be acknowledged

APPLICABLE STATUTES

California Public Resources Code Section 6801:

“A lease or prospecting permit under this chapter shall be issued only to and held by:

- (a) Persons or associations of persons who are citizens of the United States or who have declared their intention of becoming such, or who are citizens of any country, dependency, colony, or province, the laws, customs, and regulations of which permit the grant of similar or like privileges to citizens of the United States.
- (b) Any corporation or corporations organized and existing under and by virtue of the laws of the United States or of any state or territory thereof; or any corporation or corporations 90 percent or more of the shares of which are owned by persons eligible to hold a lease or permit under subdivision (a) or (c) of this section; or any corporation or corporations 90 percent or more of the shares of which are owned either by a corporation eligible to hold a lease or permit hereunder, or by any combination of such eligible persons or corporations, or both.
- (c) Any alien person entitled thereto by virtue of any treaty between the United States and the nation or country of which the alien person is a citizen or subject.
- (d) In every case of joint bidding, the names of all persons, firms, or corporations interested in a particular joint bid shall be specified.”

California Public Resources Code Section 6804:

“A lease or permit issued under this chapter may be assigned, transferred or sublet as to all or any part of the leased or permitted lands, and as to either a divided or undivided interest therein, or as to any separate and distinct zone or geological horizon or portion thereof, subject to approval by the commission, to any person, association of persons, or corporation, who at the time of the proposed assignment, transfer, or sublease, possesses the qualifications provided in this chapter. Any assignment, transfer or sublease shall take effect as of the first day of the month following the approval by the commission and filing with the commission of an executed counterpart thereof, together with any required bond and proof of the qualification, under this act and the rules and regulations of the commission, of the assignee, transferee or sublessee to take or hold such lease or permit or interest therein. Unless approved by the commission no assignment, transfer or sublease shall be of any effect. Upon approval of any assignment, transfer or sublease the assignee, transferee or sublessee shall be bound by the terms of the lease or permit to the same extent as if such assignee, transferee or sublessee were the original lessee or permittee, any conditions in the assignment, transfer or sublease to the contrary notwithstanding. Any assignment or transfer of a separate portion of any lease or permit or of a separate and distinct zone or geological horizon, or a portion thereof, shall segregate the assigned, transferred or subleased portion thereof from the retained portion thereof, and such approval shall release and discharge the assignor or transferor from all obligations thereafter accruing under said lease or permit with respect to the assigned or transferred lands or zones or horizons, and such segregated leases or permits shall continue in full force and effect for the primary term of the original lease or permit, but, in the case of any lease, for not less than two (2) years after the date of discovery of oil or gas in paying quantities, or commercially valuable deposit of minerals, upon any segregated portion of the lands or zones or horizons originally subject to such lease, and so long thereafter as oil or gas is produced in paying quantities. Assignments or transfers under this section may also be made with the approval of the commission of parts of leases which are in their extended term because of production, and the segregated lease of any undeveloped lands or zones or horizons shall continue in full force and effect for two (2) years and so long thereafter as oil or gas or minerals are produced in paying quantities from the segregated lease lands or zones or horizons.”