

**LEASE ABANDONMENT AGREEMENT FOR
STATE OIL AND GAS LEASE PRC 429.1,
VENTURA COUNTY**

WHEREAS, the State of California, acting by and through the State Lands Commission, as LESSOR, made and entered into a lease designated as State Oil and Gas Lease PRC 429.1, which Lease was acquired by Rincon Island Limited Partnership, as LESSEE,

WHEREAS, the leased lands cover certain sovereign lands, hereinafter PREMISES, located in the Rincon Oil Field (Offshore Area), Ventura County;

WHEREAS, the PREMISES were used for the development and production of oil, gas and other hydrocarbon substances;

WHEREAS, LESSEE has submitted and requested a quitclaim of the Lease pursuant to P.R.C. 6804.1 dated September 3, 2008;

WHEREAS, covenants of the Lease require that any or all improvements shall be removed prior to the termination of the Lease and the PREMISES shall be restored to the condition existing prior to the construction or installation of the improvements;

WHEREAS, LESSEE has removed all improvements, except for abandoning in place certain caissons and other materials which were part of the drilled wells and pier structure;

WHEREAS, LESSOR and LESSEE have agreed to the abandonment of the remnants in place at this time based on the finding of a Negative Declaration (SCH #2005071061) adopted by the Commission; and

WHEREAS, the LESSEE is required to provide to LESSOR a good and sufficient quitclaim deed as to the rights arising under the Lease.

NOW, THEREFORE, the parties agree as follows:

- 1) LESSEE (Rincon Island Limited Partnership) has agreed to release, surrender and quitclaim to the State of California, State Lands Commission, any and all right, title or interest arising by virtue of State Oil and Gas Lease PRC 429.1, effective September 3, 2008, respecting those sovereign lands (PREMISES) located in the Rincon Oil Field (Offshore Area), Ventura County and as described in the Lease.
- 2) LESSEE agrees to respond in a responsible and timely manner to any claims arising from the abandonment of the Lease and shall give prompt notice to the LESSOR of any accident, injury, casualty, or claim arising out of or connected in any way with the abandoned PREMISES, and to hold LESSOR harmless and defend LESSOR in any legal action arising therefrom.

- 3) LESSEE shall remove, at no cost to the LESSOR, all or any portion of the improvements abandoned in place if the improvements are ever determined by the LESSOR to be adverse to the public interest. LESSEE shall observe all rules and regulations of any agency(ies) having applicable jurisdiction in the area of the abandoned improvements. Upon notice from the LESSOR that the abandoned improvements are adverse to the public interest, LESSEE shall have 90 days, following the issuance of all necessary permits, to complete removal of such improvements, unless otherwise extended by the LESSOR.


- 4) In consideration of LESSEE being allowed to abandon certain improvements in place, the State shall not be liable, and LESSEE shall indemnify, hold harmless and, at the option of the State, defend the State, its officers, agents, and employees, against and for any and all liability, claims, damages or injuries of any kind or from any cause whatsoever arising out of or in any way from the subject matter of this Agreement. This provision shall not be deemed to be a waiver of any sovereign immunity or notice of claim of defense that may be available to the State in any causes of action.

- 5) The terms of this Agreement shall extend to, be binding upon, and inure to the heirs, executors, administrators, successors, and assigns of the parties .

This Agreement will become binding on the State only when duly executed on behalf of the State Lands Commission of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date hereinafter affixed.

Rincon Island Limited Partnership

By: 

Title: SVA+OC #1
General Partner

State of California
State Lands Commission

By: _____

Title: _____

In executing this Agreement, the Lessee shall provide a certified copy of the resolution or other document authorizing the execution of this Agreement on behalf of the partnership.

All signatures must be acknowledged.

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of Santa Barbara

On March 9, 2009 before me, Kim Wilson Notary Public
(Here insert name and title of the officer)

personally appeared Susan Whalen

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Kim Wilson
Signature of Notary Public



(Notary Seal)

ADDITIONAL OPTIONAL INFORMATION

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

DESCRIPTION OF THE ATTACHED DOCUMENT <u>Lease abandonment agreement for State Oil & Gas Lease Ventura Co</u> <small>(Title or description of attached document)</small>
<small>(Title or description of attached document continued)</small>
Number of Pages <u>2</u> Document Date _____ <small>(Additional information)</small>

CAPACITY CLAIMED BY THE SIGNER <input type="checkbox"/> Individual (s) <input type="checkbox"/> Corporate Officer _____ <small>(Title)</small> <input type="checkbox"/> Partner(s) <input type="checkbox"/> Attorney-in-Fact <input type="checkbox"/> Trustee(s) <input type="checkbox"/> Other _____
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- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they - is/are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-ink if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ✦ Additional information is not required but could help to assure this acknowledgment is not misused or attached to a different document.
 - ✦ Indicate title or type of attached document, number of pages and date.
 - ✦ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document!

**CONSENT TO ACTION WITHOUT A MEETING
BY
THE GENERAL PARTNER AND LIMITED PARTNERS OF
RINCON ISLAND LIMITED PARTNERSHIP**

The undersigned, being the sole general partner (the "General Partner") and all of the limited partners (the "Limited Partners") of Rincon Island Limited Partnership, a Texas limited partnership (the "Partnership"), do hereby consent to the following actions and adopt the following actions and resolutions without a meeting.

RECITALS:

- A. On September 3, 2008, the Partnership delivered to State Lands Commission ("SLC") an executed Quitclaim Deed for State Oil and Gas Lease PRC No. 429.1 ("Lease").
- B. SLC has presented to the Partnership a Lease Abandonment Agreement ("Agreement") and has requested the Partnership's execution of said Agreement.
- C. Representatives of the General Partner and Limited Partners have reviewed a copy of the proposed Agreement to be executed by the Partnership and SLC.
- D. The Partnership deems the contemplated terms as described in the Amendment to be in its best interests.

RESOLUTIONS:

The General Partner and the Limited Partners of the Partnership have RESOLVED that:

- 1. The form of Agreement is hereby ratified and adopted on behalf of the Partnership.
- 2. The Ch. and CEO, President, Chief Financial Officer, any Vice President, Secretary or Assistant Secretary of the General Partner, and each of them, are hereby authorized, directed, and empowered to make, execute, and deliver, for and on behalf of and in the name of the Partnership, the Agreement and any additional agreements, documents, and instruments relating to the foregoing or required under the Agreement.
- 3. The above officers, and each of them, are hereby authorized and directed to execute and deliver any and all instruments, papers, and documents and to do all other acts that they may deem convenient or proper to effectuate the purpose and intent hereof

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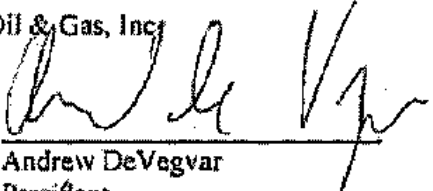
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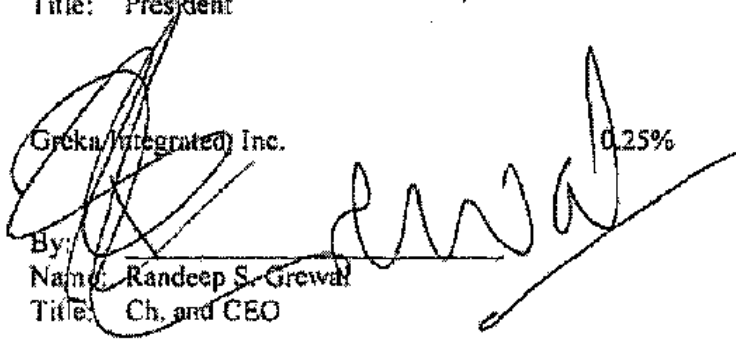
IN WITNESS WHEREOF, the partners of the Partnership have executed these resolutions as of the 19th day of March, 2009.

LIMITED PARTNERS:

Greka Oil & Gas, Inc. 24.75%

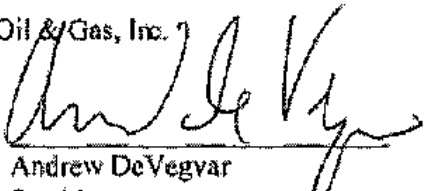
By: 
Name: Andrew DeVegvar
Title: President

Greka (Integrated) Inc. 0.25%

By: 
Name: Randeep S. Grewal
Title: Ch. and CEO

GENERAL PARTNER:

Greka Oil & Gas, Inc. 75.00%

By: 
Name: Andrew DeVegvar
Title: President