

PUBLIC UTILITIES COMMISSION

SAN FRANCISCO, CA 94102-3298



June 26, 2007

Advice Letter 2089-E

Akbar Jazayeri
Vice President, Revenue and Tariffs
Southern California Edison Company
P O Box 800
Rosemead, CA 91770

Subject: Proposed Revision to the Energy Resource Recovery Account, and to Request
Commission Approval of an Agreement Between Mono Power Company and
UOS Energy, LLC

Dear Mr. Jazayeri:

Advice Letter 2089-E is effective May 24, 2007.

Sincerely,

A handwritten signature in black ink, appearing to read "S H Gallagher".

Sean H. Gallagher, Director
Energy Division

January 12, 2007

ADVICE 2089-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Proposed Revision to the Energy Resource Recovery Account,
and to Request Commission Approval of an Agreement
Between Mono Power Company and UOS Energy, LLC

Southern California Edison Company (SCE) hereby submits for filing the following changes to its tariff schedules. The revised tariff sheets are listed on Attachment A and are attached hereto.

PURPOSE

The purpose of this advice letter is to:

1. Request California Public Utilities Commission (Commission) approval of an agreement that Mono Power Company¹ (Mono) has entered into to assign certain residual interests in federal oil and gas leases to UOS Energy, LLC (UOS); and
2. Request Commission authority to revise SCE's Energy Resource Recovery Account (ERRA) to record credit entries for royalties received from oil and gas produced through the development of the leases by UOS, consistent with Decision (D.) 87-07-015.

BACKGROUND

Energy Exploration and Development Adjustment Mechanism (EEDA)

The Commission adopted the EEDA mechanism for SCE in D.83170, effective July 23, 1974, to provide ratepayer funds to develop new sources of energy as a result of the

¹ Mono Power Company is a non-operating subsidiary of SCE.

early-1970s fuel embargo that caused oil and natural gas prices to increase dramatically. All the costs and benefits recorded to the EEDA mechanism were flowed through to customers. To implement the EEDA mechanism in accordance with D.83170, SCE formed Mono to:

1. Provide SCE with long-term, reliable, and cost-effective energy resource alternatives to the traditional sources of fuel for electric power generation;
2. Secure an energy resource reserve position to hedge against uncertainties in future fuel availability and fuel cost; and
3. Expand understanding of the prevailing market conditions via active market participation.

In D.84-09-078, the Commission found that EEDA programs were not successful, that new EEDA programs should not be undertaken, and that existing programs should be wound down in a manner that would maximize ratepayer benefit.

D.87-07-015

In Ordering Paragraph 8 of D.87-07-015, the Commission adopted a stipulation² authorizing SCE to recover its unamortized investments in EEDA projects through their transfer to the Energy Cost Adjustment Clause (ECAC). The ECAC was a predecessor to the current ERRA mechanism (i.e., a regulatory mechanism through which SCE records and recovers its fuel and purchased power-related costs).

Ordering Paragraph 3 of D.87-07-015 requires that:

Proceeds from the sale of projects, including future royalties arising from such sales, subsequent to the transfer of the remaining unamortized investment balances to the ECAC balancing account, shall be credited to the ECAC balancing account.

Special Tar Sands Areas

In the early 1980s, the Bureau of Land Management (BLM) designated certain areas in Utah as Special Tar Sands Areas (STSAs) in response to the Combined Hydrocarbon Leasing Act of 1981. The BLM determined that if the holders of active oil and gas leases in these STSAs chose, they could apply for a Combined Hydrocarbon Lease status for their leases, thereby retaining rights to the tar sands. In order to do that, each leaseholder had to file or participate in a Plan of Operations regarding mining the tar sands on their STSA leases.

² The Parties to the Stipulation Agreement (dated February 9, 1987) were SCE, San Diego Gas & Electric Company, and the Public Staff Division (former name of the Division of Ratepayer Advocates).

Enercor, a Utah corporation, was designated as the “manager” on behalf of Mono and other participating leaseholders as to the tar sand development in Utah. Enercor prepared and filed a Plan of Operation on behalf of a number of leaseholders in the STSAs, including Mono. UOS recently acquired all of Enercor’s assets, including Enercor’s leases and contractual rights and relationships as manager under agreements that Enercor had with other leaseholders.

The BLM indicates that Mono is the holder of all or partial interest in closed leases in three STSAs.³ Although the BLM has labeled many of these leases as closed, the status of such leases could still be pending. UOS is attempting, at its own expense, to resurrect the combined hydrocarbon lease conversions, to make them active again for tar sands development. UOS wishes to include Mono’s closed leases in the three STSAs in its efforts. UOS contacted Mono and proposed an arrangement that would assign Mono’s closed leases to UOS in exchange for a future royalty interest in the three STSAs.

Mono/UOS Assignment

On December 1, 2006, Mono entered into an “Assignment, Bill of Sale, and Conveyance” (Assignment)⁴ with UOS. Mono agreed to assign all of Mono’s right, title and interest in fractional undivided interests in the oil and gas leases that have the potential to be converted to combined hydrocarbon leases.

Mono’s assignment of the leases to UOS removes Mono from title to the leases, and ensures that Mono will not have future liability or financial responsibility. Mono would hold an undivided 6.25 percent royalty position in the assigned leases. There is a potential of Mono receiving several millions of dollars per year in royalties that would flow directly to SCE’s customers. In addition to the royalty rights, there is a nominal purchase price of ten dollars (\$10.00) for the assignment.

The date of closing of the Assignment is on or before December 1, 2007, upon the satisfaction of UOS that the assigned leases meet all of its requirements and conditions. One of the conditions of the closing⁵ is that SCE seek Commission approval of the Assignment. Therefore, SCE requests Commission approval of the Assignment, since it provides an opportunity for SCE’s customers to receive the benefit of potential future royalties, with no cost exposure.

ERRA REVISION

SCE requests Commission authorization, consistent with Ordering Paragraph 3 of D.87-07-015, to revise its ERRA to record royalties it may receive from UOS associated

³ The three STSAs in Utah applicable to Mono are “Sunnyside,” “P R Spring,” and “Tar Sands Triangle.”

⁴ A copy of the Assignment is included as Attachment B to this advice filing.

⁵ Pursuant to Section 8 of the Assignment.

with all oil and gas production from the assigned leases. Should Mono receive royalties in future years, the Commission can review entries made to the ERRR in SCE's annual ERRR Reasonableness of Operations proceedings.

No cost information is required for this advice filing.

This advice filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

EFFECTIVE DATE

This advice filing will become effective on February 11, 2007, the 30th calendar day after the date filed.

NOTICE

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: inj@cpuc.ca.gov and mas@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Akbar Jazayeri
Vice President, Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Bruce Foster
Senior Vice President of Regulatory Operations
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile: (415) 673-1116
E-mail: Karyn.Gansecki@sce.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section III, Paragraph G, of General Order No. 96-A, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-A service list. Address change requests to the GO 96-A service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-2930. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <http://www.sce.com/AboutSCE/Regulatory/adviceletters>.

For questions, please contact Chris Dominski at (626) 302-1398 or by electronic mail at Chris.Dominski@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:cd:sq
Enclosures

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)	
Company name/CPUC Utility No.: <u>Southern California Edison Company (U 338-E)</u>	
Utility type: <input checked="" type="checkbox"/> ELC <input type="checkbox"/> GAS <input type="checkbox"/> PLC <input type="checkbox"/> HEAT <input type="checkbox"/> WATER	Contact Person: <u>James Yee</u> Phone #: <u>(626) 302-2509</u> E-mail: <u>James.Yee@sce.com</u>
EXPLANATION OF UTILITY TYPE ELC = Electric GAS = Gas PLC = Pipeline HEAT = Heat WATER = Water	(Date Filed/ Received Stamp by CPUC)
Advice Letter (AL) #: <u>2089-E</u>	
Subject of AL: <u>Proposed Revision to the Energy Resource Recovery Account, and to Request Commission Approval of an Agreement Between Mono Power Company and UOS Energy, LLC</u>	
Keywords (choose from CPUC listing): <u>Agreements</u>	
AL filing type: <input type="checkbox"/> Monthly <input type="checkbox"/> Quarterly <input type="checkbox"/> Annual <input checked="" type="checkbox"/> One-Time <input type="checkbox"/> Other _____	
If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: <p style="text-align: center;"><u>D.87-07-015</u></p>	
Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: _____	
Summarize differences between the AL and the prior withdrawn or rejected AL ¹ : 	
Resolution Required? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Requested effective date: <u>2/11/07</u> No. of tariff sheets: <u>-3-</u>	
Estimated system annual revenue effect (%): _____	
Estimated system average rate effect (%): _____	
When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).	
Tariff schedules affected: <u>Preliminary Statement Part ZZ, Table of Contents</u>	
Service affected and changes proposed ¹ : _____	
Pending advice letters that revise the same tariff sheets: <u>2070-E, 2078-E</u>	

¹ Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
jjn@cpuc.ca.gov and mas@cpuc.ca.gov

Akbar Jazayeri
Vice President, Revenue and Tariffs
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Bruce Foster
Senior Vice President of Regulatory Operations
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2040
San Francisco, California 94102
Facsimile: (415) 673-1116
E-mail: Karyn.Gansecki@sce.com

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 42022-E	Preliminary Statement Part ZZ	Revised 41789-E
Revised 42023-E	Table of Contents	Revised 42011-E
Revised 42024-E	Table of Contents	Revised 41791-E

PRELIMINARY STATEMENT

Sheet 4

(Continued)

ZZ. ENERGY RESOURCE RECOVERY ACCOUNT (Continued)
3. Operation of the ERRA

Entries to the ERRA shall be made on a monthly basis as follows:

- a. Credit entry equal to the recorded ERRA Revenue;
- b. A debit entry equal to recorded URG Fuel and Fuel-related expenses;
- c. A debit entry equal to recorded Qualifying Facilities (QF) contracts expenses (including contract restructuring expenses), net of recorded revenues, refunds, or other credits;
- d. A debit entry equal to recorded Interutility contracts expenses, net of recorded revenues, refunds or other credits;
- e. A debit entry equal to recorded Bilateral contracts expenses;
- f. A debit entry equal to recorded Residual Net Short Requirement expenses;
- g. A debit entry equal to other expenses associated with SCE's purchased power activities to the extent not recovered elsewhere (such as the costs associated with purchasing Firm Transmission Rights, and payments made in support of the Lower Colorado River Multi-Species Conservation Program);
- h. A debit entry equal to recorded ISO expenses;
- i. A credit entry equal to Excess Energy Sales Revenues allocated to SCE;
- j. A credit entry equal to recorded Reliability Must Run (RMR) contracts and ancillary services revenueⁱⁱⁱ;
- k. A debit entry equal to the incentive payments to customers participating in the Statewide Pricing Pilot (SPP) program authorized in Phase 1 of Decision 03-03-036, Advanced Metering, Demand Response, and Dynamic Pricing Proceeding;
- l. A credit entry equal to proceeds received from the sale or exercise of hedging instruments;
- m. A credit entry equal to recorded revenues billed under Schedule PC-TBS, Procurement Charge Transitional Bundled Service;
- n. A credit entry equal to any litigation settlement proceeds as authorized by the Commission; and
- o. A debit entry equal to the recorded costs associated with the subscription, retention and disposition of turned-back capacity on The El Paso Interstate Pipeline (net of recorded proceeds realized from the short-term release of capacity to another party);
- p. A debit entry equal to recorded Mountainview PPA costs including:
 - i. O&M Costs – both pre-authorized changes and fixed variable O&M
 - ii. Capital Costs – including all applicable return, depreciation, and taxes both the initial Mountainview plant investment and any subsequent Commission-approved capital additions
 - iii. Availability incentives; and
 - iv. Heat Rate Incentives;
- q. A debit entry equal to recorded 20/20 Rebate Program Costs including:
 - i. 20/20 Rebate amount included on customers' bills increased for FF&U
 - ii. Incremental O&M Costs incurred to implement the Summer 2004 and 2005 20/20 programs.
- r. A credit entry equal to the payment made by a CCA to compensate SCE for incremental purchased power costs as the result of the CCA causing a delay in the "CCA cut-over date" pursuant to D.05-12-041.
- s. Transfers, up to a maximum of 10 million, to the Energy Assistance Fund Tracking Account Associated with the Energy Assistance Fund Rate Relief Program.
- t. A debit entry equal to recorded independent evaluator costs
- u. A credit entry equal to royalties received from oil and gas produced through the development of leases by UOS Energy. (N)

The sum of (a) through (u) equals the activity recorded in the ERRA each month. (T)

Interest shall accrue monthly to the ERRA by applying the Interest Rate to the average of the beginning and ending monthly ERRA balances.

ⁱⁱⁱ Generation-related Other Operating Revenue (OOR) is recorded in the Native Load Balancing Account.

(Continued)

(To be inserted by utility)

Advice 2089-E
Decision 87-07-015

Issued by

Akbar Jazayeri
Vice President

(To be inserted by Cal. PUC)

Date Filed Jan 12, 2007
Effective May 24, 2007
Resolution E-4068



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(To be inserted by utility)

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 Decision 87-07-015

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Vice President

(To be inserted by Cal. PUC)

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ADVICE 2089-E

Attachment B

WHEN RECORDED, RETURN TO:
Warren Dillard
Utah Oil Sands, Inc.
1875 Century Park East, Suite 1000
Los Angeles, CA 90067

ASSIGNMENT, BILL OF SALE, CONVEYANCE

THIS ASSIGNMENT, BILL OF SALE, CONVEYANCE (this "Assignment") is from Mono Power Company, a California corporation, whose address is 2244 Walnut Grove Avenue, Rosemead, California 91770 ("Seller") to UOS Energy, LLC, a California limited liability company, whose address is 1875 Century Park East, Suite 1000, Los Angeles, California 90067 ("Buyer").

RECITALS:

WHEREAS, Seller owns certain residual interests in federal oil and gas leases in the Sunnyside, P R Spring and Tar Sand Triangle Special Tar Sands Areas of Utah, and desires to assign said interests to Buyer.

WHEREAS, Buyer desires to purchase such interests as Seller may have in the lands and leases for the purpose of developing the tar sands deposits therein.

WHEREAS, Seller and Buyer enter into this Assignment to effectuate the transfer.

NOW, THEREFORE, for \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby assigns, transfers, quitclaims, and conveys to Buyer without warranty or representation of any kind all of Seller's right, title, and interest in and to the following property (hereinafter collectively referred to as the "Assets"):

1. Description of Assets.

1.1. Fractional undivided interests in expired United States Oil and Gas Leases having the potential to be converted to Combined Hydrocarbon Leases and any renewals, extensions, or ratifications thereof (the "Leases"). The Leases and the Lands or portions of Lands covered by the Leases are described in Exhibit "A" to this Assignment and incorporated herein by reference.

1.2. Any and all personal and mixed property located on the Leases or used in operation of the Leases that are owned by Seller or by third persons on behalf of Seller, in whole or in part, including without limitation, crude oil, condensate, natural gas, and other hydrocarbons or products in storage or in pipelines; ores; stockpiles; produced tar sands; mines; rolling stock; wells; well equipment; casing; tanks; boilers; buildings and other fixtures; machinery and other equipment; pipelines; gathering systems; power lines; telephone lines; roads; and field processing plants.

1.3. All rights, privileges, benefits, and powers conferred on the holder of any Assets with respect to the use and occupation of the surface and the subsurface depths in, to, and under the Leases described in Exhibit "A," and all rights in any pooled or unitized acreage included in whole or in part within the Assets.

1.4. All permits, licenses, servitudes, easements, rights of way, orders, and contracts, including but not limited to, mineral sales agreements, gas purchase and sale contracts, crude oil purchase and sale contracts, surface leases, farmin and farmout agreements, acreage contribution agreements, operating agreements, unit agreements, processing agreements, options, Leases of equipment or facilities, and other contracts, agreements, and rights which are owned by Seller, in whole or in part, whether or not the same appear of record in the county where the Leases are located, and which are appurtenant to or affect the Assets or are used or held for use in connection with the ownership or operation of the Assets and the sale or disposal of water, hydrocarbons, or substances associated with produced or extracted minerals. Said contracts shall include any and all agreements with the United States Department of the Interior, Bureau of Land Management ("BLM") pertaining to conversion of the Leases to Combined Hydrocarbon Leases pursuant to the Combined Hydrocarbon Lease Act of 1981.

1.5. All files, records, information, and data relating to the items described in paragraphs 1.1 through 1.4 above, including, without limitation, title records (including title opinions, abstracts, certificates of title and title curative documents), contracts, geological or geophysical records, data and information, and production records, electric logs, and all related documents pertaining to such matters.

TO HAVE AND TO HOLD the Assets unto Buyer and its successors and assigns forever.

2. **Reservations.** Reserving to Seller an undivided 6.25% of 8/8ths overriding royalty reduced by severance taxes and proportionately reduced to (1) the quantum of interest in the underlying fee simple mineral estate covered by the Lease(s) herein assigned and (2) the quantum of Seller's interest in said Assets assigned under this Assignment. Under no circumstances shall the override herein reserved when added to existing lease burdens, exceed the maximum lease burdens authorized by law. If the override exceeds the maximum burden allowed by law such that it would render any assignment thereof unapprovable by the regulatory agency having jurisdiction of the Leases, or if the application of the override herein reserved render the Lease(s) uneconomical as determined by said governmental agency, then such overriding royalty shall be reduced to the percentage acceptable to said regulatory agency.

3. **Sellers Representations, Warranties, and Covenants.** The Assets and Leases are transferred to Buyer without representation, warranty or covenant.

4. **Buyer's Representations and Warranties.** Buyer makes the following representations and warranties as of the date of this Assignment:

4.1. **Execution and Delivery.** This Assignment has been duly executed and delivered on behalf of Buyer, and at the Closing all documents and instruments required hereunder to be executed and delivered by Buyer shall have been duly executed and delivered.

This Assignment does, and such documents and instruments shall, constitute legal, valid, and binding obligations of Buyer enforceable in accordance with their terms, subject to (i) applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application with respect to creditors, (ii) general principles of equity and (iii) the power of a court to deny enforcement of remedies generally based upon public policy.

4.2. Litigation. There is no action, suit, proceeding, claim or investigation by any person, entity, administrative agency or governmental body pending or, to Buyer's knowledge, threatened in writing, against Buyer before any governmental authority that impedes or is likely to impede Buyer's ability to consummate the transactions contemplated by this Assignment and to assume the liabilities to be assumed by Buyer under this Assignment.

5. Purchase Price. Purchase Price to be paid at Closing. At the Closing, the Buyer shall pay to the Seller the sum of Ten Dollars (\$10.00). The Closing shall be through the Escrow Agent, on or before the Date of Closing. Buyer shall place the Purchase Price in escrow and Seller shall place in escrow the fully executed BLM assignment form(s) necessary to accomplish the assignments provided for herein. Upon receipt of all items to be provided by both of the Parties, and approval to close by Buyer on or before the close of business on December 1, 2007, the Escrow Agent shall distribute the Purchase Price to Seller and record the assignment documents to complete the transfer of title.

6. Seller's Records. Seller will make commercially reasonable efforts to deliver to Buyer, upon the closing of this transaction, copies of all files and documents in the possession of Seller that relate in any way to the Leases, including all geologic information, financial records, correspondence, core drilling information, and other documents and records as may related to the Leases in any way.

7. Escrow Agent. Lear & Lear, LLP, 299 South Main Street, Suite 2200, Salt Lake City, Utah 84111, will act as the Escrow Holder. The Parties agree to execute and deliver all documents and funds required under these Instructions to the Escrow Holder on a timely basis. The Escrow Holder will receive and disburse any and all documents and funds as called out in the Escrow Instructions contained in Exhibit "B" for the benefit of each of the Parties respectively.

8. Conditions to Closing. The obligations of Buyer to conclude this transaction as described herein are conditioned entirely upon Buyer's satisfaction and a determination by Buyer at Buyer's sole discretion, that the Leases meet all of the requirements and conditions satisfactory to Buyer. In the event that Buyer determines on or before November 30, 2007, that the Leases do not meet its requirements in any way, it may cancel this transaction by written notice to Seller, have no further obligation to Seller, and return to Seller all materials provided by Seller in support of this transaction. Prior to, and as a condition to the Closing, California Public Utilities Commission approval shall have been obtained by Seller. Seller agrees to use reasonable efforts to obtain such approval.

9. Date of Closing. This transaction shall close on or before December 1, 2007, upon the satisfaction of Buyer of all conditions precedent it may determine in its sole discretion are necessary.

10. Applicable Laws. Buyer and Seller agree to perform all duties and obligations hereunder strictly in accordance with all applicable laws, rules and regulations of local, state, and federal governments. This Assignment shall be governed by the laws of the State of California.

11. Further Assurances. Seller and Buyer agree to execute such other written instruments as may hereafter be deemed by Buyer as being reasonably necessary, advisable, or appropriate in order to carry out all of the purposes and intentions of this Assignment, including, but not limited to, executing counterpart assignments on forms required by federal and state agencies having jurisdiction over the Assets. Upon the closing of this transaction, Buyer will diligently process the assignment forms transferring title to the leases at the BLM. However, all final assignments and transfers of title will be subject to BLM approval, which is not within the scope of Buyer's capabilities. In the event that any lease(s) is not approved for transfer of title by the BLM, then title to that lease(s) shall remain with Seller. After the Closing if Buyer, in its sole and absolute discretion, desires to transfer or assign the Leases in exchange for other leases (land swap/lease exchange) notice shall be given to Seller requesting Seller's consent to any land swap/lease exchange which consent may not be unreasonably withheld. Such exchanged leases shall then be subject to this Assignment. After the Closing Buyer shall keep clear and accurate records of its financial, operating and production data and shall make such records available to Seller upon reasonable notice.

12. Counterpart Execution. This Assignment may be executed in one or more counterparts, including via facsimile, each of which shall be an original, but all of which together shall constitute one and the same instrument.

13. Notices. All notices and statements required or permitted to be given hereunder shall be mailed or delivered, postage prepaid, to the party entitled at the address given below:

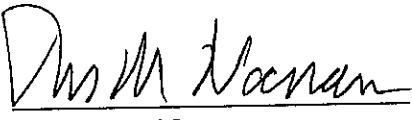
If to Seller: Mono Power Company
2244 Walnut Grove Avenue
Rosemead, CA 91770
Attn: Chris Dominski

If to Buyer: UOS Energy, LLC
1875 Century Park East, Suite 1000
Los Angeles, CA 90067
Attention: Warren Dillard

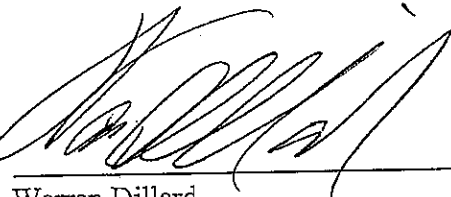
14. Successors and Assigns. This Assignment shall be binding upon Seller and Buyer, their successors and assigns. The covenants of this Assignment shall be deemed to be covenants running with the land that affect the title to and interest in the Leases covered by this Assignment.

Executed the dates hereinafter acknowledged, but effective December 1, 2006,

SELLER
Mono Power Company

By: 
Thomas M. Noonan
President

BUYER
UOS Energy, LLC

By: 
Warren Dillard
Chief Financial Officer

ACKNOWLEDGMENT

STATE OF CALIFORNIA)

: ss.

COUNTY OF LOS ANGELES)

The foregoing instrument was acknowledged before me this 1st day of December, 2006, by Thomas M. Noonan, president of Mono Power Company for and in behalf of said corporation.

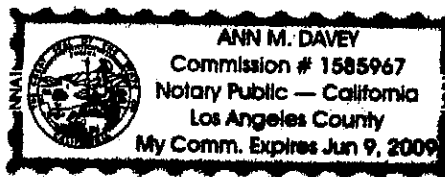
Ann M. Davey

NOTARY PUBLIC

Residing at: Reservead

My Commission Expires:

June 9, 2009



STATE OF California

: ss.

COUNTY OF Los Angeles

The foregoing instrument was acknowledged before me this 1st day of December, 2006, by Warren Dillard, Chief Financial Officer of UOS Energy, LLC, for and in behalf of said corporation.

Judy Gabor

NOTARY PUBLIC

Residing at: Los Angeles

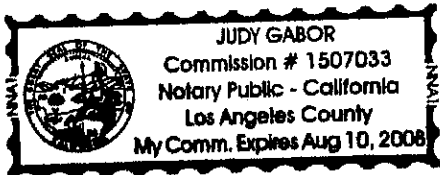


EXHIBIT "A"
Lands and Leases

Federal Lease #		Mer Twp Rng Sec	Subdivision
UTU	5294A	26 0130S 0220E 006	S2NE,SENW
		26 0130S 0220E 006	1-5
UTU	8630	26 0150S 0230E 021	ALL
UTU	10119	26 0150S 0230E 015	ALL
UTU	10131	26 0140S 0240E 003	ALL
		26 0140S 0240E 004	ALL
		26 0140S 0240E 009	ALL
UTU	10828	26 0150S 0230E 001	ALL
UTU	10831	26 0140S 0240E 021	E2,NENW,E2,NWSW,E2SW
		26 0140S 0240E 026	ALL
		26 0140S 0240E 027	ALL
		26 0140S 0240E 028	E2,NENW,E2SW,SWSW
		26 0140S 0240E 028	1-5
UTU	11154	26 0130S 0250E 018	ALL
		26 0130S 0250E 019	ALL
		26 0130S 0250E 020	ALL
		26 0130S 0250E 021	ALL
UTU	11410	26 0140S 0240E 002	SWNE,N2SE,SESE
		26 0140S 0240E 002	2
UTU	14651	26 0150S 0230E 011	ALL
		26 0150S 0230E 012	ALL
		26 0150S 0230E 013	ALL
		26 0150S 0230E 014	ALL
UTU	14652	26 0150S 0230E 024	ALL
		26 0150S 0230E 025	ALL
UTU	15047	26 0150S 0230E 023	ALL
UTU	15409	26 0150S 0230E 016	NWNW
UTU	16771	26 0150S 0240E 018	NESW,SE
		26 0150S 0240E 018	3,4
		26 0150S 0240E 019	ALL
Federal Lease #		Mer Twp Rng Sec	Subdivision

UTU	36763	26 0150S 0230E 022	ALL
UTU	39760	26 0150S 0210E 020	ALL
UTU	39761	26 0150S 0210E 021	ALL
		26 0150S 0210E 027	N2
		26 0150S 0210E 028	ALL
UTU	39767	26 0150S 0220E 020	ALL
		26 0150S 0220E 029	ALL
		26 0150S 0220E 031	ALL
UTU	39768	26 0150S 0210E 024	SWNW,NENE
		26 0150S 0210E 033	NWNE,SWNW,N2SE
		26 0150S 0210E 034	NWNE,SWNW,S2
		26 0150S 0210E 035	SWNW,NENE
UTU	7965	26 0120S 0140E 025	ALL
		26 0120S 0140E 026	NE,N2NW,SENE,S2S2
UTU	8604	26 0120S 0140E 001	SE
		26 0120S 0140E 001	1-4
		26 0120S 0140E 011	NENE
		26 0120S 0140E 012	N2,NESW,N2SE
		26 0120S 0140E 013	S2S2
		26 0120S 0140E 014	SWNE,NWNW,S2NW,S2
		26 0120S 0140E 015	E2E2,SWNE,N2SW,S2
		26 0120S 0140E 023	N2
		26 0120S 0140E 024	N2NE,SWNE,NW
UTU	9796	26 0110S 0150E 020	N2,SW,N2SE,SWSE
UTU	10144	26 0110S 0140E 035	NENE
UTU	10145	26 0110S 0150E 030	SESW
		26 0110S 0150E 030	1-4
		26 0110S 0150E 031	E2NW
		26 0110S 0150E 031	1,2,4
UTU	10148	26 0120S 0140E 020	E2NE,NWNE,NW,E2SW,SE;
UTU	10227	26 0110S 0140E 035	N2NW,NESW,N2SE
		26 0110S 0140E 035	1-4
UTU	12358	26 0120S 0150E 006	ALL
		26 0120S 0150E 008	N2
Federal Lease #		Mer Twp Rng Sec	Subdivision

UTU	13934	26 0120S 0140E 020	W2SW
		26 0120S 0140E 036	ALL
UTU	13935	26 0120S 0140E 022	N2NE,SENE,NENW,W2SW,SESW
UTU	27435	26 0120S 0140E 027	N2,SESW,SE
UTU	27439	26 0110S 0140E 026	E2E2
UTU	27441	26 0120S 0140E 021	ALL
		26 0120S 0150E 005	1-4
UTU	41399	26 0120S 0150E 029	S2
		26 0120S 0150E 030	ALL
		26 0120S 0150E 031	NE,E2NW,N2SE,SESE
		26 0120S 0150E 031	1,2
UTU	49429	26 0130S 0200E 015	W2
		26 0130S 0200E 017	ALL
UTU	23432	26 0300S 0150E 004	ALL
		26 0300S 0150E 009	ALL
		26 0300S 0150E 021	ALL

EXHIBIT "B"

Escrow Instructions

DOCUMENTS AND ITEMS TO BE DELIVERED TO AGENT

From Seller:

1. Assignment of Record Title Interest in a Lease for Oil and Gas or Geothermal Resources (Mass Transfer for Oil and Gas Leases).
2. Original, copy of this Assignment, Bill of Sale and Conveyance executed on behalf of Seller.
3. Original and four copies of the BLM Assignment form for each lease identified in Exhibit A.

From Buyer:

1. Original copy of this Assignment, Bill of Sale and Conveyance executed on behalf of Buyer.

INSTRUCTIONS TO AGENT TO CLOSE:

Upon receipt of all of the documents due to Escrow Agent from each of the Parties, Escrow Agent will:

1. Deliver to Buyer a fully executed copy of this Assignment, Bill of Sale and Conveyance and the original and four copies of the documents identified in Exhibit A.
2. Deliver to Seller a fully executed copy of this Assignment, Bill of Sale and Conveyance.