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WHEN RECORDED MAIL TO
State Lands Commission
1807 - 13th Street
Sacramento, CA 95814
Attention: Title Unit

STATE OF CALIFORNIA
STATE LANDS COMMISSION

AMENDMENT OF LEASE PRC 4977.1

WHEREAS, the State of California, acting through the State Lands Commission, hereinafter called Lessor, and Pacific Offshore Pipeline Company, hereinafter called the LESSEE, have heretofore entered into an Agreement designated as Lease PRC 4977.1 recorded December 20, 1974, in Book 2544 Page 1406 of the Official Records of Santa Barbara County, and beginning January 1, 1975, whereby the LESSOR granted to said Lessee a General Lease - Industrial Use covering certain described land situated in the Pacific Ocean at Las Flores, Santa Barbara County for a term of 15 years; and

WHEREAS, said Lease PRC 4977.1 was subsequently amended effective January 1, 1981 and January 1, 1983 (not recorded); and

WHEREAS, by terms of said Lease PRC 4977.1, the right of

renewal for two additional periods of ten years each was granted upon such reasonable terms and conditions as the State or any successor-in-interest thereto might impose; and

WHEREAS, Paragraph 28 Lease PRC 4977.1 provides that said Agreement may also be changed, altered or amended by mutual consent of the Parties; and

WHEREAS, the parties hereto desire to amend said Lease PRC 4977.1 as hereinafter provided.

NOW THEREFORE, the parties hereto agree as follows:

Lease PRC 4977.1 beginning January 1, 1975, as amended in 1981 and 1983, is amended to the form which begins at page 3 attached hereto; this amended lease supersedes that certain Lease PRC 4977.1 executed on behalf of the Lessor on December 19, 1974, as amended in 1981 and 1983.

The effective date of this Amendment of the aforesaid Agreement shall be January 1, 1989.

This Amendment is a portion of document No. PRC 4977.1, with a beginning date of January 1, 1989, consisting of 22 pages and Exhibits "A", "B" and "C".

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

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STATE LANDS COMMISSION

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1807 - 13th Street
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LEASE NUMBER P.R.C. 4977.1

The STATE OF CALIFORNIA, hereinafter referred to as LESSOR or STATE, acting by and through the State Lands Commission, (1807 - 13th Street, Sacramento, California 95814), pursuant to Division 6 of the Public Resources Code and Title 2, Division 3 of the California Administrative Code, and for consideration specified in the Lease, does hereby lease, demise and let to PACIFIC OFFSHORE PIPELINE COMPANY, hereinafter referred to as LESSEE, those certain lands (Lease Premises) described in Exhibit "A" and shown on a Plat in Exhibit "B," both of which are attached hereto and incorporated by reference, subject to the reservations, terms, covenants and conditions of this Lease.

LESSEE'S MAILING ADDRESS IS: Pacific Offshore Pipeline Company
c/o Leonard A. Foster
Senior Vice President
Post Office Box 30900
Los Angeles, CA 90030-0900

1. TERM

The term of this Lease is thirty-three (33) years beginning January 1, 1989 and ending December 31, 2021, unless sooner terminated as provided under the terms of this Lease.

2. CONSIDERATION

(a) Rental - $51,000 per annum, subject to Subparagraph (c) below.

(b) Payment of Rental.

LESSEE shall pay the annual rental as provided in this Lease to LESSOR without deduction, delay or offset, on or before the effective date of this Lease and on or before each subsequent anniversary during each year of the Lease term.

(c) Modification

(1) LESSOR may modify the method, amount or rate of consideration effective on January 1, 1994 and each succeeding fifth anniversary thereafter. Should LESSOR fail to exercise such right effective on January 1, 1994 and any fifth anniversary thereafter it may do so effective on any (1) of the next four (4) anniversaries following January 1, 1994 and on any of the next four (4) anniversaries following each such succeeding fifth anniversary, without prejudice to its right to effect such modification on the next or any succeeding fifth anniversary. No such modification shall become effective unless LESSEE is given not less than sixty (60) days prior notice.

(2) Provided, however, that the modification of the amount of rental consideration permitted under subparagraph 2(c)(1) above effective January 1, 1994, and each succeeding fifth anniversary thereafter, shall not be less than that rental which is determined by the following formula:

Annual Rental = Base Rental x (A/B)

Where A = The Gross National Product Implicit Price Deflator average for the first three quarters of the calendar year prior to the year in which the modification of rental consideration will become effective.

Where B = The Gross National Product Implicit Price Deflator for 1989.

Where Base Rental = $51,000.00

For example, in 1994, "A" will be the Gross National Product Implicit Price Deflator average for the first three quarters for 1993. In the event the Gross National Product Implicit Price Deflator is modified or eliminated, then the modified

or closest comparable replacement index, to which LESSEE and LESSOR mutually agree, shall be used in the above formula.

(d) Penalty and Interest

Any installments of rental accruing under this Lease not paid when due shall be subject to a penalty and shall bear interest as specified in Public Resources Code Section 6224 and the LESSOR'S then existing administrative regulations governing penalty and interest.

3. BOUNDARIES

This Lease is not intended to establish the State's boundaries and is made without prejudice to either party regarding any boundary claims which may be asserted presently or in the future.

4. LAND USE

Authorized land use shall include the operation and maintenance of a 12-inch diameter gas pipeline to onshore processing facilities for the transport of gas, the naturally occurring associated constituents, and the constituents added for operation and maintenance.

LESSEE agrees that use of the Lease Premises for the transport of any commodity, for onshore processing and dehydration, other than that specified herein, shall require prior written approval of LESSOR, which approval shall not be unreasonably withheld, conditioned, or delayed, provided such commodities are limited to hydrocarbons, naturally occurring associated constituents, and constituents added for operation and maintenance.

(a) General

LESSEE shall use the Lease Premises only for the purpose or purposes stated above and for the operation and maintenance of the improvements expressly authorized in this Lease. LESSEE'S discontinuance of such use for a period of ninety (90) days shall be conclusively presumed to be an abandonment, except that in case of repair or maintenance of the gas pipeline or connected onshore or offshore facilities, in case of accident involving the pipeline or connected onshore or offshore facilities, in case of discontinued use required by judicial or administrative order, or in case of any other cause beyond the reasonable control of LESSEE resulting in the discontinued use of the pipeline, such discontinued use shall not be deemed abandonment. In the event such excusable discontinued use of the pipeline persists for a period in excess of six (6) months, LESSEE shall advise LESSOR of the expected duration of the discontinued use and the reason therefor.

(b) Continuous Use

LESSEE'S use of the Lease Premises shall be continuous from commencement of the Lease until its expiration, subject to the provisions in the preceding subparagraph.

(c) Repairs and Maintenance

LESSEE shall, at its own expense, keep and maintain the Lease Premises and all improvements in good order and repair and safe condition.

(d) Additions, Alterations and Removal

(1) Additions - No improvements other than those expressly authorized in this Lease shall be constructed by the LESSEE on the Lease Premises without the prior written consent of LESSOR, which consent shall not be unreasonably withheld, conditioned or delayed, provided such additional improvements are related to the transport of natural gas and the naturally occurring associated constituents, and constituents added for operation and maintenance. LESSEE shall notify LESSOR within ten (10) days after commencing the construction of authorized improvements and within sixty (60) days after completing them.

(2) Alteration or Removal - Except as provided under this Lease, no alteration or removal of improvements on or natural features of the Lease Premises shall be undertaken without the prior written consent of LESSOR, which consent shall not be unreasonably withheld, conditioned or delayed.

(e) Conservation

LESSEE shall not pollute or harm the environment in or on the Lease Premises. LESSEE shall be fully responsible for any hazardous wastes, substances or materials as defined under federal, state or local law, regulation or ordinance, that are manufactured, generated, used, placed, disposed, stored, or transported by LESSEE on the Lease Premises, and LESSEE shall comply with all applicable provisions of such federal, state or local law, regulation or ordinance, dealing with such wastes, substances or materials.

(f) Enjoyment

Nothing in this Lease shall preclude LESSEE from excluding persons from the Lease Premises when their presence or activity constitutes a material interference with LESSEE'S

use and enjoyment of the Lease Premises as provided under this Lease.

(g) Discrimination

LESSEE in its use of the Lease Premises shall not discriminate against any person or class of persons on the basis of race, color, creed, religion, national origin, sex, age, or disability.

(h) Residential Use

No portion of the Lease Premises shall be used as a residence or for the purpose of mooring a floating residence. For purposes of this Lease, a residence or floating residence includes but is not limited to boats, barges, houseboats, trailers, cabins or other such structures providing overnight accommodations to the LESSEE or others.

5. RESERVATIONS, ENCUMBRANCES AND RIGHTS-OF-WAY

(a) Reservations

(1) LESSOR expressly reserves all natural resources in or on the Lease Premises, including but not limited to timber and minerals as defined under Public Resources Code Sections 6401 and 6407, as well as the right to grant leases in and over the Lease Premises for the extraction of such natural resources; however, such leasing shall be neither inconsistent nor incompatible with the rights or privileges of LESSEE under this Lease.

(2) LESSOR expressly reserves a right to go on the Lease Premises and all improvements for any purpose associated with this Lease or for carrying out any function required by law, or the rules, or regulations of the State Lands Commission.

(3) LESSOR expressly reserves to the public an easement for convenient access across the Lease Premises to other State-owned lands located near or adjacent to the Lease Premises and a right of reasonable passage across and along any right-of-way granted by this Lease; however, such easement or right-of-way shall be neither inconsistent nor incompatible with the rights or privileges of LESSEE under this Lease.

(4) LESSOR expressly reserves the right to lease, convey, or encumber the Lease Premises, in whole or in part, during the lease term for any purpose not inconsistent or incompatible with the rights or privileges of LESSEE under this Lease.

LESSOR shall provide LESSEE with prior written notice of any proposed lease, conveyance or encumbrance of the Lease Premises, including the terms and conditions of the proposal. Said written notice shall be provided no later than simultaneous with the public notice of the Commission hearing at which the proposal is placed on calendar.

(b) Encumbrances

This Lease may be subject to contracts, leases, licenses, easements, encumbrances and claims granted or existing prior to January 1, 1975 and is made without warranty by LESSOR of title, condition or fitness of the land for the stated or intended purpose.

6. RULES, REGULATIONS AND TAXES

(a) LESSOR and LESSEE shall comply with and be bound by all presently existing or subsequently enacted rules, regulations, statutes or ordinances of the State Lands Commission or any other governmental agency or entity having lawful authority and jurisdiction, provided, however, that this Paragraph (a) is not intended to be nor shall be construed to be a basis for allowing such other government agencies or entities to have authority and/or jurisdiction.

(b) LESSEE understands and agrees that a necessary condition for the granting and continued existence of this Lease is the requirement that LESSEE obtain and maintain all permits or other entitlements for use of the Lease Premises as may be required by lawful authorities.

(c) LESSEE accepts responsibility for and agrees to pay any and all possessory interest taxes, assessments, user fees or service charges imposed on or associated with the leasehold interest or improvements on the Lease Premises, and such payment shall not reduce rental due LESSOR under this Lease and LESSOR shall have no liability for such payment.

7. INDEMNITY

(a) LESSOR shall not be liable and LESSEE shall indemnify, hold harmless and, at the option of LESSOR, defend LESSOR, its officers, agents, and employees against and for any and all liability, claims, damages or injuries of any kind and from any cause, arising out of or connected in any way with the breach of this Lease or LESSEE'S use of the Lease Premises, except for any such liability, claims damage or injury solely caused by the negligence of LESSOR, its officers, agents and employees.

(b) LESSEE shall give prompt notice to LESSOR in case of any accident, injury or casualty involving LESSEE or its improvements on the Lease Premises.

8. INSURANCE

(a) Subject to the option of LESSEE to provide proof of self-insurance under subparagraphs (d) and (e) of this Paragraph 8, LESSEE shall maintain in full force and effect during the term of this Lease, with an insurance company reasonably acceptable to LESSOR, comprehensive general liability insurance, at least in the amount of five million dollars ($5,000,000), or as may be reasonably requested by LESSOR from time to time, insuring LESSEE against any and all claims or liability for bodily injury or property damage arising out of the use, occupancy, condition or maintenance of the Lease Premises and all LESSEE'S improvements.

(b) The insurance policy or policies shall name the State of California as an additional insured party as to the Lease Premises and shall identify the Lease by its assigned number. LESSEE shall provide LESSOR with a certificate of such insurance and shall keep such certificate current. The certificate (or endorsement) must provide that the insurer will not cancel the insured's coverage without thirty (30) days prior written notice to the State. The State will not be responsible for any premiums or other assessments on the policy. The coverage provided by the insured (LESSEE) shall be primary and non-contributing.

Provided such insurance is commercially available with an insurance company reasonably acceptable to the State, insurance coverage required under this Lease must apply to and cover bodily injury or property damage arising out of the discharge, disposal, release, or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials, oil or other petroleum substance or derivatives (including any oil refuse or oil mixed with wastes) or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water whether or not sudden and accidental insofar as the operations under this Lease are concerned.

If such insurance is commercially available, but the cost is not reasonable to LESSEE, then LESSEE may, in lieu of obtaining such insurance coverage, implement one of the following procedures:

(1) LESSEE may open an escrow account and deposit into and maintain in that account an amount no less than the policy limit set forth in Paragraph 8(a). At the

termination of the Lease, all funds in the escrow account, including all accumulated interest, which have not been utilized for the purposes specified by the escrow instructions, shall be returned to LESSEE. Unless otherwise specified by the escrow instructions, interest earned on the account shall be paid to LESSEE quarterly. Or,

(2) LESSEE may provide a Letter of Credit in favor of LESSOR in an amount no less than the policy limit set forth in Paragraph 8(a). The policy limit set forth in Paragraph 8(a) shall be available by means of a Letter(s) of Credit throughout the term of this Lease.

The cost of insurance is not reasonable to LESSEE if it is more than 2% of the face value of the policy. Prior to implementation of these procedures, LESSOR and LESSEE shall agree in writing on instructions for the escrow account or the Letter(s) of Credit.

(c) The insurance coverage provided hereunder shall be in effect at all times during the Lease term and thereafter until all of the Lease Premises have been either accepted as improved by LESSOR or restored by LESSEE.

(d) In lieu of securing liability insurance LESSEE may at its election provide LESSOR with proof of self-insurance for liability insurance in form and content reasonably acceptable to LESSOR. In the event LESSEE elects to be self-insured, LESSEE agrees to the following:

(1) The STATE reserves the right at any time during the term of this Lease, upon sixty (60) days notice, to require insurance coverage by an insurance company reasonably acceptable to the STATE, for claims and losses occurring after the effective date of the new insurance policy and which are related in any way to the Lease, and its use, occupancy, or maintenance, including those areas identified above, up to the amount of coverage listed in this Lease.

(2) Each year, on the date no later than the anniversary of the effective date of this Lease, LESSEE shall submit to the STATE its most recent certified independent annual financial statement.

(3) LESSEE shall maintain assets in the form of cash or its equivalent in excess of one hundred percent (100%) of the aggregate amount of coverage required under this Lease.

(4) Each year, on a date no later than the anniversary of the effective date of this Lease, LESSEE shall submit to the STATE a list of all claims made against LESSEE of which LESSEE is aware that are related in any way to the Lease and its use, occupancy, condition, or maintenance, including in such list the name, address, and telephone number of the claimant, the amount of the claim, a detailed explanation of all actual or potential causes of the claim, to the extent that said explanation will not prejudice LESSEE'S defense of the claim, any amounts actually paid on the claim and the current status of the claim.

(5) LESSEE shall provide LESSOR with a detailed description of its self-administered claims program prior to the time of LESSEE'S exercise of its option to self-insure under this Lease and, in the event there are any changes in the program, a detailed description of the changes should be promptly submitted to LESSOR.

The detailed description shall include, but not be limited to, copies of all forms used; the number and duties of personnel assigned to the program; procedures and requirements for submitting, processing, investigating, and settling claims; procedures to distribute payments; and any further information reasonably requested.

(6) LESSEE shall also submit the name and address of the contract adjusting firm or claims administrator, if any, handling liability claims.

(e) LESSEE shall not cancel the self-insurance coverage without thirty (30) days prior written notice to LESSOR. In the event of cancellation of self-insurance, LESSEE shall obtain liability insurance coverage in conformity with subparagraphs (a) through (c) of this Paragraph 8, which coverage shall be in effect on the effective date of cancellation of self-insurance.

9. SURETY BOND

(a) LESSEE shall provide a surety bond or other security device acceptable to LESSOR, in the amount of one million dollars ($1,000,000), and naming the State of California as the assured, to guarantee to LESSOR the faithful observance and performance by LESSEE of all of the terms, covenants and conditions of this Lease.

(b) LESSOR may require an increase in the amount of the surety bond or other security device to cover any additionally authorized improvements, alterations or purposes and modification of consideration.

(c) The surety bond or other security device shall be maintained in full force and effect at all times during the Lease term and subsequently until all of the Lease Premises have been either accepted as improved, by LESSOR, or restored by LESSEE as provided elsewhere in this Lease.

10. ASSIGNMENT, ENCUMBRANCING OR SUBLETTING

(a) LESSEE shall not either voluntarily or by operation of law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease and shall not sublet the Lease Premises, in whole or in part, to allow any person other than the LESSEE'S employees, agents, servants and invitees to occupy or use all or any portion of the Lease Premises without the prior written consent of LESSOR, which consent shall not be unreasonably withheld.

(b) The following shall be deemed to be an assignment or transfer within the meaning of this Lease:

(1) If LESSEE is a corporation, any dissolution, merger, consolidation or other reorganization of LESSEE or sale or other transfer of a percentage of capital stock of LESSEE which results in a change of controlling persons, or the sale or other transfer of substantially all the assets of LESSEE.

(2) If LESSEE is a partnership, a transfer of any interest of a general partner, a withdrawal of any general partner from the partnership, or the dissolution of the partnership.

(c) On January 15, 1982 the LESSOR consented and agreed to among other things, but not limited to, the creation of a lien and security interest on the Project, as defined by the Indenture described in the Consent and Agreement. The entirety of said Consent and Agreement is made part of this Amendment. In the event that the execution of this Amendment requires the approval of a new Security Interest and Lien on the Project together with other terms and conditions essentially identical to those approved by LESSOR on January 15, 1982, LESSOR shall not withhold, condition or unreasonably delay such approval.

(d) If LESSEE desires to assign, sublet, encumber or otherwise transfer all or any portion of the Leased Premises, LESSEE shall do all of the following:

(1) give at least sixty (60) days prior written notice to LESSOR;

(2) provide the name and complete business organization and operational structure of the proposed assignee, sublessee, secured third party or other transferee; and the nature of the use of or interest in the Lease Premises proposed by assignee, sublessee, secured third party or other transferee. If the proposed assignee, sublessee or secured third party is a general or limited partnership, provide a copy of the partnership agreement;

(3) provide the terms and conditions of the proposed assignment, sublease, or encumbrancing or other transfer;

(4) provide financial statements for the two most recently completed fiscal years of the proposed assignee, sublessee, secured party or other transferee; and

(5) provide any additional or supplemental information as LESSOR may reasonably request concerning the proposed assignee, sublessee, secured party or other transferee.

LESSOR will evaluate proposed assignees, sublessees, secured third parties and other transferees and grant approval or disapproval according to standards of commercial reasonableness considering such factors as the proposed parties' financial strength and reliability, their business experience and expertise, their personal and business reputation, their managerial and operational skills, their proposed use and projected rental, as well as other relevant factors.

(e) LESSEE shall pay to LESSOR as additional rent:

(1) fifty percent (50%) of the amount by which the rent payable by a proposed assignee or sublessee to LESSEE exceeds the rent otherwise payable by LESSEE to LESSOR under this Lease; plus

(2) fifty percent (50%) of all other consideration payable for the assignment or sublease of this Lease.

In no event shall payments for services rendered by LESSEE such as transportation, processing, treating or conditioning of gas be deemed rent.

(f) Upon the express written assumption of all obligations and duties under this Lease by an assignee approved by LESSOR, the LESSEE shall be released from all liability, under this Lease, arising after the effective date of assignment and not associated with LESSEE'S use, possession or occupation of or activities on the Lease Premises.

(g) LESSOR shall have sixty (60) days from the receipt of all documents and other information required under this paragraph 10 to grant or deny its approval of the assignment, encumbrance or sublease.

(h) Except as otherwise provided in subparagraph (c) of this paragraph 10, LESSEE'S mortgage or hypothecation of this Lease, if approved by LESSOR, shall be subject to terms and conditions found in a separately drafted standard form (Agreement and Consent to Encumbrancing of Lease) substantially in the form shown on Exhibit "C" attached hereto.

(i) If the LESSEE files a petition or an order for relief is entered against LESSEE, under Chapters 7, 9, 11 or 13 of the Bankruptcy Code (11 USC Sec. 101, et seq.) then the trustee or debtor-in-possession must elect to assume or reject this Lease within sixty (60) days after filing of the petition or appointment of the trustee, or the Lease shall be deemed to have been rejected, and LESSOR shall be entitled to immediate possession of the Lease Premises. No election to assume or assign this Lease shall be effective unless it is in writing and unless the trustee or debtor-in-possession has cured all defaults under this Lease (monetary and non-monetary) or has provided LESSOR with "adequate assurances" (1) that, within ten (10) days from the date of such assumption or assignment, all monetary defaults under this Lease will be cured; and (2) that within thirty (30) days from the date of such assumption, all non-monetary defaults under this Lease will be cured; and (3) that all provisions of this Lease will be satisfactorily performed in the future.

11. DEFAULT AND REMEDIES

(a) Default

The occurrence of any one or more of the following events on or with respect to the Lease Premises shall immediately constitute a default or breach of the Lease by LESSEE if LESSEE fails to cure the occurrence within thirty (30) days after LESSOR has given LESSEE written notice, except that no such thirty (30) day cure period applies to subparagraphs (a)(1) and (a)(2). However, if more than thirty (30) days are reasonably required to cure, then LESSEE shall not be deemed in default or breach if LESSEE commences such cure within such

thirty (30) day period and diligently proceeds with such cure to completion.

(1) LESSEE'S failure to make any payment of rental, or other consideration as required under this Lease.

(2) LESSEE'S failure to obtain or maintain liability insurance or a surety bond or other security instrument as required under this Lease.

(3) LESSEE'S vacation or abandonment of the Lease Premises during the Lease term.

(4) LESSEE'S failure to obtain and maintain necessary governmental permits or other entitlements for ownership and operation of improvements in the Lease Premises.

(5) LESSEE'S failure to comply in the Lease Premises with applicable provisions of federal, state or local law dealing with hazardous waste, substances or materials as defined under such law.

(6) LESSEE'S failure to commence to construct and to complete construction of the improvements authorized by this Lease within the time limits specified in this Lease.

(7) LESSEE'S failure to comply in the Lease Premises with applicable provisions of federal, state or local laws or ordinances relating to issues of health and safety.

(8) LESSEE'S failure to observe or perform any other term, covenant or condition of this Lease to be observed or performed by the LESSEE.

(b) Remedies

In the event of a default or breach by LESSEE and LESSEE'S failure to cure such default or breach, LESSOR may at any time and with or without notice do any one or more of the following:

(1) Re-enter the Lease Premises, remove all persons and property, and repossess and enjoy such premises.

(2) Terminate this Lease and LESSEE'S right of possession of the Lease Premises. Such termination shall be effective upon LESSOR'S giving written notice and upon receipt of such notice LESSEE shall immediately surrender possession of the Lease Premises to LESSOR.

(3) Maintain this Lease in full force and effect and recover any rental, royalty, or other consideration as they become due without terminating LESSEE'S right of possession regardless of whether LESSEE shall have abandoned the Lease Premises.

(4) Exercise any other right or remedy which LESSOR may have at law or equity.

12. RESTORATION OF LEASE PREMISES

(a) Upon expiration or earlier termination of this Lease, LESSOR upon written notice may take title to any or all improvements, or LESSOR may require LESSEE to remove all or any such improvements at its sole expense and risk. If LESSEE fails to commence removal of the improvement within sixty (60) days after receiving written notice from LESSOR to do so, LESSOR may remove any or all of the improvements at LESSEE'S sole expense. LESSEE shall deliver to LESSOR such documentation as may be necessary to convey title to such improvements to LESSOR free and clear of any liens, mortgages, loans or any other encumbrances.

(b) In removing any such improvements LESSEE shall restore the Lease Premises as nearly as possible to the conditions existing prior to their installation or construction.

(c) All such removal and restoration shall be to the satisfaction of LESSOR and shall be commenced within sixty (60) days after the expiration or sooner termination of this Lease and such work shall be diligently and continuously pursued until completion. If LESSEE fails diligently and continuously to pursue such removal, LESSOR may remove or have removed any remaining improvements at LESSEE'S sole expense.

(d) In removing any or all the improvements LESSEE shall be required to obtain any permits or other governmental approvals as may then be required by lawful authority.

(e) Upon termination of the Lease, LESSOR may require LESSEE to conduct an independent environmental site assessment or inspection for the presence or suspected presence of hazardous wastes, substances or materials, as defined under federal, state or local law, manufactured, generated, used, placed, disposed, stored or transported on the Lease Premises by LESSEE. LESSEE shall be responsible for removing or taking other appropriate remedial action regarding such wastes, substances or materials in accordance with applicable federal, state or local law.

13. QUITCLAIM

(a) LESSEE shall execute and deliver to LESSOR in a form provided by LESSOR, a good and sufficient quitclaim of all rights under this Lease and of all right, title, and interest in any improvements accepted as part of the Lease Premises by LESSOR. Such quitclaim shall be delivered to LESSOR within ninety (90) days following receipt by LESSEE of LESSOR'S decision to accept the Lease Premises as improved.

If LESSEE has received notice from LESSOR to restore the Lease Premises, such quitclaim shall be delivered to LESSOR within ninety (90) days following completion of removal and restoration.

(b) Should LESSEE fail or refuse to deliver such a quitclaim, a written notice by LESSOR reciting such failure or refusal shall, from the date of its recordation, be conclusive evidence against LESSEE and all other claimants of the termination of this Lease and any rights or interests of LESSEE in the Lease Premises and such improvements accepted by LESSOR as part of the Lease Premises.

14. HOLDING OVER

Any holding-over by LESSEE after the expiration of the Lease term, with or without the express or implied consent of LESSOR, shall constitute a tenancy from month to month and not an extension of the Lease term and shall be on the terms, covenants and conditions of this Lease with any fixed rental or other consideration provided for in the expired Lease being payable in advance on the first day of the month at the rate of one-twelfth (1/12th) of the annual amount, and any variable rental or other consideration being payable monthly in arrears in accordance with the rate schedule set forth in the expired Lease. However, in no event shall such hold-over period exceed two years.

15. PIPELINE OPERATIONS

(a) LESSEE shall be responsible for assuring that all operations are carried out in a safe manner, consistent with good engineering practices and in accordance with all federal, state and local laws and regulations now in effect or hereafter promulgated.

(b) Should a gas leak occur on the Lease Premises, LESSEE shall notify the STATE LANDS COMMISSION, at (213) 590-5201, the State Office of Emergency Services and the U. S. Coast Guard. Following oral notification a written report summarizing all aspects of the leak and its final mitigation shall be filed with the Long Beach office of the STATE LANDS

COMMISSION, 245 West Broadway, Suite 425, Long Beach, CA 90802-4471.

16. INSPECTION REQUIREMENT

LESSEE shall comply with all existing and subsequently enacted regulations promulgated pursuant to the Natural Gas Pipeline Safety Act, 49 USC 1671 et. seq., that are applicable to the ownership, operation or use of any improvements installed by LESSEE on the Lease Premises. Results of internal and external inspections performed pursuant to these regulations, including reports, analyses and recommendations prepared by or for LESSEE shall be submitted to LESSOR. Should such inspections show bridging, corrosion or other deterioration or hazard to the pipeline, then such additional steps and corrective action shall be taken as provided for in the regulations promulgated pursuant to the Natural Gas Pipeline Safety Act, 49 U.S.C. Section 192 and LESSEE shall inform LESSOR of such corrective action.

17. ACCESS

(a) LESSEE agrees that the gas pipeline, including LESSEE'S upland gas processing facility, shall accept from non-owners of the gas pipeline, tenders for the transportation and treatment of natural gas and/or gas products produced from State tide and submerged lands on reasonable terms and conditions and at just and reasonable rates which are no less favorable than those applied to shipments by owners of the gas pipeline and with no requirement that the tendered gas be sold, exchanged, or title otherwise transferred to the LESSEE and/or LESSEE'S processing facility. The terms, conditions or rates shall be in writing and, when in effect, approved from time to time by the Federal Energy Regulatory Commission (FERC) and shall be available for inspection by prospective shippers, authorized personnel of LESSOR and members of the public.

(b) It is LESSOR'S policy that prorationing is appropriate when necessary to provide transportation for all owners of natural gas that is produced offshore and that can meet LESSEE'S quality specifications. It is recognized that LESSEE will allow open and nondiscriminatory access to the gas pipeline and onshore treating facility in accordance with its approved FERC tariffs. If a non-owner tenders natural gas meeting LESSEE'S quality specifications for transportation and treatment, and LESSEE is unable to accept all or a portion of the natural gas tendered due to a lack of capacity, then if the tendering non-owner, or LESSOR, requests LESSEE to do so, LESSEE shall petition the FERC to permit LESSEE to proration its capacity so that LESSEE may accept the non-owner's tendered gas in accordance with the prorationing provisions approved by the FERC. If FERC denies LESSEE'S petition, LESSEE

shall seek judicial review of FERC's decision until all available opportunities for judicial review have been exhausted. LESSEE, the non-owner, and LESSOR, if LESSOR requested LESSEE to petition the FERC, shall be bound by the final judicial decision or the final non-appealable FERC decision rendered in accordance with any judicial decision in this matter. Upon request, LESSEE shall notify LESSOR of all special discounts and other business inducements that LESSEE has granted to shippers, and upon request of LESSOR, shall provide copies of contracts or other agreements which reflect the granting of such discount or other business inducements. Such general rates, terms and conditions will be kept confidential by LESSOR until notified by LESSEE that the proposed general rates, terms, and conditions are nonconfidential and in effect. It is the intent of the parties that such general rates, terms and conditions shall be set by FERC pursuant to its authority over the LESSEE'S facilities pursuant to the Natural Gas Act, 15 U.S.C. Section 717, et. seq.

(c) Any controversy or claim arising out of or related to the rates, terms or conditions charged or proposed pursuant to this Paragraph or the breach thereof shall be settled by recourse to the FERC pursuant to its authority under the Natural Gas Act, 15 U.S.C. Section 717 and the Outer Continental Shelf Lands Act, 43 U.S.C. Section 1334. Provided that nothing herein is intended or shall be construed to be a waiver by the State of its rights to impose access requirements to pipelines crossing State lands, nor is it intended to be a consent to jurisdiction of the federal government. And, provided further, nothing herein shall be construed nor is it intended to be, the imposition of access requirements on federal lands.

(d) The covenants provided in this Paragraph shall remain in effect only for so long as the State Lease for the lands described in Exhibit "A" is in full force and effect.

(e) For the purposes of Paragraph 10 above, any use by LESSEE of the pipeline and improvements on the Lease Premises for the purpose of transporting gas for or providing other similar services to third parties shall not be deemed to be an assignment, sublease, occupancy or use of the Lease Premises by a third party.

18. LESSEE'S COOPERATION

To accomplish the purposes of the terms of Paragraph 17 of this Lease with regard to access to LESSEE'S facilities by LESSOR or its lessees, LESSEE will cooperate with LESSOR and LESSOR'S oil and gas lessees, contractors, or parties who purchase oil and gas from any of them, by providing for review of such available

technical information as may be necessary for permits and permit applications, provided that LESSEE shall not incur any expenses beyond those provided for in this Lease. LESSOR, LESSOR's oil and gas lessees, contractors, or parties who purchase oil and gas from LESSOR or its lessees, shall have access to proprietary technical information owned or licensed by LESSEE and necessary for permit applications. LESSEE is not obligated to provide licensed information if its license agreement precludes such disclosures. However, LESSEE will cooperate in obtaining access to such information from the Licensor. Provided however, such information shall be provided only after a confidentiality and nondisclosure agreement has been executed. In the event the application of LESSEE's proprietary technology is necessary for access to LESSEE's pipeline and treatment facility, LESSEE agrees to license such technology on a fair and reasonable basis in order to fulfill the meaning and intent of Paragraph 17 herein. LESSEE shall not be obligated to incur any expenses beyond those already provided for in this Lease. LESSOR will provide the same cooperation to LESSEE, without incurring any expenses beyond those provided for in this Lease.

19. ADDITIONAL PROVISIONS

(a) Waiver

(1) No term, covenant, or condition of this Lease and default or breach of any such term, covenant or condition shall be deemed to have been waived, by LESSOR'S acceptance of a late or nonconforming performance or otherwise, unless such a waiver is expressly acknowledged by LESSOR in writing.

(2) Any such waiver shall not be deemed to be a waiver of any other term, covenant or condition of any other default or breach of any term, covenant or condition of this Lease.

(b) Time

Time is of the essence of this Lease and each and all of its terms, covenants or conditions in which performance is a factor.

(c) Notice

All notices required to be given under this Lease shall be given in writing, sent by U.S. Mail with postage prepaid, to LESSOR at the offices of the State Lands Commission and the LESSEE at the address specified above. LESSEE shall give LESSOR notice of any change in its name or address.

(d) Consent

Where LESSOR'S consent is required under this Lease its consent for one transaction or event shall not be deemed to be a consent to any subsequent occurrence of the same or any other transaction or event.

(e) Changes

This Lease may be terminated and its term, covenants and conditions amended, revised or supplemented by mutual written agreement of the parties.

(f) Successors

The terms, covenants and conditions, of this Lease shall extend to and be binding upon and inure to the benefit of the heirs, successors, and assigns of the respective parties and if more than one LESSEE is a party to this Lease, the obligations of the LESSEES shall be joint and several.

(g) Captions

The captions of this Lease are not controlling and shall have no effect upon its construction or interpretation.

(h) Non-Severability

If any term, covenant or condition of this Lease is judicially determined to be invalid, the remainder of the Lease shall remain in full force and effect.

20. ENTIRE AGREEMENT

This writing contains the entire agreement and understanding between LESSOR and LESSEE pertaining to the subject matter of this Lease and there are no oral representations, stipulations, warranties or understandings relating thereto which are not fully set forth herein. No amendment, addition to or alteration, modification or waiver of any provision of this Lease shall be of any force or effect unless in writing and signed by LESSOR and LESSEE.

The submission of this Lease by LESSOR, its agent or representative for examination by LESSEE does not constitute an option or offer to lease the premises upon the terms and conditions contained herein or a reservation of the premises in favor of LESSEE; it being specifically intended hereby that this Lease shall only become effective when duly executed on behalf of the State Lands Commission of the State of California and delivery of a fully executed counterpart to LESSEE.

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

LESSEE:*
PACIFIC OFFSHORE PIPELINE COMPANY

Leonard A. Foster

By LEONARD A. FOSTER

Title Senior Vice President

801 S. Grand Ave

Los Angeles 90017
(Address)
Seal

LESSOR:
STATE OF CALIFORNIA
STATE LANDS COMMISSION

By Leslie H. Grimes

Title Deputy Chief, Land Management & Conservation

Date November 29, 1989

Execution of this document was authorized by the State Lands Commission on

AUGUST 30, 1989

*In executing this document the following is required:

Corporations.

1. Affixation of Corporate Seal.

2. A certified copy of the resolution or other document authorizing execution of this Agreement on behalf of the corporation.

3. Acknowledgement of signature is required.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date hereafter affixed.

PACIFIC OFFSHORE
PIPELINE COMPANY

JCLS By: James A. Fort.

Title: SENIOR VICE PRESIDENT

STATE OF CALIFORNIA
STATE LANDS COMMISSION

By: Leslie M. Lewis

Title: Deputy Chief, Land Management & Conservation

Date: November 29, 1989

ACKNOWLEDGEMENT

The issuance of this lease was authorized by the State Lands Commission on AUGUST 30, 1989

EXHIBIT "A"

LAND DESCRIPTION PRC 4977.1

A strip of tide and submerged land 11 feet wide in the bed of the Santa Barbara Channel, in the vicinity of Capitan, Santa Barbara County, California; the centerline of said strip being more particularly described as follows:

COMMENCING at Station 81 as shown on the map entitled "Survey of the Mean High Tide Line" filed for record in Book 41, Pages 12 thru 50, Miscellaneous Maps, Santa Barbara County Records; thence S 67°38'17" W, 85.02 feet to the TRUE POINT OF BEGINNING, said point having California Coordinate System of 1927, Zone 5 coordinates of N=356,667.65 and E=1,384,173.37; thence into the Santa Barbara Channel the following 12 courses:

1. S 7°47'29" E, 2,051.59 feet;
2. S 4°22'30" E, 530.85 feet;
3. S 5°05'41" E, 137.34 feet;
4. S 27°55'24" W, 78.76 feet;
5. S 45°33'03" W, 3,305.42 feet;
6. S 46°07'21" W, 3,035.50 feet;
7. S 47°03'19" W, 2,915.20 feet;
8. S 45°35'08" W, 2,934.21 feet;
9. S 45°56'19" W, 3,074.80 feet;
10. S 45°24'43" W, 2,982.80 feet;
11. S 45°50'55" W, 2,933.91 feet;
12. S 44°42'06" W, 1,795.87 feet to a point on the offshore boundary of the State of California as determined according to the decree entered by the United States Supreme Court in United States v. California, Original No. 5, on January 31, 1966, 382 U.S. 448.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark.

This description is based on the California Coordinate System of 1927, Zone 5.

END OF DESCRIPTION

REVISED JANUARY 15, 1987 BY BOUNDARY SERVICES UNIT, M. L. SHAFER, SUPERVISOR.

0727b

EXHIBIT B
PRC 4977.1

Standard Form No. _____
(Approved March 1989)

EXHIBIT C

LEASE NO. P.R.C. _____

AGREEMENT AND CONSENT TO ENCUMBRANCING OF LEASE

The parties to this Agreement and Consent to Encumbrancing of Lease No. PRC _____ dated _____ are:

1. The State of California, acting by and through the State Lands Commission, hereinafter referred to as LESSOR;

2. _____, hereinafter referred to as LESSEE;

3. _____, hereinafter referred to as SECURED PARTY-LENDER.

W I T N E S S E T H:

WHEREAS, the State of California as LESSOR did on _____ lease to _____, as LESSEE under Lease No. PRC ____, attached hereto and incorporated by reference herein and hereinafter referred to as the Lease, of certain real property situated in the County of _____, State of California, particularly described in Section 3 of the Lease, and hereafter referred to as the Lease Premises; and

WHEREAS, LESSEE, requires and has obtained indebtedness in the amount of $_____ for a term of _____ pursuant to that Promissory Note ("Note" or other debt instrument), in favor of SECURED PARTY-LENDER dated _____ for the construction, permanent financing or refinancing of improvements to be constructed, maintained, repaired or reconstructed by the LESSEE;

WHEREAS, such indebtedness and financing is necessary to

achieve the purposes and objectives of the Lease and is in the best interest of all parties; and

WHEREAS, SECURED PARTY-LENDER will require the execution of a security instrument in the form of a Deed of Trust, mortgage, or other security device encumbering the Lease to secure the financing required by LESSEE; and

WHEREAS, SECURED PARTY-LENDER has been designated by LESSEE and is acceptable to LESSOR;

A. NOW, THEREFORE, the State of California, acting by and through the State Lands Commission, as LESSOR, DOES HEREBY APPROVE AND CONSENT TO:

1. the SECURED PARTY-LENDER designated as a party to this Agreement; and

2. the mortgaging or encumbering of Lease by a Deed of Trust and/or other security instrument being executed by LESSEE (Trustor) for the benefit of SECURED PARTY-LENDER (Beneficiary) to secure indebtedness for the purchase of improvements (or other purpose as stated) to be constructed, repaired or reconstructed by LESSEE on the Lease Premises, pursuant to the terms and conditions of the Note (or other debt instrument) and related lending agreement and any modifications, extensions or renewals thereof. The term security interest or interests shall be hereinafter included and be used interchangeably with the term mortgage, encumbrance, Deed of Trust or other security instrument used to encumber the Lease. The security interest may, at the option of SECURED PARTY-LENDER, be recorded in the Office of the County Recorder of _____ County, California. No additional or subsequent security interest concerning the Lease shall be executed by the LESSEE, SECURED PARTY-LENDER or other party without the prior written approval and consent of LESSOR; and

3. any increases in, or modifications, extensions, or renewals of the financing or indebtedness by the SECURED

PARTY-LENDER provided; however, that any such increases, modifications or renewals shall not be deemed in any way to increase, modify, extend, renew or otherwise amend the Lease; and

4. SECURED PARTY-LENDER acquiring the Lease by any of the means set forth in this Agreement.

5. the assignment to SECURED PARTY-LENDER of rents paid by sublessees of the Lease Premises provided; however, that all subleasing shall have been approved by LESSOR.

B. THE PARTIES DO FURTHER AGREE AS FOLLOWS:

1. Estoppel Certificate

AS OF THE DATE OF THIS AGREEMENT, THE LEASE IS IN FULL FORCE AND EFFECT, AND NO DEFAULT, BREACH OR OTHER GROUND FOR TERMINATION EXISTS.

2. Lease Improvements

The proceeds of any loan procured for the purpose of constructing, maintaining, repairing or reconstructing improvements on the Lease Premises (for which a security interest in the Lease is required) shall be used exclusively for such purposes according to the objectives of the Lease provided; however, that SECURED PARTY-LENDER shall have no obligation to take any action, other than disbursing loan proceeds pursuant to invoicing provided by LESSEE, to see or ensure that the loan proceeds or any part thereof are or were used to construct or improve the Lease Premises, or that such construction or improvement, if any, is or was performed in a workmanlike manner, or in accordance with applicable law.

3. Lease Termination

a. LESSOR shall not terminate the Lease because of a default or breach of any of its terms, covenants or conditions by LESSEE if, within sixty (60) days after service of written notice on the SECURED PARTY-LENDER of LESSOR's intention to terminate the Lease for such default or

breach, SECURED PARTY-LENDER shall:

(1) cure any default or breach dealing with rental, a surety bond, liability insurance and any other default
or breach that can be cured by the payment or expenditure of money; and

(2) keep the Lease free of any such defaults or breaches; and

(3) give notice to Lessor and immediately commence and diligently pursue actions necessary for and leading expeditiously to:

(a) a transfer of the Lease and possession of the Lease premises by SECURED PARTY-LENDER or another party acceptable to Lessor by any of the means mentioned in this Agreement, and

(b) the cure of any default or breach for which possession of the Lease Premises is necessary.

b. SECURED PARTY-LENDER shall not be required to continue to pursue actions necessary to effect a transfer of the Lease if all defaults or breaches of the Lease have been cured by LESSEE or SECURED PARTY-LENDER and LESSEE has demonstrated to the satisfaction of LESSOR that it is willing and able to resume satisfactory performance of all of its duties and obligations under the Lease. If SECURED PARTY-LENDER cannot effect a transfer of the Lease other than through foreclosure and is prohibited from commencing or continuing foreclosure as a result of a court order or provision of law, LESSOR shall not terminate the Lease, provided that SECURED PARTY-LENDER shall notify LESSOR of their intent to foreclose when permitted to do so and shall keep and perform all other conditions of this Agreement until such time that the Lease shall be sold upon foreclosure pursuant to the trust deed, or shall be transferred upon judicial foreclosure, by assignment

in lieu of foreclosure or otherwise.

c. LESSEE shall not terminate the Lease through mutual assent of LESSOR or otherwise during the duration of this Agreement without the consent of SECURED PARTY-LENDER unless the provisions of this Agreement would otherwise allow for such termination.

4. Lease or Security Interest Transfer

a. Lease transfer

(1) Any transfer of the Lease, with the exception of a transfer to SECURED PARTY-LENDER, be it pursuant to judicial foreclosure, by way of a private sale under a trust deed, or an assignment from LESSEE in lieu of foreclosure to a party selected by the SECURED PARTY-LENDER, or otherwise, shall be subject to the prior written approval and consent of LESSOR. If SECURED PARTY-LENDER shall proceed with a foreclosure sale, it shall provide LESSOR with a minimum of twenty (20) days notice of the date and time of such sale. SECURED PARTY-LENDER shall inform prospective Lease purchasers in its notice of sale of the requirement pursuant to law that any prospective lessee of State lands under the jurisdiction of the State Lands Commission must be approved by the Commission. If prospective purchasers wish to obtain notice of approval or disapproval before the foreclosure sale, their identify and intent to bid must be given to SECURED PARTY-LENDER at least three (3) state business days prior to the date of sale. SECURED PARTY-LENDER shall in turn give to LESSOR immediate notice of the identity of such prospective lease purchaser. LESSOR shall have two (2) state business days prior to the date of sale in which to approve or disapprove any prospective purchasers. LESSOR shall advise SECURED PARTY-LENDER of its approval or disapproval of prospective purchasers prior to the scheduled time of sale and the Lease shall be awarded to the highest bidder, provided however, that if the highest bidder has not been approved by the State, the State

shall retain its right to disapprove the highest bidder and terminate the lease. SECURED PARTY-LENDER shall indemnify, hold harmless and, at the option of LESSOR, defend LESSOR, its officers, agents, and employees against and for any and all liability arising out of, or alleged to arise out of, a failure to inform prospective Lease purchasers that they must be approved by LESSOR.

(2) Any grantee, assignee, purchaser or other transferee of the Lease or any interest therein, be it SECURED PARTY-LENDER or another party acceptable to LESSOR, shall succeed to all of the rights, title and interest of LESSEE and shall be bound by all terms, covenants and conditions of the Lease and by all of the provisions of this Agreement. Any such transferee shall, by the way of written agreement with LESSOR, expressly assume and agree to perform all terms, covenants and conditions of the Lease and of this Agreement. SECURED PARTY-LENDER shall give written notice of the requirement of such assumption and agreement to any such transferee.

b. Security interest transfer. Any subsequent assignment or other transfer by the SECURED PARTY-LENDER of the security interest approved in paragraph A.2. shall be subject to the prior written approval and consent of LESSOR.

5. Lessee and Secured Party Lender Liability

a. Any encumbering, assignment, grant, purchase or other transfer of the Lease shall not release or relieve the current LESSEE, or a subsequent lessee from any obligations to LESSOR under the Lease and LESSOR may hold the current LESSEE, or a subsequent lessee, liable for the faithful performance of any and all terms, covenants and conditions of the Lease.

b. SECURED PARTY-LENDER shall have no obligations or liability under the Lease unless it shall become the lessee, and provided further that, if SECURED PARTY-LENDER

should become the lessee, by any of the means mentioned in this Agreement, it shall have no further obligations or liabilities under the Lease after it has assigned or otherwise transferred the Lease to a party approved by Lessor. Unless SECURED PARTY-LENDER becomes lessee under the Lease, termination shall be LESSOR's sole remedy against SECURED PARTY-LENDER for its failure or refusal to comply with any or all the provisions of this Agreement.

6. Lessor Approval

a. Whenever the approval and consent of LESSOR as required under this Agreement is requested by SECURED PARTY-LENDER or LESSEE, LESSOR shall have two (2) state business days after receipt of written notice of such request to approve or disapprove it.

b. The approval and consent of LESSOR whenever it is required by this Agreement shall not be unreasonably withheld and in the event of disapproval LESSOR shall inform LESSEE and SECURED PARTY-LENDER of the basis for such disapproval.

c. Any transaction for which the approval and consent of LESSOR is required by the terms of this Agreement shall be void or voidable in the absence of such approval and consent.

7. Miscellaneous Provisions

a. No modification or amendment of the Lease or this Agreement shall be effective without the prior written consent of all parties to this Agreement.

b. Any notices required under the Lease or this Agreement shall be in writing and shall be given concurrently to all parties to this Agreement. Whenever LESSEE or SECURED PARTY-LENDER are required to give LESSOR notice under this Agreement, such notice shall be given in writing to the Executive Officer of the State Lands Commission and shall

be deemed effective when received by that person. The addresses of the parties at the time of this Agreement's execution for the purposes of such notice are:

LESSOR: STATE LANDS COMMISSION
1807 - 13th Street
Sacramento, California 95814

LESSEE: _____
_____
_____
_____

SECURED PARTY-LENDER:

_____
_____
_____
_____

c. In the event of any conflict between the provisions of this Agreement and those of the Lease, the provisions of this Agreement shall take precedence and be controlling. Except as provided by this Agreement, the Lease shall remain in full force and effect as written.

d. This Agreement will become effective and binding on all parties when executed by all parties, LESSEE, SECURED PARTY-LENDER, and LESSOR, in that order, and it shall remain effective until the expiration or termination of the Lease, or until the expiration of the original or extended term of the indebtedness, whichever of the two comes first.

8. Severability.

If any provision (or portion thereof) of this Agreement is held to be legally invalid, the extent of such invalidation shall be the least necessary to bring it within the requirements of the law, and no other provision (or portion thereof) of this Agreement shall otherwise be affected.

IN WITNESS WHEREOF, the parties hereto have executed this

Agreement and Consent as of the date hereafter affixed.

LESSEE/Trustor

DATED: _____ By _____

Title _____

SECURED PARTY-LENDER
Trustee/Beneficiary

DATED: _____ By _____

Title _____

STATE OF CALIFORNIA
STATE LANDS COMMISSION
(LESSOR)

DATED: _____ By _____

Title _____

ALL SIGNATURES MUST BE NOTARIALLY ACKNOWLEDGED