

STATE OF CALIFORNIA

FOR RECORDERS USE ONLY

STATE LANDS COMMISSION

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State of California
State Lands Commission
Official Business - Document
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Section 27383.

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

LEASE NO. 7163.1

This Lease consists of this summary and the following
attached and incorporated parts:

Section 1	Basic Provisions
Section 2	Special Provisions amending or supplementing Section 1 or 4
Section 3	Description of Lease Premises
Section 4	General Provisions
Section 5	Exhibits (2)

SECTION 1

BASIC PROVISIONS

The STATE OF CALIFORNIA, hereinafter referred to as LESSOR
or STATE acting by and through the STATE LANDS COMMISSION, whose
address is 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 EXXON CORPORATION, hereinafter referred to as LESSEE or EXXON, those certain lands described in Section 3 subject to the reservations, terms, covenants and conditions of this Lease.

LESSEE'S MAILING ADDRESS IS: EXXON COMPANY, U.S.A.
P. O. Box 5025
Thousand Oaks, California 91359

LEASE TYPE: General Lease - Right-of-Way Use

LAND TYPE: Tide and submerged LOCATION: Pacific Ocean near
El Capitan State
Beach, Santa
Barbara County

LAND USE OR PURPOSE: Installation, operation and maintenance of a pipeline for transport to shore of crude oil/water emulsion, and power cables in conduits and produced water outfall from shore to the Outer Continental Shelf.

LESSEE agrees that use of the Lease premises for the transport of any commodity other than that specified herein shall require prior written approval of LESSOR.

TERM: Thirty-four (34) years; beginning February 1, 1988 and ending January 31, 2022, unless sooner terminated under this Lease.

RENTAL CONSIDERATION: Rental shall be paid in accordance with the following schedule:

Prior to construction, rental shall be \$50,000.00 per annum for the period February 1, 1988 through and including January 31, 1991. Upon the sooner of the commencement of construction of the improvements authorized herein or February 1, 1991, annual rental (hereinafter referred to as "construction rental") shall increase to \$75,000.00 per annum. Upon the sooner of February 1, 1992 or the commencement of operations, annual rental (hereinafter referred to as "permanent annual rental") shall be \$100,000.00. On February 1, 1993 or on the permanent annual rental having been in effect for one (1) year, annual rental shall increase in accordance with the formula below.

All rent increases shall be for the full calendar year in which they occur and LESSEE will promptly pay the increased amount due to LESSOR upon a rent increase.

The permanent annual rental specified above shall be the greater of the Base Rental or that rental which is determined by the following formula:

$$\text{Permanent annual rental} = \text{Base Rental} \times (A/B)$$

B = Final Gross National Product Implicit Price Deflator for 1988.

In the event the Gross National Product Implicit Price Deflator is modified or eliminated, then the modified or closest comparable replacement index shall be used in the above formula.

LESSEE shall notify LESSOR in writing at least 60 days prior to the commencement of construction and operation.

[] EXISTING: N/A

AND BE COMPLETED BY: February 1,
1993

In the event construction, as authorized by this Lease, is not begun by February 1, 1991 or not completed by February 1, 1993, this Lease may be terminated by LESSOR.

SURETY BOND OR OTHER SECURITY: \$1,000,000

SECTION 2
SPECIAL PROVISIONS

BEFORE THE EXECUTION OF THIS LEASE, ITS PROVISIONS ARE AMENDED, REVISED OR SUPPLEMENTED AS FOLLOWS:

1. Subparagraph 2(c) of Section 4 is amended as follows:

"Any installments of rental, royalty, or other consideration accruing under this Lease not paid when due shall be subject to a penalty and shall bear interest as specified in Public Resources Code 6224 and LESSOR'S penalty and interest regulations existing at the time of such late payment."
2. Subparagraph 5(c) of Section 4 is deleted and the following substituted therefor:
 - (c) Pipeline Corridor

LESSOR has established a consolidated pipeline corridor which provides for the laying of pipeline facilities within the corridor. LESSEE'S pipeline may not be the only pipeline placed within the corridor, and LESSEE has not obtained an exclusive right to use the corridor. Nevertheless any future pipelines shall be required by LESSOR to be designed, constructed, maintained and operated in a manner that does not interfere with or unduly limit LESSEE'S design, construction, maintenance and operations under this Lease.

LESSOR has previously issued a lease for the placement of a gas pipeline in the corridor and this lease is currently held by the Pacific Off-shore Pipeline Company (POPCO) and except for the right to lay its electrical cables across POPCO's gas pipeline this Lease does not authorize LESSEE to use POPCO's right of way under the gas pipeline for the placement of structures authorized by this Lease.
3. Paragraph 8 of Section 4 is amended as follows:
 - (a) Subject to the option of LESSEE to provide proof of self-insurance under subparagraphs (g) and (h) 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 specified in Section 1, or as may be reasonably requested by LESSOR from time to time, insuring LESSOR against any and all claims or liability for bodily injury or property damage arising out of the ownership, use, occupancy, condition or maintenance of the Lease premises and all improvements.

- (b) The insurance policy(ies) shall name the LESSOR as an additional or co-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.
- (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 pursuant to Paragraph 13.
- (d) The LESSOR will not be responsible for any premiums or other assessments on the policy.
- (e) The insurance coverage provided by the insured (LESSEE) is primary and noncontributing.
- (f) Liability insurance shall apply to and cover bodily injury or property damage arising out of the discharge, dispersal, release, or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, or other gasses, waste materials, oil or other petroleum substance or derivative (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, provided that such insurance is available with an insurance company reasonably acceptable to the LESSOR.
- (g) 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:
 - (i) LESSOR 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 LESSOR, 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 ownership, use, occupancy, or maintenance, including those areas identified in 2(f) above, up to the amount of coverage listed in this Lease.

- (ii) Each year, on a date no later than the anniversary of the effective date of this Lease, LESSEE shall submit to LESSOR its most recent certified independent annual financial statement.
- (iii) 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.
- (iv) Each year, on a date no later than the anniversary of the effective date of this Lease, LESSEE shall submit to LESSOR a list of all claims made against LESSEE of which LESSEE is aware that are related in any way to the Lease and its ownership, 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.
- (v) LESSEE shall provide the 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 the 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.

- (vi) LESSEE shall also submit the name and address of the contract adjusting firm or

claims administrator, if any, handling liability claims.

(h) 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 (f) of this Paragraph 8, which coverage shall be in effect on the effective date of cancellation of self-insurance.

(i) LESSEE shall furnish to LESSOR a copy of a Certificate of Financial Responsibility issued to it by the U. S. Coast Guard pursuant to Federal regulations governing the offshore oil pollution compensation fund, evidencing LESSEE'S financial responsibility for damages and cleanup costs incurred as a consequence of or in response to oil pollution arising from LESSEE'S pipeline operations. Said Certificate shall be in 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 pursuant to Section 4, Paragraph 13 of this Lease.

4. Paragraph 10 of Section 4 is amended to add subparagraphs (c), (d), (e), (f) and (g) as follows:

(c) If the LESSEE hereunder 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, shall be deemed to be an assignment of this Lease.

(d) If the LESSEE hereunder is a partnership, any transfer of any interest of a general partner in this Lease or the partnership, a withdrawal of any general partner from the partnership, or the dissolution of the partnership, shall be deemed to be an assignment of this Lease.

(e) Any dissolution, merger, consolidation or other reorganization of a general partner or sale or other transfer which results in a change of controlling persons or interests, shall be deemed to be an assignment of this Lease.

(f) No assignment or transfer of any interest in this Lease or the fixtures placed on the Leased premises shall be made without the prior consent of

LESSOR which consent shall not be unreasonably withheld. Provided, however, that the repair or replacement of fixtures shall not be deemed to be an assignment, unless such repair or replacement involves a financing mechanism which necessitates the creation of a security interest in the fixtures. Any such assignment or transfer must be conditioned on acceptance by the assignee or transferee of all obligations imposed on LESSEE under this Lease. LESSOR'S consent shall be required for assignment or sublease to any wholly owned subsidiary of LESSEE; however, such consent shall not be unreasonably withheld. It is understood and agreed that LESSEE may assign this Lease to an operator or group of operators at some future time, subject to the consent terms herein, including all obligations imposed upon the LESSEE under the terms of this Lease.

- (g) In the event LESSEE seeks LESSOR'S consent to an assignment or transfer of the Lease, LESSOR may impose the obligation that LESSEE (Assignor), by corporate or partnership guarantees or other instruments, agrees to fulfill all the conditions, covenants, or obligations provided in this Lease; and the Assignee may be required to provide comprehensive general liability insurance in accordance with Paragraphs 8 (a) through 8 (f) herein, instead of self-insurance as authorized by Paragraphs 8 (g) and 8 (h) herein. The requirement of guarantees and insurance is not intended, nor shall it be construed, to be the only reasonable condition LESSOR may impose as consideration for consenting to an assignment. However, if the assignment or transfer would not result in a change in the character or amount of use of the leased premises, LESSOR shall not increase the consideration to be paid, except under Paragraph 2(b) of Section 4, solely on account of assignment or transfer.

5. Paragraph 13 of Section 4 is superseded by the following:

13. RESTORATION OF LEASE PREMISES

- (a) Upon expiration or sooner termination of this Lease, LESSOR may accept all or any portion of the Lease premises, as then improved with structures, buildings, pipelines, machinery, facilities, and fills in place at no cost to LESSOR; or LESSOR may require LESSEE to remove all or any portion of such improvements or abandon such improvements in place at LESSEE'S sole expense and risk; or if LESSEE fails or refuses to timely remove such

improvements, LESSOR may itself remove or have removed all or any portion of such improvements at LESSEE'S sole expense. LESSOR shall notify LESSEE, in writing, following the expiration or sooner termination of this Lease, of LESSOR'S decision whether to accept the Lease premises as improved or restored. LESSEE shall retain ownership of any improvements removed, or LESSEE may request LESSOR'S permission to abandon such improvements in place at LESSEE'S sole expense and risk.

- (b) In removing any such improvements, LESSEE shall restore the Lease premises to the conditions existing prior to their installation or construction. All such removal and restoration shall be to the satisfaction of LESSOR and shall be commenced within six months following receipt by LESSEE of LESSOR'S notice to restore all or any part of the Lease premises pursuant to Subparagraph (a) above and prosecuted diligently and continuously to completion.
- (c) LESSOR shall promptly notify LESSEE of its acceptance of the Lease premises as improved or restored by written acceptance of LESSEE'S quitclaim or by recording a written notice pursuant to Paragraph 14 of Section 4. It is the intent of the parties hereto that LESSOR has the right to enforce the provisions of this Paragraph 13 until such time as LESSOR has accepted, in writing, the Lease premises as improved or restored.
- (d) Any bond and insurance required by this Lease shall remain in effect until LESSOR has accepted, in writing, the Lease premises as improved or restored pursuant to Subparagraph (c) above.
- (e) Upon expiration or sooner termination of this Lease, if LESSOR accepts all or any portion of the Lease premises as then improved pursuant to this Paragraph 13, LESSEE understands that such improvements become the property of LESSOR and LESSOR may sell, rent, lease, operate, or use those improvements as it deems appropriate and LESSOR shall undertake at its cost and risk all abandonment obligations imposed by this Lease.

Provided further, that LESSEE shall have the right to disconnect pipelines and other connections to LESSEE'S upland facilities. And, LESSOR shall have an easement across LESSEE'S upland property to connect, maintain and operate other pipelines from other upland properties to the disconnected

pipelines after payment to LESSEE for the fair market value of the easement and in accord with all permit conditions and regulations applicable to LESSEE. Such value shall not be computed on a per barrel or other throughput basis but shall consist of an annual fee which shall be established for the first five years of this easement and recalculated for each subsequent five year period prior to the expiration of the then current five year term.

6. Paragraph 14 of Section 4 is superseded by the following:

14. 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 pursuant to Paragraph 13 above. Such quitclaim shall be delivered to LESSOR within 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 of restoration.
- (b) Should LESSEE fail or refuse to deliver such a release, 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.

7. Holding Over: Paragraph 15 of Section 4 is hereby omitted and the following paragraph is substituted therefore:

"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, royalty, 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, royalty, 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 (2) years."

8. Liquid Pollutant Spill Emergency Plan

LESSEE'S emulsion pipeline shall be included in the oil spill contingency plan prepared for LESSEE'S Santa Ynez Unit development. LESSEE shall submit such plan, along with any subsequent revisions, to LESSOR'S staff for approval. In addition, LESSEE shall submit to LESSOR a critical operations and curtailment plan which specifies the conditions under which pipeline operations will be suspended.

9. "As-Built" Survey Requirement

- (a) LESSEE shall provide LESSOR an "as-built" report within ninety (90) days after completion of construction. This report shall include the results of a geophysical survey of the route of each authorized pipeline and cable and pertinent maps and text indicating any debris, potential hazards or changes to the seafloor that may have occurred during installation. Hazardous debris shall be removed and other concerns shall be mitigated as reasonably specified by LESSOR'S staff. Such "as-built" report shall consist of map(s) with grid references (Lambert and Latitude-Longitude coordinates) for all turning points in the line, beginning and end points, and other pertinent data as may be required by LESSOR'S staff. Map scale is to be approved by LESSOR'S staff. LESSEE shall submit a certified declaration by a licensed engineer or licensed surveyor indicating that the improvements are accurately located and depicted on the map(s).
- (b) An appropriate survey grid will be designed with adequate lines to accurately locate the "as-built" improvements. Outboard survey lines are to extend laterally from the centerline of each line, to include the outermost anchor sites of a pull/lay barge, if used. To substantiate the location of the improvements, LESSEE shall employ generally accepted survey technology which shall be approved by the LESSOR prior to implementation. If the improvements have not been laid in their previously approved surveyed corridor, then additional investigative measures may be required by LESSOR'S staff.
- (c) LESSEE understands that the land description in Section 3 includes a temporary construction area. Upon receipt of the "as-built" plans, LESSOR may modify the land description, provided no such modification shall become effective unless LESSEE is given written notice at least sixty (60) days prior to the effective date.

10. All operations on STATE lands shall be conducted under this Lease in accordance with applicable laws and the rules and regulations of LESSOR.

11. Pipeline Conditions

- (a) Notwithstanding Paragraph 10 of Section 4, LESSEE agrees that the emulsion pipeline (defined as oil mixed with water and entrained gas) from the three mile state-federal offshore boundary to LESSEE'S oil and gas processing facility in Las Flores Canyon will provide open and nondiscriminatory access to excess capacity, which is defined as that capacity remaining after LESSEE'S throughput has been accommodated, and will accept from non-owners of the pipeline and/or facility, tenders for the transportation of oil emulsion and processing on reasonable terms and conditions, and at just and reasonable rates which terms shall be no less favorable than those applied to shipments by owners of the line, and with no requirement that the tendered oil be sold, exchanged or otherwise transferred to the pipeline or processing facilities or its owners. Such terms, conditions, or rates shall be in writing and, when in effect, shall be available for inspection by prospective shippers, authorized personnel of LESSOR and members of the public. If excess capacity does not exist for a qualified potential user, defined as a user with real and quantifiable oil emulsion to tender, and the prospective user has also made a good faith effort to construct a pipeline in an onshore pipeline corridor designated by the County in Las Flores Canyon and/or has made a good faith effort to construct a processing facility in an area designated by the County of Santa Barbara and has been unsuccessful, LESSEE will prorate all emulsion in the pipeline and/or processing facility to create capacity for such qualified potential user, who will also bear a proportionate share of the proration.
- (b) It is recognized that LESSEE will allow open and nondiscriminatory access to the pipeline and/or processing facility in accordance with individually written contracts and may offer special discounts or other business inducements to volume shippers. LESSEE agrees that such special discounts or other business inducements shall be made available to all shippers similarly situated. However, LESSEE shall, three (3) months prior to their effective date, file with LESSOR for review all contracts, general rates, terms and conditions and amendments to contracts, general rates, terms and conditions proposed for the facility, unless such review is expressly prohibited by an order from a court or a regulation of a government agency with appropriate jurisdiction. 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 the Commission 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 equal to the fair market value of the use of the pipeline and/or processing facility, based on pipeline or processing facility usage in Southern California, as determined in a competitive and open market under all conditions requisite to a fair transaction, each party acting prudently and knowledgeably and assuming the general and special rates, terms and conditions are not affected by undue stimuli. Provided, however, that LESSEE shall in any event be able to charge rates at a level necessary to recover during the term of this lease its investment and operating costs, and to yield a reasonable rate of return on its investment in the facility. Unless otherwise expressly authorized by law, LESSOR will not establish rates for the pipeline or processing facility.

- (c) LESSEE at LESSEE'S initial expense, shall either provide to LESSOR for the benefit of its offshore oil or gas lessees, contractors, or purchasers from any of them, a tie-in facility, on a portion of LESSEE'S pipeline on STATE tide and submerged lands as identified by LESSOR by July 31, 1988 or the tie-in facility may be installed after the pipeline has been constructed when a location has been identified by LESSOR or its offshore oil and gas lessees, contractors or oil purchasers from any of them. Such identifications shall include a description of the specific location and size of the tie-in itself. Nothing herein shall preclude a tie-in facility from being provided in an onshore location, subject to the other provisions of this Lease. Such proposed tie-in shall not interfere with LESSEE'S permits and proposed construction and operation.

It will be the sole responsibility of LESSOR'S offshore oil lessees, contractors or purchasers from any of them to obtain all permits required by Federal, State and local governmental authorities for this tie-in facility. LESSEE will also be furnished an agreement to indemnify and hold harmless LESSEE for any loss or damage, to include lost profits if any loss occurs as a result of said tie-in, incurred during construction of the tie-in by the party requesting the tie-in. Before LESSOR or its offshore oil lessees, contractors or oil purchasers from any of them access LESSEE'S pipeline at such tie-in facility, they shall agree to reimburse LESSEE for all costs incurred in the design, purchase

of materials and installation of such tie-in facility, and to assume all obligations and responsibilities related to such tie-in facility as set forth in LESSEE'S tie-in policy approved by the Commission. Such tie-in policy shall specify that all oil emulsion before entering the emulsion pipeline and/or processing facility shall pass through a metering and sampling system which will measure the relative amounts of oil and water according to the latest industry standards governing oil measurement. The policy, which will be approved by LESSOR, will contain detailed measurement system specifications and operating procedures to be used by each shipper in the line to ensure the most accurate and equitable accounting for each shipper's net oil. This tie-in policy shall not preclude any shipper from tendering an oil emulsion with a water cut lower than LESSEE'S water cut.

- (d) LESSEE, as owner of certain lands in and around Las Flores Canyon, agrees that portions of the land surface will be available for use by LESSOR and others, subject to payment of reasonable compensation, for the construction of oil and gas processing facilities, storage tanks, and other associated facilities if there is land surface available after LESSEE has satisfied its other obligations. LESSEE'S other obligations refers to leases, easements and other existing commitments for land use as of the effective date of the LESSOR'S or LESSOR'S oil and gas lessee's or oil purchasers from any of them request for land use.

If LESSOR or its offshore oil and gas lessees, contractors, or oil and gas purchasers of any of them, have final permits and approvals for the construction of oil and gas processing facilities, pipelines, power cables, or other related facilities; and such permits or approvals include the use of lands or interests held by LESSEE or its affiliates in Las Flores and/or Corral Canyons, then LESSEE shall provide easements or rights to use agreements within 60 days after written notification of a request for such easements or rights to use agreements consistent with conditions VII-1 and VII-2 of its County of Santa Barbara approval and any duly enacted changes of the Final Development Plan (87-DP-32cz) for the Santa Ynez Unit project, copies of which are attached hereto as Exhibit A and incorporated by reference. Unless otherwise agreed by the parties, the value of easements or other rights in land provided for under this paragraph shall be determined in accordance with an appraisal of the property by an appraiser agreed upon by the parties. If no agreement on an appraiser is reached, the appraiser shall be selected by the arbitrators in accordance with Subparagraph (g).

LESSEE will allow such use upon mutually agreeable terms, so long as the proposed operations do not preclude or substantially interfere with use of the property by LESSEE or the Pacific Offshore Pipeline Company or other oil and gas operators either in or with a right to be in Las Flores Canyon. LESSEE will not unreasonably withhold its consent to such use of Canyon acreage by other operators. Such use would be contingent upon the other operator obtaining the necessary land use and other required approvals from the STATE and County.

- (e) LESSEE shall provide open and nondiscriminatory access to excess capacity, which is defined as the capacity remaining after LESSEE'S throughput has been accommodated, to the STATE and its oil and gas lessees or contractors, and oil purchasers from any of them, to transport oil in its proposed pipeline, if built, serving the oil processing facilities at Lompoc. Such access shall be provided on terms that are the same afforded LESSEE or its subsidiaries and any of its partners or other users of the pipeline. Notwithstanding this commitment, LESSEE has no obligation to build this pipeline serving the oil processing facilities at Lompoc.

In the event excess capacity does not exist, but modifications to the pipeline and its associated pumping facilities can be made to increase the capacity, then LESSEE shall make the necessary modifications in order to accommodate additional oil, if a request is made by the STATE, or its oil and gas lessees or contractors, and oil purchasers from any of them. LESSEE shall be compensated for all costs of such modifications and all permits required shall be obtained by the party requesting the modification. LESSEE shall be furnished a full and complete indemnity for any loss or damage incurred during such modification by the party who requested the modification.

LESSEE agrees that the crude oil pipelines from the Lompoc processing facility(ies) to the Gaviota Marine Terminal, Las Flores Marine Terminal, Celeron/All American Pipeline, or any other terminus of its proposed pipeline will provide open and nondiscriminatory access to excess capacity, which is defined as the capacity remaining after LESSEE'S throughput has been accommodated, to both owner and non-owner shippers, and will accept from non-owners of the pipeline, tenders for the transportation of oil on reasonable terms and conditions, which terms and conditions shall be no less favorable than those applied to shipments by owners of the line, and with no requirement that the tendered oil be sold, exchanged or otherwise transferred to the

pipeline or its owners. ("Oil" includes oil mixed with water or entrained gas.)

Notwithstanding the foregoing, it is expressly agreed and understood that LESSEE shall not be required by this lease to provide oil and gas processing facilities for such operator, or to become a common carrier, or to provide open access with respect to its oil and gas processing facilities except as expressly provided herein.

- (f) LESSEE agrees that it will provide access to nonowners to the excess capacity of its ocean outfall line from Las Flores Canyon to the Outer Continental Shelf for the transport and disposal of produced water from facilities at the Las Flores Canyon as long as the line is in outfall service. Nonowners shall compensate LESSEE for all operating expenses and the current book value after depreciation of the initial capital investment, in dollars of the day, associated with the ocean outfall system in proportion to the excess capacity being utilized. If excess capacity is not available, LESSEE will provide access to the outfall line as long as the nonowners fund the required capital improvements and the incremental operating expenses necessary to increase handling capacity to the practical engineering limits of the existing outfall line, as long as the line is in outfall service.

LESSOR and LESSEE recognize that there may be potential civil and criminal liability incurring to LESSEE if nonowners transport and dispose of produced water in the outfall that fails to meet the standards prescribed by applicable regulatory agencies. Therefore, LESSEE'S obligation to provide access to nonowners may be limited, at LESSEE'S discretion, to those situations when applicable regulatory agencies agree to monitoring and/or testing procedures to determine which user has caused a violation, or such regulatory agencies have agreed to not impose a penalty for a violation whose cause is undeterminable. If required or allowed by regulatory agencies, the nonowners will obtain their own discharge permits when using the outfall and agree to pay for any penalties caused by a violation. Nonowners shall furnish a full and complete indemnity to LESSEE for any civil and criminal liability and loss or damage which LESSEE may incur due to nonowner's use of the outfall.

LESSEE agrees to allow LESSOR or any of its oil and gas lessees access to review any proprietary produced water treatment processes and/or chemicals and to license, or otherwise make available, at LESSEE'S option, to LESSOR or any of its oil and gas lessees, such processes

and/or purchase chemicals, provided that the LESSOR or any of its oil and gas lessees execute the necessary nondisclosure and licensing agreements.

- (g) Any controversy or claim arising out of or related to the rates, terms or conditions charged or proposed pursuant to this Paragraph 11, Pipeline Conditions, or the breach thereof, shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrators may be entered in any court having jurisdiction thereof. Provided, however, that there shall be a panel of three (3) arbitrators, one selected by LESSEE, one by the party seeking arbitration, and the third selected by agreement of the other two arbitrators. Should the two arbitrators fail to agree upon a third arbitrator within ten (10) days after the designation of the second arbitrator, then the parties shall, within ten (10) days thereafter, request the presiding judge of the Santa Barbara County Superior Court to appoint the third arbitrator within twenty (20) days following such request. Each party shall bear the cost of the arbitrator designated by it, and both parties shall share equally the cost of the third arbitrator.
- (h) In the event land at Las Flores Canyon is not made available by LESSEE for use by LESSOR and others, as provided in subparagraph (d) above, or open access to oil and gas facilities, as provided herein is denied, this Lease may be terminated by LESSOR after giving LESSEE six months advance notice and an opportunity to correct such breach.
- (i) LESSEE'S emulsion pipeline shall be initially designed and constructed to facilitate the running of an internal inspection tool through the pipeline. Internal inspections of LESSEE'S pipeline using the internal inspection tool shall be made at the discretion of LESSEE except that in the case of that portion of the LESSEE'S pipeline on STATE tide and submerged lands such inspections shall be made every year unless otherwise approved by LESSOR'S engineering staff or otherwise required by law or by emergency conditions. Such inspections shall be made in accordance with LESSOR'S rules and regulations currently in effect or subsequently enacted. All results of such inspections including reports, analysis and recommendations prepared by or for LESSEE shall be submitted to LESSOR.
- (j) An external inspection of the pipeline shall be made at least once each year to identify all exposed portions of the pipeline by side-scan sonar or a technique acceptable to LESSOR'S staff. Records of this

inspection shall be submitted to LESSOR after completion of the inspection. Should the side-scan sonar inspection show any signs of bridging or other hazard to the pipeline, then further detailed inspections shall be made and corrective action taken, if necessary.

- (k) The covenants provided in this Paragraph 11 shall remain in effect only for as long as the STATE right-of-way Lease across the lands described in Section 3 is in full force and effect.
12. LESSOR currently has an environmental mitigation program which was developed as part of its proposed Point Conception to Point Arguello oil and gas lease program. A major component of that program is the development of a real time ocean current and weather monitoring system. This proposed monitoring system is intended to provide oil and gas operators, governmental regulatory agencies and the LESSOR with real time ocean current and weather information to assist clean-up efforts in the event of potential oil spills caused by oil and gas exploration and development activities within the proposed lease program area.

LESSOR is contemplating the expansion of this monitoring program beyond the boundaries of the proposed lease program.

LESSEE acknowledges that, if such a program were expanded to include the area from Coal Oil Point north to Point Conception, such monitoring information would be useful in assisting clean-up efforts of potential oil spills from LESSEE'S proposed Santa Ynez Unit oil and gas development in Federal waters and LESSEE'S proposed marine tanker terminal to be located in STATE waters near Las Flores Canyon.

In order to encourage such an expansion of the monitoring system, and in order to participate in the benefits that may flow from such a program, LESSEE agrees to participate in the funding of such a program under the following conditions.

LESSEE will provide \$570,000.00 to LESSOR within 90 days after the commencement of construction of the improvements authorized by this Lease and receipt of a written request for said funds. Such funds shall be placed in a trust account with the State Treasurer's offices, identifying LESSEE as the beneficiary of such trust account and LESSOR as the trustor. LESSEE shall retain equitable ownership of all funds and accrued interest and shall be entitled to receive all funds, including accrued interest, if the funds are not spent or committed to be spent in accordance with the provisions below by January 1, 1996.

No later than December 31, 1995, LESSOR shall have prepared and adopted a detailed implementation plan for the monitoring program. This plan shall include the detailed specification of data desired to be acquired, telemetry equipment, proposed equipment locations, and budgets for equipment acquisition and program management. The implementation plan shall also include the acquisition of weather and ocean current data from existing and other proposed future sources, including offshore oil and gas platforms. LESSEE agrees to cooperate with LESSOR in developing the implementation plan, including the potential use of LESSEE'S offshore platform facilities and marine tanker mooring facilities.

Upon final adoption of the implementation plan, LESSOR may then commence using the funds, including accrued interest, deposited by LESSEE, for equipment procurement or issuance of consultant contracts for monitoring and data acquisition.

LESSOR'S implementation plan shall include a methodology for determining LESSEE'S fair share of the program and if LESSEE'S trust account bears expenses early in the program implementation, then such methodology shall consider the potential of other contributors or funding sources later in the program and reallocate back to LESSEE'S trust account for reimbursement or credit after calculating later contributors' fair share of early program expenditures. And, provided further, that LESSEE'S fair share shall not exceed \$570,000.00 plus any accrued interest, and on an annual basis shall be the lesser of twenty-five percent (25%) of the annual monitoring program expenditures or that percentage represented by the balance in LESSEE'S trust account divided by the program's annual budgeted amount.

In the event the program is either not operational before January 1, 1996 or terminates before all funds from LESSEE'S trust account are expended, all remaining funds, including accrued interest, shall be returned to LESSEE or LESSEE'S written designee. And provided further, if LESSEE, or others who are assigned this Lease, does not complete the proposed improvements and/or quitclaims all rights to this Lease prior to commencement of operations, LESSEE shall be entitled to all unexpended funds, including accrued interest, in the trust account within ninety (90) days after the effective date of such quitclaim.

LESSOR, at its option, in lieu of obtaining funds for the monitoring program described above, may elect to have LESSEE reimburse it, pursuant to a reimbursement agreement provided by LESSOR, for funds spent by LESSOR for designated studies on the environmental and other impacts of oil and gas exploration and development offshore of California. LESSEE'S obligation shall not exceed \$570,000.00 in such case and funds shall be reimbursed upon invoices being presented for

actual expenditures pursuant to the reimbursement agreement. In the event LESSOR elects to have LESSEE reimburse it for funds spent by LESSOR for designated studies pursuant to this paragraph, and LESSOR obtains funds from other sources for such studies, then LESSOR shall reallocate the \$570,000.00 provided for above for use in the monitoring program described above on the same conditions as provided for above. In addition, LESSOR shall develop a plan for the designated studies whereby a methodology will be specified to ensure that LESSEE bears a fair share of the expenses for the designated studies. This methodology shall consider the potential of other contributors or funding sources and provide for a repayment of expenses and reallocation as provided for above. Such an election to be reimbursed must be in writing, within three (3) years of execution of this Lease. An additional \$400,000.00 shall be available under the provisions of this paragraph or for the above referenced monitoring program within ninety (90) days of a written request by LESSOR. Provided however, that this \$400,000.00 shall not be subject to any repayment and reallocation, and is not subject to any deadline for the above referenced implementation plan for the monitoring program or designated studies. And, the \$400,000.00 shall not be included in the determination of LESSEE'S fair share for the monitoring program and/or designated studies.

LESSOR shall prepare or cause to be prepared annually, commencing one year after the start of payments provided for in this Paragraph 12, an accounting of all funds and expenditures. LESSEE will have a right to audit LESSOR'S books and records upon furnishing thirty (30) day's written notice of such audit with regard to funds provided for herein.

13. LESSEE'S interest in Lease PRC 4977.1, which began on January 1, 1975, shall be terminated effective on the beginning date of this Lease, and LESSEE shall quitclaim its interest in said lease within ninety days (90) of such termination.
14. The parties hereto recognize that the subject matter of the Lease involves the potential for substantial environmental impacts and that LESSOR has a right to adequate assurances of LESSEE'S financial responsibility. LESSOR and LESSEE hereby agree that in the event LESSEE voluntarily or involuntarily files for protection under the Federal bankruptcy laws, LESSEE shall satisfy each of the following conditions:
 - (1) LESSEE, or the LESSEE as reorganized pursuant to the provisions of Paragraph 10, Section 4, shall:
 - (a) assume the rights and duties of the LESSEE as set forth herein within 60 days of such bankruptcy filing; (b) shall obtain bankruptcy court approval for such assumption as may be required; and (c)

shall not seek to extend the 60-day period set forth herein without regard to any other time period provided in applicable Federal bankruptcy laws.

- (2) To the extent LESSEE has exercised its option to self-insure pursuant to Paragraph 8 of Section 4, LESSEE shall obtain liability insurance coverage in conformity with subparagraphs 8(a) through 8(f).

In the event LESSEE has not complied with either or both of these conditions within the time limits set forth therein, LESSOR may elect to immediately terminate this Lease upon notice to LESSOR. Nothing in this Paragraph shall be considered a waiver of LESSOR'S other rights and remedies pursuant to this Lease.

15. LESSEE'S application requested a Lease for a marine terminal and also for pipelines and electrical cables to serve its offshore platforms located in Federal waters. LESSOR, for its administrative convenience, has issued separate Leases for the marine terminal and its associated loading and vapor transfer lines, and for the emulsion pipeline, electrical cables, and offshore produced water disposal pipeline serving the offshore platforms.

However, LESSOR considers the mutual covenants and consideration provided in this pipeline Lease to be part of the consideration for issuance of the marine terminal Lease, and likewise, the mutual covenants and consideration provided in the pipeline Lease to be part of the consideration for issuance of the marine terminal Lease. Therefore, in the event LESSEE breaches any of the terms, conditions, or covenants of either this pipeline Lease or the marine terminal Lease, LESSOR may, at its option, terminate the Lease whose particular provisions have been breached, or both of the Leases. LESSOR can only terminate this Lease PRC 7163.1 if the actual breach of the marine terminal Lease PRC 7162.1 was deliberate and knowing and involved a material and significant provision of the breached Lease and LESSOR has been given an opportunity to correct the breach and failed to initiate corrective action within 90 days of receipt of written notice of the breach.

In the event LESSEE elects to quitclaim or surrender the other lease, such action shall not be a breach for purposes of this Paragraph.

16. LESSEE agrees to perform the mitigation measures listed in Exhibit "B" attached and by reference made a part hereof. LESSEE will require other parties using the facilities provided pursuant to this Lease to comply with the

mitigation measures listed in Exhibit "B", to the extent they are applicable to such parties.

Prior to the commencement of construction on those certain lands subject to the Lease, LESSEE shall arrange and attend a meeting between its construction contractor, LESSOR, and other agencies with permit conditions for the lands subject to the Lease, to ensure that the contractor is aware of the environmental mitigation measures required under this Lease and to resolve conflicts, if any, between permit conditions.

LESSEE also agrees to pay LESSOR for LESSOR'S staff costs and/or LESSOR'S consultant for the purpose of monitoring LESSEE'S (and LESSEE'S contractor's) compliance with the environmental mitigation measures and other provisions required by this Lease. Such staff costs shall be billed quarterly and paid within sixty (60) days after billing. Independent contractor or consultant costs shall be billed monthly and paid within sixty (60) days after billing. LESSEE shall be entitled to audit LESSOR'S records for such costs, subject to providing advance notice and a written request to audit.

In the event LESSOR'S staff determines that the environmental mitigation criteria listed below are not being followed properly then LESSOR'S staff may immediately order, either orally or in writing, an immediate redirection or suspension of a specific activity until LESSOR is assured that the non-compliance has been resolved. If redirection or suspension of the specific activity causing the non-compliance might be potentially threatening to health, life or safety, then the requested corrective actions shall be implemented as soon as the potential threat is past. Activities in unaffected areas can continue.

The environmental mitigation criteria are as follows:

- (a) Blasting shall be avoided when rare/endangered seabirds or mammals or any cetaceans are in the vicinity of the blasting location.
- (b) The provisions of the construction impact reduction plan must be complied with for reducing or ceasing construction activities if cetaceans approach the construction zone.
- (c) Construction and placement of authorized improvements must occur within previously approved areas.

17. LESSEE will cooperate with LESSOR and LESSOR'S oil and gas lessees, contractors or oil and gas purchasers from any of them to accomplish the purposes of the terms of this Lease, with regard to providing available technical information for

permits and permit applications, provided that LESSEE shall not incur any expenses beyond those provided for in this Lease. LESSOR will provide the same cooperation to LESSEE, without incurring any expenses beyond those provided for in this Lease.

18. 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.

SECTION "3"

PIPELINE RIGHT OF WAY FOR SANTA YNEZ UNIT PRODUCTION PLATFORMS

LAND DESCRIPTION

PRC 7163.1

A parcel of tide and submerged land lying in the bed of the Santa Barbara Channel, in the vicinity of El Capitan State Beach, County of Santa Barbara, State of California, being more particularly described as follows:

COMMENCING at Station 81 of the mean high tide line of the Pacific Ocean per the survey thereof filed at the request of the State Lands Commission in Book 41 of Miscellaneous Maps at Pages 12 to 50, inclusive, records of said County (California Coordinate System of 1927 Zone 5 Coordinates: $X = 1,384,252$ and $Y = 356,700$), from which a California Highway Monument at "42+83.48 E.C." as shown on said surveys bears $N 68^{\circ}34'27''$ E. 1,220.46 feet (California Coordinate System of 1927 Zone 5 Coordinates of said monument: $X = 1,385,388.11$ and $Y = 357,145.83$) and from which another State Highway Monument bears $N 45^{\circ}32'41''$ W, 376.58 feet; thence $S 67^{\circ}38'17''$ W, along said mean high tide line 18.30 feet to the TRUE POINT OF BEGINNING; thence the following 15 courses:

1. $S 67^{\circ}38'17''$ W, along said mean high tide line, 158.43 feet;
2. $S 03^{\circ}34'58''$ E, leaving said mean high tide line, 2,074.50 feet;
3. $S 86^{\circ}25'02''$ W, 175.00 feet;
4. $S 03^{\circ}34'58''$ E, 544.79 feet;
5. $S 45^{\circ}52'32''$ W, 16,761.05 feet to the beginning of a tangent curve to the right;
6. thence along said curve, having a radius of 8,750.00 feet and a delta of $11^{\circ}52'54''$, 1,814.52 feet to the end of said curve;
7. thence tangent to said curve $S 57^{\circ}45'26''$ W, 5,429.97 feet, more or less, 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 US 448;
8. thence along a nontangent curve to the left and said boundary, the radial center of which bears $N 15^{\circ}37'16''$ E, having a radius of 18,228.31 feet, and a delta of $1^{\circ}17'05''$, 408.73 feet;
9. $N 57^{\circ}45'26''$ E, 5,694.98 feet;
10. $S 45^{\circ}52'32''$ W, 4,789.31 feet, more or less to point on said boundary of the State of California;
11. thence along a nontangent curve to the left and said boundary, the radial center of which bears $N 09^{\circ}54'08''$ E, having a radius of 18,228.31 feet, and a delta of $1^{\circ}10'26''$, 373.47 feet,

12. N 45°52'32" E, 22,875.25 feet;
13. N 3°34'58" W, 798.53 feet;
14. S 86°25'02" W, 175.00 feet;
15. N 03°34'58" W, 2,125.50 feet to a point on said mean high tide line and the point of beginning;

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

All bearings and distances in this document conform with the California Coordinate System of 1927, Zone 5, the corresponding geodetic distance is obtained by multiplying the grid distance by 1.0000652.

END OF DESCRIPTION

REVIEWED JANUARY 13, 1988, BY STATE LANDS COMMISSION, BOUNDARY INVESTIGATION UNIT 1.

0688b

SECTION 4 GENERAL PROVISIONS

1. GENERAL

These provisions are applicable to all leases, permits, rights-of-way, easements, or licenses or other interests in real property conveyed by the State Lands Commission.

2. CONSIDERATION

(a) Categories

(1) Rental:

Lessee shall pay the annual rental as stated in Section 1 or 2 to Lessor without deduction, delay or offset, on or before the beginning date of this Lease and on or before each anniversary of its beginning date during each year of the Lease term.

(2) Royalty or other consideration:

Lessee shall pay a royalty or other consideration in the amount, method and manner as specified in Section 1 or 2.

(3) Non-Monetary Consideration:

If a monetary rental, royalty, or other consideration is not specified in Section 1 or 2, consideration to Lessor for this Lease shall be the public use, benefit, health or safety, as appropriate, however Lessor shall have the right to review such consideration at any time and to set a monetary rental if the State Lands Commission, at its sole discretion, determines that such action is in the best interest of the State. Lessee shall notify Lessor within ten (10) days in the event that the public is charged any direct or indirect fee for use and enjoyment of the Lease Premises.

(b). Modification

Lessor may modify the amount or rate of consideration effective on each fifth anniversary of the beginning date of this Lease. Should Lessor fail to exercise such right effective on any fifth anniversary it may do so effective on any one (1) of the next four (4) anniversaries following such fifth anniversary, without prejudice to its right to effect such modification on the next or any succeeding fifth anniversary. Any modification of the amount or rate of consideration made pursuant to this paragraph shall conform to Title 2, Division 3 of the California Administrative Code and no such modification shall become effective unless Lessee is given written notice at least sixty (60) days prior to the effective date.

(c) Penalty and Interest

Any installments of rental, royalty, or other consideration 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 Section 2.

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

(a) General:

Lessee shall use the Lease Premises only for the purpose or purposes stated in Section 1 or 2 and only for the operation and maintenance of the improvements authorized in Section 1 or 2. Lessee shall commence use of the Lease Premises within ninety (90) days of the beginning date of this lease. Thereafter Lessee's discontinuance of such use for a period of ninety (90) days shall be conclusively presumed to be an abandonment.

(b) 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.

(c) Additions, Alterations and Removal:

(1) Additions — No improvements other than those ex-

pressly authorized in Section 1 or 2 of this Lease shall be constructed by the Lessee on the Lease Premises without the prior written consent of Lessor. 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 existing improvements on or natural features of the Lease Premises shall be undertaken without the prior written consent of Lessor.

(d) Conservation:

Lessee shall practice conservation of water and other natural resources and shall prevent pollution and harm to the environment in or on the Lease Premises.

(e) Enjoyment:

Nothing in this Lease shall preclude Lessee from excluding persons from the Lease Premises when their presence or activity constitute a material interference with Lessee's use and enjoyment of the Lease Premises as provided under this Lease.

(f) 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, national origin, sex, age, or physical handicap.

(g) Residential Use:

Unless otherwise allowed under this Lease, improvements on the Lease Premises shall not be used as a residence or for the purpose of mooring a floating residence.

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 oil, coal, natural gas and other hydrocarbons, minerals, aggregates, timber and geothermal resources, 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, regulations or management policies of the State Lands Commission. Lessor shall have a right of reasonable access to the Lease Premises across Lessee owned or occupied lands adjacent to the Lease Premises for any purpose associated with this Lease.

(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.

(b) Encumbrances:

This Lease may be subject to pre-existing contracts, leases, licenses, easements, encumbrances and claims and it is made without warranty by Lessor of title, condition or fitness of the land for the stated or intended use.

(c) **Rights-of-Way**

If this Lease is for a right-of-way covering one or more pipelines or conduits, the Lease Premises include only land actually underlying the pipelines or conduits, and Lessor hereby grants to Lessee a non-exclusive right to go onto the lands adjacent to the Lease Premises as is reasonable and necessary for installation, inspection and maintenance of the pipelines or conduits.

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.

(b) Lessee recognizes and understands in accepting this Lease that it may be liable for a possessory interest tax imposed by a city or county on its leasehold interest and that its payment of such a tax shall not reduce the amount of consideration due Lessor under this Lease and that Lessor shall have no liability for the payment of such a tax.

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, occurring on the Lease Premises or improvements, or arising out of or connected in any way with the issuance of this Lease.

(b) Lessee shall give prompt notice to Lessor in case of any accident, injury or casualty on the Lease Premises.

8. LIABILITY INSURANCE

(a) If so specified in Section 1 or 2, Lessee shall obtain at its own expense and keep in full force and effect during the Lease term with an insurance company acceptable to Lessor comprehensive liability insurance, for specified categories and amounts, insuring Lessee and Lessor against any and all claims or liability arising out of the ownership, use, occupancy, condition or maintenance of the Lease Premises and all improvements.

(b) The insurance policy or policies shall name the State as an additional insured or co-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.

(c) The liability insurance coverage specified in this Lease shall be in 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 pursuant to Paragraph 13.

9. SURETY BOND

(a) If so specified in Section 1, Lessee shall provide a surety bond or other security device acceptable to Lessor, for the specified amount, 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 increase the amount of the surety bond or other security device to cover any additionally authorized improvements, alterations or purposes and any 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 pursuant to Paragraph 13.

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, or 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.

(b) This Lease shall be appurtenant to littoral or riparian land and any ownership interest or use rights of Lessee in such lands and it shall not be severed from such rights or interests without the prior written consent of Lessor.

11. DEFAULT AND REMEDIES

(a) Default:

The occurrence of any one or more of the following events shall constitute a default or breach of this Lease by Lessee:

(1) Lessee's failure to make any payment of rental, royalty, 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 device as required under this Lease.

(3) Lessee's vacation or abandonment of the Lease Premises during the Lease term.

(4) Lessee's failure to observe or perform any other term, covenant or condition of this Lease to be observed or performed by the Lessee when such failure shall continue for a period of sixty (60) days after Lessor's giving written notice; however, if the nature of Lessee's default or breach is such that more than sixty (60) days are reasonably required for its cure, then Lessee shall not be deemed to be in default or breach if Lessee commences such cure within such sixty (60) day period and diligently proceeds with such cure to completion.

(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 respossess 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 in equity.

12. LESSEE'S TERMINATION

Lessee may terminate this Lease for any reason upon giving Lessor at least sixty (60) days prior written notice. Lessee agrees that on the effective date of termination it shall responsibly leave and surrender the Lease Premises to Lessor in a state of good order, condition, repair, and restoration as provided under Paragraphs 4(b) and 13. The exercise of such right of termination shall not release Lessee from liability for any unpaid but accrued rental, royalty or other consideration which may be due under this Lease or from any other obligations still applicable under the Lease. No portion of any rental paid by Lessee in advance shall be refunded.

COUNTY OF VENTURA
STATE OF CALIFORNIA)

On this 10th day of February, A.D. 1988, before me, the undersigned, a Notary Public in and for the State of California, duly commissioned and sworn, personally appeared G. T. THERIOT to me known and known to me to be an ATTORNEY-IN-FACT, and the person who executed the within instrument on behalf of, Exxon Corporation, the corporation described therein, and being by me duly sworn did say that he is an ATTORNEY-IN-FACT for said corporation and that said instrument was executed on behalf of said corporation by authority of its Board of Directors, and did further acknowledge to me that such execution was his free and voluntary act and deed and the free and voluntary act and deed of said corporation for the uses, purposes and considerations therein expressed.

WITNESS my hand and official seal the day and year in this certificate first above written.



Teral Ann Carlton
Notary in and for the STATE OF CALIFORNIA

GENERAL ACKNOWLEDGMENT

NO. 201

State of CALIFORNIA
County of SACRAMENTO } SS.

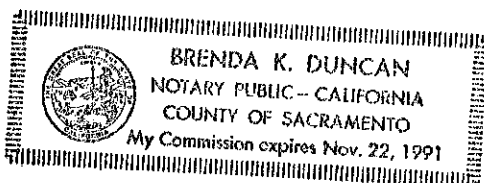
On this the 25 day of MARCH, 1988, before me,

BRENDA K. DUNCAN

the undersigned Notary Public, personally appeared

LESLIE H. GRIMES

☒ personally known to me
☐ proved to me on the basis of satisfactory evidence
to be the person(s) whose name(s) is subscribed to the
within instrument, and acknowledged that he executed it.
WITNESS my hand and official seal.



Brenda K. Duncan
Notary's Signature

13. RESTORATION OF LEASE PREMISES

(a) Upon expiration or sooner termination of this Lease, Lessor may accept all or any portion of the Lease Premises, as then improved with structures, buildings, pipelines, machinery, facilities and fills in place; or Lessor may require Lessee to remove all or any portion of such improvements at its sole expense and risk; or Lessor may itself remove or have removed all or any portion of such improvements at Lessee's sole expense.

(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 completed within ninety (90) days of the expiration or sooner termination of this Lease.

14. QUITCLAIM

Lessee shall, within ninety (90) days of the expiration or sooner termination of this Lease, execute and deliver to Lessor in a form provided by Lessor a good and sufficient release of all rights under this Lease. Should Lessee fail or refuse to deliver such a release, 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.

15. 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 rental, royalty or other consideration payable in advance on the first day of each month, at the rate of one-twelfth (1/12th) of the annual amount.

16. ADDITIONAL PROVISIONS

(a) Waiver:

(1) No term, covenant or condition of this Lease and no 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 or 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 United States mail with postage prepaid, to Lessor at the offices of the State Lands Commission and to Lessee at the address specified in Section 1. 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 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) Severability:

If any term, covenant or condition of this Lease is judicially determined to be invalid, it shall be considered deleted and shall not invalidate any of the remaining terms, covenants and conditions.

STATE OF CALIFORNIA — STATE LANDS COMMISSION
LEASE P.R.C. No. 7163.1

This lease will become binding upon the State only when duly executed on behalf of the State Lands Commission of the State of California;

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

LESSEE EXXON CORPORATION

G. T. Theriot JFR
G. T. Theriot
Its Attorney-in-Fact

STATE OF CALIFORNIA
STATE LANDS COMMISSION

By: Lois A. Hargrave
Deputy Chief

Title: Division of Land
Management and Conservation

Date: MAR 25 1988

ACKNOWLEDGEMENT

The issuance of this lease was authorized by the State
Lands Commission on JANUARY 21, 1988
(Month Day Year)

SECTION "5"

EXHIBIT A: Conditions VII-1 and VII-2, Final Development Plan, Santa Barbara County, Santa Ynez Unit.

EXHIBIT B: PIPELINE AND ELECTRIC CABLES LEASE ENVIRONMENTAL MITIGATIONS; SECTION 2, PARAGRAPH 16.

consistent with Santa Barbara County Local Coastal Plan Policy 6-8. Transportation by a mode other than pipeline may be permitted only in accordance with Coastal Zoning Ordinance Section 35-154.5(i), applicable Local Coastal Plan policies and Control Measure R-12 of the Air Quality Attainment Plan, to the extent it is applicable.

- VI-2. All liquified petroleum gases (LPGs) and natural gas liquids (NGLs) processed by Exxon's oil and gas treatment facilities shall be transported from the facilities in a manner consistent with the County-wide NGL/LPG transportation policy resolution approved by the Board of Supervisors. Compliance with this condition shall specifically require Exxon to retain or blend the maximum feasible volume of NGLs within its processed crude oil, and require Exxon to use a regional NGL/LPG transmission facility for its Las Flores Canyon NGL/LPG transportation requirements.

In the absence of another active application and as directed by the Director of the Resource Management Department, Exxon shall apply for, or participate in an application for, a regional NGL/LPG transmission facility (dedicated pipeline or rail loading) no later than January 1, 1989, unless a time extension is granted by the Director of the Resource Management Department pursuant to modifications of the NGL/LPG transportation policy resolution. The environmental analysis required for this facility shall include assessments of alternative project locations to an equivalent level of detail as the proposed site, as appropriate Exxon shall contribute on a pro-rata and equitable basis to a regional study to assess relative risk and risk reduction measures associated with the transportation of gas liquids by truck and by rail.

Prior to issuance of the Land Use Permit for construction of the truck loading rack, Exxon shall obtain Resource Management Department approval of a plan detailing how Exxon will assure compliance with this condition.

VII. CONSOLIDATION

- VII-1. Exxon shall make its facilities and property available for consolidation and co-location of oil and gas facilities on a non-discriminatory and equitable basis. County retains the right to verify that the use of the facilities and property is conforming with County policies regarding consolidation and to impose additional permit conditions where necessary to assure these policies are being fulfilled.

Consistent with the approved policy resolution regarding the consolidation of oil and gas processing facilities, in the event that the need for such facilities is demonstrated by other developers to the Planning Commission, Exxon shall make available to such other

developers any excess capacity of the SYU project facilities. In the event that sufficient excess capacity does not exist within the SYU project facilities to serve the needs of such other developers as demonstrated to the Planning Commission, Exxon shall make its Las Flores/Corral Canyon property available to other developers for the construction of additional permitted oil and gas-related facilities. In the event that such necessary facilities are not permissible pursuant to the County's consolidation policies, Exxon shall reduce its throughput on a pro-rata basis to accommodate such other developers.

The intent of this condition is to ensure the efficient and maximum use of oil and gas-related facilities in order to avoid the construction of redundant facilities.

- VII-2. Prior to approval of the Final Development Plan and at any time thereafter, as requested by the County, Exxon shall submit to the Director of the Resource Management Department terms under which other producers in the area would be permitted to enter and use either the facilities or property in the canyons for oil and/or gas processing or storage facilities, or ancillary facilities including but not limited to electrical substations, power generating facilities, water treatment facilities, wastewater loading facilities, and NGL/LPG loading facilities. If these terms are determined to be unacceptable to potential users of the facility and if agreement cannot be reached, the County shall reserve the right to impose additional conditions as described above to amend the permit. The intent of this condition is to ensure the efficient and maximum use of oil and gas transportation and processing facilities.

- VII-3. DELETED.

- VII-4. Oil storage tanks, up to a maximum of 650,000 barrels, shall be permitted only in Corral Canyon on the proposed fill pad.

VIII. REMOVAL OF EXISTING FACILITIES

- VIII-1. Exxon shall discontinue use of the OS&T within 30 days after the time that onshore oil facilities are fully operational and debugged. In any event, Exxon shall remove the OS&T within one year of initial start-up of oil processing facilities. These time limits may be extended by the County upon a showing of good cause. The intent of this condition is to require the earliest practical removal of the OS&T.
- VIII-2. The existing SALM now used for the OS&T shall be removed within three months after removal of the OS&T. This time limit may be extended by the County upon a showing of good cause.

EXHIBIT "B"
PIPELINE AND ELECTRIC CABLES LEASE
ENVIRONMENTAL MITIGATIONS

- 1) Exxon shall contribute to the Santa Barbara County's Fishermen's Contingency Fund, for the purpose of compensating fisherman for gear and other supplies actually lost as a result of Exxon activities.
- 2) Exxon shall prepare and submit a construction impact reduction plan. Such plan must be approved by the Commission prior to commencing construction. Exxon may submit the plan prepared pursuant to Santa Barbara Condition XIV-7, to the extent that the plan prepared pursuant to this condition addresses the requirements discussed in the remainder of this condition.
 - a. Exxon shall conduct a marine biological survey of the entire marine terminal construction area and pipeline construction corridor no earlier than 6 months prior to actual construction. Such survey shall be prepared by a qualified marine biologist and approved by the Commission. At the conclusion of the study a report shall be prepared and submitted to the Commission for review. Within 6 months of the conclusion of construction another survey shall be conducted. In the event of a significant environmental disturbance and deterioration of the marine environment not related to Exxon's activities, the Commission will evaluate the circumstances and determine whether the post construction survey will be required.

As required by the Commission, a separate kelp bed and surf grass survey shall be performed 2 years following completion of construction by a marine biologist approved by the Commission. This survey shall establish the amount of kelp bed and surf grass which has not re-established or recovered from the impacts from construction activities.

The exact scope of these surveys shall be addressed in the construction impact

reduction plan which will be reviewed and approved by the Commission.

- b. The plan shall describe and implement methods which minimize the time period for construction on State tidelands.
- c. Exxon's plan shall address methods which minimize seafloor modifications and disturbance during construction. The plan shall also address post construction remedial techniques. Exxon shall also bundle pipelines where possible.
- d. All construction equipment, anchors, and mooring buoys shall be removed from State waters within 3 months of the completion of all construction.
- e. Exxon shall establish vessel corridors through the kelp beds which restrict vessels crossing the kelp beds to two, 150 foot wide corridors.
- f. Exxon shall describe how all intrusion into the kelp beds and surf grass areas shall be minimized.

Where kelp or surf grass is damaged or removed by Exxon's activities, Exxon shall re-establish such kelp and surf grass beds after completion of construction. Exxon shall describe in the plan, the procedures which will be used to reestablish the kelp and surf grass beds. In the event that the beds are not reestablished within 2 years of completion of construction, Exxon shall contribute to the Santa Barbara County Fisheries Enhancement Fund, \$15,000.00 per acre of kelp and surf grass disturbance still in a disturbed condition. The formula for determining the acreage lost shall be specified in the construction impact reduction plan.

Such contribution shall be used for kelp and surf grass bed restoration projects in the Santa Barbara Channel.

- g. Exxon shall conduct nearshore construction activities only during November 1 to March 31. Such scheduling will minimize impacts to

lobster populations, air quality and recreation at the State Beaches nearby. Exxon shall address in their impact reduction plan, steps which will be taken to reduce impacts which might be caused by any extension of the time period for construction.

- h. Exxon shall minimize blasting in the nearshore area. Exxon's construction impact reduction plan shall detail how blasting shall be minimized. Exxon's plan shall also specify how potential effects of such blasting on Threatened and Endangered Species and Marine Mammals shall be minimized. Death or Injury to Threatened or Endangered Species and Marine Mammals shall be avoided.
- i. Exxon shall include in their construction impact reduction plan, methods to reduce impacts to Cetaceans (Whales, Dolphins, etc.) during the Cetacean migration period, December through March. Exxon shall provide for a qualified marine mammal observer approved by the Commission. Weather permitting, the observer shall make a daily aerial survey of the coastline from Point Conception to Coal Oil Point to determine whether or not Cetaceans are in the area. For periods of inclement weather, Exxon shall describe in the plan how it will be determined if Cetaceans are near the construction zone. The plan shall also require that if Cetaceans are present, the observer shall continue to monitor their activities. The plan shall specify how and when construction activities will be reduced or ceased if the Cetaceans approach the construction zone. The distance from the construction zone shall be the determining factor. For example, the plan shall specify that when Cetaceans are within 2 miles of the construction zone, Exxon shall suspend blasting until the animals have left this zone.

The plan shall also describe how the Cetaceans will be warned of obstructions in the water during the period of inactivity. Exxon shall have deployed acoustical "pingers" or sonar reflectors when Cetaceans are within 2 miles. Exxon's plan shall describe the deployment of these acoustical devices.

All survey methods shall be approved by the Commission and all daily reports of numbers and Cetacean activity shall be submitted to the State Lands Commission at the conclusion of construction.

- j. Exxon's construction impact reduction plan shall specify how barge anchors will be set. Where possible, lay barge anchors shall be set to avoid large rocky features in the offshore area. The plan shall also specify how disturbance to nearshore rocky features shall be minimized. Exxon shall notify the staff of the Commission if and when construction operations will be occurring in these habitats.
- k. Exxon shall specify in their construction impact reduction plan how they intend to minimize turbidity. Best available construction techniques shall be used.
- l. Exxon's construction impact reduction plan shall provide for annual compensation, for a maximum period of 5 years, to the State of California Fisheries Development Corporation or any State approved fund for fisheries enhancement as determined by the Commission. Such compensation is mitigation for the disturbance of the marine benthic environment which results in lost commercial fishing opportunities and shall be used for mitigation of fishing concerns in the Santa Barbara Channel area. The calculation for computing the annual compensation shall use the pre- and post construction marine biologic survey(s) [Condition 3(a) of this attachment] of the seafloor results for determining disturbed acreage totals and incorporate the following formula.

FORMULA: $C = \text{AREA}[P + P(O + I)]$, where C is the contribution in dollars, Area is the affected area in acres, P is the average market value in dollars per acre of the fishery lost by the commercial fishing activity, O is the output multiplier, and I is the income multiplier.

The following table shall be used to determine the coefficients P, I, and O:

<u>FISHERY</u>	<u>P</u>	<u>I</u>	<u>O</u>
Trawling	0.23	.9969	2.105
Diving	76.0	.9969	2.105
Trapping	8.60	.9969	2.105
Set Gill Net	8.36	.9969	2.105

- 3) The exact location and configuration of all seafloor modifications resulting from construction shall be published in a notice to commercial fishermen issued from the commercial fishermen liaison's office. This will allow commercial fishermen to avoid such obstructions. Such notice shall be given to the Commission when issued.
- 4) Exxon shall consolidate to the maximum extent feasible all oil and gas operation and support facilities.
- 5) Exxon shall prepare a plan for governing the transportation of crews to and from the platform. Such plan shall specify how boat traffic to and from the platform shall be minimized and restricted to designated corridors agreed upon between the oil industry and the fishing industry.
- 6) Exxon shall participate in or implement a support vessel and tanker operators training program to inform vessel operators of commercial fishing activities and how to recognize and avoid commercial fishing operations. A plan for such program shall be prepared by Exxon and submitted to the Commission for approval prior to operation of the facilities.
- 7) Exxon shall design their project to conserve energy to the maximum extent feasible.

CERTIFICATE

This is to certify that the attached copy of Incumbent Power of Attorney (IPA-3A-87) is a true and reproduced copy of a certified copy of the original executed, attested, sealed and acknowledged Incumbent Power of Attorney instrument which is on file in the Secretary's Department of Exxon Company, U.S.A. (a division of Exxon Corporation) in Houston, Texas; that on February 10, 1988, G. T. Theriot ~~was~~/is the Division Manager of Exxon Company, U.S.A.; that said Incumbent Power of Attorney was/is in effect on said date; and that the execution and delivery of California State Lands PRC 7163.1 for Offshore Marine Pipeline Right of Way Lease

were/are authorized by said Incumbent Power of Attorney.

Executed this 10th day of February

EXXON CORPORATION

By

B. J. Proyer
Assistant Secretary

(Corporate Seal)

IPA-3A-87 (Revision of IPA-3A-85)
Incumbent Power of Attorney

KNOW ALL MEN BY THESE PRESENTS:

THAT EXXON CORPORATION, a New Jersey corporation, having an office in Houston, Texas, acting by and through Randall Meyer, as President of Exxon Company, U.S.A., a division of Exxon Corporation (hereinafter called "Company"), and as Vice-President of Exxon Corporation, does hereby nominate, constitute and appoint each incumbent of the following positions in said Company:

Production Department

Division Managers

as Agent and Attorney-in-Fact of Exxon Corporation for purposes of executing and delivering instruments and documents as more particularly described below, and does hereby grant, delegate and invest each of said incumbents with power and authority to execute and deliver for, in the name and on behalf of Exxon Corporation, and in connection with the business and affairs of said Company, instruments and documents of any and every nature, including, but not by way of limitation, instruments pledging the credit of Exxon Corporation, bonds of indemnity,

other indemnities, guaranties, affidavits, permits, licenses, applications for permits or licenses, other governmental documents, bids, collective bargaining agreements, other contracts, deeds of conveyance, encumbrances, leases (including, but not limited to, oil, gas and/or mineral leases), releases, discharges of mortgages or deeds of trust, assignments, transfers of leasehold estates and/or other interests in real and or/personal property, including mineral interests, and any other instrument or document as may be required or desired in the conduct of the business of said Company, whether similar or dissimilar to the foregoing, EXCEPT the following:

1. Any mortgage, assignment, conveyance or release to any third party of any oil, gas and/or mineral lease or any other interest from which, oil, gas and/or other minerals is/are being produced currently, or which have been proven to be capable of such production at the time of such mortgage, assignment, conveyance or release; provided, however, that this exception shall not apply to assignments, conveyances, releases or other instruments which are:

- (a) pursuant to farmout agreements or exploration agreements executed prior to the production of oil, gas and/or other minerals from the acreage being assigned;
 - (b) for the purpose of pooling, unitizing or joint operating;
 - (c) for the purpose of releasing or effectuating releases of oil, gas and mineral leases which have expired by their terms (including partial releases affecting lands as to which such leases have expired by their terms or the terms of agreements made with lessors); or
 - (d) for the purpose of assigning or conveying oil, gas and/or mineral leases or any interest therein, valued at no more than Five Hundred Thousand Dollars as determined by the greater of Exxon Corporation's book value or current market value;
- 2. Any mortgage, assignment, conveyance, or release of other real property valued at more than One Million Dollars by any taxing authority;
 - 3. Any instrument authorizing, permitting or evidencing the borrowing of money from any person or entity; or
 - 4. Any instrument delegating the power and authority conferred herein to execute and deliver instruments.

Each incumbent of each said position in said Company may exercise the power and authority herein granted, delegated and invested, in any particular and appropriate transaction or matter, either as an Attorney-in-Fact of Exxon Corporation or as an official of said Company. Any action taken as authorized under this Incumbent Power of Attorney shall be an act of Exxon Corporation and binding upon it.

Certificates of incumbency and evidencing authority relating to particular transactions or matters may be issued by the Secretary or any Assistant Secretary of Exxon Corporation and may be relied upon by third parties dealing with Exxon Corporation or with said Company. Such Certificates shall certify that, on the dates set out therein, the individual named therein was an incumbent of one of said positions in said Company; that the execution and delivery by such person of particular instruments or documents was authorized by this Incumbent Power of Attorney; and that this Incumbent Power of Attorney was in effect at the time of such execution and delivery.

This Incumbent Power of Attorney cancels and revokes the Incumbent Power of Attorney (IPA-3A-85) effective November 18,

1985, and every power and authority therein contained. This Incumbent Power of Attorney, and the cancellation and revocation referred to in the preceding sentence, are effective immediately.

APPROVED AND EXECUTED this 26TH day of August, 1987.

EXXON CORPORATION

(Corporate Seal)

By Randall Meyer
President of Exxon Company, U.S.A.
and Vice-President of Exxon Corporation

Approved as
FORM:
<u>jes</u>
CONTROLS
<u>DM</u>

ATTEST:

P. G. [Signature]
Assistant Secretary

STATE OF TEXAS §
COUNTY OF HARRIS §

This instrument was acknowledged before me on August 26, 1987, by Randall Meyer, President of Exxon Company, U.S.A. (a division of Exxon Corporation) and Vice-President of Exxon Corporation, a New Jersey corporation, on behalf of said corporation.

(Notary Seal)

Christine M. Ragland
Notary Public in and for
the State of Texas

CHRISTINE M. RAGLAND
MY COMMISSION EXPIRES AUGUST 11, 1990

CERTIFICATE OF INSURANCE

PRC 7163.1

This certificate is issued as a matter of information only and confers no rights upon the Certificate holder. This certificate does not amend, extend, or alter the coverage afforded by the policies listed below:

NAME AND ADDRESS OF INSURED Exxon Corporation P. O. Box 5025 Thousand Oaks, California 91359-5025 Attention Mr. W. D. Cook	COMPANY AFFORDING COVERAGE The Travelers Indemnity Company P.O. Box 4343 Houston, Texas 77310-4343
---	---

This is to certify that the policies of insurance listed below have been issued to the insured named above and are in force at this time. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the policies described herein is subject to all terms, exclusions and conditions of such policies. Loss, if any, will be adjusted and shall be payable in accordance therewith.

THE INSURER FURTHER CERTIFIES THAT IT SHALL BE LIABLE FOR THE PAYMENT OF AMOUNTS WITHIN ANY RETENTION AND/OR DEDUCTIBLE APPLICABLE TO THE POLICY, WITH A RIGHT OF REIMBURSEMENT FROM THE INSURED FOR ANY SUCH PAYMENT BY THE INSURER.

DATE ISSUED	POLICY EXPIRATION DATE	POLICY NUMBER (TEXAS)	POLICY NUMBER (ALL STATES OTHER THAN TEXAS)		
February 16, 1988	July 1, 1988	T-NSL-194T281-5-85	T-ND-194T282-7-85		
TYPE OF INSURANCE	COVERAGE	LIMITS OF LIABILITY IN THOUSANDS (000)			
			EACH OCCURRENCE	AGGREGATE	
GENERAL LIABILITY	Comprehensive Form Premises - Operations Explosion & Collapse Hazard Underground Hazard Products/Completed Operations Hazard Contractual Insurance Broad Form Property Damage Independent Contractors Personal Injury	Bodily Injury	\$	\$	
		Property Damage	\$	\$	
		Bodily Injury and Property Damage Combined	\$ 2,000	\$ 2,000	
		Personal Injury		\$	
AUTOMOBILE LIABILITY	Comprehensive Form Owned Hired Non-Owned	Bodily Injury (Each Person)	\$		
		Bodily Injury (Each Accident)	\$		
		Property Damage	\$		
		Bodily Injury and Property Damage Combined	\$		

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES

State Lease PRC 7163.1, Marine Pipeline Right of Way, tide and submerged lands located Pacific Ocean near El Capitan State Beach, Santa Barbara County, California.

This policy includes coverage for pollution pursuant to the terms of PRC 7163.1, Section 2 Special Provisions, paragraph 3.(F). The state of California, its officers, agents, employees and servants are included as additional insureds as it pertains to this lease. This insurance is primary and non-contributing. The state of California is not responsible for any premium payments under this policy. This certificate cancels and supercedes the certificate issued on February 8, 1988.

Cancellation: Should any of the above described policies be cancelled or coverage reduced before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the below named certificate holder, but failure to mail such notice shall impose no obligation of any kind upon the company.

California State Lands Commission
 Attention Title Unit
 1807 Thirteenth Street
 Sacramento, California 95814

AUTHORIZED REPRESENTATIVE

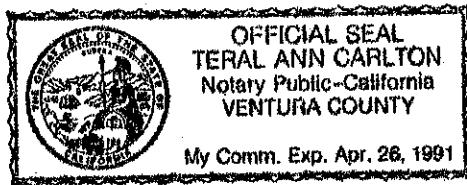
Brian F. Danielson

COPIES: The Travelers Indemnity Co.
 P.O. Box 4343, Houston, Texas 77310-4343
 Exxon Risk Management Services, Inc.
 P.O. Box 3342, Houston, Texas 77253-3342

COUNTY OF VENTURA)
)
 STATE OF CALIFORNIA)

On this 10th day of February, A.D. 1988, before me, the undersigned, a Notary Public in and for the State of California, duly commissioned and sworn, personally appeared G. T. THERIOT to me known and known to me to be an ATTORNEY-IN-FACT, and the person who executed the within instrument on behalf of, Exxon Corporation, the corporation described therein, and being by me duly sworn did say that he is an ATTORNEY-IN-FACT for said corporation and that said instrument was executed on behalf of said corporation by authority of its Board of Directors, and did further acknowledge to me that such execution was his free and voluntary act and deed and the free and voluntary act and deed of said corporation for the uses, purposes and considerations therein expressed.

WITNESS my hand and official seal the day and year in this certificate first above written.



Teral Ann Carlton
 Notary in and for the STATE OF CALIFORNIA

ATTORNEY IN FACT ACKNOWLEDGMENT

STATE OF CALIFORNIA } ss.
 County of LOS ANGELES

On this 10th day of FEBRUARY, in the year 1988, before me, a Notary Public in and for said LOS ANGELES County, State of California, residing therein, duly commissioned and sworn, personally appeared ROBERT R. NELSON ☒ personally known to me, ☐ proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this instrument as the attorney in fact of THE AMERICAN INSURANCE COMPANY and acknowledged to me that ☒ he ☐ she subscribed the name of THE AMERICAN INSURANCE COMPANY thereto as surety, and ☒ his ☐ her own name as attorney in fact.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year stated in this certificate above.



Maria Stoll
 Notary Public
 My commission expires 2-20-1991

R/W FILE # 82966Bond # 11126936423 PRC 7163-1

STATE LANDS COMMISSION
STATE OF CALIFORNIA
1807 - 13th Street
Sacramento, California 95814

BOND ACCOMPANYING LEASE

Executed in Duplicate

KNOW ALL MEN BY THESE PRESENTS:

That we **Exxon Corporation**as Principal, and **The American Insurance Company**a corporation duly organized and existing under and by virtue of the laws of New Jerseyas Surety, are held and firmly bound unto the State of California in the sum of \$1,000,000.00One million dollars

lawful money of the United States, to be paid to the State of California, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators, successors and assigns, jointly and severally, by these presents.

THE CONDITIONS OF THE FOREGOING OBLIGATION ARE SUCH THATWHEREAS, said Principal as lessee has entered into an agreement designated as **PRC** 7163.1,having a beginning date of February 1, 1988, with the State of California through the State Lands Commission, and is required by said agreement to give this bond in connection therewith;

NOW, THEREFORE, if said Principal shall well and truly keep and faithfully perform all the terms, covenants, conditions, agreements and obligations of said lease, on said Principal's part to be kept, done and performed, at the times and in the manner specified therein and in the provisions of Part 2 of Division 6 of the Public Resources Code, then this obligation shall be null and void, otherwise it shall remain in full force and effect;

PROVIDED, that any modifications of or alterations or changes which may be made in said lease or in the work to be done or in the services to be rendered or in any materials or articles to be furnished pursuant to the said lease, or the giving by said State Lands Commission of the State of California of any extension of time for the performance of said lease terms, or the giving of any other forbearance on the part of either the State Lands Commission of the State of California, or the Principal, to the other, shall not in any way release the Principal or Surety, or either of them, or their respective heirs, executors, administrators, successors or assigns, from any liability arising hereunder, and notice to the Surety of any such modifications, alterations, changes, extensions or forbearance (other than written modifications of said lease, the execution of which is duly authorized by order of said State Lands Commission to the State of California) is hereby waived.

This bond is continuous and shall be effective on February 1, 1988

The Surety shall have the right to withdraw as Surety from this bond, except as to any liability already incurred or accrued, and may do so upon giving the said Principal and State Lands Commission of the State of California sixty (60) days' written notice to that effect. Such notice to the Principal may be given by delivery or by deposit of the notice in registered or certified mail with all charges prepaid, addressed to the Principal at his last address on the records of the Commission. At the end of said sixty (60) days' period of notice the liability of the Surety under this bond, except as to any liabilities already incurred or accrued, shall cease, and said bond shall thereupon terminate and be of no more force or effect, except as to any liabilities already incurred or accrued thereunder.

N WITNESS WHEREOF, the above Principal and Surety have executed or caused to be executed this instrument under their respective hands and seals, with all the formalities required by law this 10th day of February 1988.

PRINCIPAL: EXXON CORPORATIONBy G. T. Theriot

G. T. THERIOT

Its Attorney in FactSURETY: THE AMERICAN INSURANCE COMPANYBy Robert R. Nelson

Robert R. Nelson, Attorney-in-Fact

(Attest)

GENERAL
POWER OF
ATTORNEY

THE AMERICAN INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS: That THE AMERICAN INSURANCE COMPANY, a Corporation duly organized and existing under the laws of the State of New Jersey, and having its principal office in the City and County of San Francisco, California, has made, constituted and appointed, and does by these presents make, constitute and appoint

-----ROBERT R. NELSON-----

its true and lawful Attorney(s)-in-Fact, with full power and authority hereby conferred in its name, place and stead, to execute, seal, acknowledge and deliver any and all bonds, undertakings, recognizances or other written obligations in the nature thereof-----

and to bind the Corporation thereby as fully and to the same extent as if such bonds were signed by the President, sealed with the corporate seal of the Corporation and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney(s)-in-Fact may do in the premises.

This power of attorney is granted pursuant to Article VIII, Section 30 and 31 of By-laws of THE AMERICAN INSURANCE COMPANY now in full force and effect.

"Article VIII, Appointment and Authority Assistant secretaries, and Attorney-in-Fact and Agents to accept Legal Process and Make Appearances.

Section 30, Appointment. The Chairman of the Board of Directors, the President, any Vice-President or any other person authorized by the Board of Directors, the Chairman of the Board of Directors, the President or any Vice-President, may, from time to time, appoint Resident Assistant Secretaries and Attorneys-in-Fact to represent and act for and on behalf of the Corporation and Agents to accept legal process and make appearances for and on behalf of the Corporation.

Section 31, Authority. The Authority of such Resident Assistant Secretaries, Attorneys-in-Fact, and Agents shall be as prescribed in the instrument evidencing their appointment, and any such appointment and all authority granted thereby may be revoked at any time by the Board of Directors or by any person empowered to make such appointment."

This power of attorney is signed and sealed under and by the authority of the following Resolution adopted by the Board of Directors of THE AMERICAN INSURANCE COMPANY at a meeting duly called and held on the 28th day of September, 1966, and said Resolution has not been amended or repealed:

"RESOLVED, that the signature of any Vice-President, Assistant Secretary, and Resident Assistant Secretary of this Corporation, and the seal of this Corporation may be affixed or printed on any power of attorney, on any revocation of any power of attorney, or on any certificate relating thereto, by facsimile, and any power of attorney, any revocation of any power of attorney, or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Corporation

IN WITNESS WHEREOF, THE AMERICAN INSURANCE COMPANY has caused these presents to be signed by its Vice-President,

and its corporate seal to be hereunto affixed this 2nd day of February 19 81.



THE AMERICAN INSURANCE COMPANY

By

William W. Lauber

Vice-President

STATE OF CALIFORNIA,

CITY AND COUNTY OF SAN FRANCISCO

On this 2nd day of February, 19 81, before me personally came William W. Lauber, to me known, who, being by me duly sworn, did depose and say: that he is Vice-President of THE AMERICAN INSURANCE COMPANY, the Corporation described in and which executed the above instrument; that he knows the seal of said Corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Corporation and that he signed his name thereto by like order.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year herein first above written.



Susie K. Gilbert

Notary Public

CERTIFICATE

STATE OF CALIFORNIA,

CITY AND COUNTY OF SAN FRANCISCO

I, the undersigned, Resident Assistant Secretary of THE AMERICAN INSURANCE COMPANY, a NEW JERSEY Corporation, DO HEREBY CERTIFY that the foregoing and attached POWER OF ATTORNEY remains in full force and has not been revoked; and furthermore that Article VIII, Sections 30 and 31 of the By-laws of the Corporation, and the Resolution of the Board of Directors, set forth in the Power of Attorney, are now in force.

Signed and sealed at the City and County of San Francisco, Dated the 10th day of FEBRUARY, 19 88



R. J. Snyder
Resident Assistant Secretary

CERTIFICATE

This is to certify that the attached copy of Incumbent Power of Attorney (IPA-3A-87) is a true and reproduced copy of a certified copy of the original executed, attested, sealed and acknowledged Incumbent Power of Attorney instrument which is on file in the Secretary's Department of Exxon Company, U.S.A. (a division of Exxon Corporation) in Houston, Texas; that on February 1988, G. T. THERIOT ~~was~~/is the Division Manager of Exxon Company, U.S.A.; that said Incumbent Power of Attorney was/is in effect on said date; and that the execution and delivery of Bond Accompanying California State Lands Commission Lease PRC 7163.1 in the amount of \$1,000,000.00

were/are authorized by said Incumbent Power of Attorney.

Executed this //th day of February 1988.

EXXON CORPORATION

By B. J. Troyer
Assistant Secretary

(Corporate Seal)