

ATTACHMENT 1

SWEPI, LP

LEASE TERMINATION AGREEMENT

(2 Originals)

Recorded at request of
and when recorded mail to:
COUNTY OF SANTA BARBARA
General Services Department
Real Property Division
WILL CALL

**COUNTY OF SANTA BARBARA
OFFICIAL BUSINESS**

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APNs: 113-020-011, 012, 013, 020, & 021

LEASE TERMINATION AGREEMENT

THIS LEASE TERMINATION AGREEMENT ("Agreement") is made and entered into by and between the COUNTY OF SANTA BARBARA, a political subdivision of the State of California, ("COUNTY") and SWEPI LP, a Delaware limited partnership with an address at 150 North Dairy Ashford, Houston, Texas 77079 ("SWEPI"), collectively, "PARTIES"; with reference to the following:

- **WHEREAS**, COUNTY, as the owner of the property currently known as Guadalupe Dunes County Park ("Property"), depicted on Exhibit "A", and more particularly described on Exhibit "B", both of which are attached hereto and incorporated herein by reference, is the successor lessor to Lease No. 74649 between SMV Minerals, Inc. (Lessor) and Ed Shepardson (Lessee) dated December 15, 1974 and Lease No. 74653 between Associated Santa Maria Minerals, a general partnership (Lessor) and Ed Shepardson (Lessee) (collectively the "Leases") concerning the Property; and

WHEREAS, SWEPI is the successor Lessee to the Leases;

WHEREAS, SWEPI, as Lessee, retains a possessory interest in the leased portion of the Property, as well as certain obligations pursuant to the Leases; and

WHEREAS, SWEPI also acquired certain rights and obligations pursuant to the Conditional Use Permit 82-CP-75 ("CUP") issued for the drilling operations on the leased portion of the Property in 1983, which, upon termination of all drilling operations, required removal of "introduced materials on or near the surface (depth of 15 feet)"; and.

WHEREAS, SWEPI abandoned the oil wells in 1990 pursuant to the requirements of the State Department of Oil and Gas and Geothermal Resources ("DOGGR"), and by 1997, SWEPI had removed all of the equipment and materials associated with the drill sites, including drilling equipment, power poles, fences, and pipelines; and SWEPI had screened sand for removal of gravel used for construction of an access road; and

WHEREAS, a portion of the gravel remained on the Property, and SWEPI applied for a revision to the CUP that would allow SWEPI to pay a mitigation fee in lieu of completing the removal of the gravel from the Property; and

WHEREAS, Coastal Development Permit 14CDP-00000-00072 (the "CDP"), attached hereto as Exhibit "C", and incorporated herein by reference, was approved by the County of Santa Barbara Board of Supervisors at the hearing of September 20, 2016, and set forth in the Board of Supervisors Minute Order, dated September 20, 2016; and

WHEREAS, the CDP contains certain Conditions of Approval, including Project Specific Condition MM REC-1 which requires SWEPI to provide an in-lieu fee to the County for the purpose of mitigating the recreational and environmental impact of leaving the remaining gravel on the Property through the acquisition of certain property interests by COUNTY, another public agency, or a qualified non-profit entity; and

WHEREAS, the CDP also requires that, prior to issuance of a Zoning Clearance effectuating the CDP, COUNTY, another public agency, or a qualified non-profit entity shall enter into a contract to acquire a property interest sufficient to meet the requirements of Project Specific Condition MM REC-1; and

WHEREAS, a Zoning Clearance shall be issued pursuant to the CDP and Section 35-179A of Article II of the County's Coastal Zoning Ordinance if the COUNTY, another public agency, or a qualified non-profit entity enters into a contract to acquire a property interest sufficient to meet the requirements of Project Specific Condition MM REC-1 prior to the expiration of the CDP after its issuance; and

WHEREAS, COUNTY and SWEPI now wish to enter into this Agreement in order to ultimately terminate their respective rights and obligations under the Leases; ultimately terminate any and all of SWEPI's interests in the Property; and to facilitate SWEPI's provision of an in-lieu fee to the COUNTY for the purposes of satisfying the CDP's Conditions of Approval.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein, COUNTY and SWEPI hereby agree as follows:

1. **TERMINATION OF LEASES**: This Agreement, and the Quitclaim Deed described in Section 2, shall be executed as of the date provided below. However, this Agreement and the Quitclaim Deed shall not be recorded until thirty (30) days after receipt of the Zoning Clearance by SWEPI, as outlined in Paragraph 4 (hereinafter "Termination Date"). The Leases shall not be terminated by this Agreement and the Quitclaim Deed shall not be effective until the Termination Date. From and after the Termination Date, neither COUNTY nor SWEPI will have any further rights or obligations under said Leases and each, SWEPI and the County, upon full compliance with the terms of this Agreement, specifically relieves the other of any further obligations regarding the Leases.

In the event that a Zoning Clearance effectuating the CDP is not issued as described in paragraph 4 below, this Agreement and the Quitclaim Deed shall not be recorded, the Leases shall not be terminated by this Agreement, and the Quitclaim Deed shall have no effect.

2. **EXECUTION OF QUITCLAIM DEED:** Concurrent with the execution of this Agreement by COUNTY, SWEPI shall execute and deliver to COUNTY a Quitclaim Deed in substantially the same form as set forth in Exhibit "D", attached hereto and incorporated herein by reference; quitclaiming any and all interest in the Property, including all mineral interests, subsurface rights, and rights of access. From and after the Termination Date, described herein, SWEPI shall have no further rights to, or obligations for, the leased Property.

In the event that a Zoning Clearance effectuating the CDP is not issued as described in paragraph 1 above and paragraph 4 below, COUNTY shall return the Quitclaim Deed, unrecorded, to SWEPI within thirty (30) days of the expiration of the CDP.

3. **PAYMENT:** As consideration for COUNTY terminating the Leases and in order for SWEPI to satisfy the Conditions of Approval for the CDP, SWEPI shall pay to the Auditor-Controller of the COUNTY, to be placed in an agency fiduciary fund, a sum of THREE MILLION DOLLARS (\$3,000,000). Such payment shall be made by SWEPI to COUNTY within thirty (30) days of execution of this Agreement by COUNTY, or by October 13, 2017, whichever is earlier. COUNTY agrees to receive all or part of this payment as the in-lieu fee that SWEPI is required to pay to County pursuant to Project Specific Condition MM REC-1 of the CDP. COUNTY further agrees to make good faith efforts to acquire for the County, another public agency, or a qualified non-profit entity, a property interest(s) that satisfies the requirements of Project Specific Condition MM REC-1 of the CDP. COUNTY shall apply up to the full amount of the THREE MILLION DOLLARS (\$3,000,000) as in-lieu fees for the acquisition of such a property interest(s) in accordance with the terms of the CDP.

4. **COUNTY OBLIGATION TO RETURN FUNDS:** COUNTY shall repay to SWEPI the THREE MILLION DOLLARS (\$3,000,000) received pursuant to Section 3 above in the event that a Zoning Clearance effectuating the CDP is not issued, in accordance with the Conditions of Approval of the CDP and Section 35-172.9(2)(c) of Article II of the County's Coastal Zoning Ordinance or its successor, prior to the expiration of the CDP after its issuance. If the CDP expires prior to issuance of the Zoning Clearance, COUNTY shall make the repayment required pursuant to this Section 4 to SWEPI within 30 days of the date that the CDP expires. Such repayment shall not affect the remainder of this Agreement, which shall continue in full force and effect.

In the event that a Zoning Clearance effectuating the CDP is issued, COUNTY's obligation to return any of these funds shall be extinguished. COUNTY shall have no obligation to return any portion of the \$3,000,000 that is not contributed towards the acquisition of a property interest that satisfies the mitigation requirements of the CDP.

5. **SWEPI RIGHT OF ENTRY:** The Parties acknowledge that, in the event that a Zoning Clearance effectuating the CDP is not issued as provided in paragraph 4 above, SWEPI will be required to remove introduced materials on or near the surface (depth of 15 feet) of the Property in satisfaction of the requirements of the CUP. To facilitate that removal of materials, COUNTY

hereby reserves for SWEPI, at no cost to it, a non-exclusive right of entry on the Property, sufficient to complete such removal of materials. This right of entry shall be in addition to SWEPI's other rights under the Leases. SWEPI shall coordinate such entry on the Property with the COUNTY Director of Community Services Department, or designee. Upon completion of the removal activities, SWEPI shall have no further rights to access the Property under this Agreement.

6. **INDEMNIFICATION**: SWEPI shall defend, indemnify and hold harmless the COUNTY, its officers, agents and employees from any and all claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities arising from gravel from the Property that is present on adjoining properties that at the time of this Agreement are owned by the Gordon Sand Company.

7. **VOLUNTARY AGREEMENT**: The parties have read this Agreement and the releases and indemnification provision contained herein and, on advice of counsel, have freely and voluntarily entered into this Agreement with full understanding of its terms.

8. **SUCCESSORS**: This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and assigns.

9. **ASSIGNMENT**: SWEPI shall not assign any of its interests under this Agreement to any other party without the prior written consent of COUNTY, which shall not be unreasonably withheld.

10. **CALIFORNIA LAW**: The validity, interpretation, construction and performance of this Agreement will be controlled by and construed under the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of Santa Barbara, if in state court, or in the federal district court nearest to the County of Santa Barbara, if in federal court.

11. **COUNTERPARTS**: This Agreement may be executed in one or more counterparts; each counterpart shall be deemed an original but all counterparts shall constitute a single document.

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IN WITNESS WHEREOF, COUNTY AND SWEPI have executed this Lease Termination Agreement by their respective officers as set forth below.

"COUNTY"
COUNTY OF SANTA BARBARA

ATTEST:
MONA MIYASATO
CLERK OF THE BOARD

By: _____
Supervisor Joan Hartmann, Chair
Board of Supervisors

By: _____
Deputy

Date: _____

APPROVED AS TO FORM:
MICHAEL C. GHIZZONI
COUNTY COUNSEL

By: _____
Deputy

APPROVED AS TO FORM:
THEODORE A. FALLATI, CPA
AUDITOR-CONTROLLER

By: _____
Deputy

APPROVED:

Don Grady, Esq.
Real Property Division Manager

APPROVED:

Ray Aromatorio, A.R.M., A.I.C.
Risk Manager

(Signatures continue on next page)

IN WITNESS WHEREOF, COUNTY AND SWEPI have executed this Lease Termination Agreement to be effective on the date executed by the COUNTY.

SWEPI LP

By: _____

Name: _____

Title: _____

Exhibit A
"Property"

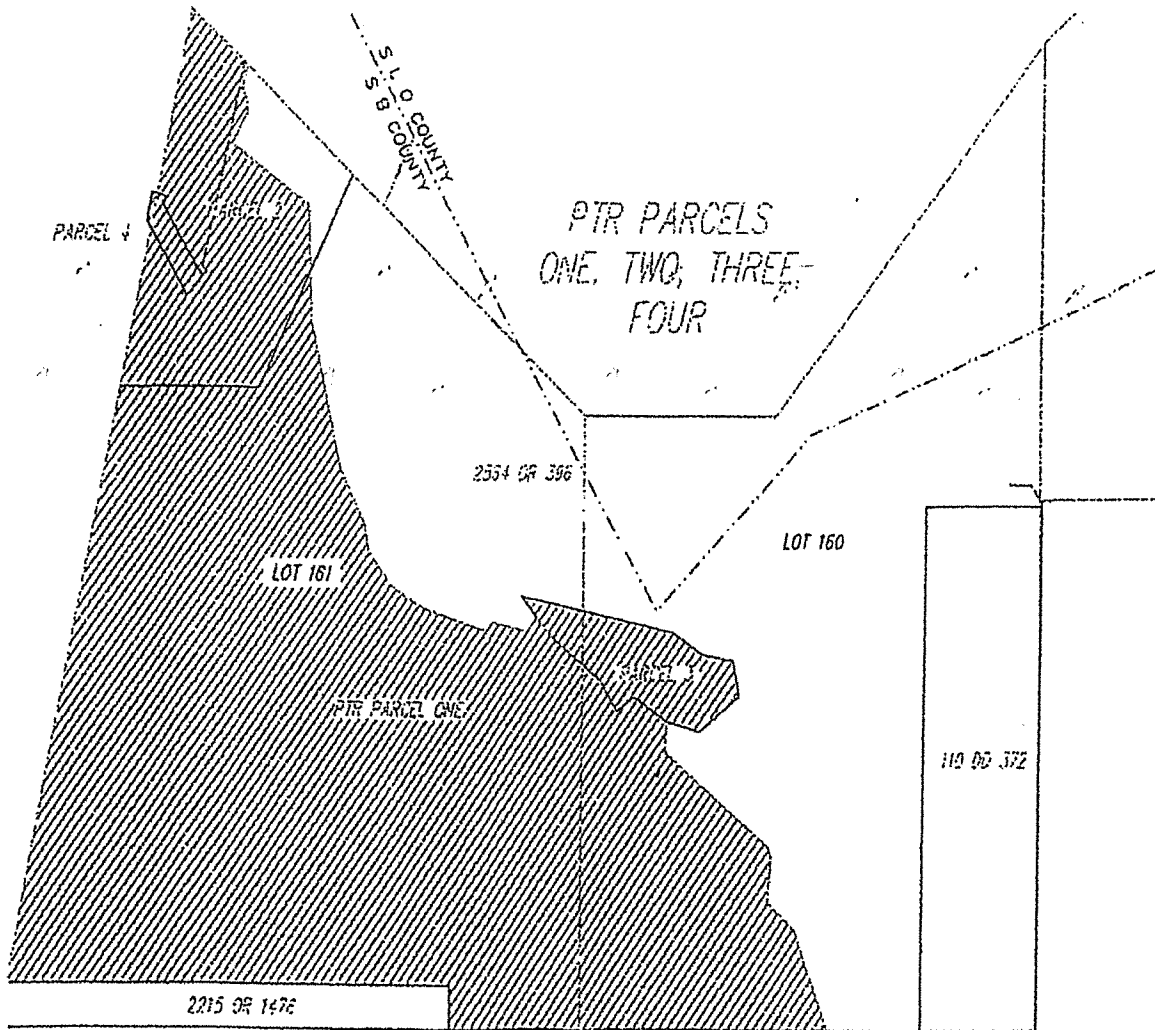


Exhibit B

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of Santa Barbara, State of California, described as follows:

PARCEL ONE:

THOSE CERTAIN PARCELS OR TRACTS OF LAND IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, BEING PORTIONS OF THE RANCHO GUADALUPE AND THE SUBDIVISIONS THEREOF DESIGNATED ON THE MAP ENTITLED "MAP OF THE SUBDIVISION OF THE RANCHO GUADALUPE, SANTA BARBARA COUNTY AND SAN LUIS OBISPO COUNTY, CALIFORNIA" SURVEYED AND SUBDIVIDED BY JAMES T. STRATION NOVEMBER 1871, FILED IN THE COUNTY RECORDER'S OFFICE OF SAID COUNTY OF SANTA BARBARA ON MARCH 08, 1880, AND PASTED IN BOOK "B" OF MISCELLANEOUS RECORDS, PAGE 422, AS SHOWN ON MAP ENTITLED "MAP OF THE SUBDIVISION OF RANCHO GUADALUPE" FILED AS MAP 3 IN RACK 4 IN THE OFFICE OF THE COUNTY RECORDER OF SANTA BARBARA COUNTY, DESCRIBED AS FOLLOWS:

ALL THOSE PORTIONS OF SUBDIVISIONS NO. 160 AND 161 OF RANCHO GUADALUPE WHICH LIE SOUTHERLY, SOUTHWESTERLY AND SOUTHEASTERLY OF THE DIVIDING LINE BETWEEN SANTA BARBARA COUNTY AND SAN LUIS OBISPO COUNTY, KNOWN AS THE SANTA BARBARA - , SAN LUIS OBISPO COUNTY LINE, AS SHOWN ON THE MAP OF SAID RANCHO.

EXCEPTING THEREFROM THAT PORTION OF SUBDIVISION NO. 160 OF SAID RANCHO GUADALUPE AS GRANTED TO AVELINO MORGANTI BY DEED DATED NOVEMBER 11, 1905, AND RECORDED IN BOOK 110, PAGE 372 OF DEEDS, ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE EAST LINE OF SAID SUBDIVISION NO. 160 DISTANT SOUTH 0° 23' WEST 40 FEET FROM THE SOUTHWEST CORNER OF SUBDIVISION NO. 158, AS SHOWN ON THE MAP OF SAID RANCHO; THENCE SOUTH 0° 23' WEST 54.05 CHAINS (3507.24 FEET) TO THE SOUTHEAST CORNER OF SAID SUBDIVISION NO. 160; THENCE ALONG THE SOUTH LINE OF SAID SUBDIVISION NO. 160, ALONG AN OLD WILLOW AND WIRE FENCE, WEST 18.50 CHAINS (1221 FEET) TO A STAKE; THENCE NORTH 0° 23' EAST 54.05 CHAINS (3507.24 FEET) TO THE NORTHWEST CORNER THEREOF MARKED BY A STAKE; THENCE EAST 18.50 CHAINS (1221 FEET) TO THE POINT OF BEGINNING.

ALSO EXCEPTING FROM SUBDIVISION NO. 161 OF SAID RANCHO GUADALUPE ANY PORTION THEREOF WHICH AT ANY TIME WAS TIDE LAND WHICH WAS NOT FORMED BY THE DEPOSIT OF ALLUVIUM FROM NATURAL CAUSES AND BY IMPERCEPTIBLE DEGREES.

ALSO EXCEPTING FROM SUBDIVISION NO. 161 THAT PORTION THEREOF CONVEYED TO MARCETIA S. GORDON BY DEED RECORDED DECEMBER 28, 1967, AS INSTRUMENT NO. 37711, IN BOOK 22.15, PAGE 1476 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THOSE TWO PARCELS AS CONVEYED TO THE COUNTY OF SANTA BARBARA BY FINAL ORDER OF CONDEMNATION, RECORDED ON MARCH 10, 1970 IN BOOK 2302, PAGE 1245 OF OFFICIAL RECORDS, INSTRUMENT NO. 6406.

ALSO EXCEPTING THEREFROM THAT PORTION OF SUBDIVISION NO. 161 OF RANCHO GUADALUPE, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SHOWN ON THE MAP OF SAID RANCHO, DESCRIBED AS FOLLOWS:

STARTING AT THE NORTHWEST CORNER OF LOT 161, RANCHO GUADALUPE, SANTA BARBARA

Exhibit B

COUNTY, THENCE 2000 FEET SOUTH 57° EAST ALONG THE UNION SUGAR PROPERTY LINE, THENCE 1720 FEET SOUTH 33° WEST AT RIGHT ANGLES, THENCE APPROXIMATELY 1400 FEET DUE WEST TO THE MEAN HIGH TIDE LINE, THENCE APPROXIMATELY 2600 FEET NORTHEASTERLY ALONG THE MEAN HIGH TIDE LINE TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM 60% OF 100% OF ALL OIL, GAS, GASOLINE, ASPHALTUM AND OTHER HYDROCARBONS OF WHATEVER CATEGORY IN AND UNDER SAID LAND AS CONVEYED TO SMV MINERALS, INC., A CORPORATION BY DEED DATED JUNE 12, 1972, RECORDED JUNE 15, 1972, IN BOOK 2406, PAGE 199, OF OFFICIAL RECORDS SANTA BARBARA COUNTY, CALIFORNIA AND RECORDED JUNE 16, 1972, IN BOOK 1673, PAGE 750, OFFICIAL RECORDS OF SAN LUIS OBISPO COUNTY, CALIFORNIA.

APN: 113-020-021 PARCEL TWO:

THOSE CERTAIN PARCELS OR TRACTS OF LAND IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, BEING PORTIONS OF THE RANCHO GUADALUPE AND THE SUBDIVISIONS THEREOF DESIGNATED ON THE MAP ENTITLED "MAP OF THE SUBDIVISION OF THE RANCHO GUADALUPE, SANTA BARBARA COUNTY AND SAN LUIS OBISPO COUNTY, CALIFORNIA" SURVEYED AND SUBDIVIDED BY JAMES T. STRATTON NOVEMBER 1871, FILED IN THE COUNTY RECORDER'S OFFICE OF SAID COUNTY OF SANTA BARBARA ON MARCH 08, 1880, AND PASTED IN BOOK "B" OF MISCELLANEOUS RECORDS, PAGE 422, AS SHOWN ON MAP ENTITLED "MAP OF THE SUBDIVISION OF RANCHO GUADALUPE" FILED AS MAP 3, IN RACK 4, IN THE OFFICE OF THE COUNTY RECORDER OF SANTA BARBARA COUNTY, DESCRIBED AS FOLLOWS:

THAT PORTION OF SUBDIVISION NO. 161 OF RANCHO GUADALUPE, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SHOWN ON THE MAP OF SAID RANCHO, DESCRIBED AS FOLLOWS:

STARTING AT THE NORTHWEST CORNER OF LOT 161, RANCHO GUADALUPE, SANTA BARBARA COUNTY, THENCE 2000 FEET SOUTH 57° EAST ALONG THE UNION SUGAR PROPERTY LINE THENCE 1720 FEET SOUTH 33° WEST AT RIGHT ANGLES, THENCE APPROXIMATELY 1400 FEET DUE WEST TO THE MEAN HIGH TIDE LINE, THENCE APPROXIMATELY 2600 FEET NORTHEASTERLY ALONG THE MEAN HIGH TIDE LINE TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM PARCELS ONE AND TWO ABOVE THESE PORTIONS CONVEYED TO MARETTI AND MINETTI RANCH CO., A PARTNERSHIP BY DEED RECORDED MAY 09, 1975, AS INSTRUMENT NO. 14596, IN BOOK 2564, PAGE 396 OF OFFICIAL RECORDS.

ALSO EXCEPTING FROM PARCELS ONE AND TWO ALL THE MINERALS OIL, GAS, CASINGHEAD GAS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND AS CONVEYED TO ASSOCIATED SANTA MARIA MINERALS BY DEED RECORDED JANUARY 28, 1975, AS INSTRUMENT NO. 2552, IN BOOK 2550, PAGE ONE OF OFFICIAL RECORDS.

APN: 113-020-020 PARCEL THREE:

BEGINNING ON A 2 INCH IRON PIPE WITH A 2 INCH BRASS CAP MARKED "S.B. COUNTY SURVEY MON." AT THE MOST EASTERLY CORNER OF THE TRACT OF LAND CONTAINING "206.04 ACRES" AS SHOWN ON COUNTY SURVEYOR'S MAP NO. 1266 FILED IN THE OFFICE OF THE SANTA BARBARA COUNTY SURVEYOR; THEN PROCEEDING FOR FOUR (4) COURSES ALONG THE SOUTHEASTERLY LINE OF SAID 206.04 ACRE PARCEL;

Exhibit B

1ST, SOUTH 58° 35' 40" WEST 470.60 FEET TO A COUNTY SURVEY MONUMENT;

2ND, NORTH 78° 29' 50" WEST 344.28 FEET TO A COUNTY SURVEY MONUMENT;

3RD, NORTH 63° 24' 50" WEST 381.74 FEET TO A COUNTY SURVEY MONUMENT; AND

4TH, SOUTH 61° 00' 10" WEST 206.30 FEET TO A COUNTY SURVEY MONUMENT; THENCE 5TH, NORTH 40° 10' 20" WEST 274.16 FEET TO A POINT; THENCE 6TH, NORTH 60° 29' 20" WEST 590.59 FEET TO A COUNTY SURVEY MONUMENT; THENCE 7TH, NORTH 49° 25' 17" WEST 448.48 FEET TO A COUNTY SURVEY MONUMENT ON THE NORTHERLY LINE OF SAID 206.04 ACRE PARCEL; THEN CONTINUING FOR FIVE (5) COURSES ALONG SAID BOUNDARY LINE;

8TH, SOUTH 81° 23' 07" EAST 1,211.02 FEET TO A COUNTY SURVEY MONUMENT;

9TH, SOUTH 80° 02' 08" EAST 421.47 FEET TO A COUNTY SURVEY MONUMENT;

10TH, SOUTH 63° 35' 20" EAST 328.04 FEET TO A COUNTY SURVEY MONUMENT;

11TH, SOUTH 82° 51' 50" EAST 325.92 FEET TO A COUNTY SURVEY MONUMENT; AND

12TH, SOUTH 14° 20' 50" EAST 254.15 FEET TO THE TRUE POINT OF BEGINNING; CONTAINING 22.2 ACRES, MORE OR LESS.

APN: 113-020-012 PARCEL FOUR:

COMMENCING ON A 2-INCH IRON PIPE AND BRASS CAP MARKED "R.E. 2928" AS SHOWN ON SURVEYOR'S MAPS NO. 1247 AND NO. 1266 FILED IN THE OFFICE OF THE SANTA BARBARA COUNTY SURVEYOR, BEING A POINT IN THE NORTHERLY LINE OF LOT 161; THENCE ALONG SAID LOT LINE, NORTH 57° 00' WEST 2008.91 FEET TO A POINT; THENCE SOUTH 15° 38' 30" WEST 1431.66 FEET TO STATE LANDS MONUMENT 8162; THENCE SOUTH 59° 07' 26" EAST 53.58 FEET TO A POINT ON THE NORTHEASTERLY LINE OF A SIXTY FOOT (60.00') RIGHT OF WAY; THENCE SOUTH 49° 46' 29" WEST 60.00 FEET TO A POINT ON THE SOUTHWESTERLY LINE OF THE SIXTY FOOT RIGHT OF WAY AND THE TRUE POINT OF BEGINNING: THEN FOR TWO (2) COURSES ALONG THE BOUNDARY LINE OF SAID RIGHT OF WAY:

1ST, AT RIGHT ANGLES, NORTH 40° 13' 31" WEST 646.00 FEET TO A POINT; AND

2ND, AT RIGHT ANGLES, NORTH 49° 46' 29" EAST 60.00 FEET TO A POINT; THENCE 3RD, NORTH 76° 43' 34" WEST 157.26 FEET, MORE OR LESS, TO A POINT IN THE MEAN HIGH TIDE LINE OF THE PACIFIC OCEAN; THENCE 4TH, ALONG SAID OCEAN LINE, SOUTH 13° 16' 26" WEST 200.00 FEET TO A POINT, THENCE 5TH, PARALLEL TO ABOVE DESCRIBED 1ST COURSE, SOUTH 40° 13' 31" EAST 647.45 FEET, MORE OR LESS, TO A POINT ON A LINE BEARING SOUTH 49° 46' 29" WEST FROM THE TRUE POINT OF BEGINNING; THENCE 6TH, AT RIGHT ANGLES, NORTH 49° 56' 29" EAST 194.32 FEET TO THE TRUE POINT OF BEGINNING.

APNS: 113-020-011 AND 113-020-013

EXHIBIT C
COASTAL DEVELOPMENT PERMIT
Shell Guadalupe Gravel Remediation In-Lieu Proposal Project
14CDP-00000-00072



COUNTY OF SANTA BARBARA

Planning and Development

COASTAL DEVELOPMENT PERMIT

Case No.: 14CDP-00000-00072

Project Name: Shell Guadalupe Gravel Remediation In-Lieu Proposal Project

Project Address: 6350 West Main Street

Assessor's Parcel No.: 113-020-018, 113-020-020, 113-020-021

Applicant Name: Shell Western Exploration and Production

The hereby approves this Coastal Development Permit for the development described below, based upon the required findings and subject to the attached terms and conditions.

Date of Approval: September 10, 2014

Associated Case Number(s): 13RVP-00000-00019/82-CP-75(cz)

Project Description Summary: Retention of remnant gravel from former drilling project (82-PP-2)

Project Specific Conditions: See Attached Exhibit A.

Permit Compliance Case: ___ Yes ___ X No;

Permit Compliance Case No.: _____

Appeals: The approval of this Coastal Development Permit may be appealed to the by the applicant or an aggrieved person. The written appeal and accompanying fee must be filed with the Planning and Development Department at either 123 East Anapamu Street, Santa Barbara, or 624 West Foster Road, Suite C, Santa Maria, by 5:00 p.m. on or before .

The final action by the County on this Coastal Development Permit may be appealed to the California Coastal Commission after the appellant has exhausted all local appeals. Therefore a fee is not required to file an appeal of this Coastal Development Permit.

Terms of Permit Issuance:

- 1. Work Prohibited Prior to Permit Issuance.** No work, development, or use intended to be authorized pursuant to this approval shall commence prior to issuance of this Coastal Development Permit and/or any other required permit (e.g., Building Permit). **Warning! This is not a Building/Grading Permit.**

2. **Date of Permit Issuance.** This Permit shall be deemed effective and issued on , provided an appeal of this approval has not been filed.
3. **Time Limit.** The approval of this Coastal Development Permit shall be valid for one year from the date of approval. Failure to obtain a required construction, demolition, or grading permit and to lawfully commence development within two years of permit issuance shall render this Coastal Development Permit null and void.

NOTE: Approval and issuance of a Coastal Development Permit for this project does not allow construction or use outside of the project description, terms or conditions; nor shall it be construed to be an approval of a violation of any provision of any County Policy, Ordinance or other governmental regulation.

Owner/Applicant Acknowledgement: Undersigned permittee acknowledges receipt of this approval and agrees to abide by all terms and conditions thereof.

_____/_____
Print Name Signature Date

Planning and Development Department Approval by:

_____/_____
Print Name Signature Date

Planning and Development Department Issuance by:

_____/_____
Print Name Signature Date

EXHIBITA: PROJECT SPECIFIC CONDITIONS

1. This Coastal Development Permit is based upon and limited to compliance with the project description, the Planning Commission Hearing Attachments A-G, and conditions of approval set forth below. Any deviations from the project description, exhibits or conditions must be reviewed and approved by the County for conformity with this approval. Deviations may require approved changes to the permit and/or further environmental review. Deviations without the above described approval will constitute a violation of permit approval.

The project description is as follows: The request is to leave in place approximately 293,752 cubic yards of sand impacted by remnant gravel that remains from an exploratory drilling project. The original drilling and production project was approved by the County in 1983 (82-CP-75[cz]) and included the placement of gravel for road base to accommodate heavy equipment access and stabilize sand near the proposed drilling islands. Permit Condition No. 31 of 82-CP-75(cz) for the drilling project requires removal of all materials brought into the dunes to support the exploratory drilling project as follows:

- No. 31. All introduced materials on or near the surface (depth of 15 feet) shall be removed when the drilling islands are abandoned.

The project ceased operation in 1989 after only partially developing the approved plan, and commenced abandonment and reclamation of the site as required by the County. With the exception of the remnant gravel sites, all production wells and infrastructure were abandoned and site reclamation was completed under 96-CDP-010 in 1997 in compliance with County and DOGGR regulations. A portion of the gravel and some asphaltic materials were removed in 1997; however, up to 293,752 cy of sand impacted by gravel remain. In exchange for being allowed to leave gravel in place, the Applicant would provide a monetary in-lieu fee to the County for enhancement of public recreation in the north coastal region of Santa Barbara County.

The grading, development, use, and maintenance of the property, the size, shape, arrangement, and location of structures, parking areas and landscape areas, and the protection and preservation of resources shall conform to the project description above, the referenced exhibits, and conditions of approval below. The property and any portions thereof shall be sold, leased or financed in compliance with this project description and the approved exhibits and conditions of approval hereto. All plans (such as Landscape and Tree Protection Plans) shall be implemented as approved by the County.

2. **Special MM REC-1: In-Lieu Property Acquisition.** Shell Exploration and Production, Inc. (Applicant) shall provide an in-lieu fee to the County for the purpose of mitigating the recreational impact of the Proposed Project (18.9 acres footprint) through the purchase of property for public recreational or open space purposes at a ratio of not less than 3:1 (56.7 acres). This property would be designated and preserved for recreational and open space use. The optimal property would be located within the north coastal region of the County, in the vicinity of the Project Site, characterized by similar dune habitat and substantial scenic value, and be suitable for passive recreational or open space uses by the public. In addition to offsetting recreational impacts, this in-lieu fee would result in additional indirect benefits to aesthetics, geological resources, and biological resources. **TIMING:** The

Applicant shall provide the in-lieu fee to the County to purchase land for public recreational purposes at a ratio of not less than 3:1 prior to issuance of a Coastal Development Permit (14CDP-00000-00072).

3. **Property Acquisition.** Prior to issuance of a Land Use Permit effectuating the Coastal Development Permit (14CDP-00000-00072), the County of Santa Barbara shall enter into a contract to acquire in fee title acreage sufficient to meet the requirements of mitigation measure MM REC-1.
4. **Rules-02 Effective Date-Appealable to CCC.** This Coastal Development Permit shall become effective upon the expiration of the applicable appeal period provided an appeal has not been filed. If an appeal has been filed, the planning permit shall not be deemed effective until final action by the review authority on the appeal, including action by the California Coastal Commission if the planning permit is appealed to the Coastal Commission. [ARTICLE II § 35-169].
5. **Rules-11 CDP Expiration-With CUP or DVP.** The approval or conditional approval of a Coastal Development Permit shall be valid for one year from the date of decision-maker action. Prior to the expiration of the approval, the review authority who approved the Coastal Development Permit may extend the approval for one year if good cause is shown and the applicable findings for the approval required in compliance with Section 35-169.5 can still be made. Prior to the expiration of a time extension approved in compliance with Subsection a. above, the review authority who approved the time extension may approve two additional time extensions for two years each if good cause is shown and the applicable findings for the approval required in compliance with Section 35-169.5 can still be made.

A Coastal Development Permit shall expire two years from the date of issuance if the use or structure for which the permit was issued has not been established or commenced in conformance with the effective permit. A Coastal Development Permit whose expiration date has been extended in compliance with the above will nevertheless expire at the earlier of: (1) the expiration of the most recent time extension or (2) the expiration of the associated Conditional Use Permit or Development Plan (as modified by any extension thereto).

6. **Rules-03 Additional Permits Required.** The use and/or construction of any structures or improvements authorized by this approval shall not commence until the all necessary planning and building permits are obtained. Before any Permit will be issued by Planning and Development, the Owner/Applicant must obtain written clearance from all departments having conditions; such clearance shall indicate that the Owner/Applicant has satisfied all pre-construction conditions. A form for such clearance is available from Planning and Development.
7. **Rules-05 Acceptance of Conditions.** The Owner/Applicant's acceptance of this permit and/or commencement of use, construction and/or operations under this permit shall be deemed acceptance of all conditions of this permit by the Owner/Applicant.
8. **Rules-23 Processing Fees Required.** Prior to issuance of zoning clearance, the Owner/Applicant shall pay all applicable P&D permit processing fees in full as required by County ordinances and resolutions.

9. **Rules-25 Signed Agreement to Comply.** Prior to issuance of zoning clearance, the Owner/Applicant shall provide evidence that they have recorded a signed Agreement to Comply with Conditions that specifies that the permit Owner agrees to comply with the project description, approved exhibits and all conditions of approval. Form may be obtained from the P&D office.
10. **Rules-33 Indemnity and Separation.** The Owner/Applicant shall defend, indemnify and hold harmless the County or its agents or officers and employees from any claim, action or proceeding against the County or its agents, officers or employees, to attack, set aside, void, or annul, in whole or in part, the County's approval of this project. In the event that the County fails promptly to notify the Owner/Applicant of any such claim, action or proceeding, or that the County fails to cooperate fully in the defense of said claim, this condition shall thereafter be of no further force or effect.
11. **Rules-37 Time Extensions-All Projects.** The Owner / Applicant may request a time extension prior to the expiration of the permit or entitlement for development. The review authority with jurisdiction over the project may, upon good cause shown, grant a time extension in compliance with County rules and regulations, which include reflecting changed circumstances and ensuring compliance with CEQA. If the Owner / Applicant requests a time extension for this permit, the permit may be revised to include updated language to standard conditions and/or mitigation measures and additional conditions and/or mitigation measures which reflect changed circumstances or additional identified project impacts.

Exhibit D

Recorded at request of
and when recorded mail to:
COUNTY OF SANTA BARBARA
General Services Department
Real Property Division
WILL CALL

**COUNTY OF SANTA BARBARA
OFFICIAL BUSINESS**

Document entitled to free recordation
Pursuant to Government Code Section 6103

NO TAX DUE

SPACE ABOVE THIS LINE FOR RECORDER'S USE
APNs: 113-020-011, 012, 013, 020, & 021

QUITCLAIM DEED

SWEPI LP, a Delaware limited partnership, ("Grantor") and current lessee under certain leases affecting the real property known as Guadalupe Dunes County Park, legally described in Attachment 1, which is attached hereto and incorporated by reference herein, ("Property") between Grantor and the County of Santa Barbara, as current lessor,

FOR A VALUABLE CONSIDERATION, DOES HEREBY REMISE, RELEASE, AND FOREVER QUITCLAIM to COUNTY OF SANTA BARBARA, a political subdivision of the State of California, any and all interest, including any and all mineral, subsurface, and access rights, in the Property.

IN WITNESS WHEREOF, SWEPI, a Delaware limited partnership, has executed this Quitclaim Deed on the ___ day of _____, 2017.

Grantor

SWEPI LP,
a Delaware limited partnership

By: _____

Name: _____

Title: _____

Attachment 1

LEGAL DESCRIPTION

Real property in the unincorporated area of the County of Santa Barbara, State of California, described as follows:

PARCEL ONE:

THOSE CERTAIN PARCELS OR TRACTS OF LAND IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, BEING PORTIONS OF THE RANCHO GUADALUPE AND THE SUBDIVISIONS THEREOF DESIGNATED ON THE MAP ENTITLED "MAP OF THE SUBDIVISION OF THE RANCHO GUADALUPE, SANTA BARBARA COUNTY AND SAN LUIS OBISPO COUNTY, CALIFORNIA" SURVEYED AND SUBDIVIDED BY JAMES T. STRATION NOVEMBER 1871, FILED IN THE COUNTY RECORDER'S OFFICE OF SAID COUNTY OF SANTA BARBARA ON MARCH 08, 1880, AND PASTED IN BOOK "B" OF MISCELLANEOUS RECORDS, PAGE 422, AS SHOWN ON MAP ENTITLED "MAP OF THE SUBDIVISION OF RANCHO GUADALUPE" FILED AS MAP 3 IN RACK 4 IN THE OFFICE OF THE COUNTY RECORDER OF SANTA BARBARA COUNTY, DESCRIBED AS FOLLOWS:

ALL THOSE PORTIONS OF SUBDIVISIONS NO.'S 160 AND 161 OF RANCHO GUADALUPE WHICH LIE SOUTHERLY, SOUTHWESTERLY AND SOUTHEASTERLY OF THE DIVIDING LINE BETWEEN SANTA BARBARA COUNTY AND SAN LUIS OBISPO COUNTY, KNOWN AS THE SANTA BARBARA- ; SAN LUIS OBISPO COUNTY LINE, AS SHOWN ON THE MAP OF SAID RANCHO.

EXCEPTING THEREFROM THAT PORTION OF SUBDIVISION NO. 160 OF SAID RANCHO GUADALUPE AS GRANTED TO AVELINO MORGANTI BY DEED DATED NOVEMBER 11, 1905, AND RECORDED IN BOOK 110, PAGE 372 OF DEEDS, ON FILE IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE EAST LINE OF SAID SUBDIVISION NO. 160 DISTANT SOUTH 0° 23' WEST 40 FEET FROM THE SOUTHWEST CORNER OF SUBDIVISION NO. 158, AS SHOWN ON THE MAP OF SAID RANCHO; THENCE SOUTH 0° 23' WEST 54.05 CHAINS (3507.24 FEET) TO THE SOUTHEAST CORNER OF SAID SUBDIVISION NO. 160; THENCE ALONG THE SOUTH LINE OF SAID SUBDIVISION NO. 160, ALONG AN OLD WILLOW AND WIRE FENCE, WEST 18.50 CHAINS (1221 FEET) TO A STAKE; THENCE NORTH 0° 23' EAST 54.05 CHAINS (3507.24 FEET) TO THE NORTHWEST CORNER THEREOF MARKED BY A STAKE; THENCE EAST 18.50 CHAINS (1221 FEET) TO THE POINT OF BEGINNING.

ALSO EXCEPTING FROM SUBDIVISION NO. 161 OF SAID RANCHO GUADALUPE ANY PORTION THEREOF WHICH AT ANY TIME WAS TIDE LAND WHICH WAS NOT FORMED BY THE DEPOSIT OF ALLUVIUM FROM NATURAL CAUSES AND BY IMPERCEPTIBLE DEGREES.

ALSO EXCEPTING FROM SUBDIVISION NO. 161 THAT PORTION THEREOF CONVEYED TO MARCETIA S. GORDON BY DEED RECORDED DECEMBER 28, 1967, AS INSTRUMENT NO. 37711, IN BOOK 22.15, PAGE 1476 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THOSE TWO PARCELS AS CONVEYED TO THE COUNTY OF SANTA BARBARA BY FINAL ORDER OF CONDEMNATION, RECORDED ON MARCH 10, 1970 IN BOOK 2302, PAGE 1245 OF OFFICIAL RECORDS, INSTRUMENT NO. 6406.

ALSO EXCEPTING THEREFROM THAT PORTION OF SUBDIVISION NO. 161 OF RANCHO GUADALUPE, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SHOWN ON THE MAP OF SAID RANCHO, DESCRIBED AS FOLLOWS:

STARTING AT THE NORTHWEST CORNER OF LOT 161, RANCHO GUADALUPE, SANTA BARBARA

Attachment 1

COUNTY, THENCE 2000 FEET SOUTH 57° EAST ALONG THE UNION SUGAR PROPERTY LINE, THENCE 1720 FEET SOUTH 33° WEST AT RIGHT ANGLES, THENCE APPROXIMATELY 1400 FEET DUE WEST TO THE MEAN HIGH TIDE LINE, THENCE APPROXIMATELY 2600 FEET NORTHEASTERLY ALONG THE MEAN HIGH TIDE LINE TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM 60% OF 100% OF ALL OIL, GAS, GASOLINE, ASPHALTUM AND OTHER HYDROCARBONS OF WHATEVER CATEGORY IN AND UNDER SAID LAND AS CONVEYED TO SMV MINERALS, INC., A CORPORATION BY DEED DATED JUNE 12, 1972, RECORDED JUNE 15, 1972, IN BOOK 2406, PAGE 199, OF OFFICIAL RECORDS SANTA BARBARA COUNTY, CALIFORNIA AND RECORDED JUNE 16, 1972, IN BOOK 1673, PAGE 750, OFFICIAL RECORDS OF SAN LUIS OBISPO COUNTY, CALIFORNIA.

APN: 113-020-021 PARCEL TWO:

THOSE CERTAIN PARCELS OR TRACTS OF LAND IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, BEING PORTIONS OF THE RANCHO GUADALUPE AND THE SUBDIVISIONS THEREOF DESIGNATED ON THE MAP ENTITLED "MAP OF THE SUBDIVISION OF THE RANCHO GUADALUPE, SANTA BARBARA COUNTY AND SAN LUIS OBISPO COUNTY, CALIFORNIA" SURVEYED AND SUBDIVIDED BY JAMES T. STRATTON NOVEMBER 1871, FILED IN THE COUNTY RECORDER'S OFFICE OF SAID COUNTY OF SANTA BARBARA ON MARCH 08, 1880, AND PASTED
,, IN BOOK "B" OF MISCELLANEOUS RECORDS, PAGE 422, AS SHOWN ON MAP ENTITLED "MAP OF THE SUBDIVISION OF RANCHO GUADALUPE" FILED AS MAP 3, IN RACK 4, IN THE OFFICE OF THE COUNTY RECORDER OF SANTA BARBARA COUNTY, DESCRIBED AS FOLLOWS:

THAT PORTION OF SUBDIVISION NO. 161 OF RANCHO GUADALUPE, IN THE COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, AS SHOWN ON THE MAP OF SAID RANCHO, DESCRIBED AS FOLLOWS:

STARTING AT THE NORTHWEST CORNER OF LOT 161, RANCHO GUADALUPE, SANTA BARBARA COUNTY, THENCE 2000 FEET SOUTH 57° EAST ALONG THE UNION SUGAR PROPERTY LINE THENCE 1720 FEET SOUTH 33° WEST AT RIGHT ANGLES, THENCE APPROXIMATELY 1400 FEET DUE WEST TO THE MEAN HIGH TIDE LINE, THENCE APPROXIMATELY 2600 FEET NORTHEASTERLY ALONG THE MEAN HIGH TIDE LINE TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM PARCELS ONE AND TWO ABOVE THESE PORTIONS CONVEYED TO MARETTI AND MINETTI RANCH CO., A PARTNERSHIP BY DEED RECORDED MAY 09, 1975, AS INSTRUMENT NO. 14596, IN BOOK 2564, PAGE 396 OF OFFICIAL RECORDS.

ALSO EXCEPTING FROM PARCELS ONE AND TWO ALL THE MINERALS OIL, GAS, CASINGHEAD GAS AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER SAID LAND AS CONVEYED TO ASSOCIATED SANTA MARIA MINERALS BY DEED RECORDED JANUARY 28, 1975, AS INSTRUMENT NO. 2552, IN BOOK 2550, PAGE ONE OF OFFICIAL RECORDS.

APN: 113-020-020 PARCEL THREE:

BEGINNING ON A 2 INCH IRON PIPE WITH A 2 INCH BRASS CAP MARKED "S.B. COUNTY SURVEY MON." AT THE MOST EASTERLY CORNER OF THE TRACT OF LAND CONTAINING "206.04 ACRES" AS SHOWN ON COUNTY SURVEYOR'S MAP NO. 1266 FILED IN THE OFFICE OF THE SANTA BARBARA COUNTY SURVEYOR; THEN PROCEEDING FOR FOUR (4) COURSES ALONG THE SOUTHEASTERLY LINE OF SAID 206.04 ACRE PARCEL;

Attachment 1

1ST, SOUTH 58° 35' 40" WEST 470.60 FEET TO A COUNTY SURVEY MONUMENT;

2ND, NORTH 78° 29' 50" WEST 344.28 FEET TO A COUNTY SURVEY MONUMENT;

3RD, NORTH 63° 24' 50" WEST 381.74 FEET TO A COUNTY SURVEY MONUMENT; AND

4TH, SOUTH 61° 00' 10" WEST 206.30 FEET TO A COUNTY SURVEY MONUMENT; THENCE 5TH, NORTH 40° 10' 20" WEST 274.16 FEET TO A POINT; THENCE 6TH, NORTH 60° 29' 20" WEST 590.59 FEET TO A COUNTY SURVEY MONUMENT; THENCE 7TH, NORTH 49° 25' 17" WEST 448.48 FEET TO A COUNTY SURVEY MONUMENT ON THE NORTHERLY LINE OF SAID 206.04 ACRE PARCEL; THEN CONTINUING FOR FIVE (5) COURSES ALONG SAID BOUNDARY LINE;

8TH, SOUTH 81° 23' 07" EAST 1,211.02 FEET TO A COUNTY SURVEY MONUMENT;

9TH, SOUTH 80° 02' 08" EAST 421.47 FEET TO A COUNTY SURVEY MONUMENT;

10TH, SOUTH 63° 35' 20" EAST 328.04 FEET TO A COUNTY SURVEY MONUMENT;

11TH, SOUTH 82° 51' 50" EAST 325.92 FEET TO A COUNTY SURVEY MONUMENT; AND

12TH, SOUTH 14° 20' 50" EAST 254.15 FEET TO THE TRUE POINT OF BEGINNING; CONTAINING 22.2 ACRES, MORE OR LESS.

APN: 113-020-012 PARCEL FOUR:

COMMENCING ON A 2-INCH IRON PIPE AND BRASS CAP MARKED "R.E. 2928" AS SHOWN ON SURVEYOR'S MAPS NO. 1247 AND NO. 1266 FILED IN THE OFFICE OF THE SANTA BARBARA COUNTY SURVEYOR, BEING A POINT IN THE NORTHERLY LINE OF LOT 161; THENCE ALONG SAID LOT LINE, NORTH 57° 00' WEST 2008.91 FEET TO A POINT; THENCE SOUTH 15° 38' 30" WEST 1431.66 FEET TO STATE LANDS MONUMENT 8162; THENCE SOUTH 59° 07' 26" EAST 53.58 FEET TO A POINT ON THE NORTHEASTERLY LINE OF A SIXTY FOOT (60.00') RIGHT OF WAY; THENCE SOUTH 49° 46' 29" WEST 60.00 FEET TO A POINT ON THE SOUTHWESTERLY LINE OF THE SIXTY FOOT RIGHT OF WAY AND THE TRUE POINT OF BEGINNING; THEN FOR TWO (2) COURSES ALONG THE BOUNDARY LINE OF SAID RIGHT OF WAY:

1ST, AT RIGHT ANGLES, NORTH 40° 13' 31" WEST 646.00 FEET TO A POINT; AND

2ND, AT RIGHT ANGLES, NORTH 49° 46' 29" EAST 60.00 FEET TO A POINT; THENCE 3RD, NORTH 76° 43' 34" WEST 157.26 FEET, MORE OR LESS, TO A POINT IN THE MEAN HIGH TIDE LINE OF THE PACIFIC OCEAN; THENCE 4TH, ALONG SAID OCEAN LINE, SOUTH 13° 16' 26" WEST 200.00 FEET TO A POINT, THENCE 5TH, PARALLEL TO ABOVE DESCRIBED 1ST COURSE, SOUTH 40° 13' 31" EAST 647.45 FEET, MORE OR LESS, TO A POINT ON A LINE BEARING SOUTH 49° 46' 29" WEST FROM THE TRUE POINT OF BEGINNING; THENCE 6TH, AT RIGHT ANGLES, NORTH 49° 56' 29" EAST 194.32 FEET TO THE TRUE POINT OF BEGINNING.

APNS: 113-020-011 AND 113-020-013