

Project: Ellwood Pipeline, Inc.
Submerged Lands in County
Folio No.: 003657
Agent: rc

**CONSENT TO ASSIGNMENT, ASSUMPTION OF PERFORMANCE, AND
FIRST AMENDMENT TO LEASE AGREEMENT**

**THIS CONSENT TO ASSIGNMENT, ASSUMPTION OF PERFORMANCE, AND
FIRST AMENDMENT TO LEASE AGREEMENT** (hereinafter "Agreement") is made by
and between the

COUNTY OF SANTA BARBARA, a
political subdivision of the State of California,
hereinafter referred to as "COUNTY,"

and

ELLWOOD PIPELINE, INC., a California
Corporation, hereinafter referred to as
"LESSEE,"

with reference to the following:

WHEREAS, COUNTY is Lessor in that certain fifty (50) year Lease Agreement
(hereinafter "Lease") dated September 27, 1965 with Standard Oil Company of California, as
Lessee; and

WHEREAS, Chevron USA, Inc. is the successor in interest to the Standard Oil Company
of California under said Lease; and

WHEREAS, in accordance with Section 5 of said Lease, LESSEE shall obtain written
consent by County prior to assignment of said Lease; and

WHEREAS, COUNTY is willing to consent to the assignment of said Lease from Chevron
USA to LESSEE, subject to the amended Lease terms and conditions contained herein.

NOW, THEREFORE, in consideration of the promises, covenants, and conditions
contained herein, the parties agree as follows:

1. **RECITALS**: The above stated recitals are true and correct and are incorporated
into the terms and conditions of this First Amendment to Lease Agreement as set forth in full
herein.

2. **CONSENT TO ASSIGNMENT**: COUNTY hereby consents to the assignment of
the Lease from Chevron USA to LESSEE, having as their principal place of business at 370 17th
Street, Suite 2950, Denver, CO 80202, and local branch place of business at 6267 Carpinteria
Avenue, Suite 100, Carpinteria, CA 93013. LESSEE hereby consents that there shall be no further
assignment, or subletting, without the written consent of COUNTY.

3. **ASSUMPTION OF PERFORMANCE OF ASSIGNEE:** LESSEE hereby assumes said Lease attached hereto as Exhibit "A" and incorporated herein, and shall faithfully perform, and shall agree to be bound by all of the terms, conditions, and covenants thereof, with the same force and effect as its successor in interest, Chevron USA.

4. **PROCESS FEE:** Concurrent with the execution of this Agreement, LESSEE shall pay to County a nonrefundable fee of Six Thousand Dollars (\$6,000.00) to reimburse COUNTY for its staff cost in preparing and processing this Lease. LESSEE acknowledges that the fee is not applicable against rent or any other charge or fee under the Lease.

5. **AMENDMENT OF LEASE:** The Lease shall be amended as follows:

(a) Section 2 of the Lease is deleted and the following new section is added in its place:

2. LESSEE shall pay to the COUNTY as consideration for the granting of this Lease an annual rent of TWELVE THOUSAND SIX HUNDRED FIFTEEN AND 44/100 DOLLARS (\$12,615.44) payable commencing on the first month immediately following the date of approval of the County Board of Supervisors of this First Amendment, and continuing thereafter, on that anniversary date of each subsequent year during the term of said Lease.

Annual rent is to be made payable to: "County of Santa Barbara" and shall be hand delivered or mailed to the General Services Department, Support Services Division, 1105 Santa Barbara Street, 2nd Floor, Santa Barbara, CA 93101-6065.

2.1 The annual rent shall be subject to an annual Cost of Living Adjustment of TWO PERCENT (2%) per annum during the term of this Lease. Beginning on each and every annual anniversary date, the annual rent shall be increased from the annual rent payable during the immediately preceding year of the Lease term.

(b) Section 4 of the Lease is deleted and the following new section is added in its place:

4. The purpose of the Lease is to allow LESSEE the right to operate, maintain, repair, replace, and remove existing submerged pipelines from Platform Grace in the Santa Clara Field and Platform Gail in the Sockeye field to the Carpinteria Oil and Gas Processing Facility located on-shore in Carpinteria for the following:

4.1 One (1) ten inch (10") diameter steel pipeline, extending approximately six thousand one hundred twenty four lineal feet (6,124'), together with all appurtenances necessary to properly operate and maintain the pipeline, for the collection, transportation or distribution of natural gas, and which lies in a fifty foot (50') wide corridor in, under, along or across the COUNTY'S submerged lands as described and shown in Exhibit "B" attached hereto and incorporated hereof.

4.2 One (1) ten inch (10") diameter steel pipeline, extending approximately six thousand one hundred twenty four lineal feet (6,124'), together with all appurtenances necessary to properly operate and maintain the pipeline, for the collection, transportation or distribution of hydrocarbon substances (oil and natural gas) and water, and which lies

To the COUNTY: General Services Department
 Support Services Division
 1105 Santa Barbara Street
 Santa Barbara, CA 93101
 (805) 568-3070

The address to which the notices shall be mailed as aforesaid may be changes by written notice as herein provided, but nothing contained shall preclude the giving of any such notice by personal service.

(f) Section 17 is added as follows:

17. LESSEE shall provide COUNTY copies of any reports submitted to the U.S. Department of Transportation, the Bureau of Safety and Environmental Enforcement, the California State Lands Commission, and the Office of the State Fire Marshall by LESSEE, LESSEE'S agent and/or consultants, or by any party on LESSEE'S behalf to the foregoing governmental agencies. The foregoing obligation shall only apply to reports which are public information and not protected from disclosure under the Federal Freedom of Information Act or the State Public Records Act.

(g) Section 19 is added as follows:

19. LESSEE shall comply with all applicable laws, rules, and regulations affecting the Premises now or hereafter in effect. Specially, Lessee shall comply with all requirements and safety regulations as are in effect now or as may be enacted or amended from time to time in the future, with respect to operation of underwater oil and gas pipelines.

The COUNTY approval shall be deemed conditioned upon LESSEE acquiring appropriate permits to proceed from governmental agencies, the furnishing of a copy thereof to the COUNTY, or designee, prior to the commencement of the work, and the compliance by LESSEE with all conditions of said permit in a prompt and expeditious manner. Any and all permits or clearances required shall be made only on the merits of the application thereof, and nothing in this Lease shall be construed to require that COUNTY, or any other government agency, is required to grant such permits or clearances.

(h) Section 20 is added as follows:

20. LESSEE shall comply with COUNTY laws, rules and regulations regarding nondiscrimination as such are found in the Santa Barbara Code and as such may from time to time be amended. These provisions are incorporated herein as if they were fully set forth.

Noncompliance with provisions of this section shall constitute a material breach of this Lease and in addition to any other remedies provided by law, COUNTY shall have the right to terminate this Lease and the interest hereby created without liability therefore. LESSEE shall also comply with applicable State or Federal laws, rules and regulations regarding nondiscrimination.

(i) Section 21 is added as follows:

21. LESSEE shall comply with all applicable laws, regulations, rules, and orders regardless of when they become or became effective, including without limitation those relating to construction, signing, health, safety, noise, environmental protection, waste disposal, water and air quality, and shall furnish satisfactory evidence of compliance upon request of COUNTY.

Should any discharge, leakage, spillage, emission, or pollution of any type occur upon or from the Premises due to LESSEE'S use and occupancy, LESSEE shall clean all property affected to the satisfaction of COUNTY and any governmental body having jurisdiction therefore. LESSEE shall indemnify, hold harmless, and defend COUNTY from and against all liability, claim, cost, and expense (including without limitation any fines, penalties, judgments, litigation costs, attorney's fees, consulting, engineering and construction costs) incurred by COUNTY as a result of LESSEE'S breach of this Section, or as a result of any such discharge, leakage, spillage, emission or pollution due to LESSEE'S use and occupancy, regardless of whether such liability, cost or expense arises during or after the term of this Lease, and regardless of negligence, active or passive, of COUNTY.

(j) Section 22 is added as follows:

22. LESSEE shall not manufacture or generate hazardous wastes on the Premises. LESSEE shall be fully responsible for any hazardous wastes, substances or materials as defined under federal, state or local law, regulation, or ordinance that are manufactured, generated, used, placed, disposed, stored, or transported by LESSEE, its agents, employees, or designees on the Premises during the term of this Lease and shall comply with and be bound by all applicable provisions of such federal, state, or local law, regulation, or ordinance dealing with such wastes, substances, or materials. LESSEE shall notify COUNTY and the appropriate governmental emergency response agency(ies) immediately in the event of any release or threatened release of any such wastes, substances or materials.

(k) Section 23 is added as follows:

23. If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Lease shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

(l) Section 24 is added as follows:

24. The signatories of this Lease and each of them represent and warrant that they are authorized to execute this Lease and that no additional signatures are required to bind COUNTY and LESSEE to its terms and conditions or to carry out duties contemplated herein.

(m) Section 25 is added as follows:

25. The parties to this Lease intend that their negotiations, conversations and statements made prior to execution of this Lease are fully integrated and expressed herein, and no such negotiations, conversations, and statements shall be deemed to create rights or obligations other than those stated herein.

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IN WITNESS WHEREOF, COUNTY and LESSEE have executed this Lease by the respective authorized officers as set forth below to be effective as of the date executed by COUNTY.

“COUNTY”
COUNTY OF SANTA BARBARA

ATTEST:
CHANDRA L. WALLAR
CLERK OF THE BOARD

Doreen Farr, Chair
Board of Supervisors

By _____
Deputy Clerk

Date: _____

“LESSEE”
Ellwood Pipeline, Inc.

“LESSEE”
Ellwood Pipeline, Inc.

Patrick T. Moran
Patrick T. Moran
Sr. Land Negotiator
Print Name and Title

Ian Livett
Ian Livett
Vice-President, So. California Operations
Print Name and Title

APPROVED AS TO ACCOUNTING FORM:
ROBERT W. GEIS, CPA
AUDITOR-CONTROLLER

APPROVED AS TO FORM:
DENNIS A. MARSHALL
COUNTY COUNSEL

By _____
Auditor-Controller
Gregory Eric Levin
Advanced and Specialty Accounting

By _____
Kevin E. Ready, Sr.
Deputy County Counsel

APPROVED:
Ron Carlentine
Ron Carlentine
Real Property Manager

APPROVED:
Ray Aromatorio
Ray Aromatorio, ARM, AIC
Risk Program Administrator

LEASE

THIS LEASE, entered into this 27th day of September, 1965, by and between the COUNTY OF SANTA BARBARA, a body politic and corporate and subdivision of the State of California (hereinafter referred to as "County"), as Lessor, and STANDARD OIL COMPANY OF CALIFORNIA, as Lessee (hereinafter referred to as "Lessee").

For and in consideration of the covenants and agreements of Lessee, County does hereby lease, let and demise unto Lessee, for a term of fifty (50) years, commencing on the date hereof, the following parcel of tide and submerged land situate in said County of Santa Barbara, and more particularly described as follows, to wit:

A parcel of land fifty (50) feet in width situated in the County of Santa Barbara, State of California, the center line of which is described on the California Coordinate System, Zone 5, as follows:

Beginning at a point having Lambert coordinates of North 325,290 feet, East 1,545,490 feet; thence South 14° East Grid, 456 feet; thence South 19° 60 East Grid, 1200 feet; thence South 0° Grid, 810 feet; thence South 10° 40' West Grid, 1000 feet; thence South 21° 20' West Grid, 1000 feet; thence South 32° West Grid, 13,800 feet to platform Hope (Lambert Coordinates, Zone 5 of said platform Hope are North 309,513 feet, East 1,537,980 feet); thence North 81° East Grid, 3780 feet to platform Heidi (Lambert Coordinates, Zone 5 of said platform Heidi are North 310,050 feet, East 1,541,600 feet).

40' *all the 92k*

The parties to this agreement do hereby covenant and agree as follows:

1. That the term of this agreement shall commence upon the above recited date of September 27, 1965, and shall continue thereafter

(unless sooner terminated as hereinafter provided) until September 27,
2015.

2. Lessee shall pay to the County as consideration for the granting of this Lease, the sum of Thirteen Thousand Six Hundred Twenty Dollars (\$ 13,620.00) upon execution of this agreement, being the total rental for the full term; provided, however, that in the event of termination of this agreement pursuant to Paragraph 12 herein, no portion of said consideration shall be refundable.

3. Lessee will pay to the County the said consideration without deduction, default or delay; and, in the event of failure of the Lessee so to do, or in the event of a breach of any of the other covenants contained within this agreement, or failure to observe the terms, conditions, restrictions or time limitations herein contained, to be kept, performed and observed, it shall be lawful for the County to re-enter into and upon said premises, and to remove all persons and property therefrom, and to repossess and enjoy the herein described premises as in the first and former estate of the County, anything to the contrary herein contained notwithstanding.

4. The described land shall be used during the term hereof only for lawful purposes, namely, for submerged pipe lines and appurtenant facilities.

5. Lessee shall not transfer or assign this Lease, nor sublet said land or any part thereof except upon the prior written consent of the County first had and obtained.

6. County expressly reserves the right to grant easement or crossings in, upon and under said premises, subject to this lease, and nothing herein contained shall be construed as limiting the powers of the County to lease, during the life of this agreement, the hereinabove described lands for any purpose whatsoever not inconsistent or incompatible with the rights or privileges granted to Lessee by this agreement.

7. Lessee shall maintain and keep in good, sound repair all

structures, facilities or appurtenances of Lessee upon the property.

8. Lessee agrees to indemnify the County against any loss, damage, claim, demand or action, caused by, arising out of, or connected with the construction or maintenance by Lessee of structures upon, or the use by the Lessee and/or agents thereof, of said premises.

9. Lessee shall observe and comply with all rules and regulations now promulgated by any agency of the State of California or the County of Santa Barbara having jurisdiction therein and such reasonable rules and regulations as may hereafter be promulgated by any agency of the State of California or the County of Santa Barbara having jurisdiction therein; and the Lessee shall at all times take suitable precautions to prevent pollution and contamination of waters of the Pacific Ocean.

10. County, through its authorized agents, shall have the right at all reasonable times to go upon said premises for the purpose of inspecting the same.

11. All structures, buildings, pipe lines, machinery and facilities placed or erected by Lessee or existing and located upon said premises shall be salvaged and removed by Lessee, at Lessee's sole expense and risk, within ninety (90) days after the expiration of the period of this agreement, or prior to any sooner termination of this agreement, to a depth of fifteen (15) feet at mean low tide or to one hundred fifty (150) feet seaward of the line of mean low tide, whichever is greater; and Lessee in so doing shall restore said premises as nearly as possible to the condition existing prior to the erection or placing of the structures, buildings, pipe lines, machinery and facilities so removed.

12. The Lessee may terminate this agreement upon sixty (60) days' notice of such termination to the County; provided, however, that no such termination shall become effective, and the Lessee shall be fully liable to pay the consideration and for the performance of all other obligations on the part of the Lessee, until said Lessee has fully complied with and has

consummated each and all of the provisions of Paragraphs 11 and 13 hereof.

13. Lessee will, on the last day of said term or sooner termination of this agreement, peaceably and quietly leave, surrender and yield up to County, all and singular, the said premises in good order, condition and repair, reasonable use and wear thereof and damage by act of God or the elements excepted; and execute and deliver to County a good and sufficient quitclaim deed to the rights arising hereunder. Should Lessee fail or refuse to deliver to County a quitclaim deed as aforesaid, a written notice by County reciting the failure or refusal of Lessee to execute and deliver said quitclaim deed as herein provided shall, from the date of recordation of said notice, be conclusive evidence against Lessee and all persons claiming under Lessee of the termination of this agreement.

14. All notices herein provided to be given shall be deemed to have been fully given when made in writing and deposited in the United States mail, registered and postage prepaid, addressed as follows:

To the County:

Board of Supervisors
County Court House
Santa Barbara, California

To the Lessee:

Standard Oil Company of California
P. O. Box 606
La Habra, California 90633

The address to which the notices shall be mailed as aforesaid may be changed by written notice as herein provided, but nothing herein contained shall preclude the giving of any such notice by personal service.

15. Time is the essence of each and all the terms and provisions of this agreement, and the terms and provisions of this agreement shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto; if more than one Lessee is named herein the obligations of said parties herein contained shall be joint and several.

16. This agreement may be terminated or the provisions changed,

altered or amended by mutual consent of the parties.

IN WITNESS WHEREOF, the parties hereto have executed this agreement
as of the date hereinbefore set forth.

ATTEST:

J. E. Lewis
Clerk

COUNTY OF SANTA BARBARA

By A. P. Chubb
Chairman, Board of Supervisors
"County"

STANDARD OIL COMPANY OF CALIFORNIA

By P. L. Lacombe
P. L. LACOMBE, Attorney, Land Department
Standard Oil Company of California, Western
Operations, Inc., a division of said Company
"Lessee"

FILED: _____
J. E. LEWIS, County Clerk
By _____, Deputy

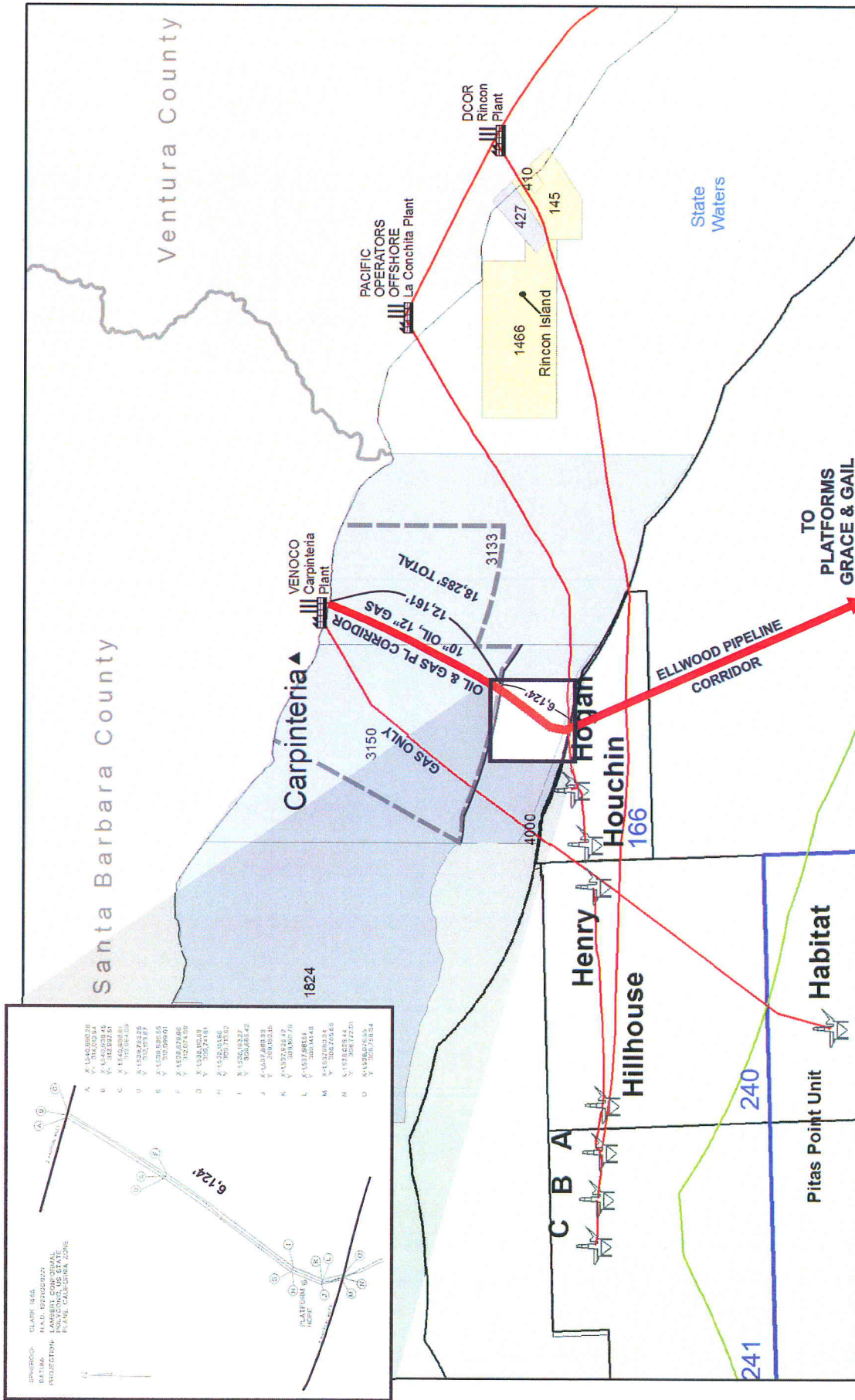


Exhibit "B"

Attached to that certain Consent to Assignment, Assumption of Performance, and First Amendment to Lease Agreement

EXHIBIT C
INSURANCE REQUIREMENTS

1. Indemnity – Grantee shall defend, indemnify and save 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 out of this Agreement or occasioned by the performance or attempted performance of the provisions hereof; including, but not limited to, any act or omission to act on the part of the Grantee or his agents or employees or other independent contractors directly responsible to him; except those claims, demands, damages, costs, expenses (including attorney's fees), judgments or liabilities resulting from the sole negligence or willful misconduct of the County.

Grantee shall notify the County immediately in the event of any accident or injury arising out of or in connection with this Agreement.

2. Additional Insured – All policies, except for the Workers' Compensation, Errors and Omissions and Professional Liability and Automobile Liability policies, shall contain endorsements naming County and its officers, employees, agents and volunteers as additional insureds with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for County to vicarious liability but shall allow coverage for County to the full extent provided by the policy.

3. Waiver of Subrogation Rights – Grantee shall require the carriers of required coverages to waive all rights of subrogation against County, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit Grantee and Grantee's employees or agents from waiving the right of subrogation prior to a loss or claim. Grantee hereby waives all rights of subrogation against County.

4. Policies Primary and Non-Contributory – All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by County.

5. Severability of Interests – Grantee agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between Grantee and County or between County and any other insured or additional insured under the policy.

6. Proof of Coverage – Grantee shall furnish Certificates of Insurance to the County Department administering the Agreement evidencing the insurance coverage, including endorsements, as required, prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and Grantee shall maintain such insurance from the time Grantee commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the

commencement of this Agreement, Grantee shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.

7. Acceptability of Insurance Carrier – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best's Insurance Guide rating of A- VII.

8. Deductibles and Self-Insured Retention - Any and all deductibles or self-insured retentions in excess of \$10,000 shall be declared to and approved by Risk Management.

9. Failure to Procure Coverage – In the event that any policy of insurance required under this Agreement does not comply with the requirements, is not procured, or is canceled and not replaced, County has the right but not the obligation or duty to cancel the Agreement or obtain insurance if it deems necessary and any premiums paid by County will be promptly reimbursed by Grantee or County payments to Grantee will be reduced to pay for County purchased insurance.

10. Insurance Review – Insurance requirements are subject to periodic review by County. The Risk Manager or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interests of County. In addition, if the Division of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Risk Manager or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against County, inflation, or any other item reasonably related to County's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. Grantee agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of County to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of County.

11. Insurance Specifications – Grantee agrees to provide insurance set forth in accordance with the requirements herein. If Grantee uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, Grantee agrees to amend, supplement or endorse the existing coverage to do so. The type(s) of insurance required is determined by the scope of the contract services.

Without in any way affecting the indemnity herein provided and in addition thereto, Grantee shall secure and maintain throughout the Agreement term the following types of insurance with limits as shown:

A Workers' Compensation/Employers Liability – A program of Workers' Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with one million dollar (\$1,000,000) limits covering all persons including volunteers providing services on behalf of Grantee and all risks to such persons under this Agreement.

If Grantee has no employees, it may certify or warrant to County that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the County's Program Risk Administrator.

With respect to Contractors that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.

B. Commercial/General Liability Insurance – Grantee shall carry General Liability Insurance written on Insurance Services Office (ISO) Form CG 00 01 12 07 covering CGL on an "occurrence" basis, covering all operations performed by or on behalf of Grantee with limits of not less than two million dollars (\$2,000,000) per occurrence and not less than a two million dollar (\$2,000,000) general aggregate limit.

C. Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Form Number CA 00 01 covering any auto (Code 1), or if Grantee has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than one million (\$1,000,000) per accident for bodily injury and property damage.

If Grantee owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

D. Pollution Liability Coverage – Grantee shall carry Pollution Liability Coverage with limits of not less than ten million (\$10,000,000) per occurrence.

E. Umbrella Liability Insurance – An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a "dropdown" provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.