

ExxonMobil Production Company

U.S. Production - Santa Ynez Unit

P.O. Box 1207

Goleta, California 93116-1207

RECEIVED
COUNTY OF SANTA BARBARA
SEP 14 2007

PLANNING AND DEVELOPMENT
DEPARTMENT - ENERGY DIVISION

ExxonMobil
Production

September 12, 2007

CREF Credit Option
Las Flores Canyon
Santa Barbara County, California

Mr. Doug Anthony
Santa Barbara County Planning & Development
Energy Division
123 E. Anapamu Street
Santa Barbara, CA 93101

Dear Doug:

This will serve to document our recent conversation whereby I updated you as to the progress and forward plan by ExxonMobil to evaluate a land conveyance proposal to Santa Barbara County in exchange for a credit toward future CREF fees under our FDP Permit Condition X-8. To date, ExxonMobil has received third-party data on recent property sales in and around Las Flores Canyon for comparable land value comparison. This information has been provided to ExxonMobil Land Services personnel for review and further analysis.

At this time, a meeting is scheduled later this month to review our land holdings with local operations management for its recommendation to progress a proposal through our organization. Considering the numerous departments within ExxonMobil that will need to review and approve such a proposal, it is highly unlikely that this will be accomplished within this calendar year. Hence, to meet your current CREF planning cycle and schedule you will need to proceed as if this option is not available for consideration until possibly next year (i.e., CREF fees for 2009 and beyond).

ExxonMobil appreciates the time SBC Energy Division personnel have spent to date in our effort to determine a viable option for an upcoming proposal. With a total of 1,477 acres along the Gaviota Coast under ExxonMobil ownership, it seems that there may be an opportunity for mutual benefit with such an exchange. We plan to diligently pursue this option until otherwise advised. Let me know if you need any additional detail in this regard at this time.

Sincerely,

Gregory W. Riotta

A Division of **Exxon Mobil Corporation**