

Lease 421 Decommissioning Agreement

This Lease 421 Decommissioning Agreement (“Agreement”), effective as of January 28, 2019 (“the Effective Date”), is entered into by and between: (1) California State Lands Commission, an independent commission in the California Resources Agency (“CSLC”); and (2) Exxon Mobil Corporation, a New Jersey corporation (“ExxonMobil”). This Agreement is for services in connection with the permanent removal and decommissioning of well caissons, piers and associated facilities, pipelines, and any other attendant infrastructure, and the remediation and restoration of the site covered by Lease PRC 421.1 dated October 22, 1949 entered into by the State of California, acting by and through CSLC, whereby the State of California leased to Bankline Oil Company a certain tract of tide and submerged land approximately four (4) miles long and a half (0.5) mile wide located in the County of Santa Barbara and known as the Ellwood Oil Field (said land shall be referred to herein as “Lease 421”).

In consideration of the mutual covenants, obligations and agreements contained herein, CSLC and ExxonMobil agree as follows:

1. In addition to the plugging and abandonment of two (2) wells located in Lease 421, API# 283-03489 and API #283-03490, which ExxonMobil has agreed to perform, under and pursuant to the Phase 1 Agreement effective June 29, 2018 (“the Phase 1 Agreement”), ExxonMobil, at its own expense, shall decommission, safely dismantle and remove all the facilities and equipment on Lease 421, including but not limited to two (2) surfzone oil piers, 421-1 and 421-2, the concrete caissons for the said two (2) wells, the timber seawall and removal or abandonment of associated pipelines, and shall restore Lease 421 consistent with Title 14 California Code of Regulations sections 1760(c), 1775 and 1776(f).

2. Scope of Work

Said decommissioning work shall consist of the following:

- (a) Installation of onshore work area fencing;
- (b) Plugging and abandoning the two (2) wells identified in section 1 hereof, as per the Phase I Agreement;
- (c) Removal of fencing blocking entry to well heads;
- (d) Removal of caisson foundations and rebar to appropriate depth;
- (e) Final abandonment of well casing/conductors in accordance with DOGGR regulations and subject to DOGGR approvals;
- (f) Demolition of piers, excavation of pilings, concrete and rebar;
- (g) Removal of cables;
- (h) Removal or abandonment of associated pipelines, interconnection;
- (i) Reinforcement of seawall;
- (j) Redistribution of sand;
- (k) Work site restoration, habitat restoration and cleanup;
- (l) Evaluation of all structures to be removed and the underlying sand for the presence of hazardous materials;
- (m) Remediation and replacement of any contaminated soil or sand within the caissons;

- (n) An investigation of the property covered by Lease 421 to determine if there is any contamination of soil outside the caissons; and
- (o) In the event that contaminated soil is discovered outside of the caissons, the parties reserve their respective rights to determine what liabilities may attach and will work in good faith to resolve such issues.

3. As the California State Commission responsible for the management and protection of natural and cultural resources on Lease 421, CSLC hereby grants to ExxonMobil, its personnel and their agents, employees and contractors, a license to access Lease 421 for the purpose of performing the work as set forth in sections 1 and 2 hereof. In addition, CSLC and ExxonMobil shall coordinate to ensure that such personnel of ExxonMobil and its contractors may, as needed, access Lease 421 by entering onto or using property of third parties, including the owners and operators of the Ellwood Onshore Facility, Sandpiper Golf Course and Bacara Resort and Spa, in order to perform the said work.

4. CSLC shall apply for and obtain all permits, with the support and expertise of ExxonMobil's project team, including technical design permits, and approvals as are necessary, appropriate or required by DOGGR and any other applicable State, County or local authorities to permit and approve the work as set forth in sections 1 and 2 hereof. ExxonMobil or its contractors, in coordination with CSLC, shall prepare and file with DOGGR a notice of intent to commence decommissioning work and shall prepare and submit to DOGGR an Abandonment and Restoration Plan covering the decommissioning of the well and facilities on Lease 421, as required by all applicable statutes and regulations.

5. Prior to the commencement by ExxonMobil or its contractors of the work as set forth in sections 1 and 2 hereof, CSLC will coordinate and consult with ExxonMobil, and their Public Relations team, in order to notify all interested and potentially interested parties, including but not limited to the California Coastal Commission, Department of Fish and Wildlife's Division of Oil Spill Prevention and Response (OSPR), the City of Goleta, County of Santa Barbara Fire Department Prevention Division, Clean Seas, Santa Barbara County Air Pollution Control District, DOGGR, the Bacara Resort and Spa, local residents and the Sandpiper Golf Course regarding the proposed work.

6. ExxonMobil shall ensure that Beacon West Energy Group, LLC ("Beacon West") is notified regarding the work to be performed. CSLC shall ensure that Beacon West fully cooperates with ExxonMobil, its Contractors and their personnel, agents and employees in the performance of the work. CSLC shall ensure that, in connection with any incident arising from the performance of the work as set forth in sections 1 and 2 hereof, all Parties are prepared to activate an appropriate response, as and when needed, under the Ellwood Emergency Action Plan and Ellwood Oil Spill Contingency Plan. ExxonMobil is self-insured and is financially capable of fulfilling its obligations herein.

7. ExxonMobil shall coordinate and consult with CSLC regarding the conduct and manner of the performance of the work as set forth in sections 1 and 2 hereof to ensure that the best interests of the State are achieved, but shall have the sole right to supervise, manage and direct the work to be performed by ExxonMobil personnel, employees, agents or contractors.

8. The Scope of Work will be considered complete upon certification by CSLC that the work has been fully performed. Any disputes that arise under this Agreement will be handled in the same manner described in Article IX, section 3 of the Phase 1 Agreement.

9. Except as specifically set forth herein, this Agreement shall not modify or amend the Phase 1 Agreement, which shall be in full force and effect. This Agreement specifically incorporates and is subject to the following provisions of the Phase 1 Agreement, as if said provisions were specifically set forth herein: Article IV (Work); Article V, Section 6 (Shared Costs); Article VI (Disclaimer of Liability and No Waiver); Article VII (Termination); Article VIII (Force Majeure); Article IX (Applicable Law, etc.); Article X (Confidentiality); Article XI (Notices); Article XII (Successors and Assigns); and Article XIII (Miscellaneous).

IN WITNESS WHEREOF, CSLC and ExxonMobil, intending to be legally bound, have each executed this Agreement under seal as of the Effective Date hereof.

STATE OF CALIFORNIA
California State Lands Commission

By  _____ Dated: January 28, 2019
Jennifer Lucchesi
Executive Officer
100 Howe Avenue, Suite 100 South
Sacramento, California 95825-8202

EXXON MOBIL CORPORATION

By  _____ Dated: January 18, 2019
Jarod M. Rolland
Agent and Attorney-in-Fact
U.S. Production - Exxon Mobil Corporation
22777 Springwoods Village Parkway
Spring, Texas 77389

Exxon Mobil Corporation
22777 Springwoods Village Parkway
N1.5B.335
Spring, Texas 77389
832-624-6380 Tel
george.j.rizzo@exxonmobil.com

George J. Rizzo
Senior Counsel
Upstream Commercial & Operations



January 22, 2019

Seth E. Blackmon, Senior Attorney
California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825

Re: Lease 421 Decommissioning Agreement between the California State
Lands Commission and Exxon Mobil Corporation

Dear Seth:

Per my email to you, please find enclosed the original Lease 421 Decommissioning
Agreement.

Sincerely,

A handwritten signature in blue ink that reads "George J. Rizzo".

George J. Rizzo

Enclosure


cc: Gaby Mares-Boles
W4.2B.488

Keith M. Matocha
W4.2B.338

Matthew P. Vafidis
Holland & Knight LLP
50 California Street
Suite 2800
San Francisco, CA 94111

George J. Rizzo
Exxon Mobil Corporation
22777 Springwoods Village Pkwy.
N1.5B.335
Spring, TX 77389



U.S. POSTAGE  METRE

ZIP 77389 \$ 001
02 411
0000549357 JAN 25

RECEIVED BY
JAN 25 2019
OFFICE SERVICES

Seth E. Blackmon, Senior Attorney
California State Lands Commission
100 Howe Avenue, Suite 100 South
Sacramento, CA 95825