

Staff Report 63

PARTIES:

California State Lands Commission and ExxonMobil Corporation

PROPOSED ACTION:

Consider authorization to execute the Phase 2 Agreement by and between the California State Lands Commission and ExxonMobil Corporation (Exxon) in settlement of the responsibilities to undertake platform hardening, caretaker inspections, and future decommissioning of Platform Holly, offshore Goleta, County of Santa Barbara.

BACKGROUND:

In April 2017, Venoco LLC (Venoco), the lessee of three State oil and gas leases offshore of Goleta (Leases PRC 421, 3120 and 3242), quitclaimed its offshore leases to the Commission, filed for bankruptcy, and began the process of liquidating when it became apparent that Plains All American Pipeline Line 901 would not be repaired thereby eliminating Venoco's ability to produce from Platform Holly. Venoco deserted the onshore and offshore oil and gas infrastructure associated with the leases, which required the Commission to exercise the State's police powers to staff and maintain the facilities to ensure public health and safety and protection of the environment ([Item 76, June 22, 2017](#)).

The facilities Venoco deserted included two oil piers associated with Lease PRC 421 (421 Piers); a seep tent; associated pipelines and conduit; and Platform Holly, situated approximately 2 miles off Coal Oil Point, in 211 feet of water (producing under Leases PRC 3120 and 3242). The Commission's safe operation and decommissioning of those facilities became known as the "South Ellwood Project." Mobil Oil Company (Mobil) was the lessee of Leases PRC 421, 3120, and 3242 prior to Venoco. The Commission approved Mobil's assignment to Venoco on July 11, 1997, on the condition that the assignment not release Mobil from lease obligations ([Item C76 July 11, 1997](#)). Following the assignment, Mobil merged with Exxon Corporation to form ExxonMobil Corporation (ExxonMobil).

In 2017, the Commission and ExxonMobil executed a [letter of intent](#), followed by the [Phase 1 Agreement](#), effective June 29, 2018. The Phase 1 Agreement settled the responsibilities and obligations of ExxonMobil and the Commission for operation and monitoring of Platform Holly and the Ellwood Onshore Facility (EOF) and for the permanent abandonment of 30 wells on the platform and two wells on the 421 Piers. The Phase 1 Agreement was a legal settlement and compromise of potential claims negotiated to prevent costly and uncertain litigation. Neither ExxonMobil nor the Commission admitted to any liability under the former leases and both parties reserved all rights with respect to that liability. The Phase 1 Agreement incorporates the interests of the state considering the unique circumstances surrounding Venoco's collapse and potential legal claims and defenses of each party.

Due to the immense risk posed by the hydrogen sulfide laden gas emanating from the wells until abandonment, the Commission, on behalf of the State, agreed to continue staffing and operational control over the platform (ongoing) and EOF (until June 2023), which contained essential processing equipment to safely treat the gas. ExxonMobil agreed to undertake the plug and abandonment of wells and the decommissioning of the two 421 Piers.

Five years later, the Phase 1 Agreement has proven flexible and allowed Commission and ExxonMobil staff to coordinate and adjust operations successfully despite unexpected delays caused by the COVID-19 pandemic and complicated well abandonments occurring in an active natural seep field. The Phase 1 Agreement led to the safe disposal and treatment of H₂S gas from Platform Holly, the plugging and abandonment of 32 wells (which continue to be monitored and remediated as necessary), and the decommissioning and removal of the two 421 Piers. Now, with the plug and abandonment campaign and Phase 1 nearing its conclusion, with only limited well remediation and ancillary abandonment activities remaining, Commission and ExxonMobil staff have negotiated a Phase 2 Agreement for the Commission's consideration.

STAFF ANALYSIS AND RECOMMENDATION:

AUTHORITY:

Public Resources Code sections 6005, 6106, 6216, 6301.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

PHASE 2 OF THE SOUTH ELLWOOD PROJECT

Phase 2 of the South Ellwood Project consists of the hardening and destaffing of Platform Holly, monitoring of the inert platform during a caretaker period, and eventual decommissioning after analysis in an Environmental Impact Report (EIR).

1. Hardening is the process, post plugging and abandonment, of cleaning the platform, decoupling it from shore-based power and utilities, and preparing it for destaffing in a manner requiring minimal inspection or maintenance requirements. This will require installation of solar panels, security gating and cameras, and systems to prevent subsea structural corrosion. Much of the work is currently underway or completed.
2. Caretaker Period will occur after hardening. The destaffed and inert platform will be inspected on a routine schedule for maintenance of safety systems (i.e., navigation lights and fog horns) and trespass prevention.
3. Decommissioning involves the process of planning, analyzing, and decommissioning (whether full removal, partial removal, reefing, etc.) Platform Holly in compliance with the California Environmental Quality Act (CEQA) and permitting agency requirements.

THE PHASE 2 AGREEMENT

Like the Phase 1 Agreement, the Phase 2 Agreement is a legal settlement and compromise of potential claims negotiated to prevent costly and uncertain litigation. The Phase 2 Agreement (Agreement) defines the obligations and responsibilities between ExxonMobil and the Commission, through decommissioning. Broadly, ExxonMobil agrees to undertake decommissioning planning and execution for the platform and associated infrastructure at its expense, as well as take the lead to harden the platform in preparation for decommissioning. The Commission, pursuant to a budget appropriation provided by the Legislature, will handle routine visitations to the platform for inspection and monitoring of the structure until decommissioning commences. This guarantees that the State will maintain safe control over the facility. The Commission will also share costs with ExxonMobil for a limited subset of decommissioning tasks, the responsibility for which is disputed, in order to settle ExxonMobil's claims for contribution. The Agreement formalizes the commitments and liabilities between the parties and establishes communication and issue resolution requirements and processes during the Phase 2 work.

The Agreement makes no decision on the final disposition of the platform; it affirms the Commission's authority to decide the final decommissioning disposition at a future public hearing following completion of the CEQA process. The final decommissioning "project" will be determined by the Commission after considering the environmental impacts of various decommissioning alternatives in an EIR, anticipated to be completed in 2025. ExxonMobil is currently developing engineering plans that will consider full platform removal along with alternatives that will be shared publicly when the Notice of Preparation and Scoping meetings are announced. The proposed project and alternatives will be analyzed for environmental impacts in the EIR.

Broadly, the Agreement is an exchange whereby ExxonMobil plans and undertakes platform decommissioning, the vast majority of which shall be at its expense, and receives a contractual release of liability under the leases subject to Commission approval that all decommissioning activities have been completed to the Commission's satisfaction. The structure of the Agreement is based on the Phase 1 Agreement which gave program staff flexibility to work around challenges such as the COVID-19 pandemic which created significant delays in well work due to social distancing requirements and supply chain issues. A technical committee formed by Commission and ExxonMobil staff will meet regularly to assess progress and negotiate challenges. A breakdown of responsibilities and technical considerations is included as an exhibit to the Agreement (see Exhibit A attached).

The goal of the Agreement is to resolve all remaining disputes between ExxonMobil and the Commission related to obligations under Leases PRC 421, 3120, and 3242, and to thereby achieve final disposition of the last major visible remnant of offshore oil production in the state waters off Santa Barbara County. The act of decommissioning improvements and restoring public lands is consistent with the original leases, statute (Cal. Pub. Resources Code section 6804), and the common law Public Trust Doctrine (see *Marks v. Whitney* (1971) 6 Cal.3d 251 [environmental preservation as an acceptable Public Trust use]). The Agreement commits ExxonMobil to undertake the decommissioning of Platform Holly, at its expense, and ensures a vigorous environmental review with final discretionary authority as to the decommissioning plan remaining with the Commission. The Agreement establishes a framework for ending a legacy of fossil fuel extraction in state waters offshore Santa Barbara County. For these reasons staff believe that entering the Agreement is consistent with the Public Trust and in the State's best interest.

OTHER PERTINENT INFORMATION:

1. Authorization to enter into the Phase 2 Agreement does not authorize the decommissioning of Platform Holly or associated infrastructure. A proposed decommissioning project will be brought before the Commission for its consideration in open session at a future meeting concurrent with completion of a Final Environmental Impact Report.
2. This action is consistent with the “Meeting Evolving Public Trust Needs” Strategic Focus Area of the Commission’s 2021-2025 Strategic Plan, specifically Goal 2 – Ensure informed decision-making for Commission actions by augmenting decision criteria to evaluate and address:
 - a. Balancing of competing demands for Public Trust lands and resources.
 - b. The essential role of the Public Trust in enriching the lives of the public and protecting the environment for future generations.
 - c. The need to implement and execute environmentally conscious practices that support inclusive job growth, living wages, healthy communities, and a resilient economy.

And Goal 3 – Maintain fiscal integrity through transparency, accountability, and address current and future risk liabilities.
3. Staff recommends that the Commission find that the activity is exempt from the requirements of the California Environmental Quality Act (CEQA) as a categorically exempt project. The project is exempt under Class 1, Existing Facilities; California Code of Regulations, title 14, section 15301.

Authority: Public Resources Code section 21084 and California Code of Regulations, title 14, section 15300.

EXHIBIT:

- A. Phase 2 Agreement

RECOMMENDED ACTION:

It is recommended that the Commission:

CEQA FINDING:

Find that the activity is exempt from the requirements of CEQA pursuant to California Code of Regulations, title 14, section 15061 as a categorically exempt project, Class 1, Existing Facilities; California Code of Regulations, title 14, section 15301.

PUBLIC TRUST AND STATE'S BEST INTERESTS:

Find that the Agreement is consistent with the Public Trust needs and values of the Santa Barbara Channel and is in the best interest of the State.

AUTHORIZATION:

Authorize the Executive Officer, or her designee, to execute the Phase 2 Agreement, in substantially the form attached as Exhibit A, and undertake all actions necessary to implement and effectuate its terms.

Exhibit A

PHASE 2 AGREEMENT

effective as of _____, 2023

by and between

California State Lands Commission

and

Exxon Mobil Corporation

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PHASE 2 AGREEMENT

This Phase 2 Agreement ("Phase 2 Agreement"), effective as of _____, 2023 (the "Effective Date"), is entered into by and between the California State Lands Commission ("CSLC"), and Exxon Mobil Corporation ("ExxonMobil"), a New Jersey corporation. As used herein, CSLC and ExxonMobil are referred to collectively as "Parties", and each individually is referred to as a "Party."

RECITALS

WHEREAS,

A. CSLC is responsible for the management and protection of natural and cultural resources on certain of California's publicly owned land; such land includes tracts of tide and submerged land located in the County of Santa Barbara covered by and described in State Oil and Gas Leases PRC 3120.1; PRC 3242.1; and PRC 421.1 ("the Leases").

B. The South Ellwood Field ("South Ellwood Field") exists on the Leases.

C. The Parties have been working cooperatively to decommission certain infrastructure associated with the South Ellwood Field pursuant to the Phase 1 Agreement dated June 29, 2018 (the "Phase 1 Agreement"), the "Lease 421 Decommissioning Agreement", effective as of January 18, 2019, and the Platform Holly Conductor Removal Agreement (Addendum to the Phase 1 Agreement) dated October 24, 2022 (the "Conductor Removal Agreement.")

D. The Parties hereby incorporate the Recitals contained in the Phase 1 Agreement.

E. The Parties desire to provide in this Phase 2 Agreement the terms by which the remaining Work will be undertaken and completed on the "Infrastructure and Production Facilities" as they are defined herein.

F. The Parties agree that it is in their best interests to have ExxonMobil operate as an independent contractor, upon the terms and conditions herein, safely and expeditiously to decommission the Infrastructure and Production Facilities and perform the Phase 2 Scope, as specified herein, in compliance with applicable California and federal law and regulations, as more particularly set forth herein (defined more particularly below as the "Work.")

G. ExxonMobil has experience and expertise in decommissioning the Infrastructure and Production Facilities, as specified herein, and is willing to undertake the Work, on the terms and conditions herein.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are each agreed upon by the Parties and incorporated herein, and in consideration of the mutual covenants, obligations and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

Article I

Definitions

In addition to the defined terms above, the following definitions shall apply to the terms used herein:

A. "Caretaker" shall refer, collectively, to personnel engaged to monitor the Infrastructure and Production Facilities at the completion of the Hardening, including maintaining and keeping safe the Infrastructure and Production Facilities that are not under the jurisdiction of the State Fire Marshal pursuant to Section 51010 of the Government Code, excluding fire suppression equipment. The work of the Caretaker shall continue while ExxonMobil performs its platform removal engineering study and until the completion of the environmental impact assessment and all permits are received to conduct the Work ("the Caretaker Period".)

B. "Decommission" and "Decommissioning" shall mean to secure and safely to inert in preparation for, and actions required to, dismantle and remove a Production Facility, and to restore the site where it was located in accordance with Title 14, California Code of Regulations sections 1760(d), 1775 and 1776(f), and consistent with the permits, orders or other legal requirements of any Governmental Authority or applicable Laws and Regulations.

C. "Ellwood Onshore Facility" ("EOF") shall mean the onshore oil and gas processing facility previously owned and operated by Venoco, together with its various related fixtures, equipment, and machinery, including oil, water and gas pipelines, a saltwater disposal well, processing equipment, utilities systems, buildings and personal property, which is located at a 4.46-acre site at 7979 Hollister Avenue, Goleta, California 93117, Santa Barbara County.

D. "Governmental Authority" and its plural "Governmental Authorities" shall mean any local, state, or national government or government of any political subdivision thereof, including but not limited to the United States, the State of California, the County of Santa Barbara, the City of Goleta, and any county or city government, and department, court, commission, board, bureau, ministry, agency or other instrumentality thereof.

E. "Hardening" shall mean actions to prepare the Infrastructure and Production Facilities for a state of minimum operations and maintenance prior to final decommissioning, which includes:

- Platform Holly make-safe: remove residual hydrocarbons and stored energy from equipment;
- Facilities maintenance and repairs, including potential modification for cathodic protection;
- Utilities separation from the EOF and installation of independent utilities (for example, solar panels); and
- Support system installation (for instance, as related to navigation and security.)

F. "Infrastructure and Production Facilities" shall mean the following facilities existing waterward of the ordinary high-water mark, as measured by the mean high tide line, except for areas of fill or artificial accretion or where the ordinary high-water mark has been fixed by agreement or a court decision:

1. Platform Holly, which is the offshore oil drilling and producing platform installed in 1965 and located approximately 1.5 miles off the California coast near the city of Goleta, within the South Ellwood Field, together with its drilling and production facilities, personnel quarter modules, a production office and related oil and gas field development and producing equipment, and pipelines; Platform Holly consists of a drilling deck, production deck and mezzanine deck.
2. Electric cables, oil, gas and utility, seep and storm water pipelines, including the Pipeline Bundle as defined herein;
3. Seep Tents; and
4. Related oil and gas field development and producing equipment.

G. "Laws and Regulations" shall mean any laws, statutes, rules, regulations, ordinances, orders, decrees, requirements, and judgments of any Governmental Authority, and each of them.

H. "Phase 2 Scope" shall mean, collectively, the Hardening, the work of the Caretaker, and the Decommissioning.

I. "Pipeline Bundle" shall mean the various pipelines, collectively, running from Platform Holly and the Seep Tents to the EOF; the "Pipeline Bundle" shall not include that part of those various pipelines that are located landward of the Ordinary High Water Mark, on the EOF property, or on land that is not covered by any of the Leases.

J. "Production Facility" shall mean any equipment attendant to oil and gas production or injection operations, as more specifically provided by Title 14 California Code of Regulations section 1760(r) and California Public Resources Code section 3010.

K. "Seep Tents" shall refer to two fifty (50) -foot high steel pyramids placed over an underwater seep located on Lease PRC 3242.1, from which gas was collected and then transferred by pipeline to the EOF.

L. "Work" shall mean the work as more particularly described in Article IV below.

Article II

Scope of Agreement

By this Phase 2 Agreement, and pursuant to applicable Laws and Regulations, CSLC and ExxonMobil hereby agree, subject to any order or requirement of any Governmental Authority required to issue a permit or permits or give its approval, to perform the Work, as defined and as described more particularly in Article IV herein, for the consideration and upon the terms and conditions as set forth herein (as defined more particularly in Article V herein.)

Article III

Term of Agreement

1. Term

This Phase 2 Agreement, and all licenses granted hereunder, shall begin on the Effective Date, as specified above, and shall expire on the earlier date of the following: (A) upon the completion of the Work; or (B) June 30, 2031 (said period to be referred to as the "Term.")

2. Agreed Modifications to Term

Notwithstanding the foregoing, CSLC and ExxonMobil may agree to extend or shorten the Term by amendment of this Phase 2 Agreement.

3. Termination Before End of Term

Also, notwithstanding the foregoing, this Phase 2 Agreement may be terminated before the expiration of the Term under the circumstances set forth in Article VII below, or by the agreement of the Parties. If this Phase 2 Agreement terminates prior to the completion of the Work, the Parties agree that all plans and engineering assessments, if and to the extent that the same are completed up to the date of termination, shall be transferred to CSLC. CSLC reserves the right to seek contribution toward the cost of completion of the Work if this Agreement terminates before the Work is completed. Early termination of this Agreement prior to completion of the Work shall not be construed as a waiver or release of ExxonMobil's obligations and liability with respect to the Work, absent an express agreement to that effect.

Article IV

Work

1. Scope of Work.

(a) Under, and subject to, the express provisions of this Agreement, in accordance with all applicable Laws and Regulations, subject to the requirements of any Governmental Authority with applicable jurisdiction over the Work, and in consideration of the mutual covenants herein contained,

ExxonMobil shall perform the Work, as more specifically defined in Exhibit A to this Phase 2 Agreement.

(b) Exhibit A is incorporated into and made a part of this Phase 2 Agreement. If and to the extent there is a conflict between the terms and conditions of this Phase 2 Agreement and Exhibit A, the terms and conditions of Exhibit A shall prevail, unless the Parties expressly agree otherwise in writing for a particular term or condition.

(c) The Parties agree that, as and if necessary to complete the Work, they will in good faith negotiate and agree upon amendments to Exhibit A to clarify and provide more specific details regarding the Work to be performed.

(d) Subject to Exhibit A, the Work shall generally consist of the following stages:

(i) Hardening. While, as provided for herein, CSLC shall be responsible for, and continue the safe operations of, Platform Holly and all related Production Facilities on the Leases, with the exception of the EOF, the Parties shall perform Hardening operations to place Platform Holly into a condition that limits the need for maintenance and personnel on board the Platform, and prevents significant degradation to the Platform during the period while CSLC is obtaining the necessary permits for the Work. This shall include any preemptive maintenance and repairs, as well as modifications to the Infrastructure and Production Facilities to allow such Facilities to have limited operations and maintenance support. Hardening operations will also place Platform Holly into a condition that will obviate the need to use utilities and services provided by or at the EOF.

(ii) Caretaker. Caretaker activities shall take place after Hardening, while permitting and execution planning are ongoing. Caretaker activities shall include developing an inspection and operation plan for Infrastructure and Production Facilities during the Caretaker Period, executing these inspections, as well as any unplanned maintenance, to prevent significant degradation of existing Infrastructure and Production Facilities.

(iii) Decommissioning. Once CSLC has obtained the required permits and approval of all other Government Authorities, following the Hardening and Caretaker Period, ExxonMobil shall perform the Decommissioning of Platform Holly and all related Infrastructure and Production Facilities at the South Ellwood Field, except the EOF and Facilities above the mean high tide line.

(e) CSLC and ExxonMobil shall perform the Work and share the costs in accordance with the specific allocation of responsibility, all as identified in Exhibit A. The Parties anticipate that activities may be undertaken to reduce personnel on Platform Holly and the Production Facilities on the South Ellwood Field during the period of the California Environmental Quality Act (CEQA) process and while CSLC is obtaining permitting for the Decommissioning, and the Parties shall cooperate in good faith to reach an agreement to share the cost of such activities.

(f) While, as set forth herein, ExxonMobil shall have certain responsibilities for the Infrastructure and Production Facilities, including Platform Holly, during the Caretaker Period, CSLC shall otherwise remain responsible for the maintenance of Platform Holly during the Caretaker Period, subject to any agreed allocation between CSLC and ExxonMobil of the costs of such maintenance.

(g) Subject to Exhibit A and CSLC obtaining the required permits and approval of any applicable Governmental Authority, ExxonMobil shall perform the Work by safely Decommissioning Infrastructure and Production Facilities and restoring the site where each was located, consistent with all applicable Laws and Regulations, and in accordance with the requirements of any Governmental Authority with applicable jurisdiction over the Work.

(h) CSLC shall be responsible for the CEQA process and obtaining all necessary permits for the Decommissioning Work. CSLC shall consult ExxonMobil or ExxonMobil's agent during the CEQA and permitting process, and ExxonMobil shall work cooperatively with CSLC during the process. The Parties agree to coordinate and work cooperatively with the CSLC's environmental consultant to develop and design feasible and appropriate mitigation measures. As CEQA lead agency, the CSLC retains discretion and ultimate authority for certifying the CEQA document, including adopting statements of overriding considerations and mitigation measures.

(i) Final disposition of Platform Holly and associated infrastructure will be determined by the applicable Governmental Authority, subject to all applicable Laws and Regulations, including CEQA.

(j) ExxonMobil shall perform all services and provide all material, equipment, tools and labor, necessary to complete the Work, as described in this Article IV. ExxonMobil shall be entitled to the benefit of salvage of such materials and spoils, irrespective of whether such materials or spoils were paid for by ExxonMobil or any other party, including CSLC. The Parties shall cooperate to enable ExxonMobil to perform the Work in a timely fashion. ExxonMobil, acting as an independent contractor, shall perform the Work using its own personnel and equipment, and personnel and equipment of ExxonMobil's subcontractors.

2. License and Access to South Ellwood Field

(a) CSLC is responsible for the management and protection of natural and cultural resources on the South Ellwood Field. CSLC hereby grants to ExxonMobil, its personnel and their agents, employees and contractors, a license to access and use the South Ellwood Field for the purpose of performing the Work described herein. This license, which shall continue only for the Term of this Phase 2 Agreement, shall, if and as required, be in addition to and shall not affect any existing rights of entry onto or use of any property which ExxonMobil may have under any other leases or agreements to which it is a party.

(b) CSLC shall provide ExxonMobil, its personnel and their agents, employees and contractors access to all areas of the South Ellwood Field that are necessary for the performance of the Work and within the control of CSLC.

3. Technical Committee and Technical Memorandum

ExxonMobil and CSLC shall establish a Technical Committee that shall have the full participation of representatives of each Party. The purpose of the Technical Committee shall be to enable timely and effective decision-making among ExxonMobil and CSLC with regards to the Work to be performed in accordance with this Phase 2 Agreement, including the content of "the Plan", defined in Section 4 below, Exhibit A, and any applications for permits required by any applicable Governmental Authority. Nothing in this paragraph shall be construed to give any Party control over the discretion of the other as to how any other Party's representatives carry out their respective efforts as part of the Technical Committee.

4. Plan for the Work

ExxonMobil shall prepare a detailed written plan for the Work (hereinafter, "the Plan"). The Plan shall comply with all applicable industry standards for Decommissioning production facilities and equipment, and shall include all technical information relating to the Work as required by, and shall comply with, all applicable Laws and Regulations, including, but not limited to, tests and remedial work, if ordered, and any site restoration as may be required. The Plan should analyze the removal of the Platform, including all topsides, jackets, and associated piping; as well as a separate alternative plan for reefing or abandoning in place, which could include partial removal of the platform jacket and associated subsea infrastructure, including pipelines, after removal of the topsides. ExxonMobil shall provide the Plan to CSLC for its review and concurrence in compliance with applicable law. The Parties shall cooperate in resolving any request by either Party for information the other Party reasonably requires to facilitate such concurrence, and such information shall not be unreasonably withheld. The Plan (including any modification to the Plan under Section 7 of this Article IV, below) shall not be implemented until the Parties concur in writing as to its content.

5. Project Coordinators

If the Parties agree, the Plan shall include the identification of a Project Coordinator for ExxonMobil and a Project Coordinator for CSLC, and a description of the responsibilities of the Project Coordinators. Each Party reserves the right to change the identification of its respective Project Coordinator at any time, with reasonable notice to the other Party.

6. Applications for Permits and Approvals

Once the Plan is agreed upon by the Parties, ExxonMobil shall coordinate and cooperate in providing any necessary information, appropriate or required by any applicable Governmental Authority to permit and approve the Decommissioning of the Infrastructure and Production Facilities and covered by the Plan or any amendment thereto. As the State agency responsible for the management and protection of natural and cultural resources on the South Ellwood Field, CSLC shall be the applicant for each and every such permit or approval. CSLC shall submit all such applications to applicable Governmental Authorities and shall be responsible for coordinating with any such Governmental Authority during the process of review and consideration of the

applications, including clarifying the applications or otherwise assisting the applicable Governmental Authority in such process. If any other Governmental Authority requires any application for a permit or approval to be modified and resubmitted, CSLC and ExxonMobil shall coordinate ExxonMobil shall make such modification, as appropriate; and CSLC shall resubmit the application. ExxonMobil shall not unreasonably withhold any information that any other Governmental Authority requires in order to render complete any permit application and/or approve any permit.

7. Modifications to Plan

(a) If any applicable Governmental Authority requires, as a condition of the granting of approval or permit for the Work, that ExxonMobil makes any change to the Plan, including undertaking measures to mitigate the environmental impact of the Work, ExxonMobil, in coordination with CSLC, shall assess and analyze if such change(s) or measure(s) are feasible and can reasonably be incorporated into an amended Plan. If such change(s) or measure(s) can reasonably be so incorporated, ExxonMobil shall modify the Plan accordingly and, if agreed to by CSLC, CSLC shall take whatever steps as are necessary to secure or obtain the necessary permits or approvals from any applicable Governmental Authority based on conducting the Work in accordance with such modified Plan. ExxonMobil shall not unreasonably withhold any information that any other Governmental Authority requires to render complete any application for such modification or approve any such modification. If such changes and measures cannot reasonably be so incorporated, ExxonMobil and CSLC shall engage in good faith discussions with any applicable Governmental Authority to find an alternative way to accomplish the Decommissioning of each of the Infrastructure and Production Facilities and all related equipment.

(b) If, after commencement of the Work, the Parties determine (through the Technical Committee or otherwise) that, because of new circumstances material to the Plan's content, the Plan should be modified, as to a specific facility or specific equipment or otherwise, ExxonMobil shall coordinate with CSLC and the Parties shall cooperate in good faith to address and agree upon a modification to the Plan, and shall cooperate to obtain all permits and approvals, if any, as may be required from any applicable Governmental Authority, to perform or continue performance of the Work in accordance with such modified Plan.

8. Phase 2 Decommissioning

After the Plan, and any modifications thereto, is agreed upon and all the necessary permits and approvals are obtained from any applicable Governmental Authority, ExxonMobil shall perform the engineering, operations and administrative services and other required duties to conduct the Work, specifically, the Decommissioning of each of the Infrastructure and Production Facilities and related equipment. The Work shall be conducted according to the Plan, after modifications, if any, and shall be carried out by ExxonMobil, its personnel and their agents, employees, and contractors, under the direction and control of ExxonMobil, subject to coordination with CSLC.

9. Reporting

ExxonMobil shall routinely provide reports to CSLC on the status and progress of the Work. ExxonMobil and CSLC shall agree upon a format, timing, substance, and arrangement for ExxonMobil to provide reports to CSLC.

10. Conduct of Work/ Role of ExxonMobil

(a) ExxonMobil shall be solely responsible for the conduct and manner of the performance of the Work and shall have the sole right and obligation to supervise, manage, and direct all Work to be performed by ExxonMobil personnel, employees, agents or contractors, provided that the Work is performed in accordance with all applicable Laws and Regulations, and all the necessary permits and approvals are obtained from any applicable Governmental Authority.

(b) ExxonMobil is acting as an independent contractor and is not an agent, servant, employee, representative, partner of, or a part of a joint venture with, CSLC. Except as otherwise provided by this Phase 2 Agreement, CSLC shall not exercise any control whatsoever over the employment, discharge, compensation of, or services rendered by ExxonMobil, or the practices, procedures, and professional judgment employed by ExxonMobil in performing the Work.

(c) The Work shall be performed by ExxonMobil, its personnel, employees, agents and contractors: (1) in accordance with this Phase 2 Agreement; (2) in a professional manner and in accordance with industry best practices; (3) efficiently and cost-effectively; (4) using qualified ExxonMobil

personnel, employees and contractors who have all required permits, licenses, training, education, experience and skill to perform the Work; and (5) consistent with applicable California regulations and laws.

(d) The Parties agree that, in connection with its performance of the Work, nothing in this Phase 2 Agreement shall be deemed to give ExxonMobil the right to drill, operate, maintain or control any Well or to operate, maintain or control Platform Holly or any of the other Infrastructure and Production Facilities and related equipment. In performing the Work hereunder, ExxonMobil shall not be deemed to be an "Operator" of any Well or Production Facility, as that term is defined in section 3009 of the California Public Resources Code.

(e) ExxonMobil shall have the option to operate and perform maintenance on the crane on Platform Holly, but, otherwise, ExxonMobil shall not operate Platform Holly. Nothing in this Phase 2 Agreement shall impose upon ExxonMobil any responsibility or right to operate, maintain or repair Platform Holly, with exception of the said work on the crane and the Work as set forth in Exhibit A. At all times hereunder, CSLC shall be the sole operator of Platform Holly, as that term has meaning under all applicable Laws and Regulations.

11. Compliance with Laws

ExxonMobil shall comply with, and perform the Work in compliance with, all applicable Laws and Regulations, including but not limited to Laws and Regulations pertaining to all of the following: (1) occupational safety and health; (2) prevailing wages; (3) protection of persons and property; (4) the environment, and the use, handling, storage, labelling and disposal of toxic or hazardous materials; (5) labor and employment, including equal employment opportunity; (6) tax; (7) workers' compensation and unemployment insurance; (8) anti-money laundering, anti-terrorism, trade embargoes, economic sanctions, anti-bribery, and anti-corruption; and (9) personal data, data privacy, data protection, and consumer privacy. ExxonMobil shall comply with any and all applicable directives issued by CSLC or any other applicable Governmental Authority, regarding the Decommissioning of each of the Infrastructure and Production Facilities and related equipment. In accordance with the provisions of Section 6 above, CSLC shall be responsible for applying for and obtaining each and every such permit or approval from any applicable Governmental Authority to permit the Work to proceed; notwithstanding the foregoing,

ExxonMobil has or will obtain and will maintain any other permits, licenses and approvals as might be applicable to its business and the Work.

12. Accident Prevention

In connection with the performance of the Work, ExxonMobil, its employees, agents, and contractors shall at all times take all reasonable precautions for the protection of all persons and property. These precautions shall include, but not be limited to, the installation and use of adequate safety guards and protective devices for all equipment and machinery, whether used in performance of the Work or installed as part thereof.

13. Work Site Inspection

ExxonMobil shall not interfere with representatives of CSLC or any authorized agent of the State of California accessing the site where any of the Work is being performed. Determinations of access and safety for such purposes will be made cooperatively with ExxonMobil and CSLC staff.

14. Performance and Delays

ExxonMobil shall not be responsible for any delays in performance caused by third parties or delays caused by CSLC or any other Governmental Authority, if and to the extent that such delays are not due to the fault of ExxonMobil or a violation of a Law or Regulation by ExxonMobil. In the event of such delay, the Term of this Phase 2 Agreement shall be extended for the period of such delay, after notification of the perceived delay by ExxonMobil, and agreement by both Parties, which agreement shall not be unreasonably withheld.

15. Date for Completion of Phase 2 Decommissioning

Exxon Mobil shall always have control over when to perform the Work or any aspects of the Work, including the right to determine when to commence such performance based on safety or sound business considerations, and shall disclose such considerations to CSLC. Subject to the foregoing, ExxonMobil shall commence the Work reasonably promptly after any applicable Governmental Authority issues the permits and approvals, if any, required for the Work, provided that the Work shall be commenced when it is safe and prudent to do so. ExxonMobil shall perform the Work with all reasonable diligence in accordance with safety, environmental concerns and requirements and industry best practices, and subject to the requirements of any applicable

Governmental Authority relating to the Work. The Parties acknowledge and agree that, prior to the commencement of the Work and making substantial progress, the Parties may not be able to agree upon a specific date for the completion of the Work. Nevertheless, as requested by CSLC, ExxonMobil will endeavor to provide good faith estimates of the expected date for completion of the Work as part of its progress reports, as specified in this Article IV; such good faith estimates may be modified by ExxonMobil from time to time. The Parties currently anticipate that the Work will be completed within the Term of this Phase 2 Agreement.

16. Completion of The Work

(a) When CSLC and ExxonMobil jointly agree that the Decommissioning of any of the Infrastructure and Production Facilities, including site restoration, is complete, in accordance with the requirements of the Plan, the Parties, through CSLC, shall so notify any applicable Governmental Authority in writing. This notification is to enable CSLC or such Governmental Authority, to conduct a timely inspection, at their discretion and sole cost (and not at the cost of ExxonMobil), of the site where the Infrastructure and Production Facility is or was located, and to assess and verify the completion of the Decommissioning and restoration of the site in accordance with the Plan. Once an applicable Governmental Authority, other than CSLC, is satisfied that the Decommissioning of any Infrastructure and Production Facility is complete according to the Plan, (i) CSLC shall request and obtain from such Governmental Authority, to the extent it may be issued, an acknowledgement, certification or other appropriate documentation verifying such completion; (ii) CSLC shall provide such certification or other appropriate documentation to ExxonMobil; and (iii) the Parties shall execute an agreed written confirmation that the Decommissioning of such Infrastructure and Production Facility has been completed. ExxonMobil shall not be liable for any cost caused by any applicable Governmental Authority failing to provide such certification or other appropriate documentation if the Decommissioning has been completed in accordance with the Plan.

(b) The Work shall be completed when the Decommissioning of Platform Holly and all of the Infrastructure and Production Facilities, including site restoration where applicable, has been completed in accordance with the provisions of this Agreement, the Plan, and all permits, authorizations, or other entitlements issued by the applicable Governmental Authority.

17. Access to and Use of Other Property

If and to the extent that ExxonMobil, its personnel and their agents, employees and contractors are not able to access all areas of the South Ellwood Field because of actions of third parties which are not within the control of CSLC and, as a result, ExxonMobil is unable to perform the Work, ExxonMobil shall not be responsible for such non-performance, for as long as it lasts, and ExxonMobil shall not be responsible for any losses or damages as a result of such non-performance. If such actions are taken by a third party, ExxonMobil and CSLC shall work together cooperatively to resolve the issue with the third party.

18. Continued Operations of Platform Holly

At all times until the Work is completed, CSLC shall continue the safe operations of the Infrastructure and Production Facilities to the extent the CSLC are responsible for those activities in Exhibit A and the Plan.

19. Designation of CSLC as Responsible Party

As the California State agency responsible for the management and protection of natural and cultural resources on the South Ellwood Field and as the putative operator of Platform Holly in Venoco's absence, for the term of this Agreement, CSLC is the Responsible Party, pursuant to all applicable statutes, including but not limited to the Oil Pollution Act, 33 U.S.C. §2701, et seq., and the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act, as codified in the California Government Code and Public Resources Code, in connection with the response to any discharge or spill, or any threat of discharge or spill, of oil or hazardous substance arising from any work performed under this Agreement. Notwithstanding the foregoing, any Party shall have the right to seek indemnity or contribution from any other Party for any costs or charges arising out of compliance with the applicable statutes, including response to any discharge or threatened discharge of oil or hazardous substance. If such an indemnity or contribution claim is made, any recovery shall be apportioned on the principles described in Article IX, section 2 and invoiced pursuant to Article V.

Article V

Payment and Other Consideration for the Work

1. Payment: General

The payment and other consideration for the performance of the Work as defined herein shall be governed by the provisions of this Article V.

2. ExxonMobil Invoices

(a) ExxonMobil shall itself bear the entire cost of performing the Work and hereby waives any right to seek or collect payment from CSLC or the State of California for the Work conducted by ExxonMobil, subject to each of the following provisions:

(i) ExxonMobil shall retain and does not waive its right, by right of contribution or otherwise, to recover from any entity or corporation other than CSLC, payment, in whole or in part, of any of its invoices for the Work, to the extent that they have not been paid by CSLC; and

(ii) ExxonMobil and CSLC shall share the costs of certain services or materials in respect of the Phase 2 Work, in accordance with Exhibit A and the Plan, as addressed by and more specifically defined in Article IV hereof.

(b) The provisions of this Article V, Section 2 shall survive the expiration, or sooner termination, of this Agreement.

3. Costs and Invoicing

If ExxonMobil incurs costs or expense for which it claims a right to reimbursement under the provisions of this Phase 2 Agreement, ExxonMobil shall submit to CSLC a detailed invoice for such costs or expenses, said invoices to be payable within ninety (90) days of receipt by CSLC. If CSLC disputes any part of said invoice, it shall be treated as a dispute to be resolved through the dispute resolution procedures of Article IX, Section 3 hereof. Likewise, any claims of reimbursement by CSLC shall follow the same procedure. Likewise, any claims of reimbursement by CSLC shall follow the same procedure as apply to ExxonMobil.

4. Shared Costs Between the Parties

(a) The Parties anticipate that there may be costs relating to certain services and materials which CSLC and ExxonMobil agree to share. Exhibit A hereto addresses the allocation of costs between the Parties that has been agreed to date.

(b) At least as frequently as once every six (6) months, or as otherwise agreed, the Parties shall conduct a review identifying, discussing, and addressing all costs the Parties expect to incur during the year following the review. If any expected costs are not addressed by Exhibit A, the Parties shall endeavor to reach an agreement as to the allocation of that cost to one Party or percentage allocations to each Party respectively.

(c) The result of the Parties' agreement shall be set forth in writing in an amendment to this Phase 2 Agreement or to Exhibit A.

(d) If the Parties fail to agree upon the allocation of the cost for any item of services or materials that they have agreed to share, they shall execute an amendment that shall note the absence of an agreement with respect to that item. The Party responsible under this Phase 2 Agreement for that item shall incur the cost but shall have the option to claim indemnity for or contribution to such cost from the other Party and to have the dispute resolved through the dispute resolution procedures of Article IX, Section 3 hereof.

5. Release Relating to Platform Holly and Each Decommissioned Facility

(a) In consideration of ExxonMobil performing the Work, with respect to each of the Infrastructure and Production Facilities as to which ExxonMobil completes the Decommissioning Work, including site restoration, in accordance with the provisions hereof and the certified CEQA and any and all permits, authorizations, and other entitlements issued by the applicable Government Authority, CSLC shall fully, finally, and forever release, acquit, and discharge ExxonMobil and, as applicable, all companies directly or indirectly controlled by ExxonMobil, its affiliates, parents, subsidiaries, and related companies, from any and all claims, demands, actions, causes of action, liabilities, obligations, damages of any kind, equitable or declaratory relief of any kind, and attorneys' fees, costs, or expenses of any kind, whether known or unknown, connected

with, or arising from, any alleged liability, if any, of ExxonMobil to Decommission such Infrastructure and Production Facilities.

(b) Furthermore, CSLC agrees that, upon ExxonMobil's completion of the Decommissioning of any Infrastructure and Production Facilities, including site restoration, in accordance with the provisions hereof, ExxonMobil shall fully satisfy all its Decommissioning obligations to CSLC with respect to any Infrastructure and Production Facilities under this Phase 2 Agreement, under all applicable Leases and under all applicable Laws and Regulations.

Article VI

Disclaimer of Liability and No Waiver

1. Disclaimer and No Waiver by ExxonMobil

Notwithstanding any other provisions of this Phase 2 Agreement, ExxonMobil does not admit any liability to Decommission any or all the Infrastructure and Production Facilities or related equipment. Nothing in this Phase 2 Agreement shall constitute an admission by ExxonMobil that, apart from its obligations hereunder, ExxonMobil is liable, in whole or in part, to Decommission any Infrastructure and Production Facilities or related equipment located on the lands covered by the Leases. ExxonMobil fully reserves all its rights with respect to such liability. By entering into this Phase 2 Agreement, ExxonMobil does not waive, and hereby preserves and retains, all its rights to challenge, in whole or in part, any order issued to ExxonMobil by any applicable Governmental Authority regarding Decommissioning any Infrastructure and Production Facilities or related equipment on the lands covered by the Leases.

2. No Waiver by CSLC

Nothing in this Phase 2 Agreement shall constitute a waiver by CSLC, on its own behalf or on behalf of the State of California or any other agency thereof, of any of its or their legal rights or claims under the Leases, their amendments or assignments, or applicable law.

Article VII

Termination

1. ExxonMobil's Right to Terminate

ExxonMobil shall be entitled to terminate this Phase 2 Agreement upon notice to CSLC on the occurrence of either of the following events:

(a) If CSLC is in material breach of any of its obligations hereunder and fails to remedy such breach within thirty (30) days' notice thereof; or

(b) If CSLC fails to pay any of ExxonMobil's invoices submitted pursuant to Article V, of this Phase 2 Agreement within the timeframe for payment provided, and if more than thirty (30) business days have passed after ExxonMobil notifies CSLC in writing that such payment is owing and unpaid.

2. CSLC's Right to Terminate.

CSLC shall be entitled to terminate this Phase 2 Agreement upon providing notice to ExxonMobil, if ExxonMobil is in material breach of any of its obligations hereunder and fails to remedy such breach within CSLC providing thirty (30) days' notice of breach thereof.

3. Material Breach

For purposes of this Article VII, the failure of ExxonMobil to remedy, address, or appeal a notice of violation or enforcement order from a Governmental Authority, in connection with the Work, which implicates human health and safety, or protection of the environment shall be considered a material breach.

Article VIII

Force Majeure

Each Party shall not have any liability to the other Party for any failure or delay in fulfilling its obligations under this Phase 2 Agreement if and to the extent that fulfillment thereof is prevented or impeded due to, without limitation, acts of God or public enemy, acts of or threats of acts of terrorism, hijacking, civil war, insurrection, riot, strikes or labor disputes, fire, flood, adverse weather conditions,

explosion, earthquake, serious accident, failure of equipment, epidemic, pandemic, quarantine restriction, any sanction or prohibition imposed by any state, country, international governmental organization or other Government Authority, or any act of any government, to the extent that the consequences of such event are beyond either Party's reasonable control ("Force Majeure.") Each Party shall notify the other Party promptly after becoming aware of any Force Majeure. The performance of any Party's obligations under this Phase 2 Agreement shall be excused for so long as the Force Majeure continues.

Article IX

Applicable Law, Mutual Indemnity, Defense and Hold Harmless and Dispute Resolution

1. Applicable Law

The terms of this Phase 2 Agreement, and the rights of the Parties hereto associated with, arising out of, or connected with, this Phase 2 Agreement, shall be governed by and interpreted in accordance with the laws of the State of California, without regard to its conflicts of laws principles.

2. Liability Considerations

(a) The Parties agree that, in accordance with California law, their respective liabilities to any third party and to each other, if any, shall be based on their own negligence, willful misconduct or strict liability under California law, and that in circumstances where the Parties are alleged to be jointly or severally liable to any third party as tortfeasors, their respective liabilities to any third party and to each other shall be based on California principles of comparative fault, so that each Party shall be liable for damages based on its proportional share of the overall liability only, as determined by a competent trier of fact. Nothing in this subparagraph (a) shall be construed as an admission of liability by either of the Parties to any third party or to the other Party.

(b) Nothing in this Phase 2 Agreement shall affect the rights, obligations, and liabilities of the Parties under California law, including but not limited to any rights to equitable indemnity or a right of contribution between the Parties.

3. Settlement of Disputes

In the event of a dispute between the Parties that cannot be resolved informally or through the Technical Committee that is associated with, arising out of, or connected with, this Phase 2 Agreement, either party may submit a "Notice of Dispute" to the other. Within fourteen (14) days of such filing, the CSLC Executive Officer or designee shall meet, in person or remotely, with ExxonMobil and the Project Coordinators, if appointed, to attempt to resolve the dispute informally, in good faith, and in a manner acceptable to all Parties. If the informal meeting does not result in a mutually acceptable resolution, the CSLC Executive Officer shall render a final decision on behalf of CSLC. If ExxonMobil is not satisfied with the final decision of the CSLC Executive Officer, ExxonMobil may appeal the decision to the Department of General Services, Office of Risk Management, consistent with the California Tort Claims Act provisions established in sections 810-996.6 of the California Government Code. The decision following appeal shall be conclusive and binding unless ExxonMobil commences an action in a court to contest such decision within ninety (90) days following the date of the decision of the Department of General Services, Deputy Director, Procurement Division. Any such court action may be commenced in, and the Parties consent to the exclusive jurisdiction of the Federal or State Courts of California, with a forum preference for Sacramento or San Francisco County.

4. Attorneys' Fees

In any action or legal proceeding brought under this Phase 2 Agreement, the Parties shall bear their own attorneys' fees and legal costs.

Article X

Confidentiality

Any reports, information, discoveries, or data assembled, developed or obtained by ExxonMobil or any of its agents or contractors pursuant to or in performance of the Work under this Phase 2 Agreement may be confidential. However, any data shared with CSLC may constitute a record within the meaning of the California Public Records Act and could be subject to disclosure. If ExxonMobil is concerned about the potential confidentiality of data, then it shall evaluate, on a case-by-case basis, whether sharing that data is necessary to the fulfillment of this Phase 2 Agreement. CSLC will agree to use

its best efforts to ensure that any data that is clearly labeled as confidential by ExxonMobil, and that may include trade secrets or other proprietary knowledge of ExxonMobil, will not be released to any person, or used in any manner by CSLC without the prior written approval of ExxonMobil, such approval not to be unreasonably withheld. In the event CSLC receives a request for such information from a third party (including, but not limited to, by a civil subpoena or California Public Records Act request), CSLC shall notify ExxonMobil within five (5) days of receiving such request, so that ExxonMobil may take such action (at its own expense) as it deems necessary to protect its confidentiality claims as to the information so requested.

Article XI

Notices

All notices, consents, requests, and other communications hereunder shall be in writing and shall be deemed delivered upon personal delivery, upon the expiration of three (3) days following mailing by first class U.S. mail, or upon the next business day following mailing by a nationally recognized overnight carrier, to the Parties at the addresses set forth below, or such other addresses as either party may designate by delivery of prior notice to the other Party:

CSLC:

Jennifer Lucchesi
Executive Officer
California State Lands Commission
100 Howe Avenue, Suite 100-S
Sacramento, CA 95825

EXXONMOBIL:

Tova T. Parker
Project Manager Decommissioning
Exxon Mobil Corporation
22777 Springwoods Village Parkway
Spring, Texas 77389

Article XII

Successors and Assigns

This Phase 2 Agreement shall be binding on the successors and assigns of the Parties hereto. Notwithstanding the foregoing, a Party may not assign, novate, deal with or transfer any of its rights or obligations under this Phase 2 Agreement without the prior written consent of the other Party, provided that: ExxonMobil shall, in its sole discretion, delegate the performance of any part of the Work to appropriately qualified contractors or agents.

Article XIII

Miscellaneous

1. Entire Agreement

This Phase 2 Agreement contains the entire agreement between the Parties respecting the matters set forth herein and supersedes all prior agreements, whether written or oral, between the Parties regarding such matters. The doctrine that ambiguities shall be resolved against the drafter shall not apply to the interpretation of this Phase 2 Agreement.

2. Amendments

Any variation, amendment or modification of this Phase 2 Agreement, which for the avoidance of doubt includes Exhibits, schedules, etc., shall be effective only if it is agreed in writing by both Parties, and any such amendment shall be incorporated herein by reference.

3. No Other Representations

Any representation, statement, warranty or other undertaking whether made orally or written elsewhere which is not fully reflected in this Phase 2 Agreement is hereby excluded, including without limitation where such representations or statements were made negligently.

4. Invalidity of Provisions

If any term or condition of this Phase 2 Agreement shall to any extent be invalid or unenforceable, the remainder of this Phase 2 Agreement shall not be

affected thereby and each of the remaining terms and conditions shall be valid and enforceable to the fullest extent permitted by law.

5. No Waiver

Any failure or delay by a Party in exercising any of its rights shall not operate, to any extent, as a waiver of such rights or preclude any further exercise of its rights.

6. Execution in Counterparts

This Phase 2 Agreement may be executed in two or more counterparts and by the different Parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7. No Partnership or Joint Venture.

This Phase 2 Agreement and the conduct of business between the Parties shall not be construed to create or constitute a relationship of partnership or joint venture between them.

8. Authority

(a) CSLC hereby represents that it has all necessary right, power, capacity and authority to execute and deliver this Phase 2 Agreement, to consummate the transactions contemplated hereby and to perform its obligations hereunder.

(b) ExxonMobil hereby represents that it has all necessary corporate or other company right, power, capacity and authority to execute and deliver this Phase 2 Agreement, to consummate the transactions contemplated hereby and to perform its obligations hereunder, and no other limited liability company actions on the part of such Party or its affiliates are, or shall be, necessary to authorize the execution, delivery and performance of this Phase 2 Agreement or the consummation of the transactions contemplated hereby.

9. Execution

This Phase 2 Agreement has been duly executed and delivered by each Party and constitutes the valid and binding obligation of such Party,

enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally, and general equitable principles, whether considered in a proceeding in equity or at law.

10. No Conflict

The execution, delivery and performance by each Party and all other documents and instruments contemplated hereby to which it is a party and the consummation by such Party of the transactions contemplated hereby and thereby will not: (i) violate, conflict with or result in a breach of any provisions of the operating agreement or other similar organizational documents of any corporate Party; (ii) violate any Law and Regulation applicable to such Party; or (iii) violate or conflict with, or constitute, with due notice or lapse of time or both, a default under any of a Party's material contracts or instruments, except, in the case of clauses (ii) and (iii), if and to the extent that any such violation could not reasonably be expected to have a material adverse effect on that Party's ability to perform its obligations under this Phase 2 Agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, CSLC and ExxonMobil, intending to be legally bound, have each executed this Phase 2 Agreement under seal as of the Effective Date set forth in the first paragraph hereof.

STATE OF CALIFORNIA

California State Lands Commission

By _____ Dated: _____, 2023

Jennifer Lucchesi
Executive Officer
100 Howe Avenue, Suite 100 South
Sacramento, California 95825-8202

EXXON MOBIL CORPORATION

By _____ Dated: _____, 2023

Tova T. Parker
Project Manager Decommissioning
Exxon Mobil Corporation
22777 Springwoods Village Parkway
Spring, Texas 77389

EXHIBIT A

Holly Platform Phase 2 Bridging Document

Holly Platform Phase 2 Bridging Document

ExxonMobil – CSLC

Company	Approval Authority	Signature	Date
ExxonMobil	Michael Grimes		
California State Lands Commission	Peter Regan /Joe Fabel		

**Bridging document expires upon start of facilities decommissioning execution workscope*

Background Information:

The intent of this bridging document is to outline the unique interfaces between ExxonMobil (EM), and the California State Lands Commission (CSLC) for the Phase 2 scope of work based on the agreement signed 10/2023 (the "Agreement"). This document covers all aspects of the Phase 2 scope, but is focused on the hardening and caretaker portion which includes aspects of both operations and decommissioning. Any capitalized terms used but not defined in this Exhibit A have the meaning ascribed to them in the Agreement.

In general, as stated in the Agreement

- CSLC shall continue the safe operations of the Infrastructure and Production Facilities and any related equipment;
- Subject to CSLC obtaining the required permits and approval of any applicable Governmental Authority, ExxonMobil shall perform the Work by safely Decommissioning Infrastructure and Production Facilities and restoring the site where each was located, if required by the Plan to be developed pursuant to the Agreement.

With many hardening and caretaker activities containing aspects of both operations and decommissioning, a bridging document is required to further define the rolls and responsibilities for these aspects of the Work, as well as identify cost sharing based on above responsibilities for CSLC to operate and ExxonMobil to decommission the Facilities.

Hardening Priorities:

Hardening shall be completed in a timely manner to remove the need to permanently staff Platform Holly. Hardening shall put the platform in position to limit the need for maintenance and prevent significant degradation of the platform during the permitting period. Hardening should also put the platform in a position where it no longer needs to utilize utilities and services from the Ellwood Onshore Facility.

Scope:

The following activities are expected to occur as part of the Phase 2 work. The items associated with hardening and caretaker period are detailed out as many of these activities include both operations and decommissioning aspects:

- 1) Infrastructure and Production Facilities Isolation and Cleaning (Hardening)
 - a. Topsides flushing (Process equipment)
 - i. Flushing and tank cleaning
 - ii. TPH (<15ppm) and NORM readings

- iii. Install mesh to prevent animal ingress
 - iv. Provide documentation of as-left status of piping and vessels
 - b. Pipeline flushing
 - i. Gas, oil and fuel gas lines, fill with air
 - 1. TPH < 15ppm for gas/oil line
 - 2. Purge with N2 for fuel gas line
 - ii. Seep tent line disconnect
 - c. Rig flushing and cleaning – Hoses, pits, etc. post conductor removal
 - d. De-energize platform
 - i. No pressure retaining items
 - ii. Pulsation dampeners, spring hangers, etc.
 - iii. Disconnect and drain equipment, pumps, heat exchangers, transformers etc.
 - iv. Dropped object survey
 - v. Miscellaneous equipment removal survey
 - 1. Life jackets, Life rafts, Safety equipment
 - vi. Removal of loose items and perishables
 - 1. Clean out LQ (food, mattress, etc.)
 - 2. Tools and cables
 - vii. Turn off power and remove temporary generators (if applicable)
 - e. Removal of equipment
 - i. Pumps
 - ii. Package Equipment
 - iii. Caissons
 - iv. Heavy Piping and supports
 - v. Flare boom
 - vi. Rig prep (removal of miscellaneous items)
- 2) Topsides Preparation (Hardening) to allow for minimum operations and maintenance activities during the Caretaker Period and to limit the use of the EOF
 - a. Facility maintenance repairs and upgrades
 - i. Level 1 upgrades (Prior to caretaker period)
 - ii. Water discharge systems
 - b. Platform Power through critical systems installation (Cathodic Protection, Nav aids, Crane starter)
 - c. Independent utilities installation – Install utilities to abdicate need for EOF during caretaker period
 - i. Power
 - ii. Communications
 - iii. Safety systems (if required)
 - 1. Life jackets/boats
 - 2. Fire extinguishers
 - d. Support system installation

- i. Lights / Navigation aids
 - ii. Security (camera / gates / signage)
 - e. Cathodic protection
- 3) Caretaker Scope
 - a. Develop inspection / operation plan for cold-stack period (Excluding crane and temporary generators)
 - i. Pre-boarding checklist
 - 1. Inspect Swing rope
 - 2. Bring necessary safety equipment (e.g. fire extinguisher/life jacket)
 - 3. Communications protocol / check-ins
 - ii. Frequent Inspections (weekly/monthly/quarterly) (pending regulatory approval), including, but not limited to:
 - 1. Visit for pollution inspection around and on platform
 - 2. Fire extinguisher / life jacket inspections (only if on platform)
 - 3. Solar panel cleaning
 - 4. Nav aids, fog horn (regulatory devices)
 - iii. Yearly (or less frequent) inspection for platform, including, but not limited to:
 - 1. PSVs (if applicable)
 - 2. Level 1, 2, 3 inspections
 - 3. Solar, cameras, communications packages
 - b. Execute inspections and any associated maintenance or repairs
 - i. ~Monthly/Quarterly (Pollution checks, solar panel cleaning, etc)
 - ii. Yearly / less frequent inspection (e.g. L1, L2, L3, L4), including jacket survey planned for summer of 2023
 - c. Planning and execution for temporary generator fueling and maintenance
 - d. Planning and execution for general crane maintenance (including Diesel tank)
- 4) Decommissioning of the Infrastructure and Production Facilities (Platform, Jacket, pipelines, cables, seep tents, and associated debris)
 - a. Planning
 - b. Execution
 - c. Disposal
 - d. Site remediation
 - e. Unique Items for Decommissioning; 2014 Power Cable.
- 5) Post Decommissioning Monitoring (If applicable)
- 6) General / Other
 - a. Decommissioning Planning
 - i. Project Execution Plan

- ii. Pre-decommissioning inspections / surveys / studies / engineering
- b. CEQA
 - i. Environmental Impact Report
 - ii. Environmental surveys/studies
- c. Permitting – Per Phase 2 agreement
 - i. Rain water discharge – To submit permit once hydrocarbon free
 - ii. Execution Permit Preparation
 - iii. Execution Permit submittal
- d. Public response and interaction

Structure:

Decommissioning scope	CSLC	EM	BW	Other
1. Facilities and pipeline permanent isolation and cleaning				
a. Topsides flushing	A	C / S ¹ (50%)	R	
b. Pipeline Flushing	A	C	R	
i. Flush and fill	A	C	R	
ii. Seep tent disconnect	A / S ⁴	C		R
c. Rig flushing and cleaning	I	A		R
d. Deenergize platform	A	S (25%) ¹ / C	R	
e. Removal major of equipment	C	A		R
2. Topsides Preparation (Hardening)				
a. Facility maintenance and repair	A	S (50%) ¹ / C		R (TBD)
b. Platform Power	A	S (50%) / C		
c. Independent utilities Installation ²	C / S (25%)	A		R (TBD)
d. Support system installation ²	C / S (25%)	A		R (TBD)
e. Cathodic Protection	C / S (50%)	A		R (TBD)
f. Crane Maintenance & Operations	A ⁷	C		R
3. Caretaker Scope				

Decommissioning scope	CSLC	EM	BW	Other
a. Development of inspection / operation plan	A	C		
b. Execute inspections and maintenance/as agreed necessary (Excluding crane and temporary generators)	A	I		
i. ~Monthly/Quarterly	A	I		R (TBD)
ii. Yearly / Less frequent ^{4,6}	A	C		R (TBD)
c. Generator Fueling and Maintenance	C	A / R		
d. Crane inspection and maintenance	S (15%)	A / R ³		
4. Decommissioning of the Infrastructure and Production Facilities	I	A / R		
a. Planning	I	A / R		
b. Execution	I	A / R		
c. Onshore Disposal	I ⁵	A / R		
d. Site remediation	I	A / R		
e. Unique Items for Decommissioning; 2014 Power Cable. ⁸	C (100%)	A		
5. Post Decommissioning Monitoring (if applicable)	A / R	I		
6. General / Other				
a. Decom planning	C	A / R	I	
b. CEQA	A / R	C		
i. EIR	A	C		R
ii. Environmental surveys / studies	A	I		R
c. Permitting	A / R	C		
i. Rainwater discharge	A / R	I		
ii. Execution Permit Preparation	C	A / R		

Decommissioning scope	CSLC	EM	BW	Other
iii. Execution permit submittal	A / R	C		
d. Public response & interaction	A / R	C		

¹ Shared cost for additional scope managed by BW during operations outside of normal O&M charges (e.g. outside Purchase Orders for specialized vendors)

² Design input provided by CSLC with EM input. Execution by EM.

³ To be executed as part of watcher period; costs also inclusive of transportation & vessel charges.

⁴ ROV shared between O&M jacket inspection and seep tent survey. CSLC to only pay half of ROV mobilization and demobilization cost. ExxonMobil to pay 100% of additional cost for seep tent disconnect.

⁵ CSLC waives right to salvage value generated from work performed under platform decommissioning.

⁶ Repairs recommended follow RACIS structure for Topsides Preparation scope, however not all scenarios considered. Further alignment required for significant repairs during caretaker period.

⁷ EM to assume accountability and cost after cathodic protection, nav aids, and electric crane starter are installed and rental platform generator is no longer required.

⁸ The power cable installed in 2014 by Venoco. Removal cost and responsibility will exist to the extent decommissioning of the 2014 power cable is approved by the CSLC and that work becomes part of the overall project.

Items outside the Scope

Response and repairs to the platform due to unforeseen events which cause significant damage including, but not limited to, severe weather events, vessel strikes, terrorism or significant vandalism are outside the scope of this agreement regarding responsibilities and cost sharing.

Definitions:

R = Responsible. Team member(s) performing the work.

A = Accountable. Team member(s) with ultimate authority for the activity.
Paying for the work

C = Consulted. Team member(s) to be consulted for details, additional information, subject matter expertise.

I = Inform. Team member(s) to be kept informed of updates and project developments.

S = Shared cost. Sharing cost for activity; Exact split to be determined