

## SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

This Settlement Agreement and Release of Claims (the “Agreement”) is made and entered into between (1) the California State Lands Commission (“CSLC”) for itself and ex rel. the State of California, and Aspen American Insurance Company, through its appointed claims manager and attorney-in-fact, United States Fire Insurance Company (“Aspen”) (collectively, “Plaintiffs”), and (2) Plains Pipeline, L.P., Plains All American Pipeline, L.P., Plains GP Holdings, L.P., Plains AAP, L.P., Plains All American GP LLC, and PAA GP LLC (collectively, “Defendants” or “Plains”). Plaintiffs and Defendants are referred to herein individually as a “Party” and collectively as the “Parties.”

### RECITALS

1. On May 19, 2015, Line 901, a pipeline owned by Plains Pipeline, L.P., failed and spilled oil. Line 901 has remained shut down since the date of the oil spill. Shortly after the spill, a portion of the connecting pipeline, Line 903, owned by Plains Pipeline, L.P., was also shut down and has remained shut down since that time.

2. At the time of the spill, Venoco, Inc. (with its successor Venoco, LLC, “Venoco”) owned and operated an offshore oil platform, Platform Holly, in the Santa Barbara Channel. Venoco sold oil produced at Platform Holly to Phillips 66, which shipped the oil on Line 901. Venoco paid a royalty to CSLC on the oil it produced from Platform Holly pursuant to its lease with CSLC to produce oil from state waters. Venoco maintained surety bonds for its future obligations to decommission Platform Holly; Aspen provided the bonds as surety with CSLC as obligee.

3. Venoco stopped oil production at Platform Holly after the oil spill, and Platform Holly has remained shut in since that date. On April 4, 2016, Venoco filed a lawsuit, *Eugene Davis as Liquidating Trustee of Venoco Liquidating Trust v. Plains All American Pipeline, L.P.*, Santa Barbara Superior Court Case No. 16CV01319, seeking damages for losses allegedly sustained as a result of the pipeline failure, oil spill, and shutdown of Line 901 and Line 903.

4. On April 17, 2017, Venoco quitclaimed its leases to CSLC. As a result, CSLC incurred costs to maintain and decommission Platform Holly. On April 19, 2017, CSLC made claim against the Aspen bonds to pay for the bonded Venoco obligations. On October 27, 2017, CSLC and Aspen settled CSLC’s claim against the bonds. Aspen agreed to pay \$22,000,000 to CSLC in exchange for CSLC agreeing to Aspen’s right of subrogation.

5. On April 17, 2017, Venoco, LLC, TexCal Energy (LP) LLC, Whittier Pipeline Corporation, TexCal Energy (GP) LLC, Ellwood Pipeline, Inc., and TexCal Energy South Texas, L.P. filed petitions for relief under chapter 11 of Title 11 of the United States Code, which bankruptcy cases were jointly administered under Case No. 17-10828 (KG) in the United States Bankruptcy Court for the District of Delaware (the “Venoco Bankruptcy”). In the Venoco Bankruptcy, a liquidating trust was created to dispose of Venoco’s assets and pursue claims on behalf of Venoco (the “Venoco Liquidating Trust”), and a trustee was appointed to administer that trust (the “Venoco Trustee”).

6. CSLC and Aspen submitted proofs of claim in the Venoco Bankruptcy to recover costs they incurred. Claim number 81, filed by Aspen (the “Aspen Claim”), was allowed in the Venoco Bankruptcy by an order of the bankruptcy court at docket number 1203 that approved a stipulation between Aspen and the Venoco Liquidating Trust. Claim number 74, filed by Exxon Mobil Corporation (the “SEF Claim”), was allowed in the Venoco Bankruptcy by an order of the bankruptcy court at docket 1236 that approved a settlement agreement to which CSLC, Exxon Mobil Corporation, and the Venoco Liquidating Trust are parties (among others), providing that fifty percent of distributions on account of the SEF Claim shall be made to CSLC.

7. On May 17, 2018, CSLC and Aspen filed a lawsuit against Plains captioned *California State Lands Commission, et al. v. Plains Pipeline, L.P. et al.*, Santa Barbara Superior Court Case No. 18CV02504 (the “Action”), alleging negligence, willful misconduct, and interference with prospective economic advantage, and seeking damages for losses allegedly sustained as a result of the pipeline failure and shutdown of Line 901 and Line 903. On November 9, 2023, Plaintiffs filed a Second Amended Complaint in the Action adding CSCL *ex rel.* the State of California as a plaintiff.

8. On September 16, 2024, Plains and Eugene Davis, as Liquidating Trustee of Venoco Liquidating Trust, entered into a settlement of the claims in *Eugene Davis as Liquidating Trustee of Venoco Liquidating Trust v. Plains All American Pipeline, L.P.*, Santa Barbara Superior Court Case No. 16CV01319. The Parties anticipate that a portion of Plains’ settlement payment to the Venoco Trustee will be distributed to creditors in the Venoco Bankruptcy, including to CSLC and Aspen.

## **AGREEMENT**

NOW THEREFORE, in consideration of the above Recitals, the agreements contained herein, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, the Parties agree as follows:

1. **Effective Date:** This Agreement shall be dated and deemed effective as of the last date on which all Parties and their counsel have signed the Agreement (“Effective Date”).

2. **Settlement Payment by Plains:** In full and final settlement of all claims asserted by Plaintiffs in the Action, and all potential claims described in Section 6 below, within the later of (i) 30 days of the Effective Date and (ii) provision of appropriate Form W-9s and wire instructions to Defendants’ counsel, Defendants will pay \$72,500,000 (the “Settlement Payment by Plains”) to Plaintiffs. Plaintiffs are solely responsible for apportionment of the Settlement Payment by Plains among them.

3. **Payment by CSLC of Venoco Bankruptcy Proceeds:** CSLC will pay to Plains 100% of any distributions or payments received, directly or indirectly, from the Venoco Bankruptcy, including any distributions or payments received on account of any claims (including the SEF Claim) against the Venoco Bankruptcy estate (“CSLC Distributions”). CSLC will request a warrant for payment from the California Controller within 15 business days following receipt of such funds and an appropriately completed form STD 204 and will use best efforts to cause any such funds to be paid to Plains as soon as reasonably possible. CSLC shall

direct that payment be sent to Plains, using wire instructions provided by Plains. CSLC will not take actions to reduce the amount of the SEF Claim or agree to receive a lesser amount on the SEF Claim without written consent of Plains, including in settlement of the claims made by the Venoco Trustee that are the subject of *In re: Venoco, LLC*, Case No. 24-1083 in the U.S. Court of Appeals for the Third Circuit (the “EOF Claims”); provided that CSLC may, in its sole discretion, continue to vigorously defend itself against the EOF claims whether or not its defense has the effect of increasing the Trustee’s litigation fees and costs, thereby diminishing the value or amount of the CSLC Distributions. In collaboration with Plains, CSLC will use reasonable efforts to collect the CSLC distributions (including, for example, by opposing any efforts by the Venoco Liquidating Trust to offset the CSLC Distributions or the SEF Claim); provided that CSLC may determine, in its sole discretion, whether to oppose the Trustee’s request for a success fee.

4. Payment by Aspen of Venoco Bankruptcy Proceeds: Aspen will pay to Plains 53.6% of any distributions or payments received, directly or indirectly, as a result of the Venoco Bankruptcy, including any distributions or payments received on account of any claims (including the Aspen Claim) against the Venoco Bankruptcy estate (“Aspen Distributions,” and together with the CSLC Distributions, the “Plaintiffs Distributions”). Aspen will make such payment within 15 days following receipt of such funds and an appropriately completed form W-9. Aspen shall send payment by wire to Plains using wire instructions provided by Plains. Aspen will not take any actions to diminish the value or amount of Aspen Distributions or the Aspen Claim. Aspen will file a joinder to documents that the CSLC files in connection with its efforts to collect the Aspen Distributions.

5. Dismissal of Action With Prejudice: Upon the execution of this Agreement, Plaintiffs will execute and deliver to Plains a stipulation for dismissal of all claims in the Action with prejudice, to be held in escrow by Defendants’ current counsel for filing immediately upon clearance of the Settlement Payment by Plains. The stipulation shall provide that the Santa Barbara Superior Court shall retain jurisdiction to enforce the settlement agreement for 90 days pursuant to Code of Civil Procedure section 664.6. In the event that Plains fails to make the Settlement Payment, in good and sufficient funds, the releases in this Agreement shall be null and void; and the Parties hereby stipulate that Plaintiffs may revive their litigation against Plains and proceed to trial on their original claims or, in the alternative, for breach of this Agreement.

6. Releases of Claims:

(a) Effective on the date Plaintiffs receive the full Settlement Payment by Plains, CSLC and Aspen (collectively, the “Releasing Parties”) forever, finally, fully, and completely release, relieve, acquit, and discharge Defendants and their past or present and direct or indirect parents, affiliates, subsidiaries, partners, predecessors, successors, divisions, employees, officers, directors, agents, attorneys, insurers, investors, and independent contractors (collectively, the “Released Parties”), from any and all causes of action, judgments, liens, indebtedness, damages, losses, claims, liabilities, charges, complaints, suits, obligations, promises, agreements, rights, costs, expenses, debts and demands of every kind and character, known or unknown, past, present, or future, whether held by virtue of subrogation or otherwise, arising from or related to the ownership, operation or maintenance of Line 901 or Line 903, the failure or rupture of Line 901, the May 19, 2015 Refugio oil release from Line 901, the shutdown

of Line 901 and Line 903 (together with any related conduct or activities, collectively referred to herein as the “Line 901 Related Activities”), and any and all claims or allegations made, or which could have been made, by the Releasing Parties (collectively, the “Released Claims”).

(b) Plaintiffs acknowledge that the Settlement Payment by Plains fully satisfies and is sufficient to compensate Plaintiffs and the Releasing Parties for any and all claims for damages or losses of any type relating to the Released Claims.

(c) Plaintiffs agree not to pursue any claim for restitution arising out of or relating to the Line 901 Related Activities, and any and all allegations made, or which could have been made, by Plaintiffs or any other Releasing Party in the Action or pursuant to the Released Claims, and agree that the Payment made in this case is sufficient to fully cover any claim for restitution Plaintiffs may have in *People v. Plains All American Pipeline, L.P.*, Santa Barbara Superior Court Case No. 1495091 or otherwise.

(d) Plaintiffs acknowledge and agree they have been informed by their attorneys and advisors of, and that they are familiar with and hereby expressly waive, the provisions of section 1542 of the California Civil Code to the fullest extent that they may waive such rights and benefits. Section 1542 provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

(e) Plaintiffs acknowledge and agree that they are aware that they may hereafter discover claims presently unknown or unsuspected, or facts in addition to or different from those which they now know or believe to be true, as to the matters released herein. Nevertheless, it is the express intention of the Parties through this release, to fully, finally, and forever release all such matters, and all claims related thereto, which now exist, may in the future exist, or have heretofore existed. In furtherance of such intention, the release herein given shall be and remain in effect as a full and complete release of such matters, notwithstanding the discovery or existence of any such additional or different claims or facts related thereto. In entering into this Agreement, the Parties do not rely upon any statement, representation or promise of any other party, except as otherwise expressly stated in this Agreement.

7. Representations and Warranties: Plaintiffs, on behalf of themselves and all Releasing Parties, represent, certify, and warrant that:

(a) Plaintiffs are the proper parties to assert the Released Claims; and Plaintiffs have not sold, assigned, pledged, transferred, waived, released, abandoned, or disposed of any interest, right, claim and/or entitlement in or to any of the Released Claims.

(b) Plaintiffs make no representation or warranty as to the value or amount of any distributions they may receive from the Venoco Bankruptcy (including, for example, any possibility that the Venoco Trustee or any third party might successfully assert that the amounts

paid to Plaintiffs should reduce or offset any distribution in the Venoco bankruptcy). Notwithstanding the foregoing sentence, Plaintiffs represent that:

- (i) The Aspen Claim and SEF Claim have been allowed by non-appealable orders in the Venoco Bankruptcy and Plaintiffs are beneficiaries of the Venoco Liquidating Trust entitled to their respective pro rata shares of any distributions from the Venoco Liquidating Trust in respect of: for Aspen, 100% of the Aspen Claim, and for CSLC, 50% of the SEF Claim.
  - (ii) Plaintiffs have not received payment or other distribution in full or partial satisfaction of the Aspen Claim or SEF Claim, nor written notice that the Aspen Claim or SEF Claim or any portion thereof is void, voidable or unenforceable.
  - (iii) No portion of the Aspen Claim or SEF Claim or Plaintiffs Distributions has been sold, assigned, participated, factored, pledged, or otherwise transferred to any third party.
  - (iv) Except for the EOF Claims and such administrative fees and expenses of the Venoco Liquidating Trust as may be allowed by applicable bankruptcy law, Plaintiffs are not aware of any claim, cause of action, counterclaim, right of setoff, right of recoupment, or dispute, whether pending or threatened, that could be used as a basis seeking to recover or offset against amounts that have been distributed to, or would otherwise be distributable to, Aspen or CSLC with respect to the Aspen Claim or the SEF Claim, or any portion thereof.
  - (v) Except for the EOF Claims and such administrative fees or expenses of the Venoco Liquidating Trust as may be allowed by applicable bankruptcy law, Plaintiffs are not aware of any lien, claim, charge, security interest, participation, factoring arrangement or encumbrance placed on or applicable to the Aspen Claim or the SEF Claim.
- (c) Other than the claims being pursued by Aspen in *California State Lands Commission, et al. v. Plains Pipeline, L.P., et al.*, Case No. 18CV02504 (Santa Barbara Superior Court), which are being settled pursuant to this Agreement, Plaintiffs are not aware of any insurer of any Releasing Party that holds any right to pursue recovery, by subrogation, assignment, or any other theory, from the Released Parties with respect to the Released Claims.
- (d) Plaintiffs are legally competent and authorized and have the full legal right, power, and authority to enter into this Agreement and to take all appropriate action required or permitted to effectuate its terms, and to execute any other documents required to carry out the terms of this Agreement.

(e) The signatories hereto for Plaintiffs have full power and legal authority to execute this Agreement, and execution of this Agreement will be effective to bind Plaintiffs and the Releasing Parties to this Agreement and will not constitute a violation of any applicable law, agreement, court order, or third party's rights.

(f) Aspen has taken all necessary actions to duly approve its execution and performance of this Agreement and no further approval is necessary.

8. Remedies: Plaintiffs agree to defend and indemnify the Released Parties, and to reimburse Plains for any damages incurred, as a result of the breach of any representation, certification or warranty made by Plaintiffs in Paragraph 7.

9. Denial of Liability: Defendant has denied and continues to deny Plaintiffs' allegations in the Action, and has denied and continues to deny that it has or should have any liability to Plaintiffs. Plaintiffs agree that Defendants' entering into this Agreement or taking any action pursuant to this Agreement is not and will not constitute an admission for any purpose.

10. Confidentiality: The Plaintiffs will not publish or release, or disclose to any third party, the terms or substance of the Settlement Agreement before November 11, 2024, except to the extent required to do so by law. If CSLC receives a Public Records Act request, it will appropriately respond to the request. If it is required to disclose the Settlement Agreement in response to such a request, CSLC may, thereafter, treat the settlement and the settlement agreement as public information (including by publishing the Settlement Agreement on its website).

11. Additional Terms:

(a) Incorporation of Recitals. The Recitals are incorporated into the Agreement by reference, as if fully set forth herein at length, and shall be considered part of this Agreement.

(b) Counterparts. This Agreement may be executed in one or more counterparts but all of the counterparts shall constitute one agreement. This Agreement shall be effective when executed by all of the Parties.

(c) Electronic Transmission. This Agreement may be executed via electronic transmission. Electronically transmitted signatures shall constitute originals for any and all purposes herein.

(d) Binding Nature of Agreement; Successors and Assigns. No Party to this Agreement shall assign or delegate any of the rights, interests, or obligations under or relating to this Agreement without the prior written consent of the Parties. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns.

(e) Integration. This Agreement constitutes a single, integrated written contract expressing the entire agreement of the Parties relative to the subject matter hereof. No

covenants, agreements, representations, or warranties of any kind whatsoever have been made by any Party, except as specifically set forth in this Agreement. All prior discussions and negotiations have been and are merged and integrated into, and are superseded by, this Agreement.

(f) Non-Severability. Each of the terms of this Agreement is a material and integral part of it. If any provision of this Agreement is held to be void, unenforceable or contrary to law, the entire Agreement shall be deemed null and void as of its date of execution.

(g) Governing Law. This Agreement shall be construed in accordance with, and be governed by, the laws of the State of California.

(h) Attorneys' Fees. The Parties agree that each Party shall bear its own attorneys' fees and costs.

(i) Joint Efforts. The Parties agree that this Agreement is the product of all Parties' efforts and each Party waives the benefit of the rule of contract interpretation that resolves ambiguities against the drafting party.

(j) Amendments. The Parties agree that this Agreement may only be amended or modified by a written instruction subscribed to by each of the Parties or their respective representatives.

(k) Other Litigation. Notwithstanding the foregoing, nothing in this Agreement shall be construed to limit the right of Plains or its subsidiaries or affiliates to defend themselves in any litigation arising from Line 901 Related Activities.

(l) Notices. Notices sent to the Parties under this Agreement shall be made in writing, shall be provided by electronic mail and next-day express delivery service, and shall be addressed as follows:

For CSLC:

Seth Blackmon, Chief Counsel  
CALIFORNIA STATE LANDS COMMISSION  
100 Howe Ave., Suite 100 South  
Sacramento, CA 95825  
Seth.Blackmon@slc.ca.gov

and

Matthew C. Heyn, Deputy AG  
OFFICE OF THE ATTORNEY GENERAL  
300 S. Spring St., Suite 1702  
Los Angeles, CA 90013  
Matthew.Heyn@doj.ca.gov

For Aspen:

David Thomas  
United States Fire Insurance Company  
Senior Vice President, Claims- Surety Division  
305 Madison Avenue, Morristown, NJ 07960  
David.Thomas@cfins.com

and

David Veis, Esq.  
CLYDE & CO.  
355 S. Grand Ave., Suite 1400  
Los Angeles, CA 90071  
David.Veis@clydeco.us

For Defendants:

Russell Miller  
Senior Group Counsel  
Plains All American Pipeline, L.P.  
333 Clay St. #1600  
Houston, Texas 77002  
russ.miller@plains.com

and

Brad Brian  
Henry Weissmann  
Daniel Levin  
Munger, Tolles & Olson LLP  
350 S. Grand Ave., 50th Floor  
Los Angeles, CA 90071  
brad.brian@mto.com  
henry.weissmann@mto.com  
daniel.levin@mto.com

(m) Authority and Competence. The representatives signing this Agreement on behalf of the Parties represent and warrant that they have authority and are legally competent to execute this Agreement on behalf of the respective Party.



CONFIDENTIAL SETTLEMENT AGREEMENT

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year written below.

Date: October 24, 2024

Jennifer Lucchesi  
Jennifer Lucchesi as Executive Officer  
on behalf of the California State Lands Commission  
for itself and ex rel. the State of California

Date: Oct. 24, 2024

APPROVED AS TO FORM:

Matthew Heyn  
Matthew Heyn, Deputy Attorney General, as  
attorney for the California State Lands Commission  
for itself and ex rel. the State of California

Date: \_\_\_\_\_

\_\_\_\_\_  
David Thomas, United States Fire Insurance  
Company, as appointed claims manager and  
attorney-in-fact for Aspen American Insurance  
Company

Date: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
David Veis, Attorney for Aspen

Date: \_\_\_\_\_

\_\_\_\_\_  
RICHARD McGEE, on behalf of Plains Pipeline,  
L.P., Plains All American Pipeline, L.P., Plains GP  
Holdings, L.P., Plains AAP, L.P., Plains All  
American GP LLC, and PAA GP LLC

Date: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
BRAD D. BRIAN, MUNGER TOLLES & OLSON  
LLP, Attorneys for Plains Pipeline, L.P., Plains All  
American Pipeline, L.P., Plains GP Holdings, L.P.,  
Plains AAP, L.P., Plains All American GP LLC,  
and PAA GP LLC

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Jennifer Lucchesi as Executive Officer  
on behalf of the California State Lands Commission  
for itself and ex rel. the State of California

Date: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Matthew Heyn, Deputy Attorney General, as  
attorney for the California State Lands Commission  
for itself and ex rel. the State of California

Date: 10/23/2024

  
\_\_\_\_\_  
David Thomas, United States Fire Insurance  
Company, as appointed claims manager and  
attorney-in-fact for Aspen American Insurance  
Company

Date: 10/23/24

APPROVED AS TO FORM:

  
\_\_\_\_\_  
David Veis, Attorney for Aspen

Date: \_\_\_\_\_

\_\_\_\_\_  
RICHARD McGEE, on behalf of Plains Pipeline,  
L.P., Plains All American Pipeline, L.P., Plains GP  
Holdings, L.P., Plains AAP, L.P., Plains All  
American GP LLC, and PAA GP LLC

Date: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
BRAD D. BRIAN, MUNGER TOLLES & OLSON  
LLP, Attorneys for Plains Pipeline, L.P., Plains All  
American Pipeline, L.P., Plains GP Holdings, L.P.,  
Plains AAP, L.P., Plains All American GP LLC,  
and PAA GP LLC

CONFIDENTIAL SETTLEMENT AGREEMENT

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Jennifer Lucchesi as Executive Officer  
on behalf of the California State Lands Commission  
for itself and ex rel. the State of California

Date: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Matthew Heyn, Deputy Attorney General, as  
attorney for the California State Lands Commission  
for itself and ex rel. the State of California

Date: \_\_\_\_\_


\_\_\_\_\_  
David Thomas, United States Fire Insurance  
Company, as appointed claims manager and  
attorney-in-fact for Aspen American Insurance  
Company

Date: \_\_\_\_\_

APPROVED AS TO FORM:

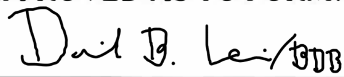
\_\_\_\_\_  
David Veis, Attorney for Aspen

Date: 10/24/2024

  
\_\_\_\_\_  
RICHARD MCGEE, on behalf of Plains Pipeline,  
L.P., Plains All American Pipeline, L.P., Plains GP  
Holdings, L.P., Plains AAP, L.P., Plains All  
American GP LLC, and PAA GP LLC

Date: 10/24/2024

APPROVED AS TO FORM:

  
\_\_\_\_\_  
BRAD D. BRIAN, MUNGER TOLLES & OLSON  
LLP, Attorneys for Plains Pipeline, L.P., Plains All  
American Pipeline, L.P., Plains GP Holdings, L.P.,  
Plains AAP, L.P., Plains All American GP LLC,  
and PAA GP LLC