

Form MMS-2005  
(August 1982)  
(formerly Form 3300-1)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
MINERALS MANAGEMENT SERVICE

**OIL AND GAS LEASE OF SUBMERGED LANDS  
UNDER THE OUTER CONTINENTAL SHELF LANDS ACT**

*This form does not constitute an information collection as defined by 44 U.S.C. 3502 and therefore does not require approval by the Office of Management and Budget.*

Office	Serial number
Los Angeles, CA	OCS-P 0527
Cash bonus \$70,680.00	Rental rate per acre, <del>hectare</del> or fraction thereof \$3.00
Minimum royalty rate per acre, <del>hectare</del> or fraction thereof \$3.00	Royalty rate 12 1/2%
Work commitment	Profit share rate

This lease is effective as of **DEC 1 1984** (hereinafter called the "Effective Date") and shall continue for an initial period of **five** years (hereinafter called the "Initial Period") by and between the United States of America (hereinafter called the "Lessor"), by the **Regional Manager, Pacific OCS Region** Minerals Management Service, its authorized officer, and

Chevron U.S.A. Inc.	50.0%
Gulf Oil Corporation	50.0%

(hereinafter called the "Lessee"). In consideration of any cash payment heretofore made by the Lessee to the Lessor and in consideration of the promises, terms, conditions, and covenants contained herein, including the Stipulation(s) numbered **1, 2, 3, 4, 5, 6, 7, 9a, 9b, 10, 11, 12, 13, 17** attached hereto, the Lessee and Lessor agree as follows:

**Sec. 1. Statutes and Regulations.** This lease is issued pursuant to the Outer Continental Shelf Lands Act of August 7, 1953, 67 Stat. 462; 43 U. S.C. 1331 et seq., as amended (92 Stat. 629), (hereinafter called the "Act"). The lease is issued subject to the Act; all regulations issued pursuant to the statute and in existence upon the Effective Date of this lease; all regulations issued pursuant to the statute in the future which provide for the prevention of waste and the conservation of the natural resources of the Outer Continental Shelf, and the protection of correlative rights therein; and all other applicable statutes and regulations.

**Sec. 2. Rights of Lessee.** The Lessor hereby grants and leases to the Lessee the exclusive right and privilege to drill for, develop, and produce oil and gas resources, except helium gas, in the submerged lands of the Outer Continental Shelf containing approximately **455.64** acres or **hectares** (hereinafter referred to as the "leased area"), described as follows:

Block 46N 62W, That portion seaward of the Channel Islands National Marine Sanctuary. OCS Leasing Map 6B, Channel Islands Area.

These rights include:

(a) the nonexclusive right to conduct within the leased area geological and geophysical explorations in accordance with applicable regulations;

(b) the nonexclusive right to drill water wells within the leased area, unless the water is part of geopressured-geothermal and associated resources, and to use the water produced therefrom for operations pursuant to the Act free of cost, on the condition that the drilling is conducted in accordance with procedures approved by the Director of the Minerals Management Service or the Director's delegate (hereinafter called the "Director"); and

(c) the right to construct or erect and to maintain within the leased area artificial islands, installations, and other devices permanently or temporarily attached to the seabed and other works and structures necessary to the full enjoyment of the lease, subject to compliance with applicable laws and regulations.

**Sec. 3. Term.** This lease shall continue from the Effective Date of the lease for the Initial Period and so long thereafter as oil or gas is produced from the leased area in paying quantities, or drilling or well reworking operations, as approved by the Lessor, are conducted thereon.

**Sec. 4. Rentals.** The Lessee shall pay the Lessor, on or before the first day of each lease year which commences prior to a discovery in paying quantities of oil or gas on the leased area, a rental as shown on the face hereof.

**Sec. 5. Minimum Royalty.** The Lessee shall pay the Lessor at the expiration of each lease year which commences after a discovery of oil and gas in paying quantities, a minimum royalty as shown on the face hereof or, if there is production, the difference between the actual royalty required to be paid with respect to such lease year and the prescribed minimum royalty, if the actual royalty paid is less than the minimum royalty.

**Sec. 6. Royalty on Production.** (a) The Lessee shall pay a fixed royalty as shown on the face hereof in amount or value of production saved, removed, or sold from the leased area. Gas of all kinds (except helium) is subject to royalty. The Lessor shall determine whether production royalty shall be paid in amount or value.

(b) The value of production for purposes of computing royalty on production from this lease shall never be less than the fair market value of the production. The value of production shall be the estimated reasonable value of the production as determined by the Lessor, due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field or area, to the price received by the Lessee, to posted prices, to regulated prices, and to other relevant matters. Except when the Lessor, in its discretion, determines not to consider special pricing relief from otherwise applicable Federal regulatory requirements, the value of production for the purposes of computing royalty shall not be deemed to be less than the gross proceeds accruing to the Lessee from the sale thereof. In the absence of good reason to the contrary, value computed on the basis of the highest price paid or offered at the time of production in a fair and

open market for the major portion of like-quality products produced and sold from the field or area where the leased area is situated, will be considered to be a reasonable value.

(c) When paid in value, royalties on production shall be due and payable monthly on the last day of the month next following the month in which the production is obtained, unless the Lessor designates a later time. When paid in amount, such royalties shall be delivered at pipeline connections or in tanks provided by the Lessee. Such deliveries shall be made at reasonable times and intervals and, at the Lessor's option, shall be effected either (i) on or immediately adjacent to the leased area, without cost to the Lessor, or (ii) at a more convenient point closer to shore or on shore, in which event the Lessee shall be entitled to reimbursement for the reasonable cost of transporting the royalty substance to such delivery point. The Lessee shall not be required to provide storage for royalty paid in amount in excess of tankage required when royalty is paid in value. When royalties are paid in amount, the Lessee shall not be held liable for the loss or destruction of royalty oil or other liquid products in storage from causes over which the Lessee has no control.

**Sec. 7. Payments.** The Lessee shall make all payments to the Lessor by check, bank draft, or money order unless otherwise provided by regulations or by direction of the Lessor. Rentals, royalties, and any other payments required by this lease shall be made payable to the Minerals Management Service and tendered to the Director.

**Sec. 8. Bonds.** The Lessee shall maintain at all times the bond(s) required by regulation prior to the issuance of the lease and shall furnish such additional security as may be required by the Lessor if, after operations have begun, the Lessor deems such additional security to be necessary.

**Sec. 9. Plans.** The Lessee shall conduct all operations on the leased area in accordance with approved exploration plans, and approved development and production plans as are required by regulations. The Lessee may depart from an approved plan only as provided by applicable regulations.

**Sec. 10. Performance.** The Lessee shall comply with all regulations and orders relating to exploration, development, and production. After due notice in writing, the Lessee shall drill such wells and produce at such rates as the Lessor may require in order that the leased area or any part thereof may be properly and timely developed and produced in accordance with sound operating principles.

**Sec. 11. Directional Drilling.** A directional well drilled under the leased area from a surface location on nearby land not covered by this lease shall be deemed to have the same effect for all purposes of the lease as a well drilled from a surface location on the leased area. In those circumstances, drilling shall be considered to have been commenced on the leased area when drilling is commenced on the nearby land for the purpose of directionally drilling under the leased area, and production of oil or gas from the leased area through any directional well surfaced on nearby land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations on the leased area for all purposes of the lease. Nothing contained in this Section shall be construed as granting to the Lessee any interest, license, easement, or other right in any nearby land.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
MINERALS MANAGEMENT SERVICE  
PACIFIC OCS REGION

OCS LEASE SALE NO. 80  
SOUTHERN CALIFORNIA

STIPULATION NO. 1 - PROTECTION OF BIOLOGICAL RESOURCES

(a) If the Regional Manager (RM) has reason to believe that biological populations or habitats exist and require protection, the RM shall give the lessee notice that the lessor is invoking the provisions of this stipulation and the lessee shall comply with the following requirements. Prior to any drilling activity or the construction or placement of any structure for exploration or development on lease areas including, but not limited to, well drilling and pipeline and platform placement, hereinafter referred to as "operation," the lessee shall conduct site specific surveys as approved by the RM and in accordance with prescribed biological survey requirements to determine the existence of any special biological resource including, but not limited to:

- (1) Very unusual, rare, or uncommon ecosystems or ecotones;
- (2) A species of limited regional distribution that may be adversely affected by any lease operation.

If the results of such surveys suggest the existence of a special biological resource that may be adversely affected by any lease operation, the lessee shall: 1) relocate the site of such operation so as not to adversely affect the resources identified; 2) modify operations in such a way as not to adversely affect the significant biological populations or habitats deserving protection; or 3) establish to the satisfaction of the RM on the basis of the site specific survey, either that such operation will not have a significant adverse effect upon the resource identified or that a special biological resource does not exist. The RM will review all data submitted and determine, in writing, whether a special biological resource exists and whether it may be significantly affected by the lessee's operations. The lessee may take no action until the RM has given the lessee written directions on how to proceed.

(b) The lessee agrees that, if any area of biological significance should be discovered during the conduct of any operations on the leased area, the lessee shall report immediately such findings to the RM and make every reasonable effort to preserve and protect the biological resources from damage until the RM has given the lessee directions with respect to its protection.

STIPULATION NO. 2 - PROTECTION OF CULTURAL RESOURCES

(a) "Cultural resource" means any site, structure, or object of historic or prehistoric archeological significance. "Operations" means any drilling, mining, or construction or placement of any structure for exploration, development, or production of the lease.

(b) If the Regional Manager (RM) believes a cultural resource may exist in the lease area, the RM will notify the lessee in writing. The lessee shall then comply with subparagraphs (1) through (3).

(1) Prior to commencing any operations, the lessee shall prepare a report, as specified by the RM, to determine the potential existence of any cultural resource that may be affected by operations. The report, prepared by an archeologist and geophysicist, shall be based on an assessment of data from remote-sensing surveys and of other pertinent cultural and environmental information. The lessee shall submit this report to the RM for review.

(2) If the evidence suggests that a cultural resource may be present, the lessee shall either:

- (i) Locate the site of any operations so as not to adversely affect the area where the cultural resource may be; or

STIPULATION NO. 2 - PROTECTION OF CULTURAL RESOURCES (CONTINUED)

(11) Establish to the satisfaction of the RM that a cultural resource does not exist or will not be adversely affected by operations. This shall be done by further archeological investigation, conducted by an archeologist and a geophysicist, using survey equipment and techniques deemed necessary by the RM. A report on the investigation shall be submitted to the RM for review.

(3) If the RM determines that a cultural resource is likely to be present on the lease and may be adversely affected by operations, the RM will notify the lessee immediately. The lessee shall take no action that may adversely affect the cultural resource until the RM has told the lessee how to protect it.

(c) If the lessee discovers any cultural resource while conducting operations on the lease area, the lessee shall report the discovery immediately to the RM. The lessee shall make every reasonable effort to preserve the cultural resource until the RM has told the lessee how to protect it.

STIPULATION NO. 3 - OPERATIONAL CONTROLS, ELECTROMAGNETIC EMISSIONS, AND EVACUATION

(a) The lessee agrees that, prior to operating or causing to be operated on its behalf boat or aircraft traffic into individual designated warning areas, the lessee shall coordinate and comply with instructions from the Commander, Western Space and Missile Center (WSMC), the Commander, Pacific Missile Test Center (PMTTC), and the Commander, Fleet Area Control and Surveillance Facility (FACSFAC), or other appropriate military agency. Such coordination and instruction will provide for positive control of boats and aircraft operating in warning areas at all times.

(b) The lessee agrees to control its own electromagnetic emissions and those of its agents, employees, invitees, independent contractors or subcontractors emanating from individual, designated defense warning areas in accordance with requirements specified by the Commander, WSMC, the Commander, PMTC, and the Commander, FACSFAC, or other appropriate military agency, to the degree necessary to prevent damage to or unacceptable interference with Department of Defense flight, testing, or operations activities conducted within individual, designated warning areas. Necessary monitoring, control, and coordination with the lessee, its agents, employees, invitees, independent contractors or subcontractors will be affected by the Commander of the appropriate onshore military installation conducting operations in the particular warning area: provided, however, that control of such electromagnetic emissions shall permit at least one continuous channel of communication between a lessee, its agents, employees, invitees, independent contractors or subcontractors, and onshore facilities.

STIPULATION NO. 4 - HOLD HARMLESS

Whether or not compensation for such damage or injury might be due under a theory of strict or absolute liability or otherwise, the lessee assumes all risks of damage or injury to persons or property which occurs in, on, or above the Outer Continental Shelf, to any person or persons or to any property of any person or persons who are agents, employees, or invitees of the lessee, its agents, independent contractors or subcontractors doing business with the lessee in connection with any activities being performed by the lessee in, on, or above the Outer Continental Shelf, if such injury or damage to such person or property occurs by reason of the activities of any agency of the U.S. Government, its contractors or subcontractors, or any of their officers, agents, or employees, being conducted as a part of, or in connection with, the programs and activities of the Western Space and Missile Center, the Pacific Missile Test Center, or other appropriate military agency.

Notwithstanding any limitations of the lessee's liability in section 14 of the lease, the lessee assumes the risk whether such injury or damage is caused in whole or in part by any act or omission, regardless of negligence or fault, of the United States, its contractors or subcontractors, or any of their officers, agents, or employees. The lessee further agrees to indemnify and save harmless the United States against all claims for loss, damage, or injury sustained by the lessee, and to indemnify and save harmless the United States against all claims for loss, damage, or injury sustained by agents, employees, or invitees of the lessee, its agents, or any independent contractors or subcontractors doing business with the lessee in connection with the programs and activities of the aforementioned military installations and agencies, whether the same be caused in whole or in part by the negligence or fault of the United States, its contractors or subcontractors, or any of their officers, agents, or employees and whether such claims might be sustained under theories of strict or absolute liability or otherwise.

**STIPULATION NO. 5 - TRANSPORTATION OF HYDROCARBON PRODUCTS**

(a) Pipelines will be required: (1) if pipeline rights-of-way can be determined and obtained; (2) if laying of such pipelines is technologically feasible and environmentally preferable; and (3) if, in the opinion of the lessor, pipelines can be laid without net social loss, taking into account any incremental costs of pipelines over alternative methods of transportation and any incremental benefits in the form of increased environmental protection or reduced multiple-use conflicts. The lessor specifically reserves the right to require that any pipeline used for transporting production to shore be placed in certain designated management areas. In selecting the means of transportation, consideration will be given to any recommendation of the Pacific Regional Technical Working Group with the participation of Federal, State, and local governments and the industry.

(b) Following the development of sufficient pipeline capacity, no crude oil production will be transported by surface vessel from offshore production sites, except in the case of emergency. Determinations as to emergency conditions and appropriate responses to these conditions will be made by the Regional Manager.

(c) Where the three criteria set forth in the first sentence of this stipulation are not met and surface transportation must be employed, all vessels used for carrying hydrocarbons to shore from the leased area will conform with all standards established for such vessels, pursuant to the Ports and Waterways Safety Act of 1972 as amended (33 U.S.C. 1221, et seq.).

**STIPULATION NO. 6 - WELLS AND PIPELINES**

(a) Wells. Subsea wellheads and temporary abandonments, or suspended operations that leave protrusions above the sea floor, shall be protected, if feasible, in such a manner as to allow commercial trawl gear to pass over the structure without snagging or otherwise damaging the structure or the fishing gear. Latitude and longitude coordinates of these structures, along with water depths, shall be submitted to the Regional Manager. The coordinates of such structures will be determined by the lessee utilizing state-of-the-art navigation systems with the accuracy of at least +50 feet at 200 miles.

(b) Pipelines. All pipelines, unless buried, including gathering lines, shall have a smooth-surface design. In the event that an irregular pipe surface is unavoidable due to the need of valves, anodes, or other structures, those irregular surfaces shall be protected in such a manner as to allow trawl gear to pass over the object without snagging or otherwise damaging the structure or the fishing gear.

**STIPULATION NO. 7 - FISHERIES AND WILDLIFE TRAINING PROGRAM**

The lessee shall include in its exploration and development plans, submitted under 30 CFR 250.34, a proposed fisheries and wildlife training program for review and approval by the Regional Manager. The training program shall be for all personnel involved in exploration, development, and production operations, and for platform and shorebased supervisors. The purpose of the training program shall be to familiarize persons working on the project of the value of the commercial fishing industry, the methods of offshore fishing operations, the potential conflicts between fishing operations and offshore oil and gas activities, the locations of marine mammal and bird rookery sites in the area, the locations of gray whale and other endangered whale migration routes in the area, the seasonal abundance and sensitivities of these animals to disturbance, and the Federal laws that have been established to protect endangered and threatened species from harrassment or injury. Additionally, the lessee shall include in the training program required above, information on the behavior of gray whales migration and how to avoid conflicts with this migration. The program shall be formulated and implemented by qualified instructors.

**STIPULATION NO. 9 - PROTECTION OF IMPORTANT BIOLOGICAL RESOURCES**

(a) The lessee shall be required to maintain state-of-the-art oil spill containment and cleanup equipment (in accordance with the requirements of the previously agreed upon U.S. Coast Guard (USCG) Notice No. 5740) onsite and in the vicinity of exploratory drilling and development and production operations. In addition, suitable means of deployment and personnel trained in deployment and use of this equipment must be available. Such deployment for exploration, development, and production operations shall have the capability of immediate initiation of oil spill containment and cleanup.

STIPULATION NO. 9 - PROTECTION OF IMPORTANT BIOLOGICAL RESOURCES (CONTINUED)

(b) In the case of spills larger than can be contained by equipment on exploration vessels or production platforms, the lessee shall maintain state-of-the-art equipment on the vessels which, based on the proximity to the Channel Islands National Marine Sanctuary, are capable of responding to a request for assistance and being on the scene within 2 to 4 hours of the request if local conditions permit. The lessee shall install on exploration vessels and production platforms real-time monitoring capability to assist the USCG in acquiring meteorological and oceanographic data necessary to make accurate predictions of the trajectory of oil spills. This information shall support oil spill containment and cleanup operations. When a spill greater than 1 barrel occurs, the lessee shall notify the California Office of Emergency Services within 24 hours of such a spill.

STIPULATION NO. 10 - TESTING OF OIL SPILL CONTAINMENT EQUIPMENT

The lessee shall conduct semi-annual full-scale drills at the request of the lessor for platforms and operator-controlled contracted cleanup vessels for deploying equipment in open water to test the equipment and the contingency plan. These drills must involve all primary equipment identified in the oil spill contingency plans as satisfying Outer Continental Shelf Operating Order No. 7. At least two of these drills shall include the primary equipment controlled and operated by the appropriate cooperative. These drills will be unannounced and held under realistic environmental conditions in which deployment and operations can be accomplished without endangering safety of personnel. Representatives of the U.S. Coast Guard, Minerals Management Service, and California Coastal Commission may be present as observers. The lessor's inspectors will frequently inspect oil and gas facilities where oil spill containment and cleanup equipment are maintained in order to assure readiness.

STIPULATION NO. 11 - ONSHORE OIL PROCESSING

Any initial processing of oil will be conducted at an onshore facility, if feasible, subject to the granting of necessary permits by local authorities within a reasonable period of time as provided for in State of California law. If after review by local and State authorities these permits cannot be acquired, then the Regional Manager shall determine, in cooperation and participation with the State, what further action needs to be taken in regard to the lessee's development and production plan. Exceptions to the initial onshore processing include standard oil/gas/water separation processes and necessary treatment of oil prior to being pumped from the platform into a pipeline to shore, if pipeline transport is determined practicable.

STIPULATION NO. 12 - PROTECTION OF COMMERCIAL FISHERIES

(a) The lessee, operator(s), subcontractor(s), and all personnel involved in exploration, development, and production operations shall endeavor to minimize conflicts between the oil and gas industry and the commercial fishing industry.

Prior to submitting a plan of exploration or development to the lessor, appropriate oil and gas personnel shall contact potentially affected commercial fishermen or their representatives to discuss potential conflicts with the siting, timing, and methods proposed. Through this consultation the lessee shall assure that, whenever feasible, exploratory and development activities are compatible with seasonal fishing operations and will not result in permanently barring commercial fishing from important fishing grounds.

A discussion of the resolutions reached during this consultation process and a discussion of any unresolved conflicts shall be included in the Plan of Exploration or Development/Production. The lessee shall send a copy of the Plan of Exploration or Development/Production to the fisheries liaison office and the marine extension office at the same time they are submitted to the lessor to allow concurrent review and comment as part of the lessor's plan approval process.

In accordance with 30 CFR 250.34-1(b)(1), copies of such plans are sent to appropriate State agencies, such as the California State Lands Commission, California Department of Fish and Game, and the California Coastal Commission.

STIPULATION NO. 12 - PROTECTION OF COMMERCIAL FISHERIES (CONTINUED)

(b) In particular, the lessee shall show in the Plan of Exploration or Development/Production crew and supply boat operation routes which will be used to minimize impacts to commercial fishing, marine mammals, and endangered and threatened species. Conflicts foreseen in the planning stages or that develop later shall be resolved whenever feasible and as quickly as possible.

(c) The lessee also shall include in the Plan of Development/Production analyses of the effects of its operations on the allocation and use of local dock space by fishing boats and crew and supply boats. These analyses shall include present (baseline) uses, predicted oil and gas uses which increase the level of demand, and an assessment of individual and cumulative impacts. Conflicts foreseen in the planning stages or that develop later shall be resolved whenever feasible and as quickly as possible.

(d) The lessee shall be required to employ jack-up drilling rigs for drilling exploratory wells in primary commercial fishing trawl grounds as determined by the Regional Manager (RM) when water depths are 275 feet or less. The RM may approve other drilling vessels when geological or bottom conditions prohibit the use of jack-ups. When considering the use of other drilling vessels, the RM will consult with the California Department of Fish and Game to determine the effects of the vessels on commercial fishing.

(e) All activities associated with exploration and development operations shall be conducted to avoid the creation of obstacles to commercial fishing operations. If the RM has reason to believe that the site has not been adequately cleared, additional surveys shall be required to detect the location of any obstacles to commercial fishing.

STIPULATION NO. 13 - PROTECTION OF MARINE BIOTA

All drilling muds discharged from exploration and development and production operations must contain only those components approved by the U.S. Environmental Protection Agency in accordance with National Pollutant Discharge Elimination System permits issued for this lease.

When drilling fluid discharges are proposed within 1000 meters of Areas of Special Biological Significance, a National Marine Sanctuary, or other sensitive areas as determined by the Regional Manager, the lessee shall include the results of a drilling fluids dispersion model for anticipated discharges in a Plan of Exploration or Development/Production.

STIPULATION NO. 17 - PROTECTION OF AIR QUALITY

Lessees shall comply with the following requirements until the Minerals Management Service completes rulemaking procedures concerning air quality regulations applicable to oil and gas operations on the Outer Continental Shelf off California. Any revisions to the current air quality rules will be applied to all exploratory and development/production operations on leases issued as a result of this sale.

(a) For drilling vessels used in exploration activities, the lessee shall apply control technologies for NO<sub>x</sub> identified by the Regional Manager (RM) or apply other control measures that result in equivalent emissions limitations. The lessee shall use only those pollution control technologies which can be approved by the U.S. Coast Guard (USCG), the American Bureau of Shipping (ABS), and/or other agencies as appropriate.

(b) The lessee shall provide the RM with the schedule and location of proposed exploration activities at least 2 months in advance of the activities.

(c) For all plans of development/production, the lessee shall provide, in a manner specified by the RM, an evaluation of the impacts of emissions of NO<sub>x</sub> and VOC on onshore concentrations of NO<sub>2</sub> and O<sub>3</sub>.

(d) For development/production facilities and for oil transport vessels while attached to the facility, the lessee shall apply control technologies for NO<sub>x</sub> and VOC identified by the RM, or apply other control measures that result in equivalent emission limitations. The lessee shall use only those pollution control technologies which can be approved by the USCG, the ABS, and/or other agencies as appropriate.

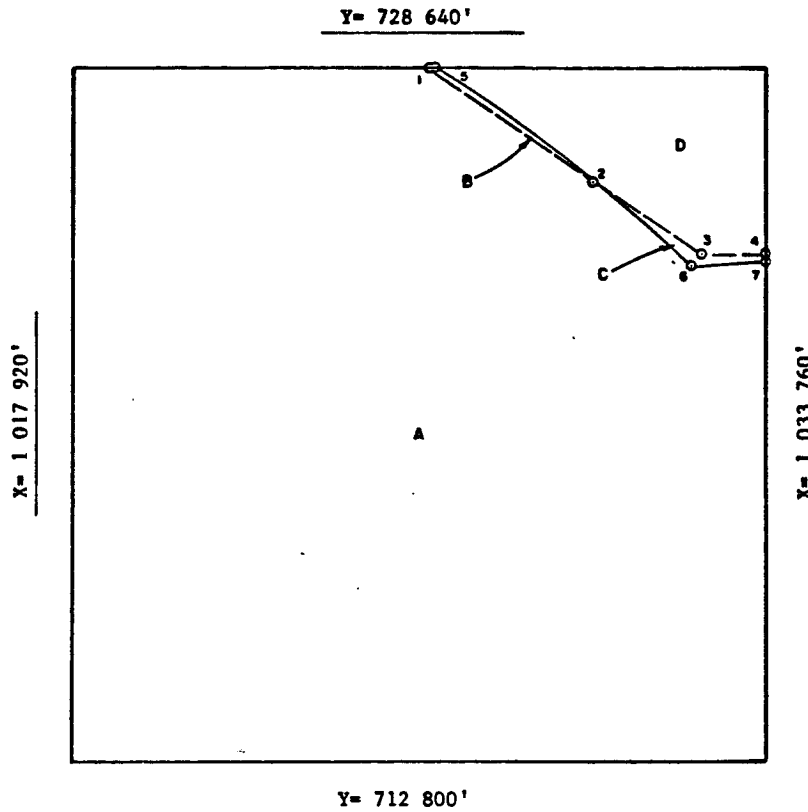
(e) The lessee shall install best available control technology, approved by the RM and by the USCG, the ABS, and/or other agencies, as appropriate, to reduce VOC emissions resulting from the transfer of oil from storage facilities to a transport vessel.

UNITED STATES DEPARTMENT OF INTERIOR  
MINERALS MANAGEMENT SERVICE

SUPPLEMENTAL OFFICIAL  
OCS 8-G BLOCK DIAGRAM

SALE NO. 80  
 FED.-STATE SEAWARD BDY.  
 RADIUS \_\_\_\_\_  
 8-G BOUNDARY  
 RADIUS 36 456.62'

Channel  
 OPD NAME Islands Area  
 OPD NO. CAL Map No. 6B  
 BLOCK NO. 46N-62W  
 OCS LEASE NO. OCS-P 0527  
 STATE LEASE NO. \_\_\_\_\_



INTERSECTIONS		ARC CENTERS	
	X	Y	
1	1 026 000.61'	728 640.00'	
2	1 029 755.84'	726 067.52'	
3	1 032 254.84'	724 355.60'	
4	1 033 760.00'	724 354.35'	
5	1 026 129.26'	728 640.00'	5-2
2	1 029 755.84'	726 067.52'	2-6
6	1 032 030.81'	724 074.30'	6-7
7	1 033 760.00'	724 210.35'	

Line 1-2-3-4 denotes Channel Islands National Marine Sanctuary

FEDERAL AREA D= 447.22 ac STATE AREA \_\_\_\_\_ 8G AREA B= 8.42 ac DISPUTED AREA \_\_\_\_\_  
 WITHDRAWN A= 5285.90 ac % \_\_\_\_\_ % \_\_\_\_\_ % \_\_\_\_\_  
 FEDERAL AREA C= 18.46 ac

COMPUTATIONS BY QV DATE 8/25/83  
 DRA BY QV DATE 8-25-83  
 CHECKED BY SEC DATE 8/29/83

FOR THE DIRECTOR  
Island Handley  
 DATE 8/30/83

FOR THE STATE  
 \_\_\_\_\_  
 DATE \_\_\_\_\_



**Sec. 12. Safety Requirements.** The Lessee shall (a) maintain all places of employment within the leased area in compliance with occupational safety and health standards and, in addition, free from recognized hazards to employees of the Lessee or of any contractor or sub-contractor operating within the leased area;

(b) maintain all operations within the leased area in compliance with regulations intended to protect persons, property, and the environment on the Outer Continental Shelf; and

(c) allow prompt access, at the site of any operation subject to safety regulations, to any authorized Federal inspector and shall provide any documents and records which are pertinent to occupational or public health, safety, or environmental protection as may be requested.

**Sec. 13. Suspension and Cancellation.** (a) The Lessor may suspend or cancel this lease pursuant to Section 5 of the Act and compensation shall be paid when provided by the Act.

(b) The Lessor may, upon recommendation of the Secretary of Defense, during a state of war or national emergency declared by Congress or the President of the United States, suspend operations under the lease, as provided in Section 12(c) of the Act, and just compensation shall be paid to the Lessee for such suspension.

**Sec. 14. Indemnification.** The Lessee shall indemnify the Lessor for, and hold it harmless from, any claim, including claims for loss or damage to property or injury to persons caused by or resulting from any operation on the leased area conducted by or on behalf of the Lessee. However, the Lessee shall not be held responsible to the Lessor under this section for any loss, damage, or injury caused by or resulting from:

(a) negligence of the Lessor other than the commission or omission of a discretionary function or duty on the part of a Federal agency whether or not the discretion involved is abused; or

(b) the Lessee's compliance with an order or directive of the Lessor against which an administrative appeal by the Lessee is filed before the cause of action for the claim arises and is pursued diligently thereafter.

**Sec. 15. Disposition of Production.** (a) As provided in Section 27(a)(2) of the Act, the Lessor shall have the right to purchase not more than 16-2/3 percent by volume of the oil and gas produced pursuant to the lease at the regulated price, or if no regulated price applies, at the fair market value at the wellhead of the oil and gas saved, removed, or sold, except that any oil or gas obtained by the Lessor as royalty or net profit share shall be credited against the amount that may be purchased under this subsection.

(b) As provided in Section 27(d) of the Act, the Lessee shall take any Federal oil or gas for which no acceptable bids are received, as determined by the Lessor, and which is not transferred to a Federal agency pursuant to Section 27(a)(3) of the Act, and shall pay to the Lessor a cash amount equal to the regulated price, or if no regulated price applies, the fair market value of the oil or gas so obtained.

(c) As provided in Section 8(b)(7) of the Act, the Lessee shall offer 20 percent of the crude oil, condensate, and natural gas liquids produced on the lease, at the market value and point of delivery as provided by regulations applicable to Federal royalty oil, to small or independent refiners as defined in the Emergency Petroleum Allocation Act of 1973.

(d) In time of war, or when the President of the United States shall so prescribe, the Lessor shall have the right of first refusal to purchase at the market price all or any portion of the oil or gas produced from the leased area, as provided in Section 12(b) of the Act.

**Sec. 16. Unitization, Pooling, and Drilling Agreements.** Within such time as the Lessor may prescribe, the Lessee shall subscribe to and operate under a unit, pooling, or drilling agreement embracing all or part of the lands subject to this lease as the Lessor may determine to be appropriate or necessary. Where any provision of a unit, pooling, or drilling agreement, approved by the Lessor, is inconsistent with a provision of this lease, the provision of the agreement shall govern.

**Sec. 17. Equal Opportunity Clause.** During the performance of this lease, the Lessee shall fully comply with paragraphs (1) through (7) of Section 202 of Executive Order 11246, as amended (reprinted in 41 CFR 60-1.4(a)), and the implementing regulations, which are for the purpose of preventing employment discrimination against persons on the basis of race, color, religion, sex, or national origin. Paragraphs (1) through (7) of Section 202 of Executive Order 11246, as amended, are incorporated in this lease by reference.

**Sec. 18. Certification of Nonsegregated Facilities.** By entering into this lease, the Lessee certifies, as specified in 41 CFR 60-1.8, that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, restrooms and wash-rooms, restaurants and other eating areas, timeclocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. The Lessee further agrees that it will obtain identical certifications from proposed contractors and subcontractors prior to award of contracts or subcontracts unless they are exempt under 41 CFR 60-1.5.

**Sec. 19. Reservations to Lessor.** All rights in the leased area not expressly granted to the Lessee by the Act, the regulations, or this lease are hereby reserved to the Lessor. Without limiting the generality of the foregoing, reserved rights include:

(a) the right to authorize geological and geophysical exploration in the leased area which does not unreasonably interfere with or endanger actual operations under the lease, and the right to grant such easements or rights-of-way upon, through, or in the leased area as may be necessary or appropriate to the working of other lands or to the treatment and shipment of products thereof by or under authority of the Lessor;

(b) the right to grant leases for any minerals other than oil and gas within the leased area, except that operations under such leases shall not unreasonably interfere with or endanger operations under this lease;

(c) the right, as provided in Section 12(d) of the Act, to restrict operations in the leased area or any part thereof which may be designated by the Secretary of Defense, with approval of the President, as being within an area needed for national defense, and so long as such designation remains in effect no operations may be conducted on the surface of the leased area or the part thereof included within the designation except with the concurrence of the Secretary of Defense. If operations or production under this lease within any designated area are suspended pursuant to this paragraph, any payments of rentals and royalty prescribed by this lease likewise shall be suspended during such period of suspension of operations and production, and the term of this lease shall be extended by adding thereto any such suspension period, and the Lessor shall be liable to the Lessee for such compensation as is required to be paid under the Constitution of the United States.

**Sec. 20. Transfer of Lease.** The Lessee shall file for approval with the appropriate field office of the Minerals Management Service any instrument of assignment or other transfer of this lease, or any interest therein, in accordance with applicable regulations.

(Continued on reverse)

**Sec. 21. Surrender of Lease.** The Lessee may surrender this entire lease or any officially designated subdivision of the leased area by filing with the appropriate field office of the Minerals Management Service a written relinquishment, in triplicate, which shall be effective as of the date of filing. No surrender of this lease or of any portion of the leased area shall relieve the Lessee or its surety of the obligation to pay all accrued rentals, royalties, and other financial obligations or to abandon all wells on the area to be surrendered in a manner satisfactory to the Director.

**Sec. 22. Removal of Property on Termination of Lease.** Within a period of one year after termination of this lease in whole or in part, the Lessee shall remove all devices, works, and structures from the premises no longer subject to the lease in accordance with applicable regulations and orders of the Director. However, the Lessee may, with the approval of the Director, continue to maintain devices, works, and structures on the leased area for drilling or producing on other leases.

**Sec. 23. Remedies in Case of Default.** (a) Whenever the Lessee fails to comply with any of the provisions of the Act, the regulations issued pursuant to the Act, or the terms of this lease, the lease shall be subject

to cancellation in accordance with the provisions of Section 5(c) and (d) of the Act and the Lessor may exercise any other remedies which the Lessor may have, including the penalty provisions of Section 24 of the Act. Furthermore, pursuant to Section 8(o) of the Act, the Lessor may cancel the lease if it is obtained by fraud or misrepresentation.

(b) Nonenforcement by the Lessor of a remedy for any particular violation of the provisions of the Act, the regulations issued pursuant to the Act, or the terms of this lease shall not prevent the cancellation of this lease or the exercise of any other remedies under paragraph (a) of this section for any other violation or for the same violation occurring at any other time.

**Sec. 24. Unlawful Interest.** No member of, or Delegate to, Congress, or Resident Commissioner, after election or appointment, or either before or after they have qualified, and during their continuance in office, and no officer, agent, or employee of the Department of the Interior, except as provided in 43 CFR Part 7, shall be admitted to any share or part in this lease or derive any benefit that may arise therefrom. The provisions of Section 3741 of the Revised Statutes, as amended, 41 U.S.C. 22, and the Act of June 25, 1948, 62 Stat. 702, as amended, 18 U.S.C. 431-433, relating to contracts made or entered into, or accepted by or on behalf of the United States, form a part of this lease insofar as they may be applicable.

**Chevron U.S.A. Inc.**

**No. 1078**

(Lessee)



(Signature of Authorized Officer)

**Clair Ghylin**

(Name of Signatory)

**Assistant Secretary**

(Title)

**November 8, 1984**

(Date)

**2120 Diamond Blvd., Concord, CA 94520**

(Address of Lessee)

THE UNITED STATES OF AMERICA, Lessor



(Signature of Authorized Officer)

**WILLIAM E. GRANT**

(Name of Signatory)

**Regional Manager  
Pacific OCS Region  
Minerals Management Service**

(Title)

**NOV 20 1984**

(Date)

GULF OIL CORPORATION

L.A. No. 1112 (Lessee)

*R. L. Mitchell*

(Signature of Authorized Officer)

R. L. Mitchell

(Name of Signatory)

Attorney-in-Fact

(Title)

Attest:

*R. E. de Castro*, Asst. Secty.

November 7, 1984

(Date)

P. O. Box 1392  
Bakersfield, California 93302

(Address of Lessee)

(Lessee)

(Signature of Authorized Officer)

(Name of Signatory)

(Title)

(Date)

(Address of Lessee)

(Lessee)

(Signature of Authorized Officer)

(Name of Signatory)

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(Address of Lessee)

(Lessee)

(Signature of Authorized Officer)

(Name of Signatory)

(Title)

(Date)

(Address of Lessee)

*If this lease is executed by a corporation, it must bear the corporate seal.*