

OFFICE OF THE CITY ATTORNEY  
ROBERT E. SHANNON, City Attorney  
333 West Ocean Boulevard, 11th Floor  
Long Beach, CA 90802-4664

1 **OIL AND GAS LEASE AND WELLBORE AGREEMENT**

2 **("ROSE 12")**

3 **30495**

4 This Rose 12 Oil and Gas Lease and Wellbore Agreement (hereinafter  
5 "Lease") is made and entered effective October 17, 2003, pursuant to a minute order  
6 adopted by the City Council of the City of Long Beach at its meeting on September 19,  
7 2006 by and between the CITY OF LONG BEACH, a municipal corporation (hereinafter  
8 "City"), and TERRA, EXPLORATION AND PRODUCTION CO., a wholly owned  
9 subsidiary of AC PIPE AND EQUIPMENT CO, a California corporation with a business  
10 address of 1250 East 23rd Street, Second Floor, Signal Hill, California 90755  
11 (hereinafter "Lessee").

12 WHEREAS, on or about January 14, 2002, City filed a lawsuit entitled City  
13 of Long Beach v. Earl A. Barnes, et. Al., LASC No. BC266272 ("the Eminent Domain  
14 Lawsuit"), pursuant to which City, exercising its power of eminent domain, sought to  
15 obtain fee simple title in and to that certain parcel of real property commonly known as  
16 3001 Atlantic Avenue, Long Beach, California, and more particularly described as follows:  
17 Lots 23 and 24, Block D, Tract No. 3207, in the City of Long Beach, County of Los  
18 Angeles, State of California, as per map recorded in Book 33, Page 7, in the office of the  
19 Los Angeles County Recorder ("Subject Property"); and

20 WHEREAS, Lessee had been operating the oil and gas well located on the  
21 Subject Property ("Rose No. 12") under and pursuant to that certain lease dated March  
22 13, 1928 by and between C.G. Rose et. al., as Lessors, and Hancock Oil Company, as  
23 Lessee ("The Rose Lease") before the City filed the Lawsuit and continued to operate  
24 Rose No. 12 during the pendency of the Eminent Domain Lawsuit; and

25 WHEREAS, pursuant to an agreement entered into by Lessee, on the one  
26 hand, and Earl A. Barnes and Trent L. Barnes, on the other hand in or about November  
27 2001, the parties agreed that the Rose Lease would be terminated as of October 17,  
28 2003; and

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1 WHEREAS, on May 20, 2003, judgment was entered in the Eminent  
2 Domain Lawsuit pursuant to which, among other provisions, fee simple title to the Subject  
3 Property was vested in City; and

4 WHEREAS, Lessee had been operating the Rose No. 12 since about 1996  
5 and continued to do so after judgment was entered in the Eminent Domain Lawsuit with  
6 the City's knowledge and specific consent. Lessee has continued to operate the Rose  
7 No. 12 at all times after October 17, 2003 with the City's knowledge and specific consent,  
8 and in reliance on the City's statements and representations that it would enter into a new  
9 oil and gas lease with Lessee, which lease would be effective as of October 17, 2003, the  
10 date the Rose Lease terminated pursuant to the agreement described in above; and

11 WHEREAS, under the terms and conditions of this Lease Lessee agrees  
12 that City will be a one-sixth royalty interest owner; and

13 WHEREAS, under the terms and conditions of this Lease the parties agree  
14 that the City will not be responsible for any operating, production, taxes, or abandonment  
15 expenses.

16 NOW, THEREFORE, IT IS AGREED by and between the parties hereto as  
17 follows:

18 **ARTICLE I**

19 1.1 Lease of Property

20 The City hereby leases to Lessee and Lessee hereby leases from City, the  
21 Subject Property, for the uses and purposes of producing and removing oil, gas and other  
22 hydrocarbon substances therefrom, and other associated uses and purposes.

23 1.2 Term

24 The term of this Lease shall commence at midnight on October 17, 2003  
25 and shall continue for a period of twenty (20) years and for so long thereafter as oil and  
26 gas or other hydrocarbon substances are produced thereon in paying quantities, subject  
27 to the provisions hereof for earlier surrender, termination or forfeiture.

28 The term "paying quantities" shall be deemed to mean quantities of oil and

1 gas or other hydrocarbon substances sufficient to pay to pump or otherwise operate the  
2 well or wells located on the Subject Property.

3 1.3 Uses and Purposes

4 Lessee shall have the sole and exclusive right during the term of this Lease  
5 to produce and remove oil, gas and other hydrocarbon substances from the Subject  
6 Property.

7 1.4 Lessee's Cooperation with City

8 Lessee agrees to confer with City on any well work , including but not  
9 limited to, producing intervals, formation testing, logging and coring programs and  
10 completion or re-completion techniques. While actual operations are in progress, the City  
11 shall be kept fully advised of operational problems and notified as to the time of critical  
12 steps.

13 1.5 Excuse of Performance

14 Any drilling and operating obligations of Lessee shall be suspending while  
15 and to the extent that Lessee is prevented from complying therewith by strikes, lockouts  
16 or other labor disturbances, riots, insurrections, fire, the elements, acts of God,  
17 governmental actions (including orders or regulations of national, state and municipal  
18 agencies issuing orders or regulations with respect to the drilling or the spacing of wells),  
19 injunctions, interference by civil, or military authorities, war, accidents or other matters  
20 (whether similar or dissimilar) beyond the control of the Lessee, but as soon as the cause  
21 or matter so preventing compliance with such obligations is removed or ceases to exist  
22 the obligations shall be restored to full force and effect and the Lessee shall immediately  
23 resume compliance therewith and performance thereof.

24 1.6 Well Operations

25 Lessee shall at all times produce, pump, flow or otherwise operate the  
26 Subject Property at maximum efficient rates, except that the Subject Property may be  
27 operated at a lessor rate when such rate shall conform to well established and  
28 recognized production practices.

1           1.7    Other Approvals and Permits

2                    Lessee will be responsible for obtaining any and all necessary approvals  
3 and permits such as well work permits, building permits, etc.

4           1.8    Royalty for Hydrocarbons

5                    1.8.1 Lessee shall pay to City as royalty sixteen and two-thirds percent  
6 (16-2/3%) of the gross revenue (gross revenue for the purposes of this Lease shall  
7 mean one hundred (100) percent of the value received for the total production of  
8 oil, gas and other hydrocarbon substances produced from the Subject Property),  
9 of all Hydrocarbons produced and saved from the Subject Property by Lessee, the  
10 payment of said royalty to be made in money or in kind at City's option.

11                   1.8.2 If royalty is paid in money, Lessee shall pay to City, on or before the  
12 last day of each and every calendar month during the term of this Lease, City's  
13 accrued royalty for the preceding calendar month. Lessee shall furnish to City  
14 monthly written statements of the production from the Subject Property during the  
15 preceding calendar month. Lessee shall also provide City with a copy of the sales  
16 agreement for the Hydrocarbon.

17                   1.8.3 For the income received by the Lessee between the effective date of  
18 this Lease (October 17, 2003) and the date of execution of this Lease, the parties  
19 agree that Lessee shall furnish City with a statement showing all Subject Property  
20 production and income in sufficient detail, as determined by the City, to determine  
21 the appropriate payment of sixteen and two-thirds percent (16-2/3%) gross  
22 revenue as the royalty payment. Payment shall be made by Lessee to City within  
23 forty-five (45) days of the execution of this Lease by City.

24                   1.8.4 Royalty on oil, when payable in money, shall be based on net  
25 quantities after making customary deduction for temperature, water, sand and  
26 other foreign substances.

27                   1.8.5 The option of City to take said royalty in money or in kind may be  
28 exercised only once every six (6) months and then only on ninety (90) days'

1 notice, in writing, to Lessee; provided, however, that if City shall elect to take its  
2 royalty in money, it shall have the right and privilege of joining with Lessee in any  
3 contract for the sale of oil, and City shall enjoy the same price on the sale of its oil  
4 under such contract, and if City shall exercise such right and privilege to join with  
5 Lessee in such contract, then it may not elect to take its royalty in kind until the  
6 volume of oil agreed to be sold under such contract shall have been actually sold  
7 and delivered to the purchaser. If no notice is given to Lessee by City of its  
8 election to take or receive such royalty in money or in kind, such royalty shall be  
9 paid in money until such time as City shall, in writing, notify Lessee of its election  
10 to the contrary, as herein provided.

11 1.9 Royalty for Gas

12 1.9.1 Lessee shall pay to City as royalty sixteen and two-thirds percent  
13 (16-2/3%) of the gross revenue of all "resulting dry gas" from the natural gas  
14 produced and saved from the Subject Property by Lessee, the payment of said  
15 royalty to be made in money or in kind at City's option. "Resulting dry gas" is  
16 hereby defined to be the dry gas resulting from the processing and/or treatment of  
17 the natural gas produced by Lessor hereunder for the extraction of the natural  
18 gasoline and other liquefied hydrocarbon products therefrom after deducting  
19 therefrom unavoidable plant loss, shrinkage, plant fuel used only in the collection  
20 of said natural gas and in the extraction of natural gasoline and other liquefied  
21 hydrocarbon products from said natural gas produced from the Subject Property  
22 hereunder, and dry gas delivered to Lessee, and which is reasonably necessary  
23 for and is actually used by it in carrying on its operations hereunder.  
24 Notwithstanding any provision hereof to the contrary, the volume of "resulting dry  
25 gas" upon which said royalty is paid to City hereunder shall not be less than  
26 seventy-five percent (75%) of the volume of the natural gas produced from the  
27 Subject Property, said volumes to be measured at such processing plant or plants.

28 1.9.2 Lessee shall provide to City a copy of any contract entered into by

1 Lessee for the sale or processing of the natural gas produced from the Subject  
2 Property.

3 1.10 Location of Surface Activity

4 All development work by way of exploring, drilling and operating for oil, gas  
5 and other hydrocarbon substances and for taking, storing, removing and disposing of the  
6 same conducted by Lessee shall be done from the Subject Property or areas mutually  
7 agreed upon by the parties.

8 1.11 Pressure Maintenance

9 Lessee may with the City's prior written approval and upon its election to do  
10 so, undertake pressure maintenance or secondary recovery operations on said Subject  
11 Property and in the event Lessee shall undertake such a program, it shall have the right  
12 to take and use in connection therewith all or any portions of the resulting dry gas upon  
13 thirty (30) days' written notice hereof to City prior thereto.

14 1.12 Termination by City

15 In the event Lessee shall fail to pay or deliver royalties at the times and in  
16 the manner provided in this Article, and such failure shall continue for twenty (20) days  
17 after written notice from City, or if Lessee shall fail to perform any other covenant or  
18 condition to be kept or performed by Lessee, and such failure continues for thirty (30)  
19 days after written notice from City, the City may terminate this Lease by written notice to  
20 Lessee. Upon such termination, all rights of the Lessee shall forthwith cease and be at  
21 an end, and City shall have the right to repossess its lands or former estate.

22 1.13 Well Abandonment and Drillsite Cleanup

23 Upon termination of this Lease, Lessee shall surrender to City, and at the option of  
24 the City, shall remove all materials, structures, obstructions, and facilities and shall fill up  
25 all trenches and holes, remove all debris and leave the Subject Property free of  
26 hazardous substances and/or hazardous materials and shall leave Subject Property in  
27 full compliance with applicable ecological, environmental and health and safety  
28 regulations whether promulgated by federal, state, county, city, or other governmental

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1 agencies having jurisdiction.

2 **ARTICLE II**

3 2.1 Records

4 Lessee shall keep full records of all of its operations hereunder and of its  
5 production, sales and shipments of oil, gas, and other hydrocarbon substances produced  
6 hereunder and of all costs and expenditures incurred and all such records and all of  
7 Lessee's operations hereunder shall be open at all reasonable times to the inspection of  
8 City and its designated representatives. City and its designated representatives shall  
9 have the right to take samples of production, and to make copies of such records.  
10 Lessee shall furnish the City, in a timely manner, copies of all drilling logs, electric logs,  
11 service company reports, well histories, geological data, seismic data, core records, any  
12 and all other well records and tests, reports to the Division of Oil and Gas of the State of  
13 California, and all records of any other public authorities relating to the Subject Property  
14 and the production therefrom and Lessee's operations hereunder. Lessee hereby waives  
15 all restrictions now or hereafter imposed by statute or otherwise upon the use of such  
16 records by City as evidence or otherwise.

17 2.2 Compliance With Law

18 In all operations hereunder Lessee shall, at its own expense, promptly  
19 comply with any and all laws, ordinances, rules, regulations, requirements and orders  
20 whatsoever, present or future, of the federal, state, county or municipal governments, and  
21 of any and all departments, bureaus, subdivisions, boards, commissions, offices or  
22 officers thereof, pertaining thereto.

23 2.3 General Indemnity to City

24 Lessee shall be responsible for and shall indemnify and hold City harmless  
25 from:

26 2.3.1 All taxes, assessments and other governmental charges upon or  
27 referable to any operations or acts of Lessee or on its behalf, including but not  
28 limiting the generality of the foregoing, the drilling or operation on the Subject

1 Property the production, extraction, severance or removal of any hydrocarbon,  
2 storage or use thereof, the sale of any such hydrocarbon or the transportation  
3 thereof away from any drillsite.

4 2.3.2 All assessments, charges and obligations of any kind whatsoever  
5 which by reason of any operation of Lessee may be or might become a lien upon  
6 or charge against the Subject Property or any part thereof or the mineral rights  
7 therein and which are created by or shall arise or by reason of any present or  
8 future law, ordinance, regulation or order whatsoever.

9 2.4 Protection Against Liens

10 Lessee shall pay all costs for labor, materials, and operations furnished or  
11 used by or for its account in the exercise of its rights hereunder. Lessee shall protect and  
12 hold City harmless from any claim or lien for labor or materials furnished or used on the  
13 Subject Property subject hereto for Lessee's account. In the event any lien for such labor  
14 or materials is filed against the Subject Property, Lessee shall have the right to contest  
15 the validity of any such lien upon giving written notice to City of Lessee's intention to  
16 contest the same, conditioned that Lessee will, upon any decision of a court of competent  
17 jurisdiction becoming final, pay the amount thereof, including all taxable court costs,  
18 interest, and other additions thereto, which may be adjusted to be payable as part of such  
19 lien. City reserves the right to post and maintain on the Subject Property notices of non-  
20 responsibility for any claim or lien for labor or materials used upon or about the leased  
21 lands, and Lessee shall advise City of the commencement, so as to permit the timely  
22 filing of such notices of non-responsibility.

23 2.5 No Warranty of Title

24 City, to the best of its knowledge, it is the sole owner of the mineral rights  
25 for the Subject Property and is aware of no third party claims to any mineral or drilling  
26 rights. However, this Lease is made without warranty of any kind as to title. Lessee  
27 accepts as satisfactory to itself the title of City in the Property and agrees that City shall  
28 not be liable or responsible to Lessee in damages or otherwise by reason of any defect in



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1 or any liens or encumbrances on City's title or any want of title in City to the Property, or  
2 any portion therefrom. If any third party asserts any claim against City on account of  
3 Lessee's extraction or removal of hydrocarbons from the Property or other operations of  
4 Lessee thereon, Lessee will defend and indemnify and hold City harmless from all such  
5 claims except such portion thereof as represents a claim to City's royalty, provided that  
6 upon receiving notice thereof, City shall notify Lessee with reasonable promptness of the  
7 bringing of any action or the assertion of any claim and shall allow Lessee to have  
8 Lessee attorney's appear therein, either alone or in association with City's attorneys (as  
9 City may elect), in defending any such action on behalf of the City, each party paying the  
10 expenses of their own attorneys. Lessee shall promptly notify City in writing of any  
11 judicial proceeding brought to the attention of Lessee, and affecting or purporting to  
12 affect, Lessee's possession or rights hereunder.

13 2.6 Notices

14 Any notice to be given by either party to the other hereunder may be  
15 delivered in person or by registered or certified mail, postage prepaid, addressed to the  
16 party for whom intended as follows: To City c/o Curtis P. Henderson, Oil Operations  
17 Manager, 211 East Ocean Boulevard, Suite 500, Long Beach, California 90802. To  
18 Lessee at 1250 East 23rd Street, Second Floor, Signal Hill, California 90755. Either  
19 party may from time to time, by written notice to the other, designate a different address  
20 which shall be substituted for the one above specified. If any notice from one party to the  
21 other is given by registered or certified mail, usual time for transmission of mail shall be  
22 computed and at the end of such time service of notice will be considered made.

23 2.7 Assignment

24 This Lease shall bind and inure to the benefit of the respective successors  
25 and assigns of the parties. Lessee shall not, however, sublet, assign or transfer this  
26 Lease, or any of its rights, in whole or in part, without the prior written consent of City. It  
27 is understood and agreed, however, that such consent shall not be unreasonably  
28 withheld if the assignee or transferee is a party having similar financial ability and

1 experience as the Lessee. Any consent of City to any sublease, assignment, transfer, or  
2 mortgage shall not be deemed or construed as a consent to any other, different or  
3 subsequent sublease, assignment, transfer or mortgage.

4           2.8    Attorney's Fees

5                   In the event of any proceeding to enforce any of the terms or provisions of  
6 this Lease, to obtain a declaration of rights hereunder, to recover damages for any  
7 breach, or to declare a termination of any rights under this Lease, the prevailing party  
8 shall be entitled to reasonable attorney's fees.

9           2.9    Waiver of Breach

10                   The waiver by City of any breach by Lessee of any provision hereof shall  
11 not be deemed a waiver of such provision or a waiver of any other prior or subsequent  
12 breach thereof or a waiver of any breach or any other provision of this Lease. Neither the  
13 acceptance of royalty after notice or acknowledgment of a breach of any provision hereof  
14 nor any other action of City hereunder except an express waiver in writing shall be  
15 deemed or construed as a waiver by City of any breach or provision hereof by Lessee.

16           2.10   Lessor-Lessee Relationship

17                   The relationship between the parties hereto is that of lessor and lessee and  
18 nothing herein contained shall be deemed to create an association, partnership, joint  
19 venture, mining partnership or any other relationship between the parties hereto.

20           2.11   Indemnity for Liability

21                   At all times Lessee shall defend, indemnify, save and hold harmless the  
22 City, and the officers, agents and employees from and against any injury, loss, damage,  
23 liability, claim and expense of any kind which the City, or the officers, agents and  
24 employees may sustain, incur or pay, and from all actions which may be brought against  
25 the City, or the officers, agents and employees, in any way connected with any of the  
26 operations of Lessee under this Lease, whether or not the operations are authorized by  
27 this Lease and regardless of who conducts them. This indemnity shall not require  
28 payment of a claim by the City or its officers or employees as a condition precedent to

1 recovery under the same.

2 2.12 Insurance

3 Lessee shall procure at its own cost prior to the commencement of  
4 operations under this Lease, and maintain in full force and effect during the term of this  
5 Lease, comprehensive general and automobile liability insurance from a company or  
6 companies with a minimum rating of or equivalent to A:VIII by Best's Rating Guide,  
7 naming the City its officers, agents and employees as parties insured. The insurance  
8 shall cover claims for injury to persons or damage to property which may arise from or be  
9 in connection with the operations of Lessee, its agents, representatives, employees or  
10 subcontractors in amounts of not less than Five Million Dollars (\$5,000,000.00) combined  
11 single limit per occurrence, or Ten Million Dollars (\$10,000,000.00) general aggregate.  
12 The policy or policies shall either provide for broad form contractual liability or there shall  
13 be attached thereto an endorsement providing for such coverage. The policy or policies  
14 shall further provide that they shall not be canceled until a thirty (30) day notice of  
15 cancellation has been served upon City and that in the event of an assured's incurring  
16 liability to any of the assureds, the policy shall cover the assured against whom claim is  
17 or may be made in the same manner as if separate policies had been issued to each  
18 assured. Prior to the commencement of insurance with original endorsements  
19 evidencing the coverage required by this Lease. The certificates and endorsements shall  
20 be signed by a person authorized by the insurer to bind coverage on its behalf. City  
21 reserves the right to require complete certified copies of all policies at any time. The  
22 insurance may provide for such deductibles or self-insured retention as may be  
23 acceptable to the City Manager or his designee. In the event such insurance does  
24 provide for deductibles or self-insured retention, Lessee agrees that it will fully protect  
25 City their officers, agents and employees in the same manner as these interests would  
26 have been protected had the policy or policies not contained deductible and retention  
27 provisions. Procuring the policy or policies of insurance or self-insuring the risk shall not  
28 be construed to be a limitation upon Lessee's liability or as a full performance on its part

1 of the indemnification provision of this Lease.

2           2.13 Faithful Performance Bond or Letter of Credit

3           Prior to the effective date of this Lease, the Lessee shall furnish to City and  
4 keep in full force and effect at all times during the term of this Lease and until the Lessee  
5 has fully complied with Paragraph 1.13, one of the following:

6           (1) A good and sufficient bond or bonds in the aggregate principal sum  
7 of FIFTY THOUSAND (\$50,000.00) DOLLARS, executed by the Lessee, as  
8 principal, and a corporation or corporations authorized to engage in surety  
9 business in the State of California, as surety. The bond or bonds must be  
10 approved as to the surety and as to sufficiency by the City Manager and as to form  
11 by the City Attorney. The bond or bonds shall be conditioned for the faithful  
12 performance by the Lessee of all the terms, covenants and conditions of this  
13 Lease. The obligations and liabilities of the surety shall be continuing obligations  
14 and liabilities. However, the surety may terminate liability by giving at least sixty  
15 (60) days' written notice to the City and to the Lessee, but only for events, acts,  
16 omissions and defaults occurring after the expiration of the sixty (60) day period. If  
17 the surety serves notice of termination of liability as provided above, the Lessee  
18 shall furnish to the City, prior to the expiration of the sixty (60) day period, a  
19 substitute bond or bonds in the same principal sum and on the same terms and  
20 conditions as the previous bond or bonds. Every five (5) years during the term of  
21 this Lease, the City, in its discretion, may review and alter the amount of the bond  
22 based on current market conditions; or

23           (2) An instrument or instruments of credit from one or more financial  
24 institutions subject to regulation by the state or federal government in the  
25 aggregate principal sum of FIFTY THOUSAND (\$50,000.00) DOLLARS. The  
26 instrument or instruments must be acceptable to the City and approved as to the  
27 financial institution and as to sufficiency by the City Manager and as to form by the  
28 City Attorney. The instrument or instruments shall pledge that the principal sum is

1 available and guaranteed for payment, and that all or any part thereof shall be paid  
2 to the City in order to insure the performance of all of the terms, covenants, and  
3 conditions imposed on the Lessee by this Lease.

4 The financial institution or institutions may terminate liability by giving at  
5 least sixty (60) days' written notice to the City and to the Lessee. The Lessee  
6 shall furnish to the City, prior to the expiration of the sixty (60) day period, a  
7 substitute instrument or instruments of credit or a good and efficient bond or bonds  
8 in the same principal sum and on the same terms and conditions. If the substitute  
9 is not furnished before the last business day of the sixty (60) day period, the City  
10 may levy on the full amount of the letter of credit that is due to expire. Every five  
11 (5) years during the term of this Lease, the City, in its discretion, may review and  
12 alter the amount of the instrument of credit based on current market conditions.

13 **2.14 Possessory Interest**

14 Lessee recognizes and understands that this Lease may create a  
15 possessory interest subject to property taxation and that Lessee may be subject to the  
16 payment of property taxes levied on such interest.

17 **2.15 Non-Discrimination**

18 In connection with performance of this Lease and federal laws, rules and  
19 regulations, Lessee shall not discriminate in employment or in the performance of this  
20 Lease on the basis of race, religion, national origin, color, age, sex, sexual orientation,  
21 AIDS, HIV status, handicap, or disability.

22 **2.16 Bankruptcy**

23 If at any time during the term of this Lease a filing is made by or against  
24 Lessee under the bankruptcy laws of the United States, City shall have the right to take  
25 any action consistent with the bankruptcy laws to protect its interest under the Lease.

26 **2.17 Notice of Litigation**

27 Lessee shall serve upon City, and City shall serve upon Lessee, written  
28 notice of any litigation or the levy of any process or the order of any court affecting any

1 rights or interest of any of the parties under this Lease, as soon as Lessee or City shall  
2 have knowledge thereof.

3 IN WITNESS WHEREOF, the parties hereto have caused these presents to be  
4 duly executed with all the formalities required by law on the dates set forth opposite their  
5 respective signatures.

6 9-13, 2007

By [Signature]  
President

8 9-13-, 2007

By [Signature]  
Secretary

"Lessee"

11 333 West Ocean Blvd.  
12 Long Beach, CA 90802

CITY OF LONG BEACH, a municipal  
corporation

**ASSISTANT**

13 12-17-08, 2007

By [Signature]  
City Manager

"City"

**EXECUTED PURSUANT  
TO SECTION 301 OF  
THE CITY CHARTER.**

17 The foregoing Rose 12 Oil and Gas Lease is hereby approved as to form this  
18 12 day of December, 2007.

ROBERT E. SHANNON, City Attorney

By [Signature]  
Principal Deputy

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