

SETTLEMENT AGREEMENT AND RELEASE

This SETTLEMENT AGREEMENT AND RELEASE (“Agreement”) is entered into by and among Chevron U.S.A. Inc. (“Chevron”), a Pennsylvania Corporation, ConocoPhillips Company (“ConocoPhillips”), a Delaware Corporation, and Exxon Mobil Corporation (“ExxonMobil”), a New Jersey corporation, on the one hand, and the City of Long Beach (the “City”), on the other hand (collectively, the “Parties”), with reference to the following facts, effective as of November 30, 2016 (the “Effective Date”):

1. Recitals

- 1.1 **Whereas**, on March 21, 1964, the City entered into a contract “Contract”) with a Contractor consisting of Long Beach Oil Development Company (“LBOD”), and the predecessors and/or former affiliates of Chevron, ConocoPhillips and ExxonMobil, including Signal Oil and Gas Company, a Delaware corporation (“Signal”), Standard Oil Company of California, a Delaware corporation (“Standard”), Humble Oil and Refining Company, a Delaware corporation (“Humble”), Continental Oil Company, a Delaware corporation (“Continental”), and CM Oil Company, a California corporation (“CM”), to take and account for oil in the City’s oil reserves located in the tidelands and submerged lands in the City’s harbor area of the West Wilmington Oil Field which the City holds in trust for the State of California (collectively “Tidelands”), and to conduct drilling, repressuring and oil recovery operations in and on the Tidelands;
- 1.2 **Whereas**, the members of Contractor delegated the work under the Contract to LBOD, with approval of the City;
- 1.3 **Whereas**, in conducting operations under the Contract, oil field wastes were generated which were deposited at various locations, including at a site now known as the Operating Industries, Inc. Site in Monterey Park, California (“OII Site”);
- 1.4 **Whereas**, pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), in 1988 the United States Environmental Protection Agency (“EPA”) named LBOD, among other parties, as a “potentially responsible party” (“PRP”) liable for “Response Costs” as defined below, based on disposal of oil field wastes at the OII Site;
- 1.5 **Whereas**, Chevron, ConocoPhillips, and ExxonMobil and/or their corporate predecessors had paid LBOD’s past Response Costs at the OII Site;
- 1.6 **Whereas**, LBOD sought reimbursement from the City for its alleged share of past Response Costs, which the City refused to pay and/or for which it denied liability, and LBOD thereafter filed suit in United States District Court against the City of Long Beach in *Long Beach Oil Development Company v. City of Long Beach* (case no. CV 03-6655 GPS (AJWx)) (the “Federal Case”) to obtain reimbursement from the City for its alleged share of past Response Costs and

declaratory relief against the City for its alleged share of future Response Costs in connection with the disposal of wastes;

- 1.7 *Whereas*, the Federal Case was later resolved by settlement as between LBOD, American Energy Operations, Inc. , Chevron, ConocoPhillips and ExxonMobil as of May 28, 2008;
- 1.8 *Whereas*, additional Response Costs for disposal of wastes at the OII Site have been assessed against LBOD since May 28, 2008, and Chevron, ConocoPhillips and/or ExxonMobil have asserted claims against the City for such costs as well as for future Response Cost liability at the OII Site;
- 1.9 *Whereas*, in lieu of the expense and uncertainty of further litigation with regard to seeking reimbursement of past (incurred after May 28, 2008) and future Response Costs at the OII Site, the parties wish to resolve fully and finally the dispute regarding such costs, as more fully set forth below;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENTS AND UNDERTAKINGS

2. Definitions

- 2.1 For purposes of this agreement, the following definitions apply:
- 2.2 The term "Chevron U.S.A. Inc." means Chevron U.S.A. Inc., and its direct and indirect predecessors, successors, parents, subsidiaries and affiliates (collectively, the "Chevron Group"), including all business interests of any kind previously acquired or sold by an entity with the Chevron Group and any joint venture in which a member of the Chevron Group has been or currently is a participant.
- 2.3 The term "Claims and Liabilities" means any and all claims (including counterclaims, cross-complaints and contribution claims in litigation or arbitration), losses, demands, allegations, causes of action, obligations, damages, injuries, liens, expenses, fees, liabilities and expenses, for Response Costs incurred by the United States, the State of California, and their departments, agencies and instrumentalities, and the Work Defendants as defined below, at the OII Site, and whether contractual, statutory (including, without limitation, CERCLA and the California Hazardous Substance Account Act), equitable, under common law, and whether asserted or not asserted, whether known or unknown, or whether accrued or unaccrued.
- 2.4 The term "Covered Matters" means the Claims and Liabilities of any of the Parties related to and which have been or will be incurred as a result of LBOD generated oil field wastes from the City's Tidelands that were deposited at the OII Site.

- 2.5 The term “ConocoPhillips Company” means ConocoPhillips Company and its direct and indirect predecessors, successors, parents, subsidiaries and affiliates (collectively, the “ConocoPhillips Group”), including all business interests of any kind previously acquired or sold by an entity with the ConocoPhillips Group and any joint venture in which a member of the ConocoPhillips Group has been or currently is a participant.
- 2.6 The term “ExxonMobil Corporation.” means Exxon Mobil Corporation, and its direct and indirect predecessors, successors, parents, subsidiaries and affiliates (collectively, the “ExxonMobil Group”), including all business interests of any kind previously acquired or sold by an entity with the ExxonMobil Group and any joint venture in which a member of the ExxonMobil Group has been or currently is a participant.
- 2.7 The term “Person” shall mean any natural person, partnership, corporation, joint venture, unincorporated association, business trust, division, or any other entity organized for any purpose.
- 2.8 The term “Response Costs” means the costs of the activities defined as “respond” or “response” in 42 USC section 9601(25), “remove” or “removal” in 42 USC section 9601(23), and “remedy” or “remedial action” in 42 USC section 9601(24), and includes associated litigation costs, engineering costs, consulting costs, legal costs, penalties, enforcement costs, and Work Defendants’ obligations and assessments which are incurred in connection with such costs, all of which have been or will be incurred as a result of LBOD’s disposal of waste from the Tidelands at the OII Site, and includes interest on money owed for same.
- 2.9 The term “Subsidiary” means an affiliate owned or controlled in part, directly or indirectly through one or more intermediaries.
- 2.10 The term “Work Defendants” shall have the meaning set forth in Section V, paragraph UUU of the Eighth Partial Consent Decree entered by the United States District Court in the case entitled United States, etc. v. Chevron Environmental Management Company, etc., case number 01-11162, on or about May 28, 2002.

3. Payment

- 3.1 The City will pay the sum of \$3,000,000 by checks to the Pillsbury Winthrop Shaw Pittman LLP Client Trust Account in three equal installments of \$1,000,000 each, the first installment to be paid within thirty (30) business days following the Effective Date hereof, the second installment to be paid within sixty (60) business days following the Effective Date hereof, and the third installment to be paid within ninety (90) business days following the Effective Date hereof.

4. Releases

- 4.1 Each Party to this Agreement releases and covenants not to sue each of the other Parties to this Agreement for any and all Claims and Liabilities for Covered Matters.
- 4.2 These Releases specifically do not extend to claims arising from LBOD's disposal of waste at any location other than at the OII Site, claims arising from disposal of waste by any Person other than LBOD, and to any claims by any Person other than for Claims and Liabilities for Covered Matters. Such excluded matters are referred to as "Non-Released Claims". Non-Released claims include but are not limited to claims for Natural Resource Damages and Natural Resource Damage Assessment at the OII Site and elsewhere and claims for personal injury or property damage allegedly resulting from disposal of waste by LBOD. Any and all Non-Released Claims are expressly reserved and preserved.
- 4.3 It is the intention of the Parties in executing this Agreement and in giving and receiving the consideration called for by this Agreement that this Agreement shall be effective as a full and final accord and satisfaction of and from all Released Claims.
- 4.4 Notwithstanding anything in this Agreement to the contrary, the Parties hereto do not release any matters relating to the adherence to or the enforcement of this Agreement.
- 4.5 The Parties will each bear their own costs and expenses incurred in the preparation and execution of this Agreement, including attorneys' fees, expert expenses and fees, and any other costs and expenses incurred in the preparation and execution of this Agreement.

5. Additional Provisions, Agreements and Representations

- 5.1 No Reliance on Representations. In executing this Agreement, no Party is relying on any statements or representations made by any other Party, or any other Party's agents or attorneys, concerning the subject matter, basis or effect of this Agreement, other than as explicitly set forth herein. Each Party represents and warrants that it is relying solely on its own judgment, knowledge and legal advice in entering into this Agreement.
- 5.2 No Admission of Liability. Nothing herein shall be construed as an admission by any Party of any liability or wrongdoing of any kind or an admission of the merit or lack of merit of any Released Claims.
- 5.3 Headings. The subject headings of the sections, subsections and paragraphs of this Agreement are included for purpose of convenience only, and shall not affect the construction or interpretation of any of its provisions.

- 5.4 Fully Integrated Agreement. This Agreement constitutes the entire Agreement among the Parties pertaining to the Released Claims, and any and all prior discussions, negotiations, commitments and understandings related thereto, are hereby merged therein and superseded by this Agreement. No representations, oral or otherwise, express or implied, other than those contained in this Agreement shall be deemed to exist or bind any of the Parties hereto. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all of the Parties.
- 5.5 Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless explicitly executed in writing by the Party making the waiver.
- 5.6 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures by facsimile shall be binding upon the Parties, but the Parties shall also promptly exchange original signatures on this Agreement following execution.
- 5.7 Parties in Interest. Except as specifically set forth herein, nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement on any person other than the Parties to this Agreement, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third person to any Party to this Agreement, nor shall any provision give any third person any right of subrogation or action over or against any Party to this Agreement.
- 5.8 Performance of this Agreement. The Parties each agree to do all the things necessary or convenient to carry out and effectuate the terms of this Agreement.
- 5.9 Binding Effect. This Agreement shall be binding on, and shall inure to the benefit of, the Parties hereto, their respective administrators, legal representatives and successors; each and every entity which now is or ever was a division, agency, department, affiliate, parent or subsidiary of any Party hereto including any entity under common control with any of the foregoing, and their respective legal successors and assigns; and the respective past and present shareholders, officers, limited partners, general partners, directors, agents, supervisors and employees of each and every Party hereto.
- 5.10 Interpretation. This Agreement shall be construed without regard to the Party or Parties responsible for the preparation of the same and shall be deemed to have been prepared jointly by the Parties hereto. If any ambiguity or uncertainty exists herein, such ambiguity or uncertainty shall not be interpreted against any Party hereto, but rather, shall be interpreted according to the application of other rules of contract interpretation.

- 5.11 Governing Law. This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 5.12 Severability. The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of any other provision.
- 5.13 Execution Knowing and Voluntary. The Parties hereby acknowledge, represent and warrant that they (a) have fully and carefully read this Agreement prior to execution; (b) have had the opportunity to be fully apprised by attorneys of their choice of the legal effect and meaning of this document and all terms and conditions hereof; (c) have had the opportunity to make whatever investigation or inquiry they deem necessary in connection with the subject matters of this Agreement; (d) have been afforded the opportunity to negotiate as to any and all terms hereof; and (e) are executing this Agreement as free and voluntary acts, without any duress, menace, pressure, or undue influence of any kind or nature whatsoever.
- 5.14 Section 1542 Waiver. As to the Released Claims, each Party expressly waives the benefits of any statutory provision or common law rule that provides, in sum or substance, that a release does not extend to claims which the party does not know or suspect to exist in its favor at the time of executing the release, which if known by it, would have materially affected its settlement with the other Party. In particular, but without limitation, the parties expressly understand the provisions of California Civil Code Section 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

As to the Released Claims, each Party hereby agrees (i) that the provisions of California Civil Code Section 1542 are hereby knowingly and voluntarily waived and relinquished, and (ii) that the provisions of all similar state or federal laws, rights, rules, or legal principles of any other jurisdiction, to the extent that they are found to be applicable herein, also are hereby knowingly and voluntarily waived and relinquished.

Notwithstanding the foregoing waiver of California Civil Code Section 1542, the Parties acknowledge that the releases set forth in this Agreement are specific to the Released Claims and are not intended to create general releases as to all claims, or potential claims, among the releasing and released parties.

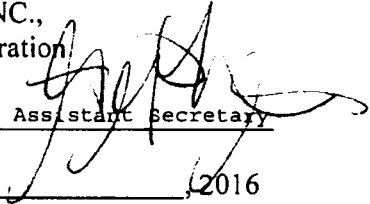
- 5.15 Notices. All notices, demands, and other communications required or permitted to be given pursuant to this Agreement shall be in writing and shall be delivered personally, by overnight courier, or by registered or certified mail, to the undersigned Parties as follows: (a) in the case of Chevron, to Shawn DeMerse, Chevron Law Department, Chevron U.S.A. Inc., 1400 Smith Street, Houston TX

77002, (b) in the case of ConocoPhillips, to Kelli Jones, ConocoPhillips Company, 600 N. Dairy Ashford, ML 1034, Houston, TX 77079-1175 and Gary K. Shiu, ConocoPhillips Company, 600 N. Dairy Ashford, ML 1016, Houston, TX 77079-1175, (c) in the case of ExxonMobil, to Ramon L Echevarria II, Exxon Mobil Corporation, 22777 Springwoods Village Parkway, E2.3B.528, Spring, Texas 77389, in each instance for (a)-(c) with a copy to Christopher J. McNevin and Mark E. Elliott, Pillsbury Winthrop Shaw Pittman LLP, 725 Figueroa Street, Suite 2800, Los Angeles, CA 90017, and (d) in the case of the City, to Charles Parkin, City Attorney, City of Long Beach, 333 West Ocean Boulevard, Eleventh Floor, Long Beach, CA 90802 and M. Brian McMahon, 333 S. Hope Street, Suite 4000, Los Angeles, CA 90071. Any duly authorized representative of any of the Parties may give notice.

- 5.16 Representations Regarding Execution and Authority. Each person executing this Agreement expressly represents that such person is duly authorized to execute this Agreement on behalf of, and fully bind, the entity he or she purports to represent, and each such entity expressly waives any defense it now has, or in the future may have, with respect to the valid and binding execution of this Agreement by an authorized representative.

IN WITNESS WHEREOF, the Parties have entered this Agreement as of the Effective Date of this Agreement set forth above.

CHEVRON U.S.A. INC.,
a Pennsylvania Corporation

By: 
Assistant Secretary

Dated: November 29, 2016

CONOCOPHILLIPS COMPANY,
a Delaware corporation

By: _____

Dated: _____, 2016

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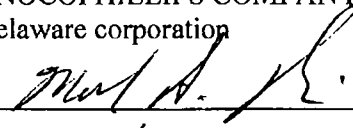
IN WITNESS WHEREOF, the Parties have entered this Agreement as of the Effective Date of this Agreement set forth above.

CHEVRON U.S.A. INC.,
a Pennsylvania Corporation

By: _____

Dated: _____, 2016

CONOCOPHILLIPS COMPANY,
a Delaware corporation

By:  _____

Dated: 12/11 _____, 2016

EXXON MOBIL CORPORATION,
a New Jersey corporation

By: Maria M. Qwezada

Dated: 12/01, 2016

Maria M. Qwezada
Agent and Attorney in Fact

CITY OF LONG BEACH

By: _____

Dated: _____, 2016

Approved as to Form:

CITY ATTORNEY OF LONG BEACH

By: _____

Dated: _____, 2016

