

1 ASSIGNMENT AND CONSENT

2 RE RECREATION PARK OIL AND GAS LEASE--ELLIOTT & TEN EYCK, LTD.

3
4 7702

5 THIS ASSIGNMENT AND CONSENT RE RECREATION PARK OIL AND
6 GAS LEASE is entered into by and between HERBELL OIL EXPLORATION
7 COMPANY (hereinafter "ASSIGNOR"), ELLIOTT & TEN EYCK, LTD. (here-
8 inafter "ASSIGNEE") and the CITY OF LONG BEACH, a municipal
9 corporation, and ALAMITOS LAND COMPANY, a California corporation
10 (hereinafter collectively referred to as "LESSORS").

11 WHEREAS, ASSIGNOR'S predecessor in interest, as party
12 Lessee, and LESSORS entered into an oil and gas lease dated
13 September 6, 1962 granting (i) subsurface mineral rights on and
14 under those lands described on Exhibit "1" attached hereto and
15 made a part hereof (said lands are hereinafter referred to as the
16 "subject lands", (ii) surface rights for the purpose of conduct-
17 ing drilling and producing operations on a parcel located within
18 the subject lands and described on Exhibit "2" attached hereto
19 and made a part hereof (hereinafter the "drill site lands"),
20 and (iii) all necessary surface and subsurface easements and
21 rights-of-way across the subject lands; and

22 WHEREAS, ASSIGNOR and LESSORS have previously entered
23 into five separate agreements, each one amending certain terms
24 and provisions of said oil and gas lease dated September 6, 1962
25 (which lease, as amended, is hereinafter referred to as the
26 "LEASE"); and

27 WHEREAS, ASSIGNOR wishes to assign to ASSIGNEE all of
28 ASSIGNOR'S right, title and interest in and to the LEASE with

1 respect to (i) all of that portion of the subject lands lying
2 in a southerly direction from the north border or edge of Seventh
3 Street at its present location as reflected in maps on file with
4 the City of Long Beach, and (ii) all necessary surface and sub-
5 surface easements and rights-of-way across the subject lands
6 (said lands which ASSIGNOR desires to assign to ASSIGNEE are
7 hereinafter collectively referred to as the "SOUTH OPERATIONS
8 AREA"), subject to the terms and conditions below; and

9 WHEREAS, ASSIGNEE wishes to accept such assignment,
10 subject to the terms and conditions below; and

11 WHEREAS, LESSORS wish to consent to and approve such
12 assignment, subject to the terms and conditions below; and

13 WHEREAS, ASSIGNOR has obtained all necessary approvals
14 and is duly authorized to assign the SOUTH OPERATIONS AREA to
15 ASSIGNEE:

16 NOW, THEREFORE, for and in consideration of one dollar
17 (\$1) and other good and valuable consideration, the receipt and
18 sufficiency of which are hereby acknowledged, ASSIGNOR does
19 hereby bargain, sell, transfer, assign and convey to ASSIGNEE
20 the following:

21 A. All of ASSIGNOR'S right, title and interest in and
22 to the LEASE, as to all depths and producing horizons underlying
23 the same, with respect to the SOUTH OPERATIONS AREA as identified
24 above.

25 B. All of ASSIGNOR'S right, title and interest in and
26 to the easements, permits, contracts and rights-of-way situated
27 upon or used or useful or held for future use in connection with
28 the exploration, development or operation of the SOUTH OPERATIONS

1 AREA.

2 The assignment of interests set forth above shall be
3 deemed to be effective as of 7:00 a.m., Pacific Standard Time, on
4 the day immediately following the execution and delivery hereof
5 by ASSIGNOR to ASSIGNEE (hereinafter the "Effective Date").

6 This assignment shall be subject to the following terms
7 and conditions:

8 1. ASSIGNEE agrees, as of the Effective Date, to
9 fully comply with and be bound by all the terms and provisions of
10 the LEASE, as amended; provided, however, that ASSIGNEE shall
11 have no responsibility whatsoever for any liability accruing
12 under or with respect to the LEASE prior to the Effective Date.

13 2. ASSIGNOR makes no warranty of title with respect
14 to the land hereby assigned to ASSIGNEE, but ASSIGNOR does warrant
15 and represent to ASSIGNEE that: (a) the rights and interests
16 conveyed to ASSIGNEE by this instrument are free and clear of all
17 rights, liens, charges and encumbrances created by ASSIGNOR (b)
18 ASSIGNOR has the right to make the transfer and conveyance
19 effectuated by this instrument; (c) no default or defaults now
20 exist or have been declared under or with respect to the LEASE;
21 and (d) the LEASE is now in good standing and is in full force
22 and effect.

23 3. LESSORS make no warranty of title to the land and
24 interests hereby assigned to ASSIGNEE, but LESSORS, and each of
25 them, do represent and warrant that: (a) they have no knowledge
26 of any claims or potential claims adverse to LESSORS' rights and
27 interests in and to the SOUTH OPERATIONS AREA, or any part there-
28 of, which would or may have any adverse effect on the rights and

1 interests of the lessee under and pursuant to the LEASE; (b) they
2 have no knowledge of any claims or potential claims adverse to
3 ASSIGNOR'S interest in the land, equipment, improvements and
4 facilities hereby assigned to ASSIGNEE: (c) they have not pre-
5 viously consented to or approved any assignment or partial assign-
6 ment or sublease of or to the LEASE; and (d) they have no know-
7 ledge of any existing defaults under or pursuant to the LEASE.

8 4. Within two and one-half (2-1/2) years from and
9 after the Effective Date, ASSIGNEE shall commence and thereafter
10 diligently prosecute the drilling of a well to a depth sufficient
11 to test the Lane Capital Zone, or a total well bore depth of
12 9,000 feet, whichever is the lesser (hereinafter "Target Depth"),
13 within the SOUTH OPERATIONS AREA on the subject lands. ASSIGNEE'S
14 obligation to conduct such drilling shall be subject to the
15 provisions of Paragraph 23 of the LEASE, and subject to the
16 further provisions set forth below.

17 4.1 The parties hereto recognize that it may be
18 necessary for ASSIGNEE to obtain various permits and other govern-
19 mental approvals relative to such drilling or redrilling, and
20 ASSIGNEE shall be obligated to make timely application for all
21 permits and other governmental approvals so that in the normal
22 course of events, each such permit and other governmental appro-
23 val would be obtained in sufficient time to enable ASSIGNEE to
24 commence such drilling or redrilling to Target Depth within the
25 2-1/2 year period hereinabove provided. However, if ASSIGNEE
26 makes timely application for all necessary permits and other
27 governmental approvals but is unable to obtain one or more per-
28 mits or other governmental approvals in time to allow for the

1 commencement of drilling or redrilling to Target Depth within
2 said 2-1/2 year period, then such 2-1/2 year period will be ex-
3 tended for so long, and only for so long as ASSIGNEE diligently
4 makes every reasonable effort to obtain all necessary permits
5 and other governmental approvals and upon receipt of the same,
6 promptly commences and thereafter diligently prosecutes such
7 drilling or redrilling to Target Depth as hereinabove provided.
8 If ASSIGNEE, despite the exercise of best efforts, is ultimately
9 unable to obtain all necessary permits and other governmental
10 approvals, then ASSIGNEE shall be under no obligation to drill
11 to Target Depth as hereinabove provided.

12 4.2 In the event ASSIGNEE encounters mechanical
13 difficulties, impenetrable substances or other circumstances
14 which in ASSIGNEE'S opinion indicate that further attempts to
15 continue with such drilling or redrilling would be fruitless
16 and not in accordance with good oil field practice, ASSIGNEE may
17 plug and abandon such well, or plug back and complete or re-com-
18 plete such well within a shallower producing zone or zones, and
19 ASSIGNEE shall be under no further obligation to conduct addi-
20 tional drilling to satisfy the drilling obligations provided
21 for in this Paragraph 4.

22 5. As expenditures allowed to be charged to the ap-
23 propriate joint account pursuant to Paragraph 4.3 of the Fifth
24 Agreement Amending the Lease being executed substantially contem-
25 poraneously with this Assignment, Assignee shall be entitled to
26 charge a portion of the Site Preparation Costs for Assignee's
27 drill site located off of the subject lands (called the "Remote
28 Drill Site"). Site Preparation Costs for the Remote Drill Site

1 shall be deemed to be those expenditures heretofore or
2 hereafter made which are of a nature to benefit generally
3 all wells drilled from the Remote Drill Site as opposed to
4 those expenditures made to benefit individual wells. As
5 examples of such costs, and not by way of limitation, Site
6 Preparation Costs include, but are not limited to, grading
7 the Remote Drill Site, packing gravel on the Remote Drill
8 Site, installation of electrical services to the Remote
9 Drill Site, installation of systems for transporting oil,
10 gas and other hydrocarbons from the Remote Drill Site,
11 installation of walls and gates around the Remote Drill Site
12 and similar expenditures of general benefit to the Remote
13 Drill Site. The portion of such expenditures for Site
14 Preparation Costs to be charged to each well commenced to be
15 drilled to an objective in the SOUTH OPERATIONS AREA from
16 the Remote Drill Site shall be the sum of \$30,000 for each
17 well (not in excess of a total of 6 wells) regardless of
18 whether or not a completion should be attempted as a producing
19 well.

20 6. All production of oil, gas and other hydrocarbons
21 obtained from the SOUTH OPERATIONS AREA shall be segregated
22 from production from other wells located on the Remote Drill
23 Site by a gathering and storage system so that production from
24 the SOUTH OPERATIONS AREA may be gauged and metered separately
25 from such other production. All of the cost of such separate
26 gathering and storage system shall be a charge to the
27 appropriate joint account pursuant to Paragraph 4.3 of said Fifth

28 ///

1 Agreement Amending the Lease. For a period of 90 days following
2 completion of a well bottomed under the SOUTH OPERATIONS AREA,
3 Assignee shall have the right to mingle production from such well,
4 with other production from wells drilled from the Remote Drill
5 Site while Assignee determines whether the attempted completion
6 shall have been commercially successful. During such period,
7 Assignee shall take such steps as shall be reasonably requested
8 by Lessors, and in any event in accordance with good oil field
9 practices, to measure adequately the production from the SOUTH
10 OPERATIONS AREA.

11 7. Except as set forth in Paragraph 4 above, this
12 assignment to ASSIGNEE as to a part only of the subject lands
13 will not be deemed to alter or increase any drilling or develop-
14 ment obligations with respect to the lands hereby assigned; pro-
15 vided, however, that the provisions of the LEASE which require
16 that each newly discovered producing horizon be expeditiously
17 developed using one string of tools and allowing no more than six
18 months to elapse between the completion or abandonment of one
19 well and the commencement of drilling of the next shall apply
20 separately to the SOUTH OPERATIONS AREA without regard to any
21 drilling which may take place within those portions of the subject
22 lands not assigned to ASSIGNEE.

23 8. LESSORS, and each of them, hereby ratify the LEASE
24 and consent to and approve the assignment provided for herein.

25 IN WITNESS WHEREOF, this ASSIGNMENT AND CONSENT RE
26 RECREATION PARK OIL AND GAS LEASE has been executed by each of
27 the parties on the date set forth opposite their respective
28 signatures below.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

ASSIGNOR

HERBELL OIL EXPLORATION COMPANY,
a limited partnership

BY: William P. Hunter
General Partner

DATED: _____

ASSIGNEE

ELLIOTT & TEN EYCK, LTD.

BY: Daniel W. Elliott, Jr.
Daniel W. Elliott, Jr.

DATED: _____

BY: Warren E. Ten Eyck
Warren E. Ten Eyck

LESSORS

CITY OF LONG BEACH,
a municipal corporation

BY: [Signature]
City Manager

DATED: APR 26 1982

ALAMITOS LAND COMPANY,
a California corporation

BY: Samuel Diffs
President

DATED: _____

BY: Joseph R. Smith
Asst. Secretary

APPROVED AS TO FORM

APR 26 1982, 19____

ROBERT W. PARKIN, City Attorney

BY: [Signature]
DEPUTY CITY ATTORNEY

(Partnership)

STATE OF CALIFORNIA }
COUNTY OF Los Angeles } ss.

On April 26, 1982
before me, the undersigned, a Notary Public in and for said State, personally appeared
Warren E. Teneyck

known to me
to be one of the partners of the partnership
that executed the within instrument, and acknowledged to me
that such partnership executed the same.

WITNESS my hand and official seal.

Signature Ree Bushey

STAPLE HERE

OFFICIAL SEAL
REE BUSHEY
Notary Public - California
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
MY COMMISSION EXPIRES NOVEMBER 30, 1984

(This area for official notarial seal)

L-8 (1/82)

(Corporation)

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } ss.

On April 22, 1982 before me, the undersigned, a Notary Public in and for said
State, personally appeared Llewellyn Bixby
known to me to be the President, and Joseph R. Smith

known to me to be Assistant Secretary
of the corporation that executed the within Instrument,
known to me to be the persons who executed the within
Instrument on behalf of the corporation therein named, and
acknowledged to me that such corporation executed the
within instrument pursuant to its by-laws or a resolution of
its board of directors.

WITNESS my hand and official seal.

Signature Judith M. Walker

STAPLE HERE

OFFICIAL SEAL
JUDITH M. WALKER
Notary Public - California
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
MY COMMISSION EXPIRES DECEMBER 12, 1984

(This area for official notarial seal)

L-10 (1/82)

(Partnership)

STATE OF CALIFORNIA
COUNTY OF Los Angeles } SS.

On April 22, 1982
before me, the undersigned, a Notary Public in and for said State, personally appeared _____

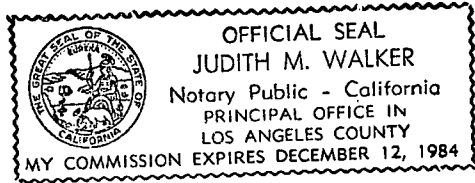
Daniel H. Elliott, Jr
_____ known to me

to be _____ of the partners of the partnership
that executed the within instrument, and acknowledged to me
that such partnership executed the same.

WITNESS my hand and official seal.

Signature Judith M. Walker

STAPLE HERE



(This area for official notarial seal)

L-8 (1/82)

(Partnership)

STATE OF CALIFORNIA
COUNTY OF Los Angeles } SS.

On April 22, 1982
before me, the undersigned, a Notary Public in and for said State, personally appeared _____

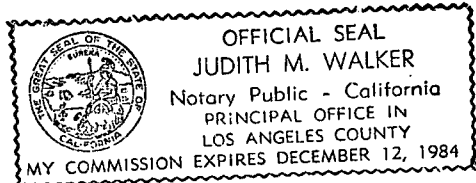
William P. Herder
_____ known to me

to be the general of the partners of the partnership
that executed the within instrument, and acknowledged to me
that such partnership executed the same.

WITNESS my hand and official seal.

Signature Judith M. Walker

STAPLE HERE



(This area for official notarial seal)

L-8 (1/82)

EXHIBIT "1"

SUBJECT LANDS

PARCEL NO. 1:

That portion of the Alamitos Tract, as per map recorded in Book 36, pages 37 et seq., Miscellaneous Records of Los Angeles County, more particularly described as follows:

Beginning at the Northeast corner of Farm Lot No. 81, of said Alamitos Tract; thence East along the Southerly side of Anaheim Road 2670.92' more or less, to its intersection with the Northeasterly line of said Alamitos Tract; thence South $48^{\circ} 33' 30''$ East along said Northeasterly line 1564.97' more or less to its intersection with the West line of Santiago Avenue; thence South along said west line of Santiago Avenue 2195.27' more or less to the North line of Sixth Street; thence West along said North line of Sixth Street 990.66' to a point; thence South 30' to the Northerly line of Farm Lot #193 of said Alamitos Tract; thence West along the Northerly line of Farm Lots #193 and #194 of said Alamitos Tract 1096.31' more or less to its intersection with the Westerly line of the right of way formerly owned by the Pacific Electric Railway; thence North $43^{\circ} 53' 45''$ West along the Westerly line of said right of way 713.60' more or less to its intersection with the East line of Santa Fe Avenue; thence North along said East line 68.51' to the Northwest corner of Farm Lot #187 of said Alamitos Tract; thence North $43^{\circ} 53' 45''$ West 149.13' more or less, to the Southeast corner of Farm Lot #131 of said Alamitos Tract; thence West 65.92' more or less to the Westerly line of the said right of way; thence North $43^{\circ} 53' 45''$ West 293.54' along the Westerly line of said right of way to a point; thence continuing along said right of way along a curve concave to the right with a radius of 1480.19' and the bearing of whose tangent at the point of beginning is North $43^{\circ} 53' 45''$ West 508' more or less, to its intersection with the Northerly line of said Farm Lot #131; thence West 34.45' to the Southeast corner of Farm Lot #127 of said Alamitos Tract; thence North along the Easterly line of said Farm Lot #127 83.23' more or less to its intersection with the continuation of said curve heretofore described; thence continuing along said curve along the Westerly line of said right of way 58.52'; thence North $18^{\circ} 28' 45''$ West along the Westerly line of said right of way 518.73' to its intersection with the South line of Tenth Street; thence East 50.08' to the Northeast corner of Farm Lot #127 of said Alamitos Tract; thence North $18^{\circ} 28' 45''$ West along the Easterly line of Farm Lots #82 and #81 of said Alamitos Tract 1381.43' more or less to the point of beginning;

GERALD PERSONS
CITY ATTORNEY OF LONG BEACH
600 CITY HALL
LONG BEACH 2, CALIFORNIA
TELEPHONE HE 6-9041

1 PARCEL NO. 2:

2 That portion of the Alamitos Tract, as per map
3 recorded in Book 36, pages 37 et seq., Miscellaneous
4 Records of Los Angeles County, more particularly de-
5 scribed as:

6 The West five (5) acres of Farm Lot #193 of said
7 Alamitos Tract; acreage estimated to street centers;

8 PARCEL NO. 3:

9 That portion of the Alamitos Tract, as per map
10 recorded in Book 36, pages 37 et seq., Miscellaneous
11 Records of Los Angeles County, more particularly de-
12 scribed as:

13 The West ten (10) acres of Farm Lot #194 of said
14 Tract, but excepting therefrom any portion thereof,
15 conveyed to Pacific Electric Railway, a corporation,
16 by deed recorded in Book 1929, page 47, of Deeds,
17 Records of said County; acreage estimated to street
18 centers;

19 PARCEL NO. 4:

20 That portion of the Alamitos Tract, as per map
21 recorded in Book 36, pages 37 et seq., Miscellaneous
22 Records of Los Angeles County, more particularly de-
23 scribed as:

24 That portion of Farm Lot #215, of said Tract
25 lying North of the right of way of the Pacific Elec-
26 tric Railway;

27 PARCEL NO. 5:

28 That portion of the Alamitos Tract, as per map
29 recorded in Book 36, pages 37 et seq., Miscellaneous
30 Records of Los Angeles County, more particularly de-
31 scribed as:

32 The South 275' of the North 305' of the West
300' of Farm Lot #216, of said Tract.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

EXHIBIT "2"

DRILL SITE LANDS

That portion of Lot A, Tract No. 5884, in the City of Long Beach, County of Los Angeles, State of California, as per map recorded in Book 62, page 38 of Maps in the office of the County Recorder of said County, more particularly described as follows:

Beginning at the southeast corner of Block 131 of the Alamitos Tract as shown on said map; thence South 43° 53' 45" East, 41.63 feet, along the westerly line of said Tract No. 5884, to the centerline of Seventh Street; thence North 89° 59' 29" East, 1506.08 feet, along the centerline of the public thoroughfare known as Seventh Street; thence North 0° 00' 31" West, 190 feet, at right angles to last said centerline, to the true point of beginning of this description; thence continuing North 0° 00' 31" West, 150.00 feet; thence North 89° 59' 29" East, 290.40 feet; thence South 0° 00' 31" East, 150.00 feet; thence South 89° 59' 29" West, 290.40 feet to the true point of beginning.

GENERAL COUNSEL
CITY ATTORNEY OF LONG BEACH
500 CITY HALL
LONG BEACH 2, CALIFORNIA
TELEPHONE ME 8-9041