

AMENDED AND RESTATED

OIL AND GAS LEASE

35470

**CITY OF LONG BEACH,
a California municipal corporation,**

Lessor,

and

**BEACH OIL MAV OWNER, LLC
a California limited liability company,**

Lessee.

DATED: January 8, 2020

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AMENDED AND RESTATED OIL AND GAS LEASE

THIS AMENDED AND RESTATED OIL AND GAS LEASE (“Lease”), made, entered into and effective as of January 8, 2020 (“Effective Date”), by and between the **CITY OF LONG BEACH**, a California municipal corporation (“Lessor”) and **BEACH OIL MAV OWNER, LLC**, a California limited liability company (“Lessee”).

WHEREAS, Lessor and Lessee are owners of the real property and mineral rights more particularly described in Exhibit “A”, attached hereto and incorporated herewith by reference (the “Leased Land”); and

WHEREAS, Lessor and Lessee (by various mesne assignments) are parties to that certain (Recreation Park) Oil and Gas Lease dated September 6, 1962 covering the Leased Land (as heretofore amended, the “Original Lease”); and

WHEREAS, Lessee has merged, released, and quitclaimed its interest as lessee in the Original Lease unto itself, but only to the extent that Lessee is now a fee mineral owner in the Leased Land; and

WHEREAS, Lessee desires to continue to lease Lessor’s oil, gas and mineral rights in and to the Leased Land; and

WHEREAS, Lessee is the owner of certain permitted drillsites which are located on and near or adjacent to the Leased Land, upon which drillsites (the “Permitted Drillsites,” as depicted on Exhibit B attached hereto) the surface oil and gas exploration and production activities shall take place; and

WHEREAS, in light of the foregoing, Lessor and Lessee desire to amend and restate the Original Lease in its entirety.

WITNESSETH:

NOW, THEREFORE, in consideration of the premises, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree, as follows:

1. AMENDMENT, RESTATEMENT, AND RATIFICATION OF LEASE.

Lessor and Lessee amend and restate the “Original Lease” in its entirety with the provisions of this Lease, which supersedes the Original Lease. For and in consideration of a rental paid in the installments and in the manner set forth herein, and the covenants and agreements hereinafter contained on the part of Lessee to be kept and performed, Lessor does hereby amend, restate, and ratify the grant, demise and lease of Lessor’s oil, gas and mineral rights in and to the Leased Land, for the purpose and with the exclusive right of prospecting, exploring, mining, drilling and operating the Leased Land for oil, gas, other hydrocarbons and associated substances, which may be produced from the Leased Land, (hereinafter collectively called “substances”) and producing, injecting, taking, treating, storing, removing and disposing of such substances from the Leased Land, the right to use water so obtained in production operations on the Leased Land, and nonexclusive rights-of-way for passage over, under, through, from, upon and across and ingress

and egress to and from the Leased Land for any or all of the above mentioned purposes, including the collection of seismic data and testing and other geologic and geophysical investigations, all as hereinafter set forth. Lessor shall have the right to use the surface of the Leased Land in any manner and to any extent, so long as Lessor's use does not unreasonably interfere with Lessee's operations hereunder. Lessee is granted a nonexclusive right to use roads, streets, alleys, waterways, canals, sloughs, levees, ditches, easements, rights and rights-of-way upon, within or adjoining the Leased Land, so long as the use relates to Lessee's rights under this Lease.

TO HAVE AND TO HOLD the same for a term commencing on the Effective Date and extending for a period equal to that described in Section 2 below and continuing thereafter so long as Lessee shall conduct development (including, without limitation, seismic, drilling, re-drilling, repairing and reworking) or producing operations on or under the Leased Land or lands pooled or unitized therewith without cessation for more than one hundred eighty (180) consecutive days, or be excused therefrom as hereinafter provided.

2. TERM.

(a) On or before five (5) years after the Effective Date (this period, as may be extended by Section 2(b) or otherwise by the terms of this Lease, the "Original Term" and the last day of said Original Term, the "Working Date"), Lessee shall (i) continue production from the Leased Land from wells located thereupon or bottom holed thereunder, (ii) commence drilling operations on or bottom holed under the Leased Land and thereafter continue operations with reasonable diligence until oil or gas is found in paying quantities or a depth is reached at which further drilling would, in the judgment of Lessee, be unprofitable, or (iii) quitclaim and surrender this Lease as hereinafter provided.

(b) After the initial five (5) year period of the Original Term, and in the event that Lessee has not satisfied the conditions in Section 2(a) above, Lessee shall have an option to extend the Original Term for up to three (3) additional successive one (1) year periods as to all or any portion of the lands covered by this Lease, provided that Lessee shall have demonstrated that it has pursued with reasonable diligence all licenses, permits, authorizations and entitlements required by applicable law for the commencement of drilling operations. This option may be exercised by Lessee at any time during the last year of the initial five (5) year period of the Original Term and subsequent years, as applicable, by Lessee providing to Lessor written notice thereof, together with the annual rental payment for the following year for each acre so extended on or before the working date. Annual payments for the subsequent years of the option period shall accrue upon and become due and payable in the manner and amount set forth in Section 2 hereof. All of the provisions of this Lease relating to any payment based on acreage shall be made in accordance with the number of net acres then covered by the Lease as extended.

(c) After the Original Term (as may be extended by Section 2(b) above), and subject to the provisions of Section 3 and Section 6 of this Lease, this Lease shall continue thereafter so long as Lessee (i) produces oil or gas in paying quantities from the Leased Land or lands pooled or unitized therewith or (ii) actively conducts development or producing operations (including but not limited to drilling, re-drilling, repairing and reworking operations) on the Leased Land or lands pooled or unitized therewith without

cessation for more than one hundred eighty (180) consecutive days, or be excused therefrom as hereinafter provided ("Secondary Term").

3. SHUT IN RENTAL. During any period during which Lessee has not satisfied the conditions set out in Section 2 hereof ("Shut In Period"), but subject to the provisions of Section 7 and Section 19 hereof, Lessee shall pay to Lessor on the date which is sixty (60) days from the commencement of the Shut In Period, annually in advance, as rental, the sum of One Hundred Dollars (\$100.00) per acre of Leased Land per net mineral acre for so much of the Leased Land as may then still be held under this Lease at the time of payment. Thereafter Lessee shall continue making such annual payments to Lessor on or before the anniversary of the commencement of the Shut In Period until production or drilling operations are commenced on the Leased Land or lands pooled or unitized with the Leased Land, or until Lessee quitclaims this Lease. Each payment of a rental under this Section 3 shall maintain this Lease in force and extend the term hereof for one additional year, and shall be refunded pro rata on a day for day basis, and on the basis of a 365 day year, for any year or portion of a year in which production or drilling operations are resumed.

4. DEPOSITORY. The payments required to be made by Lessee hereunder may be made by its check issued and made payable as hereinafter provided. All persons entitled to participate or share in such payments shall, at the request of Lessee, unite in a written designation of one person, bank or entity as Lessor's agent to receive such payments, to the end that Lessee shall not be required to make any payment otherwise than by one check, which check shall be payable to but one payee, such payee to assume the burden and responsibility of making a proper distribution without expense to Lessee among the persons entitled thereto. When such designation is made, said payments may be made by mailing such check to the payee at the address designated. Until such designation is made, such checks may be mailed to Lessor at the address designated by Lessor pursuant to Section 5 of this Lease. A waiver by Lessor of the provisions of this Section in the making of any payment or payments shall not be deemed a waiver thereof with respect to subsequent payments. If at any time there be no one person, bank or entity authorized to receive payments hereunder, the time for making such payments shall be extended until 30 days after Lessee has been notified of such designation.

5. NOTICES. Any notice to be given by either party to the other hereunder may be delivered in person or by registered or certified mail, or overnight courier, postage prepaid, addressed to the party for whom intended, as follows:

Lessor

City of Long Beach
Attn: Director of Energy Resources
2400 E. Spring Street
Long Beach, CA 90806

Lessee

Beach Oil Mav Owner, LLC,
6433 E. 2nd Street
Long Beach, CA 90803

All notices given by registered or certified mail shall be effective on receipt. Either party may from time to time, by written notice to the other, designate a different address which shall be substituted for the one above specified.

6. RESUMPTION OF OPERATIONS. From and after the Working Date, if oil or gas is not obtained in paying quantities in any well drilled on the Leased Land or lands pooled or unitized therewith, or if production ceases on the Leased Land, Lessee shall, either (i) within sixty (60) days following the cessation of production or the end of the Shut In Period, whichever is later, commence repair, remedial or minor reworking activities for the restoration of production, and shall prosecute the same with reasonable diligence until production of oil or gas is resumed or production or further operations are determined by the Lessee to be infeasible or unprofitable; or (ii) within six (6) months after its completion or abandonment or cessation of production, or the end of the Shut In Period, whichever is later, commence drilling operations for a subsequent well or commence redrilling or major reworking operations, or deepening, sidetracking, plugging back, perforating, reperforating, completing, recompleting, other well stimulation operations (not including hydraulic fracturing), or other like activities, and shall prosecute the same with reasonable diligence until oil or gas is found in paying quantities or until Lessee has drilled to a depth at which further drilling or other operations would, in the judgment of Lessee, be infeasible or unprofitable; and Lessee shall in like manner continue its operations until oil or gas is found in paying quantities or otherwise produced from wells on the Leased Land or lands pooled or unitized therewith or this Lease terminated. Subject to Section 2(c), if no oil or gas is produced in paying quantities within six (6) months of the cessation of production, this Lease shall terminate.

7. SUSPENSION. Except as herein otherwise provided, Lessee shall drill each well and operate each completed well in accordance with good oil field practices and in conformity with any reasonable conservation or curtailment program affecting the drilling of wells or the production of oil or gas from the Leased Land or lands pooled or unitized therewith. Lessee may voluntarily subscribe or become a party to any conservation or curtailment program that may be imposed by law or by any appropriate Government Agency. After the completion of the first oil well, drilling or producing operations hereunder may be suspended while the price offered generally to producers in the same vicinity for oil of the quality produced from the Leased Land is Sixty Dollars (\$60.00) or less per barrel at the wellhead, or when there is no available market for such oil at the wellhead above said price, and in either case for a period of ninety (90) days after the reason for suspension ceases to exist. Lessee shall comply with all state, federal and local laws and with the rules, regulations and orders of any federal, state or other Government Agency having jurisdiction in the premises with respect to the spacing, drilling or producing of wells, or other operations for oil or gas. If there be any conflict between the same and provisions of this Lease, such laws, rules, regulations and orders shall modify or supersede, as the case may be, the relevant provisions of this Lease.

8. ROYALTY SHARE. The term “Royalty Share” as used herein means the following:

(a) as to any well in existence as of the date hereof, the Royalty Share shall be eighteen percent (18%) of all hydrocarbons produced, saved, and sold from the Leased Land;

(b) as to (i) any wells in existence as the date hereof which are both (x) redrilled by Lessee to new bottom hole targets and (y) completed and placed on production at such new targets, or, (ii) any new well drilled and completed and placed on production by Lessee, the Royalty Share shall be ten percent (10%), of all hydrocarbons produced, saved, and sold from the Leased Land.

For clarity, Lessee shall pay to Lessor the above noted Royalty Shares calculated on the basis of all production (i.e., on 100% of 8/8ths), and not on the fractional undivided mineral interest held by Lessor, provided, however, that in the event of any sale or assignment by Lessor of its mineral interest or any portion thereof, or any interest in or to this Lease or the rights hereunder, such Royalty Share calculation shall be automatically revised upon the completion of such sale or assignment, such that the Royalty Share due and payable hereunder shall be based solely on the fractional undivided mineral interest held by such party or parties constituting Lessor.

9. ROYALTY ON OIL. Lessee shall pay Lessor as royalty the Lessor’s Royalty Share of the value of all oil (other than natural gas) produced, saved and sold from the Leased Land calculated at the wellhead and based on the proceeds received by Lessee for the sale of such oil if the sell is made to a party that is not Affiliated with Lessee. If Lessee sells to an Affiliate of Lessee, then Lessor’s royalty shall be based on the market value of the oil which would be paid to an arms-length party in the area for oil of substantially equal gravity on such day of sale. Lessee may deduct from Lessor’s Royalty Share a reasonable, necessary and proportionate charge for dehydration and treating of the oil and a reasonable and necessary charge for transportation to the treating plant. In the case of heavy oil development, Lessee may deduct a reasonable, necessary and proportionate charge to convert all oil to a diluent-oil blend (i.e., dilbit) as required to create pipeline quality, marketable oil. This may include the cost of the diluent itself and the cost of transporting the diluent to the Leased Land. No other production or post production expenses (i.e., cost of lifting, lease operations, water disposal, transportation and any additional costs not described above) except those specifically mentioned in this Lease may be deducted from the Lessor’s Royalty Share. Nothing herein contained shall be construed as obligating Lessee to treat oil or other hydrocarbon substances.

10. GAS ROYALTY. Lessee shall pay Lessor as royalty on natural gas the Lessor’s Royalty Share of a value which shall be the sum of the following:

(a) The net proceeds received by Lessee from the sale of gas produced from wells on the Leased Land (whether such gas be sold by Lessee in its natural state or as residual dry gas after extracting gasoline and other content therefrom). Except as otherwise provided herein, gas used or consumed by Lessee in operations other than under this Lease or in any pool or unit to which this Lease is joined shall be deemed sold for the market

value thereof. Lessee is not obligated to pay Lessor's Royalty on the value of gas and gas products used or consumed in the operation of a gasoline extraction plant for processing gas from the Leased Land or any pool or unit including the Leased Land. The reasonable and necessary proportionate cost of processing, treating, compressing and transporting gas in connection with the sale thereof shall be deducted in determining net proceeds of sale.

(b) The market value at the extraction plant of all gasoline and other liquid hydrocarbons, extracted and saved from natural gas produced from the Leased Land or any pool or unit including the Leased Land as a result of processing such gas at a plant owned or operated by Lessee or an Affiliate of Lessee, less the cost of such processing, which cost for the purposes hereof will be deemed to be sixty percent (60%) of said market value.

(c) The proceeds received by Lessee for gas from the Leased Land or lands pooled or unitized therewith when gas is treated at a gasoline extraction plant not owned or operated by Lessee or an Affiliate of Lessee and for which Lessee receives a royalty or other payment from the operator of the plant shall be deemed sold in its natural state for an amount equal to the proceeds from such royalty received by Lessee for such gas.

(d) During such times that a market at the well for the gas produced from the Leased Lands does not exist, Lessee may suspend the operation of any gas well if Lessee pays the shut-in royalty as provided in this section. Lessor shall receive as royalty from the proceeds of the sale of gas from the well that has been shut-in an amount of shut-in royalty equal to One Dollar (\$1.00) per acre for the total acreage then held subject to this Lease or any pool or unit that includes the Leased Land. Lessee shall on or before the last day of January each year pay Lessor an amount equal to the difference between the total amount of all royalties paid to Lessor during the calendar year from the proceeds of the sale of gas and One Dollar (\$1.00) per acre for such total acreage so held, which shall be deemed the equivalent of production in paying quantities.

(e) Lessee shall act as a reasonably prudent Operator in marketing gas from the Leased Land or lands pooled therewith.

11. OTHER ROYALTY/COMMINGLING OF PRODUCTION.

(a) Lessee shall pay Lessor as royalty the market value on the Leased Land, in the condition as produced, of the Royalty Share of any substances covered by this Lease, other than oil and gas and the products thereof.

(b) Lessee shall be entitled to the free use of any oil, gas and associated hydrocarbons for fuel and/or lifting purposes and/or for injection or in Lessee's other primary pressure maintenance or secondary recovery for other operations allowed under this Lease. Any oil, gas or hydrocarbons used by Lessee under this provision shall be used only on the Leased Land.

(c) Lessee, at its option, may commingle production of oil, gas and other produced substances from the Leased Land with production from other lands, into a central facility constructed by Lessee either on or off the Leased Land. For the purpose of calculating and paying royalties in accordance with the terms of this Lease, Lessee shall

have the option of either (i) installing an appropriate meter(s) that will measure total net production from the Leased Land, or (ii) allocating total production measured at the central facility to the Leased Land based on monthly tests on individual wells. The production measurement to be used shall determine the production of the respective commingled properties for the purpose of proper payment of royalties. Reasonable adjustments will be made for oil commingled of a different gravity.

12. PAYMENT DATE. Settlement shall be made by Lessee on or before the last day of each calendar month for all royalties on oil and other hydrocarbon substances (other than natural gas) which accrued during the preceding month and for which Lessee has received payment (e.g., for royalties accruing in January, payment shall be made on or before the last day of February) and Lessee shall furnish Lessor monthly, general information showing the computation of royalties. With regard to royalties payable on natural gas, payment shall be due on or before the last day of the month for the second month following the month in which such royalty accrued and payment has been received by Lessee (e.g., for royalties accruing in January, payment shall be made on or before the last day of March). Lessor agrees to examine promptly the information provided and remittances forwarded by Lessee to it hereunder and promptly advise Lessee of any objection thereto. Lessor shall not be entitled to the payment of Royalty Share in kind.

13. LESSER INTEREST. The rentals and royalties provided for in this Lease are based on the whole of the oil and gas rights in the land described above. As noted in Section 8 hereof, because Lessor owns less than the whole of the oil and gas rights in the Leased Land, the rentals and royalties accruing hereunder shall be proportionately reduced. If any claim is asserted or any action or proceeding instituted by Lessor, or by any third party claiming title to the Leased Land or any part thereof or any interest therein or in any production therefrom, adverse to Lessor or in hostility to rights claimed in good faith by Lessee under this Lease, then during the pendency of controversy and until ninety (90) days after final determination thereof, Lessee may defer or discontinue all operations on the Leased Land or, if Lessee operates wells, it may deposit royalties accruing hereunder in respect to the production therefrom in an escrow account with any bank in the State of California to abide the final determination of such controversy. Lessor agrees that Lessee at its option may discharge any tax, mortgage or other lien thereon, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same.

14. TAXES. Lessee shall pay all taxes levied upon or assessed against its improvements, fixtures, operations and personal property on the Leased Land. Lessee shall further pay any and all fees or other costs levied or imposed on Lessee by any Governmental Agency. Lessor shall pay any and all taxes, fees or other costs levied or imposed on Lessor by any Governmental Agency.

15. LESSEE'S OBLIGATION. Lessee shall act as a reasonably prudent operator in all operations on the Leased Land. Lessee agrees that all drilling operations and other surface operations shall be conducted from the Permitted Drillsites; provided, however, that no drilling operations shall be conducted on that portion of the Permitted Drillsites labeled "equipment lay down area" on the attached Exhibit B unless and until such time as Lessor, (or the responsible department thereof) amends the applicable zoning code and pertinent regulation to allow for same. Lessee, at its own cost and expense, shall pay for all labor performed and materials furnished in

the operations of Lessee hereunder, and Lessor shall not be chargeable with, or liable for, any part thereof. Lessee shall protect the Leased Land from liens of every character arising from its operations. Lessor may post and keep posted on the Leased Land notices to protect the same from liens.

16. LESSOR INSPECTION AND WELL INFORMATION.

(a) Lessor, at all reasonable times, may inspect the Leased Land and the work done and in progress thereon, and the production therefrom. Lessor may also examine the books kept by Lessee in relation to the amount and character of the production from the Leased Land and disposition thereof.

(b) Lessee shall furnish to Lessor all California Department of Oil, Gas, and Geothermal Reserves (“DOGGR”) production records for any wells on the Leased Land. Such records shall be furnished to Lessor upon Lessor’s written request. Lessor shall strictly maintain and protect the confidentiality of any documents and other information furnished to it by Lessee.

17. SURRENDER. Lessee, at its option, may at any time quitclaim and surrender all of the Leased Land, in which event this Lease shall be at an end and Lessee shall be relieved of all obligations hereunder save and except (i) the obligation to restore the Leased Land and plug and abandon all wells and other facilities in accordance with the regulations of Government Agencies, (ii) pay rents and royalties theretofore accrued, and (iii) any obligation otherwise hereby specifically stated to survive the term hereof. Lessee, at its option, may at any time, or from time to time, quitclaim and surrender any part of the Leased Land not desired by it, and in such event the amount of any rental provided for in this Lease shall thereafter accrue only on the basis of the land not so quitclaimed. All land that is quitclaimed or released shall be restored in accordance with Government Agency regulations within one (1) year of the quitclaim, or as required by Government Agency regulations as may be applicable. Land so quitclaimed shall remain subject to the easements and rights-of-way and Lessee’s rights of entry, passage, and use for the benefit of the retained part of the Leased Land or land pooled or unitized therewith.

18. PARTIAL SURRENDER. Lessee may at any time with respect to a designated part or all of the Leased Land, (a) surrender its right to produce oil, or (b) surrender its right to produce gas. A surrender of the right to produce oil shall include a surrender of the right to produce the gas which will necessarily be produced therewith. A surrender of oil rights in all the Leased Land will relieve Lessee of further obligation to drill oil wells. A surrender of oil rights in a part only of the Leased Land will reduce the number of required oil wells to a number determined by the acreage as to which oil rights are retained by Lessee. A surrender of gas rights in all the Leased Land will relieve Lessee of further obligation to drill gas wells. A surrender of gas rights in a part only of the Leased Land will reduce the number of required gas wells to a number determined by the acreage as to which gas rights are retained by Lessee. A surrender of oil rights shall have no effect on obligations to drill for gas and a surrender of gas rights shall have no effect on obligations to drill for oil.

19. RELIEF FROM PERFORMANCE AND NO HYDRAULIC FRACTURING. Performance of covenants and conditions imposed upon Lessee hereunder shall be suspended

while Lessee is prevented from complying therewith by causes beyond Lessee's reasonable control, such as war, riots, strikes, lockouts, action of the elements, accidents, inability to obtain adequate drilling rigs, equipment and materials on the open market, laws, rules and regulations of any federal, state, municipal or other Governmental Agency, or executive orders asserted as official by or under any public authority claiming jurisdiction. Without limiting the foregoing provisions of this Section 19, it is acknowledged and agreed by Lessor and Lessee that the enactment of any law, ordinance, rule, or regulation (including any moratorium) (collectively, "Moratoria") which prohibits the use of well stimulation operations (other than hydraulic fracturing) by Lessee on the Leased Land or lands pooled or unitized therewith shall suspend, during any period of such prohibition or impracticability, the running of the term of this Lease and the time period between continuous drilling operations to maintain this Lease in force and effect, but only if and to the extent that the Moratoria in question prohibits well stimulation on a well or wells (a) with respect to which the Lessee had planned to conduct well stimulation operations and (b) which would be economically infeasible or uneconomical to produce without using such methods. No hydraulic fracturing will be performed on any part of the Leased Land. Violations of this prohibition against fracturing will be considered a material breach and will serve to terminate this Lease.

20. COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS.

Lessee shall not use, store or dispose of any hazardous materials on the Leased Land, except to the extent such substances are contemporaneously required for actual oil or gas operations on the Leased Land and any such substances shall be used, stored and disposed of in a safe manner, in compliance with all applicable governmental regulations. Lessee shall insure that all contractors comply with the terms of this Lease, including this Section. In the event Lessee is notified of any environmentally harmful or dangerous conditions on the Leased Land resulting from Lessee's operations, Lessee shall promptly take all actions required to clean up and correct such dangerous or harmful conditions, in accordance with applicable law and regulations and sound engineering practices. Lessor shall have no responsibility to inspect or oversee Lessee's operations or to identify or correct any potentially harmful, dangerous or damaging conditions, and Lessor shall have no right to control any details of Lessee's operations, nor to designate or control Lessee's contractors. Neither Lessee nor any contractors shall have any right of contribution or indemnity from Lessor for any matters relating to operations on the Leased Land or conditions on the Leased Land, save and except for any matter which stems from or arises as a result of the gross negligence or willful misconduct of Lessor. Lessee indemnifies and holds Lessor harmless from any and all costs, expenses and liabilities Lessor might incur relating to any harmful, damaging or dangerous conditions connected with the Leased Land or operations hereunder, including, without limitation, any pre-existing conditions, save and except for any condition which stems from or arises as a result of the gross negligence or willful misconduct of Lessor. By commencing any such operations, Lessee shall acknowledge its consent to the terms of this Section. This provision and its indemnities shall survive the termination of this Lease, and shall inure to the successors, heirs and assigns of Lessor and Lessee.

21. TIMELY PLUGGING AND ABANDONMENT OF WELLS. Except as is otherwise permitted by applicable law and any related Governmental Agency, or any well plan filed therewith, Lessee shall not allow any well to remain in a shut-in, temporarily abandoned or otherwise in a non-productive state, for a period of more than six (6) months from the date of last production or the time permitted by the rules and regulations of the applicable regulatory authority,

whichever is greater, without beginning plugging and abandonment operations for such well and restoring the locations. The remediation procedures must be completed within two (2) months of their initiation, or as is permitted by applicable law, whichever is greater. All cost of plugging and abandoning of wells shall be paid by Lessee. Lessor shall not be required to pay any cost associated with plugging and abandonment of wells. Within twelve (12) months of the execution of this Lease, Lessee shall provide a surety bond to Lessor in the amount of One Million Seven Hundred Thousand Dollars (\$1,700,000) as a form of performance assurance to cover the plugging and abandonment liabilities under this Lease. Lessee shall otherwise maintain all bonds with DOGGR as may be required by Law. In the event that DOGGR requires an amount greater than the Four Hundred Thousand Dollars (\$400,000) in bonds posted with DOGGR for or on behalf of Lessee as of the date hereof, City shall proportionately reduce the amount of the bond delivered pursuant to this Section 21. In the event that DOGGR requires a bond from Lessee in excess of One Million Seven Hundred Thousand Dollars (\$1,700,000), City shall release the bond delivered to it pursuant to this Section 21.

22. DEFAULT.

(a) If Lessee shall fail to pay promptly any installment of royalty or rent, and if such default shall continue for a period of thirty (30) days after receipt by Lessee of a written demand therefor from Lessor, then at the option of Lessor, this Lease may be forthwith terminated; provided, however, that if there be a bona fide dispute as to the amount due, and all undisputed amounts are paid, said thirty (30) day period shall be extended until fifteen (15) days after such dispute is settled by final court decree, arbitration binding on both parties, or mutual agreement.

(b) In case of default by Lessee with respect to any other condition or covenant hereof and continuance of such default for thirty (30) days after written notice from Lessor to Lessee to perform such condition or covenant, then at the option of Lessor this Lease may be forthwith terminated, unless Lessee has cured such default or has commenced to cure such default and pursues such remedy in good faith and with reasonable diligence. A termination of this Lease as to a part only of the Leased Land or lands pooled or unitized therewith or as to a part only of Lessee's rights shall not affect such rights-of-way and easements as may be necessary in Lessee's operations on the part of the Leased Land as to which no such termination shall have occurred or on land pooled therewith.

23. AFTER ACQUIRED INTEREST. Should Lessor hereafter acquire any additional right, title or interest in or to the Leased Land, it shall be subject to the provisions hereof to the same extent as if owned by Lessor as of the Effective Date.

24. ASSIGNMENT.

(a) If this Lease shall be assigned as to a particular part or parts of the Leased Land, such division of the leasehold estate shall constitute and create separate and distinct holdings under the Lease of and according to the several portions of the Leased Land as thus divided, and the holder or owner of each such portion of the Leased Land shall be required to comply with and perform Lessee's obligations under this Lease for, and only to the extent of, such holder's or owner's portion of the Leased Land, provided that nothing

herein shall be construed to enlarge or multiply the drilling or rental obligations, and provided further that the commencement of the drilling operations and the prosecution thereof, as provided in Sections 2 and 6 hereof, either by the Lessee or any assignee hereunder, shall protect the Leased Land as a whole. No change in the ownership of land or minerals covered by this Lease, and no assignment or transfer by operation of law or otherwise of rents or royalties shall be binding on Lessee until it has been furnished with a copy of the instrument of transfer, together with proper evidence that there has been compliance with the laws of the State of California with respect to the transfer or assignment of any royalty or mineral interest.

(b) Except for an assignment to an Affiliate, which is specifically permitted hereunder, Lessee shall not assign this Lease or any interest in the Leased Land without the prior written consent of Lessor, not to be unreasonably withheld, conditioned, or delayed. Lessee shall have the right to mortgage, pledge or create a security interest in its interest in this Lease without obtaining the consent of Lessor.

25. POOLING AND UNITIZATION.

(a) Lessee shall have the right at its option, at any time and from time to time, to combine and pool or unitize all or any part of the Leased Land or interest therein and/or as to any one or more of the formations thereunder and the oil, gas and hydrocarbons produced therefrom into one or more operating units with any other land, formation or interest therein (whether held by Lessee or others and whether or not the surface of such other land may be used for oil or gas development purposes). Each operating unit may be of such size and shape as approved by applicable Governmental Agency rules, or as otherwise agreed to in writing by the pool or unit participants. If any of the land to be pooled or unitized has not been divided into sections by the United States Government, then Lessee shall project sections thereon, following as nearly as practicable the usual Government system, and such projected sections shall be deemed "sections" for the purpose of this provision.

(b) Each operating unit created hereunder shall be created by and shall become effective upon the execution by Lessee of a Declaration of Pooling or Unitization setting forth the exterior boundaries of the unit so created and describing the lands, formations or interests pooled or unitized thereunder. An operating unit may be on a well-only or certain wells-only basis and may overlap with the boundaries of one or more other operating units. Any units which overlap with the boundaries of another unit shall be modified to apply only to a specific well(s) or to differing formations. Lessee may, at any time after creation of such unit, enlarge, reduce or otherwise modify such unit by executing a Supplemental Declaration of Pooling or Unitization, but no retroactive adjustment of royalties shall be made. Promptly after execution of each Declaration of Pooling or Unitization and each Supplemental Declaration of Pooling or Unitization, Lessee shall give written notice thereof to Lessor.

(c) Any operating unit may include land upon which a well has theretofore been completed or upon which operations for drilling have theretofore been commenced, and within the meaning of the requirements of this Lease any such well or operations, if off the

Leased Land, shall be considered as having been commenced immediately on the effective date of such pooling or unitization. Production, drilling or reworking operations anywhere on any operating unit created hereunder shall not be treated as production, drilling or reworking operations on any portion of the Leased Land not included in the unit.

(d) Notwithstanding the pooling authority contained in this section, it is expressly understood and agreed that: (i) no strata or stratum underlying the Leased Land shall be included within any unit formed pursuant to this section unless the entire unit so formed shall include the same strata or stratum throughout, and operations conducted on any such unit shall not maintain this Lease in effect as to any other strata or stratum covered by this Lease that is not included within that unit, and (ii) it is understood that any pooled units formed for the production of gas under the terms of this Lease shall include not less than all of the particular strata or stratum in the Leased Land not previously ascribed to a producing well in accordance with the terms of this Lease. Notwithstanding anything in this Lease to the contrary, at or after the expiration of the primary term, production from a well located on a pooled unit authorized by this lease shall maintain this lease only as to that portion of the leased premises included in such unit. At the expiration of the primary term, this Lease shall terminate as to all non-pooled acreage and subsurface strata or stratum as provided for herein unless such non-pooled acreage is maintained by other provisions of this Lease.

(e) Unless otherwise stated herein, at the election of Lessee, there should be allocated to this Lease the proportion of the pooled production from any unit that (i) the number of surface acres covered by this Lease and included in the unit bears to the total number of surface acres in such unit, or (ii) the volume of production attributed to this Lease by reservoir allocation bears in proportion to the total production under the unit, as agreed to by the parties in writing pursuant to the pooling, unit, and or unit operating agreement governing such allocation, or (iii) the amount of production as approved by Government Authority in any statutory proceeding approving the unit, and royalty shall be paid hereunder upon that portion of such production allocated to this Lease.

(f) If taxes of any kind are levied or assessed against Lessor which are based upon the quantity of pooled or unitized substances underlying or produced from any such operating unit, then the share of such taxes to be borne by Lessor as provided in this Lease shall be in proportion to the share of production from such unit allocated to Lessor's interest in the Leased Land.

(g) Lessee may, at any time either before or after the commencement of the drilling of a well on lands included in any such operating unit, wholly dissolve such unit by executing a Declaration of Dissolution. Promptly after execution of such Declaration of Dissolution, Lessee shall give written notice thereof to Lessor. Upon the dissolution of any such operating unit, whether or not this Lease or any other lease involved herein remains in effect, all rights of Lessor hereunder to royalty on pooled or unitized substances produced from the lands which were so pooled or unitized (other than the Leased Land) shall cease and terminate. However, such dissolution shall not otherwise affect or impair any of Lessee's right or obligations under this Lease, including its right to create a new operating unit or units out of the lands previously pooled or unitized pursuant to this

Section, or constitute a surrender of any part of or any interest in the leasehold estate created hereby.

26. INDEMNITY. Lessee shall indemnify and defend Lessor and its Affiliates and their officers, directors, affiliates, members, shareholders, employees, partners, agents, and their respective heirs, successors and assigns from and against all liability, loss, damage, claims, costs, expenses, demands, fines, actions, proceedings, penalties and causes of action of every kind and character, including, without limitation, attorneys' fees and costs (the "Claims"), including, without limitation, Claims on account of personal injuries or death or damages to property arising in favor of any person or entity, including without limitation the parties hereto, or any owner or occupant of the surface of the Leased Minerals, arising from or related to: (a) Any of Lessee's or its predecessors' under the Original Lease operations on the Leased Land or otherwise with respect to the Leased Land or the exercise of any rights or privileges granted by any lease; (b) the violation of any law, rule, order or regulation in connection with any operations, including, without limitation, any failure by Lessee or its predecessors under the Original Lease or any employee, agent, contractor, subcontractor, prior lessee or representative of Lessee or its predecessors under the Original Lease (collectively, "Lessee Parties") to comply with all environmental laws, rules and regulations; (c) the use or disposal by a Lessee Party of hazardous substances on or under the Leased Minerals; or (d) the act or omission of any Lessee Party. THIS INDEMNITY SHALL BE AS GREAT AS THE LAW ALLOWS, AND LESSEE SHALL INDEMNIFY AND HOLD LESSOR HARMLESS FOR ALL CLAIMS WHETHER THE RESULT OF THE SOLE NEGLIGENCE, CONCURRENT OR COMPARATIVE NEGLIGENCE, OR STRICT LIABILITY OF LESSEE OR LESSOR. TO THE EXTENT, AND ONLY TO THE EXTENT, THE FOREGOING INDEMNITIES ARE, BY LAW, EITHER INAPPLICABLE OR NOT ENFORCEABLE; LESSEE AND LESSOR SHALL EACH BE RESPONSIBLE FOR THE RESULTS OF ITS OWN ACTIONS AND FOR THE ACTIONS OF THOSE PERSONS AND ENTITIES OVER WHICH IT EXERCISES CONTROL. NOTWITHSTANDING THE FOREGOING, IN NO EVENT SHALL LESSEE BE OBLIGATED TO INDEMNIFY LESSOR FOR ANY CLAIM WHICH STEMS FROM OR ARISES AS A RESULT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LESSOR. LESSEE'S INDEMNITY OBLIGATIONS SURVIVE THE TERMINATION OF THIS LEASE.

27. CONSENT. As of the Effective Date, Lessor represents and warrants that the execution and delivery of this Lease and the rights to the Leased Land hereunder are not subject to any other consent or preferential right.

28. INSURANCE REQUIREMENTS FOR LESSEE AND ANY PERSON ACTING ON LESSEE'S BEHALF ("LESSEE'S CONTRACTOR(S)"). Without limiting Lessee's indemnification, Lessee shall maintain and shall ensure that all of Lessee's contractors maintain in force at all times during the term of this Lease, the insurance itemized below and shall provide certificates evidencing such insurance to Lessor upon signing of this Lease and prior to Lessee's or Lessee's contractors' entry on the Leased Land.

(a) Lessee and Lessee's contractors are required to add Lessor as an additional insured to all policies, with the exception of workers' compensation. Lessee and Lessee's contractors shall waive subrogation against Lessor on all policies.

(b) At its discretion, Lessee may modify the insurance requirements for Lessee's contractors however; failure or inability to secure the required minimum, or fully adequate insurance shall in no way relieve Lessee of the responsibility for its own acts or the acts of Lessee's contractors or subcontractors or any employees or agents of either.

(c) Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If Lessee's policy contains higher limits, Lessor shall be entitled to coverage to the extent of such higher limits. Coverage shall not be suspended, voided, cancelled, reduced in coverage (except due to payment of claims), reduced in limits below minimum required limits, or non-renewed except after THIRTY (30) DAYS prior written notice to Lessor. All liability policies required by this Lease must provide cross-liability coverage as would be achieved under the standard ISO separation of insured's clause. Failure to furnish satisfactory evidence of insurance, lapse of a policy, or inadequate limits, is a material breach and grounds for termination of this Lease. All endorsements shall reference this Lease.

(d) **Workers' Compensation Insurance.** Lessee and Lessee's contractors shall provide and maintain, for all of its employees engaged in work under this Lease, Workers' Compensation Insurance and Employer's Liability Insurance with limits of not less than ONE MILLION DOLLARS (\$1,000,000.00) per injury or occupational illness and in accordance with the laws of the State of California. Lessee and Lessee's contractors shall be responsible for Workers' Compensation Insurance for any subcontractor who directly or indirectly provides services under this Lease. This coverage must include statutory coverage for states in which employees are engaging in work. When applicable, coverage for all federal acts (i.e., U.S.L. & H and Jones and Harbor Acts) must also be included.

(e) **Commercial General Liability Insurance.** Lessee and Lessee's contractors shall maintain Commercial General Liability (CGL) insurance, on an occurrence basis, with limits of not less than ONE MILLION DOLLARS (\$1,000,000.00) per occurrence and TWO MILLION DOLLARS (\$2,000,000.00) aggregate not excluding premises, operations, independent contractors, personal/advertising injury, products-completed operations, liability assumed under an insured contract (including defense costs and the tort liability of another assumed in a business contract), broad form property damage, explosion, collapse, and underground hazards, underground resources and equipment. Lessor shall be included as an additional insured under the CGL. This insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to Lessor.

(f) **Following-form Excess or Umbrella Liability Insurance.** This coverage shall be maintained with a minimum per occurrence limit of FIVE MILLION DOLLARS (\$5,000,000) excess the general liability, auto liability, employer's liability, and environmental liability policies. This excess liability insurance shall include excess pollution, underground resources and equipment.

Lessor shall be included as an additional insured under commercial umbrella. This insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to the Lessor.

(g) **Business Automobile Coverage.** Lessee and Lessee's contractors shall maintain automobile liability insurance with limits of not less than TWO MILLION DOLLARS (\$2,000,000) each accident. Such insurance shall cover liability arising out of any auto (including owned, hired, and non-owned autos). Coverage shall be written on standard ISO forms from 1990 editions forward, or a substitute form providing equivalent liability coverage. If such coverage is not provided in the base policy, the policy shall be endorsed to provide contractual liability coverage equivalent to that provided in the 1990 and later editions of CA 00 01. Lessor shall be included as an additional insured.

(h) **Environmental Impairment Liability Insurance.** Lessee shall purchase and maintain in force for the duration of the contract insurance for pollution legal liability applicable to bodily injury; property damage, including natural resource damage, loss of use of damaged property or of property that has not been physically injured or destroyed; cleanup costs, removal, storage, disposal, and or use of the pollutant; and defense, including costs and expenses incurred in the investigation, defense, or settlement of claims. Coverage shall be maintained in an amount of at least TWO MILLION DOLLARS (\$2,000,000) per loss. Coverage shall apply to sudden and accidental pollution conditions resulting from the escape or release of smoke, vapors, fumes, acids, alkalis, toxic chemicals, liquids, or gases, natural gas, waste materials, or other irritants, contaminants, or pollutants. Lessor shall be included as an additional insured. If coverage is written on a claims-made basis, Lessee warrants that any retroactive date applicable to coverage under the policy precedes the effective date of this Lease; and that continuous coverage will be maintained or an extended discovery period will be exercised for a period of THREE (3) YEARS beginning from the time that work under this Lease is completed. Lessor will be provided additional insured status for the duration of the three-year extended discovery period.

(i) If aircraft, including, but not limited to drones, are used in the operations to be performed hereunder, **aviation liability insurance** with limits of FIVE MILLION DOLLARS (\$5,000,000) per occurrence, combined single limit for bodily injury and property damage liability. This coverage shall include all owned, hired and non-owned aircraft.

(j) While in the process of drilling, reworking, or otherwise completing well stimulation operations, coverage for the cost of bringing a well under control in the event of a blowout including resultant pollution, seepage or contamination and resultant clean-up, cost to restore or re-drill a well due to blowout, crater or fire, and the cost of extinguishing an oil and gas well fire, with minimum limits of TWO MILLION DOLLARS (\$2,000,000).

(k) **Insurance Requirements for Subcontractor(s).** Lessee is required to ensure that all subcontractors carry workers' compensation, commercial general liability and business automobile insurance and, if requested by Lessor, shall provide certificates evidencing such insurance to Lessor prior to any subcontractor's entry on the Premises. All subcontractors are required to add Lessor as an additional insured to all policies, with the exception of workers' compensation. All subcontractors are to waive subrogation against the Lessor on all policies. At its discretion, the Lessee or Lessee's contractor may determine the insurance requirements for subcontractors; however, failure or inability to secure the required minimum, or fully adequate insurance shall in no way relieve Lessee or Lessee's contractor of the responsibility for its own acts or the acts of any subcontractors or any employees or agents of either.

(l) At the sole discretion of Lessor, Lessee may satisfy some or all of its obligation to maintain insurance as specified in this section by means of self-insurance. In such cases, Lessee shall notify Lessor of its intent to self-insure and submit annually to the Lessor Lessee's published annual report that shall be audited by an independent certified public accountant. Such report shall demonstrate that Lessee has a net worth of no less than One Hundred Million Dollars (\$100,000,000.00), adjusted for inflation from the date of this Lease by reference to the Consumer Price Index or other equivalent index published by the U. S. Department of Labor.

(m) Failure to furnish satisfactory evidence of insurance or the lapse of a policy is a material breach and grounds for termination of this Lease. Furnishing insurance does not delimit nor satisfy the indemnification hereunder.

29. DEFINITIONS AND MEANINGS.

(a) "Affiliate" means (i) any other entity, including, without limitation any Government Agency, controlling, controlled by or under common control with such entity where "control", "controlling" or "controlled" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of another entity, whether through the ownership of voting securities or by contract, partnership agreement, trust arrangement or other means, either directly or indirectly, that results in control in fact provided that direct or indirect ownership of shares of a corporation or other forms of equity in an entity carrying not less than 50% of the voting rights shall constitute control of such corporation or entity, or (ii) any person or entity which owns or controls, directly or indirectly, 10% or more of the equity interest in Lessee, or an entity in which Lessee owns, directly or indirectly, a 10% or more interest.

(b) The words "drilling operations" as used in this Lease include actual drilling, redrilling, reworking, and substantial operations undertaken or commenced in good faith if followed with reasonable diligence in due course by the operations of drilling in the ground.

(c) “Completion” of a well shall be deemed to have occurred under the provisions of this Lease (i) three (3) days after the well reaches total depth in the event no attempt is made to complete the well as a producer of oil or gas by the running of production casing (a dry hole), or (ii) thirty (30) days after the date production casing is cemented in the well in the event an attempt is made to complete the well as a producer of oil or gas.

(d) “Government Agency” means any federal, state, local, municipal or other government, any governmental, regulatory or administrative agency, commission, body or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, or any court or government tribunal.

(e) “Oil Well” or a “Gas Well” mean a well that has been determined to be an “oil well” or a “gas well” in compliance with DOGGR rules and regulations.

30. TERMINATION. On the expiration or sooner termination of this Lease, Lessee shall quietly and peacefully surrender possession to Lessor and file or record a quitclaim deed, in the Official Records of Los Angeles County.

31. EXECUTION. If more than one person is named as Lessor herein and one or more of them fails to execute this Lease, it shall, nevertheless (if accepted by Lessee) become effective as a lease from each such Lessor as may have executed the same. Upon execution hereof, Lessor and Lessee shall also execute and deliver a memorandum of this Lease, which may be recorded in the official records of Los Angeles County by Lessee.

32. SUCCESSORS AND ASSIGNS. This Lease and all its terms, conditions and stipulations shall extend to and be binding upon all the heirs, successors and assigns of said Lessor and Lessee.

33. DRILL-THROUGH RIGHTS.

(a) For the sum of One Hundred Dollars (\$100.00), Lessor hereby grants to Lessee the nonexclusive right to use the subsurface of the Leased Land (collectively the “Drill Through Area”), for the slant and/or horizontal drilling of wells for the production of oil, gas and other hydrocarbon substances, and the injection or disposal of water through wells bottomed outside of the Leased Land, together with necessary subsurface pass-through rights and the right to use such subsurface for purposes incidental thereto, including the taking, storing, removing and disposing of such substances, provided always that Lessee shall maintain a minimum of two (2) wells which are bottomholed within the Leased Land. Lessee may not assign the drill through rights to any person or entity (except to an Affiliate) without the prior written consent of Lessor, not to be unreasonably withheld, conditioned or delayed.

(b) If Lessee or an approved assignee of Lessee utilizes its right to slant and/or horizontally drill wells as described in Section 33(a) above for the production of oil, gas or other hydrocarbon substance or from a well drilled through the Drill Through Area with a bottom hole location within land or mineral interests other than the Leased Land or lands pooled or unitized with the Leased Land, and oil, gas, or other hydrocarbons are produced

therefrom, then Lessee shall pay to Lessor a fee equal to one and three-quarters percent (1.75%) of the value of all oil, gas, or other hydrocarbons produced, saved and sold from such well and calculated as provided in this Lease (the "Access Fee"), provided that all payments of the Access Fee hereunder shall be reduced pro rata for the amount of undivided fee mineral interest held by Lessor in the Leased Land in the event of any sale or assignment by Lessor of its mineral interest or any portion thereof, or any interest in or to this Lease or the rights hereunder. In the event (i) Lessee leases other mineral interests owned by Lessor and accessed by the drill through rights provided under Section 33(a) above or (ii) this Lease is pooled or unitized, Lessee shall not owe the Access Fee to Lessor with respect to any well drilled through the Drill Through Area to such other mineral interests owned by Lessor or pooled or unitized herewith. Other than the Access Fee provided in this Section, Lessor shall not own or receive any part of the royalty or production or any other payment for any such wells drilled to other neighboring lands controlled or operated by Lessee or an Affiliate of Lessee and not pooled or unitized with any of the Leased Land. No part of the mineral rights taxes on said neighboring lands in which such well or wells subject to such Access Fee shall be chargeable to Lessor. Lessee agrees to pay all of the taxes on its improvements and personal property on the Leased Land installed for use in connection with operations in neighboring lands and all taxes on its oil/gas on the Leased Land produced from neighboring lands.

(c) Lessee shall provide Lessor with a copy of the Notice of Intention to Drill (or Rework, as the case may be) that it has submitted to DOGGR for any well which it slant drills or horizontally drills through the subsurface of the Drill Through Area to a bottom hole location on neighboring lands which are not pooled or unitized with the Leased Land or any portion of the Leased Land.

34. GOVERNING LAW. This Lease, the obligations of the parties hereunder and all other matters arising out of relating to this Lease shall be governed by and construed in accordance with the laws of the State of California, without giving effect to any conflicts of law principles that would cause the laws of another jurisdiction to apply.

35. COUNTERPARTS. This Lease may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument, respectively. This Lease may be transmitted for reproduction and execution by any means now known or hereafter devised, including facsimile or electronic file transmission, may be converted from its original software program to another and/or printed on different paper formats or in different fonts, any or all of which may result in variations to the pagination and appearance of the counterpart versions of this Lease. The execution and delivery of counterparts of this Lease, by facsimile, by electronic file transmission or by original manual signature, regardless of the means or any variation in pagination or appearance, shall be binding upon the parties. Any party delivering an executed counterpart of this Lease by facsimile or electronic file transmission shall also deliver a manually executed counterpart of this Lease to the other party, but failure to do so shall not affect the validity, enforceability or binding effect of this Lease.

36. ATTORNEYS' FEES. In the event any action or arbitration or dispute resolution proceeding is brought between the parties hereto, seeking enforcement of or pertaining in any other

way to this Agreement, the prevailing party shall be entitled, to have and to recover from the other party or parties attorneys' fees and other expenses in connection with such action or proceeding, and appeals therefrom, in addition to its recoverable court costs.

37. RESOLUTION AND ARBITRATION OF DISPUTES.

(a) Informal Resolution. In the event of any dispute or disagreement between the Parties arising out of or in connection with this Lease, (the "Dispute"), on written request of either party, the Dispute shall be referred to representatives of the parties for informal resolution (the "Negotiation Representatives"). The Negotiation Representatives shall promptly meet in a good faith effort to resolve the Dispute. If the Dispute is not resolved, as evidenced by the terms of a settlement reduced to writing and signed by the Parties, within thirty (30) calendar days after reference of the matter to them (or within such longer period of time as the parties may mutually agree in writing), then either party may enforce its rights under this Lease by other means available to it under Law.

(b) Arbitration Procedure. **IN THE EVENT THAT A DISPUTE BETWEEN LESSOR AND LESSEE RELATED TO THIS LEASE, OR THE LEASED LAND, OR THE TRANSACTIONS CONTEMPLATED BY THIS LEASE IS NOT RESOLVED BY THE INFORMAL PROCESS SET FORTH IN SECTION 40(a), AND EXCEPT AS OTHERWISE PROVIDED HEREIN, THE DISPUTE WILL BE RESOLVED BY ARBITRATION GOVERNED BY THE FEDERAL ARBITRATION ACT AND, TO THE EXTENT CONSISTENT WITH THAT STATUTE, CONDUCTED IN ACCORDANCE WITH THE RULES OF PRACTICE AND PROCEDURE FOR THE ARBITRATION OF COMMERCIAL DISPUTES OF JUDICIAL ARBITRATION AND MEDIATION SERVICES, INC. ("JAMS") AND OTHERWISE, TO THE EXTENT CONSISTENT WITH THE FOREGOING, PURSUANT TO CALIFORNIA LAW.**

(1) **THE ARBITRATION SHALL BE CONDUCTED IN LOS ANGELES COUNTY, CALIFORNIA AND ADMINISTERED BY JAMS, WHICH WILL APPOINT A SINGLE ARBITRATOR WHO SHALL BE A RETIRED JUDGE OR A LAWYER LICENSED TO PRACTICE LAW IN THE STATE OF CALIFORNIA WITH AT LEAST TEN (10) YEARS OF EXPERIENCE IN REPRESENTING PARTIES ENGAGED IN THE OIL AND GAS INDUSTRY IN CALIFORNIA OR IN THE HANDLING OF DISPUTES INVOLVING APPLICATION OF CALIFORNIA OIL AND GAS LAW. THE ARBITRATOR SHALL BE AND REMAIN AT ALL TIMES INDEPENDENT AND IMPARTIAL, AND, ONCE APPOINTED, AND SHALL NOT HAVE ANY EX PARTE COMMUNICATIONS WITH ANY OF THE PARTIES OR ANY OF THEIR AFFILIATES CONCERNING THE ARBITRATION OR THE UNDERLYING DISPUTE.**

(2) **UNLESS OTHERWISE AGREED TO IN WRITING BY COUNSEL FOR LESSOR AND LESSEE, ANY PAPERS, NOTICES, OR PROCESS NECESSARY OR PROPER FOR AN ARBITRATION HEREUNDER, OR ANY COURT ACTION IN CONNECTION WITH AN**

ARBITRATION OR AN AWARD, MAY BE SERVED ON A PARTY IN THE MANNER SET FORTH IN SECTION 5 OF THIS LEASE FOR THE GIVING OF NOTICES. THE PARTIES SHALL HAVE THE RIGHT TO CONDUCT DISCOVERY WHICH SHALL BE COMPLETED WITHIN NINETY (90) DAYS OF SELECTION OF THE ARBITRATOR, PROVIDED, HOWEVER, THAT THE ARBITRATOR SHALL HAVE THE JURISDICTION TO DETERMINE AND MODIFY THE TIMING, SCOPE AND EXTENT OF ANY DISCOVERY AND THE ENFORCEMENT OF ANY DISCOVERY RIGHTS.

(3) THE ARBITRATION HEARING ON THE MERITS SHALL BEGIN NO LATER THAN SIX (6) MONTHS AFTER THE APPOINTMENT OF THE ARBITRATOR. WITHOUT LIMITATION OF THE ARBITRATORS AUTHORITY TO DECIDE ANY DISPUTE AND GRANT ANY RELIEF ALLOWED BY THIS LEASE, AT LAW, OR IN EQUITY, THE ARBITRATOR SHALL HAVE THE AUTHORITY TO AWARD DECLARATORY RELIEF REGARDING FUTURE OBLIGATIONS OF THE PARTIES AND DECLARATORY RELIEF REGARDING THE REMEDIES THAT ARE AVAILABLE TO THE PARTIES AS ALLOWED BY AGREEMENT AT LAW OR IN EQUITY.

(4) THE DECISION OF THE ARBITRATOR WITH A WRITTEN OPINION STATING THE REASONS THEREFOR (WHICH SHALL INCLUDE THE AWARD OF REASONABLE ATTORNEY'S FEES AND COSTS TO THE PREVAILING PARTY) SHALL BE RENDERED NO LATER THAN THIRTY (30) DAYS AFTER THE HEARING ON THE MERITS IS CONCLUDED. THE DECISION OF THE ARBITRATOR WILL BE BINDING ON LESSOR AND LESSEE, AND JUDGMENT UPON ANY ARBITRATION AWARD MAY BE ENTERED IN ANY COURT HAVING JURISDICTION AND THE DETERMINATION AND AWARD, IF ANY, MAY THEN BE ENFORCED AMONG THE PARTIES, WITHOUT FURTHER EVIDENTIARY PROCEEDINGS, AS IF ENTERED BY A COURT AT THE CONCLUSION OF A JUDICIAL PROCEEDING IN WHICH NO APPEAL WAS TAKEN.

(5) THE PARTIES ACKNOWLEDGE THAT, BY AGREEING TO ARBITRATE DISPUTES, EACH OF THEM IS WAIVING CERTAIN RIGHTS, INCLUDING ITS RIGHTS TO SEEK REMEDIES IN COURT (INCLUDING A RIGHT TO A TRIAL BY JURY), TO DISCOVERY PROCESSES THAT WOULD BE ATTENDANT TO A COURT PROCEEDING, AND TO PARTICIPATE IN A CLASS ACTION.

(c) ACCEPTANCE OF ARBITRATION. NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED ABOVE AND, AS APPLICABLE, BY CALIFORNIA LAW, AND YOU ARE GIVING UP

ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE FEDERAL ARBITRATION ACT AND/OR THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

BY PLACING THEIR INITIALS HERE, THE PARTIES AGREE TO ARBITRATION.

(LESSOR RG; LESSEE [Signature])

38. AMENDMENT AND RESTATEMENT. As of the Effective Date, the Original Lease is amended and restated in its entirety by the form hereof. All terms of the Original Lease are hereby replaced by the terms of this Lease.

[Remainder of page intentionally blank; signature pages follow]

EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER

IN WITNESS WHEREOF the parties have executed this Lease as of the Effective Date.

LESSEE:

**BEACH OIL MAV OWNER, LLC,
a California limited liability company**

By: [Signature]

Its: Manager

LESSOR:

**CITY OF LONG BEACH,
a California municipal corporation**

By: Rebecca G. Garner

Its: _____

EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER

APPROVED AS TO FORM

1-27, 20 20
CHARLES PARKIN, City Attorney

By [Signature]

RICHARD ANTHONY
DEPUTY CITY ATTORNEY

EXHIBIT "A" – DESCRIPTION OF LEASED LAND

The real property and mineral interests located in the City of Long Beach, in the County of Los Angeles, in the State of California, more particularly described as follows:

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.

DEPICTION OF LEASED LAND (FOR ILLUSTRATIVE PURPOSES ONLY):

7241 | 20
 SCALE 1" = 400'
 1990

4-7-65
 631126201
 70818601
 88031576009001
 89063650001-22

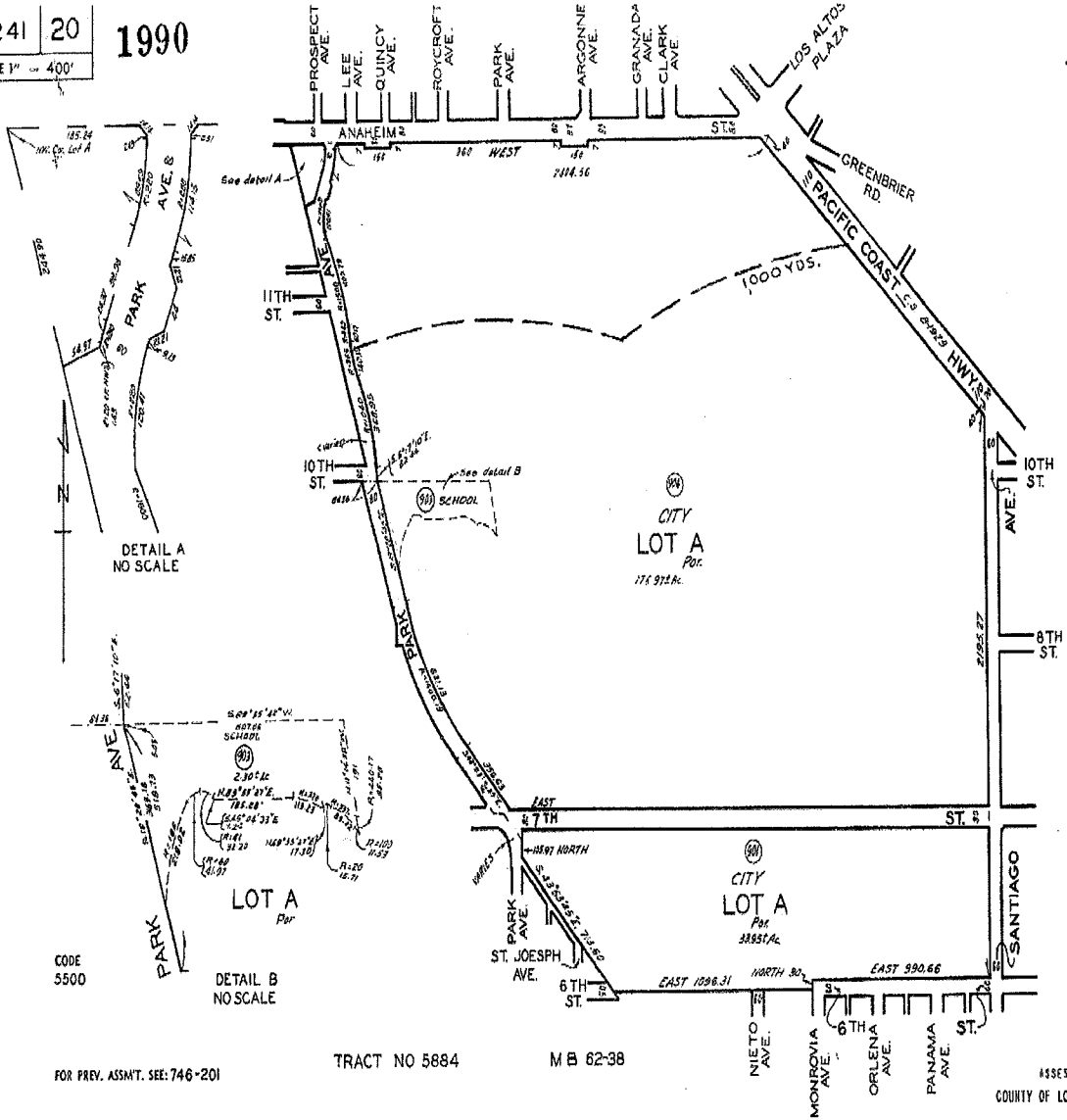


EXHIBIT "B" – PERMITTED DRILLSITES

THAT PORTION OF LOT "A" OF TRACT NO. 5884, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS SHOWN ON 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 ALONG THE WESTERLY LINE OF SAID TRACT NO. 5884, SOUTH 43°53'45" EAST 41.63 FEET TO A POINT ON THE CENTERLINE OF SEVENTH STREET AS SHOWN ON SAID MAP;

THENCE ALONG SAID CENTERLINE NORTH 89°59'29" EAST 1506.08 FEET;

THENCE LEAVING SAID CENTERLINE NORTH 00°00'31" WEST 137.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 00°00'31" WEST 173.00 FEET;

THENCE NORTH 89°59'29" EAST 70.00 FEET;

THENCE NORTH 00°00'31" WEST 6.02 FEET;

THENCE NORTH 89°59'29" EAST 29.02 FEET;

THENCE NORTH 00°11'11" EAST 18.00 FEET;

THENCE SOUTH 89°48'49" EAST 17.00 FEET;

THENCE NORTH 00°11'11" EAST 4.00 FEET;

THENCE SOUTH 89°48'49" EAST 147.00 FEET;

THENCE SOUTH 40°13'28" EAST 37.03 FEET;

THENCE SOUTH 00°00'31" EAST 172.18 FEET;

THENCE ALONG A LINE PARALLEL WITH AND 137.00 FEET NORTHERLY OF THE CENTERLINE OF SAID SEVENTH STREET, SOUTH 89°59'29" WEST 287.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 1.254 AC., MORE OR LESS.

DEPICTION OF PERMITTED DRILLSITE:

