San Francisco Planning

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GENERAL PLAN REFERRAL

August 8, 2024

Case No.:	2024-006456GPR
Address:	Section 21 and the Northeast Quarter of Section 28 Township 28 South, Range 28 East in Kern County, California
Kern County APN:	093-120-30, 093-120-32, 093-210-18, 093-210-19
Project Sponsor:	San Francisco Public Library and the San Francisco Recreation and Parks Department
Applicant:	Claudia Gorham- Deputy Managing Director, Real Estate Division Claudia. Gorham@sfgov.org 25 Van Ness, Suite 400 San Francisco, CA 94102
Staff Contact:	Amnon Ben-Pazi – (628) 652-7428 Amnon.Ben-Pazi@sfgov.org

Recommended By: _____
Joshua Switzky, Deputy Director of Citywide Policy *for*
Rich Hillis, Director of Planning

Finding: The project, on balance, is **in conformity** with the General Plan.

Please note that a General Plan Referral is a determination regarding the project's consistency with the Eight Priority Policies of Planning Code Section 101.1 and conformity with the Objectives and Policies of the General Plan. This General Plan Referral is not a permit to commence any work or change occupancy. Permits from appropriate Departments must be secured before work is started or occupancy is changed.

Project Description

The Project is the transfer of City owned real property, approximately 800 acres, in Section 21 and the Northeast Quarter of Section 28, Township 28 South, Range 28 East in Kern County, California having Assessors' Parcel Numbers 093-120-30, 093-120-32, 093-210-18 and 093-210-19 ("Property").

The City was bequeathed the Property in the early 1900's. The Property was subsequently leased to an oil company (Chevron U.S.A. Holdings Inc., and Chevron U.S.A. Inc., "Chevron"), with profits from sale of oil divided between the San Francisco Public Library and the San Francisco Recreation and Parks Department. In or about

2017 /2018, the San Francisco Board of Supervisors approved a new law making it unlawful for the City to take monies from the wells, and thus in 2020, the lease to Chevron was terminated.

Numerous wells are capped, plugged and abandoned pursuant to the laws of the State of California. A certain number are not. Disagreements have arisen between City and Chevron over which party is responsible for various items.

The Parties wish to resolve their differences regarding the Property, the Lease, Well Closure and any Contamination on, at, under or from the Property via a Settlement which includes transfer of ownership and all liabilities to Chevron.

Environmental Review

The Project is a Real estate transaction only. Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.

General Plan Compliance and Basis for Recommendation

As described below, the proposed refinancing and rehabilitation is consistent with the Eight Priority Policies of Planning Code Section 101.1 and is, on balance, in conformity with the General Plan.

Planning Code Section 101 Findings

Planning Code Section 101.1 establishes Eight Priority Policies and requires review of discretionary approvals and permits for consistency with said policies. The Project is found to be consistent with the Eight Priority Policies as set forth in Planning Code Section 101.1 for the following reasons:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

   The Project would transfer ownership of City-owned property in Kern County and thus would have no effect on existing neighborhood-serving retail uses in the City and future opportunities for resident employment in and ownership of such businesses.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

   The Project would transfer ownership of City-owned property in Kern County and thus would have no effect on existing housing, neighborhood character and economic diversity in the City.

3. That the City's supply of affordable housing be preserved and enhanced;

   The Project would transfer ownership of City-owned property in Kern County and thus would have no effect on the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood

parking;

The Project would transfer ownership of City-owned property in Kern County and thus would have no effect on commuter traffic, MUNI transit service, streets, or neighborhood parking in the City.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

   The Project would transfer ownership of City-owned property in Kern County and thus would have no effect on the City's industrial or service sectors or on future opportunities for resident employment or ownership in these sectors.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

   The Project would transfer ownership of City-owned property in Kern County and thus would have no effect on effect on the City's preparedness to protect against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

   The Project would transfer ownership of City-owned property in Kern County and thus would have no effect on effect on landmarks and historic buildings in the City.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

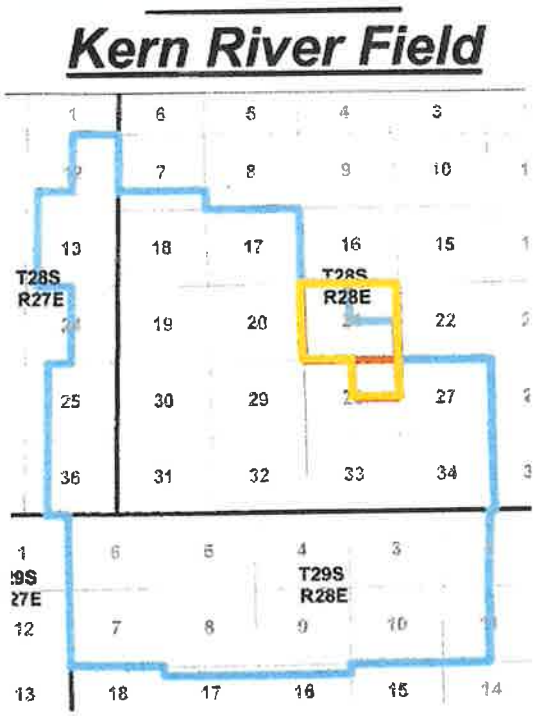
   The Project would transfer ownership of City-owned property in Kern County and thus would have no effect on effect on the City's parks and open space and their access to sunlight and vistas.

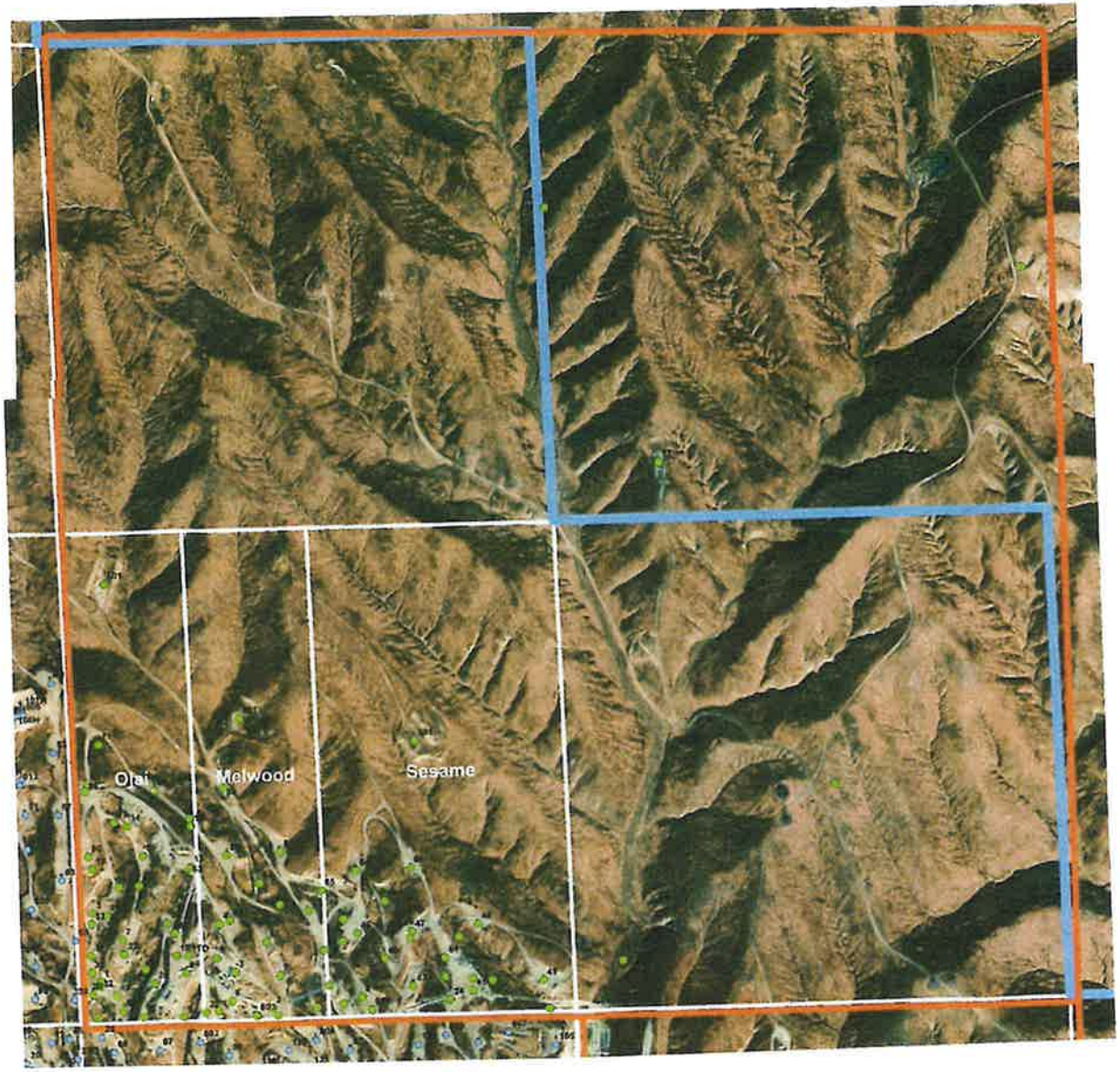
Finding:	The project, on balance, is **in conformity** with the General Plan.

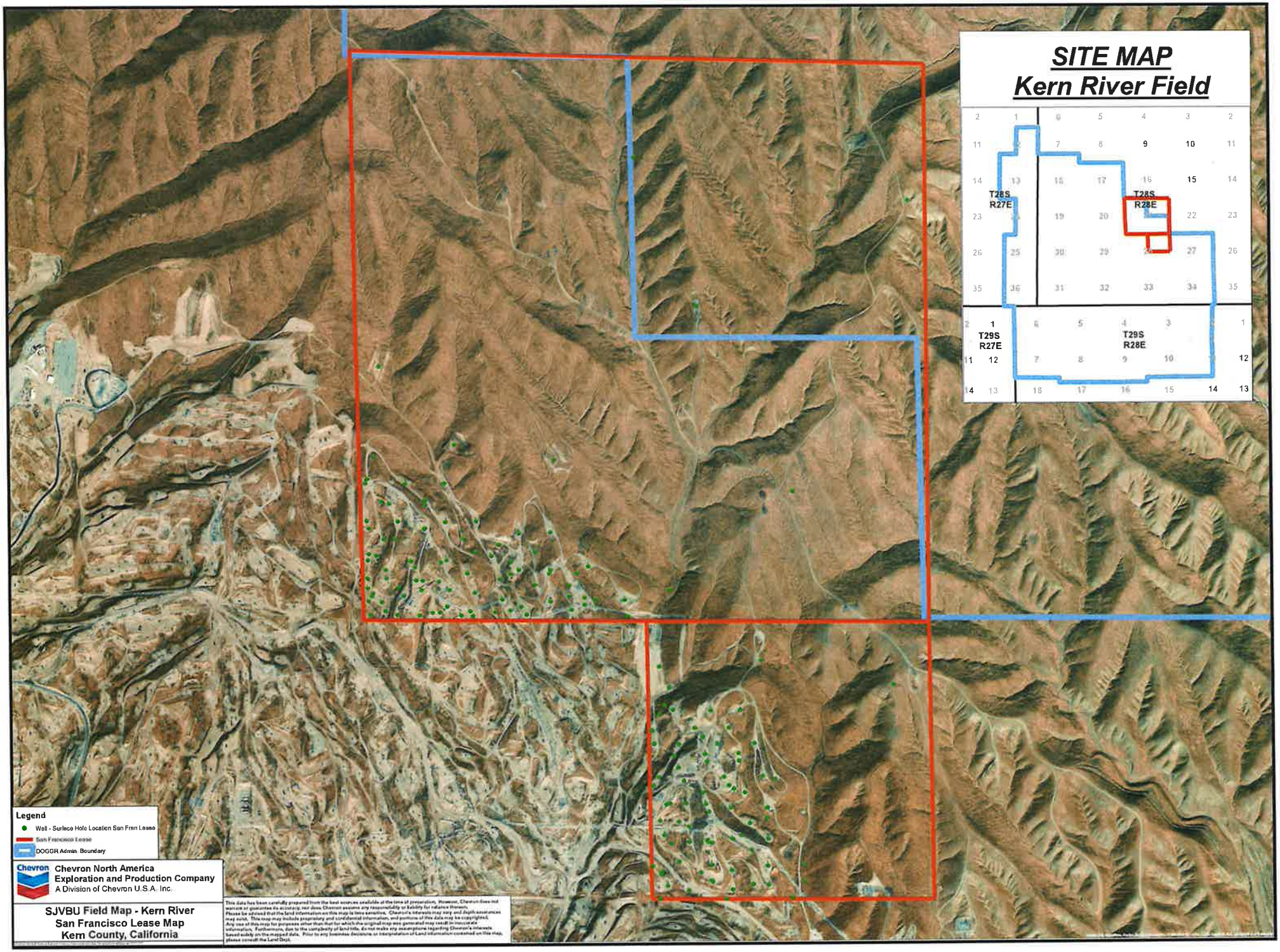
Attachments:

- Maps - Kern County Property
- 1963 Oil Gas lease
- 1994 lease Amendment

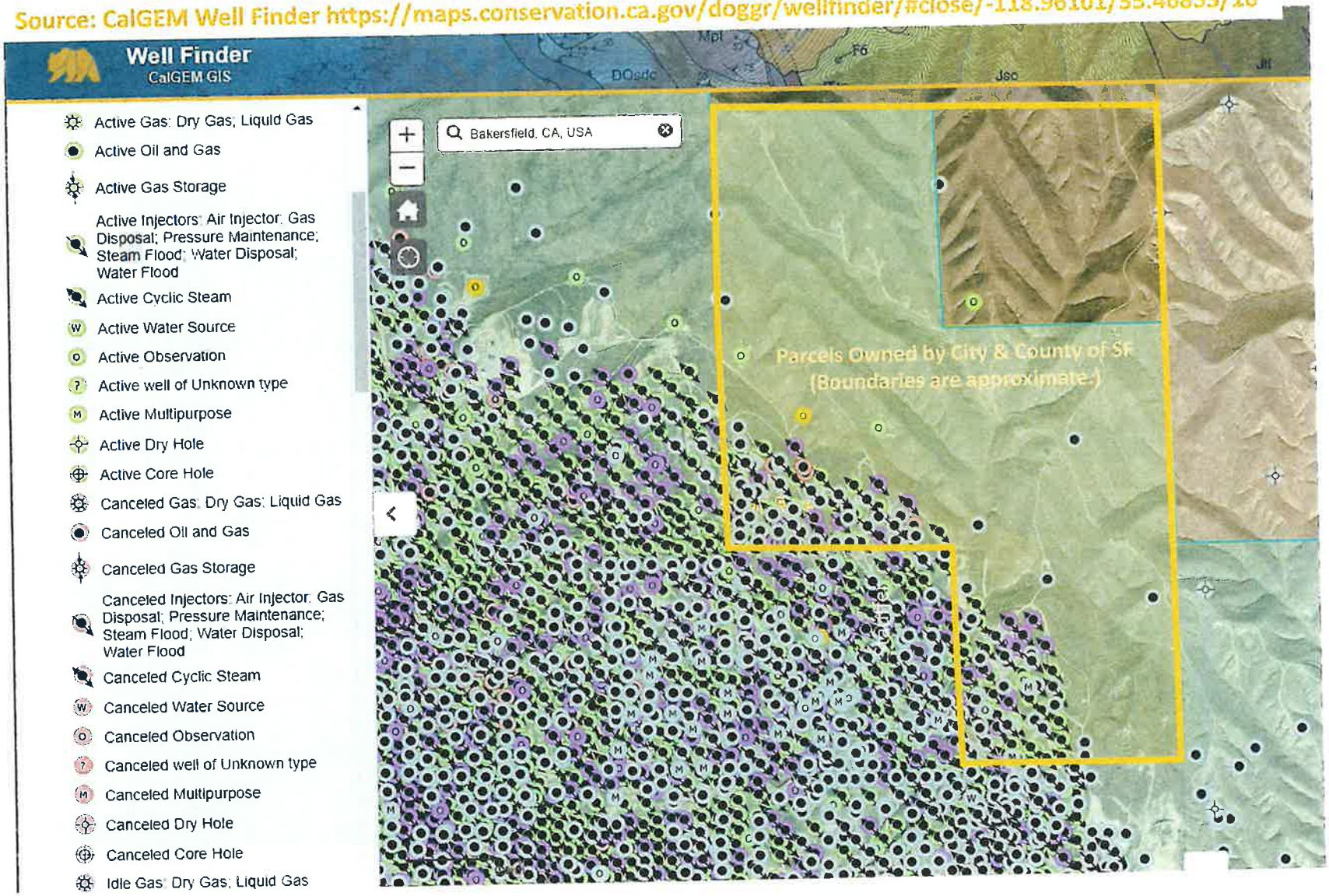
Source: Chevron

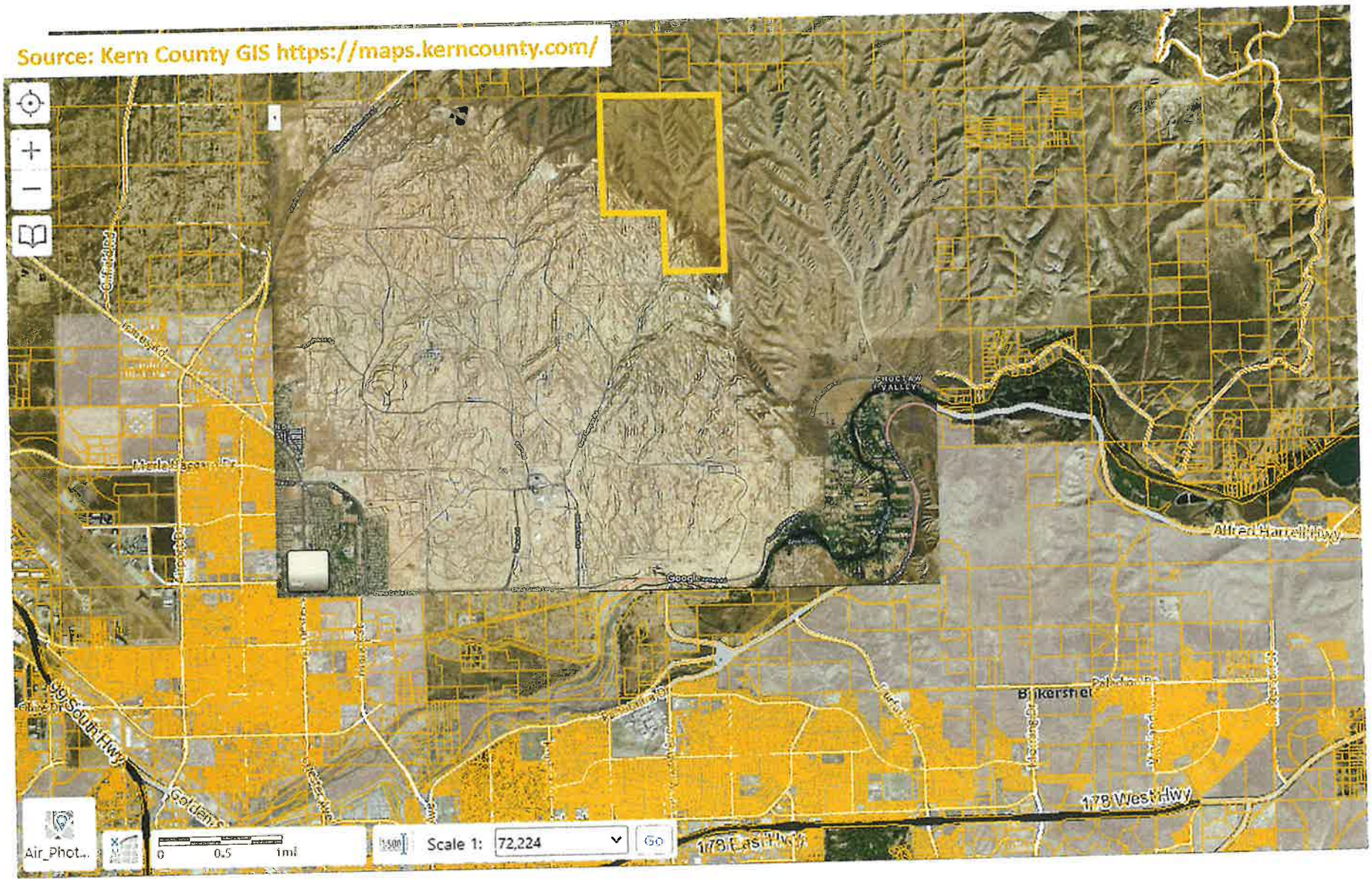




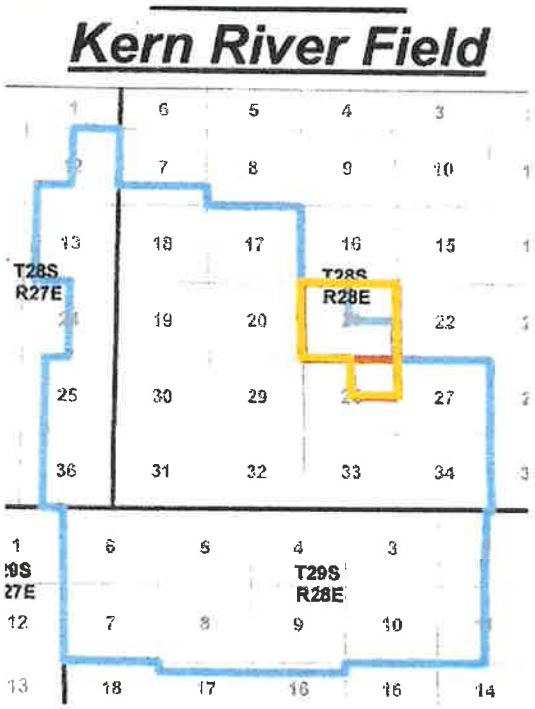

SITE MAP
Kern River Field
T28S
R27E
T28S
R28E
T29S
R27E
T29S
R28E
Legend
Well - Surface Hole Location San Fran Lease
San Francisco Lease
DOGGR Admin. Boundary
Chevron
Chevron North America
Exploration and Production Company
A Division of Chevron U.S.A. Inc.
SJVBU Field Map - Kern River
San Francisco Lease Map
Kern County, California

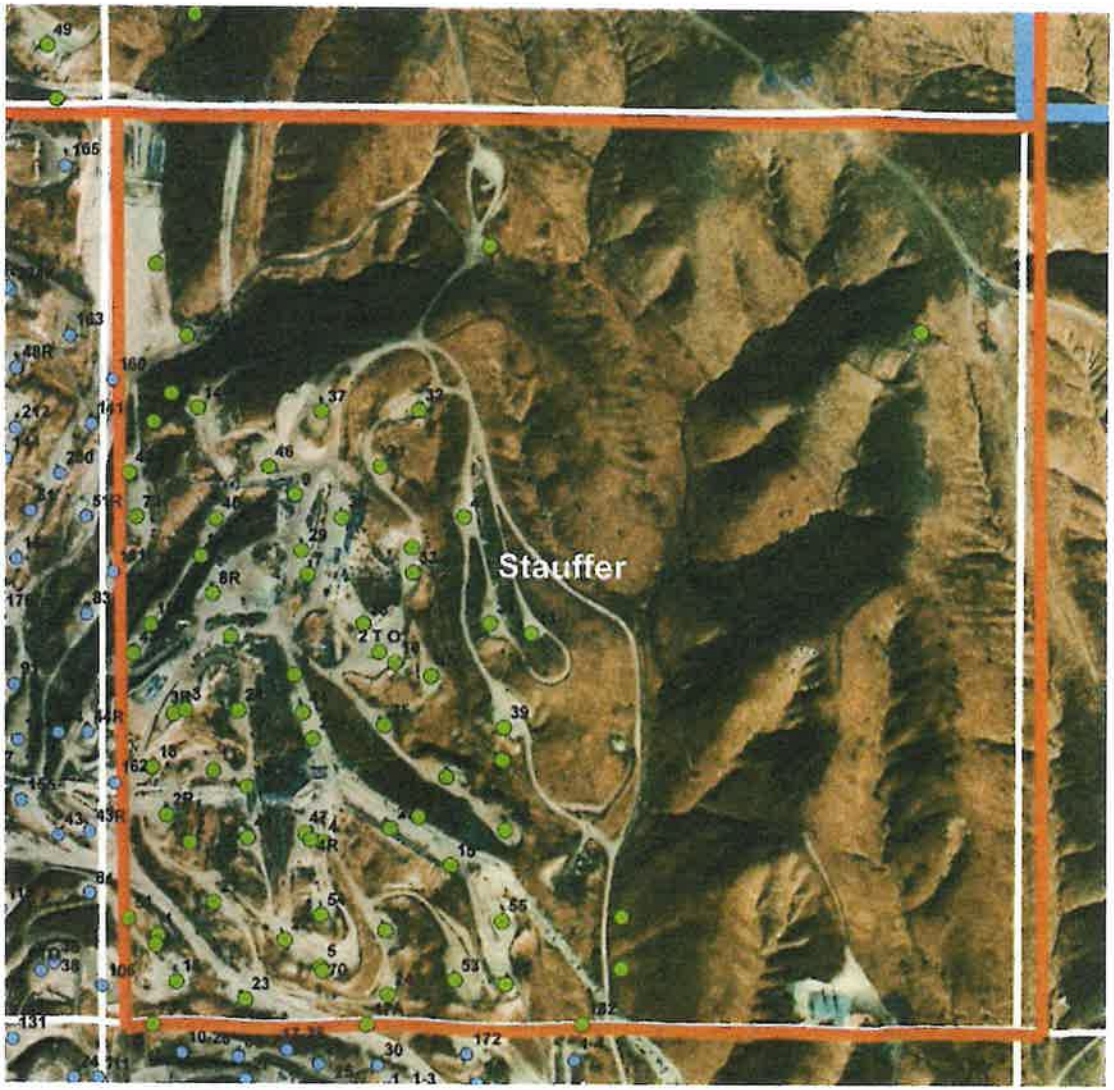
Source: CalGEM Well Finder https://maps.conservation.ca.gov/doggr/wellfinder/#close/-118.96101/35.46853/16




Source: Kern County GIS https://maps.kerncounty.com/
Alfred Harrell Hwy
178 West Hwy
Scale 1: 72,224
Go
0 0.5 1mi

Source: Chevron





Site Visit Photos 11/15/2018

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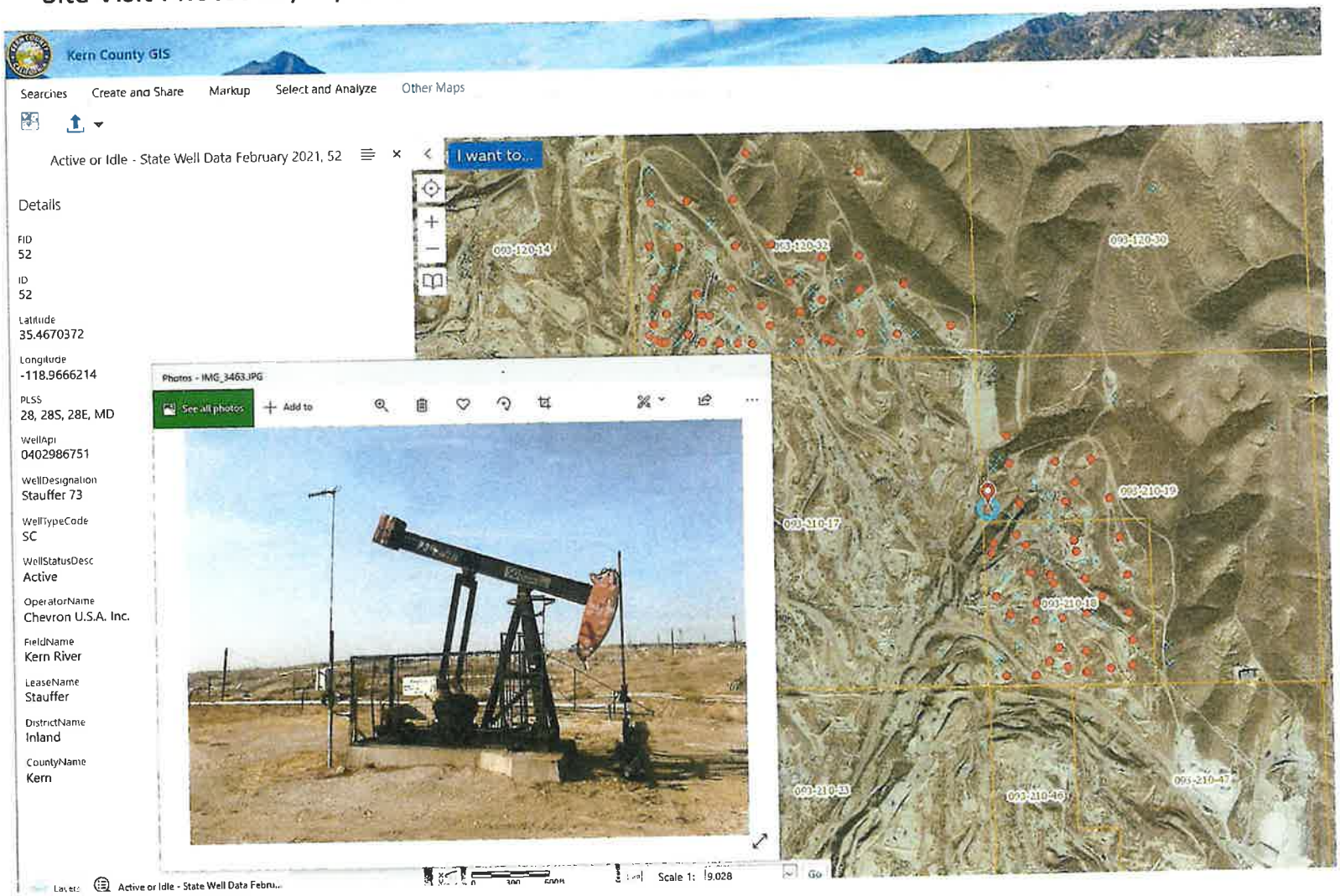

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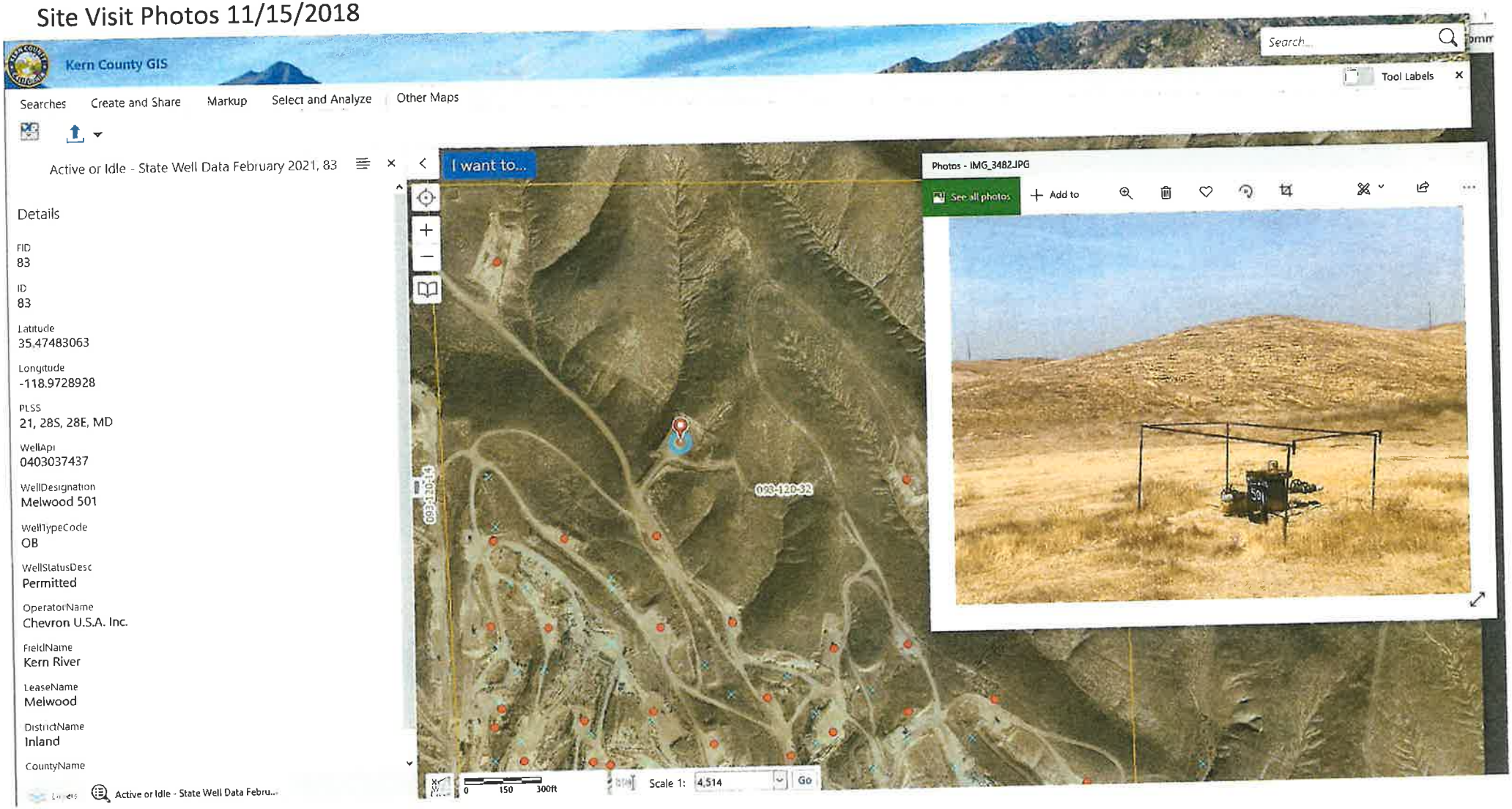

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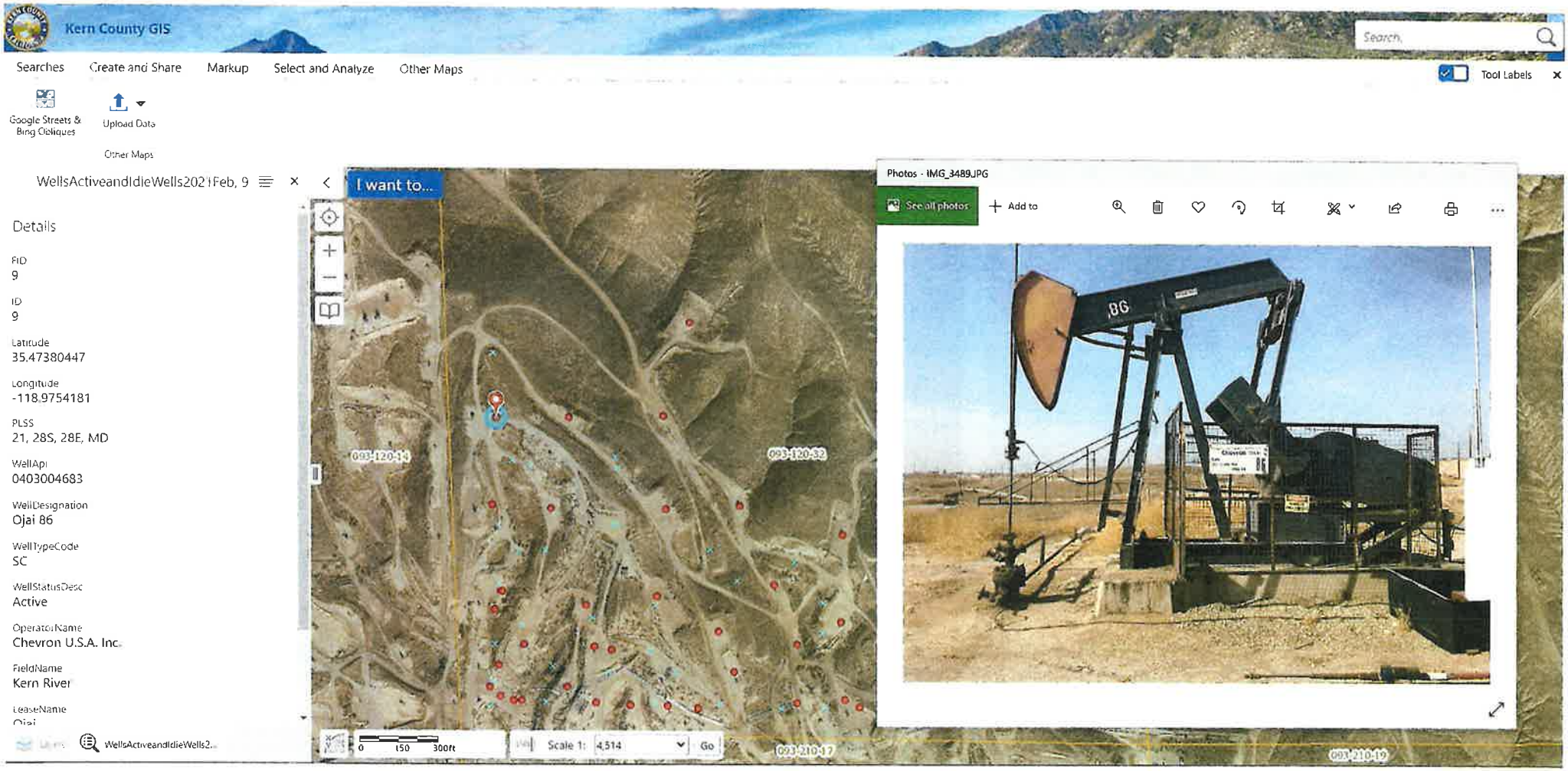

Site Visit Photos 11/15/2018

Site Visit Photos 11/15/2018

Site Visit Photos 11/15/2018

20446

OIL AND GAS LEASE

THIS AGREEMENT, dated March 5, 1963, by and between CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, hereinafter referred to as Lessor, and Shell Oil Company, a Delaware corporation

_____

_____,

hereinafter referred to as Lessee.

WITNESSETH:

That Lessor does hereby lease to Lessee, and Lessee does hereby lease, hire, and take from Lessor, for and in consideration of the covenants, terms, and conditions, hereinafter contained, on the part of the Lessee to be paid, kept, and performed for the purpose of exploring, mining and operating for oil, gas and casinghead gasoline and other hydrocarbon substances, and taking storing, removing and disposing of same, and manufacturing gasoline and other products therefrom, with the right for such purposes to the free use of oil, gas or water from said land, and granting the right to build tanks, power houses, station houses for employees and such other structures as may be necessary or convenient in its operations, together with rights of way, easements and servitudes necessary, incidental or convenient to the exercise of the rights herein expressly granted, with the right of removing as hereinafter provided, any and all improvements, except casing and tubing, placed or erected on the premises by Lessee, or acquired by Lessee by virtue of this lease, and surface agriculture and grazing rights, subject to the limitations hereinafter stated and subject to whatever easements or surface rights exist on the date of the commencement of the term hereof, on all that certain tract of land situated in the County of Kern, State of California, described as follows, to wit:

RECORDING REQUESTED BY AND MAIL TO
City and County of San Francisco
Real Estate Dept
450 McAllester St
S. F. 2, Cal

RECORDED IN OFFICIAL RECORDS
OF KERN COUNTY, CALIFORNIA
MAR 28 1963 Min. 57 Past 10 a.m.
20446
no fee
RAY A. VERCAMMEN, County Recorder

Section 21 and the Northeast ¼ of Section 28, T. 28 S., R. 28 E., M.D.B. & M. containing 800 acres, more or less.

This lease shall be for the full period of thirty-five years, beginning April 1, 1963 and ending March 31, 1998, subject to the following agreements, terms and conditions, to which the parties do agree:

1 - OIL ROYALTY - The Lessor's crude oil royalty shall be twelve and one half percent (12½%) of all the oil, asphaltum, and hydrocarbons other than gas and casinghead gasoline produced and saved from the demised premises. At the option of the Lessor, the Lessee either shall purchase Lessor's royalty oil at the market value in the same field for oil of similar gravity and quality, or shall yield and deliver to Lessor on the lease premises, twelve and one-half percent (12½%) of said oil. On thirty days' written notice to Lessee, but not oftener than once in any calendar year, Lessor may change the said option, but if no such notice is given by Lessor, it shall be deemed that Lessee shall purchase Lessor's royalty oil. If Lessor elects to receive royalty oil in kind, Lessee will provide, free of cost, storage tanks for not more than ten days' accumulation of Lessor's royalty oil and will yield and deliver to Lessor at tank outlets in accordance with usual and customary pipe line and shipping practices.

2 - GAS ROYALTY - Lessee shall pay Lessor as royalty twelve and one-half percent (12½%) of the net proceeds derived from the sale of gas from the leased land, but nothing in this agreement contained shall require Lessee to save or market gas from said lands, unless there shall be a surplus above lease requirements and a market at the well for same. Gas used, consumed or lost in the operations of a gasoline extraction plant, as well as gas used for repressuring any oil bearing formation for producing oil from a well or wells on said leased land (even though

such repressuring is done by injecting such gas into wells located on other lands in the vicinity of the Lessor's property) shall be excluded from the amount on which royalty is to be paid.

3 - CASINGHEAD GASOLINE ROYALTY - Lessee shall pay Lessor twelve and one-half percent (12½%) of forty percent (40%) of casinghead gasoline if extracted or manufactured from the natural gas produced. This royalty shall be payable in cash and based on the market value thereof, at the point of its production. No charge to the Lessor shall be made for the manufacturing or extraction of the gasoline, and the gas used as fuel in the process shall not be subject to payments of royalty. If the remaining dry gas is sold or consumed by the Lessee (in excess of the amount herein allowed to be used by Lessee free of royalty) Lessee shall pay Lessor as royalty twelve and one-half percent (12½%) of the market value as that term is herein defined.

4. OPERATION, MAINTENANCE AND REPAIRS - Except as otherwise provided in this agreement, Lessee shall, at its own expense, during the period of this lease, produce to the fullest capacity consistent with good oil field practice, all oil wells on the demised premises. Lessee shall, at its own expense, rehabilitate, maintain, operate and repair such oil wells and other improvements on said land; provided, however, that the Lessee shall not be required to rehabilitate or pump oil wells which may be found incapable of producing oil in paying quantities.

5. REDRILLING, ALTERATION AND ABANDONMENT OF WELLS - It is agreed that the Lessee shall have the right to redrill, deepen or otherwise alter any well in order to increase production or eliminate bad water conditions, and that the Lessee shall operate each completed oil well in accordance with good oil field practice so long as such wells shall produce oil in paying quantities while this lease is in force, except

as otherwise provided in this agreement. All oil wells found incapable of production in paying quantities may be abandoned, but such abandonment shall be at Lessee's cost and expense and in accordance with State requirements.

6. METHODS OF RECOVERY - Lessee shall have the right under this lease to conduct such primary pressure maintenance and secondary recovery operations, whether by means of injection of liquids or gases into the reservoir, in-situ combustion, or such other presently known or unknown methods in aid of production, as in Lessee's opinion are reasonably designed to benefit or facilitate production from the leased land of oil or any other aforesaid substances, together with the right to drill an injection well or wells or use any existing wells on the leased land for such primary pressure maintenance or secondary recovery purposes. If Lessee exercises reasonable diligence and good faith in conducting such operations, it shall not be held liable for errors of judgment, or for loss of production of oil gas or other substances or for damage to any reservoir underlying the leased land. Lessee shall not be deemed to guarantee any beneficial results from such operations.

7. NEW WELLS - The Lessee shall have the right to drill new wells on the leased premises until there shall have been completed on said land, as many wells as shall be limited by law or governmental regulations. No implied covenant shall be read into this lease requiring the Lessee to drill or to continue drilling on said land, or fixing the measure of diligence therefor except the drilling of offset wells as herein provided.

8. OFFSET WELLS - The Lessee agrees that in the event a well is drilled upon adjoining land within 330 feet of the exterior limits of any land at the time embraced in this lease and oil or gas is produced

therefrom in paying quantities and Lessee is not then drilling or has not theretofore drilled an offset thereto, and the owner of such well shall operate the same and market the oil or gas produced therefrom, then the Lessee shall offset such well by the commencement of drilling operations within ninety days after it has been ascertained that the production of oil or gas from such well upon said adjoining land is in paying quantities as demonstrated by a production test for a period of thirty consecutive days. The Lessee shall obtain and furnish to the City the record of such tests as determined from the monthly production reports issued by oil operators to the Division of Oil and Gas of the State of California. After commencing drilling operations of any offset well on City's land, such operations shall continue uninterruptedly and in accordance with good oil field practice, and until such offset well is drilled to a depth comparable to the depth of the well on the adjoining land.

9. PARTIAL INTEREST OF LESSOR - In case Lessor owns a less interest in the above described lands than the entire and undivided fee simple estate therein or the entire interest in the oil and gas under said land, then the royalties herein provided for shall be paid Lessor only in the proportion which its interest bears to the entire fee simple estate or the entire interest in said oil and gas.

10. PRODUCTION REPORTS - Within twenty-five days after the end of each month during the term hereof, the Lessee shall send to the Lessor's Director of Property, 450 McAllister Street, San Francisco 2, Californi a written report showing the progress of drilling operations, if any, and the production of oil, gas and casinghead gasoline from said land during the preceding month.

11. FREE OIL AND GAS - The Lessee shall not be required to account to Lessor for, or pay royalty on, oil or gas used by Lessee in

its operations hereunder, and Lessee may use such oil and gas free of charge.

12 - INDEMNITY - Lessor shall not be liable to Lessee or to any other person whatsoever for any death, injury or damage that may result to any person or persons, including Lessee, or property of any kind whatsoever and to whomsoever belonging, including Lessee, by or from any cause whatsoever, and without limiting the generality of the foregoing, whether caused by gas, fire, oil, electricity or any cause whatsoever in, on, or about the premises or any part thereof. Lessee agrees to hold Lessor harmless from and defend Lessor against any and all claims or liability for death of any person or persons or any injury or damage to any person or persons or property whatsoever occurring in, on, or about the premises or any part thereof.

13. INSURANCE REQUIREMENTS.- Lessee shall, during the continuance hereof, at their own cost and expense, procure and maintain in full force and effect a general comprehensive liability insurance policy (or policies) issued by an insurance company satisfactory to Lessor's Controller and in form satisfactory to Lessor's City Attorney. Said insurance company shall have policyholders surplus of at least $20,000,000. Said policy or policies shall afford liability insurance covering all operations, including but not limited to premises, products personal injuries and automobiles and injury to property for single limit of not less than $2,000,000. applying to bodily injuries, personal injuries and property damage or a combination of such injuries. Said policy or policies shall be expanded to include contractual liability assumed under this agreement with respect to bodily injury, personal injuries and property damage. Said policy or policies shall include City and County of San Francisco and its officers and employees

jointly and severally as Additional Insured and shall apply as primary insurance and shall stipulate that no other insurance effected by City and County of San Francisco will be called on to contribute to a loss covered hereunder. Said policy or policies shall provide thirty days (30) written notice of change, or cancellation and said written notice shall be delivered to Director of Property, 450 McAllister Street, San Francisco 2, California. Certified copy of policy or policies setting forth details of compliance with insurance requirements shall be delivered tothe Director of Property. Said policy or policies shall contain a standard cross liability endorsement.

Lessee shall maintain Workmen's Compensation Insurance in compliance with State Laws and Certificates of insurance under such policy or evidence of self insurance, shall be delivered to the Director of Property. Certificates shall provide 10 days of notice of cancellation to the Director of Property and shall provide that the Company, or Self-Insurer, waives rights of subrogation against the City and County of San Francisco and all of the members, officers, agents and employees thereof.

14. RIGHT TO SELL OR TRANSFER BY LESSOR - There is hereby expressly reserved to the Lessor the right to sell or transfer any portion or portions of the leased premises or any of its interest in the oil and/or gas under any part or parts thereof; provided, however, that the Lessee's rights and obligations under this lease shall not thereby be altered, increased, or enlarged, but the Lessee may continue to operate the leased premises and pay and settle royalties as an entirety.

15. UNITIZED PRODUCTION PERMITTED - Lessee shall have the right to unitize or otherwise consolidate such land, in whole or in part, at any time and from time to time, with other lands in the same pool or pools

as if they were all included in a single oil and gas lease, except for the payment of royalties on production therefrom. In the event of any such unitization or consolidation, the producing operations conducted on any of the lands included therein shall constitute full compliance with the producing obligations of Lessee hereunder whether conducted on said land or not; the royalties payable by Lessee to Lessor hereunder shall be computed and based upon the production allocated under the unitization or consolidation to said land as to any such pool or pools, regardless of the actual production or lack of production from said land. The allocation of production to any of the lands thereon demised in any such pooled or unitized operation shall be based on the proportion that the acreage of the said lands bear to the total acreage of the operating unit. Such unitization and/or consolidation must be reasonable in the light of current oilfield practice.

16. SUSPENSION OF OBLIGATIONS - The conditions imposed upon Lessee hereunder shall be suspended while, and to the extent that, Lessee is prevented from complying therewith, in whole or in part, by war, riots, strikes, lockouts, action of the elements, inability to obtain materials in the open market or to obtain transportation therefor, rules and regulations of any Federal, State, Municipal or other governmental agency, or other matters beyond the control of the Lessee, whether similar to the matters or conditions herein specifically enumerated or not and without regard to whether such cause exists at the date hereof or hereafter arises. Such conditions shall also be suspended to such extent as is necessary to enable Lessee to comply with any reasonable voluntary conservation or curtailment program to which it may subscribe or become a party. Producing operations together with Lessee's oil royalty obligations hereunder may also be suspended at Lessee's option while the

price offered generally to producers in the same vicinity for oil of the quality produced from said land is One Dollar or less per barrel at the well; or when there is no available market for the same at the well, provided, however, that Lessee shall not suspend such operations on the demised land unless Lessee shall also suspend operations of the oil wells on whatever adjoining properties it operates, while such price and market conditions are in effect. Such suspension of production and payment of royalty due to adverse market conditions shall not total more than ten percent (10%) of the term hereof.

17. TAXES AND ASSESSMENTS - As a further consideration for this lease, Lessee agrees to pay all taxes levied and assessed against the land herein demised, and all the taxes levied and assessed against the mineral rights, improvements and personal property situated therein or thereon. Lessee further agrees to pay all severance or gross production taxes in the event such taxes are levied. In the event that a portion or portions of the land herein demised is or are quitclaimed or otherwise returned to Lessor before the termination of the term hereof, then the taxes applicable thereto shall be prorated between the parties and Lessee's obligation to pay taxes thereon shall cease. At the termination of the term of this lease for any cause whatsoever including passage of time, taxes shall be prorated as of the date of such termination.

18. EXAMINATION, LOGS, ETC. - The Lessor may at all reasonable times enter upon and examine said land and improvements, the work done and in progress thereon, and the production therefrom, and may inspect the books kept by the Lessee in relation to the production from said land, to ascertain the production and the amount saved and sold therefrom. The Lessee agrees on written request to furnish to the Lessor copies of logs of all wells drilled by the Lessee on said land.

19. LABOR AND MATERIALS - All the labor to be performed and materials to be furnished in the operations of the Lessee hereunder shall be at the cost and expense of the Lessee, and the Lessor shall not be chargeable with, or liable for, any part thereof; and the Lessee shall protect said lands against liens of every character arising from its operations thereon.

20. AGRICULTURAL AND GRAZING LEASES - The Lessee shall have the right to sublet the surface of said land, or any portion or portions thereof, for agriculture or grazing purposes, subject however, to all of the terms, covenants and conditions of this lease. Such subletting shall be on a year to year basis only. Lessee agrees, upon a six months written notice, to quitclaim all interest in the surface agricultural and grazing rights except those rights necessary for its oil, gas and other hydrocarbon producing operations hereunder. Upon such reconveyance of the agricultural and grazing rights Lessor shall have the right to rent, lease or otherwise dispose of such rights and any other rights not inconsistent with the rights retained by the Lessee hereunder.

21. SURRENDER OF POSSESSION AND QUITCLAIM DEED - On the expiration of this lease, or if sooner terminated, the Lessee shall quietly and peacefully surrender possession of the premises to the Lessor and deliver to Lessor a good and sufficient quitclaim deed or other form of relinquishment, if and when requested.

22. DEHYDRATION AND GRAVITY - All oil shall be tested by the metho described hereinafter, and if it contains more than 3 percent of water and basic sediment, shall either be dehydrated or shall be paid for on the basis of the gravity of a representative sample after dehydration of such sample to 3 percent or less. In the event that the oil is dehydrated by the Lessee there may be deducted from the Lessor's royalty one-

eighth of the reasonable cost of such dehydration. No correction for gravity shall be made for the water and basic sediment content when such content does not exceed 3 percent.

23. SAMPLING, GAUGING, ETC. - All sampling, testing, gauging, measuring and the taking of gravities which may be required to be done by the Lessee in order to determine the gravities and non-petroleum substances contained in the oils referred to herein, shall, at the option of the Lessee, be taken, done, and performed by any method or process, generally regarded in the industry where the work is to be done as reliable and in accordance with good oil field practice.

24. TERMINATION BY CITY - Upon the violation of any of the terms or conditions of this lease by the Lessee, and the failure to begin to remedy the same within sixty days after written notice from Lessor, so to do, then, at the option of the Lessor, this lease shall forthwith cease and terminate, and all rights of the Lessee in and to said lands shall be at an end, save and excepting 10 acres surrounding each well producing or being drilled by Lessee and not in default, and except rights of way necessary for lessee's operations in connection with such wells. The foregoing remedies of Lessor shall not be exclusive, but shall be cumulative and in addition to all remedies now or hereafter allowed by law or elsewhere provided for in this lease.

25. PAYMENTS - All royalties payable in money hereunder may be paid by mailing or delivering a valid check therefor to the City and County of San Francisco, Director of Property, 450 McAllister Street, San Francisco 2, California, or to any other place as the Lessor may from time to time designate.

26. STATEMENTS AND REMITTANCES - Lessor agrees that it will promptly examine each and all statements and remittances forwarded by

the Lessee to it hereunder and promptly advise the Lessee of any objection thereto.

27. MARKET VALUE - The term "market value" as used in this lease shall be applied to the particular product at its point of production and shall be deemed to be the actual sales price when sold to third parties or the current available posted price in the field for products of like quality and quantity.

28. TERMINATION BY LESSEE - Lessee may at any time quitclaim this lease to Lessor, in its entirety or as to part of the acreage covered thereby, and thereupon the Lessee shall be released from all further obligations and duties as to the area so quitclaimed. Clear title to the land so quitclaimed shall revest in Lessor; provided, however, that Lessee may reserve such easements and rights of way over said land as may be necessary for drilling or operating its wells on the remaining property; provided further, that Lessor, its successors and assigns, shall not drill any well on the land quitclaimed within 300 feet of any producing or drilling well retained by Lessee.

29. NOTICES - Any notice from the Lessor to the Lessee must be given by sending the same by registered mail addressed to Shell Oil Company, Land Department, 1008 West Sixth Street, Los Angeles 54, California and any notice from the Lessee to the Lessor must be given by sending the same by registered mail, addressed to Director of Property of the City and County of San Francisco, 450 McAllister Street, San Francisco 2, California. For the purpose of this section, either party may change its address by written notice to the other.

30. TIME OF PAYMENTS - Any payment due from either party to the other may be made by good and valid check upon a bank doing business in California, on or before the 25th day of each calendar month for the

preceding month. Such checks shall be paid in lawful money of the United States of America.

31. MACHINERY, FIXTURES AND IMPROVEMENTS OF LESSEE - Except as otherwise provided herein, Lessee shall have the right at any time to remove from said land all machinery, rigs, casing, and other fixtures and improvements installed by Lessee, provided that such removal shall be completed within six months after termination of this lease. If there are any defaults or violations by the Lessee of the terms and conditions of this agreement, then all casings shall be left in place in the wells as to which such defaults or violations exist and such casings shall thereupon become the property of the Lessor. Upon expiration of the term of this lease, all casings in place in the wells shall become the property of the Lessor.

32. MACHINERY, FIXTURES AND IMPROVEMENTS OF LESSOR - Upon the commencement of the term hereof all tools, machinery and equipment of Lessor then situated on the premises, except installed well casings, shall become the property of Lessee and may be removed from the land by Lessee as hereinbefore provided.

33. EASEMENT RESERVATIONS BY CITY - The Lessor reserves the right to grant easements to other parties, over, in and upon the demised premises, provided such easements do not materially interfere with the use of said premises by the Lessee, and provided, further, that all claims for damage to the Lessee caused thereby shall be paid by the Grantees of such easements.

34. EXISTING CONTRACTS - This agreement is made subject to any and all existing easements and contracts of record, and also subject to any existing month to month grazing leases.

35. ASSIGNMENT BY LESSEE, BANKRUPTCY AND INSOLVENCY - Except as otherwise provided in this agreement, Lessee shall not assign, mortgage or hypothecate this lease, nor assign any of the rights and privileges thereunder, nor sublet the demised premises, or any part thereof, without the written consent of the City and County of San Francisco; provided that the foregoing shall not prevent the assignment of this lease to any corporation with which the Lessee may merge or consolidate or which may succeed to the business or assets of Lessee, or a substantial part thereof; nor shall this lease, or any right or privilege thereunder, be assignable by operation of law or otherwise, and in the event of the Lessee being adjudged a bankrupt, or making any assignment for the benefit of its creditors, neither this lease, nor any right thereunder, shall pass to any referee or trustee in bankruptcy, or be considered any part of said bankrupt estate, nor shall it pass to any assignee or other person for the benefit of creditors and should the Lessee make any assignment of this lease, or any right thereunder, or sublet the said demised premises, or any part thereof, without the consent of the City and County of San Francisco; or should said Lessee be adjudged a bankrupt or make any assignment for the benefit of its creditors, then Lessor may terminate this lease and all the rights and privileges of said Lessee thereunder shall cease. The subletting of the surface of said land for agricultural or grazing purposes, however, shall be exempt from said requirement that Lessor's prior consent be obtained, but such subletting shall be only on a year to year basis.

36. CONDITION OF PREMISES - Lessee has examined and inspected and knows the condition of the premises and every part thereof, and will receive and accept the same in their condition at the time of taking possession.

37. ALTERATIONS AND POSTING NOTICES - All alterations and improvements may be required by the Lessee shall be done by the Lessee at its sole expense. Lessee agrees that the Lessor may post appropriate notices of non-responsibility, and that such notices may remain posted on the land until the completion and acceptance of such work.

38. HOLDING OVER - Any holding over of the thirty-five year term herein created shall be a tenancy from month to month only, and shall be on the same terms and conditions herein specified, so far as applicable.

39. UTILITIES - Lessee shall be responsible for and agrees to pay promptly, as the same become due and payable, all charges for water, gas, electricity, heat and other services, furnished to or used by Lessee in, on or about the premises.

40. NON-WAIVER OF DEFAULTS - Lessor's failure to take advantage of any default or breach of covenant on the part of Lessee shall not be or be construed as a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument be construed to waive or to lessen the right of City to insist upon the performance by Lessee of any term, covenant or condition hereof, or to exercise any rights given him on account of any such default. A waiver of a particular breach or default shall not be deemed to be a waiver of the same or any other subsequent breach or default.

41. LESSOR AND LESSEE - The words "Lessor" and "Lessee" as used herein shall include a corporation and include the plural as well as the singular. Words used in masculine gender include the feminine and neuter. If there be more than one Lessee the obligations hereunder imposed upon Lessees shall be joint and several.

42. LAWS AND GOVERNMENTAL ORDERS - The Lessee shall abide by all laws and governmental orders or regulations and amendments thereto controlling or limiting in any way the Lessee's use of the demised premises during the term hereof.

43. SUCCESSORS AND ASSIGNS - Subject to the provisions hereof relating to assignment, this lease shall bind, and inure to the benefit of, the heirs, executors, administrators, successors and assigns of the parties hereto.

44. CHANGES OR MODIFICATIONS -This lease may be changed or modified by further agreement between the parties hereto.

45. TIME OF THE ESSENCE - Time is of the essence of this lease and of every part thereof.

IN WITNESS WHEREOF, the parties hereto have executed this lease as of in triplicate/this 5th day of March, 1963.

APPROVED:

Philip L Ryan
Director of Property

LIBRARY COMMISSION

By Frank A. Clauch

RECREATION AND PARK COMMISSION

By Mary B. Connolly
Raymond S. Kimball

APPROVED AS TO FORM:
THOMAS M. O'CONNOR, City Attorney

By James J. Stark
Deputy City Attorney

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By Christopher
Mayor

By Robert J. Dolan
Clerk of the Board of Supervisors

SHELL OIL COMPANY

By W. E. Clark
Manager, Land Department

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN FRANCISCO)

On the 22nd day of March 1963, before me, MARTIN MONGAN, County Clerk of the City and County of San Francisco, and ex officio Clerk of the Superior Court of the State of California, in and for the City and County of San Francisco, personally appeared Geo. Christopher Mayor of the City and County of San Francisco, a municipal corporation, and Robert J. Dolan Clerk of the Board of Supervisors of the City and County of San Francisco, known to me to be the Mayor and the Clerk of the Board of Supervisors of the municipal corporation described in and who executed the within instrument and also known to me to be the persons who executed it on behalf of the municipal corporation therein named, and they and each of them acknowledged to me that such municipal corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City and County of San Francisco, State of California, the day and year in this certificate first above written.

MARTIN MONGAN, County Clerk.

By E. Mulvey Deputy

County Clerk of the City and County of San Francisco, State of California and ex officio Clerk of the Superior Court of the State of California, in and for the City and County of San Francisco.

LAM-1357 (Rev. 1-63)
Printed in U. S. A.

STATE OF CALIFORNIA

ss.

COUNTY OF LOS ANGELES

On this 5th day of March,

19 63, before me, Mildred M. Crawford,

a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared D. E. CLARK, known to me to be the Manager, Land Department, Los Angeles Office, of SHELL OIL COMPANY, the corporation described in and that executed the within instrument, and also known to me to be the person who executed it on behalf of the corporation therein named, and he acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, at my office in said County and State, the day and year in this certificate first above written.

Mildred M. Crawford

Mildred M. Crawford

Name (Typed or Printed)
Notary Public in and for said
County and State

My Commission expires December 11, 1963

AMENDMENT TO
OIL AND GAS LEASE
(Kern County)

THIS AMENDMENT TO OIL AND GAS LEASE (this "Amendment") dated for reference purposes only as of MAY 24, 1994, is between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Lessor"), and SHELL WESTERN E&P INC., a corporation ("Lessee"), and is made with reference to the following facts and circumstances:

A. This Amendment amends that certain Oil and Gas Lease dated March 5, 1963 (the "Lease"), executed by City, as Lessor, and Shell Oil Company, a Delaware corporation, Lessee's predecessor-in-interest, as Lessee, under which Lessor leased to Lessee certain premises containing approximately 800 acres in Kern County, California, more particularly described in the Lease (the "Premises").

B. Lessee holds all right, title and interest of Lessee under the Lease.

C. The parties desire to extend the term of the Lease and to make other amendments to the Lease as set forth below.

ACCORDINGLY, in consideration of the mutual benefit to the parties and payment of valuable consideration to Lessor, the receipt and sufficiency of which are hereby acknowledged, Lessor the parties hereto mutually agree as follows:

1 Term. The expiration date of the Lease is hereby extended from March 31, 1998, to March 31, 2020.

2 Royalties. As of the first day of the first month preceding the Effective Date of this Amendment, the oil royalty specified in paragraph 1 of the Lease, the gas royalty specified in paragraph 2 of the Lease, and the casinghead gasoline royalty specified in paragraph 3 of the Lease shall each be increased from twelve and one-half percent (12.5%) to fifteen and one-half percent (15.5%); provided, however, that, in the event Lessee in any of its oil and gas extraction operations on the Premises uses a fuel other than oil or gas extracted from the Premises for steam generation, Lessee shall be entitled to deduct from the royalties payable to Lessor an amount equal to fifteen and one-half percent (15.5%) of the fair market value of the fuel from the Premises that Lessee chose not to use for steam generation; and provided further that in no event shall Lessee's total monthly deduction for the cost of substituted fuel as described in the preceding clause exceed the aggregate amount of royalties payable from Lessee to Lessor for such month under the Lease.

3 Lease Extension Payments. As payment of additional rent under the Lease, and as further consideration for the extension of the term of the Lease as described in Section 1 above, Lessee shall make two payments to Lessor, each in the amount of One Hundred Twenty Thousand Dollars ($120,000), the first within ten (10) days of the Effective Date of this Amendment (as defined below), and the second within ten (10) days of the first anniversary of the Effective Date.

4 Hazardous Materials.

4.1 Definitions. As used herein, the following terms shall have the meanings set forth below:

(a) "Environmental Laws" shall mean any present or future federal, state, local or administrative law, rule, regulation, order or requirement relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage), or to health and safety, industrial hygiene or the environment, including, without limitation, soil, air and groundwater conditions.

(b) "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any Federal or State of California governmental authority to pose a present or potential hazard to human health, welfare or safety or to the environment, including, without limitation, any hazardous material, hazardous waste, hazardous or toxic substance, regulated substance, or related material, including without limitation, any such waste, material or substance designated or regulated pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. §9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. §9601, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. §2601, et seq.), the Solid Waste Disposal Act, as amended (42 U.S.C.A. §6901, et seq.), the California Hazardous Waste Control Law (Health & Safety Code §25000, et seq.), the Mulford-Carrell Air Resources Act (Health & Safety Code §39000, et seq.), and in the regulations adopted and publications promulgated pursuant thereto, as such laws or regulations now exist or may exist in the future.

(c) "Investigate and Remediate" shall mean the undertaking of any activities to determine the nature and extent of Hazardous Material that may be located in, on, under or about the Property or that has been, are being or threaten to be released into the environment, and to clean up, remove, contain,

treat, stabilize, monitor or otherwise control such Hazardous Material.

4.2 Compliance With Laws. Lessee covenants and agrees that during the term of the Lease Lessee shall at all times comply with all Environmental Laws respecting the Premises and Lessee's operations thereon.

4.3 Indemnity. If Lessee breaches its obligations contained in Section 4.2 above, then, without limiting Lessee's indemnity contained in paragraph 12 of the Lease, Lessee shall, on behalf of itself and its successors and assigns, indemnify, defend and hold harmless City, its employees, officers and agents and their respective heirs, legal representatives, successors and assigns, and each of them, from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses, including, without limitation, direct and vicarious liability of every kind (including without limitation attorneys' fees, consultants' fees and experts' fees and costs) arising during or after the term of the Lease and relating to Lessee's failure to comply with Section 4.2 above. The foregoing indemnity includes, without limitation, costs incurred in connection with activities undertaken to Investigate and Remediate Hazardous Material, fines and penalties imposed by regulatory agencies. Lessee shall afford City a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, or other compromise or proceeding involving Hazardous Material.

5 Authority. Lessee has full power and authority (corporate or otherwise) to enter into this Amendment and to consummate the transactions contemplated by it, this Amendment has been duly authorized by all necessary action on the part of Lessee, and no other corporate or other action on the part of Lessee is necessary to authorize the execution and delivery of this Amendment.

6 Board of Supervisors' Approval. Notwithstanding anything to the contrary contained in this Amendment, Lessee acknowledges and agrees that no officer or employee of City has authority to commit City hereto unless and until a resolution of City's Board of Supervisors shall have been duly enacted approving this Amendment and authorizing the transactions contemplated hereby. Therefore, any obligations or liabilities of City hereunder are contingent upon enactment of such a resolution, and this Amendment shall be null and void if City's Mayor and Board of Supervisors, in their respective sole discretion, do not approve this Amendment, within sixty (60) days of the date of execution of this Amendment by both parties. Approval of this Amendment by any department, commission or agency of City shall not be

deemed to imply that such resolution will be enacted nor will any such approval create any binding obligations on City.

7 Effective Date. This Amendment shall become effective on the date upon which (i) City's Board of Supervisors and the Mayor enact a resolution approving this Amendment in accordance with all applicable laws and (ii) this Amendment is duly executed by the parties hereto.

8 Effect on Lease. Lessor and Lessee agree that the Lease, as amended hereby, is a valid and subsisting oil and gas lease and that the Lease is in full force and effect and shall remain in effect for so long as oil or gas is produced from the lands covered thereby in accordance with the terms of the Lease, as amended hereby.

9 Brokers. Neither party has had any contact or dealings regarding the subject matter hereof or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the lease contemplated herein. In the event that any other broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes his claim shall be responsible for such commission or fee and shall indemnify and hold harmless the other party from all claims, costs, and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Amendment.

10 Taxes, Assessments, Licenses, Permit Fees and Liens. (a) Lessee recognizes and understands that the Lease may create a possessory interest subject to property taxation and that Lessee may be subject to the payment of property taxes levied on such interest. (b) Lessee agrees to pay taxes of any kind, including possessory interest taxes, that may be lawfully assessed on the leasehold interest hereby created and to pay all other taxes, excises, licenses, permit charges and assessments based on Lessee's usage of the Premises that may be imposed upon Lessee by law, all of which shall be paid when the same become due and payable and before delinquency. (c) Lessee agrees not to allow or suffer a lien for any such taxes to be imposed upon the Premises or upon any equipment or property located thereon without promptly discharging the same, provided that Lessee, if so desiring, may have reasonable opportunity to contest the validity of the same.

11 Non-Liability of City Officials, Employees and Agents. No elective or appointive board, commission, member, officer, employee or other Agent of City shall be personally liable to Lessee, its successors and assigns, in the event of any default

or breach by Lessor or for any amount which may become due to Lessee, its successors and assigns, or for any obligation of City under this Amendment.

12 Non-Discrimination. Lessee shall not, in the operation and use of the Premises, discriminate against any person or group of persons solely because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, disability or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC). The provisions of Chapters 12B and 12C of the San Francisco Administrative Code, relating to nondiscrimination by parties contracting with the City and County of San Francisco, are incorporated herein by reference and made a part hereof as though fully set forth herein. Lessee agrees to comply with all of the provisions of such Chapters 12B and 12C that apply to tenants of the City and County of San Francisco.

13 MacBride Principles - Northern Ireland. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages then to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Lessee acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

14 Tropical Hardwood Ban. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

15 General Provisions. (a) The section and other headings of this Amendment are for convenience of reference only and shall not affect the meaning or interpretation of any provision contained herein. (b) This Amendment may be executed in counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument. (c) This Amendment and the Lease contain the entire agreement between the parties and all prior written or oral negotiations, discussions, understandings and agreements are merged herein. (d) This Amendment shall be governed by California law and City's Charter. (e) If either party commences an action against the other or a dispute arises under this Amendment the prevailing party shall be entitled to recover from the other reasonable attorneys' fees and costs. For purposes hereof, reasonable attorneys' fees of City shall be based on the fees regularly charged by private attorneys in San Francisco with comparable experience. (f) Subject to the prohibition against assignments or other transfers by Lessee under the Lease, this Amendment shall be binding upon and inure to the benefit of the

parties and their respective heirs, representatives, successors and assigns.

Lessor and Lessee have executed and delivered this Amendment as of the date first written above.

LESSEE:

SHELL WESTERN E&P INC.,
a DELAWARE corporation

By: _____
J.C. Boyd
Attorney-in-Fact

LESSOR:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

_____
FRANK JORDAN
Mayor

_____
JOHN L. TAYLOR
Clerk of the Board of Supervisors

RECOMMENDED:

_____
ANTHONY J. DELUCCHI
Director of Property

_____
City Librarian
Pursuant to Library Commission Resolution No. 1660

_____
General Manager
Recreation and Park Department
Pursuant to Recreation and Park Resolution No. 16762

APPROVED AS TO FORM:
LOUISE H. RENNE, City Attorney

By _____
Deputy City Attorney

FILE NO. 65-94-8 ORDINANCE NO. 189-94

[Real Property Lease Amendment]

AUTHORIZING EXECUTION OF AMENDMENT TO OIL AND GAS LEASE FOR 800 ACRES IN KERN COUNTY.

Be It Ordained By the People of the City and County of San Francisco that:

SECTION 1. In accordance with the recommendation of the City Librarian, the Library Commission, the General Manager of the Recreation and Park Department, the Recreation and Park Commission, and the Director of Property, the Mayor and the Clerk of the Board of Supervisors on behalf of the City, as Lessor, are hereby authorized to execute the Amendment to Oil and Gas Lease, a copy of which is on file with the Clerk of the Board of Supervisors.

SECTION 2. That certain Oil and Gas Lease dated March 5, 1963, executed by City, as Lessor, and Shell Oil Company, as Lessee, is hereby amended as follows:

a) The expiration date of the lease shall be extended from March 31, 1998 to March 31, 2020;

b) The royalty rate shall be increased from 12.5% to 15.5%;

c) As further consideration for extension of the term of the lease, Lessee shall make two payments to City, each in the amount of $120,000, the first payment within 10 days of the effective date of this Amendment and the second payment within 10 days of the first anniversary of the effective date of this Amendment.

RECOMMENDED:

Kenneth E. Dore
City Librarian
Pursuant to Library Commission Resolution No. 1660

(Cm)
General Manager, Recreation & Park Department
Pursuant to Recreation & Park Commission Resolution No. 16762

Director of Property

APPROVED AS TO FORM:
Louise H. Renne, City Attorney

By Larry Wayte
Larry Wayte
Deputy City Attorney

LR:tc:\SKeml.se.LEG

(Real Estate)

November 4, 1993

Mr. Anthony DeLucchi
Director of Property
Real Estate Department
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102

Dear Mr. DeLucchi:

Please find enclosed Resolution #1660 authorizing the Real Estate Department to extend the lease for oil production with Shell Oil through the year 2020. This resolution was approved by the Public Library Commission at its regular meeting on November 2, 1993.

On behalf of the Library Commission, I extend sincere gratitude to you and Larry Ritter for your guidance throughout the many months and for bringing fruition to this lease.

Warm personal regards.

Sincerely,

Richard Walsh

Richard Walsh
Business Manager

cc: K. Dowlin
L. Ritter

RESOLUTION # 1660

AUTHORIZING THE REAL ESTATE DEPARTMENT TO EXTEND THE LEASE FOR OIL PRODUCTION WITH SHELL OIL COMPANY THROUGH THE YEAR 2020.

WHEREAS, Shell Oil has requested from the City extension to the lease for oil production on 800 acres in Kern County through the year 2020; and

WHEREAS, Shell Oil has agreed to pay a lease extension bonus of $240,000 in two installments: $120,000 upon execution of the amended lease and $120,000 on its first anniversary; and

WHEREAS, Shell Oil will increase the royalty rate from 12.5% to 15.5% under the terms of the lease extension; and

WHEREAS, Mineral Acquisition Partners, Inc., the City's consultant, has recommended that the offer made by Shell Oil be accepted by the City; now, therefore, be it

RESOLVED, That the San Francisco Public Library hereby requests the Real Estate Department to proceed with the Shell Oil lease extension through the year 2020; and be it

FURTHER RESOLVED, That the San Francisco Public Library Commission expresses deep gratitude to the Real Estate Department for its assistance in negotiations for this lease.

APPROVED: November 2, 1993

Richard Walsh

Richard Walsh
Business Manager

RECREATION AND PARK COMMISSION

City and County of San Francisco

RESOLUTION NO. 16762

FURHMAN BEQUEST
EXTENSION OF SHELL OIL LEASE

RESOLVED, That this Commission approves the extension of the Shell Oil Lease in Kern County for the production of oil to the year 2020.

Adopted by the following vote:

Ayes	7
Noes	0
Absent	0
Excused from voting	0

I hereby certify that the foregoing resolution was adopted by the Recreation and Park Commission at its Regular Meeting of November 18, 1993.

Shauna Marie Rose
Commission Secretary