

SETTLEMENT AGREEMENT

This Settlement Agreement ("**Agreement**"), dated June 25, 2024 ("**Agreement Date**"), is entered into by and between the City and County of San Francisco, a California municipal corporation ("**City**") on one hand, and Chevron U.S.A. Holdings Inc. ("**CUSA Holdings**") and Chevron U.S.A. Inc. ("**CUSA**", and collectively referred to herein with CUSA Holdings as "**Chevron**") on the other hand. Hereafter, City and Chevron are individually referred to as a "**Party**" and collectively referred to as the "**Parties**."

RECITALS

A. City owns approximately 800 acres of real property in Section 21 and the Northeast Quarter of Section 28, Township 28 South, Range 28 East in Kern County, California having Assessor's Parcel Numbers 093-120-30, 093-120-32, 093-210-18 and 093-210-19 ("**Property**"). As used in this Agreement, the term "Property" also includes all buildings, structures, improvements, wells, casings, tubings, pipelines, equipment and personal property owned by City or Chevron on or under such real property.

B. CUSA, CUSA Holdings (which Chevron represents was formerly known as Texaco Exploration and Production Inc.) and Texaco California Inc. (which Chevron represents was merged into CUSA) previously leased the Property from City pursuant to an Oil and Gas Lease originally between the City, as lessor, and Shell Oil Company, as lessee, dated March 5, 1963, as amended by a May 24, 1994 Amendment to Oil and Gas Lease (collectively, the "**Lease**").

C. A dispute has arisen between City and Chevron regarding, *inter alia*, who is responsible to plug, abandon, re-abandon, close, seal, decommission, make safe and/or remove therefrom wells located at the Property, including without limitation, to undertake and complete the same in accordance with all applicable federal, state, and local laws and regulations (individually and collectively, "**Well Closure**"), and responsibility for any Contamination on, at, under or from the Property. As used herein, the term "**Contamination**" includes, without limitation, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 78075 of the California Health and Safety Code (Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code (Underground Storage of Hazardous Substances), (v) crude oil, petroleum, gasoline, diesel fuel, any other petroleum hydrocarbons or fractions thereof, or any gasoline additive including but not limited to MTBE, (vi) asbestos, PCB, or urea formaldehyde foam insulation, (vii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Code of Regulations, (viii) defined as a "hazardous waste," hazardous substance" or similar term under Section 1004 or other section of the Federal Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 *et seq.*, (ix) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 *et seq.*, (x) toxic, explosive, corrosive,

flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of California, or any political subdivision thereof, or (xi) defined as a “Hazardous Material” under the Lease.

D. The Parties wish to resolve their differences regarding the Property, the Lease, Well Closure and any Contamination on, at, under or from the Property in the manner set forth below.

TERMS & CONDITIONS

NOW, THEREFORE, in consideration of the promises and covenants set forth herein, the Parties, without any admission of responsibility or liability, agree as follows:

1. **APPROVAL, EXECUTION AND CONDITIONS TO EFFECTIVENESS.**

(a) Within thirty (30) days of execution and delivery of this Agreement by Chevron, City staff will present this Agreement together with a proposed resolution approving this Agreement (the “**Settlement Resolution**”) to the City’s Board of Supervisors for approval.

(b) If the City’s Board of Supervisors approves the Settlement Resolution, then within ten (10) days after effectiveness of the Settlement Resolution, the City will execute and deliver this Agreement. If the City’s Board of Supervisors does not approve the Settlement Resolution, the City shall not have any duty or obligation to execute this Agreement.

(c) If the Settlement Resolution is approved, the effective date of this Agreement will be the date of its execution by the City as evidenced in its signature block below (“**Effective Date**”).

2. **QUITCLAIM DEED.** The Settlement Resolution, if approved by the City’s Board of Supervisors, shall authorize City’s Director of Property to quitclaim City’s entire interest in the Property without restriction or reservation of any kind or nature, including all buildings, structures, improvements, wells, casings, tubings, pipelines, equipment and personal property thereon or thereunder owned by City (collectively, the “**City’s Interests**”), to Chevron in the form of the Quitclaim Deed attached hereto as Exhibit A (“**Quitclaim Deed**”) and to take further actions as contemplated by this Agreement. If the Settlement Resolution is not approved by the City’s Board of Supervisors by or on December 31, 2024, (a) it shall not be a breach of this Agreement by City, and (b) this Agreement (including but not limited to the release, covenant not to sue and indemnity provisions in Sections 3 through 5 below) shall be void *ab initio*. If the Settlement Resolution is approved by the City’s Board of Supervisors by or on December 31, 2024, then within the deadline set forth in Section 1(b) above, City shall execute and deliver this Agreement (which shall not be recorded) and a notarized original of the Quitclaim Deed to Chevron for recording by Chevron. The date Chevron receives the executed Settlement Agreement and notarized original of the Quitclaim Deed shall be the “**Delivery Date**”. Promptly after the Delivery Date, Chevron shall record the Quitclaim Deed in the official real estate records of the County of Kern, California. The date the Quitclaim Deed is recorded is the “**Recording Date**”. Chevron shall have full and sole responsibility for all fees, charges, taxes, assessments, expenses and costs which arise due to or in connection with the recording of

the Quitclaim Deed and/or City's quitclaiming of City's Interests to Chevron, including but not limited to any and all documentary transfer, reconveyance, recording and sales taxes, assessments and fees, as well as the premiums for any title insurance Chevron desires for the Property. Notwithstanding any other provision in this Agreement, City shall not have any obligation to execute any owner's declaration, owner's affidavit or similar documentation in connection with any title insurance sought or obtained by Chevron. The quitclaiming of City's Interests as described above shall be subject to all matters of record. All real property taxes on the Property shall be apportioned between the Parties based on the Recording Date, with City being responsible for the same to the extent attributable to the period before the Recording Date and Chevron being responsible for the same to the extent attributable to the period on and after the Recording Date.

3. **FULL AND COMPLETE MUTUAL RELEASES.** Except for the Parties' duties and obligations under this Agreement, upon the Delivery Date occurring (but not before), without any further act or notice by the Parties, both of the Parties, on behalf of themselves and their parents, subsidiaries, departments, affiliates, predecessors, successors, assigns and related governmental entities, hereby forever and fully release, acquit and discharge each other (and each other's parents, subsidiaries, departments, affiliates, trustors, trustees, beneficiaries, predecessors, successors, assigns and related governmental entities, and all directors, officers, shareholders, employees, managers, members, agents, insurers, trustors, trustees, beneficiaries and attorneys of any of the foregoing) from any and all claims (including civil claims, counterclaims, third-party claims and contribution claims), rights, demands, liens, actions, administrative actions, causes of action, obligations, debts, costs, fees (including reasonable attorney, expert witness and consultant fees), expenses, damages, penalties, judgments, orders and liabilities of whatever kind, nature, character and description in law, equity or otherwise, whether known or unknown, suspected or unsuspected, anticipated or unanticipated, liquidated or unliquidated, regarding, based upon, or concerning the Property, the Lease, Well Closure (and/or any failure for there to be Well Closure) and/or any Contamination on, at, under or from the Property.

4. **WAIVER OF SECTION 1542.** The Parties represent and warrant they have been advised of the existence of Section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Notwithstanding this provision, Section 3 will constitute a full release of the matters released herein. The Parties knowingly and voluntarily waive the provisions of Section 1542, as well as any other statute, law and rule of similar effect, and acknowledge and agree that this waiver is an essential and material term of this Agreement, and that without such waiver, this Agreement would not have been entered into by either of the Parties.

5. **INDEMNITY.** Chevron hereby agrees to indemnify, hold harmless, and immediately defend City and all of its departments, predecessors, successors, assigns and related governmental entities, and all of their employees, elected and appointed officials, agents,

insurers, trustors, trustees, beneficiaries and attorneys from and against any and all third-party claims and causes of action and any and all orders, demands, claims and directives of any governmental entity or agency (and for any of the foregoing, all resulting costs, fees [including reasonable attorney, expert witness and consultant fees], expenses, damages, penalties, judgments, orders and liabilities) of every kind, nature and description based upon, arising out of or connected with, in whole or in part, the Lease, the Property, the Well Closure (and/or any failure for there to be Well Closure) and/or any Contamination on, at, under or from the Property. To the extent necessary to ensure this indemnity provision is fully-enforceable by City, if there is any third-party claim or cause of action or any order, demand, claim or directive of any governmental entity or agency, Chevron agrees (i) the failure for there to be any Well Closure, and/or (ii) the presence of any Contamination on, at, under or from the Property is not due to the sole negligence of City or the willful acts or omissions of City. Without limiting what other provision(s) may be considered material, the Parties agree this entire Section 5 is a material and essential term of this Agreement.

6. **NO ADMISSION OF LIABILITY.** This Agreement represents a compromise between the Parties regarding the subject matter hereof and nothing in this Agreement or any acts performed pursuant to this Agreement represents any admission or acknowledgement of responsibility and/or liability by any of the Parties regarding the Property, the Lease, Well Closure or any Contamination on, at, under or from the Property and/or that they have any responsibility and/or liability to each other or to any third party with respect to the same.

7. **REPRESENTATIONS AND WARRANTIES; ACKNOWLEDGMENT.** Each Party to this Agreement represents, warrants and agrees as follows: (1) they have made such investigation of the facts and matters pertaining to this Agreement that they deem necessary, (2) they had an opportunity to consult with an attorney regarding this Agreement before signing it, (3) they have read this Agreement and understand its contents, (4) each person signing this Agreement has the full authority to sign this Agreement on behalf of the Party for which he or she is signing and also has the ability and authority to bind the Party to the obligations and commitments set forth in this Agreement, and (5) each Party has not assigned, granted, transferred, or purported to assign, grant or transfer, any of the rights, claims, causes of action, defenses or privileges related to the Property, or the Lease, or that may be disposed of by this Agreement.

8. **NO PRESCRIPTION REGARDING DRAFTER.** This Agreement shall be construed without regard to its drafter and shall be construed as though each Party hereto has participated equally in the drafting of this Agreement. Each Party shall bear all fees, costs and expenses they incurred in drafting this Agreement.

9. **WAIVER.** A waiver of any term or condition of this Agreement shall not be deemed to be a waiver of any other term or condition hereof. The failure of any Party to enforce any provision of this Agreement shall in no way be deemed a waiver of such provision, or preclude such Party from later enforcing the same or any other provision of the Agreement.

10. **AMENDMENT & MODIFICATION.** This Agreement may not be amended or modified, nor any term or condition hereof waived, except by a duly executed written instrument between the Parties that clearly evidences an intent to amend or modify this Agreement.

11. **COUNTERPARTS.** This Agreement may be executed in counterparts and by electronic means, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. A signature delivered on any counterpart by facsimile or other electronic means will for all purposes be deemed to be an original signature to this Agreement. The term “electronic means” is one that is executed by applying an electronic signature using technology mutually acceptable to the Parties or otherwise allowed under California law.

12. **GOVERNING LAW; VENUE.** This Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of California without regard to principles of conflicts of laws that would direct application of the laws of another jurisdiction. Any action(s) to enforce or interpret this Agreement shall be resolved exclusively in either the California state court for San Francisco County or the United States District Court for the Northern District of California, and the Parties consent to personal jurisdiction in those courts for such purpose.

13. **ENTIRE AGREEMENT.** This Agreement comprises the complete and exclusive agreement between the Parties regarding the subject matter of this Agreement, and supersedes all oral and written communications, negotiations, representations, or agreements in relation to that subject matter made or entered into before the Agreement Date.

14. **FURTHER ACTIONS.** The Parties shall, at their own cost and expense, execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement; provided, however, that should the recording or filing of the same result in any tax, fee, charge or assessment, Chevron shall be responsible for paying the same.

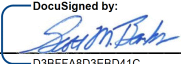
15. **DISCLAIMERS.** If the Condition Precedent occurs and City delivers the Quitclaim Deed to Chevron, Chevron agrees it is acquiring City’s Interests “AS IS” and “WHERE IS” with all faults and defects in and concerning the same and any portions thereof. City hereby specifically disclaims any representation or warranty, except as provided in Section 7 of this Agreement, regarding City’s Interests, oral or written, including, but not limited to those concerning the nature and condition of the Property, compliance with governmental regulations, the presence or absence of any Contamination on, at, under or from the Property, the condition of any wells, and the suitability of the Property for any and all activities and uses which Chevron may conduct thereon. City makes no representation or warranty, express or implied, including but not limited to any warranty of condition, habitability, merchantability, suitability or fitness for a particular purpose regarding City’s Interests. City does not guarantee the legal, physical, geological, environmental or other conditions of the Property, nor does it assume any responsibility for the compliance of the Property or its use with any statute, ordinance or regulation. It is Chevron’s sole responsibility to determine all building, planning, zoning and other regulations relating to the Property and the uses to which it may be put. Chevron agrees it is acquiring City’s Interests based solely on its own independent investigations and findings and not in reliance upon any information provided by City. Chevron agrees and understands that, without limitation, City has not made any promise, commitment or guarantee to engage in any Well Closure and/or to assess, remediate and/or monitor any Contamination on, at, under or from the Property.

16. **DISCLOSURE.** Pursuant to, *inter alia*, California Health & Safety Code Section 25359.7, City hereby notifies Chevron there may have been a release of hazardous materials (including Contamination) on, at, under or from the Property.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates set forth below.

CHEVRON:

Chevron U.S.A. Holdings Inc.

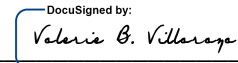
DocuSigned by:

D3BFFA8D3EBD41C...

Printed Name: Scott M. Banks
Title: Assistant Secretary

2024-Jul-03 | 10:47 AM PDT

Date

Chevron U.S.A. Inc.

DocuSigned by:

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Printed Name: Valerie B. Villaraza
Title: Assistant Secretary

2024-Jul-03 | 10:46 AM PDT

Date

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
ANDRICO Q. PENICK
Director of Property

Date

APPROVED AS TO FORM:

DAVID CHIU, City Attorney

By: _____
Elizabeth A. Dietrich
Deputy City Attorney

Exhibit A

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO**

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property

AND MAIL TAX STATEMENTS TO:

Chevron U.S.A. Inc.
9525 Camino Media
Bakersfield, California 93311
Attn: Tax Department

(Above Space For Recorder's Use Only)

APN: 093-120-30, 093-120-32,
093-210-18 and 093-210-19

The Undersigned Grantor Declares:

RECORDING FEES: Exempt Per CA Gov't Code Section 27383

TAX RATE AREA (TRA): Unincorporated area

DOCUMENTARY TRANSFER TAX \$

Computed on the consideration or full value of property conveyed

SURVEY MONUMENT FEE \$ N/A

QUITCLAIM DEED

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, the City and County of San Francisco, a California municipal corporation ("**City**"), pursuant to Ordinance No. _____, adopted by its Board of Supervisors on _____ and approved by the Mayor of the City on _____, hereby quitclaims, remises and releases to Chevron U.S.A. Inc., a Pennsylvania Corporation, any and all rights, title and interest City has in and to the real property located in the County of Kern, State of California described in Exhibit A attached hereto and made a part hereof (the "**Property**"), as well as all rights, title and interest the City has in any and all buildings, structures, improvements, wells, casings, tubings, pipelines, equipment and personal property thereon or thereunder without restriction or reservation of any kind or nature; subject, however, to all matters of record.

Executed this ____ day of _____, 2024.

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
ANDRICO Q. PENICK
Director of Property

APPROVED AS TO FORM:

DAVID CHIU
City Attorney

By: _____
Elizabeth A. Dietrich
Deputy City Attorney

DESCRIPTION CHECKED/APPROVED:

By: _____
[NAME]
City Engineer

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____ §

COUNTY OF _____ §

On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____ §

COUNTY OF _____ §

On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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STATE OF _____ §

COUNTY OF _____ §

On _____ before me, _____, a Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature of Notary Public

Exhibit A to Quitclaim Deed

Legal Description of the Property

All of the real property situated in the County of Kern, State of California described as follows:

Section 21 and the Northeast Quarter of Section 28, Township 28 South, Range 28 East in Kern County, California.

Assessor's Parcel Numbers 093-120-30, 093-120-32, 093-210-18 and 093-210-19.