

1 [Tolling Agreement - Retroactive - Chevron U.S.A. Holdings Inc. and Chevron U.S.A. Inc. -
2 Kern County Real Property Dispute]

3 **Resolution retroactively approving a Tolling Agreement to extend the statute of**
4 **limitations for the City, Chevron U.S.A. Holdings Inc., and Chevron U.S.A. Inc. to bring**
5 **potential litigation against one another regarding the condition of the City’s property,**
6 **and which party has responsibility to plug and abandon oil wells and to remediate**
7 **potential contamination of the City’s property located in Kern County, California that**
8 **was previously leased by Chevron U.S.A. Holdings Inc., and Chevron U.S.A. Inc., to**
9 **allow for possible resolution of the matter without litigation, to extend the statute of**
10 **limitations from November 30, 2023, through May 31, 2024; and to authorize the City**
11 **Attorney to enter into extensions or modifications to the Tolling Agreement that do not**
12 **materially increase the obligations or liabilities to the City and are necessary to**
13 **effectuate the purposes of the Tolling Agreement or this Resolution.**

14
15 WHEREAS, The City and County of San Francisco (the “City”) owns approximately 800
16 acres of real property located in Section 21 and the Northeast Quarter of Section 28,
17 Township 28 South, Range 28 East in Kern County, California (the “Property”); and

18 WHEREAS, Chevron U.S.A. Holdings Inc., and Chevron U.S.A. Inc. (collectively,
19 “Chevron”) previously leased the Property from the City pursuant to an Oil and Gas Lease
20 dated March 5, 1963, as amended by a May 24, 1994 Amendment to Oil and Gas Lease
21 (collectively, the “Lease”); and

22 WHEREAS, A dispute has arisen between the City and Chevron regarding the
23 condition of the Property, who the responsible party is for the condition of the Property, to
24 plug, abandon, re-abandon, close, seal, decommission, make safe and/or remove wells at the
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1 Property in accordance with all applicable laws and regulations, and who has responsibility for
2 any contamination at the Property (the “Dispute”); and

3 WHEREAS, The City and Chevron desire to resolve their differences without resorting
4 to litigation, but the City does not wish to lose any rights it has or may have against Chevron
5 relating to the Dispute because of the further passage of time; and

6 WHEREAS, To give the parties time to resolve the Dispute without potentially
7 unnecessary litigation, the City and Chevron have agreed that the limitations period for any
8 potential litigation related to the Dispute shall be extended under the terms set forth in the
9 Tolling Agreement on file with the Clerk of the Board of Supervisors in File No. 240082; now,
10 therefore, be it

11 RESOLVED, That the Board of Supervisors authorizes the City to agree that the
12 statute of limitations for the City or Chevron to file an action against the other party with
13 respect to the Dispute shall be extended from November 30, 2023, to and including May 31,
14 2024, under the terms set forth in the Tolling Agreement; and, be it

15 FURTHER RESOLVED, That the Board of Supervisors authorizes the City Attorney to
16 enter into additional tolling agreements on substantially similar terms with other entities that
17 may bear responsibility in the Dispute, and that the City Attorney determines are in the City’s
18 best interest; and, be it

19 FURTHER RESOLVED, That the Board of Supervisors authorizes the City Attorney to
20 enter into any extensions or modifications of the Tolling Agreement and such other tolling
21 agreements in connection with the Dispute that the City Attorney determines, in consultation
22 with the Director of Property, are in the City’s best interest, do not materially decrease the
23 City’s benefits or materially increase the City’s liabilities or obligations in connection with the
24 Dispute, and are necessary and advisable to effectuate the purpose and intent of this
25 Resolution.