

## ASSIGNMENT, WELL TRANSFER, AND OPERATORSHIP AGREEMENT

This **ASSIGNMENT, WELL TRANSFER, AND OPERATORSHIP AGREEMENT** (“Agreement”) dated as of **1 March 2021** (“Effective Date”), is made by and between **CHEVRON U.S.A. INC.**, a Pennsylvania corporation, with a mailing address at 9525 Camino Media, Bakersfield, California 93311 (“Assignor”) and **ORANGE COUNTY SANITATION DISTRICT**, with a mailing address at 10844 Ellis Ave, Fountain Valley, CA 92708 (“Assignee”).

### RECITALS

- A. Assignor wishes to assign and transfer to Assignee the NC-79 well, API #05921580 as further described in Exhibit A (“Assigned Wells”), along with the related rights and obligations, including rights to own, operate, access, excavate, monitor, abandon and/or re-abandon, and modify the Assigned Wells as set forth in this Agreement.
- B. Assignee wishes to accept from Assignor the assignment of the Assigned Wells and related rights and obligations, including rights to own, operate, access, excavate, monitor, abandon and/or re-abandon, and modify the Assigned Wells as set forth in this Agreement.

### AGREEMENT

#### 1. DEFINITIONS, INTERPRETATION AND EXHIBITS

- 1.1 **Definitions.** As used in this Agreement, these words or expressions have the following meanings:

“Abandonment Obligations” means abandoning, decommissioning, removing or making safe the Assigned Wells as and to the extent required by CALGEM, applicable statutes, regulations, and guidelines, and contractual obligations for the Assigned Wells. Abandonment Obligations include all of the following:

- (A) The plugging, abandonment, and re-abandonment of the Assigned Wells.
- (B) The clearance, restoration, and remediation of the lands affected by the Assigned Wells.
- (C) The removal, remediation, and abatement of any petroleum material, any contamination or pollution (including spilling, leaking, pumping, pouring, emitting, emptying, discharging, leaching, dumping, disposing or other release of any chemical substance, pollutant, contaminant, toxic substance, radioactive material, hazardous substance, NORM, waste, saltwater, cuttings, muds, crude oil, or petroleum product) of surface soils and water, subsurface soils, air, groundwater, or any vessel, piping, equipment, tubing, or subsurface structure or strata associated with the Assigned Wells.

“Affiliate” of a Party shall mean any Person that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with such Party. For purposes of this definition, “control” means ownership of fifty percent (50%) or greater of the voting interest (stock or otherwise) of such entity.

“Agreement” has the meaning given in the introductory paragraph of this Agreement.

“Assignee” has the meaning given in the introductory paragraph of this Agreement.

“Assigned Wells” has the meaning given in the recitals of this Agreement.

“Assignor” has the meaning given in the introductory paragraph of this Agreement.

“Assignor Group” means Assignor, Assignor’s Affiliates, and their Affiliates, and the directors, officers, and employees of all of them.

“CALGEM” means the California Geologic Energy Management Division or its successor agency or agencies with regulatory authority over the matters that are the subject of this Agreement.

“Claim” means any claim, liability, penalty, fine, loss, demand, damages, Lien, cause of action of any kind, obligation, costs, judgment, interest, and award (including recoverable legal counsel fees and costs of litigation of the Person asserting the Claim), whether arising by law, contract, tort, voluntary settlement, or otherwise.

“Effective Date” has the meaning given in the introductory paragraph of this Agreement.

“Indemnitee(s)” means each Person who is a member of Assignor Group.

“Laws” has the meaning set forth in Section 7.

“Lien” means charge, encumbrance or similar right available to creditors at law to secure debts owed to them.

“NORM” means the presence of naturally occurring radioactive materials.

“Party” means Assignee or Assignor and “Parties” mean both of them.

“Person” means an individual, corporation, company, state, statutory corporation, government entity or any other legal entity.

1.2 **Interpretation.** Unless the context expressly requires otherwise, all of the following apply to the interpretation of this Agreement:

- (A) The plural and singular words each include the other.
- (B) The masculine, feminine, and neutral genders each include the others.
- (C) The word “or” is not exclusive.
- (D) The word “includes” and “including” are not limiting but are terms of enlargement so other items or components are includable although not specifically expressed.
- (E) References to matters “arising” (or which “arise” or “arises”) “out of this Agreement” include matters which arise in connection with this Agreement or have a causal connection with or which flow from this Agreement or which would not have arisen or occurred but for the entering into this Agreement or the performance of or failure to perform obligations under this Agreement.

- (F) The headings in this Agreement are included for convenience and do not affect the construction or interpretation of any provision of, or the rights or obligations of a Party under, this Agreement.

1.3 **Exhibits.**

- (A) Exhibit A attached to the body of this Agreement are integral parts of this Agreement and are incorporated by reference into this Agreement.
- (B) If a conflict exists between the body of this Agreement and Exhibit A, the body prevails to the extent of the conflict.

2. **CONVEYANCE**

- 2.1 **Assignment.** Assignor assigns to Assignee, and Assignee accepts from Assignor, **without warranty of any kind, either express or implied** and in accordance with all terms and conditions of this Agreement, all of Assignor's right, title, and interest in and to the Assigned Wells, except as limited by Section 2.3 below.
- 2.2 **Well Transfer.** Assignor and Assignee shall complete and execute all agreements, documents, notifications, and materials necessary to assign and transfer the Assigned Wells. Assignee shall deliver to CALGEM the Notification of Well and/or Facility Disposition form within 10 business days after the Effective Date and send Assignor a copy of the approved form as received from CALGEM, within ten days of such receipt.
- 2.3 **Operating Rights.** Assignor assigns and grants Assignee the right to operate the Assigned Wells, only as is necessary and/or desirable to complete any work on the Assigned Wells in connection with Assignee's development project (i.e., lowering the well and any associated testing, repair, maintenance, etc. associated therewith), as well as any repair, maintenance, abandonment, re-abandonment, or remediation work which is required or desired now or in the future. For the purposes of this Agreement, Assignee's right to operate the Assigned Well is consistent with the definition set forth in California Public Resources Code, Division 3, Chapter 1, Section 3009, and includes the corresponding rights and responsibilities associated with the right to operate the Assigned Well in accordance with all terms and conditions of this Agreement and the California Public Resources Code, Division 3, Chapter 1, including indemnity bonding requirements. Assignor does not assign or grant Assignee any right to production of any oil, gas, water, or minerals, or any right to inject or dispose of any substance into the Assigned Wells.

3. **NO WARRANTY OR REPRESENTATION BY ASSIGNOR**

- 3.1 **This Agreement is made on an "AS IS, WHERE IS" basis, "WITH ALL FAULTS," and WITHOUT WARRANTIES WHATSOEVER WITH RESPECT TO THE ASSIGNED WELLS TRANSFERRED, EITHER EXPRESS OR IMPLIED it being expressly agreed by Assignor and Assignee that ASSIGNOR MAKES NO WARRANTIES OR REPRESENTATIONS WITH RESPECT TO ORIGIN, QUANTITY, QUALITY, CONDITION, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, SAFETY OF EQUIPMENT, COMPLIANCE WITH GOVERNMENTAL REGULATIONS, OR CONDITION OF THE ASSIGNED WELL.**

3.2 All descriptions set forth in this Agreement and any information furnished to Assignee by Assignor before or after the Effective Date concerning the Assigned Well, have been and will be furnished solely for Assignee's convenience and have not constituted and will not constitute a representation or warranty of any kind by Assignor, and any reliance on same by Assignee will be at Assignee's sole risk and liability.

#### 4. ASSUMPTION OF OBLIGATIONS

4.1 **Assumed Obligations.** Assignee shall perform the Abandonment Obligations for the Assigned Wells.

4.2 **Other Risks.** Assignee acknowledges that Assignor assigns the Assigned Wells without representation or warranty of any kind, and Assignee expressly assumes sole responsibility for all liabilities and Claims in any way arising out of or related to the Assigned Wells arising on or after the Effective Date.

4.3 INDEMNITY

4.4 **General Indemnity. UNLESS OTHERWISE SPECIFICALLY PROVIDED IN THIS AGREEMENT, ASSIGNEE RELEASES, DISCHARGES, INDEMNIFIES, AND SHALL DEFEND AND HOLD HARMLESS INDEMNITEES AGAINST ALL CLAIMS IN ANY WAY ARISING OUT OF OR RELATING TO THE ASSIGNED WELL OR THIS AGREEMENT ARISING ON OR AFTER THE EFFECTIVE DATE.**

4.5 **Defense of Claims.**

4.6 Whenever Assignee is obligated hereunder to indemnify Indemnitees against Claims, Assignee shall defend and hold Indemnitees harmless against those Claims and against all reasonable costs, expenses, and fees of any kind (including attorneys' fees) incurred by Indemnitees in defending those Claims.

4.7 Assignor has the right to reasonably object to counsel selected by Assignee, following written notice Assignor to Assignee objecting to such counsel, and select alternative counsel at the cost of Assignee.

#### 5. CONFLICT OF INTEREST

No director, employee, or agent of either Party will give or receive any commission, fee, rebate, gift, or entertainment of significant cost or value in connection with this Agreement. For five years after the Effective Date, any representatives authorized by either Party may audit the applicable records of the other Party solely for the purpose of determining whether there has been compliance with this provision. The provisions of this Section 6 will survive termination of this Agreement.

#### 6. GOVERNING LAW

This Agreement is governed by and interpreted under the laws of the State of California, without regard to its choice of law rules.

7. **NOTICES**

All notices required or permitted under this Agreement must be in writing and delivered by mail (postage prepaid), by overnight courier, or by hand delivery to the address of the Party receiving the notice set out in the signature page to this Agreement. A notice shall be effective upon actual receipt by the Party to whom it is addressed. Notices sent by email are ineffective.

8. **PUBLIC ANNOUNCEMENTS**

Except as otherwise expressly required by law, a Party shall not issue any public announcement or statement concerning this Agreement or its subject matter without obtaining the other Party's prior written consent, which consent shall not be unreasonably withheld or delayed.

9. **THIRD PARTY RIGHTS**

Except as otherwise expressly stated herein, a Person who is not a party to this Agreement has no rights under this Agreement and may not enforce any provision of this Agreement.

10. **ASSIGNMENT**

The rights and obligations of either Party may be assigned in whole or in part; provided, however, any such assignment by Assignee will not relieve it of its obligations under this Agreement unless the Parties and the Person to whom Assignee intends to make such assignment, execute a novation. The requirement for a novation shall apply to subsequent assignments by Assignee. The terms of this Agreement will be binding upon and inure to the benefit of the Parties and their heirs, successors and assigns, and the obligations and responsibilities of Assignee to Assignor under this Agreement will run with the Assigned Wells.

11. **GENERAL PROVISIONS**

11.1 **Prior Agreements.** 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 Effective Date.

11.2 **Amendment.** This Agreement may not be amended orally or by performance. No amendment to this Agreement is effective unless made in writing and signed by authorized representatives of both Parties.

11.3 **Waiver.** Assignor's or Assignee's failure to pursue remedies for breach of this Agreement, or for Assignor or Assignee to take or not take other actions hereunder, does not constitute a waiver by Assignor or Assignee, respectively, of any breach of this Agreement by Assignee or Assignor or raise any defense against Claims against Assignee or Assignor for breach of this Agreement. The waiver or failure to require the performance of any covenant or obligation contained in this Agreement or pursue remedies for breach of this Agreement does not waive a later breach of that covenant or obligation.

11.4 **Severability.** Each provision of this Agreement is severable and if any provision is determined to be invalid, unenforceable or illegal under any existing or future law by a court, arbitrator of competent jurisdiction or by operation of any applicable law, this invalidity, unenforceability or illegality does not impair the operation of or affect those portions of this Agreement that are valid, enforceable and legal unless the deletion of such

provision or provisions would result in such a material change so as to cause completion of the transactions contemplated herein to be unreasonable.

- 11.5 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be deemed an original of this Agreement, and which together will constitute one and the same instrument.
- 11.6 **Topical Headings.** The topical headings used in this Agreement are for convenience only and will not be construed as having any substantive significance or as indicating that all of the provisions of this Agreement relating to any topic are to be found in any particular section.
- 11.7 **Survival.** Except as set forth in Section 11 above, all provisions in this Agreement, including those containing representations, warranties, releases and indemnities, and governing law, survive indefinitely until, by their respective terms, they are no longer operative or are otherwise limited by an applicable statute of limitations.
- 11.8 **Authorized Representatives.** Each Party represents and warrants that the Agreement has been duly executed and delivered by its authorized officer or other representative and constitutes its legal, valid, and binding obligation enforceable in accordance with its terms, upon delivery of the fully executed document, and no further consent or approval of any other Person is required in connection with its execution, delivery, and performance of the Agreement.
- 11.9 **Further Assurances.** 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 or to show the ability to carry out the intent and purposes of this Agreement. The provisions of this Section 12.9 will survive termination of this Agreement.

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**IMPORTANT NOTICE: THIS AGREEMENT CONTAINS PROVISIONS REGARDING INDEMNITIES AND WARRANTIES THAT EXPRESS THE AGREEMENT OF THE PARTIES CONCERNING CLAIMS ARISING OUT OF THIS AGREEMENT.**

The Parties have executed this Agreement in duplicate as evidenced by the following signatures of authorized representatives of the Parties:

**ASSIGNOR:**  
**CHEVRON U.S.A. INC.**

**ASSIGNEE:**  
**ORANGE COUNTY SANITATION DISTRICT**

**Signature:**

\_\_\_\_\_  
**Name:** Lance Burton  
**Title:** Attorney in Fact

\_\_\_\_\_  
**Name:** David John Shawver  
**Title:** Board Chairman

**ADDRESS FOR NOTICES:**

9525 Camino Media  
Bakersfield, CA 93311

**Attention:** Land Manager

**Telephone:** 661-654-7075

**ADDRESS FOR NOTICES:**

10844 Ellis Ave  
Fountain Valley, CA 92708

**Attention:** Kelly A . Lore, Clerk of the Board

**Telephone:** 714-593-7433

**EXHIBIT A- LEGAL DESCRIPTION**

Well Number	Operator	Section	Township	Range	API	County	State
Newport West NC-79	Chevron USA Inc	19	T06S	R10W	059-21580	Orange	California