

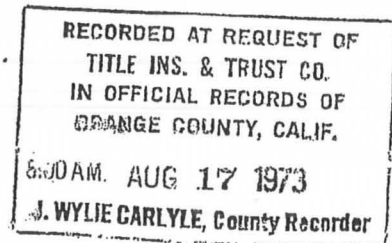
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Recording requested by and when
recorded return to:

FREE

BN 10855PG 494

N. Gregory Taylor
Deputy Attorney General
Department of Justice
Room 750
217 West First Street
Los Angeles, Calif 90012



State of California - Official
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No Tax Due

STATE OF CALIFORNIA

STATE LANDS COMMISSION

LEASE P.R.C. NO. 4734.9

Bolsa Chica

Parties to Lease:

Lessor: State of California, acting by and
through the State Lands Commission

Lessee: State of California, acting by and
through the Department of Fish and
Game

STATE OF CALIFORNIA
STATE LANDS COMMISSION

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LEASE P.R.C. No. 4734.9

Section 2

THE STATE OF CALIFORNIA, acting through the State Lands Commission hereinafter referred to interchangeably as "Lessor," or "State Lands Commission" pursuant to Division 6 of the Public Resources Code and Title 2, Division 3 of the California Administrative Code, does hereby lease, demise and let unto:

Lessee: State of California, Department of Fish and Game (hereinafter referred to as "Lessee") whose mail address is: 1416 Ninth Street, Sacramento, California 95814, that certain land described in Section 3 of this Agreement, for such consideration, specific purposes and subject to the covenants, terms, conditions, reservations, restrictions and limitations as are set forth hereinafter:

LEASE TYPE: Public Agency

COUNTY: Orange

TERM: 66 Years; 0 Months;

LAND TYPE: Sovereign

beginning upon recordation of this lease in Orange County Recorder's Office.

ending 66 years after effective date unless sooner terminated as hereinafter provided.

Renewal option: None

ANNUAL RENTAL: Public Benefit
(See Section 2, Paragraph 1)

LAND USE OR PURPOSE: Those uses and purposes set forth in that document entitled "Bolsa Bay -- A Conceptual Plan for Resources and Recreation" attached hereto as Exhibit "A" and incorporated herein by reference.

AUTHORIZED IMPROVEMENTS: Those improvements necessary or useful for the uses and purposes set forth in Exhibit "A" hereof.

Lessee Department assumes all liability of Lessor regarding lands described in Section 3 hereof and will indemnify lessor as to the same except as to the exercise of those rights and interests reserved by Lessor herein (See Section 4 paragraph 12 hereof).

LIABILITY INSURANCE: Not applicable

SURETY BOND: Not applicable

CONSTRUCTION LIMITING DATES:

Beginning: Within 3 years of effective date of this lease.

Completion: Within 14 years of effective date of this lease.

COMPOSITION OF AGREEMENT: This lease consists of the following parts all attached hereto and by reference made a part of the whole agreement:

Section 1 - Summary of basic terms, as above.

Section 2 - Certain public agency provisions.

Section 3 - Land description.

Section 4 - Further covenants and provisions this Section applies to and is a part of this Agreement unless specifically stated otherwise in Section 2.

EXHIBIT A - Bolsa Bay -- A Conceptual Plan for Resources and Recreation.

Section 2SPECIAL PROVISIONS - STATE LANDS COMMISSION
PUBLIC AGENCY LEASE

1. CONSIDERATION: The consideration to Lessor for granting this lease is:

(a) Rental. The rental shall be the public benefit together with any excess revenue as that term is defined below in Section 2, paragraph 1(b)1-7.

(b) Trust Fund.

1. Lessee shall establish a separate trust fund or funds and there shall be deposited in the fund or funds all monies received directly from, or indirectly attributable to; the leased sovereign lands.

2. Lessee shall submit to Lessor an annual statement of operations and financial condition of the trust fund or funds, in conformance with such requirements as the State Lands Division may prescribe, to the State Lands Commission on or before September 30 of each year for the preceding fiscal year ending on June 30.

3. Expenditures from the trust funds shall include but not be limited to the following purposes; provided, that such expenditures are in compliance with the terms of the lease, are otherwise lawful, and are matters of statewide, as distinguished from local or purely private, interest and benefit;

a. For land improvements, the erection, construction, reconstruction, repair, maintenance and operation of any facility, structure or betterment incidental, necessary or convenient, for the promotion and accommodation of commerce, navigation and fishery on leased tide and submerged lands and the immediate areas of contiguous and related uplands.

b. For the protection of wildlife habitats, the improvement, protection, and conservation of the wildlife and fish resources and the ecology of a leased area

of State-owned land, the providing of open-space areas and areas for recreational use of such lands with open access to the public, the enhancement of the esthetic appearance of a leased area, and for the prevention of pollution of the environment.

4. As to the accumulation and expenditure of revenues for any single capital improvement on the leased lands involving an amount in excess of fifty thousand dollars (\$50,000) in the aggregate, the Lessee shall file with the State Lands Commission a detailed description of such capital improvement not less than 90 days prior to the time of any disbursement therefor or in connection therewith, excepting preliminary planning. The State Lands Commission may, within 90 days after the time of such filing, determine and notify the Lessee that such capital improvement is not in the state-wide interest and benefit or is not authorized by the lease. In the event the State Lands Commission notifies the Lessee that such capital improvement is not authorized, the Lessee shall not disburse any revenue for or in connection with such capital improvement. Pursuant to this paragraph, the State Lands Commission hereby determines that any capital improvement in excess of said amount for the purposes set forth in Exhibit A hereof are in the Statewide interest and benefit. The determination shall in no way affect Lessee's duty to comply with all other terms and conditions of this lease, however.

5. At the end of every odd-numbered fiscal year, that portion of the trust revenues derived from the leased lands remaining after current and accrued operating costs and expenditures directly related to the operation or maintenance of trust activities have been made, shall be deemed excess revenue. Capital improvements of the leased lands for authorized purposes may be considered as expenditures for the purpose of determining excess revenues.

6. The excess revenue, if any, as determined pursuant to subsection 5 above shall be paid Lessor no later than September 30 of such odd-numbered fiscal year.

7. Lessee agrees to insure that employment practices arising out of or connected with operations under this lease shall not discriminate against any individual because of race, color, ancestry, national origin, or religion;

3. SUBLETTING: That Lessee shall not assign this lease. Lessee shall furnish to Lessor at the time of execution of this lease a copy of all of the leases, franchises, permits or other agreements with any third persons who are presently occupying any portion of the within described State lands. Nothing herein, however, shall prohibit Lessee from entering into leases, subleases, franchises, permits or other agreements with third parties for the use of limited areas of the leased premises herein described for the purposes set forth in Section 4 paragraph 3 herein, provided that such persons meet the requirements and qualifications for Lessees set forth in Division 6 of the Public Resources Code and Title 2 of the Administrative Code, and provided, further, that the State Lands Commission shall have the right to veto any such agreement with third parties within sixty (60) days following receipt of a copy thereof. Lessee agrees to provide the State Lands Commission with a conformed copy of such proposed agreement within ten (10) days of execution. In addition, State shall have the right to inspect and audit Lessee's records and accounts at any reasonable time;

4. RULES AND REGULATIONS: Lessee shall observe and comply with all rules and regulations now promulgated by any agency of the State of California and such reasonable rules and regulations as may hereafter be promulgated by any agency of the State of California having jurisdiction therein. This agreement shall further be subject to all of the rules and regulations of the State Lands Commission and to Lessee's rules and regulations insofar as they do not conflict with the terms, conditions, and covenants herein contained and with the rules and regulations of the State Lands Commission;

5. TERMINATION BY LESSOR: In the event the leased premises are not used, utilized, and maintained for any purpose herein specified within three (3) years of the effective date of this lease, and thereafter any time upon the discontinuance of all such uses and maintenance for a period of one hundred eighty (180) days said lease shall, at the option of Lessor and upon written notice thereof to Lessee, cease and terminate and Lessor shall have the right to forthwith re-enter upon and take possession of said land and at its option remove all, or any portion or portions, of any structures, roadways and fills from said land at the cost and expense of said Lessee.

6. PUBLIC ACCESS: Lessor of the Fish and Game Commission of the State of California, within six (6) months of the effective date of this lease, shall adopt rules and regulations regarding public access to the lands described in Section 3 hereof. It is specifically understood that public access to all or any portions of said lands may have to be prohibited or restricted for reasons of public health and safety due to the condition of said lands, oil and gas operations being conducted thereon and the necessity of protecting adjacent lands and persons residing thereon, as well as for the accomplishment of those purposes set forth in Fish and Game Code Sections 1580 et seq. and California Administrative Code, Title 14, Chapter II (Section 630) relating to ecological reserves.

7. ECONOMIC LIMIT OF OIL WELLS ON SUBJECT PROPERTY: Upon request of Lessee, Lessor shall determine which wells on the lands described in Section 3, if any, have reached their economic limit as that term is defined in that certain Oil and Gas Lease and Agreement recorded in Book 10855, pages 432 et seq. of _____ in Official Records in the Office of the County Recorder of Orange County and as to such wells Lessor shall insure that the lessee of said Oil and Gas Lease and Agreement complies with the requirements regarding a well which has reached such a limit.

Section 3

LAND DESCRIPTION

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PARCEL A:

In the County of Orange, State of California, being those portions of Fractional Sections 29, 30, 32 and 33, Township 5 South, Range 11 West, as shown on the map of Record of Survey filed in book 92, pages 19 through 28, records of said County, described as follows:

Beginning at a point in the northeasterly line of Pacific Coast Highway, as shown on said map of Record of Survey, lying North $37^{\circ}05'51''$ West 1790.56 feet from the northwesterly terminus of that certain curve in said northeasterly line, shown as having a central angle of $6^{\circ}29'50''$ and a radius of 5592.02 feet; thence North $52^{\circ}54'09''$ East 1938.02 feet; thence North $37^{\circ}05'51''$ West 4594.09 feet; thence South $72^{\circ}30'10''$ West 1246.27 feet to the beginning of a tangent curve, concave northeasterly and having a radius of 750.00 feet; thence northwesterly along said curve through a central angle of $84^{\circ}15'40''$, an arc length of 1102.98 feet; thence tangent to said curve, North $23^{\circ}14'10''$ West 1125.00 feet to the beginning of a tangent curve, concave southwesterly and having a radius of 1500.00 feet; thence northwesterly along said curve through a central angle of $16^{\circ}18'20''$, an arc length of 426.88 feet; thence tangent to said curve, North $39^{\circ}32'30''$ West 2790.00 feet; thence North $32^{\circ}08'30''$ West 955.00 feet to the southerly line of Warner Avenue as shown on said map of Record of Survey; thence along said southerly line, North $89^{\circ}12'50''$ West 245.00 feet to a point lying South $89^{\circ}12'50''$ East 827.01 feet along the centerline of said Warner Avenue and South $0^{\circ}47'10''$ West 30.00 feet from the intersection of the centerlines of said Warner Avenue and Pacific Coast Highway; thence South $18^{\circ}04'13''$ East 122.22 feet to the beginning of a tangent curve, concave northeasterly and having a radius of 360.00 feet; thence southeasterly along said curve through a central angle of $16^{\circ}55'47''$, an arc length of 106.37 feet; thence tangent to said curve, South $35^{\circ}00'00''$ East 90.00 feet; thence South $55^{\circ}00'00''$ West 40.00 feet; thence South $69^{\circ}36'53''$ West 123.80 feet to the beginning of a tangent curve, concave southeasterly and having a radius of 1000.00 feet; thence southwesterly along said curve through a central angle of $12^{\circ}59'38''$, an arc length of 226.79 feet; thence tangent to said curve, South $56^{\circ}37'15''$ West 166.12 feet to said northeasterly line of Pacific Coast Highway; thence along said northeasterly line by the following courses: South $33^{\circ}22'45''$ East 384.79 feet to the beginning of a tangent curve, concave northeasterly and having a radius of 2946.85 feet; thence

Section 3

LAND DESCRIPTION

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PARCEL A (Continued)

southeasterly along said curve through a central angle of $9^{\circ}04'34''$, an arc length of 466.80 feet; thence tangent to said curve, South $42^{\circ}27'19''$ East 2493.25 feet to the beginning of a tangent curve, concave southwesterly and having a radius of 5879.30 feet; thence southeasterly along said curve through a central angle of $5^{\circ}21'28''$, an arc length of 549.78 feet; thence tangent to said curve, South $37^{\circ}05'51''$ East 7200.00 feet to the point of beginning.

Consisting of 300.00 acres.

Section 3

LAND DESCRIPTION

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PARCEL B:

In the County of Orange, State of California, being that portion of Fractional Sections 29, 30, 32 and 33, Township 5 South, Range 11 West, as shown on the map of Record of Survey filed in book 92, pages 19 through 28, records of said county, described as follows:

A strip of land 90.00 feet in width, the northeasterly line of said strip being described as follows:

Beginning at a point in the northeasterly line of Pacific Coast Highway, as shown on said map of Record of Survey, lying North 37°05'51" West 1790.56 feet from the northwesterly terminus of that certain curve in said northeasterly line, shown as having a central angle of 6°29'50" and a radius of 5592.02 feet; thence along said northeasterly line by the following courses: North 37°05'51" West 7200.00 feet to the beginning of a tangent curve, concave southwesterly and having a radius of 5879.30 feet; thence northwesterly along said curve through a central angle of 5°21'28", an arc length of 549.78 feet; thence tangent to said curve, North 42°27'19" West 2493.25 feet to the beginning of a tangent curve, concave northeasterly and having a radius of 2946.85 feet; thence northwesterly along said curve through a central angle of 9°04'34", an arc length of 466.80 feet; thence tangent to said curve, North 33°22'45" West 384.79 feet to the point of termination.

PARCEL C:

In the County of Orange, State of California, being that portion of Fractional Section 30, Township 5 South, Range 11 West, as shown on the map of Record of Survey filed in book 92, pages 19 through 28, records of said county, described as follows:

A strip of land 30.00 feet in width, the northerly line of said strip being described as follows:

Beginning at the intersection at the centerlines of Warner Avenue and Pacific Coast Highway, as shown on said map of Record of Survey; thence along said centerline of Warner Avenue, South 89°12'50" East 827.01 feet to the true point of beginning; thence continuing along said centerline, South 89°12'50" East 245.00 feet to the point of termination.

Section 4STANDARD COVENANTS - STATE LANDS COMMISSION LEASE

1. AGREEMENT DEFINED: The terms "lease," "right of way," "easement," "permit," and "license" are interchangeable; where one term is used, it shall be deemed to include any one of the other terms, where appropriate.

2. BOUNDARIES: The description of the land in Section 3 herein has been made without a survey and it is understood that Lessor will, or will cause, said description to be located on the ground by use of appropriate monuments.

3. LAND USE AND ENVIRONMENTAL IMPACT STATEMENTS: Lessee agrees to use the land described in Section 3 only for the purpose or purposes stated in Section 1 and for the construction, operation and maintenance of the improvements listed in said Section 1. Prior to the implementation and commencement of any portion of the Conceptual Plan set forth in Exhibit A, Lessee will prepare and distribute appropriate environmental impact statements as required by Public Resources Code Section 21000 et seq., as amended, and obtain such permits as required by any governmental agency having jurisdiction over said land.

4. ADEQUACY OF CONSTRUCTION: Lessee shall insure that contractors comply with, construct and install all structures, facilities, pipelines, etc., in accordance with plans and specifications approved by a registered professional engineer.

5. REPAIRS: Lessee shall maintain and keep in good sound repair all structures, facilities, or appurtenances upon the property. The removal of, or substantial alteration to, any existing structure shall not be undertaken without prior written permission of Lessor first had and obtained.

6. RIGHT OF INSPECTION: Lessor through its authorized agents shall have the right at all reasonable times to go upon lands owned by the Lessee and upon the leased land for the purpose of inspecting the same or carrying out any function required by statutes or the rules and regulations of the State Lands Commission.

7. EXISTING ENCUMBRANCES: This lease is subject to existing contracts, leases, licenses, easements, encumbrances and claims which may affect the leased land, and this lease is made without warranty by Lessor of title, quiet enjoyment, condition or fitness of the State land for the intended use, or any other warranty whatever, except that Lessee faithfully keeping all the terms, provisions and conditions of this lease on Lessee's part to be performed, Lessor agrees not to interfere with Lessee's possession of the State land, except as herein may otherwise be provided. Without in any way limiting the foregoing sentence, Lessee specifically takes subject to the terms and conditions of the following documents, which are incorporated herein by reference to the recorded copies thereof in Official Records in the Office of the County Recorder of Orange County:

(a) Settlement Agreement recorded in Book 10599 pages 133 et seq. of OR;

(b) Oil and Gas Lease and Agreement recorded in Book 10855, pages 432 et seq. of OR;

(c) Drillsite Agreement recorded in Book 10855, pages 412 et seq. of OR;

(d) Lease of Right of User and Option to Acquire, recorded in Book 10855, pages 371 et seq. of OR.

8. RESERVATION OF NATURAL RESOURCES: There are hereby reserved to the State, all natural resources, timber, minerals, geothermal resources, oil, gas and hydrocarbon products in or upon the State land, and the right to grant in, over, and across said lands, leases or rights-of-way to extract or remove such natural resources, timber, or minerals as provided by law and the rules and regulations of the State Lands Commission and without compensation to the Lessee;

9. OTHER RESERVATIONS: Lessor expressly reserves the right to grant easements or crossings in, upon and under the demised premises, and nothing herein contained shall be construed as limiting the powers of the State to lease, convey or otherwise transfer or encumber, during the life of this agreement, the hereinbefore described State lands for any purposes whatsoever not inconsistent or incompatible with the rights or privileges granted to the Lessee by this agreement; provided, however, that nothing herein shall preclude

the Lessee from excluding unauthorized persons from the described lands during any period where Lessee reasonably deems such exclusion necessary or desirable in connection with its authorized use of said land;

10. INDEMNITY: Lessee shall indemnify and save harmless the Lessor, its officers, agents and employees against any and all claims, demands, loss, action or liability of any kind which State of California, or any of its officers, agents or employees may sustain or incur of which may be imposed upon them or any of them arising out of or connected with the issuance of this lease, including, without in any way limiting the generality of the foregoing, any claim, demand, loss, or liability arising from any alleged violation of the property or contractual rights of any third person or persons in the leased lands or imposed upon Lessor of the State of California by virtue of any of those documents specifically listed above in Section 4, paragraph 7 hereof;

11. RESTORATION OF PREMISES: Upon termination of this lease Lessor may elect to accept the leased land as then improved with structures, buildings, pipelines, machinery, facilities and fills in place or Lessor may elect to have any such improvements removed by Lessee at Lessee's expense. All such structures and facilities to be removed shall be salvaged and removed by Lessee at Lessee's sole expense and risk within ninety (90) days after the expiration or sooner termination of this lease. In making such removals Lessee shall restore said leased land as nearly as possible to the condition existing prior to erection or placement of the structures or facilities thereupon;

12. HOLDING OVER: Any holding over after the expiration of the term of this lease by the Lessee, with the consent of the State, shall be construed to be a tenancy from month to month, and shall otherwise be on the terms and conditions herein specified, as far as applicable;

13. REPOSSESSION: In the event of failure of the Lessee to pay rental, or in the event of a breach of any of the other covenants contained within this agreement, or failure of Lessee to observe the terms, conditions, restrictions or time limitations herein contained, to be kept, performed and observed, it shall be the responsibility of the Lessor to so notify Lessee of such breach. Ninety (90) days following such notification

if breach is not corrected, it shall be lawful for Lessor to re-enter into and upon the demised premises, and to remove all persons and property therefrom, and to repossess and enjoy the herein described demised premises as in the first and former estate of the State, anything to the contrary herein contained notwithstanding;

14. WAIVER OF BREACH: The waiver by Lessor of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition with respect to any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of monies hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant or condition of this lease, other than the failure of Lessee to pay the particular monies so accepted, regardless of the Lessor's knowledge of such preceding breach at the time of acceptance of such monies;

15. SUCCESSORS: The covenants and conditions herein contained shall apply to and bind the successors in interest of the parties hereto; and the parties hereto shall be jointly and severally liable hereunder;

16. NOTICES: That all notices herein provided to be given shall be deemed to have been fully given when made in writing and deposited in the United States mail with postage prepaid and addressed to the principal office or headquarters of the State Lands Commission, or to the Lessee as addressed on page 1 hereof, as appropriate;

17. CHANGES: This agreement may be terminated or the provisions changed, altered, or amended by mutual agreement of the parties hereto;

18. TIME: Time is the essence of each and all the terms and provisions of this agreement, and the terms and provisions of this agreement shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto; if more than one Lessee is named herein, the obligations of said parties herein contained shall be joint and several;

19. CAPTIONS: The captions of this lease are for convenience only and are not a part of this lease and do not in any way limit or amplify the terms and provisions of this lease.

This lease will become binding upon the State only when duly executed on behalf of the State Lands Commission of the State of California;

IN WITNESS WHEREOF, the parties hereto have executed this lease as of the date hereafter affixed.

DEPARTMENT OF FISH & GAME

Name of Lessee

*By

Signature

Title

Address

(SEAL)

STATE OF CALIFORNIA
STATE LANDS COMMISSION

By

James T. Hunt
Manager, State Lands Program

August 9, 1973

Date

The issuance of this lease was authorized by the State Lands Commission JAN 26 1973

*If Lessee is not an individual, attach a certified copy of the Resolution or other document authorizing execution on behalf of the Lessee.

APPROVED AS TO FORM:

EVELLE J. YOUNGER
Attorney General

By

J. Gregory
Deputy Attorney General

ACKNOWLEDGMENT

Department of Fish and Game

BK10855PG 509

BK10855PG 509

e of California)
ty of Sacramento) ss

On this 10th day of August, in the year One Thousand
Hundred and seventy three, before me, Herschel L. Norton, a Notary Public in and
said County and State, residing therein duly commissioned and sworn, personally appears
Ray H. Huet, known to me to be the Director
he Department of Fish and Game of the State of California that executed the within instrument
also known to me to be the person who executed the within instrument on behalf of the State o
fornia, therein named and acknowledged to me that the State of California executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day an
in this certificate first above written.

Herschel L. Norton

NOTARY PUBLIC - CALIFORNIA

PRINCIPAL OFFICE
SACRAMENTO COU

My Commission Expires July 17, 1978

Notary Public in and For The County Of Sacramento -
State of California

4
1/71)

Address

The issuance of this lease was
authorized by the State Lands

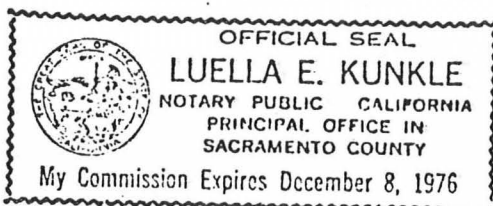
STATE OF CALIFORNIA)

COUNTY OF SACRAMENTO)

ss.

On this 9th day of August, A.D., 1973,
before me, the undersigned, a Notary Public in and for the State of California,
with principal office in the County of Sacramento, personally
appeared James F. Trout known to me to be the Manager, State Lands Program
of the STATE LANDS COMMISSION, STATE OF CALIFORNIA, the Commission that executed
the within Instrument, known to me to be the person who executed the within
Instrument, on behalf of the Commission therein named, and acknowledged to me
that such Commission executed the within Instrument pursuant to a resolution of
its Commissioners.

WITNESS my hand and official seal.



Luella E. Kunkle

LUELLA E. KUNKLE

Name (Typed or Printed)

NOTARY PUBLIC IN AND FOR THE STATE OF CALIFORNIA