

RECORDED AT THE REQUEST OF
AND WHEN RECORDED MAIL TO:
STATE OF CALIFORNIA
California State Lands Commission
Attn: Title Unit
100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202

STATE OF CALIFORNIA
OFFICIAL BUSINESS
Document entitled to free recordation
pursuant to Government Code Section 27383

SPACE ABOVE THIS LINE FOR RECORDER'S USE

A.P.N.
County: Orange

W 26166

LEASE PRC 8704.9

This Lease consists of this summary and the following attached and incorporated parts:

Section 1	Basic Provisions
Section 2	Special Provisions Amending or Supplementing Section 1 or 4
Section 3	Description of Lease Premises
Section 4	General Provisions
Exhibit 1	Standard Agreement C2006-14 (Interagency Agreement)
Exhibit 2	Bolsa Surface Use Agreement, dated September 2, 1971, as amended
Exhibit 3	Operating Assurances Agreement, dated February 13, 1997

SECTION 1

BASIC PROVISIONS

THE STATE OF CALIFORNIA, hereinafter referred to as Lessor acting by and through the **CALIFORNIA STATE LANDS COMMISSION** (100 Howe Avenue, Suite 100-South, Sacramento, California 95825-8202), pursuant to Division 6 of the Public Resources Code and Title 2, Division 3 of the California Code of Regulations, and for consideration specified in this Lease, does hereby lease, demise and let to the **California Department of Fish and Game**, hereinafter referred to as Lessee those certain lands described in Section 3 subject to the reservations, terms, covenants and conditions of this Lease.

MAILING ADDRESS:

California Department of Fish and Game
Attn: Supervisor, Land Management
and Monitoring Program
4949 Viewridge Avenue
San Diego, CA 92123

With a copy to:
California Department of Fish and Game
Office of General Counsel
1416 Ninth Street, 12th Floor
Sacramento, CA 95814

LEASE TYPE: General Lease - Public Agency Use

LAND TYPE: Public Trust lands

LOCATION: Bolsa Chica Lowlands, Huntington Beach, Orange County

LAND USE OR PURPOSE: Operation, maintenance, and management of the Bolsa Chica Lowlands Restoration Project and inclusion in the Bolsa Chica Ecological Reserve.

TERM: 33 years; beginning August 24, 2006; ending August 16, 2039, unless sooner terminated as provided under this Lease.

CONSIDERATION: The public use and benefit; with the Lessor reserving the right at any time to set a monetary rent if the Commission finds such action to be in the State's best interest. Subject to modification by Lessor as specified in Paragraph 2(b) of Section 4 - General Provisions.

AUTHORIZED IMPROVEMENTS: Existing infrastructure to operate and maintain tidal influence into the Bolsa Chica Lowlands and to support native coastal vegetation and nesting areas.

EXISTING: N/A

TO BE CONSTRUCTED: Wetlands restoration or other improvements consistent with a wetlands restoration area may be constructed or implemented subject to the provisions in Section 2.

AND BE COMPLETED BY: N/A

LIABILITY INSURANCE: N/A

SURETY BOND OR OTHER SECURITY: N/A

SECTION 2 SPECIAL PROVISIONS

BEFORE THE EXECUTION OF THIS LEASE, ITS PROVISIONS ARE AMENDED,
REVISED OR SUPPLEMENTED AS FOLLOWS:

1. The property described in Section 3 is subject to existing easements and leases, including but not limited to, existing oil and gas leases, a pipeline right-of-way crossing the Lease Premises along the eastern toe of the 70 road, and a lease to monitor and maintain groundwater wells in the muted tidal area adjacent to the Fieldstone property.
2. Lessor understands that Lessee plans to include the Bolsa Chica Lowlands Restoration Project within the Bolsa Chica Ecological Reserve and that the Lease Premises may be included within the Reserve. **Lessee shall provide advance notification to Lessor prior to including the Bolsa Chica Lowlands Restoration Project within the Bolsa Chica Ecological Reserve.**
3. Lessee shall comply with the provisions of Standard Agreement C2006-14 (Interagency Agreement), attached as Exhibit 1, for the management, operation and maintenance of the Bolsa Chica Lowlands Restoration Project.
4. Lessee and Lessor agree that the responsibilities included in the Interagency Agreement, Exhibit 1, may be amended from time to time upon written consent of both parties.
5. Lessee may implement wetlands restoration or other improvements consistent with the Bolsa Chica Lowlands Restoration Project.
6. Lessee's failure to perform the Scope of Work or Responsibilities of Land Manager identified within the Interagency Agreement, Exhibit 1, is grounds for termination of the lease, per Section 4 General Provisions of this lease, Item 11 (a), (b) and (c). Lessee and Lessor will meet once annually, at a minimum, to review the Scope of Work and Responsibilities as identified in Exhibit 1 and amend as necessary. Lessee and Lessor will strive to coordinate and communicate such that termination is a last resort, unless mutually agreed to by both parties.
7. Lessor's consent will not unreasonably be withheld for actions requiring Lessor's consent under provisions of this lease.
8. Nothing in this Lease shall be interpreted or construed as a commitment or requirement that the Lessee obligates or pay funds absent sufficient mitigation funds held in trust in the Kapiloff Land Bank expressly for the Project or an appropriation by the Legislature.
9. Lessee agrees that printed material, such as handouts and signs or other types of printed notices installed to provide notification of the public use and benefit of the project as set forth herein, shall contain and reasonably display a statement acknowledging ownership of the lands by the California State Lands Commission. The statement may read as follows: "The land included in the Bolsa Chica Wetlands Restoration Project is owned by the California State Lands Commission."

10. The following provision is in addition to Section 4, paragraph 7, INDEMNITY: Lessee shall not be liable and Lessor shall indemnify, hold harmless and, at the option of Lessee, defend Lessee, its officers, agents, and employees against and for any and all liability, claims, damages or injuries of any kind and from any cause, arising out of or connected in any way with the issuance, enjoyment or breach of this Lease or Lessor's use of the Lease Premises except for any such liability, claims, damage or injury solely caused by the negligence of Lessee, its officers, agents and employees. Lessee shall notify Lessor immediately in case of any accident, injury or casualty on the Lease Premises.
11. Lessee and Lessor understand that the provisions of Section 4, paragraph 12, RESTORATION OF LEASE PREMISES, applies only to improvements other than those constructed for wetlands restoration. Improvements made as part of wetlands restoration may not be removed by Lessee upon termination of this Lease.
12. Lessee and Lessor understand that some of the standard provisions of Section 4 have been modified or deleted, as appropriate, and as shown in redline/strikeout.
13. Lessor and Lessee acknowledge the existence of the Bolsa Surface Use Agreement, as amended (BSUA) and the Operating Assurances Agreement (OAA) (Exhibits 2 and 3, respectively, to this lease), that define the rights and rules of execution of the oil field lease in the Project area: currently operated by Aera Energy LLC (Aera). Both parties to this lease agree to expeditiously resolve in good faith any conflict or dispute between Project operation and maintenance and oil field operations. In the event of a conflict or dispute that cannot be resolved, Lessor has sole authority to resolve the conflict with Aera as provided under the BSUA and the OAA.
14. Lessor is in the process of acquiring jurisdiction over real property contained within the Bolsa Chica State Beach currently under the jurisdiction of the Department of Parks and Recreation (Parks). It is the intention of Lessor and Lessee that this property (See Section 3, Land Description, Parcel C-2, (Parks Jetty Parcel)) will automatically become part of this Lease upon the transfer of jurisdiction from Parks to Lessor. Lessor shall notify Lessee of the date the transfer of jurisdiction is complete, at which time it will be deemed part of this Lease. Parcel C-2, as shown in Section 3, Land Description, with the notation "JTI Pending," (Jurisdictional Transfer In) will, upon notification to the Lessee, automatically become part of the Lease Premises.
15. In the event a conflict arises between language in Section 1 or 2 and language in Section 4 of the Lease, the provisions of Section 1 or 2 shall prevail.

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SECTION 3

W26166

LAND DESCRIPTION

Four (4) Parcels of State owned land situated in the City of Huntington Beach, County of Orange and in the unincorporated territory of the County of Orange, State of California described as follows:

Parcel A-2 (AD 308)

All that land described as Conveyance A (Bolsa Chica Low Lands) and Conveyance B (Bolsa Chica Low Lands Pocket) in that certain grant deed recorded February 14, 1997 from Signal Bolsa Corporation to the State of California, recorded as Instrument No. 19970069448 of Orange County Records.

Parcel A-3 (MWD Parcel)

A parcel of land described in Exhibit A to that certain quitclaim deeds recorded September 17, 2002 as Instrument No. 20020792665 and Instrument No. 20020792666 of Orange County Records.

Parcel B-1 (Fieldstone Parcel)

A parcel of land designated as "Exhibit A" described in that certain corporation grant deed recorded December 15, 1999 from Signal Landmark Corporation to Hearthside Residential Corp., as Instrument No. 19990852905, Orange County Records.

Parcel C-2 (Parks Jetty Parcel JTI Pending)

A parcel of land situated in the City of Huntington Beach, Orange County, California being a portion of that parcel of land described in The Superior Court of the State of California in and for the County of Orange Case no. 84819 Final Order of Condemnation recorded in Book 5146 Official Record Page 588 Orange County recorders office and also being a portion of the former Pacific Railway right of way as described in The Superior Court of the State of California for the County of Orange Case no. 161 595 Final Order of Condemnation recorded in Book 9685 Official Record Page 825 Orange County recorders office, said parcel being more particularly described as follows:

BEGINNING at a point having a California Coordinate System 1983, Zone 6 coordinate of North 669,468.237 meters, East 1,834,371.135 meters, said point bears North 58°41'10" West, 452.089 meters from the intersection of the boundary line of the County of Orange and the City of Huntington Beach and the southwesterly right of way line of the Pacific Coast Highway 27.432

meters (90 feet) wide as shown on record of Survey 98-1035, recorded in Book 174 Maps Page 1, Orange County recorders office; thence North 40°54'27" West, 158.13 meters; thence North 52°54'11" East, 81.144 meters; thence North 37°05'49" West, 94.833 meters; thence North 52°54'11" East, 14.342 meters; thence South 37°05'49" East, 104.952 meters; thence North 52°54'11" East, 36.256 meters to a point on the right of way described in Exhibit A entitled "Bolsa Chica Wetlands Restoration Project Right of Way Re-Alignment Southwest Side of Pacific Coast Highway - 201040-1" in the "Agreement for Transfer of Jurisdiction of State-Owned Real Property Between the California Department of Parks and Recreation and the California State Lands Commission" filed in AD 515, on file in the office of California State Lands Commission; thence along said right of way South 37°05'49" East, 140.647 meters; thence North 52°54'11" East, 11.135 meters; thence South 36°47'52" East, 24.195 meters, thence South 29°38'00" East, 20.195 meters; thence South 37°20'34" East, 20.173 meters, thence South 38°43'11" East, 18.685 meters; thence leaving said right of way South 52°54'11" West, 34.437 meters; thence North 37°05'49" West, 76.055 meters; thence South 52°54'11" West, 95.797 meters to the Point of Beginning.

EXCEPTING THEREFROM any portion lying waterward of the Ordinary High Water Mark of the Pacific Ocean.

END OF DESCRIPTION

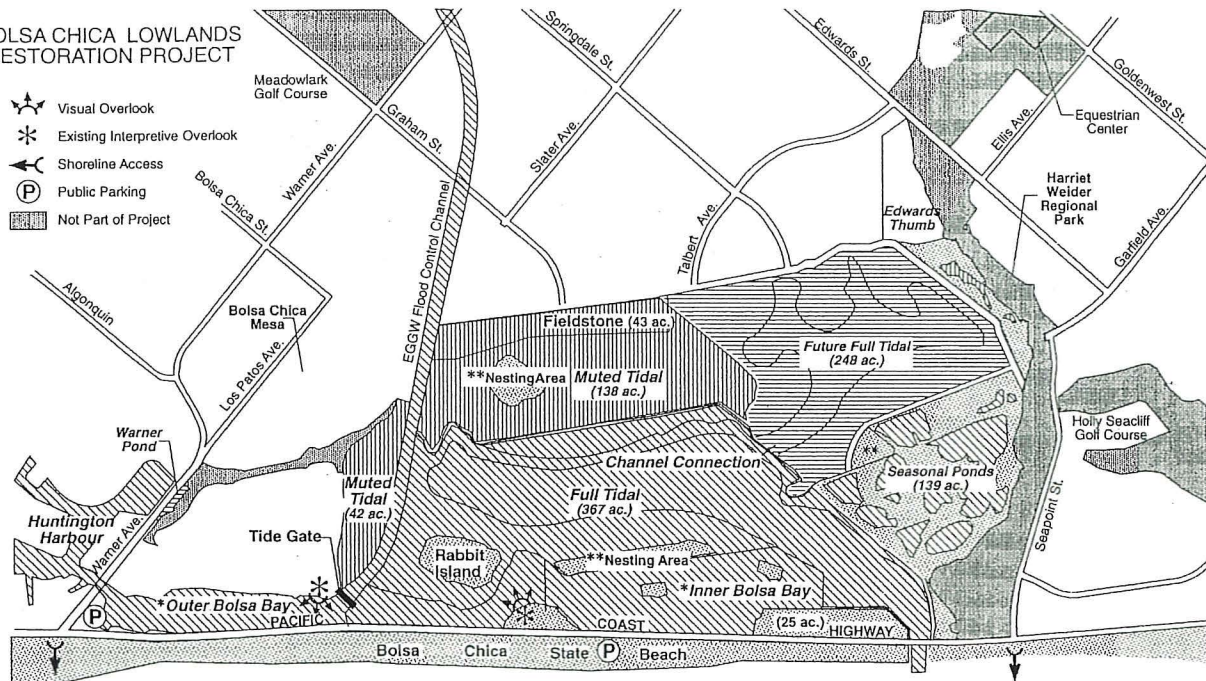


NO SCALE

SITE

BOLSA CHICA LOWLANDS RESTORATION PROJECT

- ★ Visual Overlook
- * Existing Interpretive Overlook
- ↔ Shoreline Access
- (P) Public Parking
- ▨ Not Part of Project



PACIFIC OCEAN

*Inner and Outer Bolsa Bay (210 ac.)
**Nesting Areas (20 ac.)

Bolsa Chica Wetlands Steering Committee

BOLSA CHICA LOWLANDS RESTORATION PROJECT

NO SCALE

LOCATION



MAP SOURCE: USGS QUAD

Exhibit A

W 26166

CALIFORNIA DEPARTMENT
OF FISH AND GAME

BOLSA CHICA
ORANGE COUNTY



This exhibit is solely for purposes of generally defining the lease premises, is based on unverified information provided by the Lessee or other parties, and is not intended to be, nor shall it be construed as a waiver or limitation of any State interest in the subject or any other property.

SECTION 4

GENERAL PROVISIONS

1. GENERAL

These provisions are applicable to all leases, permits, rights-of-way, easements, or licenses or other interests in real property conveyed by the State Lands Commission.

2. CONSIDERATION

(a) Categories

(1) Rental

Lessee shall pay the annual rental as stated in this Lease to Lessor without deduction, delay or offset, on or before the beginning date of this Lease and on or before each anniversary of its beginning date during each year of the Lease term.

(2) Non-Monetary Consideration

If the consideration to Lessor for this Lease is the public use, benefit, health or safety, Lessor shall have the right to review such consideration at any time and set a monetary rental if the State Lands Commission, at its sole discretion, determines that such action is in the best interest of the State.

(b) Modification

Lessor may modify the method, amount or rate of consideration effective on each fifth anniversary of the beginning date of this Lease. Should Lessor fail to exercise such right effective on any fifth anniversary it may do so effective on any one (1) of the next four (4) anniversaries following such fifth anniversary, without prejudice to its right to effect such modification on the next or any succeeding fifth anniversary. No such modification shall become effective unless Lessee is given at least thirty (30) days notice prior to the effective date.

(c) Penalty and Interest

Any installments of rental accruing under this Lease not paid when due shall be subject to a penalty and shall bear interest as specified in Public Resources Code Section 6224 and the Lessor's then existing administrative regulations governing penalty and interest

3. BOUNDARIES

This Lease is not intended to establish the State's boundaries and is made without prejudice to either party regarding any boundary claims which may be asserted presently or in the future.

4. LAND USE

(a) General

Lessee shall use the Lease Premises only for the purpose or purposes stated in this Lease and only for the operation and maintenance of the improvements expressly authorized in this Lease. Lessee shall commence use of the

Lease Premises within ninety (90) days of the beginning date of this Lease or within ninety (90) days of the date set for construction to commence as set forth in this Lease, whichever is later. Lessee shall notify Lessor within ten (10) days after commencing the construction of authorized improvements and within sixty (60) days after completing them. Lessee's discontinuance of such use for a period of ninety (90) days shall be conclusively presumed to be an abandonment.

(b) Continuous Use

Lessee's use of the Lease Premises shall be continuous from commencement of the Lease until its expiration or sooner termination.

(c) Repairs and Maintenance

Lessee shall, at its own expense, keep and maintain the Lease Premises and all improvements in good order and repair and in safe condition. Lessor shall have no obligation for such repair and maintenance.

(d) Additions, Alterations and Removal

(1) Additions - No improvements other than those expressly authorized in this Lease shall be constructed by the Lessee on the Lease Premises without the prior written consent of Lessor.

(2) Alteration or Removal - Except as provided under this Lease, no alteration or removal of improvements on or natural features of the Lease Premises shall be undertaken without the prior written consent of Lessor.

(e) Conservation

Lessee shall practice conservation of water, energy, and other natural resources and shall prevent pollution and harm to the environment. Lessee shall not violate any law or regulation whose purpose is to conserve resources or to protect the environment. Violation of this section shall constitute grounds for termination of the Lease. Lessor, by its executive officer, shall notify Lessee, when in his or her opinion, Lessee has violated the provisions of this section and Lessee shall respond and discontinue the conduct or remedy the condition within 30 days or such longer period as Lessee may reasonably require.

(f) Toxics

Lessee shall not manufacture or generate hazardous wastes on the Lease Premises unless specifically authorized under other terms of this Lease. Lessee shall be fully responsible for any hazardous wastes, substances or materials as defined under federal, state or local law, regulation, or ordinance that are manufactured, generated, used, placed, disposed, stored, or transported on the Lease Premises by

Lessee or permitted by Lessee during the Lease term and shall comply with and be bound by all applicable provisions of such federal, state or local law, regulation or ordinance dealing with such wastes, substances or materials. Lessee shall notify Lessor and the appropriate governmental emergency response agency(ies) immediately in the event of any release or threatened release of any such wastes, substances or materials of which Lessee has actual notice.

(g) Enjoyment

Subject to the provisions of paragraph 5 (a) (2) below, nothing in this Lease shall preclude Lessee from excluding persons from the Lease Premises when their presence or activity constitutes a material interference with Lessee's use and enjoyment of the Lease Premises as provided under this Lease.

(h) Discrimination

Lessee in its use of the Lease Premises shall not discriminate against any person or class of persons on the basis of race, color, creed, religion, national origin, sex, age, or handicap.

(i) Residential Use

No portion of the Lease Premises shall be used as a location for a residence or for the purpose of mooring a structure which is used as a residence. For purposes of this Lease, a residence or floating residence includes but is not limited to boats, barges, houseboats, trailers, cabins or combinations of such facilities or other such structures which provide overnight accommodations to the Lessee or others.

5. RESERVATIONS, ENCUMBRANCES AND RIGHTS-OF-WAY

(a) Reservations

(1) Lessor expressly reserves all natural resources in or on the Lease Premises, including but not limited to timber and minerals as defined under Public Resources Code Sections 6401 and 6407, as well as the right to grant leases in and over the Lease Premises for the extraction of such natural resources; however, such leasing shall be neither inconsistent nor incompatible with the rights or privileges of Lessee under this Lease.

(2) Lessor expressly reserves a right to go on the Lease Premises and all improvements for any purpose associated with this Lease or for carrying out any function required by law, or the rules, regulations or management policies of the State Lands Commission. Lessor shall have a right of reasonable access to the Lease Premises across Lessee owned or occupied lands adjacent to the Lease Premises for any purpose associated with this Lease, if access across such other lands is necessary to access the Lease Premises.

(3) Lessor expressly reserves to the public an easement for convenient access across the Lease Premises to other State-owned lands located near or adjacent to the Lease Premises and that are open to the public, and a right of reasonable passage across and along any right-of-way granted by this Lease; however, such easement or right-of-way shall be neither inconsistent nor incompatible with the rights or privileges of Lessee under this Lease.

(4) Lessor expressly reserves the right to lease, convey, or encumber the Lease Premises, in whole or in part, during the Lease term for any purpose not inconsistent or incompatible with the rights or privileges of Lessee under this Lease.

(b) Encumbrances

This Lease may be subject to pre-existing contracts, leases, licenses, easements, encumbrances and claims and is made without warranty by Lessor of title, condition or fitness of the land for the stated or intended purpose.

6. RULES, REGULATIONS AND TAXES

(a) Lessee shall comply with and be bound by all presently existing or subsequently enacted rules, regulations, statutes or ordinances of the State Lands Commission or any other governmental agency or entity having lawful authority and jurisdiction.

(b) Lessee understands and agrees that a necessary condition for the granting and continued existence of this Lease is that Lessee obtain and maintain all permits or other entitlements for the activities of Lessee under this Lease.

7. INDEMNITY

(a) Lessor shall not be liable and Lessee shall indemnify, hold harmless and, at the option of Lessor, defend Lessor, its officers, agents, and employees against and for any and all liability, claims, damages or injuries of any kind and from any cause, arising out of or connected in any way with the issuance, enjoyment or breach of this Lease or Lessee's use of the Lease Premises except for any such liability, claims, damage or injury solely caused by the negligence of Lessor, its officers, agents and employees.

(b) Lessee shall notify Lessor immediately in case of any accident, injury or casualty on the Lease Premises.

8. INSURANCE

(a) Lessee shall obtain and maintain in full force and effect during the term of this Lease comprehensive general liability insurance and property damage insurance, with such coverage and limits as may be reasonably requested by Lessor from time to time, but in no event for less than the sum(s) specified, insuring Lessee and Lessor against any and all claims or liability arising out of the ownership, use, occupancy, condition or maintenance of the Lease Premises and all improvements.

(b) The insurance policy or policies shall name the State of California, its officers, employees and volunteers as insureds as to the Lease Premises and shall identify the Lease by its assigned number. Lessee shall provide Lessor with a certificate of such insurance and shall keep such certificate current. The policy (or endorsement) must provide that the insurer will not cancel the insured's coverage without thirty (30) days prior written notice to Lessor. Lessor will not be responsible for any premiums or other assessments on the policy. The coverage provided by the insured (Lessee) shall be primary and non-contributing.

(c) The insurance coverage specified in this Lease shall be in effect at all times during the Lease term and subsequently until all of the Lease Premises have been either accepted as improved, by Lessor, or restored by Lessee as provided elsewhere in this Lease.

9. SURETY BOND

(a) Lessee shall provide a surety bond or other security device acceptable to Lessor, for the specified amount, and naming the State of California as the assured, to guarantee to Lessor the faithful observance and performance by Lessee of all of the terms, covenants and conditions of this Lease.

(b) Lessor may require an increase in the amount of the surety bond or other security device to cover any additionally authorized improvements, alterations or purposes and any modification of consideration.

(c) The surety bond or other security device shall be maintained in full force and effect at all times during the Lease term and subsequently until all of the Lease Premises have been either accepted as improved, by Lessor, or restored by Lessee as provided elsewhere in this Lease.

10. ASSIGNMENT, ENCUMBRANCING OR SUBLETTING

(a) Lessee shall not either voluntarily or by operation of law, assign, transfer, mortgage, pledge, hypothecate or encumber this Lease and shall not sublet the Lease Premises, in whole or in part, or allow any person other than the Lessee's employees, agents, servants and invitees to occupy or use all or any portion of the Lease Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld.

(b) The following shall be deemed to be an assignment or transfer within the meaning of this Lease:

(1) If Lessee is a corporation, any dissolution, merger, consolidation or other reorganization of Lessee or sale or other transfer of a percentage of capital stock of Lessee which results in a change of controlling persons, or the sale or other transfer of substantially all the assets of Lessee;

(2) If Lessee is a partnership, a transfer of any interest of a general partner, a withdrawal of any general partner from the partnership, or the dissolution of the partnership.

(c) If this Lease is for sovereign lands, it shall be appurtenant to adjoining littoral or riparian land and Lessee shall not transfer or assign its ownership interest or use rights in such adjoining lands separately from the leasehold rights granted herein without the prior written consent of Lessor.

(d) If Lessee desires to assign, sublet, encumber or otherwise transfer all or any portion of the Lease Premises, Lessee shall do all of the following:

(1) Give prior written notice to Lessor;

(2) Provide the name and complete business organization and operational structure of the proposed assignee, sublessee, secured third party or other transferee; and the nature of the use of and interest in the Lease Premises proposed by the assignee, sublessee, secured third party or other transferee. If the proposed assignee, sublessee or secured third party is a general or limited partnership, or a joint venture, provide a copy of the partnership agreement or joint venture agreement, as applicable;

(3) Provide the terms and conditions of the proposed assignment, sublease, or encumbrancing or other transfer;

(4) Provide audited financial statements for the two most recently completed fiscal years of the proposed assignee, sublessee, secured party or other transferee; and provide pro forma financial statements showing the projected income, expense and financial condition resulting from use of the Lease Premises; and

(5) Provide such additional or supplemental information as Lessor may reasonably request concerning the proposed assignee, sublessee, secured party or other transferee.

Lessor will evaluate proposed assignees, sublessees, secured third parties and other transferees and grant approval or disapproval according to standards of commercial reasonableness considering the following factors within the context of the proposed use: the proposed party's financial strength and reliability, their business experience and expertise, their personal and business reputation, their managerial and operational skills, their proposed use and projected rental, as well as other relevant factors.

(e) Lessor shall have a reasonable period of time from the receipt of all documents and other information required under this provision to grant or deny its approval of the proposed party.

(f) Upon the express written assumption of all obligations and duties under this Lease by an assignee approved by Lessor, the Lessee shall be released from all liability under this Lease arising after the effective date of assignment and not associated with Lessee's use, possession or occupation of or activities on the Lease Premises; except as to any hazardous wastes, substances or materials as defined under federal, state or local law, regulation or ordinance manufactured, generated, used, placed, disposed, stored or transported on the Lease Premises by Lessee.

(g) If the Lessee files a petition or an order for relief is entered against Lessee, under Chapters 7, 9, 11 or 13 of the Bankruptcy Code (11 USC Sect. 101, et seq.) then the trustee or debtor-in-possession must elect to assume or reject this Lease within sixty (60) days after filing of the petition or appointment of the trustee, or the Lease shall be deemed to have been rejected, and Lessor shall be entitled to immediate possession of the Lease Premises. No assumption or assignment of this Lease shall be effective unless it is in writing and unless the trustee or debtor-in-possession has cured all defaults under this Lease (monetary and non-monetary) or has provided Lessor with adequate assurances (1) that within ten (10) days from the date of such assumption or assignment, all monetary defaults under this Lease will be cured; and (2) that within thirty (30) days from the date of such assumption, all non-monetary defaults under this Lease will be cured; and (3) that all provisions of this Lease will be satisfactorily performed in the future.

11. DEFAULT AND REMEDIES

(a) Default

The occurrence of any one or more of the following events shall, following reasonable notice to Lessee, constitute a default or breach of the Lease by Lessee:

- (1) Lessee's failure to make any payment of rental, royalty, or other consideration as required under this Lease;
- (2) Lessee's failure to obtain or maintain liability insurance or a surety bond or other security device as required under this Lease;
- (3) Lessee's vacation or abandonment of the Lease Premises (including the covenant for continuous use as provided for in paragraph 4) during the Lease term;
- (4) Lessee's failure to obtain and maintain all necessary governmental permits or other entitlements;
- (5) Lessee's failure to comply with all applicable provisions of federal, state or local law, regulation or ordinance dealing with hazardous waste, substances or materials as defined under such law;

(6) Lessee's Failure to commence to construct and to complete construction of the improvements authorized by this Lease within the time limits specified in this Lease; and/or

(7) Lessee's failure to comply with applicable provisions of federal, state or local laws or ordinances relating to issues of Health and Safety, or whose purpose is to conserve resources or to protect the environment.

(b) Lessee's failure to observe or perform any other term, covenant or condition of this Lease to be observed or performed by the Lessee when such failure shall continue for a period of thirty (30) days after Lessor's giving written notice; however, if the nature of Lessee's default or breach under this paragraph is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default or breach if Lessee commences such cure within such thirty (30) day period and diligently proceeds with such cure to completion.

(c) Remedies

In the event of a default or breach by Lessee and Lessee's failure to cure such default or breach, Lessor may at any time with reasonable notice do any one or more of the following:

- (1) Re-enter the Lease Premises, remove all persons and property, and repossess and enjoy such premises;
- (2) Terminate this Lease and Lessee's right of possession of the Lease Premises. Such termination shall be effective upon Lessor's giving written notice and upon receipt of such notice Lessee shall immediately surrender possession of the Lease Premises to Lessor;
- (3) Maintain this Lease in full force and effect and recover any rental, royalty, or other consideration as it becomes due without terminating Lessee's right of possession regardless of whether Lessee shall have abandoned the Lease Premises; and/or
- (4) Exercise any other right or remedy which Lessor may have at law or equity.

12. RESTORATION OF LEASE PREMISES

(a) Upon expiration or sooner termination of this Lease, Lessor upon written notice may take title to any or all improvements, including fills, or Lessor may require Lessee to remove all or any such improvements at its sole expense and risk; or Lessor may itself remove or have removed all or any portion of such improvements at Lessee's sole expense. Lessee shall deliver to Lessor such documentation as may be necessary to convey title to such improvements to Lessor free and clear of any liens, mortgages, loans or any other encumbrances.

(b) In removing any such improvements Lessee shall restore the Lease Premises as nearly as possible to the conditions existing prior to their installation or construction.

(c) All plans for and subsequent removal and restoration shall be to the satisfaction of Lessor and shall be completed within ninety (90) days after the expiration or sooner termination of this Lease or after compliance with paragraph 12(d), whichever is the lesser.

(d) In removing any or all the improvements Lessee shall be required to obtain any permits or other governmental approvals as may then be required by lawful authority.

(e) Lessor or Lessee may at any time during the Lease term conduct, at its own expense and by a contractor mutually approved by Lessor and Lessee, an independent environmental site assessment or inspection for the presence or suspected presence of hazardous wastes, substances or materials as defined under federal, state or local law, regulation or ordinance manufactured, generated, used, placed, disposed, stored or transported on the Lease Premises during the term of the Lease. Lessee or Lessor shall provide the results of the assessment or inspection to the other Party and the appropriate governmental response agency(ies).

13. QUITCLAIM

Lessee shall, within ninety (90) days of the expiration or sooner termination of this Lease, execute and deliver to Lessor in a form provided by Lessor a good and sufficient release of all rights under this Lease. Should Lessee fail or refuse to deliver such a release, a written notice by Lessor reciting such failure or refusal shall, from the date of its recordation, be conclusive evidence against Lessee of the termination of this Lease and all other claimants.

14. HOLDING-OVER

Any holding-over by Lessee after the expiration of the Lease term, with or without the express or implied consent of Lessor, shall constitute a tenancy from month to month and not an extension of the Lease term and shall be on the terms, covenants, and conditions of this Lease, except that the annual rental then in effect shall be increased by twenty-five percent (25%).

15. ADDITIONAL PROVISIONS

(a) Waiver

(1) No term, covenant, or condition of this Lease and no default or breach of any such term, covenant or condition shall be deemed to have been waived, by Lessor's acceptance of a late or nonconforming performance or otherwise, unless such a waiver is expressly acknowledged by Lessor in writing.

(2) Any such waiver shall not be deemed to be a waiver of any other term, covenant or condition of any other default or breach of any term, covenant or condition of this Lease.

(b) Time

Time is of the essence of this Lease and each and all of its terms, covenants or conditions in which performance is a factor.

(c) Notice

All notices required to be given under this Lease shall be given in writing, sent by U.S. Mail with postage prepaid, to Lessor at the offices of the State Lands Commission and the Lessee at the address specified in this Lease. Lessee shall give Lessor notice of any change in its name or address.

(d) Consent

Where Lessor's consent is required under this Lease its consent for one transaction or event shall not be deemed to be a consent to any subsequent occurrence of the same or any other transaction or event.

(e) Changes

Except as otherwise provided in this Lease, this Lease may be terminated and its term, covenants and conditions amended, revised or supplemented only by mutual written agreement of the parties.

(f) Successors

The terms, covenants and conditions of this Lease shall extend to and be binding upon and inure to the benefit of the heirs, successors, and assigns of the respective parties.

(g) Joint and Several Obligation

If more than one Lessee is a party to this Lease, the obligations of the Lessees shall be joint and several.

(h) Captions

The captions of this Lease are not controlling and shall have no effect upon its construction or interpretation.

(i) Severability

If any term, covenant or condition of this Lease is determined by a court of competent jurisdiction to be invalid, it shall be considered deleted and shall not invalidate any of the remaining terms, covenants and conditions.

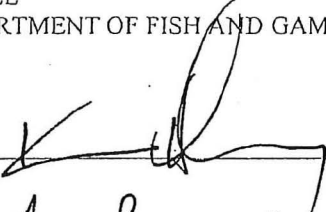
STATE OF CALIFORNIA - STATE LANDS COMMISSION

LEASE P.R.C. NO. 8704.9

This Lease shall become effective only when approved by and executed on behalf of the State Lands Commission of the State of California and a duly executed copy has been delivered to Lessee. The submission of this Lease by Lessor, its agent or representative for examination by Lessee does not constitute an option or offer to lease the Lease Premises upon the terms and conditions contained herein, or a reservation of the Lease Premises in favor of Lessee. Lessee's submission of an executed copy of this Lease to Lessor shall constitute an offer to Lessor to lease the Lease Premises on the terms and conditions set forth herein.

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

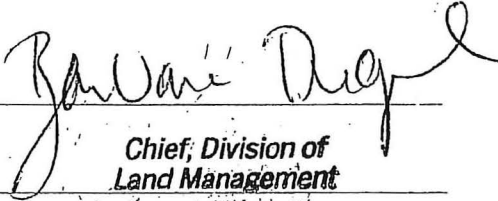
LESSEE
DEPARTMENT OF FISH AND GAME

By: 

Title: Acting Regional Manager

Date: MAY 4 2007

STATE OF CALIFORNIA
STATE LANDS COMMISSION

By: 

Title: Chief, Division of
Land Management

Date: MAY 11 2007

ACKNOWLEDGEMENT

This Lease was authorized by the
California State Lands Commission on

August 24, 2006
(Month Day Year)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of

Sacramento

SS.

On May 4, 2007, before me,

Diana A. Garofalo Notary Public

Name and Title of Officer (e.g., "Jane Doe, Notary Public")

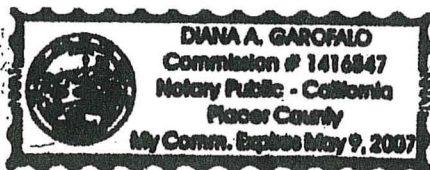
personally appeared

Kevin Hunting

Name(s) of Signer(s)

☒ personally known to me

☐ 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.

WITNESS my hand and official seal.

Diana A. Garofalo
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document:

Lease

Document Date:

May 4, 2007

Number of Pages:

Many

Signer(s) Other Than Named Above:

Capacity(ies) Claimed by Signer

Signer's Name:

☐ Individual

☐ Corporate Officer — Title(s):

☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact

☐ Trustee

☐ Guardian or Conservator

☐ Other:

Signer Is Representing:

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here