

ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address):
 After recording return to:
MAUREEN J. BRIGHT, State Bar No. 81589
BRIGHT & BROWN
 550 North Brand Boulevard, Suite 2100
 Glendale, CA 91203

TELEPHONE NO.: (818) 243-2121
 FAX NO. (Optional): (818) 243-3225

E-MAIL ADDRESS (Optional):
 ATTORNEY FOR (Name): **Plaintiff WATSON LAND COMPANY**

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES
 STREET ADDRESS: 600 S. COMMONWEALTH
 MAILING ADDRESS:
 CITY AND ZIP CODE: LOS ANGELES, CA 90005
 BRANCH NAME: CENTRAL CIVIL WEST

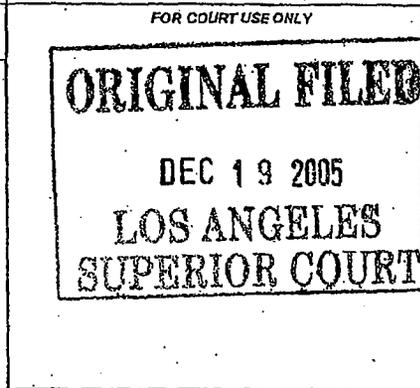
FOR RECORDER'S OR SECRETARY OF STATE'S USE ONLY

PLAINTIFF: **WATSON LAND COMPANY**

DEFENDANT: **ATLANTIC RICHFIELD COMPANY, ET AL.**

CASE NUMBER:
BC 150161

ACKNOWLEDGMENT OF SATISFACTION OF JUDGMENT
 FULL PARTIAL MATURED INSTALLMENT



1. Satisfaction of the judgment is acknowledged as follows:

- a. Full satisfaction
 - (1) Judgment is satisfied in full.
 - (2) The judgment creditor has accepted payment or performance other than that specified in the judgment in full satisfaction of the judgment.
- b. Partial satisfaction
 The amount received in partial satisfaction of the judgment is \$ 0 . 00
- c. Matured installment
 All matured installments under the installment judgment have been satisfied as of (date):

2. Full name and address of judgment creditor:*

Watson Land Company, 22010 South Wilmington Avenue, Suite 400, Carson, CA 90745

3. Full name and address of assignee of record, if any:

4. Full name and address of judgment debtor being fully or partially released:*

SHELL OIL COMPANY, One Shell Plaza, P.O. Box 2463, Houston, TX 77252-2463

5. a. Judgment entered on (date): July 23, 2001

b. Renewal entered on (date):

6. An abstract of judgment certified copy of the judgment has been recorded as follows (complete all information for each county where recorded):

| COUNTY | DATE OF RECORDING | INSTRUMENT NUMBER |
|--------|-------------------|-------------------|
|--------|-------------------|-------------------|

7. A notice of judgment lien has been filed in the office of the Secretary of State as file number (specify):

NOTICE TO JUDGMENT DEBTOR: If this is an acknowledgment of full satisfaction of judgment, it will have to be recorded in each county shown in item 6 above, if any; in order to release the judgment lien, and will have to be filed in the office of the Secretary of State to terminate any judgment lien on personal property:

Date: *December 16, 2005*

BRIGHT AND BROWN

(SIGNATURE OF JUDGMENT CREDITOR OR ASSIGNEE OF CREDITOR OR ATTORNEY*)

*The names of the judgment creditor and judgment debtor must be stated as shown in any Abstract of Judgment which was recorded and is being released by this satisfaction. ** A separate notary acknowledgment must be attached for each signature.

EXHIBIT **L**

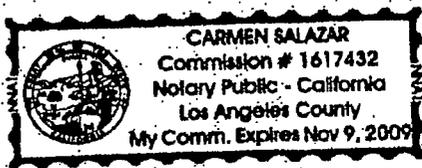
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of Los Angeles } ss.

On December 16, 2005 before me, Carmen Salazar, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Maureen J. Bright
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.

Carmen Salazar
Signature of Notary Public

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: Acknowledgment Of Satisfaction Of Judgment (Full)

Document Date: December 16, 2005 Number of Pages: 1

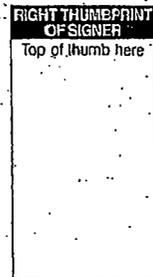
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: Maureen J. Bright

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: Attorney for Watson Land Company

Signer Is Representing: _____



PROOF OF SERVICE

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen and not a party to the within entitled action. My business address is 1000 Wilshire Boulevard, Suite 600, Los Angeles, California 90017-2463.

On December 19, 2005, I served the within document(s) described below as:

ACKNOWLEDGMENT OF SATISFACTION OF JUDGMENT (FULL)

BY MAIL: By placing a true copy thereof in sealed envelopes and causing them to be deposited in the mail at Los Angeles, California. The envelopes were mailed with postage thereon fully prepaid. I am readily familiar with our firm's practice of collection and processing correspondence for mailing. It is deposited with the U.S. postal service on that same day in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing affidavit.

**James S. Bright
Maureen J. Bright
BRIGHT & BROWN
550 No. Brand Blvd., Suite 2100
Glendale, CA 91203**

**Attorneys for Plaintiff/Respondent,
WATSON LAND COMPANY, a California
corporation**

BY FAX: By transmitting a true copy thereof via facsimile machine to the offices or the parties listed on the attached Service List. I caused the copy to be transmitted from the facsimile number of Caldwell, Leslie, Newcombe & Pettit, (213) 629-9022 or (213) 629-5584. The transmission was reported as complete and without error. A copy of the transmission report is attached to this Proof of Service.

BY OVERNIGHT MAIL (VIA OVERNITE EXPRESS): I caused such envelope to be deposited at a station designated for collection and processing of enveloped and packages for overnight delivery service by **OVERNITE EXPRESS**. I am "readily familiar" with the firm's practice of collection and processing of documents and other papers to be sent by overnight delivery service by **OVERNITE EXPRESS**. Pursuant to that business practice, envelopes in the ordinary course of business are that same day deposited in a box or other facility regularly maintained by such overnight service carrier or delivered to an authorized courier or driver authorized by such overnight service carrier to receive documents in an envelope or package with delivery fees paid or provided for.

STATE: I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct of my own personal knowledge, and that I executed this document on **December 19, 2005**, at Los Angeles, California.

FEDERAL: I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct of my own personal knowledge, that I am employed in an office of a member of the Bar of this Court at whose direction this service was made, and that I executed this document on **December 19, 2005** at Los Angeles, California.


MARGIE ODANAKA

CALDWELL,
LESLIE,
NEWCOMBE
& PETTIT

BRIGHT AND BROWN
ATTORNEYS AT LAW
550 NORTH BRAND BOULEVARD
SUITE 2100
GLENDALE, CALIFORNIA 91203
(818) 243-2121 (213) 489-1414
FACSIMILE (818) 243-3225

WRITER'S E-MAIL:
MBRIGHT@BRIGHTANDBROWN.COM

November 17, 2005

CALDWELL, LESLIE
NEWCOMBE & PETTIT

NOV 21 2005

RECEIVED

VIA FACSIMILE AND REGULAR U.S. MAIL

Michael R. Leslie, Esq.
Caldwell, Leslie, Newcombe & Pettit
1000 Wilshire Blvd., Suite 600
Los Angeles, CA 90017-5624

Re: *Watson Land Company v. ARCO, et. al.*

Dear Mike:

Responding to your inquiries concerning the instructions for payment of the judgment against Shell in the above-entitled matter, we have now confirmed the following. The Qualified Settlement Fund previously established by Watson and ARCO at Bank One Trust Company (formerly Bank One account number 6800064700), has become part of J.P. Morgan Trust Company National Association via its acquisition of Bank One. We now have the new J.P. Morgan account and bank representative contact information. Payment should be directed as follows:

JPMorgan Chase Bank
ABA #021000021
Acct Name: Incoming Wire DDA
Acct #507198883
Ref: BP Watson Escrow # 1021567
Attn: Rory Nowakowski

Mr. Nowakowski can be reached at (312) 267-5081, if there are any questions.

Because the court order requires deposit into the Qualified Settlement Fund, we also undertook to find out whether there are any special tax requirements triggered by the deposit, so that we did not collectively cause some unexpected adverse consequence to one or more of us. The tax information we have received is

EXHIBIT M

BRIGHT AND BROWN
ATTORNEYS AT LAW

Michael R. Leslie, Esq.
November 17, 2005
Page 2

that the deposit will trigger reporting requirements under the U.S. Treasury Regulations. As I understand it, the transferor into a qualified settlement fund must provide a statement to the administrator of the fund no later than February 15 of the year following the year in which the transfer is made (in this case presumably February 15, 2006), a copy of which must be attached to the transferor's timely-filed income tax return for the taxable year of the transferor in which the transfer is made. Mr. Nowakowski should be able to provide Shell with any specific contact information needed to properly address the required statement to the administrator of the fund. We have also been told that the statement must include the following information:

1. A legend – “§1.468B-3 Statement” – at the top of the first page;
2. The name, address and taxpayer identification number of the person/corporation making the transfer to the Qualified Settlement Fund;
3. The name, address and employer identification number of the Qualified Settlement Fund;
4. The date of the transfer and the amount of cash transferred; and
5. A description of the property transferred and its fair market value on the date of transfer.

While Shell should obviously review this information with its own tax counsel, Watson and BP did not want to inadvertently create unnecessary tax problems by not investigating the requirements prior to the deposit.

I am also in receipt of your letter dated November 15, 2005, in which you express Shell's desire to make the deposit in order to satisfy the judgment, as well as its frustration at not being able to make the deposit earlier. In that letter you state that you believe that interest on the judgment should stop on September 30, 2005, as you sent a letter on that date requesting instructions upon how to make payment. While it is unrealistic to assume payment would have been made that same day, had the information been available, neither Watson nor BP had any intent to delay payment longer than necessary to straighten out the status of the fund after the J.P. Morgan acquisition of Bank One and to ensure that the act

BRIGHT AND BROWN
ATTORNEYS AT LAW

Michael R. Leslie, Esq.
November 17, 2005
Page 3

of depositing funds did not trigger some adverse tax consequence that none of the parties anticipated and that could have otherwise been avoided. In fact, resolving these issues has been frustrating for them as well and they would both prefer to have the payment deposited as soon as possible.

While we disagree with your interpretation of the code and believe that interest continues to accrue, Watson and BP are both willing to agree that interest need not be paid after October 22, 2005 as an accommodation to Shell, provided that the amount of the judgment plus interest through October 22, 2005 is paid into and received by the Qualified Settlement Fund by next Wednesday, November 23, 2005. That is essentially splitting the difference between the date of your letter and today with respect to the accrual of interest, with a few extra days in Shell's favor to facilitate the wire transfer.

Lastly, in connection with the calculation of interest, I copied you on an e-mail I sent to Matt Covington on October 31, 2005, explaining what we thought the interest calculation would be. I assume that we have all reached the same calculation as it is pretty straight forward. However, if you think we were incorrect in any respect, please let me know.

I would appreciate it greatly if you would have someone call my office to let us know when the funds are to be wired, so that I can let Matt and Brad know in case they get any calls or questions from the bank. If you need any other information, or if there is anything remaining to be discussed, please let me know.

Very truly yours,



Maureen J. Bright

MJB:cs

cc: Matthew S. Covington, Esq.
Bradley D. Frazier, Esq.

BRIGHT AND BROWN

ATTORNEYS AT LAW

850 NORTH BRAND BOULEVARD, SUITE 2100

GLENDALE, CALIFORNIA 91203

(818) 243-2121 (213) 489-1414

FACSIMILE (818) 243-3225

FACSIMILE TRANSMITTAL

The information contained in this facsimile message is legally privileged and confidential information intended only for the use of the individual or entity named below. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of this facsimile is strictly prohibited. If you have received this facsimile in error, please immediately notify us by telephone and return the original facsimile to Bright and Brown at the address above via the United States Postal Service. Thank You.

DATE: November 22, 2005

TO:

| NAME | FIRM/COMPANY | FACSIMILE NUMBER | TELEPHONE NUMBER |
|----------------------------|-------------------------------------|------------------|------------------|
| Michael R. Leslie, Esq. | Caldwell, Leslie, Newcombe & Pettit | 213-629-9022 | 213-629-9040 |
| Bradley D. Frazier, Esq. | Watson Land Company | (310) 522-8788 | (310) 952-6410 |
| Matthew S. Covington, Esq. | DLA Piper Rudnick Gray Cary | (415) 659-7300 | (415) 659-7000 |

FROM: Maureen J. Bright, Esq.

TOTAL NUMBER OF PAGES (including this cover page): 22

Message: PLEASE DELIVER TO MIKE LESLIE, ASAP. THANKS!

EXHIBIT N

FACSIMILE TRANSMITTAL

PAGE:

Mike:

Pursuant to our telephone conversation earlier today, I contacted JP Morgan to obtain the information that you requested on behalf of Shell in connection with the payment.

The Qualified Settlement Fund is held and administered as a trust by J.P. Morgan Trust Company, a National Association. That is the legal name of the trustee. Payment is directed to Account number 507198883, referenced by J.P. Morgan as "BP Watson Escrow #1021567". According to the bank, the trustee is the entity receiving the funds.

Mr. Nowakowski of J. P. Morgan was also kind enough to fax the documentation that Shell needed to complete the payment. Therefore, attached please find:

1. A copy of the signed W-9 for J.P. Morgan Trust Company, a National Association;
2. A copy of the original trust documentation creating the Qualified Settlement Fund (note that the fund was originally set up with Bank One, which was later acquired by J.P. Morgan); and
3. A copy of the cover fax from Mr. Nowakowski confirming that J.P. Morgan has acquired Bank One and is now the trustee of the Qualified Settlement Fund.

I believe that should supply the documentation that Shell needed. However, if any further information is needed, please feel free to let me know.

Pursuant to my last letter to you and our conversation, this will also confirm that the parties have agreed that post-judgment interest for purposes of satisfying the judgment will accumulate through October 22, 2005, and not afterward. You pointed out that Shell needs the above information to fund and because of Thanksgiving, may not be able to fund until next week. As long as the payment is made as soon as reasonably possible next week, I am confident that will be acceptable to both Watson and BP.

Lastly, I appreciate the information you relayed upon the calculation of interest on the judgment, including you pointing out that costs and interest on the costs are also due. I double checked the information you provided and I believe we agree on everything except the total number of days during which interest ran. I think there was a math error in the number calculated by your office. At any rate, in anticipation of finalizing this, following is the total due, with details, as I calculated it.

FACSIMILE TRANSMITTAL

PAGE:

Shell judgment calculation:

Judgment entered July 23, 2001
Interest agreed through October 22, 2005

Remediation costs: \$3,915,851.00
Per diem interest: 10%/yr (\$391,585.10) ÷ 365 = \$1072.84/day

Costs awarded: \$87,183.22
Per diem interest: 10%/yr (\$8,718.32) ÷ 365 = \$23.89/day

Total days July 23, 2001 to October 22, 2005: 1552

July 23, 2001 to July 22, 2005 = 4 years x 365 = 1460 days, plus
July 23, 1005 to Oct. 22, 2005 = 92 days
July 23-31 = 9 days
August = 31 days
Sept. = 30 days
Oct 1-22 = 22 days

1460 + 92 = 1552

Interest on Remediation Costs: \$1072.84/day x 1552 days = \$1,665,047.68
Interest on Costs: \$23.89/day x 1552 days = \$37,077.28

| | | |
|-------------------|--------------------------------|----------------|
| TOTAL DUE: | Remediation Costs | \$3,915,851.00 |
| | Interest on Remediation Costs: | \$1,665,047.68 |
| | Costs: | \$ 87,183.22 |
| | Interest on Costs: | \$ 37,077.28 |

\$5,705,159.18

Hopefully we got the math right this time! However, if you see any problems or errors when you double check me, please let me know.

Thank you again for your assistance.

Have a wonderful Thanksgiving.

Regards,

Maureen



JPMorgan

RECEIVED

COPY

Escrow Administration
227 W. Monroe, 26th Floor
Chicago, Illinois 60606

NOV 22 2005

Bright & Brown

Fax Cover Sheet

Date: 11/22/05

Company: Bright & Brown

Attn: Maureen Bright

Tele#: 818/243-3225

Fax #: 818/243-3225

From: Rory Nowakowski

Phone Number: (312)267-5081

Total number of pages sent (including this cover sheet):

THIS TRANSMISSION IS INTENDED SOLELY FOR USE OF THE PERSON TO WHOM IT IS ADDRESSED. IF YOU HAVE RECEIVED THIS TRANSMISSION IN ERROR, PLEASE CALL THE SENDER FOR INSTRUCTION AS TO THE DISPOSITION OF THE INFORMATION CONTAINED IN THIS TRANSMISSION. THANK YOU!

COMMENTS:

Maureen,

Attached is the W-9 form for J.P. Morgan Trust Company, NA. In addition please note that as a result of the merger between Bank One and JPMorgan, J.P. Morgan Trust Company, NA has become the successor in interests to Bank One Trust Company, NA. Please call me if you have any questions.

Thanks,

Rory

(If there is a problem with this transmission, please contact the person listed above.)
 This transmission sent from fax number indicated below:
 312-267-5202

Form **W-9**
(Rev. October 2004)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Print or type. See Specific instructions on page 2.

Name (as reported on your income tax return)
J.P. Morgan Trust Company, National Association

Business name, if different from above

Check appropriate box: Individual/ Sole proprietor Corporation Partnership Other **ADDITIONAL BANKING SERVICES** Exempt from backup withholding

Address (number, street, and apt. or suite no.)
1999 Avenue of the Stars, 26th Floor

City, state, and ZIP code
Los Angeles, CA 90067

Requester's name and address (optional)

Web account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

OR

Employer identification number

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 9 | 5 | 4 | 6 | 5 | 5 | 0 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|

Note: If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

Sign Here Signature of U.S. person *[Signature]* Date **5/23/05**

Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

For federal tax purposes you are considered a person if you are:

- an individual who is a citizen or resident of the United States,
- a partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or

any estate (other than a foreign estate) or trust. See Regulation section 301.7701-6(a) for additional information.

Foreign person. If you are a foreign person, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement that specifies the following five items:

- The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
- The treaty article addressing the income.
- The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

Trust Agreement and Instructions to Trustee

This Trust Agreement and Instructions to Trustee is dated as of November 15, 2001 (the "Agreement") and is among Watson Land Company ("Watson"), Atlantic Richfield Company ("Atlantic Richfield") and BP America, Inc. ("BP") and Bank One Trust Company, National Association, a national banking association, as trustee (the "Trustee"). Atlantic Richfield and BP shall hereafter be referred to collectively as "ARCO."

WHEREAS, Watson has brought an action in the Los Angeles Superior Court captioned Watson Land Company v. Atlantic Richfield Company, et. al., Case number BC 150161, against Atlantic Richfield Company ("Atlantic Richfield"), Shell Oil Company ("Shell Oil"), GATX Tank Storage Terminals Corporation ("GATX") and certain other defendants seeking to recover damages for the soil and groundwater contamination which has been identified on and within the Watson Industrial Center South ("WICS Property"), which lawsuit is referred to herein as the "Watson Lawsuit"; and

WHEREAS, Shell is a named defendant in the Watson Lawsuit; and

WHEREAS, Watson and ARCO have entered into a Settlement Agreement and Release of Certain Claims By And Between Watson Land Company, BP America Inc., and Atlantic Richfield Company, effective November 1, 2000 (hereafter "Settlement Agreement"). Among other things, the Settlement Agreement settles and releases certain claims between Watson and ARCO, indemnifies Watson against certain future environmental remediation expenses, and establishes this Trust as a source for the reimbursement of certain environmental remediation expenditures, and certain other indemnity obligations of ARCO; and

WHEREAS, pursuant to a subsequent settlement agreement or order of the Los Angeles Superior Court (the "Court"), Shell may transfer settlement payments or judgments directly to the Trust which shall be held, administered and distributed in accordance with and subject to the terms provided herein; and

WHEREAS, it is the intention of Watson and ARCO that the Trust shall be a Qualified Settlement Fund under Section 468B of the Internal Revenue Code of 1986, as amended (the "Code") and the Treasury Regulations thereunder, that none of Watson, ARCO or Shell shall be the owner of any portion of the Trust, that the Trust not be characterized as a grantor trust as defined in Section 671 of the Code and that, as a result, no item of income, deduction or credit of the Trust will be includable in computing the taxable income of Watson, ARCO or Shell;

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, and for other good, fair and valuable considerations and reasonably equivalent value, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Trustee, Watson and ARCO do hereby agree as follows, intending to be legally bound:

Section 1. Establishment of Trust

(a) Name of Trust. This Trust shall be known as and properly referred to as the "WICS Property Environmental Cleanup Fund."

(b) Trust Beneficiary. The beneficiaries of this Trust shall be Watson and ARCO (herein called the "Beneficiaries").

(c) Trust Purposes. The purposes of this Trust shall be to provide a source of funds which shall be used and/or distributed for the purposes set forth in the Settlement Agreement, including without limitation the reimbursement of environmental remediation costs, ARCO's indemnification obligations, and certain expenses incurred by Watson.

(d) Trust is Irrevocable. This Trust is irrevocable and may not be revoked, amended or modified, in whole or in part; provided, however, notwithstanding the foregoing to the contrary, the Court may reform this Trust, in whole or in part, and the Trust shall be reformed to the extent said Court determines it necessary or reasonable in order for this Trust, the Trustee and/or the Trust Fund (as defined below) to function or be used to better serve the Trust purposes set forth herein and in the Settlement Agreement.

(e) Separate and Independent Trust. This Trust shall at all times be held and remain as a separate and independent Trust.

(f) Contributions to Trust. All contributions from Shell to this Trust will be listed on amendments to Exhibit A, as any settlement agreement is reached with, or a judgment rendered against, Shell, in the Watson Lawsuit, as well as all income and proceeds of investments and reinvestments of Shell's contributions (herein called "Trust Fund"). The Trust Fund shall at all times be held in this Trust, subject to and in accordance with the provisions of this Trust Agreement.

(g) Situs of Trust. This Trust shall have its situs in the State of California.

(h) No Distribution to Creditors. Distributions of both income and/or principal shall be made as set forth in the Trust and the Settlement Agreement. The rights and interests of Beneficiaries in this Trust may not be voluntarily or involuntarily assigned, transferred, conveyed, hypothecated or otherwise alienated in any manner except to a Beneficiary's successor in interest in the event of any merger, acquisition or other form of corporate reorganization or to a transferee of the WICS Property. No creditor of any Beneficiary shall have any rights in or to this Trust or the Trust Fund, nor may any creditor of any Beneficiary by legal action or otherwise secure any rights or interests in or to this Trust or the Trust Fund, and all attempts of any creditor of any Beneficiary to secure any rights or interests in this Trust or the Trust Fund shall be void and unenforceable.

(i) Certificate of Incumbency. Watson and ARCO shall each execute and deliver to the Trustee a certificate of incumbency substantially in the form of Exhibit B hereto for the purpose of establishing the identity of the representatives of Watson and ARCO entitled to issue instructions or directions to the Trustee on behalf of each such party. In the event of any change in the identity of such representatives, a new certificate of incumbency shall be executed and delivered to the Trustee by the appropriate party. Until such time as the Trustee shall receive a new incumbency certificate, the Trustee shall be fully protected in relying without injury on any then current incumbency certificate on file with the Trustee.

(j) Tax Forms. Watson and ARCO shall each furnish the Trustee with a completed Form W-8 or Form W-9, as applicable and shall file or cause to be filed all necessary forms, documents, statements and elections as required by the Internal Revenue Code and the Treasury Regulations there under as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed.

Section 2. Investment

(a) Permitted Investments. The Trustee agrees to invest and reinvest funds in the Trust in The One Group Government Money Market Fund Class I or a successor or similar fund which invests in (i) short-term securities issued or guaranteed by the United States Government, its agencies or instrumentalities and/or (ii) repurchase agreements relating to such securities ("Permitted Investments"). No Permitted Investment shall mature later than January 1, 2011. Interest and other earnings on Permitted Investments shall be added to the Trust. Any loss or expense incurred as a result of an investment will be borne by the Trust.

(b) Purchases and Sales. The Trustee is hereby authorized to execute purchases and sales of Permitted Investments through the facilities of its own trading or capital markets operations or those of any affiliated entity. The Trustee shall send statements to each of the parties hereto on a monthly basis reflecting activity in the Trust for the preceding month. Although Watson and ARCO each recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, Watson and ARCO hereby agree that confirmations of Permitted Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. However, no statement need be rendered for the Trust if no activity occurred for such month.

(c) Distribution of Proceeds. Watson and ARCO acknowledge and agree that the delivery of the Trust property is subject to the sale and final settlement of Permitted Investments. Proceeds of a sale of Permitted Investments will be delivered on the business day on which the appropriate instructions are delivered to the Trustee if received prior to the deadline for same day sale of such Permitted Investments. If such instructions are received after the applicable deadline, proceeds will be delivered on the next succeeding business day.

(d) Segregation. The Trust Fund shall at all times be segregated from the assets of Watson and ARCO.

Section 3. Trust Distributions

During the term of the Trust, the Trustee shall distribute from time to time such portions of the income and/or principal of this Trust, even to the point of completely exhausting the Trust Fund. The Trustee shall make distributions to Watson and ARCO as set forth in the Settlement Agreement, including Section 18 therein. For example, as set forth in sub-paragraph 18.2.2 of the Settlement Agreement, the Trustee shall distribute to ARCO the total amount of any distribution requested by ARCO within 60 days from the Trustees' receipt of written notice from ARCO requesting the distribution, unless Watson has delivered written notice of objection to the Trustee within 53 days after Watson's receipt of ARCO's written notice requesting the distribution. Should Watson object to only a portion of ARCO's requested distribution, the

Trustee shall distribute to ARCO the portion of the requested distribution to which no objection has been made. Should Watson fail to deliver written notice of objections to the Trustee within the 53 day period, the Trustee shall distribute to ARCO the entire amount of ARCO's requested distribution.

Various portions of the Settlement Agreement require ARCO and Watson to cause the Trustee to make certain distributions. For example, paragraph 18.1 requires ARCO and Watson to cause the Trustee to distribute to Watson the amount of money set forth in Watson's itemized statement of unreimbursed pre-Effective Date litigation costs and expenses within 60 days after the date that Watson provides such statement to ARCO; provided, however, that in the event ARCO disputes any part of such itemized statement, Watson and ARCO shall cause the Trustee to distribute to Watson the amount that is not in dispute within the 60 day period. Accordingly, the Trustee shall promptly make distributions to ARCO and Watson as set forth in written instructions signed by both ARCO and Watson and delivered to the Trustee, to the extent to which such instructions and requested distributions are consistent with the terms of the Settlement Agreement. If the Trustee cannot determine whether to make any proposed distribution, the Trustee may petition the Court for instructions concerning any distribution. Any such petition must be served on ARCO and Watson at least 30 days' prior to the hearing on the petition.

All distributions will be made by check unless Watson, ARCO, and the Trustee agree in writing upon a different method of distribution. Distributions will be sent by hand delivery or by overnight mail via Federal Express (or a similar overnight service). Distributions made to ARCO will be delivered or mailed to Elizabeth E. Atlee at the address set forth in Section 9 below. Distributions made to Watson will be delivered or mailed to Watson's General Counsel (currently Brad Frazier) at the address set forth in Section 9 below. ARCO and Watson may change the person to whom distributions at their respective companies should be sent by providing written notice to the Trustee. The Trustee shall provide written notice to Watson and ARCO concerning each distribution. The Trustee's written notice shall state the amount and date of the distribution, the recipient of the distribution, and shall describe the statement(s) or request(s) for distribution which relate to the distribution being made.

Section 4. Concerning the Trustee

(a) Trust Administration and Change of Trustee. The Trustee may administer this Trust and the assets of this Trust without prior or subsequent court approval or orders except that the Court will retain continuing jurisdiction over the Trust with respect to: (i) the approval and/or selection of the Trustee, including any replacement or change of such Trustee, (ii) the receipt of annual reports from the Trustee concerning the amount of the fund and distributions made from the fund during the annual period in question, (iii) the approval of the termination of the Trust after it has remained in existence for a minimum period of ten (10) years, (iv) the appointment of arbitrators and the confirmation or vacation of arbitration awards in any arbitration conducted pursuant to Section 25 of the Settlement Agreement that relates in any way to the Trust, and (v) any other matter specifically set forth in this Trust agreement or the Settlement Agreement. Nothing herein shall prevent the Trustee in the Trustee's sole discretion, from seeking and receiving judicial approval from the Court when the Trustee deems the same appropriate in connection with any matters involving the administration of this Trust. Further, to the extent any

of the provisions of this Trust are incomplete or unclear, or there is a change in any federal or state law that the Trustee believes (in its sole judgment), may adversely affect this Trust, including tax laws, or there is a change in circumstances that may frustrate the intent and purpose of this Trust, the Trustee, in its sole discretion, is authorized and empowered to petition the Court, upon notice to the Beneficiaries, to reform this Trust. In addition, each of ARCO, Watson, and/or the Trustee may petition the Court to appoint a replacement Trustee in accordance with the terms of the Settlement Agreement. Any petition relating in any way to the Trust, any Trustee, or any replacement Trustee, must be served on each of ARCO, Watson, and the Trustee at least 30 days before the date of the hearing on the petition.

(b) Trust Accounting. The Trustee shall prepare annually a detailed Trust accounting setting forth all receipts and disbursements to or from this Trust, as well as the beginning and ending inventory of Trust assets. Given the nature of this Trust, it is specifically directed that the Trustee shall not be obligated to prepare its accounting to distinguish transactions of this Trust as to income or principal, and instead, may singularly account for the receipts and disbursements of this Trust without differentiation as to income or principal.

(c) Duties and Powers of Successor Trustee. All successor Trustee(s) shall have all the powers and authorities, including discretionary authorities, of the initial trustee named herein. Further, no successor Trustee shall have any duty, obligation or responsibility for any acts or omissions of any prior Trustee, including but not limited to any duty or obligation to investigate, make claim against and/or prosecute any prior Trustees.

(d) Notwithstanding any provision contained herein to the contrary, the Trustee, including its officers, directors, employees and agents, shall:

- (i) not be liable for any action taken or omitted under this Agreement so long as it shall have acted in good faith and without negligence;
- (ii) have no responsibility to inquire into or determine the genuineness, authenticity, or sufficiency of any securities, checks, or other documents or instruments submitted to it in connection with its duties hereunder;
- (iii) be entitled to deem the signatories of any documents or instruments submitted to it hereunder as being those purported to be authorized to sign such documents or instruments on behalf of the parties hereto, and shall be entitled to rely upon the genuineness of the signatures of such signatories without inquiry and without requiring substantiating evidence of any kind;
- (iv) be entitled to refrain from taking any action contemplated by this Agreement in the event that it becomes aware of any disagreement between the parties hereto as to any facts or as to the happening of any contemplated event precedent to such action;
- (v) have no responsibility or liability for any diminution in value of any assets held hereunder which may result from any investments or reinvestment made in accordance with any provision which may be contained herein, so long as Trustee shall have acted in good faith and without negligence;

- (vi) be entitled to compensation for its services hereunder as per Exhibit C attached hereto, which is made a part hereof, and for reimbursement of its reasonable out-of-pocket expenses including, but not by way of limitation, the fees and costs of attorneys or agents which it may find necessary to engage in performance of its duties hereunder, all to be paid out of the Trust Fund, and the Trustee shall have, and is hereby granted, a prior lien upon any property, cash, or assets of the Trust Fund, with respect to its unpaid fees and nonreimbursed expenses, superior to the interests of any other persons or entities;
- (vii) be entitled and is hereby granted the right to set off and deduct any unpaid fees and/or nonreimbursed expenses from the Trust Fund, unless the Trust Fund is exhausted prior to the satisfaction of all fees and charges due to the Trustee, in which case Watson and ARCO shall each promptly pay fifty percent (50%) of any remaining fees or charges due, provided nothing in this paragraph shall prevent any party from disputing any fees or charges imposed or attempted to be imposed by the Trustee;
- (viii) be under no obligation to distribute the deposited funds or the income generated thereby until it has received a Form W-9 or W-8, as applicable, from Watson and ARCO, regardless of whether such party is exempt from reporting or withholding requirements under the Internal Revenue Code of 1986, as amended;
- (ix) be, and hereby is, jointly and severally indemnified and saved harmless by Watson and ARCO from all losses, liabilities, costs and expenses, including reasonable attorney fees and expenses, which may be incurred by it as a result of its acceptance of the Trust or arising from the performance of its duties hereunder, unless such losses, liabilities, costs and expenses shall have been finally adjudicated to have resulted from the bad faith or negligence of the Trustee. Such indemnification shall survive the Trustee's resignation or removal, or the termination of this Agreement;
- (x) in the event that (i) any dispute shall arise between the parties with respect to the disposition or disbursement of any of the assets held hereunder or (ii) the Trustee shall be uncertain as to how to proceed in a situation not explicitly addressed by the terms of this Agreement whether because of conflicting demands by the other parties hereto or otherwise, the Trustee be permitted to interplead all of the assets held hereunder into the Court, and thereafter be fully relieved from any and all liability or obligation with respect to such interpleaded assets. The parties hereto other than the Trustee further agree to pursue any redress or recourse in connection with such a dispute, without making the Trustee a party to same;
- (xi) IN NO EVENT SHALL THE TRUSTEE BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (i) DAMAGES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN

DAMAGES WHICH RESULT FROM THE TRUSTEE'S FAILURE TO ACT IN ACCORDANCE WITH THE REASONABLE COMMERCIAL STANDARDS OF THE TRUST BUSINESS; OR (ii) SPECIAL OR CONSEQUENTIAL DAMAGES, EVEN IF THE TRUSTEE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES;

- (xii) have the right, but not the obligation, to consult with counsel of choice and shall not be liable for action taken or omitted to be taken by the Trustee in accordance with the advice of such counsel;
- (xiii) have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees.

Any banking association or corporation into which the Trustee may be merged, converted or with which the Trustee may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Trustee shall be transferred, shall succeed to all the Trustee's rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 5. Attachment of Trust; Compliance with Legal Orders

In the event that any Trust property shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the property deposited under this Agreement, the Trustee is hereby expressly authorized, in its sole discretion, to obey and comply with all writs, orders or decrees so entered or issued, which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction, and in the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the parties hereto or to any other person, firm or corporation, by reason of such compliance notwithstanding such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

Section 6. Tax Matters

(a) Preparation and Filing of Tax Returns. The Trustee is required to prepare and file any and all income or other tax returns applicable to the Trust with the Internal Revenue Service and all required state and local departments of revenue in all years income is earned in any particular tax year as and to the extent required under the provisions of the Code and its regulations, and such filings shall be consistent with the treatment as this Trust as a Qualified Settlement Fund under Section 468B of the Code.

(b) Payment of Taxes. Any taxes payable on income earned from the investment of any sums held in the Trust shall be paid out of the Trust Fund.

(c) Unrelated Transactions. The Trustee shall have no responsibility for the preparation and/or filing of any tax or information return with respect to any transaction, whether or not related to the Trust Agreement, that occurs outside the Trust.

Section 7. Resignation or Removal of Trustee

The Trustee may resign as such following the giving of thirty (30) days prior written notice to the other parties hereto. The effective date of the Trustee's resignation shall be the later to occur of (a) thirty (30) days after receipt of such notice of termination (or as of such earlier date as may be mutually agreeable), or (b) upon appointment of a successor Trustee by the Court, after a noticed motion filed by the Trustee, ARCO or Watson and served on the other parties. Upon the effective date of its resignation, the Trustee shall deliver the balance of the moneys or assets then in its possession to the successor Trustee as shall be appointed by the Court as evidenced by a written notice filed with the Trustee.

Section 8. Termination

(a) Termination of the Trust. The Trust shall continue in existence and be maintained until at least February 26, 2011, or until all of the funds in the Trust have been distributed in accordance with the Settlement Agreement, whichever shall first occur. The Trust shall automatically terminate upon the distribution of the last of the funds remaining in the account in accordance with Paragraph 18.1 and Paragraph 18.2 of the Settlement Agreement and the filing of a final tax return and final report concerning the Trust delivered by the Trustee to Watson, ARCO and the Court. Except as provided in the immediately preceding sentence with respect to automatic termination, the Trust shall not be terminated unless and until the Court issues an order authorizing its termination.

(b) Continuance of the Trust. If any funds remain in the Trust upon the expiration of said 10-year period, Watson and ARCO shall attempt to agree upon whether to continue the maintenance of the Trust for a longer period of time, or to apply to the Court for an order to terminate the Trust and distribute the amount then remaining in the Trust in accordance with Paragraph 18.3 of the Settlement Agreement. If either or both of Watson and ARCO wish to seek an order terminating the Trust, then either or both of them shall make an application to the Court, by noticed motion, for such an order. The decision of whether the Trust shall be continued and maintained beyond the initial 10-year term shall be made as set forth in the Settlement Agreement based upon the following considerations: (1) the environmental conditions existing on the WICS Property at that time; (2) the likelihood that additional remediation of Environmental Contamination will thereafter be required respecting the WICS Property for which the cost would be reimbursed in whole or in part by the Trust and the estimated cost to complete that remediation; (3) the balance in the Trust in relation to the costs associated with maintaining the Trust with the Trustee; and (4) the financial ability of Watson and ARCO to promptly meet their respective obligations under the Settlement Agreement in the absence of the continued maintenance of the Trust.

Section 9. Notices

Any notice, consent or request to be given in connection with any of the terms or provisions of this Agreement shall be in writing and be given in person, by facsimile transmission, courier delivery service or by mail, and shall become effective (a) on delivery if given in person, (b) on the date of delivery if sent by facsimile or by courier delivery service, or (c) four business days after being deposited in the mails, with proper postage for first-class registered or certified mail, prepaid.

Notices shall be addressed as follows:

(i) if to Watson:

Watson Land Company
22010 South Wilmington Avenue, Suite 400
Carson, California 90745
Telephone: (310) 952-6400
Attention: Vice President
Fax Number: (310) 522-8788

With copy to:

Watson Land Company
22010 South Wilmington Avenue, Suite 400
Carson, California 90745
Telephone: (310) 952-6400
Attention: General Counsel
Fax Number: (310) 522-8788

(ii) if to Atlantic Richfield:

Atlantic Richfield Company
1801 East Sepulveda Boulevard
Carson, California 90749-6210
Telephone: (310) 816-8111
Attention: ~~Michael P. Hoffman~~ - ARCO Los Angeles Refinery Manager

With copy to:

BP America, Inc.
300 Ocean Gate, 7th Floor
Long Beach, California 90802
Telephone: (562) 590-4410
Attention: James Wong, Esq., BP Law Department

(iii) If to BP:

BP America, Inc.
333 South Hope Street,
Los Angeles, California 90071
Telephone: (213) 486-0164
Attention: Robert A. Malone, President, Western Region
Fax Number: (213) 486-3388

BP America, Inc.
333 South Hope Street,
Los Angeles, California 90071
Telephone: (213) 486-0118
Attention: Elizabeth E. Atlee, Esq., BP Attorney
Fax Number: (213) 486-0314

(iv) if to the Trustee:

Bank One Trust Company, National Association
1 Bank One Plaza
Mail Code HL1-0126
Chicago, IL 60670-0126
Attention: Global Corporate Trust Services
Fax Number: (312) 407-8929

Section 10. Governing Law, Counterparts

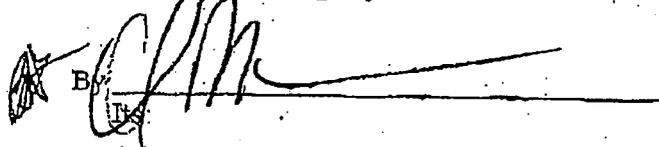
This Agreement shall be construed in accordance with the laws of the State of California. It may be executed in several counterparts, each one of which shall constitute an original and all collectively shall constitute but one instrument.

Section 11. Amendment, Modification

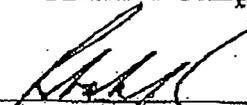
This Agreement may not be revoked, amended or modified, in whole or in part, except pursuant to Section 1(d) hereof.

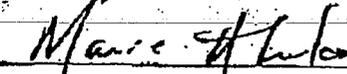
IN WITNESS WHEREOF, the parties have duly executed this Trust Agreement as of the date first above written.

Watson Land Company

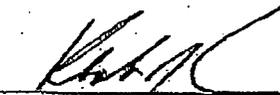
By 

BP West Coast Products LLC,
successor in interest to:
Atlantic Richfield Company

By 
Robert J. Novaria, Treasurer

By 
Marie A. Lukas, Assistant Treasurer

BP America, Inc.

By 
Robert J. Novaria, Treasurer

By 
Marie A. Lukas, Assistant Treasurer

Bank One Trust Company, National
Association, as Trustee

By 
Its Vice President

Nbv-22-05

04:30pm

From-Bright And Brown

+8182433225

T-150 P.017/022 F-733

EXHIBIT A
CONTRIBUTIONS TO THE TRUST

LA_DOCS\668714.6 [W97]93692v2

P.14

Nov 22 2005 14:59

Fax:312-267-5202

JP MORGAN

EXHIBIT B

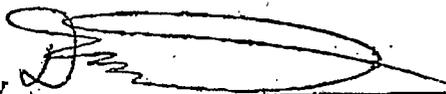
CERTIFICATE OF INCUMBENCY

The undersigned, David E. Baird, of Bank One Trust Company N.A. hereby certifies that the following named agents are duly appointed, qualified and acting in the capacity set forth opposite his/her name, and the following signature is the true and genuine signature of said officer.

| | | |
|------------------------|-----------------------|------------------------|
| Name: | Title: | Signature: |
| <u>DONNA J. PARISI</u> | <u>Vice President</u> | <u>Donna J. Parisi</u> |

IN WITNESS WHEREOF, Bank One Trust Company N.A. has caused this Certificate of Incumbency to be executed by its agents duly authorized this 26th day of January, 2002.

 [Name of Party]

By 

Name David E. Baird

Title Asst. Secretary

EXHIBIT B

CERTIFICATE OF INCUMBENCY

The undersigned, _____, of _____ hereby certifies that the following named agents are duly appointed, qualified and acting in the capacity set forth opposite his/her name, and the following signature is the true and genuine signature of said officer.

Name:

Title:

Signature:

IN WITNESS WHEREOF, _____ has caused this Certificate of Incumbency to be executed by its agents duly authorized this _____ day of _____

[Name of Party]

By _____

Name: _____

Title: _____

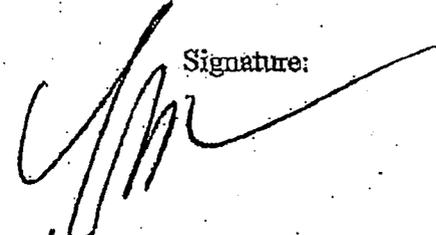
EXHIBIT B

CERTIFICATE OF INCUMBENCY

The undersigned, Bradley D. Frazier, of Watson Land Co. hereby certifies that the following named agents are duly appointed, qualified and acting in the capacity set forth opposite his/her name, and the following signature is the true and genuine signature of said officer.

Name: Richard M. Cannon

Title: CEO

Signature: 

IN WITNESS WHEREOF, Watson Land Company has caused this Certificate of Incumbency to be executed by its agents duly authorized this 23rd day of December, 2001.

Watson Land Company
[Name of Party]

By 
Name Bradley D. Frazier
Title Secretary

EXHIBIT C

Bank One Trust Company, National Association
Trustee Fee Schedule

| | |
|--|------------------------------|
| Acceptance Fee | \$1,500 |
| Including acceptance of contractual responsibility and establishment of administrative records and procedures to comply with the escrow documents. | |
| Annual Administration Fee | \$2,000 |
| Including performance of specified duties and responsibilities under the escrow documents. | |
| Other Activity Fees | \$20 per wire/\$15 per check |
| Investment Fees (Processing Individual Security Transactions) | \$75 per investment |
| Investments in the One Group [®] Money Market Funds | \$0.00 |
| Amendments to the Escrow Agreement | \$250.00 |
| Extraordinary Time Charge | \$200 per hour (see below) |
| Sub-Accounts | \$500.00 each |
| Deposit/Withdrawal of Assets | \$50.00 per item |
| Claims Processing | \$35.00 per claim |
| Tax Reporting | \$ As billed by provider |

Out-of-pocket Expenses:

Expenses will be added to cover ordinary items such as postage, checks, stationary, printing, messenger deliveries, and telephone. Expenses for extraordinary services, such as, but not limited to, travel, legal and securities will be billed additionally.

Legal fees of counsel representing Bank One as Trustee are included in the Acceptance Fee.

Additional Terms and Conditions:

Acceptance of the appointment is subject to terms of the document provisions being satisfactory to the bank.

EXHIBIT C

The fees quoted in this schedule apply to services ordinarily rendered in the administration of an escrow appointment. They are subject to reasonable adjustment based on final review and acceptance of documents. Fees can also be adjusted when the Trustee is called upon to undertake unusual duties or responsibilities, or as changes in law, procedures, or the cost of doing business demand. Services in addition to and not contemplated in the agreement, including but not limited to document amendments and revisions, nonstandard cash and/or investment transactions, calculations, notices, and reports will be billed as extraordinary time charges.

Upon a client's written direction, cash balances will be invested in any one of the following:

Cash balances may be invested in The One Group® Money Market Funds in which event Bank One will charge a 40 basis point (.004) cash management fee. The One Group® will pay Banc One Investment Advisors Corporation, an affiliate of BANK ONE, an investment advisory fee as described in the prospectuses.

Cash balances may be invested in an alternative short-term investment fund in which event Bank One will charge a 40 basis point (.004) cash management fee.

The Acceptance Fee and Legal Fees are payable at the transaction closing. In the event the financing does not close, and both administration and legal counsel document review has occurred, all related expenses will be billed. Annual Administration fees cover a full year in advance, or any part thereof, and thus are not pro-rated in the year of termination.

In determining the general schedule of fees, Bank One takes into consideration the various incidental benefits accruing to it from the operation of the accounts. Collected funds must be on deposit prior to disbursement of payments. In addition, Bank One has the use of funds deposited to pay checks that have not yet been presented for payment. No interest shall be paid to the client on these funds, it being understood that the float on these funds is considered in the calculation of our fees. For depository eligible or book entry securities, fund to pay debt service must be on deposit in sufficient time to enable compliance with the Same Day Funds Payment Guidelines promulgated by the securities depositories and the SEC.

1 CALDWELL LESLIE & PROCTOR, PC
MICHAEL R. LESLIE, State Bar No. 126820
2 leslie@caldwell-leslie.com
DAVID ZAFT, State Bar No. 237365
3 zaft@caldwell-leslie.com
1000 Wilshire Blvd., Suite 600
4 Los Angeles, California 90017
Telephone: (213) 629-9040
5 Facsimile: (213) 629-9022

6 Attorneys for Petitioner SHELL PIPELINE COMPANY LP

7
8 **STATE WATER RESOURCES CONTROL BOARD**
9 **FOR THE STATE OF CALIFORNIA**

10 In the Matter of the Petition of
11 SHELL PIPELINE COMPANY LP
12 Request for Technical Report, California
13 Regional Water Quality Control Board, Los
14 Angeles Region
15 California Water Code § 13267

Case No.
REQUEST FOR STAY

16 In accordance with Water Code section 13321(a) and section 2053 of Title 23 of the
17 California Code of Regulations, Petitioner Shell Pipeline Company LP (“Shell”) hereby requests
18 a stay of the order issued on December 28, 2009 by the California Regional Water Quality
19 Control Board, Los Angeles region (the “Regional Board”), pursuant to Water Code § 13267 (the
20 “13267 Order”).¹ A copy of the 13267 Order is attached as Exhibit A to the Petition for Review
21 and Request for Hearing (“Petition”) filed concurrently.

22 The grounds for a stay are set forth below and in the Petition, the supporting Declaration
23 of Michael R. Leslie and exhibits filed concurrently and incorporated herein by reference.
24 Because of the imminent deadlines contained in the 13267 Order, Shell requests that the State
25 Board issue the requested stay and conduct a hearing on this matter as soon as possible, or, in the
26 alternative, that the State Board issue the stay and hold Shell’s Petition in abeyance pursuant to
27

28
¹ Except as otherwise noted, all statutory references are to the Water Code.

1 California Code of Regulations, Title 23 § 2020.5(d) to permit the Regional Board and Shell to
2 engage in discussions in an attempt to informally resolve this matter.

3 **I. INTRODUCTION**

4 The 13267 Order requires Shell to submit technical reports and a site model relating to
5 contamination at a commercial and industrial development owned by Watson Land Company
6 (“Watson”), located in the City of Carson and called the Watson Industrial Center South (or the
7 “WICS Property”).² However, as explained in Shell’s concurrently-filed Petition, (1) Shell’s
8 liability for the contamination identified in the 13267 Order was previously and fully determined
9 in July 2001 by a jury at trial in a civil action brought by Watson against Shell and other
10 defendants, (2) after that portion of the judgment against Shell was affirmed on appeal, Shell paid
11 \$5,702,387.94 into a court-supervised trust account established to investigate and remediate the
12 WICS Property, and (3) as a result of a settlement between Watson and the owner of a
13 neighboring refinery, Atlantic Richfield Company (“ARCO”), ARCO agreed to “promptly . . .
14 diligently and competently” investigate and remediate the contamination at the WICS Property,
15 including the contamination identified in the Regional Board’s 13267 Order. Exh. C at 90-91.³
16 For these and the other reasons explained in Shell’s Petition, the 13267 Order is unjust, improper
17 and should be rescinded.

18 While this Petition is under review by the State Water Board, however, Shell still faces a
19 February 26, 2010 deadline to submit a groundwater sampling workplan for investigating four
20 groundwater contamination plumes beneath the WICS Property, the A, B1, B2 and Pool II
21 Plumes, and to submit historical groundwater monitoring data and reports for these plumes. Exh.

22
23
24 ² Shell Pipeline and Shell Oil Company (the particular Shell entity named in the Watson’s
25 1996 lawsuit relating to the contamination at the WICS Property) are referred to herein
26 interchangeably and collectively as “Shell.” The basis for Watson’s claims against Shell Oil
27 Company and the Regional Board’s 13267 Order to Shell Pipeline are one and the same: that
Shell Pipeline installed and maintained pipelines in two pipeline corridors running beneath the
WICS Property which Shell Oil Company used to transport product, and that, as a result of
alleged pipeline leaks, petroleum-related product purportedly was released into the soil and
groundwater beneath the WICS Property.

28 ³ All exhibits referenced herein are attached to the Declaration of Michael R. Leslie
 (“Leslie Decl.”), concurrently filed with the Petition.

1 A at 4. The 13267 Order also requires Shell to submit a three-dimensional conceptual site model
2 for the WICS Property and a workplan for additional investigation by April 15, 2010. *Id.* at 4-5.
3 Because Shell faces the possibility of administrative sanctions if it does comply with these
4 requirements during the pendency of its Petition, Shell respectfully requests that the State Water
5 Board stay the 13267 Order until it has an opportunity to address Shell's Petition on the merits.

6 As explained below, Shell satisfies the three requirements for a stay set forth in 23
7 California Code of Regulations, Title 23 § 2053. First, without a stay, Shell either will be forced
8 to undertake extraordinary measures to comply with the 13267 Order—which is infeasible and,
9 even if it were feasible, unfair given the fact that Shell has already paid \$5,702,387.94 into a fund
10 that was supposed to fund ARCO's remediation of the WICS Property—or it will face the
11 possibility of administrative sanctions. Either way it will incur substantial harm.

12 Second, there is no risk of substantial harm to the public or to water quality if the stay is
13 granted. This is because ARCO is already obligated to investigate and remediate the
14 contamination identified in the 13267 Order, and the groundwater impacts identified in the 13267
15 Order are (based on the evidence cited in the Order) decades-old, and do not present a new,
16 previously unknown risk. Moreover, because it is infeasible in any case for Shell to submit the
17 required workplans and models based on information and data that is in the possession of Watson
18 and ARCO and their consultants, staying these requirements will not deprive the public or the
19 Regional Board of any benefit.

20 Third, Shell's Petition raises substantial questions of law and fact, including whether or
21 not the Regional Board can or should order a party to undertake an environmental investigation
22 after that party's liability for the identified contamination has been fully determined by a jury and
23 paid into a fund earmarked for remediating the property, and another party has already agreed to
24 investigate and remediate the property. Moreover, the Petition raises the issue of whether the
25 Regional Board violated Water Code § 13267 when (1) it bases an order exclusively on
26 arguments contained in a litigant's briefs and the testimony of its paid expert witness from a
27 hotly-contested lawsuit, (2) requires a party to investigate certain plumes without providing any

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1 evidence whatsoever connecting the subject party to these plumes, and (3) the party does not
2 have the underlying data, information or access rights necessary to prepare the requested reports.

3 Also, the Petition raises substantial questions of fact, namely the extent of ARCO's
4 environmental activities on the WICS Property, including whether ARCO prepared and
5 implemented the L-NAPL workplan required by the Settlement Agreement, what other steps
6 ARCO has taken to investigate and remediate the WICS Property pursuant to the Settlement
7 Agreement, how much of the \$5,702,387.94 Shell paid into the Cleanup Fund for the WICS
8 Property remains, and what ARCO and Watson plan to do with that fund.

9 For these reasons, a stay of the 13267 Order is warranted.

10 **II. BACKGROUND⁴**

11 In 1996, Watson sued ARCO, Shell Oil Company, and eight other defendants alleging
12 that defendants were liable for groundwater contamination Watson had discovered beneath the
13 WICS Property. Exh. B, ¶¶ 1-8; *Watson Land Co. v. Shell Oil Co.*, 130 Cal.App.4th at 73 (a
14 copy of which is attached as Exhibit E to the Leslie Decl.). In its lawsuit, Watson claimed that
15 known petroleum groundwater contamination from the neighboring ARCO refinery had migrated
16 to the WICS Property. Exh. B, ¶¶ 28, 44-46; *Watson Land Co.*, 130 Cal.App.4th at 73. At the
17 time of the Watson lawsuit, ARCO had been investigating and remediating its onsite impacts at
18 the refinery pursuant to a cease and desist order issued by the Regional Board, but had *not*
19 substantially investigated the extent of the offsite contamination which had migrated onto the
20 WICS Property. Exh. F (Shell Appellant's Opening Brief, filed May 28, 2003) at 6; *Watson*
21 *Land Co.*, 130 Cal.App.4th at 73; *see also* Exh. B, ¶¶ 44-46. Watson also claimed that releases
22 from pipelines allegedly operated by Shell and located in two parallel pipeline corridors running
23 under the WICS Property, the Utility Way Corridor and the DWP Corridor, caused additional
24 groundwater contamination. Exh. B, ¶ 8. Shell vigorously contested Watson's claims.

25 The contamination that was the subject of Watson's claims included plumes identified as
26 the A, B1, B2 and Pool II Plumes. In addition, Watson brought a claim relating to a jet fuel
27

28 ⁴ This section is a shorter version of the Background section in Shell's Petition, which
Shell incorporates in full herein by reference.

1 plume in the same general area as the B1 Plume, but this claim was settled when one of the
2 defendants, GATX Terminals Corp., agreed to remediate that plume. Exh. F, Exhs 1498, 1500,
3 1501, 1512 and 1513 thereto; Exh. B, ¶ 28 and Exh. B thereto at 4-6 and Figure 4 (discussing and
4 showing “Pool II” Plume as originating from the ARCO refinery); *Watson Land Co.*, 130
5 Cal.App.4th at 74 and fn. 4.

6 Just months before the May 2001 trial, Watson and ARCO entered into a settlement
7 agreement (the “Settlement Agreement”), which provided that, *inter alia*, ARCO would
8 “promptly undertake and diligently and competently complete, at the sole cost and expense of
9 ARCO, any environmental assessment, testing, sampling, monitoring, remediation or removal of
10 any Environmental Contamination which is both the subject of [ARCO’s indemnity in the
11 Settlement Agreement] and which is directed, required or ordered by any governmental agency
12 [on the WICS Property].” Exh. C at 90-91; *see also Watson Land Co.*, 130 Cal.App.4th at 73.
13 The Settlement Agreement also required ARCO to complete an environmental study of free
14 product (“L-NAPL”) present in the groundwater beneath the WICS Property by November 1,
15 2001, and thereafter prepare a workplan for removing L-NAPL and commence implementation
16 of this workplan and other environmental activities at the WICS Property. Exh. C at 86-87.

17 The Settlement Agreement provided that any recovery Watson obtained from Shell was to
18 be used to repay Watson its attorneys’ fees and costs, and the balance was to be deposited into a
19 court-supervised trust fund called the WICS Property Environmental Cleanup Fund (the
20 “Cleanup Fund”). Exh. C at 52-53; *see also Watson Land Co.*, 130 Cal.App.4th at 73. The
21 Settlement Agreement authorized ARCO to reimburse itself from the Cleanup Fund for the
22 investigation and remediation of the WICS Property at allocated percentages assigned to three
23 geographic areas. Exh. C at 65-67 and Exh. 8 thereto; *Watson Land Co.*, 130 Cal.App.4th at 73.
24 After ten years, Watson or ARCO could seek an order terminating the Cleanup Fund, and any
25 remaining funds would be split evenly between Watson and ARCO. Exh. C at 57-58, 75.

26 At trial, Watson and Shell offered competing expert testimony and evidence relating to
27 Shell’s alleged liability for the contamination at the WICS Property. The jury found for Watson
28 on its continuing trespass cause of action against Shell and awarded Watson \$3,915,851 as “the

1 amount of damages Watson should receive in order to restore the condition of the Watson
2 Center.” Exh. D at 2. After Shell and Watson filed cross-appeals, the Court of Appeal affirmed
3 the jury’s finding regarding the amount Shell owed Watson for remediating the contamination
4 attributed to Shell. *Watson Land Co.*, 130 Cal.App.4th at 80. On or about December 9, 2005,
5 Shell paid \$5,702,387.94 in full satisfaction of the judgment and the post-judgment interest.
6 Exh. K (copy of email chain including December 9, 2005 email from Watson’s counsel, Maureen
7 J. Bright, to Shell’s counsel, Michael R. Leslie, acknowledging receipt of Shell’s payment); Exh.
8 L (Watson’s Acknowledgment of Satisfaction of Judgment, filed December 19, 2005).
9 Consistent with Watson’s Settlement Agreement with ARCO, Shell’s payment was deposited
10 into the bank account for the court-supervised Cleanup Fund. Exh. M (November 17, 2005 letter
11 from Ms. Bright to Mr. Leslie with instructions for transmitting Shell’s payment to Cleanup Fund
12 account); Exh. N (November 22, 2005 facsimile from Ms. Bright to Mr. Leslie forwarding trust
13 account information and copy of Trust Agreement for Cleanup Fund account).

14 After having its share of liability for the contamination at the WICS Property fully
15 assessed by a jury and affirmed on appeal, and after having paid the judgment (plus interest) into
16 a fund earmarked for ARCO’s environmental investigation and remediation of the WICS
17 Property, Shell believed it had fully satisfied whatever obligation it had in connection with the
18 environmental contamination existing at the WICS Property. Based on the terms of the
19 Settlement Agreement and the existence of the Cleanup Fund, Shell reasonably understood that
20 ARCO would proceed to draft its L-NAPL workplan and investigate and remediate the WICS
21 Property as it had promised to do.

22 However, on December 28, 2009, the Regional Board issued the 13267 Order requiring
23 Shell (along with Watson) to (1) submit copies of all documents and reports of environmental
24 assessment and investigation previously conducted at the WICS Property, and (2) to assess the
25 current groundwater quality at the WICS Property. Exh. A at 2. The Regional Board specifically
26 ordered Watson and Shell to submit the following reports:

- 27 • A workplan for groundwater sampling and monitoring for all existing
28 groundwater monitoring wells at the WICS Property related to the A, B1, B2 and

1 Pool II Plumes, and historical groundwater monitoring data for these plumes. The
2 workplan and data are due February 26, 2010. Exh. A at 4.

- 3 • A three-dimensional conceptual site model depicting the hydrogeology,
4 hydrostratigraphy and current groundwater monitoring network for the WICS
5 Property, as well as the location of water supply wells and other potentially
6 affected receptors within a one mile radius of the WICS Property, and the lateral
7 and vertical extent of each chemical of concern. This model is due April 15,
8 2010. Exh. A at 4-5.
- 9 • A workplan for additional investigation to complete the three-dimensional
10 conceptual site model. This workplan is due April 15, 2010. Exh. A at 5.

11 For the reasons explained in Shell's Petition, it is inequitable, improper and infeasible for
12 Shell to submit the workplans, site model, reports and data required by the 13267 Order.

13 Because Shell's noncompliance with the Regional Board's directive in the 13267 Order would
14 subject Shell to possible administrative sanctions under Section 13268, Shell hereby requests that
15 the State Water Board stay the Regional Board's 13267 Order while it considers Shell's Petition.

16 **III. A STAY OF THE EFFECT OF THE 13267 ORDER IS WARRANTED IN THIS**
17 **CASE**

18 Under Section 2053 of the State Board's regulations (23 Cal. Code Regs. § 2053), a stay
19 of the effect of an order shall be granted if Shell shows:

- 20 (1) substantial harm to petitioner or to the public interest if a stay is not granted;
- 21 (2) a lack of substantial harm to other interested parties and to the public if a stay is
22 granted; and
- 23 (3) substantial questions of fact or law regarding the disputed action exist.

24 Here, the requirements for issuance of a stay are clearly met.

25 ***A. Shell Will Suffer Substantial Harm If a Stay Is Not Granted***

26 Without a stay, Shell will be under a Regional Board order requiring it to undertake
27 extraordinary measures in the coming weeks to attempt to comply with the requirement that it
28 draft a sampling workplan involving groundwater monitoring wells on the WICS Property, which

1 Shell does not own and for which Shell does not have access rights or the necessary information.⁵
2 Even if Shell had the necessary information, requiring Shell to submit the required workplans
3 and historical data relating to Watson's and ARCO's investigatory activities would unfairly force
4 Shell to pay a second time to investigate contamination for which its liability has been fully
5 determined and satisfied. Accordingly, it was improper for the Regional Board to direct Shell to
6 provide the specified workplans, model, reports and data. However, if Shell does not submit the
7 required reports, it will face the possibility of administrative sanctions. Either way, Shell will
8 incur substantial harm.

9 ***B. The Public Will Not Be Substantially Harmed If a Stay is Granted***

10 By contrast, there is no risk of substantial harm to the public or to water quality if the stay
11 is granted. This is because ARCO already is obligated under its settlement agreement with
12 Watson ("Settlement Agreement") to investigate and remediate the contamination identified in
13 the 13267 Order, and already was required to have drafted and commenced implementation of an
14 L-NAPL workplan for the WICS Property and undertaken other environmental activities.
15 Moreover, the groundwater impacts identified in the 13267 Order are (based on the evidence
16 cited in the Order) decades-old, and at least some of the impacts have been the subject of the
17 Regional Board's oversight and do not present a new, previously unknown risk. Moreover,
18 because it will be logistically infeasible in any case for Shell to submit the required workplans
19 and models based on information and data that is in the possession of Watson and ARCO and
20 their consultants, staying these requirements will not deprive the public or the Regional Board of
21 any benefit.

22 ***C. The Petition Raises Substantial Questions of Law and Fact***

23 Shell's Petition raises substantial questions of law and fact. The Petition raises the issue
24 of whether or not the Regional Board should—and, under the principles of collateral estoppel,
25 can—order Shell to investigate contamination after: (1) Shell's liability for the contamination has
26

27 ⁵ Presumably, Watson, which owns the property, and/or ARCO, which has been
28 investigating the contamination caused by its refinery since the 1980s, has some or all of the
necessary information and has installed and owns the groundwater monitoring wells referenced
in the 13267 Order.

1 been fully determined by a jury at trial on a civil action brought by the property owner, (2) Shell
2 has paid the property owner on the resulting judgment, (3) Shell's payment was deposited into a
3 trust account earmarked to help pay for investigating and remediating the contamination, and (4)
4 ARCO agreed in a binding Settlement Agreement with Watson to investigate and remediate the
5 subject contamination.

6 Additionally, the Petition raises the issue of whether the Regional Board violated Water
7 Code § 13267 when (1) it based its Order exclusively on arguments contained in Watson's briefs
8 and the testimony of its paid expert witness from a hotly-contested lawsuit, (2) it required Shell
9 in the 13267 Order to investigate certain plumes (the Pool II and Jet Fuel Plumes) without
10 providing any evidence whatsoever connecting Shell to these plumes, and (3) it is infeasible for
11 Shell to submit the required workplans, model, reports and data, given that Shell does not
12 possess the monitoring wells or necessary data and other information.

13 The Petition also raises substantial questions of fact, namely the extent of ARCO's
14 environmental activities on the WICS Property, including whether ARCO prepared and
15 implemented the L-NAPL workplan required by the Settlement Agreement, what other steps
16 ARCO has taken to investigate and remediate the WICS Property pursuant to the Settlement
17 Agreement, how much remains of the \$5,702,387.94 Shell paid into the Cleanup Fund for the
18 WICS Property, and what ARCO and Watson plan to do with that fund.

19 **IV. CONCLUSION**

20 For the foregoing reasons, Shell respectfully requests that the State Board stay the 13267
21 Order pending a decision on the merits of the concurrently filed Petition for Review, or, in the
22 alternative, that the State Board issue the stay and hold Shell's Petition in abeyance pursuant to
23 California Code of Regulations, Title 23 § 2020.5(d) to permit the Regional Board and Shell to
24 engage in

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26 ///
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1 discussions in an attempt to informally resolve this matter. Shell requests that the State Board
2 expeditiously issue a stay as soon as possible in order to avoid the risk of substantial harm in
3 advance of a decision on the merits

4 DATED: January 27, 2010

CALDWELL LESLIE & PROCTOR, PC
MICHAEL R. LESLIE
DAVID ZAFT

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7 By  _____
8 DAVID ZAFT

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COMPANY LP

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7

8 **STATE WATER RESOURCES CONTROL BOARD**
9 **FOR THE STATE OF CALIFORNIA**

10

11 In the Matter of the Petition of
12 SHELL PIPELINE COMPANY LP
13 Request for Technical Reports, California
Regional Water Quality Control Board, Los
14 Angeles Region
15 California Water Code § 13267

Case No.

PROOF OF SERVICE

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STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

At the time of service, I was over 18 years of age and not a party to this action. I am employed in the County of Los Angeles, State of California. My business address is 1055 W. 7th Street, Suite 250, Los Angeles, California 90017.

On January 27, 2010, I served true copies of the following document(s) described as
**PETITION FOR REVIEW AND REQUEST FOR HEARING;
DECLARATION OF MICHAEL R. LESLIE AND EXHIBITS; and
REQUEST FOR STAY**

on the interested parties in this action as follows:

**Tracy Egoscue
Executive Officer
California Regional Water Quality
Control Board – Los Angeles Region
320 W. Fourth Street, Suite 200
Los Angeles, California 90013**

BY PERSONAL SERVICE: I personally delivered the document(s) to the person being at the addresses listed above. Delivery was made to the party or by leaving the documents at the party's office (listed above) with some person not less than 18 years of age between the hours of eight in the morning and six in the evening.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on January 27, 2010, at Los Angeles, California.



APEX ATTORNEY SERVICES