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11 **LOS ANGELES REGIONAL WATER QUALITY CONTROL BOARD**

12 **SILVAS OIL COMPANY, INC,**

13 Appellant,

14 vs.

15 **LOS ANGELES REGIONAL WATER**
16 **QUALITY CONTROL BOARD,**

17 Respondent.

LARWQCB Case No.: No. C-12002
Global ID: T10000004341

Request for Reconsideration of June 1, 2015
Directive issued by the Los Angeles Regional
Water Quality Control Board
Request for Hearing

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I. SUMMARY OF ARGUMENT

Silvas Oil Company Inc. (“Silvas”) is a former lessee of an industrial property located in Oxnard, California. The property is contaminated, in large part, due to the conduct of prior lessees with the full knowledge of the lessor, C&M Properties GP, a California general partnership (“C&M”). Despite the fact that prior lessees are more likely the primary cause of contamination at the property, Silvas voluntarily undertook to monitor and remediate the property. First, Silvas acted under the Los Angeles County’s volunteer program and then acted at the direction of the Los Angeles Regional Water Quality Control Board (“Regional Board”).

On several occasions Silvas has requested that prior lessees and C&M assist with monitoring and remediating the property. They have declined. Silvas has also requested that the Regional Board include C&M as a Responsible Party. Silvas appealed the last Directive the Regional Board issued on December 18, 2014, (the “2014 Directive”) on the ground that C&M

1 should have been included as a Responsible Party. (A true and correct copy of the 2014
2 Directive is attached hereto as Exhibit A.) C&M objected to being named as a Responsible
3 Party under the 2014 Directive, and the Regional Board later turned down Silvas' appeal
4 because the 2014 Directive was not executed by its Executive Director and was therefore not
5 subject to formal appeal.

6 Silvas has now received a second directive from the Regional Board dated June 1, 2015,
7 (the "2015 Directive"). (A true and correct copy of the 2015 Directive is attached hereto as
8 Exhibit B.) The 2015 Directive is executed by the Regional Board's Executive Director and
9 directs Silvas to install additional monitoring wells, collect and analyze samples from the
10 monitoring wells, conduct soil sampling and analysis, and provide the results to the Regional
11 Board in the form of biannual reports. The 2015 Directive does not identify C&M as a
12 Responsible Party, but does acknowledge that Board and is in the process of making a final
13 determination regarding responsible parties.

14 Silvas desires to comply with the 2015 Directive. However, it no longer has access to
15 the property because its lease with C&M has expired. Moreover, Silvas is informed and believes
16 C&M has leased the Site to a third party. In essence, Silvas does not have access to the property
17 and may have difficulty in performing the work outlined in the 2015 Directive.

18 To ensure that the work outlined in the 2015 Directive is performed timely the Regional
19 Board must add C&M as a Responsible Party. In cases such as this one where access is an issue,
20 policy and the case law are clear that the property owner should be a Responsible Party subject
21 to a Directive.

22 **II. INTRODUCTION**

23 Silvas leased approximately 2.15 acres of industrial property (the "Property") in Oxnard,
24 from C&M, whose general partner is the Robert L. Maulhardt Family Trust (the "Trust"), from
25 April 1, 1984, until late 2014.

26 The Property is located at 1230 East 5th Street, Oxnard, California. In the course of
27 cleaning up a spill from an aboveground pipe at the direction of the City of Oxnard Fire
28 Department (the "Local Agency"), Silvas discovered and subsequently remediated in part,

1 contamination that was due to prior lessees. For instance, Silvas is informed that prior to its
2 lease of the Property Mobil had leased the Property for approximately twenty (20) years and
3 utilized it as a bulk fuel transfer facility. According to witnesses, during that period Mobil
4 would dump fuel directly onto the land surface of the Property each time a carrier transferred
5 fuel from the tank system Mobil maintained on the Property.

6 The Local Agency subsequently transferred oversight of the Property to Regional Board
7 who, without a hearing or prior notice to Silvas, issued the 2014 Directive. (See Exhibit A.)
8 Silvas' appealed the 2014 Directive but its appeal was turned down on the ground that the 2014
9 Directive was not executed by the Regional Board's Executive Director and therefore was not
10 an actual "Directive". The Regional Board then issued the 2015 Directive. The 2015 Directive
11 also does not include C&M as a Responsible Party, but acknowledges that it is in the process of
12 making a final determination as to whether other parties, such as C&M, should be identified as
13 Responsible Parties for the Property.

14 Despite the Regional Board's acknowledgment that a determination as to additional
15 Responsible Parties is outstanding, Silvas, out of an abundance of caution, is requesting that the
16 Regional Board reconsider the 2015 Directive.

17 Silvas requests that the Regional Board reconsider the 2015 Directive and either issue an
18 order adding C&M or set the matter for a hearing on the following grounds:

- 19 1) C&M, should also be listed in the 2015 Directive as a Responsible Party;
- 20 2) Once listed, C&M should be primarily liable;
- 21 3) Silvas should be secondary liable because it cannot easily respond to the
22 Directive absent C&M, since Silvas no longer has a current leasehold interest in the Property.

23 It is clear from the history of the Property and the state of the law that C&M should be
24 contributing to the costs of, or directly undertake, the monitoring and remaining remediation of
25 the Property. To the extent C&M owned the Property during the period contamination by the
26 other tenant(s) occurred, and to the extent that C&M continues to own the Property, it should be
27 liable for contamination that existed at the Property at the time Silvas took over operation.
28 Silvas should not have to bear the cost of monitoring and remediating such contamination.

III. FACTUAL BACKGROUND

Silvas is informed and believes as follows: C&M has owned the subject property since at least 1963, the year that C&M entered into a lease with Mobil. (See Exhibits C and D attached hereto, which are true and correct copies of the lease agreement between C&M and Mobil, and a modification thereto.) The lease between C&M and Mobil continued through March 31, 1984, at which point Silvas then leased the Property from C&M. (See Exhibits E and F attached hereto, the lease agreement between C&M and Silvas and the amendment thereto.)

The Property was used as a bulk oil distribution facility during the tenure of Mobile's lease. According to documents Silvas has reviewed, Charles Myatt, a former employee of Mobil who worked as a Mobil employee at the Property during Mobil's lease, approximately twenty (20) gallons of gasoline would spill onto the soil each time that Mobil attempted to refuel above ground storage tanks ("ASTs") that it maintained on the Property. (See Exhibit G attached hereto, correspondence from Federated Insurance.)

The spillage occurred because Mobil adhered to the common practice for carriers at the time of using their unloading hoses and pumps to connect directly to the fitting at an AST and offload the products ordered into the respective tank base. The AST pumps that Mobil used did not have the capacity to drain the hoses nor could the carrier's truck pumps clear the hose lines, so there was product spillage on the ground which caused considerable contamination. Moreover, a sump was utilized where gasoline and oil would be dumped. (*Ibid.*)

This contamination was confirmed in a report in 1991 by BE Associates which concluded that a considerable volume of the contamination at the site was caused by a tenant other than Silva who used a drainage sump and fuel transfer pump. (See Exhibit H hereto.)

In or around April of 1984 Silvas, when it assumed operation of the facility, installed two 280 gallon underground storage tanks ("USTs") in the gravel, one for gasoline and one for diesel. The USTs were used for a short time as a means to clear the hoses, save (and reuse) the clean product, and eliminate ground spillage.¹ It was an improvement over Mobil's operation.

¹ Because the material collected in the tank was reused, any volume that leaked would be minimal.

1 In late 1984 Silvas further improved the fuel transfer process when it installed loading
2 hoses that the carrier could hook up to unload the product. The hose ends had caps attached that
3 were removed by the carrier when offloading and replaced and tightened by the common carrier
4 upon completion of the unloading process. Silvas then ceased the use of the USTs as the new
5 process made them unnecessary.

6 During Silvas' tenure as the operator of the facility on the Property there were only
7 minor spills: those outlined in the BE Associates report and Federated Insurance documents
8 (these are the same spills, the Federated insurance document addresses the spills by Silvas in the
9 BE Associates document) and a leaking pipe observed in July of 2011.² The July 2011 leak
10 resulted in Silvas working with the City of Oxnard Fire Department, the CUPA for the area.
11 After several years of remediation work the project was handed over to the Regional Board in
12 June of 2014.

13 On or about December 18, 2014, Regional Board staff unilaterally issued the 2014
14 Directive. The 2014 Directive was issued by staff without any prior notice to Silvas and,
15 apparently, without providing any information to the Regional Board itself or receiving any
16 input from it, as the 2014 Directive was not executed by the Executive Director. (See Exhibit
17 A.)

18 Silvas, the sole target of the 2014 Directive, appealed it on the ground that C&M should
19 also be named as a responsible party. The appeal was turned down on the ground that the 2014
20 Directive was not a valid directive because it was not executed by the Executive Director, and
21 the Regional Board subsequently issued the 2015 Directive. The 2015 Directive does not
22 include C&M as a Responsible Party, despite the fact that C&M owns and has access to the
23 Property while Silvas does not.

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² The history of the July 20, 2011 leak can be obtained from GeoTracker, the documents contained on Geo Tracker are incorporated herein by reference.

1 **IV. LEGAL CONTENTIONS**

2 The above factual background, which is based on (1) documentation of historical
3 activities, storage and disposal information and poor management of materials by entities other
4 than Silvas at the Property, (2) industry wide operational practices that were used between the
5 1960s and 1980s, and (3) a report based on physical evidence, indicates that at C&M should
6 have been listed on the Directive as primarily responsible parties and that Silvas, which has
7 engaged in remediation at the site (see Geo Tracker) and no longer has access to the property.
8 The information presented, and Silvas’ identification of C&M, satisfy the Evidentiary
9 Requirements of State Water Resources Control Board Resolution No. 92-49 *Policy and*
10 *Procedures for Investigation and Cleanup and Abatement and Discharge under Water Code*
11 *Section 13304*, section I(A)-(B).

12 1. C&M Should be Listed in the 2015 Directive as a Responsible Party.

13 Silvas has the right to bring this request. Health & Saf. Code § 25296.10 (e) provides that
14 “A person to whom an order is issued pursuant to subdivision (c) [Underground Tank
15 Enforcement] shall have the same rights of administrative and judicial appeal and review as are
16 provided by law for cleanup and abatement orders issued pursuant to Section 13304 of the
17 Water Code.”

18 Any aggrieved person, including a responsible party, may
19 petition the State Water Board for review of the action of a local
20 agency in the LOP. (Water and Cal. Code § 13304(s) See also
21 Health & Saf. Code, 25297.1, subd. (h); State Water Board
22 Resolution 88-23.)

23 Silvas, who is identified as the Responsible Party on the 2015 Directive as a Responsible
24 Party, has standing to bring this appeal and requests that C&M be added as a Responsible Party.

25 This issue should not be subject to debate. “Responsible Parties” includes:

26 (1) Any person who owns or operates an underground
27 storage tank used for the storage of any hazardous substance.

28 (2) In the case of any underground storage tank no longer
in use, any person who owned or operated the underground storage
tank immediately before the discontinuation of its use;

(3) Any owner of property where an unauthorized release
of a hazardous substance from an underground storage tank has
occurred; and

1 (4) Any person who had or has control over a [sic]
2 underground storage tank at the time of or following an
3 unauthorized release of a hazardous substance. A person means
4 “an individual, trust, firm, joint stock company, corporation,
5 including a government corporation, partnership, limited liability
6 company, or association.” (Health & Saf. Code, § 25281, subd.
7 (l).)

8 C&M is beyond any doubt the owner of the Property. It entered into leases with Silvas
9 concerning the Property that provided it was the owner. (See specifically Attachment E page 18
10 section 28.2, in which C&M, the LESSOR in the lease, is identified as the OWNER.) In addition
11 to the Health and Safety Code, the Porter Cologne Act, at Water Code §13304, provides:

12 Any person... who has caused or permitted, causes or
13 permits any waste to be discharged or deposited where it is, or
14 probably will be, discharged into the waters of the state and
15 creates, or threatens to create, a condition of pollution or nuisance,
16 shall upon order of the regional board clean up the waste or abate
17 the effects of the waste, or, in the case of threatened pollution or
18 nuisance, take other necessary remedial action, including but not
19 limited to, overseeing cleanup and abatement efforts.

20 Thus, a land owner that has contamination on its property is considered a “discharger”
21 and subject to regulation.

22 Landowner liability has also been discussed in decisions by the State Board:

23 A landowner is ultimately responsible for the condition of
24 his property, even if he is not involved in day-to-day operations. If
25 he knows of a discharge on his property and has sufficient control
26 of the property to correct it, he should be subject to a cleanup order
27 under Water Code Section 13304. (*Logdson*, (1984) Order No. 84-
28 6; *Vallco Park, Ltd.*, (1986) Order No. WQ86-18; cf. *Leslie Salt
Company v. San Francisco Bay Conservation & Development
Commission* (1984) 153 Cal.App.3d 605, 200, Cal.Rptr. 575.)

29 In the *Petition of Logdson, Id.* the State Board specifically stated:

30 We have applied to current landowners the obligation to prevent an
31 ongoing discharge caused by the movement of the pollutants on
32 their property, even if they had nothing whatever to do with putting
33 it there. (See *Petition of Spitzer*, Order No. WQ 89-8; *Petition of
Logdson*, Order No. WQ 84-6; and others.) In addition,

34 As we indicated above, the current landowner, however blameless
35 for the existence of the problem, should be included as a
36 responsible party in a cleanup order. We have taken that position
37 many times in the past and have never ruled to the contrary. Thus,

1 we find that the RWQCB was correct in naming Susan Rose in its
2 order. (See *Susan Rose* WQ 92-13.)

3 C&M may argue that provisions of the lease itself govern the liability of the Silvas. But
4 such documents are not determinative of who is to be considered a Responsible Party for the
5 Board:

6 The private contractual arrangements between successive owners
7 of a site are not binding on the Regional Water Boards or this
8 Board and are not determinative of an entity's status as a
9 discharger. (Cf. State Water Board Order No. WQ 86-2, pp. 9-10.)

10 2. Silvas Does not Have Access to the Property

11 Silvas no longer has access to the Property as it is no longer leasing it from C&M.
12 Moreover, Silvas has information indicating that C&M has leased that property to a third party,
13 therefore C&M must be added to the order to be responsible for ensuring that future corrective
14 actions occur – it has the obligation to prevent an ongoing discharge caused by the movement of
15 pollutants on its property. (See *Petition of Spitzer*, Order No. WQ 89-6 and *Petition of Logsdon*,
16 Order No. WQ 84-6.)

17 3. The 2015 Directive is Not Limited to UST Contamination

18 Although the 2015 Directive provides “UNDERGROUND STORAGE TANK FUND”,
19 this matter, is not limited to contamination from USTs. As GeoTracker indicates, cleanup at the
20 site has been ongoing since July, 2011 (Global ID T10000003308, Remedial Action Plan).

21 In July 2011 a leak was observed from the AST system operated by Silvas on the
22 Property. As discussed above, this leak was minor, and Silvas has only ever had minor leaks
23 from the AST system while it operated the facility. However, after reporting the leak
24 environmental assessments were conducted. The assessments brought to the attention of Silvas
25 and C&M the continued existence of extensive contamination inconsistent with the history of
26 Silvas' operations. (See GeoTracker reports submitted by Silvas.)

27 The corrective action that the Regional Board desires Silvas to take in the Directive is
28 only necessary because of prior tenants' operations at the transfer facility allowed by C&M.

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1 4. C&M Should Be Primarily Responsible.

2 A person or entity should be designated as a Responsible Party for corrective action if
3 the agency has credible and reasonable evidence that indicates that the person or entity has
4 responsibility. (See State Water Board Order WQ 85-7 [Exxon Company, U.S.A. et al.].) It is
5 appropriate to designate multiple partnerships and corporations as responsible parties for
6 corrective actions if there is credible and reasonable evidence that indicates such entities have
7 responsibility. (WQ 85-7 [Exxon Company, USA et al.].)

8 While the only documented discharge of gasoline occurred in
9 1983, the record shows clearly that discharges took place much
10 earlier. Phillips has offered no evidence to rebut the reports made
11 by Wendy's and Wenwest's consultant that, considering the soil in
12 the area and the distance the gasoline has travelled to reach the
13 neighbor's well, discharges took place at least 12 years before it
14 was detected by the neighbor. That places the time of discharge
15 well within the ownership of the property Phillips' predecessor.
16 Phillips' argument that the 1983 leak somehow caused the
17 pollution of the well that same year flies in the face of common
18 sense and the laws of nature. (See *Phillips Petroleum Company*
19 *WQ 92-13.*)

16 5. Silvas, if It is to be Liable, Should Only Be Secondarily Liable.

17 The contamination is consistent with operations conducted by prior tenants with the
18 permission of C&M. Despite the contamination being the fault of prior tenants, Silvas has
19 excavated truckloads of soil, including any soil that would have conceivably been contaminated
20 by Silvas two small USTs that were only operational for a short period in 1984.

21 Where one or more responsible parties exist at a site they can be subdivided into two
22 classifications: primarily responsible (primarily liable) and secondarily responsible
23 (secondarily liable). Secondary liability status is appropriate where, among other things, the
24 discharger did not initiate or contribute to the discharge. (See WQ 89-8 [*Arthur Spitzer et al.*]
25 and WQ 86-18 [*Valco Park, Ltd.*].)

26 Generally, a secondarily responsible party is a responsible party that need not comply
27 with a cleanup order unless the primary responsible party fails to comply. Silvas has cleaned up
28 more than their share of the contamination.

1 Here the contamination that is now the subject of the 2015 Directive is not the result of
2 leakage from USTs, which has already been removed, it results from conduct by prior tenants.
3 C&M, as the Property owner is responsible for ensuring that contamination on its property
4 caused by prior tenants, such as Mobil, does not contaminate adjacent property or groundwater,
5 and allowed the multiple discharges to occur. (See *Harold Logsdon*, WQ 84-6.) Therefore it too
6 should be primarily responsible. Silvas should only be secondarily liable, if liable at all.

7 **V. CONCLUSION**

8 Silvas, who is not responsible for the contamination that is at issue, should at most be
9 secondarily liable, but in fact should not be a Responsible Party at all.

10 Thus Silvas respectfully request that the Regional Board reconsider the 2015 Directive
11 and either order that C&M be added as primarily responsible, or failing that as a responsible
12 party.

13 Dated this 1st day of July, 2015.

14 PERKINS, MANN & EVERETT
15 INCORPORATED

16 By: 
17 Lee N. Smith,
18 Craig A. Tristão, Attorneys for
19 Silvas Oil Company, Inc.
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Exhibit A



EDMUND G. BROWN JR.
GOVERNOR



MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

Los Angeles Regional Water Quality Control Board

December 18, 2014

Mr. John Browning
C/o Mr. John R. Silvas
Silvas Oil Company
P.O. Box 1048
Fresno, CA 93714 – 1048

UNDERGROUND STORAGE TANK PROGRAM – DIRECTIVE TO TAKE CORRECTIVE ACTION IN RESPONSE TO UNAUTHORIZED UNDERGROUND STORAGE TANK RELEASE PURSUANT TO HEALTH AND SAFETY CODE SECTION 25296.10 AND TITLE 23, CALIFORNIA CODE OF REGULATIONS, SECTION 2720 – 2727

**SILVAS OIL COMPANY
1230 EAST 5TH STREET, OXNARD
CASE NO. C - 12002; GLOBAL ID T1000004341; PRIORITY A – 2**

Dear Mr. Browning:

The California Regional Water Quality Control Board (Regional Board), Los Angeles Region is the public agency with primary responsibility for the protection of groundwater and surface water quality for all beneficial uses within major portions of Los Angeles and Ventura Counties. As such, the Regional Board is the lead regulatory agency for overseeing corrective action (assessment and/or monitoring activities) and cleanup of releases from leaking underground storage tank systems at the subject site.

In a letter dated June 9, 2014, Ventura County Environmental Health Division (Ventura County) transferred the referenced site to the Regional Board for oversight.

Pursuant to Health and Safety Code section 25296.10, Silvas Oil Company (Silvas Oil) is required to take corrective action (i.e. Preliminary Site Assessment, Soil and Water Investigation, Corrective Action Implementation, and Verification Monitoring) to ensure the protection of human health, safety, and the environment. Corrective action requirements are set forth in California Code of Regulations (CCR), title 23, sections 2720 through 2727.

We have reviewed the "Comprehensive Remediation Through Excavation Report" (Excavation Report), dated April 30, 2014, and the "Above Ground Tank Closure Report" (Closure Report), dated September 4, 2014. The preceding technical reports were submitted by WYR Engineering on behalf of Silvas Oil. We have also reviewed the information contained in our case file.

CHARLES STRINGER, CHAIR | SAMUEL UNGER, EXECUTIVE OFFICER

320 West 4th St., Suite 200, Los Angeles, CA 90013 | www.waterboards.ca.gov/losangeles

I. Site Characterization (CCR Title 23, Chapter 16, § 2725)

The Excavation Report discusses the excavation of hydrocarbon impacted soil that was removed in late 2012 in the vicinity of the load rack and pump station areas and beneath the dispensers and product piping lines. Vertical excavation was terminated when groundwater recharge was observed at the bottom of the excavation pit. Lateral excavation progressed until sidewall confirmation samples collected above the capillary fringe reported "clean" and/or until structural impediments were reached.

The Excavation Report estimates that approximately 1,150 tons of hydrocarbon impacted soil was removed from beneath the site and transferred offsite for proper disposal.

Confirmation soil samples collected in the load rack area reported elevated concentrations of total petroleum hydrocarbon as gasoline (TPH_G), diesel (TPH_D), and benzene. The maximum TPH_G, TPH_D, and benzene concentrations reported in the soil were 4,920 mg/kg (TPH_G), 24,900 mg/kg (TPH_D), and 13.6 mg/kg (benzene). All maximum concentrations were reported in sample SSWW at 8.0 feet below ground surface (bgs).

In addition, elevated TPH_G concentrations of 2,720 mg/kg (NSWW at 8.0 feet bgs) and 2,830 mg/kg (SSWE at 8.0 feet bgs); TPH_D concentrations of 15,800 mg/kg (NSWW at 8.0 feet bgs), 13,700 mg/kg (NSW at 8.5 feet bgs), 2,270 mg/kg (NE Corner SW at 8.5 feet bgs), and 22,300 mg/kg (WSW at 8.0 feet bgs); and benzene concentrations of 1.05 mg/kg (NSWW at 8.0 feet bgs) and 3.9 mg/kg (SSWE at 8.0 feet bgs) were also reported.

Confirmation soil samples collected beneath the former dispensers and product piping lines reported elevated TPH_G and TPH_D concentrations. The maximum TPH_G and TPH_D concentrations reported in the soil were 1,820 mg/kg (TPH_G) and 9,640 mg/kg (TPH_D). Both maximum concentrations were reported in sample Ex NSW at 8.5 feet bgs. Elevated TPH_D concentrations of 11,400 mg/kg (L3 at 9.0 feet bgs) and 4,350 mg/kg (Ex ESW at 6.0 feet bgs) were also reported.

Based on the lab data sheets, two grab-groundwater samples (EX5 and Ex Pit Water Sample) were collected. The maximum grab-groundwater TPH_G, TPH_D, benzene, and methyl tertiary butyl ether (MTBE) concentrations reported were 24,300 µg/L (TPH_G in EX5), 1,370,000 µg/L (TPH_D in Ex Pit Water Sample), 1,220 µg/L (benzene in Ex Pit Water Sample), and 635 µg/L (MTBE in Ex Pit Water Sample).

The Closure Report stated that two 20,000-gallon and three 10,000-gallon aboveground storage tanks were removed. Although not specified, the Closure Report referenced the tanks to have contained gasoline and diesel fuel. The Closure Report also stated that soil samples were not collected in the area of the aboveground tanks because additional excavation was scheduled to begin.

1. Silvas Oil is required to submit a Soil Excavation Report by **January 15, 2015**. Since several excavation events have already been completed, the Soil Excavation Report must contain a brief narrative summary on previous excavations and sampling and a thorough narrative and discussion on the most recent excavation and confirmation soil sampling results.

2. At a minimum, the Soil Excavation Report must also include the following:
 - a. A complete summary table containing all soil data collected to date. Several soil samples listed in tables previously submitted contained various notations in their sampling identification name (e.g.: L3<, Ex NSW, and WSW⁵) that were not defined. The summary table must include all footnotes needed to describe the sample and sample locations on the site maps required below;
 - b. A scaled site map indicating the location of all current (if any) and former aboveground and underground storage tanks, dispensers, product piping, site structures, and site boundary;
 - c. A scaled site map identifying the extent of each excavation event completed, indicating the soil sampling locations and contaminant concentrations;
 - d. A scaled site map indicating the final extent of the excavation completed to date, indicating the soil sampling locations and contaminant concentrations left in-place;
 - e. Cross-section figures indicating the final extent of the excavation, the sampling locations and soil contaminant concentrations, the site-specific lithology, and depth to groundwater; and
 - f. All boring logs.
3. Based on the limited grab-groundwater data, additional characterization of the groundwater is required. Silvas Oil is required to submit a Well Installation Workplan due by **January 15, 2015**. The Well Installation Workplan must propose an adequate number of wells necessary to define the dissolved phase plume and establish the groundwater flow direction and gradient. At least one well should be proposed in the perceived up-gradient and down-gradient directions. Additional wells should be proposed consistent with the elevated soil and grab-groundwater data collected to date. The Well Installation Workplan must also include a site-specific Health & Safety Plan that is consistent with the proposed fieldwork.
4. In reviewing the case file, reference was made to a "four-inch well" installed in the middle of the southern drive slab area. The construction of the well is not consistent with standard well construction/installation practices. Since the well could potentially create a conduit to the subsurface, Silvas Oil is required to locate and abandon the well.
5. The construction, development, and abandonment of monitoring wells must comply with the requirements prescribed in the California Well Standards (Bulletin 74-90), published by the California Department of Water Resources.
6. Silvas Oil is required to conduct a survey and report production wells and agricultural wells located within a one-mile radius of the site.
7. As indicated above, Ventura County terminated the voluntary cleanup case file and transferred the referenced site to the Regional Board for oversight. As such, all future assessment and/or remediation must be pre-approved and conducted under the direction of the Regional Board.

II. Assembly Bill 681 - Property Owner Information:

Pursuant to the California Health and Safety Code Section 25296.20(a) and Division 7 of the Porter Cologne Water Quality Control Act under Assembly Bill 681 (AB 681), the Regional Board is required to notify all current fee title holders for the subject site or sites impacted by releases from underground storage tanks prior to considering corrective action and cleanup or case closure. If corrective action data from the site indicate that release(s) from the underground storage tank systems have impacted offsite property, we are also required to notify offsite property owners. Therefore, Silvas Oil is required to provide to this Regional Board the name, mailing address, and phone number for any record fee title holders for the subject site, as well as any offsite property (ies) impacted by releases from the subject site, together with a copy of county record of current ownership (grant trust deed), available from the County Recorder's Office, for each property affected. Or, Silvas Oil can complete this Regional Board's "Certification Declaration for Compliance with Fee Title Holder Notification Requirements" (see www.waterboards.ca.gov/losangeles/publications/forms/forms/ust/ab681_form.pdf).

Copies of future technical reports shall also be sent directly to any other property owner(s) impacted by contamination from the Site. Silvas Oil is also responsible to provide new contact information if the property owner(s) changes. The new owner shall comply with the requirement stated above.

The required information is due to this Regional Board no later than **January 15, 2015**.

II. GeoTracker Requirements

CCR, title 23, sections 3890-3895 require persons to submit electronic laboratory analytical data (i.e., soil, soil gas, or water chemical analysis) and locational data (i.e., location and elevation of groundwater monitoring wells), via the Internet to the SWRCB's GeoTracker database. The regulations and other background information are available at <http://geotracker.waterboards.ca.gov>.

Silvas Oil is required to submit all laboratory data obtained after September 1, 2001 to the GeoTracker database. This includes any sampling completed for underground storage tank system removal, site assessment activities, periodic groundwater monitoring, and post cleanup verification sampling. Per the same regulations, Silvas Oil is also required to submit locational data obtained after January 1, 2002 for all groundwater monitoring wells (i.e., latitude, longitude, and elevation survey data), groundwater well information (e.g., depth to free product, monitoring well status), and a site map. A complete copy of all clean-up and monitoring reports since January 1, 2005, must also be submitted to GeoTracker in PDF format.

III. General Requirements

1. The contractors who conduct the environmental work as required in this order shall, at all times, comply with all applicable State laws, rules, regulations, and local ordinances specifically, including but not limited to, environmental, procurement and safety laws, rules, regulations, and ordinances. The contractor shall obtain the services of a Professional Geologist or Engineer, Civil (PG/PE-Civil) to comply with the applicable requires of the Business and Professions Code, Sections 7800 et seq. implementing regulations for geological or engineering analysis and interpretation for this case. All documents prepared for others by the contractor that reflect or rely upon geological or

December 18, 2014

engineering interpretations by the contractor shall be signed or stamped by the PG/PE-Civil indicating her/his responsibility for them as required by the Business and Professions Code.

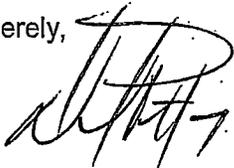
2. Effective November 1, 2011, the Los Angeles Regional Water Quality Control Board implemented a Paperless Office system. For all parties who upload electronic documents to the State Database GeoTracker, it is no longer necessary to email a copy of these documents to losangeles@waterboards.ca.gov or submit hard copies to our office. The Regional Board will no longer accept documents (submitted by either hard copy or email) already uploaded to GeoTracker.

IV. Enforcement

Silvas Oil is required to submit the Soil Excavation Report and the Well Installation Workplan by **January 15, 2015**. Failure to submit the required technical reports by the due date specified may result in an enforcement action by this Regional Board.

If you have any questions regarding this matter, please contact me at (213) 576 – 6714 or at dpirotton@waterboards.ca.gov

Sincerely,



DANIEL P. PIROTTON
Water Resource Control Engineer
Underground Storage Tank Program / Los Angeles Coastal Unit

Enclosure: Leaking UST Program Certification Declaration for Compliance with Fee Title Holder Notification Requirements (Assembly Bill 681)

cc: Ms. Kathy Jundt, State Water Resources Control Board,
Underground Storage Tank Cleanup Fund
Mr. Chuck Silvas, Silvas Oil Company
Mr. William Lachmar, WYR Engineering
Mr. Neal Maguire, Ferguson Case Orr Paterson, LLP
Mr. Walt Hamann, Rincon Consultants

Exhibit B



EDMUND G. BROWN JR.
GOVERNOR



MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

Los Angeles Regional Water Quality Control Board

June 1, 2015

Mr. John Browning
C/o Mr. John R. Silvas
Silvas Oil Company
P.O. Box 1048
Fresno, CA 93714 – 1048

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
CLAIM NO. 7014 2870 0001 4537 7644

**UNDERGROUND STORAGE TANK PROGRAM – DIRECTIVE TO TAKE CORRECTIVE ACTION IN RESPONSE TO UNAUTHORIZED UNDERGROUND STORAGE TANK RELEASE PURSUANT TO HEALTH AND SAFETY CODE SECTION 25296.10 AND TITLE 23, CALIFORNIA CODE OF REGULATIONS, SECTION 2720 THROUGH 2727
SILVAS OIL COMPANY
1230 EAST 5TH STREET, OXNARD
CASE NO. C - 12002; GLOBAL ID T10000004341; PRIORITY A – 2**

Dear Mr. Browning:

The California Regional Water Quality Control Board (Regional Board), Los Angeles Region is the public agency with primary responsibility for the protection of groundwater and surface water quality for all beneficial uses within major portions of Los Angeles and Ventura Counties. As such, the Regional Board is the lead regulatory agency for overseeing corrective action (assessment and/or monitoring activities) and cleanup of releases from leaking underground storage tank systems at the subject site.

Pursuant to Health and Safety Code section 25296.10(c), Silvas Oil Company (Silvas Oil) is required to take corrective action (i.e. Preliminary Site Assessment, Soil and Water Investigation, Corrective Action Implementation, and Verification Monitoring) to ensure the protection of human health, safety, and the environment. Corrective action requirements are set forth in California Code of Regulations (CCR), title 23, sections 2720 through 2727.

We have reviewed the "Comprehensive Remedial Action Report" (Report), dated January 14, 2015, and the "Initial Groundwater Monitoring Well Installation Workplan" (Workplan), dated January 14, 2015. The preceding reports were submitted by WYR Engineering on behalf of Silvas Oil. We have also reviewed the information contained in our case file.

I. Responsible Party

Silvas Oil previously conducted site assessment and remediation activities under the Ventura County Environmental Health Department, Leaking Underground Fuel Tank Program's environmental oversight. Silvas Oil is required to continue assessing and remediating the subject site as directed by the Regional Board until a final determination regarding responsible party (ies) status is made.

CHARLES STRINGER, CHAIR | SAMUEL UNGER, EXECUTIVE OFFICER

320 West 4th St., Suite 200, Los Angeles, CA 90013 | www.waterboards.ca.gov/losangeles

II. Site Characterization (CCR Title 23, Chapter 16, § 2725)

The Report stated that several soil excavations were conducted over various periods of time encompassing the former load rack, underground storage tank, above-ground storage tank, and dispenser areas. Based on confirmation soil sampling data, encountered groundwater, and structural features, excavation activities were terminated. Site excavation resulted in the removal of approximately 2,500 tons of soil.

The most recent excavation event was conducted in the vicinity of the former load rack and westernmost dispensers. The maximum total petroleum hydrocarbon as gasoline (TPH_G), as diesel (TPH_D), benzene, and ethylbenzene concentrations of 7,810 mg/kg (TPH_G), 11,100 mg/kg (TPH_D), 7.48 mg/kg (benzene), and 85.6 mg/kg (ethylbenzene) were reported in soil sample EX⁸-EB at 10.5 feet below ground surface (bgs). The maximum methyl tertiary butyl ether (MTBE) concentration of 0.007 mg/kg was reported in soil sample HATFE at 6.5 feet bgs.

During previous excavations, groundwater was detected between 8.0 feet and 12.0 feet bgs. Based on information from sites located in the vicinity, the groundwater flow direction is anticipated to be south to southwest.

The Workplan proposes to install three two-inch diameter groundwater monitoring wells to approximately 20.0 feet bgs in the locations identified in Figure 1 of the Workplan. The proposed wells will be screened between 5.0 feet and 20.0 feet bgs; soil sampling is not proposed.

1. In order to define the extent of the hydrocarbon plume, Silvas Oil is authorized to implement the Workplan. Referencing Table 5 of the Workplan, Silvas Oil is also required to install a monitoring well near former soil sampling locations NSW²-APEX and L3.
2. Silvas Oil is required to submit a revised site map reflecting the modifications outlined above and obtain Regional Board concurrence prior to the start of fieldwork.
3. Silvas Oil is required to submit a Well Installation Report by **September 15, 2015**. The Well Installation Report must contain a scaled site map, soil boring logs, as-built well construction details, and a discussion on the analytical soil and groundwater data. Based on the data collected during this phase of the investigation, additional assessment may be required.
4. Although some of the proposed and required well locations may be installed in backfilled areas, Silvas Oil must log and sample soil at 5.0 foot intervals beginning at 5.0 feet bgs, at changes in lithology, and at areas of obvious contamination. The professional in responsible charge shall review the borings and assume responsibility for the accuracy and completeness of the logs.

III. Continuous Groundwater Monitoring (CCR Title 23, Chapter 16, §2724)

1. Silvas Oil is required to implement a Groundwater Monitoring And Reporting Program. The Groundwater Monitoring Report – Second Semi-Annual 2015 (July – December) is due by **January 15, 2016**. Subsequent Groundwater Monitoring Reports are to be submitted according to the following schedule:

<u>Reporting Period</u>	<u>Report Due Date</u>
January – June	July 15 TH
July – December	January 15 TH

2. The Groundwater Monitoring Reports must include the following:
 - A separate summary table containing the current groundwater concentrations.
 - A summary table containing all historical groundwater data for each well including the depth to groundwater and well screen intervals.
 - A regional map depicting the location of the site, businesses, and streets in the vicinity of the site.
 - A scaled site plot plan depicting the location of the site, the underground storage tanks, dispenser-islands, and associated systems.
 - A scaled site map depicting all well locations and groundwater elevations (contour) with flow gradient and direction.
 - A separate isoconcentration map for TPH_G, benzene, ethylbenzene, MTBE, and tertiary butyl alcohol (TBA).
 - A hydrograph superimposing concentration over time at the most impacted well for TPH_G, benzene, ethylbenzene, MTBE, and TBA (or at any other well as warranted).
3. Silvas Oil is required to analyze soil and groundwater samples by Cal-LUFT GC/FID or Cal-LUFT GC/MS Method for TPH_G, TPH_P; and by EPA Method 8260B for benzene, toluene, ethylbenzene, total xylenes (BTEX), naphthalene, and fuel oxygenate compounds including MTBE, di-isopropyl ether (DIPE), ethyl tertiary butyl ether (ETBE), tertiary amyl methyl ether (TAME), and tertiary butyl alcohol (TBA). Ethanol is also required and shall be analyzed by either method above. The analytical detection limits must conform to the Regional Board General Laboratory Testing Requirements (9/06) http://www.waterboards.ca.gov/losangeles/publications_forms/forms/ust/lab_forms/labreq9-06.pdf. All respective analytical methods must be certified by the California Environmental Laboratory Accreditation Program (ELAP). All analytical data must be reported by a California-certified laboratory.
4. Prior to collecting groundwater samples, free product thickness (if present) must be determined and the depth to water must be measured in all wells to be sampled. The wells are then to be properly purged until the temperature, conductivity, and pH stabilize, and the water is free of suspended and settleable matter before samples are collected for analysis.
5. Prior to consideration for case closure, at least one round of groundwater sampling must be analyzed for all common aromatic and chlorinated volatile organic compounds per EPA Method 8260B. If the site has a waste oil tank, the full suite of aromatic and chlorinated analysis must also be tested and reported per EPA Method 8260B.

IV. General Requirements

1. The contractors who conduct the environmental work as required in this order shall, at all times, comply with all applicable State laws, rules, regulations, and local ordinances specifically, including but not limited to, environmental, procurement and safety laws, rules, regulations, and ordinances. The contractor shall obtain the services of a Professional Geologist or Engineer, Civil (PG/PE-Civil) to comply with the applicable requires of the Business and Professions Code, Sections 7800 et seq. implementing regulations for geological or engineering analysis and interpretation for this case. All documents prepared for others by the contractor that reflect or rely upon geological or engineering interpretations by the contractor shall be signed or stamped by the PG/PE-Civil indicating her/his responsibility for them as required by the Business and Professions Code.
2. Silvas Oil is required to obtain all the necessary permits prior to the start of fieldwork.
3. The construction, development, and abandonment of monitoring wells must comply with the requirements prescribed in the California Well Standards (Bulletin 74-90), published by the California Department of Water Resources.
4. All groundwater monitoring wells must be surveyed to a benchmark for known elevation above mean sea level by a California licensed land surveyor,
5. Silvas Oil is required to notify the Regional Board at least five business days (by email) prior to the start of fieldwork so that we may schedule a staff member to be present.
6. Effective November 1, 2011, the Regional Board implemented a Paperless Office system. For all parties who upload electronic documents to the GeoTracker Database, it is no longer necessary to email a copy of these documents to losangeles@waterboards.ca.gov or submit hard copies to our office. The Regional Board will no longer accept documents (submitted by either hard copy or email) already uploaded to GeoTracker.

V. Enforcement

Silvas Oil is required to submit the Well Installation Report by **September 15, 2015**, and the Groundwater Monitoring Report – Third Quarter 2015 by **October 15, 2015**. Failure to submit the required technical reports by the due dates specified may result in an enforcement action by this Regional Board.

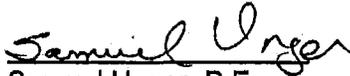
Any person aggrieved by this action of the Regional Water Board may petition the State Water Board to review the action in accordance with Water Code section 13320 and California Code of Regulations, title 23, sections 2050 and following. The State Water Board must receive the petition by 5:00 p.m., 30 days after the date of this letter, except that if the thirteenth day following the date of this letter falls on a Saturday, Sunday, or state holiday, the petition must be received by the State Water Board by 5:00 p.m. on the next business day. Copies of the law and regulations applicable to filing petitions may be found on the Internet at: http://www.waterboards.ca.gov/public_notices/petitions/water_quality or will be provided upon request.

Mr. John Browning
Silvas Oil Company
Page 5

June 1, 2015

If you have any questions regarding this matter, please contact Mr. Daniel P. Piroton at (213) 576 - 6714 or at dpirotton@waterboards.ca.gov

Sincerely,



Samuel Unger, P.E.
Executive Officer

cc: Mr. David Coupe, Office of Chief Counsel, State Water Resources Control Board
Ms. Kathy Jundt, State Water Resources Control Board,
Underground Storage Tank Cleanup Fund
Mr. Chuck Silvas, Silvas Oil Company
Mr. Lee N. Smith, Perkins, Mann, & Everett, Incorporated
Mr. Craig A. Tristão, Perkins, Mann, & Everett, Incorporated
Mr. Neal Maguire, Ferguson, Case, Orr, Paterson, LLP
Mr. Peter A. Nyquist, Greenberg, Glusker, Fields, Claman, & Machtinger, LLP
Ms. Marla Madden, ExxonMobil Environmental Services
Mr. William Lachmar, WYR Engineering
Mr. Walt Hamann, Rincon Consultants

Exhibit C

FOR []

FORM NO 5105 (2-57)

BULK PLANT
SERVICE STATION GROUND LEASE

This Agreement is entered into as of September 16, 1963 by

MORRIS L. GARTY and BORIS G. GARTY, husband and wife, JOHN B. MAULHARDT and
JEANNE G. MAULHARDT, husband and wife, and ROBERT L. MAULHARDT and FRANCES
H. MAULHARDT, husband and wife,
hereinafter called Lessor, and by SOCONY MOBIL OIL COMPANY, INC., hereinafter called Lessee,
having a place of business at 612 South Flower Street, Los Angeles, California.

1. Premises. Lessor hereby leases and Lessee hereby hires and takes the premises situated at
South side Fifth Street
in the City of Oxnard, County of Ventura
State of California, and more particularly described as follows, hereinafter called the premises:

Portions of Lots 3 and 4, Block "B" Virginia Park, L.L.R.-28,
more particularly described as follows:

Beginning at a point in the Eastern line of Lot 3, Block "B",
Virginia Park, said point lying 291.86 ft. west of the center-
line of Pacific Avenue (60.00 ft. wide) and 56.00 ft. south
of the centerline of east Fifth Street (90.00 ft. wide); thence
west 50.00 ft. to the true point of beginning; thence continuing
west along a line 56.00 ft. south of and parallel to the said
centerline of east Fifth Street, a distance of 165.00 ft.; thence
S 0° 01' 45" W a distance of 134.00 ft., more or less, to a point
in a curve concentric with and 30.00 ft. northwesterly, measured
on a radial line, from the southeasterly line of Lots 3 and 4 of
Block "B", Virginia Park; thence northeasterly along said curve,
said curve having a radius of 436.66 ft., to a point lying 110.00
ft., more or less, S 0° 01' 45" W of the true point of beginning;
thence N 0° 01' 45" E a distance of 110.00 ft., more or less, to
the true point of beginning.

Lessor and Lessee agree to amend this agreement at Lessee's request by modifying or adding to the above description
of the premises to the extent required for Lessee to obtain a leasehold policy of title insurance satisfactory to Lessee. Lessor
shall reimburse Lessee for the cost of said policy.

2. Term. This lease shall be for a term of one hundred twenty (120) months
commencing on the date that all improvements and equipment necessary for the storage and dispensing of petroleum prod-
ucts and the operation of an automotive service station business shall have been installed, as established by notice from
Lessee to Lessor, but not later than July 1, 1963.

3. Rental. Lessee agrees to pay rental of \$ 135.00 per month, payable in advance on the first day of each
calendar month, commencing on the date that all improvements and equipment necessary for the storage and dispensing of
petroleum products and the operation of an automotive service station business shall have been installed, as established
above. Rental for any fractional part of a calendar month shall be prorated.

Lessee shall pay said rental to Lessor at O. and H. Properties, P. O. Box 547, Oxnard, California.

[Handwritten signatures and initials]
R.L.M.
J. J. H.
J. J. H.

[Handwritten signatures and initials]
J. J. H.
J. J. H.

4. Use, Lessee may use the premises for the storage and dispensing of petroleum products and the operation of an automotive service station business and for any other lawful purpose, and for all operations normal and customary thereto.

5. Improvements, Equipment. Lessee may install on the premises such improvements and equipment as it may require for the conduct of its business on the premises, and any, at any time while this lease is in effect or within 30 days after any termination thereof, remove any such improvements or equipment, whether affixed to the premises or not. In lieu of removing improvements or equipment installed by it, Lessee may abandon all such improvements or equipment or any part thereof.

6. Utility Charges, Taxes. Lessor shall pay all costs of making water, gas, electricity and other utility services available on the premises. Lessee shall pay all charges for such utility services supplied to it. Lessee shall pay all taxes on any improvements and equipment owned by it on the premises and all license fees or other governmental charges resulting from Lessor's use of the premises. All other taxes, assessments or governmental charges shall be paid by Lessor.

7. Termination. If at any time Lessee decides in its uncontrolled discretion that the premises cannot advantageously be used for the operation of an automotive service station business, Lessor may terminate this lease on not less than 30 days notice to Lessor.

If Lessee or any sublessee is unable to obtain any license, zoning classification, variance or permit or renewal thereof required by any governmental agency in order to use the premises for the storage and dispensing of petroleum products and the operation of an automotive service station of the type and capacity and with the right of ingress and egress specified in any application to such governmental agency, or if any such license, zoning classification, variance or permit is cancelled, abridged or revoked, or if Lessee is prevented by governmental action, operation of law, injunction, condemnation, acts of God, acts of enemies or any cause beyond its control, from so using the premises or any material part thereof as determined by Lessee, or if ingress to the premises from any existing street or egress from the premises to any such street is cut off by any change in, or relocation of, such street, then Lessee may, at any time after the occurrence of any such event and while Lessee is so prevented from using the premises, terminate this lease on not less than 30 days notice to Lessor and payment of the sum of \$1000.

8. Defaults. If Lessor shall fail to pay when due any rental under any underlying lease, tax, assessment, interest on, or principal of, any mortgage or trust deed covering the premises or shall fail to pay any other charge or perform any act for which Lessor is responsible, and if such failure is not remedied by Lessor within 10 days after the giving of notice thereof by Lessee, Lessee may pay or perform the same without prejudice to any other rights or remedies, and deduct the cost thereof from any rentals or other payments then or thereafter due from Lessee. Lessee shall also be entitled to any right of reversion granted by law and, in the event of foreclosure of any mortgage, trust deed or lien, Lessee may purchase the premises for its own account. If Lessor shall at any time be indebted to Lessee, Lessee may withhold and apply to such indebtedness any rentals or other payments then or thereafter due from Lessee.

If Lessee shall fail to remedy any default hereunder within 10 days after the receipt of notice thereof from Lessor, Lessor may at his option terminate this lease by notice to Lessee and re-enter and repossess the premises without prejudice to Lessor's accrued rights.

If any action or proceeding is instituted by either party to enforce any remedy to which it may be entitled under this agreement, the successful party shall be entitled to recover from the other party the costs of such action or proceeding and reasonable attorneys' fees incurred in connection therewith.

9. Renewals. Lessee shall have the option to renew this lease for four consecutive terms of five years each on the same terms and conditions except as hereinafter stated, the first of such renewal periods to commence at the expiration of the term of this lease. To exercise such option Lessee shall give Lessor notice of its election to renew at least 30 days prior to the expiration of the then-current term.

10. Holding Over. If Lessee shall hold over after the expiration of this lease or any extension or renewal thereof without having renewed the same or entered into a new lease, Lessee shall thereafter be deemed to be a tenant, from month to month on all of the terms and conditions of this lease except as to the duration thereof.

11. Options to Acquire Premises.

(a) ~~Option to Purchase.~~ Lessee shall have the exclusive option to purchase the premises for the sum of \$1000. Said option may be exercised by notice to Lessor at any time during the term of this lease or any extension or renewal thereof. Within seven days after Lessee gives such notice Lessee shall deposit in escrow the full amount of the purchase price, and within 30 days after such deposit Lessor shall deliver to Lessee a deed in form satisfactory to Lessee and at Lessor's cost, a policy of title insurance in the amount of the purchase price, or in those areas where such insurance is not available, an abstract of title satisfactory to Lessee. Said policy or abstract shall show Lessee's interest as buyer of the premises free of all liens and encumbrances, except current taxes and assessments not yet due and except those liens and encumbrances that have been approved in writing by Lessee. ~~On the recording of said deed this lease shall terminate.~~

(b) Preferential Option. In addition to the foregoing option Lessee shall have the preferential right provided for herein. Lessor shall not, during the term of this lease or any extension or renewal thereof, sell, lease, grant options with respect to, or otherwise dispose of the whole or any part of the premises without giving Lessee an option to acquire the same on the terms and conditions which Lessor is willing to accept from any other party. Lessor shall give Lessee prompt notice of said terms and conditions and shall permit Lessee to examine any acceptable offer. If Lessee exercises said option, it shall do so by notice to Lessor given within 30 days after receipt of the above referred to notice from Lessor. Within 30 days after Lessee gives such notice, Lessee shall deposit in escrow the full amount for which Lessor is willing to dispose of the premises and within 30 days after such deposit Lessor shall, in the case of a sale, deliver to Lessee a deed in form satisfactory to Lessee and, at Lessor's cost, a policy of title insurance in the amount of the purchase price, or in those areas where such insurance is not available, an abstract of title satisfactory to Lessee. Said policy or abstract shall show Lessee's interest as buyer of the premises subject only to the liens and encumbrances which are specifically excepted in the proposed terms and conditions. In the case of any other disposition, Lessor shall deliver to Lessee an instrument in form and substance satisfactory to Lessee and sufficient to transfer the interest covered thereby. On the recording of said deed or instrument this lease shall terminate.

(c) Third Parties. Failure to exercise the options provided for in this Section on one or more occasions shall not affect Lessee's right to exercise them thereafter and any transfer by Lessor to a third party shall be subject to Lessee's right to acquire the premises from said third party in accordance with the provisions of this Section.

12. Option to Lease. In consideration of the sum of \$100, the receipt of which is hereby acknowledged by Lessor, Lessor agrees that this instrument until executed by Lessee, or until the expiration of 120 days from the date of the acknowledgment of Lessor's signature, whichever occurs first, shall constitute an exclusive right and option in favor of Lessee to lease the premises from Lessor on the terms and conditions specified herein. This option may be exercised by Lessee at any time within said 120-day period by Lessee's delivering personally to Lessor or sending to Lessor in accordance with the provisions of Section 14 an executed copy of this instrument. If the option is exercised by mailing, the sending of this lease shall be deemed completed at the time of mailing. If Lessee does not so exercise this option within said period, this instrument shall be of no further force or effect. If Lessee exercises this option, this instrument shall thereby become effective as a lease between the parties in accordance with the terms and conditions specified herein.

If there is any period of time between the date of the exercise of this option and the date of the commencement of the term of this lease, Lessee shall have the right to take possession of and to use the premises at any time during said period, which possession and use shall be deemed to be under a license free of all charges by Lessor.

13. First Lien and Encumbrance. This lease shall be a first lien and encumbrance against the premises, subject only to current taxes and assessments and to conditions, restrictions, reservations, easements and rights of way of record acceptable to Lessee.

14. Notices. Any notice hereunder shall be in writing and shall be delivered personally (to an officer or manager in the case of Lessee) or sent by registered or certified mail to Lessor at P. O. Box 547, Oxnard, California and to Lessee at 612 South Flower Street, Los Angeles 54, California unless changed by notice. Notice by mail shall be deemed given at the time of mailing.

15. Miscellaneous. This instrument and any modifications or supplements signed by the parties contain the entire agreement covering the subject matter. The right of either party to require strict performance shall not be affected by any previous waiver or course of dealing. This lease shall be binding on and inure to the benefit of the successors and assigns of the parties.

16. Riders. Paragraphs 17, 18, 19 and 20 have been added as riders and are hereby made a part of this lease.

17. Notwithstanding the provisions of Section 6 hereof with respect to taxes, Lessee agrees to reimburse Lessor, within sixty (60) days after presentation to Lessee by Lessor of recopied tax bills, for the amounts paid by Lessor during any fiscal tax year for any regular City, County and State taxes levied upon or against the demised premises during the original term of this lease and during any extended and/or renewed periods. Lessee's tax obligation hereunder shall not include any special improvement assessments or special improvement taxes. For any fraction of a fiscal tax year at the beginning or ending of the term of this lease, Lessee's tax obligation hereunder shall be pro-rated on the basis of the number of months this lease has been in effect in such fraction of such fiscal tax year.

18. It is understood and agreed that Lessee may, at its option, cancel this lease during the original term hereof or during any extended and/or renewed period on any 3-year anniversary date of the commencement date for the term of this lease by thirty (30) days' prior written notice and payment to Lessor of the sum of \$100.00.

19. The provisions of Section 11(h) hereof shall not apply in event of transfer of title to the demised premises to any member of each respective Lessor's immediate family and/or to any Corporation in which each respective Lessor, or any of them, have an interest.

20. It is understood and agreed that in event, at some future date, Lessor elects to utilize any portion of the demised premises for the retail sales of gasoline to the motoring public, the rental provided for in this Lease shall be amended by mutual written agreement to provide for the payment by Lessee to Lessor of additional rentals based upon total number of gallons of Lessee's gasoline so sold and delivered to customers on the premises.

21. If Lessee elects to exercise his option to renew this lease, per condition 9 above, it is understood and agreed the rent shall then be \$150.00 per month, payable in advance on the first day of each calendar month.

Edwin L. Garty
Edwin L. Garty
Francis C. Garty
Francis C. Garty
John B. Maulhardt
John B. Maulhardt
James H. Maulhardt
James H. Maulhardt

WITNESSES TO LESSOR'S SIGNATURE:
Robert L. Maulhardt
Robert L. Maulhardt
Frances H. Maulhardt
Frances H. Maulhardt

SOCONY MOBIL OIL COMPANY, INC.

By *C. H. Winter*
ATTORNEY IN FACT

Lessee

THIS FORM OF ACKNOWLEDGMENT TO BE USED BY INDIVIDUALS

STATE OF CALIFORNIA }
COUNTY OF Ventura } SS

On this fourth day of September, 1962, before me, KAY HOLLOWAY, a Notary Public in and for Ventura County, personally appeared Edwin L. Garry, Doris G. Garry, John B. Maulhardt, Jeanne G. Maulhardt, Robert L. Maulhardt and Francis H. Maulhardt known to me to be the persons described in and whose names are subscribed to the within and foregoing instrument, and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein contained.

In Witness Whereof, I have hereunto set my hand and official seal the day and year first above written.

(SEAL)

Kay Holloway
Notary Public in and for the State of California

My Commission Expires:

Jan. 3, 1964

residing at Ventura

THIS FORM OF ACKNOWLEDGMENT TO BE USED BY CORPORATIONS

STATE OF _____ }
COUNTY OF _____ } SS

On this _____ day of _____, 19____, before me, _____, a Notary Public in and for _____ County, personally appeared _____ known to me to be and, being by me duly sworn, on oath did say and acknowledge that _____ the _____ of _____, the corporation that executed the within and foregoing instrument and said _____ on oath, stated and acknowledged to me that: (1) _____, as such _____

being authorized so to do by the by-laws or board of directors of said corporation, executed, signed and sealed said instrument on behalf of said corporation; (2) _____ acquainted with the seal of said corporation and the seal affixed thereto is the corporation seal of said corporation; (3) the signatures to said instrument were made by officers of said corporation as indicated after such signatures, and; (4) said corporation executed said instrument as its free and voluntary act and deed, for the uses and purposes therein contained.

In Witness Whereof, I have hereunto set my hand and official seal the day and year first above written.

FORM 717A
REV. 2-60

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } SS

On the 7th day of January, 1963, before me, a Notary Public, personally appeared C. H. Waxman, to me known to be the Attorney in Fact of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and he on oath stated that he was authorized to execute said instrument.

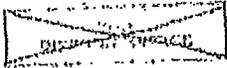
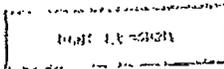
IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

Ella M. Fell
Notary Public in and for the County of Los Angeles, State of California
My Commission Expires Feb. 10, 1963
Ella M. Fell

After Recording Set by
SCOUNT MOBILE OIL COMPANY, INC.

LEASE
SCOUNT MOBILE OIL COMPANY, INC.

Exhibit D



MODIFICATION AGREEMENT

THIS AGREEMENT is entered into this 19th day of February, 1963, by and between EDWIN L. CARNEY and DORIS C. CARNEY, husband and wife, JOHN R. MAULHART and JEANNE C. MAULHART, husband and wife, and ROBERT L. MAULHART and FRANCES R. MAULHART, husband and wife, hereinafter referred to as Lessor, and SOCOROT NOBIL OIL COMPANY, INC., hereinafter referred to as Lessee:

W I T N E S S E S :

WHEREAS, Lessor and Lessee have entered into a Bulk Plant Ground Lease dated September 10, 1962, a memorandum form of which was recorded on January 9, 1963, in Book 2236, Page 401, Official Records of Ventura County, covering certain premises in the City of Oxnard, County of Ventura, State of California, and more particularly described in said lease.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration to both parties in hand paid, receipt of which is hereby acknowledged, Lessor and Lessee do hereby mutually agree as follows:

1. THAT the description of the devised premises as set forth in said lease is hereby cancelled and the following description shall be and is hereby substituted therefor, to-wit:

Those portions of Lots 3 and 4, Block "B", Virginia Park, in the City of Oxnard, County of Ventura, State of California, according to the map recorded in Book 11, Page 28 of Maps, in the office of the County Recorder of said County, described as a whole as follows:

Beginning at a point on a line which is parallel with and distant southerly 30 feet, measured at right angles, from the northerly line of said lots 3 and 4, being also the southerly line of East Fifth Street, 90 feet wide, distant along said parallel line West 50 feet from the intersection of said parallel line with the easterly line of said Lot 3; thence continuing along said parallel line;

Lot: - West 163 feet; thence parallel with the easterly line of said Lot 3;

2nd: - South 00° 01' 45" West 184 feet, more or less, to the intersection with a curve which is concentric with and distant northwesterly 30 feet, measured radially, from the northwesterly line of the land described in the deed to California Lima Bean Growers Association,

recorded September 28, 1946 as Document No. 23833 in book 769 page 309 of Official Records, said northwesterly line being a curve concave northwesterly having a radius of 466.68 feet; thence,

3rd: - Northeasterly, along said concentric curve having a radius of 436.68 feet, to the intersection with a line which is parallel with the easterly line of said lot 3 and passes through said point of beginning; thence along said last mentioned parallel line,

4th: - North 09 01' 45" East 110 feet, more or less, to the point of beginning.

EXCEPT all pipe, pipe lines and conduits located on said land used as a part of the irrigating system provided for furnishing water to lands within said Virginia Park.

EXCEPT as herein modified, all other terms and conditions of the lease referred to above shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed the day and year first above written.

STATE OF CALIFORNIA
County of Ventura

as:

On February 19, 1963, before me, the undersigned, personally appeared EDWIN L. CARTY, DORIS C. CARTY, JOHN B. MAULHARDT, JEANNE G. MAULHARDT, ROBERT L. MAULHARDT and FRANCES H. MAULHARDT, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF I have placed my hand and official seal.

Karin Holloway
Notary Public in and for said county and state.
My comm. expires 1/3/64

Edwin L. Carty
Edwin L. Carty
Doris C. Carty
Doris C. Carty
John B. Maulhardt
John B. Maulhardt
Jeanne G. Maulhardt
Jeanne G. Maulhardt
Robert L. Maulhardt
Robert L. Maulhardt
Frances H. Maulhardt
Frances H. Maulhardt
LESSOR

SOCIETY MOBIL OIL COMPANY, INC.
By J. A. Simpson
ATTORNEY IN FIRM
LESSOR

	INITIALS
Witnessed by	
Represented by	
Subscribed to	
Approved as to facts by Law Dept.	
Dispositions checked	<u>PSH</u>

Exhibit E

L E A S E

THIS LEASE is made and entered into by and between C & M PROPERTIES, a general partnership, hereafter referred to as "LESSOR" and SILVAS OIL CO., INC., a corporation, hereafter referred to as "LESSEE".

1. PROPERTY LEASED. LESSOR hereby leases to LESSEE and LESSEE hereby leases from LESSOR for the term, at the rental, and upon all the conditions set forth herein, the following property located in the County of Ventura, State of California: The premises located on the south side of Fifth Street, in Oxnard, California, more particularly described in the attached "Exhibit A." Said property, including the land and all improvements thereon, is hereafter referred to as "the Premises".

2. TERM.

2.1 TERM. The term of this Lease is five (5) years, commencing on April 1, 1984 and terminating on March 31, 1989, unless sooner terminated pursuant to this Lease.

2.2 OPTION TO RENEW. Provided that LESSEE has performed all of its obligations under this Lease during the initial term, LESSOR hereby grants to LESSEE an additional option to extend the term for a five (5) year period, commencing upon the expiration of the current term. LESSEE may exercise said option by personally delivering written notice thereof to LESSOR at least ninety (90) days prior to the expiration of the current term. Any extended term hereof, pursuant to the exercise of said option, shall be subject to all the terms, covenants and conditions of this Lease. The option to renew granted by the provisions of this paragraph may not be assigned or transferred.

3. USE.

3.1 USE. The Premises shall be used and occupied for the following specified purpose and shall not be used for any

other purpose without first obtaining the written consent of LESSOR: Bulk petroleum warehousing and distribution.

3.2 COMPLIANCE WITH LAW. LESSEE shall, at LESSEE's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders, restrictions of record, and requirements in effect during the term or any part of the term hereof regulating the use by LESSEE of the Premises. LESSEE shall not use nor permit the use of the Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant on the property containing the Premises, shall tend to disturb such other tenants.

3.3 CONDITION OF PREMISES. LESSEE hereby accepts the Premises in their condition existing as of the date of possession of the Premises, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. LESSEE acknowledges that neither LESSOR nor LESSOR's agent has made any representation or warranty as to the suitability of the Premises for the conduct of LESSEE's business.

4. RENT. LESSEE shall pay to LESSOR, during the term of this Lease and all extensions or renewals thereof, monthly rental as follows:

4.1 TIME OF PAYMENT. Rent is payable in advance on the first (1st) day of each and every month.

4.2 RENT. The amount of monthly rent during the term of this Lease shall be as follows:

(a) From April 1, 1984 to March 31, 1989:
Seven Hundred Dollars (\$700.00) per month;

(b) If this Lease is extended by proper exercise of LESSEE's option, then from April 1, 1989 to March 31, 1990: Eight Hundred Dollars (\$800.00) per month;

(c) From April 1, 1990 to March 31, 1994: the rent of Eight Hundred Dollars (\$800.00) per month shall be increased at the beginning of each lease year by a percentage equal to the percentage increase (but not decrease) in the Consumer Price Index. The rent for each leasehold year shall be increased (but not decreased) in the same percentage proportion that the average of the United States Department of Labor Consumer Price Index, As Revised, Los Angeles, Long Beach, Anaheim, for all Urban Consumers, All Items (1967-1969 = 100) published monthly by the Bureau of Labor Statistics (hereinafter called "Index") for the third calendar month immediately preceding the applicable lease year, shall have increased over said average for the third calendar month immediately preceding the prior leasehold year. In no event shall the percentage increase in rent in any one year be less than Twenty-five Dollars (\$25.00) per month, but if the increase is more than six percent (6%) in that period, the rent shall be increased by six percent (6%) plus one-half (1/2) of the percentage increase over six percent (6%).

If there shall be a change in the calculations or formulations of said Index which cannot be compensated for by formula adjustments available from the Bureau of Labor Statistics, or if the Index is discontinued or for any other reason is not available, and if within thirty (30) days of either's request, the parties hereto are unable to agree to a substitute index issued by any branch or department of the United States Government reflecting changes in the purchasing value of money, then any index or other comparable measure of changes in the purchasing value of money generally recognized as authoritative, selected by the Presiding Judge of the Superior Court of the State of California, County of Ventura, on application of either party with notice to the other party, shall be substituted.

5. SECURITY DEPOSIT. LESSEE shall immediately following the execution of this Lease, deposit with LESSOR the sum of Seven Hundred Dollars (\$700.00). This sum shall be held by the LESSOR as security for the faithful performance by LESSEE of all the terms, covenants, and conditions of this Lease by said LESSEE to be kept and performed during the term hereof. If, at any time during the term of this Lease, any of the rent herein reserved shall be overdue and unpaid, or any other sum payable by LESSEE to LESSOR shall be overdue and unpaid, then the LESSOR may, at the option of LESSOR (but LESSOR shall not be required to) appropriate and apply any portion of said deposit to the payment of any such overdue rent or other sum. In the event of the failure of LESSEE to keep and perform all of the terms, conditions and covenants of this Lease to be kept and performed by LESSEE, then, at the option of LESSOR, said LESSOR may, after terminating this Lease, appropriate and apply said entire deposit, or so much thereof as may be necessary, to compensate LESSOR for all loss or damage sustained or suffered by LESSOR due to such breach on the part of LESSEE. Should the entire deposit, or any portion, be appropriated and applied by LESSOR for the payment of overdue rent or other sums due and payable to LESSOR by LESSEE hereunder, then LESSEE shall, upon written demand of LESSOR, forthwith remit to LESSOR a sufficient amount in cash to restore said security to the original sum and LESSEE's failure to do so within five (5) days after such receipt of such demand shall constitute a breach of this Lease. Should LESSEE comply with all of said terms, covenants and conditions and promptly pay all of the rental herein provided for as it falls due, and all other sums payable by LESSEE to LESSOR hereunder, the deposit shall be returned in full to LESSEE at the end of the term of this Lease, or upon earlier termination of this Lease by any of the provisions hereof and after LESSEE has vacated the Premises. In no event shall LESSEE be entitled to any interest

on the Security Deposit and no trust relationship is created herein between LESSOR and LESSEE with respect to said Security Deposit.

6. IMPROVEMENTS.

6.1 ALTERATIONS AND ADDITIONS.

(a) LESSEE may make such alterations, improvements or additions in, on or about the Premises as are necessary or appropriate for the conduct of LESSEE's business thereon, as long as such alterations, improvements or additions do not cause a diminution in the value of the premises or would tend to impair its future use for other business activities. LESSOR may require that LESSEE remove any or all of said alterations, improvements, or additions at the expiration of the term, and restore the Premises to their prior condition. LESSOR may require LESSEE to provide LESSOR, at LESSEE's sole cost and expense, a lien and completion bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure LESSOR against any liability for mechanic's and materialmen's liens and to insure completion of the work.

(b) LESSEE's right to make improvements under this paragraph shall be conditioned upon LESSEE's acquiring all necessary governmental permits or clearances in advance of commencement of work, furnishing a copy thereof to LESSOR upon request, and compliance by LESSEE with all conditions of such permits or clearances in a prompt and expeditious manner.

(c) LESSEE shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for LESSEE at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or any interest therein. LESSEE shall give LESSOR not less than ten (10) days' notice prior to the commencement of any work on the Premises, and LESSOR shall have the right to post notices of non-responsibility in or on the

Premises as provided by law. If LESSEE shall, in good faith, contest the validity of any such lien, claim or demand, the LESSEE shall, at its sole expense defend itself and LESSOR against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the LESSOR or the Premises, upon the condition that if LESSOR shall require, LESSEE shall furnish to LESSOR a surety bond satisfactory to LESSOR in an amount equal to such contested lien, claim or demand indemnifying LESSOR against liability for the same and holding the Premises free from the effect of such lien or claim. In addition, LESSOR may require LESSEE to pay LESSOR's attorneys fees and costs in participating in such action if LESSOR shall decide it is to its best interest to do so.

(d) Unless LESSOR requires their removal, as set forth in Section 6.1(a), all alterations, improvements or additions which may be made on the Premises, shall become the property of LESSOR and remain upon and be surrendered with the Premises at the expiration or termination of the term. Notwithstanding the provisions of this Section 6.1(d), LESSEE's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of LESSEE and may be removed by LESSEE subject to the provisions of Section 23.

7. MAINTENANCE AND UPKEEP. LESSEE shall be solely responsible for maintenance and upkeep of the Premises.

8. REPAIRS. LESSEE, at LESSEE'S sole cost and expense, throughout the term of this Lease, shall maintain and keep in good order, condition and repair, all portions of the Premises and all additions thereto, and all other improvements, equipment, fixtures and other property situated in, or under the Premises, and if necessary or required by governmental authority or applicable regulations of the Pacific Fire Rating Bureau or

similar body, make modifications or replacements thereof.

If LESSEE fails to perform LESSEE'S obligations under this Section 8, LESSOR may at its option (but shall not be required to) enter upon the Premises, after three (3) days prior written notice to LESSEE and put the same in good order, condition, and repair and the cost thereof together with interest thereon at the rate of ten percent (10%) per annum shall become due and payable as additional rental to LESSOR together with LESSEE'S next rental installment.

9. LIABILITY INSURANCE. LESSEE shall indemnify and hold LESSOR harmless from any loss or damage arising out of or relating to any death, bodily injury, or property damage resulting from, or in connection with, the maintenance, use, or occupation of the Premises by LESSEE, LESSEE'S agents, servants, employees, contractors, or patrons. LESSEE shall, at LESSEE'S own expense, carry public liability insurance with liability limits of not less than One Million Dollars (\$1,000,000.00) for the injury or death of one person in any one accident and property damage insurance in an amount of not less than Five Hundred Thousand Dollars (\$500,000.00). All such insurance shall be carried with insurance companies satisfactory to LESSOR. Said insurance shall name LESSOR as an additional insured party. LESSEE shall furnish, or cause to be furnished, to LESSOR, certificates of insurance from the insurance carrier stating that such insurance is in full force and effect and that the premiums thereon have been paid and that the insurance carrier will give LESSOR at least twenty (20) days prior written notice of any termination, cancellation, or modification of such insurance. Should LESSEE fail to comply with this Section 9, LESSOR shall have the right to obtain said insurance and pay the premiums therefor, and in such event the entire amount of such premiums shall be immediately paid by LESSEE to LESSOR, and failure to do so shall constitute a breach of this Lease.

10. CASUALTY INSURANCE. LESSEE shall maintain at LESSEE'S own expense during the term of this Lease or until LESSEE has vacated the Premises, whichever occurs later, the following types of insurance:

(a) Fire, extended coverage and vandalism insurance covering all property on, and contents of, the Premises for the full replacement cost thereof without allowance for depreciation, and naming LESSOR as an additional insured.

(b) LESSEE shall deliver to LESSOR certificates of such insurance evidencing compliance with this Section 10 and providing that such insurance shall not be cancelled except after fifteen (15) days written notice to LESSOR. The proceeds of the property damage insurance required hereinabove shall be applied to pay the costs of repair, replacements and restorations of the property insured. If LESSEE fails to maintain or renew the required policies, LESSOR may do so at the expense of LESSEE, which expense shall be reimbursed on demand.

No use except that which is expressly provided in this Lease shall be made or permitted to be made of the Premises, nor acts done, which will increase the existing rate of fire or extended coverage insurance on the Premises or any part thereof, nor shall LESSEE sell, or permit to be kept, used, or sold in or about the Premises any article which would prevent LESSEE from obtaining casualty or public liability insurance. LESSEE shall, at LESSEE'S sole cost and expense, comply with any and all requirements, pertaining to said Premises, of any insurance organization or company, necessary for the maintenance of reasonable casualty and public liability insurance covering the Premises.

11. ASSIGNMENT AND SUBLETTING. LESSEE shall not assign this Lease, or any interest therein and shall not sublet said Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and

servants of LESSEE excepted) to occupy or use said premises, or any portion thereof, without the prior written consent of LESSOR. Any assignment or subletting without such consent of LESSOR shall be void, and shall, at the option of LESSOR, terminate this Lease. This Lease shall not, nor shall any interest therein, be assignable, as to the interest of LESSEE, by operation of law, without the written consent of LESSOR.

12. UTILITIES. LESSEE shall pay for all utilities furnished to or delivered at the Premises, making said payments directly to the utility companies furnishing same. LESSEE shall protect and save LESSOR harmless from any liens arising out of the nonpayment of utility charges.

13. WAIVERS OF DAMAGES. LESSEE, as a material part of the consideration to be rendered to LESSOR, hereby waives all claims against LESSOR for damage to improvements, equipment, goods, furnishings, or other property of LESSEE in, upon, and about the Premises and for injuries to LESSEE, his agents, or third persons in or about said Premises attributable to the condition of the Premises or any improvements or personal property thereon, during the term of this Lease or any extension thereof.

14. CASUALTY DAMAGE OR DESTRUCTION. If the Premises shall be damaged by any casualty, this Lease shall not terminate, and LESSEE, at his sole expense, shall diligently restore and replace the property damaged, provided, however, that if the Premises (a) by reason of such casualty are rendered wholly untenable, or (b) should be damaged as a result of a risk which is not covered by either party's insurance, or (c) should be damaged in whole or in part during the last one (1) year of the term hereof; then, in any of such events, either LESSOR or LESSEE may elect to terminate this Lease by notice of cancellation given within fifteen (15) days after such casualty, in which event, LESSEE shall surrender the Premises within thirty

(30) days of such notice and upon LESSEE's surrender of the Premises to LESSOR, LESSEE's liability for rent shall cease as of the day of the casualty and LESSOR shall make an appropriate refund.

15. DEFAULT. It is expressly agreed that if:

(a) LESSEE shall fail, neglect or refuse to pay any installment of rent or any other monies agreed by LESSEE to be paid, at the time and in the amount as herein provided, and if any such default should continue for more than five (5) days after notice thereof in writing given to LESSEE; or

(b) LESSEE shall fail, neglect or refuse to keep and perform any of the other covenants, conditions, stipulations or agreements herein agreed to be performed by LESSEE, and such default, if of a nature which can be cured, continues for more than fifteen (15) days after notice thereof in writing given to LESSEE by LESSOR (no notice to be required or right to cure to apply to defects which cannot be cured); provided, however, any default which involves the making of repairs or other matters reasonably requiring a longer period of time to cure than fifteen (15) days, LESSEE shall be deemed to have complied with such notice if LESSEE has commenced to comply with said notice within fifteen (15) days and thereafter diligently completes such cure; but for any failure to so complete such cure, no further notice or right to cure need be given; or

(c) Any voluntary petition in bankruptcy or similar debtor's pleading under any section or sections of any bankruptcy act shall be filed by LESSEE, or any voluntary proceeding in any court or tribunal shall be instituted to declare LESSEE insolvent or unable to pay LESSEE'S debts, or to effect a plan of liquidation, composition or reorganization, or if any involuntary proceeding of the aforesaid nature be filed and LESSEE consents thereto or agrees therein by pleading or default, or if LESSEE makes any assignment of its property for

the benefit of creditors, or the Premises are taken under a levy of execution or attachment in an action against LESSEE, or a trustee or receiver is appointed over any substantial portion of LESSEE'S assets or LESSEE'S operations from the Premises, then neither this Lease nor any interest of LESSEE in or to the Premises shall become an asset in any such proceeding, and if any of the aforesaid occurrences is not dismissed or discharged within fifteen (15) days after LESSOR'S demand, or thirty (30) days after such occurrence, whichever date first occurs; or

(d) LESSEE shall abandon or vacate the Premises; then LESSOR shall have the right, at any time thereafter:

(1) To terminate this Lease forthwith and reenter the Premises and take possession thereof and remove all persons therefrom, whereupon LESSEE shall have no further claim therein or thereto but shall not be released from any obligations accruing hereunder prior to the date of termination or surviving any termination;

(2) Without declaring this Lease ended, to reenter the Premises and occupy the same or any part, or lease the whole or any part thereof upon such terms and conditions and for such rent as LESSOR may deem proper, collect said rent on reletting and other rent that may thereafter become payable from LESSEE'S subtenants, concessionaires, or licensees, and apply the same as follows; first, to LESSOR'S expenses of such reletting (including required remodeling costs) and dispossessing LESSEE and those holding under LESSEE; second, to any damages sustained by LESSOR; and third, to LESSEE'S account for rental and other payments payable by LESSEE hereunder. The excess, if any, shall be paid to LESSEE annually after such reletting, but at any time after such reletting, LESSOR may elect to terminate this Lease in accordance with the provisions of subparagraph (1) above. If the rental so received by LESSOR on reletting is less than that herein agreed to be paid by LESSEE, LESSEE shall pay such

deficiency to LESSOR on demand.

(3) To exercise any other right now or hereafter afforded by law.

LESSOR shall not be deemed to have terminated this Lease, or the liability of LESSEE to pay rent thereafter to accrue, or LESSEE'S liability for damages under any of the provisions hereof, by any such re-entry or by any action or notice in unlawful detainer or otherwise to obtain possession of the Premises, unless the LESSOR shall have so notified LESSEE in writing. Nothing herein contained shall be construed as obligating LESSOR to relet the whole or any part of the Premises.

If LESSOR elects to terminate this Lease under the provisions of subparagraph (1) above, LESSOR shall be entitled to recover forthwith from LESSEE, as damages, the difference, if any, between the then reasonable rental value of the Premises for the remainder of the term of this Lease and the amount of rental and other charges payable by LESSEE for such remainder.

If LESSEE consists of more than one person or entity, any occurrence of the nature described in subparagraph (c) with respect to one person or entity, shall entitle LESSOR to exercise its rights herein and as otherwise provided, against all persons and entities.

In addition to any other remedies provided to the LESSOR herein or by law:

Even though LESSEE has breached this Lease and abandoned the Premises, for so long as the LESSOR does not terminate the LESSEE'S right to possession, the LESSOR may treat this Lease as continuing in effect and the LESSOR may enforce all its rights and remedies under this Lease, including the right to recover the rent as it becomes due under this Lease. As used herein the term "rent" shall include all amounts payable by the LESSEE to or on behalf of the LESSOR pursuant to the terms of this Lease.

16. WASTE, QUIET CONDUCT. LESSEE shall not commit, or suffer to be committed, any waste upon the Premises, or any nuisance, or any other act or thing which may disturb the quiet enjoyment of the surrounding premises.

17. ATTORNEY FEES. In the case of suit being brought for an unlawful detainer of the Premises, for the recovery of any rent due under the provisions of this Lease, or because of the breach of any other covenant herein contained, on the part of the LESSEE to be or performed, LESSEE shall pay to LESSOR reasonable attorney's fees which shall be fixed by the Court. Furthermore, in case of litigation or arbitration pertaining to the enforcement or interpretation of this Lease, the court or arbitrator having jurisdiction over the case shall have the discretion to award to either party reasonable attorney's fees and costs in addition to any other relief or judgment given.

18. TIME. Time is of the essence of this Lease.

19. CONDEMNATION. If the Premises, or any part thereof are taken by condemnation, or by incident to the exercise of the power of eminent domain, it is agreed that all compensation paid for the land and improvement taken, and the consequent damage shall belong to LESSOR and LESSEE does hereby assign to LESSOR any and all right that LESSEE might otherwise have thereto. If the entire Premises are taken or acquired of or by incident to such proceedings, this Lease shall thereupon terminate, such termination to take effect as of the day the taking becomes effective by the passage of title to said Premises to the condemning authority pursuant to final decree of court or by the physical taking of possession of the Premises by said condemning authority. If less than the Premises is to be taken or condemned and a part thereof remains which is susceptible of occupancy and use for the purposes specified in this Lease, the Lease shall, as to the part so taken, terminate as of the date the taking becomes effective by the passage of title to said Premises to the

condemning authority pursuant to final decree of court or by physical taking of possession of the Premises by said condemning authority. In such event, the rent payable under this Lease shall be adjusted so the LESSEE shall be required to pay for the remainder of the term only such portion of the rent as the square footage of the part remaining after condemnation bears to the square footage of the entire Premises at the date of the condemnation; but in such event LESSOR shall have the option to terminate this Lease as of the date when title to the part so condemned vests in the condemnor. If part of the Premises is to be taken or condemned under the power of eminent domain so that there does not remain a portion of the Premises susceptible and suitable for occupation pursuant to the terms of this Lease, the Lease shall thereupon terminate. LESSOR, under no circumstances, shall be or become liable for or on account of any damage to, loss of, or interference with LESSEE's business occasioned by any such proposed or actual acquisition or proceeding.

20. REAL PROPERTY TAXES.

20.1 PAYMENT OF TAXES. LESSEE shall pay all real property taxes applicable to the Premises during the term of this Lease. All such payments shall be made prior to the delinquency date of such payment.

20.2 DEFINITION OF "REAL PROPERTY" TAX. As used herein, the term "real property tax" shall include any form of assessment, license fee, commercial rental tax, levy, penalty, or tax (other than inheritance or estate taxes), imposed by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement district thereof, as against any legal or equitable interest of LESSOR in the Premises or in the real property of which the Premises are a part, as against LESSOR's right to rent or other income therefrom, or as against LESSOR's business of leasing the

Premises or any tax imposed in substitution, partially or totally, of any tax previously included within the definition of real property tax, or any additional tax the nature of which was previously included within the definition of real property tax.

20.3 PERSONAL PROPERTY TAXES. LESSEE shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of LESSEE contained in the Premises or elsewhere. When possible, LESSEE shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of LESSOR.

21. CONDITION OF PROPERTY UPON SURRENDER. Upon the expiration of the term of this Lease, or upon its sooner termination, for any reason, LESSEE shall peaceably vacate the Premises and deliver same and the improvements thereon to LESSOR in good order and condition, damages by the elements, fire (to the extent covered by insurance), earthquake, falling objects, and ordinary wear and tear excepted, and LESSEE shall surrender to LESSOR all keys and other items of similar nature pertaining to the leased property. Moreover at such time, LESSEE shall remove all rubbish and waste from the leased property and place same in a neat, clean, and sanitary condition, broom clean.

22. NOTICE TO LESSEE. Any notice required or desired to be given by LESSOR to LESSEE shall be considered given when LESSOR has reduced same to writing and has mailed the same to LESSEE by certified or registered mail, postage prepaid, in the United States mail at the following address, or any address changed in accordance with the provisions of this Lease:

Charles E. Silvas
Post Office Box 425
Camarillo, California 93011

23. NOTICE TO LESSOR. Any notice required or desired to be given to LESSOR by LESSEE shall be considered given when LESSEE has reduced the same to writing and has mailed the same to

LESSOR by certified or registered mail, postage prepaid, in the United States mail at the following address, or at any address changed in accordance with the provisions of this Lease:

C & M Properties
500 Maulhardt Avenue
Oxnard, California 93030

24. CHANGE OF ADDRESS NOTICES. Either party may change its address for notice purposes by giving notice of such change in the manner set forth above.

25. SUBORDINATION OF LEASE. This Lease and the leasehold estate created hereby are and shall be, at the option and upon written declaration of LESSOR, subject, subordinate, and inferior to the lien of a first and second deed of trust, or any renewals, extensions, or replacements of said deed or deeds of trust, now or hereafter imposed by LESSOR upon the Premises or any part thereof. LESSOR hereby expressly reserves the right, at its option and declaration, to place the lien of a first and second deed of trust on and against the Premises, or any part thereof, superior in lien and effect to this Lease and the state hereby created. The execution by LESSOR and the recording in the office of the Ventura County Recorder's Office of a declaration that this Lease and leasehold estate are subject, subordinate, and inferior to the lien of a first and/or second deed of trust placed or to be placed by LESSOR upon or against the Premises or any part thereof shall, of and by itself, in favor of the trustee and beneficiary of said deed or deeds of trust, make this Lease subject, subordinate and inferior thereto, LESSEE shall, with all reasonable diligence, after written request made to it by LESSOR Or the title company issuing a policy of title insurance insuring the effect of the lien of said deed or deeds of trust, execute and deliver to said title company an agreement or subordination, in accordance with the foregoing, or whatsoever covenants and conditions said title company shall designate.

26. WAIVER. A waiver by LESSOR of any default by LESSEE in the performance of any of the covenants, terms or conditions of this Lease shall not constitute or be deemed a waiver of any subsequent or other default. The subsequent acceptance of rent hereunder by LESSOR shall not be deemed to be a waiver of any preceding breach by LESSEE of any term, covenant, or condition of this Lease, other than the failure of LESSEE to pay the particular rental so accepted, regardless of LESSOR's knowledge of such preceding breach at the time of acceptance of such rent. The rights and remedies of LESSOR under this Lease shall be cumulative and in addition to any rights given LESSOR by law. The exercise of any right or remedy shall not impair LESSOR's right to any other remedy.

27. PARTIES BOUND AND BENEFITED. The covenants and conditions herein contained shall (subject to the provisions as to assignment) apply to and bind heirs, successors, executors, administrators, and assigns of all parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder.

28. GENERAL PROVISIONS.

28.1 ESTOPPEL CERTIFICATE.

(a) LESSEE shall at any time upon not less than ten (10) days' prior written notice from LESSOR execute, acknowledge and deliver to LESSOR a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to LESSEE'S knowledge, any incurred defaults on the part of LESSOR hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

(b) LESSEE's failure to deliver such statement within such time shall be conclusive upon LESSEE (i) that this Lease is in full force and effect, without modification except as may be represented by LESSOR, (ii) that there are no uncured defaults in LESSOR's performance, and (iii) that not more than one (1) month's rent has been paid in advance or such failure may be considered by LESSOR as a default by LESSEE under this Lease.

(c) If LESSOR desires to finance or refinance the Premises, or any part thereof, LESSEE hereby agrees to deliver to any lender designated by LESSOR such financial statements of LESSEE as may be reasonably required by such lender. Such statements shall include the past three (3) years' financial statements of LESSEE. All such financial statements shall be received in confidence and shall be used only for the purposes herein set forth.

28.2 LESSOR'S LIABILITY. The term "LESSOR" as used herein shall mean only the owner or owners at the time in question of the fee title or a LESSEE's interest in a ground Lease of the premises, and in the event of any transfer of such title or interest, LESSOR herein named (and in case of any subsequent transfers the then grantor) shall be relieved from and after the date of such transfer of all liability as respects LESSOR's obligations thereafter to be performed, provided that any funds in the hands of LESSOR or the then grantor at the time of such transfer, in which LESSEE has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by LESSOR shall, subject as aforesaid, be binding on LESSOR's successors and assigns, only during their respective periods of ownership.

28.3 SEVERABILITY. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other

provision hereof.

28.4 INTEREST ON PAST-DUE OBLIGATIONS. Except as expressly herein provided, any amount due LESSOR not paid when due shall bear interest at ten percent (10%) per annum from the date due. Payment of such interest shall not excuse or cure any default by LESSEE under this Lease.

28.5 INCORPORATION OF PRIOR AGREEMENTS; AMENDMENTS. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, LESSEE hereby acknowledges that neither the LESSOR or any employees or agents of LESSOR has made any oral or written warranties or representations to LESSEE relative to the condition or use by LESSEE of said Premises and LESSEE acknowledges that LESSEE assumes all responsibility regarding the occupational Safety Health Act or the legal use of or adaptability of the Premises and the compliance thereof to all applicable laws and regulations enforced during the term of this Lease except as otherwise specifically stated in this Lease.

28.6 RECORDING. LESSEE shall not record this Lease without LESSOR'S prior written consent, and such recording shall, at the option of LESSOR, constitute a non-curable default of LESSEE hereunder. Either party shall, upon request of the other, execute, acknowledge and deliver to the other a "short form" memorandum of this Lease for recording purposes.

28.7 HOLDING OVER. If LESSEE remains in possession of the Premises or any part thereof after the expiration of the term hereof without the express written consent of LESSOR, such occupancy shall be a tenancy from month-to-month at a rental in the amount of the last monthly rental plus all other charges payable hereunder, and upon all the terms hereof

applicable to a month-to-month tenancy.

28.8 CUMULATIVE REMEDIES. No remedy or election hereunder shall be deemed exclusive but shall, whenever possible, be cumulative with all other remedies at law or in equity.

28.9 LESSOR'S ACCESS. LESSOR and LESSOR'S agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers, or lenders, or lessees, and making such alterations, repairs, improvements or additions to the Premises or to the building of which they are a part as LESSOR may deem necessary or desirable. LESSOR may at any time place on or about the Premises any ordinary "For Sale" signs and LESSOR may at any time during the last one hundred twenty (120) days of the term hereof place on or about the Premises any ordinary "For Lease" signs, all without rebate of rent or liability to LESSEE.

28.10 MERGER. The voluntary or other surrender of this Lease by LESSEE, or a mutual cancellation thereof, or a termination by LESSOR, shall not work a merger, and shall, at the option of LESSOR, terminate all or any existing subtenancies or may, at the option of LESSOR, operate as an assignment to LESSOR of any or all of such subtenancies.

This Lease is made and entered into in Ventura County, California, and is to be performed in said county.

DATED: _____

C & M PROPERTIES

By Robert Maulhardt
Robert Maulhardt

"LESSOR"

SILVAS OIL CO., INC., a corporation

By Charles E. Silvas
Charles E. Silvas

"LESSEE"

EXHIBIT "A"

Those portions of Lots 3 and 4, Block "B", Virginia Park, in the City of Oxnard, County of Ventura, State of California, according to the map recorded in Book 11, Page 28 of Maps, in the office of the County Recorder of said County, described as a whole as follows:

Beginning at a point on a line which is parallel with and distant southerly 30 feet, measured at right angles, from the northerly line of said Lots 3 and 4, being also the southerly line of East Fifth Street, 90 feet wide, distant along said parallel line West 50 feet from the intersection of said parallel with the easterly line of said Lot 3; thence continuing along said parallel line,

1st: - West 165 feet; thence parallel with the easterly line of said Lot 3,

2nd: - South $0^{\circ}01'45''$ West 184 feet, more or less, to the intersection with a curve which is concentric with and distant northwesterly 30 feet, measured radially, from the northwesterly line of the land described in the deed of California Lima Bean Growers Association, recorded September 28, 1946 as Document No. 23833 in book 765 page 309 of Official Records, said northwesterly line being a curve concave northwesterly having a radius of 466.68 feet; thence,

3rd: - Northeasterly, along said concentric curve having a radius of 436.68 feet, to the intersection with a line which is parallel with the easterly line of said Lot 3 and passes through said point of beginning; thence along said last mentioned parallel line,

4th: - North $0^{\circ}01'45''$ East 110 feet, more or less, to the point of beginning.

EXCEPT all pipe, pipe lines and conduits located on said land used as a part of the irrigating system provided for furnishing water to lands within said Virginia Park.

ADDENDUM TO LEASE

The parties agree that the following paragraph shall constitute an additional provision of the foregoing Lease between C & M PROPERTIES, as "Lessor", and SILVAS OIL CO., INC., as "Lessee".

29. RIGHT OF FIRST REFUSAL. If Lessee has effectively exercised its option to extend the initial term of this Lease pursuant to the provisions of Paragraph 2.2 hereof, and if Lessee has performed, in a timely manner, all of its obligations under this Lease, Lessee shall have the right to lease the premises upon such terms and conditions as Lessor shall be willing to lease the premises. If Lessor determines that it desires to lease the premises to a third party, Lessor shall first provide Lessee notice, in writing, of the terms and conditions upon which it is willing to lease to said third party, and Lessee shall thereafter have fifteen (15) days within which to notify Lessor, in writing, of Lessee's agreement to lease said premises on the same terms and conditions contained in the notice from Lessor. Failure of Lessee to notify Lessor, in writing, within said fifteen-day (15-day) period shall terminate any right of Lessee to lease the premises pursuant to the provisions of this paragraph. If the third party thereafter fails to lease the premises upon such terms and conditions, then the same procedure shall apply to any determination by Lessor to lease to any other party.

Notwithstanding the foregoing provisions of this Paragraph 29, if at the expiration of any extended period of this Lease, Lessee has vacated the leased premises and has not been in possession thereof for sixty (60) days or more, any rights given Lessee to lease the premises under this Paragraph 29 or any right to receive notice of the terms and conditions of any

lease offered to third parties shall terminate and Lessor shall have no further obligations to Lessee hereunder.

DATED: _____

C & M PROPERTIES

By *R. Hart Mankin*

"Lessor"

DATED: *May 8, 1984*

SILVAS OIL CO., INC.

By *Charles F. Silvas, Pres.*

"Lessee"

Exhibit F

AMENDMENT TO
LEASE AGREEMENT

by and between

C&M PROPERTIES
A California Partnership

and

SILVAS OIL COMPANY, INC.
a California Corporation

AMENDMENT TO LEASE AGREEMENT

WHEREAS, A Lease was entered into as of April 1, 1984, between C&M PROPERTIES, A California General Partnership (hereinafter called "Landlord"), and SILVAS OIL CO., INC., a California Corporation (hereinafter called "Tenant"),

WHEREAS, Under said lease, Landlord has leased to Tenant, and Tenant leased from Landlord, on the terms and conditions set forth in said lease, those certain premises and improvements located in the State of California, County of Ventura commonly known and referred to as 1230 East Fifth Street in Oxnard, California,

WHEREAS, The extended term of said lease expires on March 31, 1994, and

WHEREAS, Landlord and Tenant wish to extend the term of said lease for an additional term of five years,

NOW THEREFORE, the Lease Agreement is modified and amended as follows:

Paragraph 2.3 ADDITIONAL OPTION TO EXTEND TERM

Provided that Tenant has performed all of its obligations under the lease during the initial term or any extensions thereto, Landlord hereby grants to Tenant an additional option to extend the term of the Lease for a five (5) year period, commencing upon the expiration of the current extension term. Tenant may exercise said option by personally delivering written notice thereof to Landlord at least ninety (90) days prior to the expiration of the current extension term. Any extended term hereof, pursuant to the exercise of said option, shall be subject to all the terms, covenants and conditions of the Lease. The option to renew granted by the provisions of this paragraph may not be assigned or transferred.

Paragraph 4.3 RENT

a. Tenant shall pay to Landlord during the first year of second extended Lease term commencing April 1, 1994, and

Initials _____

1

Initials 

ending March 31, 1995, rent of Twelve Hundred and Fifty Dollars (\$1,250.00) per month.

b. Tenant shall pay to Landlord during the second year of second extended Lease term commencing April 1, 1995, and ending March 31, 1996, rent of Thirteen Hundred and Fifty Dollars (\$1,350.00) per month.

c. Tenant shall pay to Landlord during the third year of second extended Lease term commencing April 1, 1996, and ending March 31, 1997, rent of Fourteen Hundred and Sixty Dollars (\$1,460.00) per month.

d. Tenant shall pay to Landlord during the fourth year of second extended Lease term commencing April 1, 1997, and ending March 31, 1998, rent of Fifteen Hundred and Eighty Dollars (\$1,580.00) per month.

e. Tenant shall pay to Landlord during the fifth year of second extended Lease term commencing April 1, 1998, and ending March 31, 1999, rent of Seventeen Hundred and Ten Dollars (\$1,710.00) per month.

Paragraph 29. **ADDITIONAL OBLIGATIONS OF TENANT REGARDING RESPONSIBILITY FOR CONSTRUCTION, OPERATION, MAINTENANCE AND ABANDONMENT OF HAZARDOUS MATERIAL STORAGE AND HANDLING FACILITIES; LANDLORD HELD HARMLESS.**

It is understood and agreed that the Silvas Oil Company, (SILVAS), is in a business which involves the storage and handling of gasolines, diesel, motor oils and other petroleum based fluids and products which may be classified as "hazardous substances" as that term is defined from time to time. SILVAS hereby agrees to defend, indemnify and hold C & M Properties harmless from and against all claims, demands, actions, or liabilities for loss or damage to property or injury or death of any person arising from or connected with the presence, condition or handling of said hazardous substances.

It is further understood and agreed that SILVAS shall be fully and totally responsible for the operation and maintenance

Initials _____

2

Initials

of the storage tanks and facilities and loading system and for the proper handling of said substances, including but not limited to, any upgrade or additional equipment required by any applicable governmental standards, policies, regulations or rules.

At the end of the lease period, or any extension thereto, C & M may, by written request, require removal of all storage tanks, and other handling facilities and equipment. SILVAS, acknowledges and agrees, within sixty days of C & M's request, to be solely responsible for the removal of said storage tanks and handling equipment, excavate and remove any contaminated soil, remediate any contaminated groundwater and restore the property in accordance with then applicable governmental rules and regulations.

SILVAS shall not construct, operate, maintain or abandon any underground tank, upon Premises, used for storage of hazardous materials, except in accordance with the provisions of this section. Prior to the construction (including, but not limited to, the installation of a prefabricated tank) of any underground storage tank upon the Premises, Lessee shall obtain the written consent of C & M, which consent shall be subject to specific controls and requirements and shall fully comply with the requirements of Chapter 6.7, Division 20, Part 2 of the Health and Safety Code of the State of California dealing with underground storage of hazardous substances, and section 25284 of the Health and Safety Code of the State of California dealing with the licencing and operation of underground storage facilities. Lessee shall bear the full cost and expense of such compliance, including, but not limited to, all costs of construction, design, monitoring equipment, maintenance, operation.

In the event of any unauthorized release of hazardous

Initials _____

3

Initials RSB

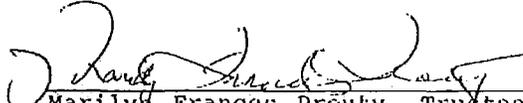
material from any tank, aboveground or underground, or related facilities maintained by Lessee, Lessee shall, at Lessee's sole cost and expense, comply with all requirements of the law, including the taking of all steps necessary to remove hazardous materials discharged onto the Premises from the soils of the Premises and to clean the Premises and leave the Premises in a completely decontaminated state.

All other terms and conditions shall continue to be in full force and affect.

Executed this 28th day of January, 1990 at Oxnard, Ventura County, California.

"LANDLORD"

C&M PROPERTIES, A California
General Partnership


Marilyn Frances Prouty, Trustee of
the Robert L. Maulhardt Family
Trust as Managing General Partner

"TENANT"

SILVAS OIL CO., INC.,
a California Corporation,

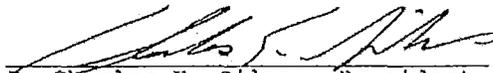

By Charles E. Silvas, President

Exhibit G

FEDERATED INSURANCE

P.O. Box 586, Citrus Heights, CA 95611
6060 Sunrise Vista Drive, Suite 2500, Citrus Heights, CA 95610
ph: (916) 729-2122, Toll Free - CA only: 1-800-225-2000
Toll Free - All States: 1-800-423-1842
FAX (916) 729-2129

August 29, 1991

ATTN: BRUCE GREENBERG & JAMES SILVERSTEIN
BLEVANS & GREENBERG
STE. 400, 1200 WILSHIRE BLVD.
LOS ANGELES CA 90017

CLAIM NOS.: 83Z-494, 83Z-561
INSURED: SILVAS OIL CO. INC.
YOUR CLIENT: SILVAS OIL CO. INC.
LOSS LOCATION - BOTH CLAIMS: 1230 E. FIFTH ST., OXNARD, CA

Dear Sirs:

I have received Mr. Silverstein's letter of August 9, 1991 and the attached enclosures. I appreciate your including the soil sample report with the correspondence sent, but noted that the report appears to be only one portion of an entire document. In addition, I did not receive the actual soil sample results themselves; rather, I received a summary of these results. Thus, I am asking that you please forward a copy of the report in full, including all of the appendices, the test results, the narrative, and the cover showing the consultant who prepared the report.

In addition to the above, I am acknowledging your position that you think that the gasoline and diesel contamination which has been found should be covered by Federated Insurance. Certainly, if you think that this is the case, please forward the substantiating evidence which supports your position and we will take a look at it and let you know whether our coverage position changes. At this stage, however, coverage is limited to two minor leaks which have occurred and a separate \$50,000.00 deductible applies to each of these events. As per my July 25, 1991 letter, coverage applies under claim file 83Z-494 with a \$50,000.00 deductible for an October 1988 unleaded line leak and coverage applies separately with a \$50,000.00 deductible under claim file 83Z-561 for a January 1989 diesel leak from the swivel in the loading rack area.

Our coverage determination is based upon the investigation that we have performed at your client's premises, the majority of which included information obtained from Silvas Oil Co. Inc. We received indications in statements taken from Charles Silvas and Patrick David Clary that the leaks which are covered by the policy were minor, were discovered immediately and repaired shortly thereafter. In addition, we obtained statements from former employees of Mobil Oil Corporation. These parties include Charles Myatt and Glenn Johnson. Both Mr. Myatt and Mr. Johnson has substantiated Mr. Silvas' theory

FEDERATED INSURANCE

Bruce Greenberg & James Silverstein
August 29, 1991
832-494, 832-561
Page 2

that Mobil Oil has caused long-term contamination at the site. Both gentlemen attested to numerous events, including spills and leaks, which appear to have significantly affected the property. It appears that Mobil Oil Corporation may have caused the majority of the contamination now on the premises.

Mobil Oil Corporation has not yet been placed on notice about this situation; Federated Insurance has not done so in consideration of the fact that Silvas Oil Company Inc. is handling all activities. We would be happy to place them on written notice on behalf of your client, but please keep in mind that we do not have subrogation rights at this time since it has not been necessary to make payments above and beyond the respective deductibles. Please let me know whether you will be placing Mobil Oil Corporation on notice or whether you would like for us to do so. It seems that the insured has sufficient evidence to show that Mobil Oil Corporation should be involved.

Please contact me once you have had a chance to review this correspondence so that we can discuss this case. I would be happy to answer any questions you might have.

Sincerely,

Gail E. Clark

Gail E. Clark
Claims Supervisor
GEC:pom

cc: Silvas Oil Co. Inc.
Attn: Charles Silvas
PO Box 947
Oxnard, CA 93032

cc: Steve Searle

Exhibit H

1.0 INTRODUCTION

1.1 PURPOSE OF REPORT. The purpose of this report is to describe the results of a subsurface soil investigation conducted on January 30 & 31, 1991 at Silvas Oil Company, 1300 East Fifth Street, Oxnard, California. Mr. Chuck Silvas is the owner of Silvas Oil Company.

1.2 PURPOSE OF WORK. The purpose of the work was to do borings along the south property line and near the overhead fuel rack, and other areas of concern, then field screen the drill cuttings with a portable hydrocarbon detector for petroleum contamination.

2.0 FINDINGS

2.1 GENERAL. There was only slight contamination encountered immediately adjacent to the south property line. Considerable gas and diesel fuel contamination was found near the fuel transfer pumps and a Lanier hose draining area used by the former owner, Mobil Oil. Groundwater was encountered at thirteen feet below the surface. There was a strong indication of contamination in the groundwater near the hose draining sump area and the fuel transfer pump area. The surface soils around the fuel rack and former oil barrel storage and drain area were contaminated with heavy oils to three feet.

2.2 BORING RESULTS. A Giddings Solid Stem Auger Rig was used to drill a three-inch diameter boring and retrieve a soil sample. The sample was then placed in a plastic bag and tested for contamination with a USI model 100 portable hydrocarbon detector.

1. Boring No. 1 was near the west corner of the south property line. To thirteen feet, there was clean sand with no odor, 0 ppm was logged.

2. Boring No. 2 was drilled near the south property line. To thirteen feet, there was clean sand with no odor, 0 ppm was logged.

3. Boring No. 3 was drilled near the south property line. To thirteen feet, there was clean sand with no odor, 0 ppm was logged.

4. Boring No. 4 was drilled near the south property line. To thirteen feet, there was clean sand with no odor, 0 ppm was logged.

5. Boring No. 5 was drilled near the south property line. To thirteen feet, there was slight discoloration and a slight odor of old oil or diesel, 10 ppm was logged.

6. Boring No. 6 was near the southeast corner of the former hose draining sump. To thirteen feet, there was heavy discoloration and a heavy odor of fresh gasoline and diesel, 200 ppm was logged.

7. Boring No. 7 was near the east corner of the south property line. To one foot, there was surface stain from barrel filling operations. To thirteen feet, there was slight discoloration with a slight odor of oil, 30 ppm logged.

8. Boring No. 8 was placed at the south property line between boring Nos. 5 and 6. To one foot, there was surface stain from barrel filling operations. To thirteen feet, there was slight discoloration with a slight odor of oil, 10 ppm logged.

9. Boring No. 9 was at the south east corner of the site near a above ground oil storage tank. To one foot, there was a surface stain of oil then clean sand with no odor, 0 ppm was logged.

10. Boring No. 10 was at the east side of the site near a above ground oil storage tank. To thirteen feet, there was clean sand with no odor, 0 ppm was logged.

11. Boring No. 11 was at a low area near the north east corner of the former hose draining area. To thirteen feet, there was heavy discoloration and a heavy odor of gasoline and diesel, +1000 ppm was logged.

12. Boring No. 12 was at the east end of the overhead fuel rack. To thirteen feet, there was heavy discoloration and heavy odor of gasoline, diesel, and oil, 400 ppm was logged.

13. Boring No. 13 was at the north east corner of the cement pad by the overhead fuel rack. To two feet, there was clean fill soil then to thirteen feet medium discoloration with slight odor, 0 ppm was logged.

14. Boring No. 14 was ten feet east of boring No. 12. To thirteen feet, there was slight discoloration with a slight odor of oil, 20 ppm was logged.

15. Boring No. 15 was ten feet east of boring No. 11. To thirteen feet, there was slight discoloration with a slight odor of oil, 40 ppm was logged.

16. Boring No. 16 was at the north west corner of the cement pad by the overhead fuel rack. To thirteen feet, there was slight discoloration with a slight odor of oil, 10 ppm was logged.

17. Boring No. 17 was at the west end of the overhead fuel rack. To eight feet, there was medium discoloration with a diesel odor, 70 ppm was logged. From eight feet to thirteen feet, there was heavy discoloration with a heavy odor of gasoline and diesel, +1000 ppm was logged.

18. Boring No. 18 was ten feet west of boring No. 17. To thirteen feet, there was slight discoloration, possibly from hydrocarbons, with no odor, 0 ppm was logged.

19. Boring No. 19 was at the west side of the transfer pumps. To thirteen feet, there was heavy discoloration and a heavy odor of diesel and gasoline, +1000 ppm was logged.

20. Boring No. 20 was ten feet west of boring No. 19. To thirteen feet, there was heavy discoloration and a heavy odor of diesel and gasoline, +1000 ppm was logged.

21. Boring No. 21 was fifteen feet north of boring No. 20. To thirteen feet, there was heavy discoloration and a heavy odor of diesel and old oil, +1000 ppm was logged.

22. Boring No. 22 was ten feet west of boring No. 21. To thirteen feet, there was medium discoloration and a slight odor of old oil, 0 ppm was logged.

23. Boring No. 23 was ten feet west of boring No. 22. To thirteen feet, there was heavy discoloration and a slight odor of old oil, 0 ppm was logged.

24. Boring No. 24 was fifteen feet south of boring No. 23 and near a oil nozzle from a periment above ground tank. To three feet, there was heavy discoloration and a heavy oil odor, 20 ppm was logged. From three to thirteen feet, there was slight discoloration and a slight odor of oil, 0 ppm was logged.

25. Boring No. 25 was ten feet west of No. 24. To three feet, there was heavy discoloration and a medium odor of oil, 10 ppm was logged. From three to thirteen feet, there was slight discoloration and a slight odor of oil, 0 ppm was logged.

3.0 RECOMMENDATIONS

3.1 Line test. The underground piping from the transfer pumps to the above ground fuel rack should be tested for tightness.

3.2 Groundwater sampling. The groundwater at the southern edge of the site should be tested for contaminants.

3.3 Site cleanup. The heavy concentrations of volatile hydrocarbons found around the old sump area should be cleaned up. Methods of cleanup that are feasible for the size of the plume include vapor extraction and bioremediation.

3.4 Spill containment. Continue the use of spill buckets and pans.



CLIENT
SILVAS OIL Bulk Storage

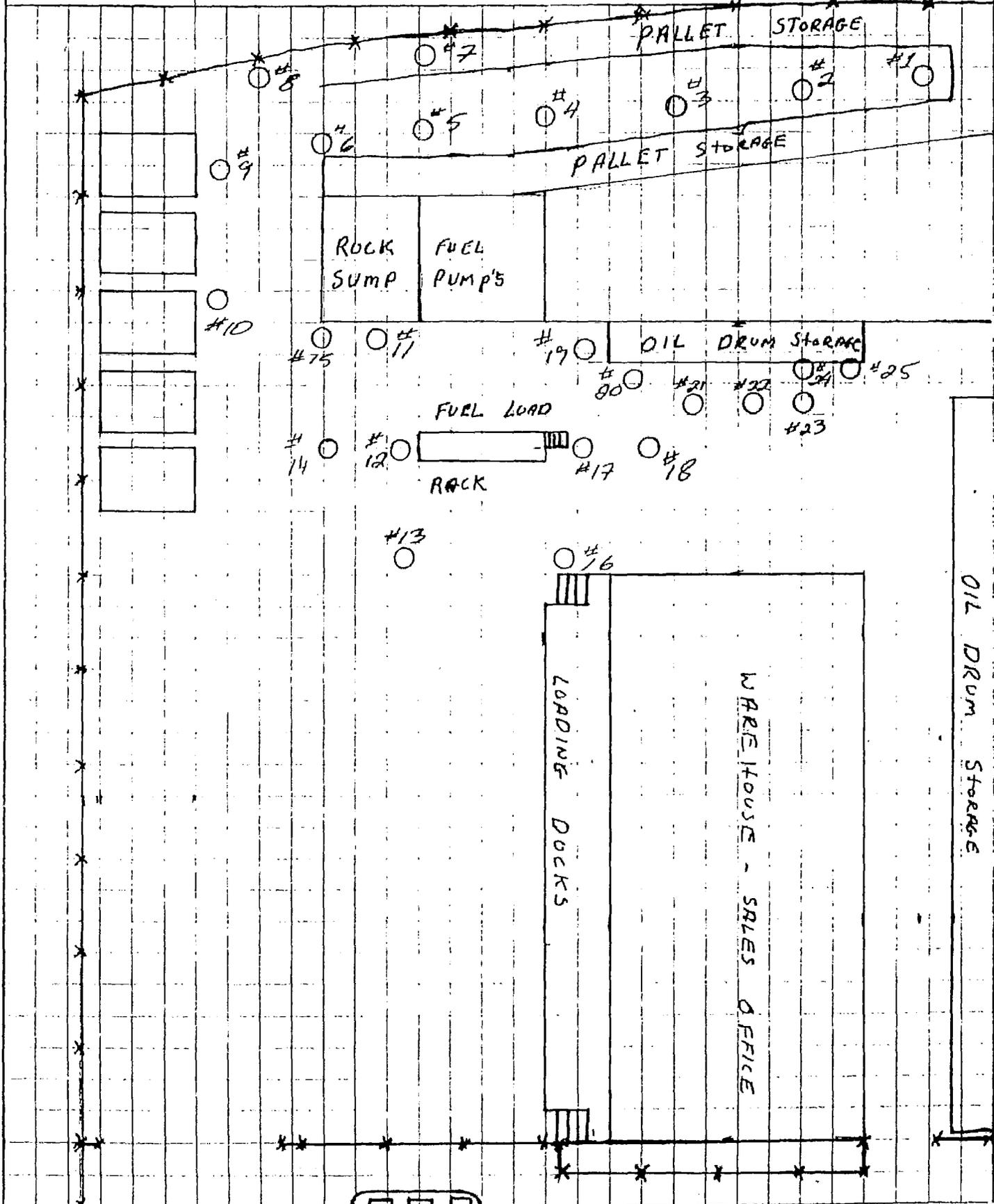
SHEET NO
1 OF 1

PROJECT

DATE
18 FEB 91

SUBJECT
SITE PLAN.

BY
STEVE



1 **Lee N. Smith, SBN 138071**
2 **Craig A. Tristão, SBN 256528**
3 **PERKINS, MANN & EVERETT**
4 **INCORPORATED**
5 **7815 N. Palm Avenue, Suite 200**
6 **Fresno, California 93711**

7
8 **Attorneys for: SILVAS OIL COMPANY, INC.**

9
10
11 **STATE WATER RESOURCES CONTROL BOARD**

12 **SILVAS OIL COMPANY, INC,**

13 Appellant,

14 vs.

15 **LOS ANGELES REGIONAL WATER**
16 **QUALITY CONTROL BOARD,**

17 Respondent.

LARWQCB Case No.: No. C-12002
Global ID: T10000004341

Appeal of Los Angeles Regional Water
Quality Control Board
Request for Hearing

18
19 **I. SUMMARY OF ARGUMENT**

20 Appellant Silvas Oil Company Inc. (“Silvas”) is a former lessee of an industrial property
21 located in Oxnard, California. The property is contaminated, in large part, due to the conduct of
22 prior lessees with the full knowledge of the lessor, C&M Properties GP, a California general
23 partnership (“C&M”). Despite the fact that prior lessees are more likely the primary cause of
24 contamination at the property, Silvas voluntarily undertook to monitor and remediate the
25 property. First, Silvas acted under the Los Angeles County’s volunteer program and then acted
26 at the direction of the Los Angeles Regional Water Quality Control Board (“Regional Board”).

27 On several occasions Silvas has requested that prior lessees and C&M assist with
28 monitoring and remediating the property. They have declined. Silvas has also requested that the
Regional Board include C&M as a Responsible Party. Silvas appealed the last Directive the
Regional Board issued on December 18, 2014, (the “2014 Directive”) on the ground that C&M

1 should have been included as a Responsible Party. (A true and correct copy of the 2014
2 Directive is attached hereto as Exhibit A.) C&M objected to being named as a Responsible
3 Party under the 2014 Directive, and the Regional Board later turned down Silvas' appeal
4 because the 2014 Directive was not executed by its Executive Director and was therefore not
5 subject to formal appeal.

6 Silvas has now received a second directive from the Regional Board dated June 1, 2015,
7 (the "2015 Directive"). (A true and correct copy of the 2015 Directive is attached hereto as
8 Exhibit B.) The 2015 Directive is executed by the Regional Board's Executive Director and
9 directs Silvas to install additional monitoring wells, collect and analyze samples from the
10 monitoring wells, conduct soil sampling and analysis, and provide the results to the Regional
11 Board in the form of biannual reports. The 2015 Directive does not identify C&M as a
12 Responsible Party, but does acknowledge that Board and is in the process of making a final
13 determination regarding responsible parties.

14 Silvas desires to comply with the 2015 Directive. However, it no longer has access to
15 the property because its lease with C&M has expired. Moreover, Silvas is informed and believes
16 C&M has leased the Site to a third party. In essence, Silvas does not have access to the property
17 and may have difficulty in performing the work outlined in the 2015 Directive.

18 To ensure that the work outlined in the 2015 Directive is performed timely the Regional
19 Board must add C&M as a Responsible Party. In cases such as this one where access is an issue,
20 policy and the case law are clear that the property owner should be a Responsible Party subject
21 to a Directive.

22 II. INTRODUCTION

23 Silvas leased approximately 2.15 acres of industrial property (the "Property") in Oxnard,
24 from C&M, whose general partner is the Robert L. Maulhardt Family Trust (the "Trust"), from
25 April 1, 1984, until late 2014.

26 The Property is located at 1230 East 5th Street, Oxnard, California. In the course of
27 cleaning up a spill from an aboveground pipe at the direction of the City of Oxnard Fire
28 Department (the "Local Agency"), Silvas discovered and subsequently remediated in part,

1 contamination that was due to prior lessees. For instance, Silvas is informed that prior to its
2 lease of the Property Mobil had leased the Property for approximately twenty (20) years and
3 utilized it as a bulk fuel transfer facility. According to witnesses, during that period Mobil
4 would dump fuel directly onto the land surface of the Property each time a carrier transferred
5 fuel from the tank system Mobil maintained on the Property.

6 The Local Agency subsequently transferred oversight of the Property to Regional Board
7 who, without a hearing or prior notice to Silvas, issued the 2014 Directive. (See Exhibit A.)
8 Silvas' appealed the 2014 Directive but its appeal was turned down on the ground that the 2014
9 Directive was not executed by the Regional Board's Executive Director and therefore was not
10 an actual "Directive". The Regional Board then issued the 2015 Directive. The 2015 Directive
11 also does not include C&M as a Responsible Party, but acknowledges that it is in the process of
12 making a final determination as to whether other parties, such as C&M, should be identified as
13 Responsible Parties for the Property.

14 Despite the Regional Board's acknowledgment that a determination as to additional
15 Responsible Parties is outstanding, Silvas, out of an abundance of caution, appeals the 2015
16 Directive.

17 Silvas requests that the State Water Resources Control Board ("State Board") reconsider
18 the 2015 Directive and either issue an order adding C&M or set the matter for a hearing on the
19 following grounds:

- 20 1) C&M, should also be listed in the 2015 Directive as a Responsible Party;
- 21 2) Once listed, C&M should be primarily liable;
- 22 3) Silvas should be secondary liable because it cannot easily respond to the
23 Directive absent C&M, since Silvas no longer has a current leasehold interest in the Property.

24 It is clear from the history of the Property and the state of the law that C&M should be
25 contributing to the costs of, or directly undertake, the monitoring and remaining remediation of
26 the Property. To the extent C&M owned the Property during the period contamination by the
27 other tenant(s) occurred, and to the extent that C&M continues to own the Property, it should be
28

1 liable for contamination that existed at the Property at the time Silvas took over operation.
2 Silvas should not have to bear the cost of monitoring and remediating such contamination.

3 III. FACTUAL BACKGROUND

4 Silvas is informed and believes as follows: C&M has owned the subject property since
5 at least 1963, the year that C&M entered into a lease with Mobil. (See Exhibits C and D
6 attached hereto, which are true and correct copies of the lease agreement between C&M and
7 Mobil, and a modification thereto.) The lease between C&M and Mobil continued through
8 March 31, 1984, at which point Silvas then leased the Property from C&M. (See Exhibits E and
9 F attached hereto, the lease agreement between C&M and Silvas and the amendment thereto.)

10 The Property was used as a bulk oil distribution facility during the tenure of Mobile's
11 lease. According to documents Silvas has reviewed, Charles Myatt, a former employee of Mobil
12 who worked as a Mobil employee at the Property during Mobil's lease, approximately twenty
13 (20) gallons of gasoline would spill onto the soil each time that Mobil attempted to refuel above
14 ground storage tanks ("ASTs") that it maintained on the Property. (See Exhibit G attached
15 hereto, correspondence from Federated Insurance.)

16 The spillage occurred because Mobil adhered to the common practice for carriers at the
17 time of using their unloading hoses and pumps to connect directly to the fitting at an AST and
18 offload the products ordered into the respective tank base. The AST pumps that Mobil used did
19 not have the capacity to drain the hoses nor could the carrier's truck pumps clear the hose lines,
20 so there was product spillage on the ground which caused considerable contamination.
21 Moreover, a sump was utilized where gasoline and oil would be dumped. (*Ibid.*)

22 This contamination was confirmed in a report in 1991 by BE Associates which
23 concluded that a considerable volume of the contamination at the site was caused by a tenant
24 other than Silva who used a drainage sump and fuel transfer pump. (See Exhibit H hereto.)

25 In or around April of 1984 Silvas, when it assumed operation of the facility, installed
26 two 280 gallon underground storage tanks ("USTs") in the gravel, one for gasoline and one for
27 diesel. The USTs were used for a short time as a means to clear the hoses, save (and reuse) the
28

1 clean product, and eliminate ground spillage.¹ It was an improvement over Mobil's operation.

2 In late 1984 Silvas further improved the fuel transfer process when it installed loading
3 hoses that the carrier could hook up to unload the product. The hose ends had caps attached that
4 were removed by the carrier when offloading and replaced and tightened by the common carrier
5 upon completion of the unloading process. Silvas then ceased the use of the USTs as the new
6 process made them unnecessary.

7 During Silvas' tenure as the operator of the facility on the Property there were only
8 minor spills: those outlined in the BE Associates report and Federated Insurance documents
9 (these are the same spills, the Federated insurance document addresses the spills by Silvas in the
10 BE Associates document) and a leaking pipe observed in July of 2011.² The July 2011 leak
11 resulted in Silvas working with the City of Oxnard Fire Department, the CUPA for the area.
12 After several years of remediation work the project was handed over to the Regional Board in
13 June of 2014.

14 On or about December 18, 2014, Regional Board staff unilaterally issued the 2014
15 Directive. The 2014 Directive was issued by staff without any prior notice to Silvas and,
16 apparently, without providing any information to the Regional Board itself or receiving any
17 input from it, as the 2014 Directive was not executed by the Executive Director. (See Exhibit
18 A.)

19 Silvas, the sole target of the 2014 Directive, appealed it on the ground that C&M should
20 also be named as a responsible party. The appeal was turned down on the ground that the 2014
21 Directive was not a valid directive because it was not executed by the Executive Director, and
22 the Regional Board subsequently issued the 2015 Directive. The 2015 Directive does not
23 include C&M as a Responsible Party, despite the fact that C&M owns and has access to the
24 Property while Silvas does not.

25 ///

26
27

¹ Because the material collected in the tank was reused, any volume that leaked would be minimal.

28 ² The history of the July 20, 2011 leak can be obtained from GeoTracker, the documents contained on Geo Tracker are incorporated herein by reference.

1 **IV. LEGAL CONTENTIONS**

2 The above factual background, which is based on (1) documentation of historical
3 activities, storage and disposal information and poor management of materials by entities other
4 than Silvas at the Property, (2) industry wide operational practices that were used between the
5 1960s and 1980s, and (3) a report based on physical evidence, indicates that at C&M should
6 have been listed on the Directive as primarily responsible parties and that Silvas, which has
7 engaged in remediation at the site (see Geo Tracker) and no longer has access to the property.
8 The information presented, and Silvas’ identification of C&M, satisfy the Evidentiary
9 Requirements of State Water Resources Control Board Resolution No. 92-49 *Policy and*
10 *Procedures for Investigation and Cleanup and Abatement and Discharge under Water Code*
11 *Section 13304*, section I(A)-(B).

12 1. C&M Should be Listed in the 2015 Directive as a Responsible Party.

13 Silvas has the right to bring this request. Health & Saf. Code § 25296.10 (e) provides that
14 “A person to whom an order is issued pursuant to subdivision (c) [Underground Tank
15 Enforcement] shall have the same rights of administrative and judicial appeal and review as are
16 provided by law for cleanup and abatement orders issued pursuant to Section 13304 of the
17 Water Code.”

18 Any aggrieved person, including a responsible party, may
19 petition the State Water Board for review of the action of a local
20 agency in the LOP. (Water and Cal. Code § 13304(s) See also
21 Health & Saf. Code, 25297.1, subd. (h); State Water Board
22 Resolution 88-23.)

23 Silvas, who is identified as the Responsible Party on the 2015 Directive as a Responsible
24 Party, has standing to bring this appeal and requests that C&M be added as a Responsible Party.

25 This issue should not be subject to debate. “Responsible Parties” includes:

26 (1) Any person who owns or operates an underground
27 storage tank used for the storage of any hazardous substance.

28 (2) In the case of any underground storage tank no longer
in use, any person who owned or operated the underground storage
tank immediately before the discontinuation of its use;

(3) Any owner of property where an unauthorized release
of a hazardous substance from an underground storage tank has
occurred; and

1 (4) Any person who had or has control over a [sic]
2 underground storage tank at the time of or following an
3 unauthorized release of a hazardous substance. A person means
4 “an individual, trust, firm, joint stock company, corporation,
5 including a government corporation, partnership, limited liability
6 company, or association.” (Health & Saf. Code, § 25281, subd.
7 (1).)

8 C&M is beyond any doubt the owner of the Property. It entered into leases with Silvas
9 concerning the Property that provided it was the owner. (See specifically Attachment E page 18
10 section 28.2, in which C&M, the LESSOR in the lease, is identified as the OWNER.) In addition
11 to the Health and Safety Code, the Porter Cologne Act, at Water Code §13304, provides:

12 Any person... who has caused or permitted, causes or
13 permits any waste to be discharged or deposited where it is, or
14 probably will be, discharged into the waters of the state and
15 creates, or threatens to create, a condition of pollution or nuisance,
16 shall upon order of the regional board clean up the waste or abate
17 the effects of the waste, or, in the case of threatened pollution or
18 nuisance, take other necessary remedial action, including but not
19 limited to, overseeing cleanup and abatement efforts.

20 Thus, a land owner that has contamination on its property is considered a “discharger”
21 and subject to regulation.

22 Landowner liability has also been discussed in decisions by the State Board:

23 A landowner is ultimately responsible for the condition of
24 his property, even if he is not involved in day-to-day operations. If
25 he knows of a discharge on his property and has sufficient control
26 of the property to correct it, he should be subject to a cleanup order
27 under Water Code Section 13304. (*Logdson*, (1984) Order No. 84-
28 6; *Vallco Park, Ltd.*, (1986) Order No. WQ86-18; cf. *Leslie Salt
Company v. San Francisco Bay Conservation & Development
Commission* (1984) 153 Cal.App.3d 605, 200, Cal.Rptr. 575.)

29 In the *Petition of Logdson, Id.* the State Board specifically stated:

30 We have applied to current landowners the obligation to prevent an
31 ongoing discharge caused by the movement of the pollutants on
32 their property, even if they had nothing whatever to do with putting
33 it there. (See *Petition of Spitzer*, Order No. WQ 89-8; *Petition of
Logdson*, Order No. WQ 84-6; and others.) In addition,

34 As we indicated above, the current landowner, however blameless
35 for the existence of the problem, should be included as a
36 responsible party in a cleanup order. We have taken that position
37 many times in the past and have never ruled to the contrary. Thus,

1 we find that the RWQCB was correct in naming Susan Rose in its
2 order. (See *Susan Rose* WQ 92-13.)

3 C&M may argue that provisions of the lease itself govern the liability of the Silvas. But
4 such documents are not determinative of who is to be considered a Responsible Party for the
5 Board:

6 The private contractual arrangements between successive owners
7 of a site are not binding on the Regional Water Boards or this
8 Board and are not determinative of an entity's status as a
9 discharger. (Cf. State Water Board Order No. WQ 86-2, pp. 9-10.)

10 2. Silvas Does not Have Access to the Property

11 Silvas no longer has access to the Property as it is no longer leasing it from C&M.
12 Moreover, Silvas has information indicating that C&M has leased that property to a third party,
13 therefore C&M must be added to the order to be responsible for ensuring that future corrective
14 actions occur – it has the obligation to prevent an ongoing discharge caused by the movement of
15 pollutants on its property. (See *Petition of Spitzer*, Order No. WQ 89-6 and *Petition of Logsdon*,
16 Order No. WQ 84-6.)

17 3. The 2015 Directive is Not Limited to UST Contamination

18 Although the 2015 Directive provides “UNDERGROUND STORAGE TANK FUND”,
19 this matter, is not limited to contamination from USTs. As GeoTracker indicates, cleanup at the
20 site has been ongoing since July, 2011 (Global ID T10000003308, Remedial Action Plan).

21 In July 2011 a leak was observed from the AST system operated by Silvas on the
22 Property. As discussed above, this leak was minor, and Silvas has only ever had minor leaks
23 from the AST system while it operated the facility. However, after reporting the leak
24 environmental assessments were conducted. The assessments brought to the attention of Silvas
25 and C&M the continued existence of extensive contamination inconsistent with the history of
26 Silvas' operations. (See GeoTracker reports submitted by Silvas.)

27 The corrective action that the Regional Board desires Silvas to take in the Directive is
28 only necessary because of prior tenants' operations at the transfer facility allowed by C&M.

///

///

1 4. C&M Should Be Primarily Responsible.

2 A person or entity should be designated as a Responsible Party for corrective action if
3 the agency has credible and reasonable evidence that indicates that the person or entity has
4 responsibility. (See State Water Board Order WQ 85-7 [Exxon Company, U.S.A. et al.].) It is
5 appropriate to designate multiple partnerships and corporations as responsible parties for
6 corrective actions if there is credible and reasonable evidence that indicates such entities have
7 responsibility. (WQ 85-7 [Exxon Company, USA et al.])

8 While the only documented discharge of gasoline occurred in
9 1983, the record shows clearly that discharges took place much
10 earlier. Phillips has offered no evidence to rebut the reports made
11 by Wendy's and Wenwest's consultant that, considering the soil in
12 the area and the distance the gasoline has travelled to reach the
13 neighbor's well, discharges took place at least 12 years before it
14 was detected by the neighbor. That places the time of discharge
15 well within the ownership of the property Phillips' predecessor.
16 Phillips' argument that the 1983 leak somehow caused the
17 pollution of the well that same year flies in the face of common
18 sense and the laws of nature. (See *Phillips Petroleum Company*
19 *WQ 92-13.*)

16 5. Silvas, if It is to be Liable, Should Only Be Secondarily Liable.

17 The contamination is consistent with operations conducted by prior tenants with the
18 permission of C&M. Despite the contamination being the fault of prior tenants, Silvas has
19 excavated truckloads of soil, including any soil that would have conceivably been contaminated
20 by Silvas two small USTs that were only operational for a short period in 1984.

21 Where one or more responsible parties exist at a site they can be subdivided into two
22 classifications: primarily responsible (primarily liable) and secondarily responsible
23 (secondarily liable). Secondary liability status is appropriate where, among other things, the
24 discharger did not initiate or contribute to the discharge. (See WQ 89-8 [*Arthur Spitzer et al.*]
25 and WQ 86-18 [*Valco Park, Ltd.*].)

26 Generally, a secondarily responsible party is a responsible party that need not comply
27 with a cleanup order unless the primary responsible party fails to comply. Silvas has cleaned up
28 more than their share of the contamination.

1 Here the contamination that is now the subject of the 2015 Directive is not the result of
2 leakage from USTs, which has already been removed, it results from conduct by prior tenants.
3 C&M, as the Property owner is responsible for ensuring that contamination on its property
4 caused by prior tenants, such as Mobil, does not contaminate adjacent property or groundwater,
5 and allowed the multiple discharges to occur. (See *Harold Logsdon*, WQ 84-6.) Therefore it too
6 should be primarily responsible. Silvas should only be secondarily liable, if liable at all.

7 **V. CONCLUSION**

8 Silvas, who is not responsible for the contamination that is at issue, should at most be
9 secondarily liable, but in fact should not be a Responsible Party at all.

10 Thus Silvas respectfully request that the State Board reconsider the 2015 Directive and
11 either order that C&M be added as primarily responsible, or failing that as a responsible party.

12 Dated this 1st day of July, 2015.

13 PERKINS, MANN & EVERETT
14 INCORPORATED

15 By: 
16 Lee N. Smith,
17 Craig A. Tristão, Attorneys for
18 Silvas Oil Company, Inc.

Exhibit A



EDMUND G. BROWN JR.
GOVERNOR



MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

Los Angeles Regional Water Quality Control Board

December 18, 2014

Mr. John Browning
C/o Mr. John R. Silvas
Silvas Oil Company
P.O. Box 1048
Fresno, CA 93714 – 1048

UNDERGROUND STORAGE TANK PROGRAM – DIRECTIVE TO TAKE CORRECTIVE ACTION IN RESPONSE TO UNAUTHORIZED UNDERGROUND STORAGE TANK RELEASE PURSUANT TO HEALTH AND SAFETY CODE SECTION 25296.10 AND TITLE 23, CALIFORNIA CODE OF REGULATIONS, SECTION 2720 – 2727

**SILVAS OIL COMPANY
1230 EAST 5TH STREET, OXNARD
CASE NO. C - 12002; GLOBAL ID T1000004341; PRIORITY A – 2**

Dear Mr. Browning:

The California Regional Water Quality Control Board (Regional Board), Los Angeles Region is the public agency with primary responsibility for the protection of groundwater and surface water quality for all beneficial uses within major portions of Los Angeles and Ventura Counties. As such, the Regional Board is the lead regulatory agency for overseeing corrective action (assessment and/or monitoring activities) and cleanup of releases from leaking underground storage tank systems at the subject site.

In a letter dated June 9, 2014, Ventura County Environmental Health Division (Ventura County) transferred the referenced site to the Regional Board for oversight.

Pursuant to Health and Safety Code section 25296.10, Silvas Oil Company (Silvas Oil) is required to take corrective action (i.e. Preliminary Site Assessment, Soil and Water Investigation, Corrective Action Implementation, and Verification Monitoring) to ensure the protection of human health, safety, and the environment. Corrective action requirements are set forth in California Code of Regulations (CCR), title 23, sections 2720 through 2727.

We have reviewed the "Comprehensive Remediation Through Excavation Report" (Excavation Report), dated April 30, 2014, and the "Above Ground Tank Closure Report" (Closure Report), dated September 4, 2014. The preceding technical reports were submitted by WYR Engineering on behalf of Silvas Oil. We have also reviewed the information contained in our case file.

CHARLES STRINGER, CHAIR | SAMUEL UNGER, EXECUTIVE OFFICER

320 West 4th St., Suite 200, Los Angeles, CA 90013 | www.waterboards.ca.gov/losangeles

I. Site Characterization (CCR Title 23, Chapter 16, § 2725)

The Excavation Report discusses the excavation of hydrocarbon impacted soil that was removed in late 2012 in the vicinity of the load rack and pump station areas and beneath the dispensers and product piping lines. Vertical excavation was terminated when groundwater recharge was observed at the bottom of the excavation pit. Lateral excavation progressed until sidewall confirmation samples collected above the capillary fringe reported "clean" and/or until structural impediments were reached.

The Excavation Report estimates that approximately 1,150 tons of hydrocarbon impacted soil was removed from beneath the site and transferred offsite for proper disposal.

Confirmation soil samples collected in the load rack area reported elevated concentrations of total petroleum hydrocarbon as gasoline (TPH_G), diesel (TPH_D), and benzene. The maximum TPH_G, TPH_D, and benzene concentrations reported in the soil were 4,920 mg/kg (TPH_G), 24,900 mg/kg (TPH_D), and 13.6 mg/kg (benzene). All maximum concentrations were reported in sample SSWW at 8.0 feet below ground surface (bgs).

In addition, elevated TPH_G concentrations of 2,720 mg/kg (NSWW at 8.0 feet bgs) and 2,830 mg/kg (SSWE at 8.0 feet bgs); TPH_D concentrations of 15,800 mg/kg (NSWW at 8.0 feet bgs), 13,700 mg/kg (NSW at 8.5 feet bgs), 2,270 mg/kg (NE Corner SW at 8.5 feet bgs), and 22,300 mg/kg (WSW at 8.0 feet bgs); and benzene concentrations of 1.05 mg/kg (NSWW at 8.0 feet bgs) and 3.9 mg/kg (SSWE at 8.0 feet bgs) were also reported.

Confirmation soil samples collected beneath the former dispensers and product piping lines reported elevated TPH_G and TPH_D concentrations. The maximum TPH_G and TPH_D concentrations reported in the soil were 1,820 mg/kg (TPH_G) and 9,640 mg/kg (TPH_D). Both maximum concentrations were reported in sample Ex NSW at 8.5 feet bgs. Elevated TPH_D concentrations of 11,400 mg/kg (L3 at 9.0 feet bgs) and 4,350 mg/kg (Ex ESW at 6.0 feet bgs) were also reported.

Based on the lab data sheets, two grab-groundwater samples (EX5 and Ex Pit Water Sample) were collected. The maximum grab-groundwater TPH_G, TPH_D, benzene, and methyl tertiary butyl ether (MTBE) concentrations reported were 24,300 µg/L (TPH_G in EX5), 1,370,000 µg/L (TPH_D in Ex Pit Water Sample), 1,220 µg/L (benzene in Ex Pit Water Sample), and 635 µg/L (MTBE in Ex Pit Water Sample).

The Closure Report stated that two 20,000-gallon and three 10,000-gallon aboveground storage tanks were removed. Although not specified, the Closure Report referenced the tanks to have contained gasoline and diesel fuel. The Closure Report also stated that soil samples were not collected in the area of the aboveground tanks because additional excavation was scheduled to begin.

1. Silvas Oil is required to submit a Soil Excavation Report by **January 15, 2015**. Since several excavation events have already been completed, the Soil Excavation Report must contain a brief narrative summary on previous excavations and sampling and a thorough narrative and discussion on the most recent excavation and confirmation soil sampling results.

2. At a minimum, the Soil Excavation Report must also include the following:
 - a. A complete summary table containing all soil data collected to date. Several soil samples listed in tables previously submitted contained various notations in their sampling identification name (e.g.: L3<, Ex NSW, and WSW⁵) that were not defined. The summary table must include all footnotes needed to describe the sample and sample locations on the site maps required below;
 - b. A scaled site map indicating the location of all current (if any) and former aboveground and underground storage tanks, dispensers, product piping, site structures, and site boundary;
 - c. A scaled site map identifying the extent of each excavation event completed, indicating the soil sampling locations and contaminant concentrations;
 - d. A scaled site map indicating the final extent of the excavation completed to date, indicating the soil sampling locations and contaminant concentrations left in-place;
 - e. Cross-section figures indicating the final extent of the excavation, the sampling locations and soil contaminant concentrations, the site-specific lithology, and depth to groundwater; and
 - f. All boring logs.
3. Based on the limited grab-groundwater data, additional characterization of the groundwater is required. Silvas Oil is required to submit a Well Installation Workplan due by **January 15, 2015**. The Well Installation Workplan must propose an adequate number of wells necessary to define the dissolved phase plume and establish the groundwater flow direction and gradient. At least one well should be proposed in the perceived up-gradient and down-gradient directions. Additional wells should be proposed consistent with the elevated soil and grab-groundwater data collected to date. The Well Installation Workplan must also include a site-specific Health & Safety Plan that is consistent with the proposed fieldwork.
4. In reviewing the case file, reference was made to a "four-inch well" installed in the middle of the southern drive slab area. The construction of the well is not consistent with standard well construction/installation practices. Since the well could potentially create a conduit to the subsurface, Silvas Oil is required to locate and abandon the well.
5. The construction, development, and abandonment of monitoring wells must comply with the requirements prescribed in the California Well Standards (Bulletin 74-90), published by the California Department of Water Resources.
6. Silvas Oil is required to conduct a survey and report production wells and agricultural wells located within a one-mile radius of the site.
7. As indicated above, Ventura County terminated the voluntary cleanup case file and transferred the referenced site to the Regional Board for oversight. As such, all future assessment and/or remediation must be pre-approved and conducted under the direction of the Regional Board.

II. Assembly Bill 681 - Property Owner Information:

Pursuant to the California Health and Safety Code Section 25296.20(a) and Division 7 of the Porter Cologne Water Quality Control Act under Assembly Bill 681 (AB 681), the Regional Board is required to notify all current fee title holders for the subject site or sites impacted by releases from underground storage tanks prior to considering corrective action and cleanup or case closure. If corrective action data from the site indicate that release(s) from the underground storage tank systems have impacted offsite property, we are also required to notify offsite property owners. Therefore, Silvas Oil is required to provide to this Regional Board the name, mailing address, and phone number for any record fee title holders for the subject site, as well as any offsite property (ies) impacted by releases from the subject site, together with a copy of county record of current ownership (grant trust deed), available from the County Recorder's Office, for each property affected. Or, Silvas Oil can complete this Regional Board's "Certification Declaration for Compliance with Fee Title Holder Notification Requirements" (see www.waterboards.ca.gov/losangeles/publications/forms/forms/ust/ab681_form.pdf).

Copies of future technical reports shall also be sent directly to any other property owner(s) impacted by contamination from the Site. Silvas Oil is also responsible to provide new contact information if the property owner(s) changes. The new owner shall comply with the requirement stated above.

The required information is due to this Regional Board no later than **January 15, 2015**.

II. GeoTracker Requirements

CCR, title 23, sections 3890-3895 require persons to submit electronic laboratory analytical data (i.e., soil, soil gas, or water chemical analysis) and locational data (i.e., location and elevation of groundwater monitoring wells), via the Internet to the SWRCB's GeoTracker database. The regulations and other background information are available at <http://geotracker.waterboards.ca.gov>.

Silvas Oil is required to submit all laboratory data obtained after September 1, 2001 to the GeoTracker database. This includes any sampling completed for underground storage tank system removal, site assessment activities, periodic groundwater monitoring, and post cleanup verification sampling. Per the same regulations, Silvas Oil is also required to submit locational data obtained after January 1, 2002 for all groundwater monitoring wells (i.e., latitude, longitude, and elevation survey data), groundwater well information (e.g., depth to free product, monitoring well status), and a site map. A complete copy of all clean-up and monitoring reports since January 1, 2005, must also be submitted to GeoTracker in PDF format.

III. General Requirements

1. The contractors who conduct the environmental work as required in this order shall, at all times, comply with all applicable State laws, rules, regulations, and local ordinances specifically, including but not limited to, environmental, procurement and safety laws, rules, regulations, and ordinances. The contractor shall obtain the services of a Professional Geologist or Engineer, Civil (PG/PE-Civil) to comply with the applicable requires of the Business and Professions Code, Sections 7800 et seq. implementing regulations for geological or engineering analysis and interpretation for this case. All documents prepared for others by the contractor that reflect or rely upon geological or

December 18, 2014

engineering interpretations by the contractor shall be signed or stamped by the PG/PE-Civil indicating her/his responsibility for them as required by the Business and Professions Code.

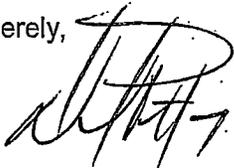
2. Effective November 1, 2011, the Los Angeles Regional Water Quality Control Board implemented a Paperless Office system. For all parties who upload electronic documents to the State Database GeoTracker, it is no longer necessary to email a copy of these documents to losangeles@waterboards.ca.gov or submit hard copies to our office. The Regional Board will no longer accept documents (submitted by either hard copy or email) already uploaded to GeoTracker.

IV. Enforcement

Silvas Oil is required to submit the Soil Excavation Report and the Well Installation Workplan by **January 15, 2015**. Failure to submit the required technical reports by the due date specified may result in an enforcement action by this Regional Board.

If you have any questions regarding this matter, please contact me at (213) 576 – 6714 or at dpirotton@waterboards.ca.gov

Sincerely,



DANIEL P. PIROTTON
Water Resource Control Engineer
Underground Storage Tank Program / Los Angeles Coastal Unit

Enclosure: Leaking UST Program Certification Declaration for Compliance with Fee Title Holder Notification Requirements (Assembly Bill 681)

cc: Ms. Kathy Jundt, State Water Resources Control Board,
Underground Storage Tank Cleanup Fund
Mr. Chuck Silvas, Silvas Oil Company
Mr. William Lachmar, WYR Engineering
Mr. Neal Maguire, Ferguson Case Orr Paterson, LLP
Mr. Walt Hamann, Rincon Consultants

Exhibit B



EDMUND G. BROWN JR.
GOVERNOR



MATTHEW RODRIGUEZ
SECRETARY FOR
ENVIRONMENTAL PROTECTION

Los Angeles Regional Water Quality Control Board

June 1, 2015

Mr. John Browning
C/o Mr. John R. Silvas
Silvas Oil Company
P.O. Box 1048
Fresno, CA 93714 – 1048

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
CLAIM NO. 7014 2870 0001 4537 7644

**UNDERGROUND STORAGE TANK PROGRAM – DIRECTIVE TO TAKE CORRECTIVE ACTION IN RESPONSE TO UNAUTHORIZED UNDERGROUND STORAGE TANK RELEASE PURSUANT TO HEALTH AND SAFETY CODE SECTION 25296.10 AND TITLE 23, CALIFORNIA CODE OF REGULATIONS, SECTION 2720 THROUGH 2727
SILVAS OIL COMPANY
1230 EAST 5TH STREET, OXNARD
CASE NO. C - 12002; GLOBAL ID T10000004341; PRIORITY A – 2**

Dear Mr. Browning:

The California Regional Water Quality Control Board (Regional Board), Los Angeles Region is the public agency with primary responsibility for the protection of groundwater and surface water quality for all beneficial uses within major portions of Los Angeles and Ventura Counties. As such, the Regional Board is the lead regulatory agency for overseeing corrective action (assessment and/or monitoring activities) and cleanup of releases from leaking underground storage tank systems at the subject site.

Pursuant to Health and Safety Code section 25296.10(c), Silvas Oil Company (Silvas Oil) is required to take corrective action (i.e. Preliminary Site Assessment, Soil and Water Investigation, Corrective Action Implementation, and Verification Monitoring) to ensure the protection of human health, safety, and the environment. Corrective action requirements are set forth in California Code of Regulations (CCR), title 23, sections 2720 through 2727.

We have reviewed the "Comprehensive Remedial Action Report" (Report), dated January 14, 2015, and the "Initial Groundwater Monitoring Well Installation Workplan" (Workplan), dated January 14, 2015. The preceding reports were submitted by WYR Engineering on behalf of Silvas Oil. We have also reviewed the information contained in our case file.

I. Responsible Party

Silvas Oil previously conducted site assessment and remediation activities under the Ventura County Environmental Health Department, Leaking Underground Fuel Tank Program's environmental oversight. Silvas Oil is required to continue assessing and remediating the subject site as directed by the Regional Board until a final determination regarding responsible party (ies) status is made.

CHARLES STRINGER, CHAIR | SAMUEL UNGER, EXECUTIVE OFFICER

320 West 4th St., Suite 200, Los Angeles, CA 90013 | www.waterboards.ca.gov/losangeles

II. Site Characterization (CCR Title 23, Chapter 16, § 2725)

The Report stated that several soil excavations were conducted over various periods of time encompassing the former load rack, underground storage tank, above-ground storage tank, and dispenser areas. Based on confirmation soil sampling data, encountered groundwater, and structural features, excavation activities were terminated. Site excavation resulted in the removal of approximately 2,500 tons of soil.

The most recent excavation event was conducted in the vicinity of the former load rack and westernmost dispensers. The maximum total petroleum hydrocarbon as gasoline (TPH_G), as diesel (TPH_D), benzene, and ethylbenzene concentrations of 7,810 mg/kg (TPH_G), 11,100 mg/kg (TPH_D), 7.48 mg/kg (benzene), and 85.6 mg/kg (ethylbenzene) were reported in soil sample EX⁸-EB at 10.5 feet below ground surface (bgs). The maximum methyl tertiary butyl ether (MTBE) concentration of 0.007 mg/kg was reported in soil sample HATFE at 6.5 feet bgs.

During previous excavations, groundwater was detected between 8.0 feet and 12.0 feet bgs. Based on information from sites located in the vicinity, the groundwater flow direction is anticipated to be south to southwest.

The Workplan proposes to install three two-inch diameter groundwater monitoring wells to approximately 20.0 feet bgs in the locations identified in Figure 1 of the Workplan. The proposed wells will be screened between 5.0 feet and 20.0 feet bgs; soil sampling is not proposed.

1. In order to define the extent of the hydrocarbon plume, Silvas Oil is authorized to implement the Workplan. Referencing Table 5 of the Workplan, Silvas Oil is also required to install a monitoring well near former soil sampling locations NSW²-APEX and L3.
2. Silvas Oil is required to submit a revised site map reflecting the modifications outlined above and obtain Regional Board concurrence prior to the start of fieldwork.
3. Silvas Oil is required to submit a Well Installation Report by **September 15, 2015**. The Well Installation Report must contain a scaled site map, soil boring logs, as-built well construction details, and a discussion on the analytical soil and groundwater data. Based on the data collected during this phase of the investigation, additional assessment may be required.
4. Although some of the proposed and required well locations may be installed in backfilled areas, Silvas Oil must log and sample soil at 5.0 foot intervals beginning at 5.0 feet bgs, at changes in lithology, and at areas of obvious contamination. The professional in responsible charge shall review the borings and assume responsibility for the accuracy and completeness of the logs.

III. Continuous Groundwater Monitoring (CCR Title 23, Chapter 16, §2724)

1. Silvas Oil is required to implement a Groundwater Monitoring And Reporting Program. The Groundwater Monitoring Report – Second Semi-Annual 2015 (July – December) is due by **January 15, 2016**. Subsequent Groundwater Monitoring Reports are to be submitted according to the following schedule:

<u>Reporting Period</u>	<u>Report Due Date</u>
January – June	July 15 TH
July – December	January 15 TH

2. The Groundwater Monitoring Reports must include the following:
 - A separate summary table containing the current groundwater concentrations.
 - A summary table containing all historical groundwater data for each well including the depth to groundwater and well screen intervals.
 - A regional map depicting the location of the site, businesses, and streets in the vicinity of the site.
 - A scaled site plot plan depicting the location of the site, the underground storage tanks, dispenser-islands, and associated systems.
 - A scaled site map depicting all well locations and groundwater elevations (contour) with flow gradient and direction.
 - A separate isoconcentration map for TPH_G, benzene, ethylbenzene, MTBE, and tertiary butyl alcohol (TBA).
 - A hydrograph superimposing concentration over time at the most impacted well for TPH_G, benzene, ethylbenzene, MTBE, and TBA (or at any other well as warranted).
3. Silvas Oil is required to analyze soil and groundwater samples by Cal-LUFT GC/FID or Cal-LUFT GC/MS Method for TPH_G, TPH_P; and by EPA Method 8260B for benzene, toluene, ethylbenzene, total xylenes (BTEX), naphthalene, and fuel oxygenate compounds including MTBE, di-isopropyl ether (DIPE), ethyl tertiary butyl ether (ETBE), tertiary amyl methyl ether (TAME), and tertiary butyl alcohol (TBA). Ethanol is also required and shall be analyzed by either method above. The analytical detection limits must conform to the Regional Board General Laboratory Testing Requirements (9/06) http://www.waterboards.ca.gov/losangeles/publications_forms/forms/ust/lab_forms/labreq9-06.pdf. All respective analytical methods must be certified by the California Environmental Laboratory Accreditation Program (ELAP). All analytical data must be reported by a California-certified laboratory.
4. Prior to collecting groundwater samples, free product thickness (if present) must be determined and the depth to water must be measured in all wells to be sampled. The wells are then to be properly purged until the temperature, conductivity, and pH stabilize, and the water is free of suspended and settleable matter before samples are collected for analysis.
5. Prior to consideration for case closure, at least one round of groundwater sampling must be analyzed for all common aromatic and chlorinated volatile organic compounds per EPA Method 8260B. If the site has a waste oil tank, the full suite of aromatic and chlorinated analysis must also be tested and reported per EPA Method 8260B.

IV. General Requirements

1. The contractors who conduct the environmental work as required in this order shall, at all times, comply with all applicable State laws, rules, regulations, and local ordinances specifically, including but not limited to, environmental, procurement and safety laws, rules, regulations, and ordinances. The contractor shall obtain the services of a Professional Geologist or Engineer, Civil (PG/PE-Civil) to comply with the applicable requires of the Business and Professions Code, Sections 7800 et seq. implementing regulations for geological or engineering analysis and interpretation for this case. All documents prepared for others by the contractor that reflect or rely upon geological or engineering interpretations by the contractor shall be signed or stamped by the PG/PE-Civil indicating her/his responsibility for them as required by the Business and Professions Code.
2. Silvas Oil is required to obtain all the necessary permits prior to the start of fieldwork.
3. The construction, development, and abandonment of monitoring wells must comply with the requirements prescribed in the California Well Standards (Bulletin 74-90), published by the California Department of Water Resources.
4. All groundwater monitoring wells must be surveyed to a benchmark for known elevation above mean sea level by a California licensed land surveyor,
5. Silvas Oil is required to notify the Regional Board at least five business days (by email) prior to the start of fieldwork so that we may schedule a staff member to be present.
6. Effective November 1, 2011, the Regional Board implemented a Paperless Office system. For all parties who upload electronic documents to the GeoTracker Database, it is no longer necessary to email a copy of these documents to losangeles@waterboards.ca.gov or submit hard copies to our office. The Regional Board will no longer accept documents (submitted by either hard copy or email) already uploaded to GeoTracker.

V. Enforcement

Silvas Oil is required to submit the Well Installation Report by **September 15, 2015**, and the Groundwater Monitoring Report – Third Quarter 2015 by **October 15, 2015**. Failure to submit the required technical reports by the due dates specified may result in an enforcement action by this Regional Board.

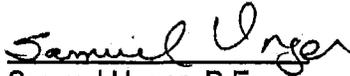
Any person aggrieved by this action of the Regional Water Board may petition the State Water Board to review the action in accordance with Water Code section 13320 and California Code of Regulations, title 23, sections 2050 and following. The State Water Board must receive the petition by 5:00 p.m., 30 days after the date of this letter, except that if the thirteenth day following the date of this letter falls on a Saturday, Sunday, or state holiday, the petition must be received by the State Water Board by 5:00 p.m. on the next business day. Copies of the law and regulations applicable to filing petitions may be found on the Internet at: http://www.waterboards.ca.gov/public_notices/petitions/water_quality or will be provided upon request.

Mr. John Browning
Silvas Oil Company
Page 5

June 1, 2015

If you have any questions regarding this matter, please contact Mr. Daniel P. Piroton at (213) 576 - 6714 or at dpirotton@waterboards.ca.gov

Sincerely,



Samuel Unger, P.E.
Executive Officer

cc: Mr. David Coupe, Office of Chief Counsel, State Water Resources Control Board
Ms. Kathy Jundt, State Water Resources Control Board,
Underground Storage Tank Cleanup Fund
Mr. Chuck Silvas, Silvas Oil Company
Mr. Lee N. Smith, Perkins, Mann, & Everett, Incorporated
Mr. Craig A. Tristão, Perkins, Mann, & Everett, Incorporated
Mr. Neal Maguire, Ferguson, Case, Orr, Paterson, LLP
Mr. Peter A. Nyquist, Greenberg, Glusker, Fields, Claman, & Machtinger, LLP
Ms. Marla Madden, ExxonMobil Environmental Services
Mr. William Lachmar, WYR Engineering
Mr. Walt Hamann, Rincon Consultants

Exhibit C

4. Use, Lessee may use the premises for the storage and dispensing of petroleum products and the operation of an automotive service station business and for any other lawful purpose, and for all operations normal and customary thereto.

5. Improvements, Equipment. Lessee may install on the premises such improvements and equipment as it may require for the conduct of its business on the premises, and any, at any time while this lease is in effect or within 30 days after any termination thereof, remove any such improvements or equipment, whether affixed to the premises or not. In lieu of removing improvements or equipment installed by it, Lessee may abandon all such improvements or equipment or any part thereof.

6. Utility Charges, Taxes. Lessor shall pay all costs of making water, gas, electricity and other utility services available on the premises. Lessee shall pay all charges for such utility services supplied to it. Lessee shall pay all taxes on any improvements and equipment owned by it on the premises and all license fees or other governmental charges resulting from Lessor's use of the premises. All other taxes, assessments or governmental charges shall be paid by Lessor.

7. Termination. If at any time Lessee decides in its uncontrolled discretion that the premises cannot advantageously be used for the operation of an automotive service station business, Lessor may terminate this lease on not less than 30 days notice to Lessor.

If Lessee or any sublessee is unable to obtain any license, zoning classification, variance or permit or renewal thereof as required by any governmental agency in order to use the premises for the storage and dispensing of petroleum products and the operation of an automotive service station of the type and capacity and with the right of ingress and egress specified in any application to such governmental agency, or if any such license, zoning classification, variance or permit is cancelled, abridged or revoked, or if Lessee is prevented by governmental action, operation of law, injunction, condemnation, acts of God, acts of enemies or any cause beyond its control, from so using the premises or any material part thereof as determined by Lessee, or if ingress to the premises from any existing street or egress from the premises to any such street is cut off by any change in, or relocation of, such street, then Lessee may, at any time after the occurrence of any such event and while Lessee is so prevented from using the premises, terminate this lease on not less than 30 days notice to Lessor and payment of the sum of \$1000.

8. Defaults. If Lessor shall fail to pay when due any rental under any underlying lease, tax, assessment, interest on, or principal of, any mortgage or trust deed covering the premises or shall fail to pay any other charge or perform any act for which Lessor is responsible, and if such failure is not remedied by Lessor within 10 days after the giving of notice thereof by Lessee, Lessee may pay or perform the same without prejudice to any other rights or remedies, and deduct the cost thereof from any rentals or other payments then or thereafter due from Lessee. Lessee shall also be entitled to any right of redemption granted by law and, in the event of foreclosure of any mortgage, trust deed or lien, Lessee may purchase the premises for its own account. If Lessor shall at any time be indebted to Lessee, Lessee may withhold and apply to such indebtedness any rentals or other payments then or thereafter due from Lessee.

If Lessee shall fail to remedy any default hereunder within 10 days after the receipt of notice thereof from Lessor, Lessor may at his option terminate this lease by notice to Lessee and re-enter and repossess the premises without prejudice to Lessor's accrued rights.

If any action or proceeding is instituted by either party to enforce any remedy to which it may be entitled under this agreement, the successful party shall be entitled to recover from the other party the costs of such action or proceeding and reasonable attorneys' fees incurred in connection therewith.

9. Renewals. Lessee shall have the option to renew this lease for four consecutive terms of five years each on the same terms and conditions except as hereinafter stated, the first of such renewal periods to commence at the expiration of the term of this lease. To exercise such option Lessee shall give Lessor notice of its election to renew at least 30 days prior to the expiration of the then-current term.

10. Holding Over. If Lessee shall hold over after the expiration of this lease or any extension or renewal thereof without having renewed the same or entered into a new lease, Lessee shall thereafter be deemed to be a tenant, from month to month on all of the terms and conditions of this lease except as to the duration thereof.

11. Options to Acquire Premises.

(a) ~~Option to Purchase.~~ Lessee shall have the exclusive option to purchase the premises for the sum of \$1000. Said option may be exercised by notice to Lessor at any time during the term of this lease or any extension or renewal thereof. Within seven days after Lessee gives such notice Lessee shall deposit in escrow the full amount of the purchase price, and within 30 days after such deposit Lessor shall deliver to Lessee a deed in form satisfactory to Lessee and at Lessor's cost, a policy of title insurance in the amount of the purchase price, or in those areas where such insurance is not available, an abstract of title satisfactory to Lessee. Said policy or abstract shall show Lessee's interest as buyer of the premises free of all liens and encumbrances, except current taxes and assessments not yet due and except those liens and encumbrances that have been approved in writing by Lessee. On the recording of said deed this lease shall terminate.

(b) Preferential Option. In addition to the foregoing option Lessee shall have the preferential right provided for herein. Lessor shall not, during the term of this lease or any extension or renewal thereof, sell, lease, grant options with respect to, or otherwise dispose of the whole or any part of the premises without giving Lessee an option to acquire the same on the terms and conditions which Lessor is willing to accept from any other party. Lessor shall give Lessee prompt notice of said terms and conditions and shall permit Lessee to examine any acceptable offer. If Lessee exercises said option, it shall do so by notice to Lessor given within 30 days after receipt of the above referred to notice from Lessor. Within 30 days after Lessee gives such notice, Lessee shall deposit in escrow the full amount for which Lessor is willing to dispose of the premises and within 30 days after such deposit Lessor shall, in the case of a sale, deliver to Lessee a deed in form satisfactory to Lessee and, at Lessor's cost, a policy of title insurance in the amount of the purchase price, or in those areas where such insurance is not available, an abstract of title satisfactory to Lessee. Said policy or abstract shall show Lessee's interest as buyer of the premises subject only to the liens and encumbrances which are specifically excepted in the proposed terms and conditions. In the case of any other disposition, Lessor shall deliver to Lessee an instrument in form and substance satisfactory to Lessee and sufficient to transfer the interest covered thereby. On the recording of said deed or instrument this lease shall terminate.

(c) Third Parties. Failure to exercise the options provided for in this Section on one or more occasions shall not affect Lessee's right to exercise them thereafter and any transfer by Lessor to a third party shall be subject to Lessee's right to acquire the premises from said third party in accordance with the provisions of this Section.

12. Option to Lease. In consideration of the sum of \$100, the receipt of which is hereby acknowledged by Lessor, Lessor agrees that this instrument until executed by Lessee, or until the expiration of 120 days from the date of the acknowledgment of Lessor's signature, whichever occurs first, shall constitute an exclusive right and option in favor of Lessee to lease the premises from Lessor on the terms and conditions specified herein. This option may be exercised by Lessee at any time within said 120-day period by Lessee's delivering personally to Lessor or sending to Lessor in accordance with the provisions of Section 14 an executed copy of this instrument. If the option is exercised by mailing, the sending of this lease shall be deemed completed at the time of mailing. If Lessee does not so exercise this option within said period, this instrument shall be of no further force or effect. If Lessee exercises this option, this instrument shall thereby become effective as a lease between the parties in accordance with the terms and conditions specified herein.

If there is any period of time between the date of the exercise of this option and the date of the commencement of the term of this lease, Lessee shall have the right to take possession of and to use the premises at any time during said period, which possession and use shall be deemed to be under a license free of all charges by Lessor.

13. First Lien and Encumbrance. This lease shall be a first lien and encumbrance against the premises, subject only to current taxes and assessments and to conditions, restrictions, reservations, easements and rights of way of record acceptable to Lessee.

14. Notices. Any notice hereunder shall be in writing and shall be delivered personally (to an officer or manager in the case of Lessee) or sent by registered or certified mail to Lessor at P. O. Box 547, Oxnard, California and to Lessee at 612 South Flower Street, Los Angeles 54, California unless changed by notice. Notice by mail shall be deemed given at the time of mailing.

15. Miscellaneous. This instrument and any modifications or supplements signed by the parties contain the entire agreement covering the subject matter. The right of either party to require strict performance shall not be affected by any previous waiver or course of dealing. This lease shall be binding on and inure to the benefit of the successors and assigns of the parties.

16. Riders. Paragraphs 17, 18, 19 and 20 have been added as riders and are hereby made a part of this lease.

17. Notwithstanding the provisions of Section 6 hereof with respect to taxes, Lessee agrees to reimburse Lessor, within sixty (60) days after presentation to Lessee by Lessor of receipted tax bills, for the amounts paid by Lessor during any fiscal tax year for any regular City, County and State taxes levied upon or against the demised premises during the original term of this lease and during any extended and/or renewed periods. Lessee's tax obligation hereunder shall not include any special improvement assessments or special improvement taxes. For any fraction of a fiscal tax year at the beginning or ending of the term of this lease, Lessee's tax obligation hereunder shall be pro-rated on the basis of the number of months this lease has been in effect in such fraction of such fiscal tax year.

18. It is understood and agreed that Lessee may, at its option, cancel this lease during the original term hereof or during any extended and/or renewed period on any 3-year anniversary date of the commencement date for the term of this lease by thirty (30) days' prior written notice and payment to Lessor of the sum of \$100.00.

19. The provisions of Section 11(h) hereof shall not apply in event of transfer of title to the demised premises to any member of each respective Lessor's immediate family and/or to any Corporation in which each respective Lessor, or any of them, have an interest.

20. It is understood and agreed that in event, at some future date, Lessor elects to utilize any portion of the demised premises for the retail sales of gasoline to the motoring public, the rental provided for in this Lease shall be amended by mutual written agreement to provide for the payment by Lessee to Lessor of additional rentals based upon total number of gallons of Lessee's gasoline so sold and delivered to customers on the premises.

21. If Lessee elects to exercise his option to renew this lease, per condition 9 above, it is understood and agreed the rent shall then be \$150.00 per month, payable in advance on the first day of each calendar month.

Edwin L. Garty
Edwin L. Garty
Francis C. Garty
Francis C. Garty
John B. Maulhardt
John B. Maulhardt
James H. Maulhardt
James H. Maulhardt

WITNESSES TO LESSOR'S SIGNATURE:
Robert L. Maulhardt
Robert L. Maulhardt
Frances H. Maulhardt
Frances H. Maulhardt

SOCONY MOBIL OIL COMPANY, INC.

By *C. H. Winter*
ATTORNEY IN FACT

Lessee

THIS FORM OF ACKNOWLEDGMENT TO BE USED BY INDIVIDUALS

STATE OF CALIFORNIA }
COUNTY OF Ventura } SS

On this tenth day of September, 1962, before me, KAY HOLLOWAY, a Notary Public in and for Ventura County, personally appeared Edwin L. Garry, Doris G. Garry, John B. Maulhardt, Jeanne G. Maulhardt, Robert L. Maulhardt and Francis H. Maulhardt known to me to be the persons described in and whose names are subscribed to the within and foregoing instrument, and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein contained.

In Witness Whereof, I have hereunto set my hand and official seal the day and year first above written.

(SEAL)

Kay Holloway
Notary Public in and for the State of California

My Commission Expires:

Jan. 3, 1964

residing at Ventura

THIS FORM OF ACKNOWLEDGMENT TO BE USED BY CORPORATIONS

STATE OF _____ }
COUNTY OF _____ } SS

On this _____ day of _____, 19____, before me, _____, a Notary Public in and for _____ County, personally appeared _____ known to me to be and, being by me duly sworn, on oath did say and acknowledge that _____ the _____ of _____, the corporation that executed the within and foregoing instrument and said _____ on oath, stated and acknowledged to me that: (1) _____, as such _____

being authorized so to do by the by-laws or board of directors of said corporation, executed, signed and sealed said instrument on behalf of said corporation; (2) _____ by _____ acquainted with the seal of said corporation and the seal affixed thereto is the corporation seal of said corporation; (3) the signatures to said instrument were made by officers of said corporation as indicated after such signatures, and; (4) said corporation executed said instrument as its free and voluntary act and deed, for the uses and purposes therein contained.

In Witness Whereof, I have hereunto set my hand and official seal the day and year first above written.

FORM 717A
REV. 2-60

STATE OF CALIFORNIA }
COUNTY OF LOS ANGELES } SS

On the 7th day of January, 1963, before me, a Notary Public, personally appeared G. H. Waxman, to me known to be the Attorney in Fact of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and he on oath stated that he was authorized to execute said instrument.

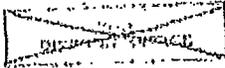
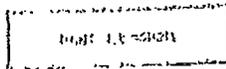
IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year first above written.

Ella M. Fell
Notary Public in and for the County of Los Angeles, State of California
My Commission Expires Feb. 10, 1963
Ella M. Fell

After Recording Mail to
SOCIETY MOBIL OIL COMPANY, INC.

LEASE
SOCIETY MOBIL OIL COMPANY, INC.

Exhibit D



MODIFICATION AGREEMENT

THIS AGREEMENT is entered into this 19th day of February, 1963, by and between EDWIN L. CARNEY and DORIS C. CARNEY, husband and wife, JOHN B. MAULHART and JEANNE C. MAULHART, husband and wife, and ROBERT L. MAULHART and FRANCES H. MAULHART, husband and wife, hereinafter referred to as Lessor, and SOCOROT NOBIL OIL COMPANY, INC., hereinafter referred to as Lessee:

W I T N E S S E S :

WHEREAS, Lessor and Lessee have entered into a Bulk Plant Ground Lease dated September 10, 1962, a memorandum form of which was recorded on January 9, 1963, in Book 2236, Page 401, Official Records of Ventura County, covering certain premises in the City of Oxnard, County of Ventura, State of California, and more particularly described in said lease.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration to both parties in hand paid, receipt of which is hereby acknowledged, Lessor and Lessee do hereby mutually agree as follows:

1. THAT the description of the devised premises as set forth in said lease is hereby cancelled and the following description shall be and is hereby substituted therefor, to-wit:

Those portions of Lots 3 and 4, Block "B", Virginia Park, in the City of Oxnard, County of Ventura, State of California, according to the map recorded in Book 11, Page 28 of Maps, in the office of the County Recorder of said County, described as a whole as follows:

Beginning at a point on a line which is parallel with and distant southerly 30 feet, measured at right angles, from the northerly line of said lots 3 and 4, being also the southerly line of East Fifth Street, 90 feet wide, distant along said parallel line West 50 feet from the intersection of said parallel line with the easterly line of said Lot 3; thence continuing along said parallel line;

Lot: - West 163 feet; thence parallel with the easterly line of said Lot 3;

2nd: - South 00° 01' 45" West 184 feet, more or less, to the intersection with a curve which is concentric with and distant northwesterly 30 feet, measured radially, from the northwesterly line of the land described in the deed to California Lima Bean Growers Association,

recorded September 28, 1946 as Document No. 23833 in Book 769 page 309 of Official Records, said northwesterly line being a curve concave northwesterly having a radius of 466.68 feet; thence,

3rd: - Northeasterly, along said concentric curve having a radius of 436.68 feet, to the intersection with a line which is parallel with the easterly line of said lot 3 and passes through said point of beginning; thence along said last mentioned parallel line,

4th: - North 09 01' 45" East 110 feet, more or less, to the point of beginning.

EXCEPT all pipe, pipe lines and conduits located on said land used as a part of the irrigating system provided for furnishing water to lands within said Virginia Park.

EXCEPT as herein modified, all other terms and conditions of the lease referred to above shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed the day and year first above written.

STATE OF CALIFORNIA
County of Ventura

as:

On February 19, 1963, before me, the undersigned, personally appeared EDWIN L. CARTY, DORIS C. CARTY, JOHN B. MAULHARDT, JEANNE G. MAULHARDT, ROBERT L. MAULHARDT and FRANCES H. MAULHARDT, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

IN WITNESS WHEREOF I have placed my hand and official seal.

Karl Halloran
Notary Public in and for said county and state.
My comm. expires 1/3/64

Edwin L. Carty
Edwin L. Carty
Doris C. Carty
Doris C. Carty
John B. Maulhardt
John B. Maulhardt
Jeanne G. Maulhardt
Jeanne G. Maulhardt
Robert L. Maulhardt
Robert L. Maulhardt
Frances H. Maulhardt
Frances H. Maulhardt
LESSOR

SOCIETY MOBIL OIL COMPANY, INC.
By J. A. Simpson
ATTORNEY IN FACT
LESSOR

	INITIALS
Witnessed by	
Represented by	
Subscribed to	
Approved as to facts by Law Dept.	
Documents checked	<u>PSH</u>

Exhibit E

L E A S E

THIS LEASE is made and entered into by and between C & M PROPERTIES, a general partnership, hereafter referred to as "LESSOR" and SILVAS OIL CO., INC., a corporation, hereafter referred to as "LESSEE".

1. PROPERTY LEASED. LESSOR hereby leases to LESSEE and LESSEE hereby leases from LESSOR for the term, at the rental, and upon all the conditions set forth herein, the following property located in the County of Ventura, State of California: The premises located on the south side of Fifth Street, in Oxnard, California, more particularly described in the attached "Exhibit A." Said property, including the land and all improvements thereon, is hereafter referred to as "the Premises".

2. TERM.

2.1 TERM. The term of this Lease is five (5) years, commencing on April 1, 1984 and terminating on March 31, 1989, unless sooner terminated pursuant to this Lease.

2.2 OPTION TO RENEW. Provided that LESSEE has performed all of its obligations under this Lease during the initial term, LESSOR hereby grants to LESSEE an additional option to extend the term for a five (5) year period, commencing upon the expiration of the current term. LESSEE may exercise said option by personally delivering written notice thereof to LESSOR at least ninety (90) days prior to the expiration of the current term. Any extended term hereof, pursuant to the exercise of said option, shall be subject to all the terms, covenants and conditions of this Lease. The option to renew granted by the provisions of this paragraph may not be assigned or transferred.

3. USE.

3.1 USE. The Premises shall be used and occupied for the following specified purpose and shall not be used for any

other purpose without first obtaining the written consent of LESSOR: Bulk petroleum warehousing and distribution.

3.2 COMPLIANCE WITH LAW. LESSEE shall, at LESSEE's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders, restrictions of record, and requirements in effect during the term or any part of the term hereof regulating the use by LESSEE of the Premises. LESSEE shall not use nor permit the use of the Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant on the property containing the Premises, shall tend to disturb such other tenants.

3.3 CONDITION OF PREMISES. LESSEE hereby accepts the Premises in their condition existing as of the date of possession of the Premises, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. LESSEE acknowledges that neither LESSOR nor LESSOR's agent has made any representation or warranty as to the suitability of the Premises for the conduct of LESSEE's business.

4. RENT. LESSEE shall pay to LESSOR, during the term of this Lease and all extensions or renewals thereof, monthly rental as follows:

4.1 TIME OF PAYMENT. Rent is payable in advance on the first (1st) day of each and every month.

4.2 RENT. The amount of monthly rent during the term of this Lease shall be as follows:

(a) From April 1, 1984 to March 31, 1989:
Seven Hundred Dollars (\$700.00) per month;

(b) If this Lease is extended by proper exercise of LESSEE's option, then from April 1, 1989 to March 31, 1990: Eight Hundred Dollars (\$800.00) per month;

(c) From April 1, 1990 to March 31, 1994: the rent of Eight Hundred Dollars (\$800.00) per month shall be increased at the beginning of each lease year by a percentage equal to the percentage increase (but not decrease) in the Consumer Price Index. The rent for each leasehold year shall be increased (but not decreased) in the same percentage proportion that the average of the United States Department of Labor Consumer Price Index, As Revised, Los Angeles, Long Beach, Anaheim, for all Urban Consumers, All Items (1967-1969 = 100) published monthly by the Bureau of Labor Statistics (hereinafter called "Index") for the third calendar month immediately preceding the applicable lease year, shall have increased over said average for the third calendar month immediately preceding the prior leasehold year. In no event shall the percentage increase in rent in any one year be less than Twenty-five Dollars (\$25.00) per month, but if the increase is more than six percent (6%) in that period, the rent shall be increased by six percent (6%) plus one-half (1/2) of the percentage increase over six percent (6%).

If there shall be a change in the calculations or formulations of said Index which cannot be compensated for by formula adjustments available from the Bureau of Labor Statistics, or if the Index is discontinued or for any other reason is not available, and if within thirty (30) days of either's request, the parties hereto are unable to agree to a substitute index issued by any branch or department of the United States Government reflecting changes in the purchasing value of money, then any index or other comparable measure of changes in the purchasing value of money generally recognized as authoritative, selected by the Presiding Judge of the Superior Court of the State of California, County of Ventura, on application of either party with notice to the other party, shall be substituted.

5. SECURITY DEPOSIT. LESSEE shall immediately following the execution of this Lease, deposit with LESSOR the sum of Seven Hundred Dollars (\$700.00). This sum shall be held by the LESSOR as security for the faithful performance by LESSEE of all the terms, covenants, and conditions of this Lease by said LESSEE to be kept and performed during the term hereof. If, at any time during the term of this Lease, any of the rent herein reserved shall be overdue and unpaid, or any other sum payable by LESSEE to LESSOR shall be overdue and unpaid, then the LESSOR may, at the option of LESSOR (but LESSOR shall not be required to) appropriate and apply any portion of said deposit to the payment of any such overdue rent or other sum. In the event of the failure of LESSEE to keep and perform all of the terms, conditions and covenants of this Lease to be kept and performed by LESSEE, then, at the option of LESSOR, said LESSOR may, after terminating this Lease, appropriate and apply said entire deposit, or so much thereof as may be necessary, to compensate LESSOR for all loss or damage sustained or suffered by LESSOR due to such breach on the part of LESSEE. Should the entire deposit, or any portion, be appropriated and applied by LESSOR for the payment of overdue rent or other sums due and payable to LESSOR by LESSEE hereunder, then LESSEE shall, upon written demand of LESSOR, forthwith remit to LESSOR a sufficient amount in cash to restore said security to the original sum and LESSEE's failure to do so within five (5) days after such receipt of such demand shall constitute a breach of this Lease. Should LESSEE comply with all of said terms, covenants and conditions and promptly pay all of the rental herein provided for as it falls due, and all other sums payable by LESSEE to LESSOR hereunder, the deposit shall be returned in full to LESSEE at the end of the term of this Lease, or upon earlier termination of this Lease by any of the provisions hereof and after LESSEE has vacated the Premises. In no event shall LESSEE be entitled to any interest

on the Security Deposit and no trust relationship is created herein between LESSOR and LESSEE with respect to said Security Deposit.

6. IMPROVEMENTS.

6.1 ALTERATIONS AND ADDITIONS.

(a) LESSEE may make such alterations, improvements or additions in, on or about the Premises as are necessary or appropriate for the conduct of LESSEE's business thereon, as long as such alterations, improvements or additions do not cause a diminution in the value of the premises or would tend to impair its future use for other business activities. LESSOR may require that LESSEE remove any or all of said alterations, improvements, or additions at the expiration of the term, and restore the Premises to their prior condition. LESSOR may require LESSEE to provide LESSOR, at LESSEE's sole cost and expense, a lien and completion bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure LESSOR against any liability for mechanic's and materialmen's liens and to insure completion of the work.

(b) LESSEE's right to make improvements under this paragraph shall be conditioned upon LESSEE's acquiring all necessary governmental permits or clearances in advance of commencement of work, furnishing a copy thereof to LESSOR upon request, and compliance by LESSEE with all conditions of such permits or clearances in a prompt and expeditious manner.

(c) LESSEE shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for LESSEE at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or any interest therein. LESSEE shall give LESSOR not less than ten (10) days' notice prior to the commencement of any work on the Premises, and LESSOR shall have the right to post notices of non-responsibility in or on the

Premises as provided by law. If LESSEE shall, in good faith, contest the validity of any such lien, claim or demand, the LESSEE shall, at its sole expense defend itself and LESSOR against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the LESSOR or the Premises, upon the condition that if LESSOR shall require, LESSEE shall furnish to LESSOR a surety bond satisfactory to LESSOR in an amount equal to such contested lien, claim or demand indemnifying LESSOR against liability for the same and holding the Premises free from the effect of such lien or claim. In addition, LESSOR may require LESSEE to pay LESSOR's attorneys fees and costs in participating in such action if LESSOR shall decide it is to its best interest to do so.

(d) Unless LESSOR requires their removal, as set forth in Section 6.1(a), all alterations, improvements or additions which may be made on the Premises, shall become the property of LESSOR and remain upon and be surrendered with the Premises at the expiration or termination of the term. Notwithstanding the provisions of this Section 6.1(d), LESSEE's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of LESSEE and may be removed by LESSEE subject to the provisions of Section 23.

7. MAINTENANCE AND UPKEEP. LESSEE shall be solely responsible for maintenance and upkeep of the Premises.

8. REPAIRS. LESSEE, at LESSEE'S sole cost and expense, throughout the term of this Lease, shall maintain and keep in good order, condition and repair, all portions of the Premises and all additions thereto, and all other improvements, equipment, fixtures and other property situated in, or under the Premises, and if necessary or required by governmental authority or applicable regulations of the Pacific Fire Rating Bureau or

similar body, make modifications or replacements thereof.

If LESSEE fails to perform LESSEE'S obligations under this Section 8, LESSOR may at its option (but shall not be required to) enter upon the Premises, after three (3) days prior written notice to LESSEE and put the same in good order, condition, and repair and the cost thereof together with interest thereon at the rate of ten percent (10%) per annum shall become due and payable as additional rental to LESSOR together with LESSEE'S next rental installment.

9. LIABILITY INSURANCE. LESSEE shall indemnify and hold LESSOR harmless from any loss or damage arising out of or relating to any death, bodily injury, or property damage resulting from, or in connection with, the maintenance, use, or occupation of the Premises by LESSEE, LESSEE'S agents, servants, employees, contractors, or patrons. LESSEE shall, at LESSEE'S own expense, carry public liability insurance with liability limits of not less than One Million Dollars (\$1,000,000.00) for the injury or death of one person in any one accident and property damage insurance in an amount of not less than Five Hundred Thousand Dollars (\$500,000.00). All such insurance shall be carried with insurance companies satisfactory to LESSOR. Said insurance shall name LESSOR as an additional insured party. LESSEE shall furnish, or cause to be furnished, to LESSOR, certificates of insurance from the insurance carrier stating that such insurance is in full force and effect and that the premiums thereon have been paid and that the insurance carrier will give LESSOR at least twenty (20) days prior written notice of any termination, cancellation, or modification of such insurance. Should LESSEE fail to comply with this Section 9, LESSOR shall have the right to obtain said insurance and pay the premiums therefor, and in such event the entire amount of such premiums shall be immediately paid by LESSEE to LESSOR, and failure to do so shall constitute a breach of this Lease.

10. CASUALTY INSURANCE. LESSEE shall maintain at LESSEE'S own expense during the term of this Lease or until LESSEE has vacated the Premises, whichever occurs later, the following types of insurance:

(a) Fire, extended coverage and vandalism insurance covering all property on, and contents of, the Premises for the full replacement cost thereof without allowance for depreciation, and naming LESSOR as an additional insured.

(b) LESSEE shall deliver to LESSOR certificates of such insurance evidencing compliance with this Section 10 and providing that such insurance shall not be cancelled except after fifteen (15) days written notice to LESSOR. The proceeds of the property damage insurance required hereinabove shall be applied to pay the costs of repair, replacements and restorations of the property insured. If LESSEE fails to maintain or renew the required policies, LESSOR may do so at the expense of LESSEE, which expense shall be reimbursed on demand.

No use except that which is expressly provided in this Lease shall be made or permitted to be made of the Premises, nor acts done, which will increase the existing rate of fire or extended coverage insurance on the Premises or any part thereof, nor shall LESSEE sell, or permit to be kept, used, or sold in or about the Premises any article which would prevent LESSEE from obtaining casualty or public liability insurance. LESSEE shall, at LESSEE'S sole cost and expense, comply with any and all requirements, pertaining to said Premises, of any insurance organization or company, necessary for the maintenance of reasonable casualty and public liability insurance covering the Premises.

11. ASSIGNMENT AND SUBLETTING. LESSEE shall not assign this Lease, or any interest therein and shall not sublet said Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and

servants of LESSEE excepted) to occupy or use said premises, or any portion thereof, without the prior written consent of LESSOR. Any assignment or subletting without such consent of LESSOR shall be void, and shall, at the option of LESSOR, terminate this Lease. This Lease shall not, nor shall any interest therein, be assignable, as to the interest of LESSEE, by operation of law, without the written consent of LESSOR.

12. UTILITIES. LESSEE shall pay for all utilities furnished to or delivered at the Premises, making said payments directly to the utility companies furnishing same. LESSEE shall protect and save LESSOR harmless from any liens arising out of the nonpayment of utility charges.

13. WAIVERS OF DAMAGES. LESSEE, as a material part of the consideration to be rendered to LESSOR, hereby waives all claims against LESSOR for damage to improvements, equipment, goods, furnishings, or other property of LESSEE in, upon, and about the Premises and for injuries to LESSEE, his agents, or third persons in or about said Premises attributable to the condition of the Premises or any improvements or personal property thereon, during the term of this Lease or any extension thereof.

14. CASUALTY DAMAGE OR DESTRUCTION. If the Premises shall be damaged by any casualty, this Lease shall not terminate, and LESSEE, at his sole expense, shall diligently restore and replace the property damaged, provided, however, that if the Premises (a) by reason of such casualty are rendered wholly untenable, or (b) should be damaged as a result of a risk which is not covered by either party's insurance, or (c) should be damaged in whole or in part during the last one (1) year of the term hereof; then, in any of such events, either LESSOR or LESSEE may elect to terminate this Lease by notice of cancellation given within fifteen (15) days after such casualty, in which event, LESSEE shall surrender the Premises within thirty

(30) days of such notice and upon LESSEE's surrender of the Premises to LESSOR, LESSEE's liability for rent shall cease as of the day of the casualty and LESSOR shall make an appropriate refund.

15. DEFAULT. It is expressly agreed that if:

(a) LESSEE shall fail, neglect or refuse to pay any installment of rent or any other monies agreed by LESSEE to be paid, at the time and in the amount as herein provided, and if any such default should continue for more than five (5) days after notice thereof in writing given to LESSEE; or

(b) LESSEE shall fail, neglect or refuse to keep and perform any of the other covenants, conditions, stipulations or agreements herein agreed to be performed by LESSEE, and such default, if of a nature which can be cured, continues for more than fifteen (15) days after notice thereof in writing given to LESSEE by LESSOR (no notice to be required or right to cure to apply to defects which cannot be cured); provided, however, any default which involves the making of repairs or other matters reasonably requiring a longer period of time to cure than fifteen (15) days, LESSEE shall be deemed to have complied with such notice if LESSEE has commenced to comply with said notice within fifteen (15) days and thereafter diligently completes such cure; but for any failure to so complete such cure, no further notice or right to cure need be given; or

(c) Any voluntary petition in bankruptcy or similar debtor's pleading under any section or sections of any bankruptcy act shall be filed by LESSEE, or any voluntary proceeding in any court or tribunal shall be instituted to declare LESSEE insolvent or unable to pay LESSEE'S debts, or to effect a plan of liquidation, composition or reorganization, or if any involuntary proceeding of the aforesaid nature be filed and LESSEE consents thereto or agrees therein by pleading or default, or if LESSEE makes any assignment of its property for

the benefit of creditors, or the Premises are taken under a levy of execution or attachment in an action against LESSEE, or a trustee or receiver is appointed over any substantial portion of LESSEE'S assets or LESSEE'S operations from the Premises, then neither this Lease nor any interest of LESSEE in or to the Premises shall become an asset in any such proceeding, and if any of the aforesaid occurrences is not dismissed or discharged within fifteen (15) days after LESSOR'S demand, or thirty (30) days after such occurrence, whichever date first occurs; or

(d) LESSEE shall abandon or vacate the Premises; then LESSOR shall have the right, at any time thereafter:

(1) To terminate this Lease forthwith and reenter the Premises and take possession thereof and remove all persons therefrom, whereupon LESSEE shall have no further claim therein or thereto but shall not be released from any obligations accruing hereunder prior to the date of termination or surviving any termination;

(2) Without declaring this Lease ended, to reenter the Premises and occupy the same or any part, or lease the whole or any part thereof upon such terms and conditions and for such rent as LESSOR may deem proper, collect said rent on reletting and other rent that may thereafter become payable from LESSEE'S subtenants, concessionaires, or licensees, and apply the same as follows; first, to LESSOR'S expenses of such reletting (including required remodeling costs) and dispossessing LESSEE and those holding under LESSEE; second, to any damages sustained by LESSOR; and third, to LESSEE'S account for rental and other payments payable by LESSEE hereunder. The excess, if any, shall be paid to LESSEE annually after such reletting, but at any time after such reletting, LESSOR may elect to terminate this Lease in accordance with the provisions of subparagraph (1) above. If the rental so received by LESSOR on reletting is less than that herein agreed to be paid by LESSEE, LESSEE shall pay such

deficiency to LESSOR on demand.

(3) To exercise any other right now or hereafter afforded by law.

LESSOR shall not be deemed to have terminated this Lease, or the liability of LESSEE to pay rent thereafter to accrue, or LESSEE'S liability for damages under any of the provisions hereof, by any such re-entry or by any action or notice in unlawful detainer or otherwise to obtain possession of the Premises, unless the LESSOR shall have so notified LESSEE in writing. Nothing herein contained shall be construed as obligating LESSOR to relet the whole or any part of the Premises.

If LESSOR elects to terminate this Lease under the provisions of subparagraph (1) above, LESSOR shall be entitled to recover forthwith from LESSEE, as damages, the difference, if any, between the then reasonable rental value of the Premises for the remainder of the term of this Lease and the amount of rental and other charges payable by LESSEE for such remainder.

If LESSEE consists of more than one person or entity, any occurrence of the nature described in subparagraph (c) with respect to one person or entity, shall entitle LESSOR to exercise its rights herein and as otherwise provided, against all persons and entities.

In addition to any other remedies provided to the LESSOR herein or by law:

Even though LESSEE has breached this Lease and abandoned the Premises, for so long as the LESSOR does not terminate the LESSEE'S right to possession, the LESSOR may treat this Lease as continuing in effect and the LESSOR may enforce all its rights and remedies under this Lease, including the right to recover the rent as it becomes due under this Lease. As used herein the term "rent" shall include all amounts payable by the LESSEE to or on behalf of the LESSOR pursuant to the terms of this Lease.

16. WASTE, QUIET CONDUCT. LESSEE shall not commit, or suffer to be committed, any waste upon the Premises, or any nuisance, or any other act or thing which may disturb the quiet enjoyment of the surrounding premises.

17. ATTORNEY FEES. In the case of suit being brought for an unlawful detainer of the Premises, for the recovery of any rent due under the provisions of this Lease, or because of the breach of any other covenant herein contained, on the part of the LESSEE to be or performed, LESSEE shall pay to LESSOR reasonable attorney's fees which shall be fixed by the Court. Furthermore, in case of litigation or arbitration pertaining to the enforcement or interpretation of this Lease, the court or arbitrator having jurisdiction over the case shall have the discretion to award to either party reasonable attorney's fees and costs in addition to any other relief or judgment given.

18. TIME. Time is of the essence of this Lease.

19. CONDEMNATION. If the Premises, or any part thereof are taken by condemnation, or by incident to the exercise of the power of eminent domain, it is agreed that all compensation paid for the land and improvement taken, and the consequent damage shall belong to LESSOR and LESSEE does hereby assign to LESSOR any and all right that LESSEE might otherwise have thereto. If the entire Premises are taken or acquired of or by incident to such proceedings, this Lease shall thereupon terminate, such termination to take effect as of the day the taking becomes effective by the passage of title to said Premises to the condemning authority pursuant to final decree of court or by the physical taking of possession of the Premises by said condemning authority. If less than the Premises is to be taken or condemned and a part thereof remains which is susceptible of occupancy and use for the purposes specified in this Lease, the Lease shall, as to the part so taken, terminate as of the date the taking becomes effective by the passage of title to said Premises to the

condemning authority pursuant to final decree of court or by physical taking of possession of the Premises by said condemning authority. In such event, the rent payable under this Lease shall be adjusted so the LESSEE shall be required to pay for the remainder of the term only such portion of the rent as the square footage of the part remaining after condemnation bears to the square footage of the entire Premises at the date of the condemnation; but in such event LESSOR shall have the option to terminate this Lease as of the date when title to the part so condemned vests in the condemnor. If part of the Premises is to be taken or condemned under the power of eminent domain so that there does not remain a portion of the Premises susceptible and suitable for occupation pursuant to the terms of this Lease, the Lease shall thereupon terminate. LESSOR, under no circumstances, shall be or become liable for or on account of any damage to, loss of, or interference with LESSEE's business occasioned by any such proposed or actual acquisition or proceeding.

20. REAL PROPERTY TAXES.

20.1 PAYMENT OF TAXES. LESSEE shall pay all real property taxes applicable to the Premises during the term of this Lease. All such payments shall be made prior to the delinquency date of such payment.

20.2 DEFINITION OF "REAL PROPERTY" TAX. As used herein, the term "real property tax" shall include any form of assessment, license fee, commercial rental tax, levy, penalty, or tax (other than inheritance or estate taxes), imposed by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement district thereof, as against any legal or equitable interest of LESSOR in the Premises or in the real property of which the Premises are a part, as against LESSOR's right to rent or other income therefrom, or as against LESSOR's business of leasing the

Premises or any tax imposed in substitution, partially or totally, of any tax previously included within the definition of real property tax, or any additional tax the nature of which was previously included within the definition of real property tax.

20.3 PERSONAL PROPERTY TAXES. LESSEE shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of LESSEE contained in the Premises or elsewhere. When possible, LESSEE shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of LESSOR.

21. CONDITION OF PROPERTY UPON SURRENDER. Upon the expiration of the term of this Lease, or upon its sooner termination, for any reason, LESSEE shall peaceably vacate the Premises and deliver same and the improvements thereon to LESSOR in good order and condition, damages by the elements, fire (to the extent covered by insurance), earthquake, falling objects, and ordinary wear and tear excepted, and LESSEE shall surrender to LESSOR all keys and other items of similar nature pertaining to the leased property. Moreover at such time, LESSEE shall remove all rubbish and waste from the leased property and place same in a neat, clean, and sanitary condition, broom clean.

22. NOTICE TO LESSEE. Any notice required or desired to be given by LESSOR to LESSEE shall be considered given when LESSOR has reduced same to writing and has mailed the same to LESSEE by certified or registered mail, postage prepaid, in the United States mail at the following address, or any address changed in accordance with the provisions of this Lease:

Charles E. Silvas
Post Office Box 425
Camarillo, California 93011

23. NOTICE TO LESSOR. Any notice required or desired to be given to LESSOR by LESSEE shall be considered given when LESSEE has reduced the same to writing and has mailed the same to

LESSOR by certified or registered mail, postage prepaid, in the United States mail at the following address, or at any address changed in accordance with the provisions of this Lease:

C & M Properties
500 Maulhardt Avenue
Oxnard, California 93030

24. CHANGE OF ADDRESS NOTICES. Either party may change its address for notice purposes by giving notice of such change in the manner set forth above.

25. SUBORDINATION OF LEASE. This Lease and the leasehold estate created hereby are and shall be, at the option and upon written declaration of LESSOR, subject, subordinate, and inferior to the lien of a first and second deed of trust, or any renewals, extensions, or replacements of said deed or deeds of trust, now or hereafter imposed by LESSOR upon the Premises or any part thereof. LESSOR hereby expressly reserves the right, at its option and declaration, to place the lien of a first and second deed of trust on and against the Premises, or any part thereof, superior in lien and effect to this Lease and the state hereby created. The execution by LESSOR and the recording in the office of the Ventura County Recorder's Office of a declaration that this Lease and leasehold estate are subject, subordinate, and inferior to the lien of a first and/or second deed of trust placed or to be placed by LESSOR upon or against the Premises or any part thereof shall, of and by itself, in favor of the trustee and beneficiary of said deed or deeds of trust, make this Lease subject, subordinate and inferior thereto, LESSEE shall, with all reasonable diligence, after written request made to it by LESSOR Or the title company issuing a policy of title insurance insuring the effect of the lien of said deed or deeds of trust, execute and deliver to said title company an agreement or subordination, in accordance with the foregoing, or whatsoever covenants and conditions said title company shall designate.

26. WAIVER. A waiver by LESSOR of any default by LESSEE in the performance of any of the covenants, terms or conditions of this Lease shall not constitute or be deemed a waiver of any subsequent or other default. The subsequent acceptance of rent hereunder by LESSOR shall not be deemed to be a waiver of any preceding breach by LESSEE of any term, covenant, or condition of this Lease, other than the failure of LESSEE to pay the particular rental so accepted, regardless of LESSOR's knowledge of such preceding breach at the time of acceptance of such rent. The rights and remedies of LESSOR under this Lease shall be cumulative and in addition to any rights given LESSOR by law. The exercise of any right or remedy shall not impair LESSOR's right to any other remedy.

27. PARTIES BOUND AND BENEFITED. The covenants and conditions herein contained shall (subject to the provisions as to assignment) apply to and bind heirs, successors, executors, administrators, and assigns of all parties hereto; and all of the parties hereto shall be jointly and severally liable hereunder.

28. GENERAL PROVISIONS.

28.1 ESTOPPEL CERTIFICATE.

(a) LESSEE shall at any time upon not less than ten (10) days' prior written notice from LESSOR execute, acknowledge and deliver to LESSOR a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to LESSEE'S knowledge, any incurred defaults on the part of LESSOR hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

(b) LESSEE's failure to deliver such statement within such time shall be conclusive upon LESSEE (i) that this Lease is in full force and effect, without modification except as may be represented by LESSOR, (ii) that there are no uncured defaults in LESSOR's performance, and (iii) that not more than one (1) month's rent has been paid in advance or such failure may be considered by LESSOR as a default by LESSEE under this Lease.

(c) If LESSOR desires to finance or refinance the Premises, or any part thereof, LESSEE hereby agrees to deliver to any lender designated by LESSOR such financial statements of LESSEE as may be reasonably required by such lender. Such statements shall include the past three (3) years' financial statements of LESSEE. All such financial statements shall be received in confidence and shall be used only for the purposes herein set forth.

28.2 LESSOR'S LIABILITY. The term "LESSOR" as used herein shall mean only the owner or owners at the time in question of the fee title or a LESSEE's interest in a ground Lease of the premises, and in the event of any transfer of such title or interest, LESSOR herein named (and in case of any subsequent transfers the then grantor) shall be relieved from and after the date of such transfer of all liability as respects LESSOR's obligations thereafter to be performed, provided that any funds in the hands of LESSOR or the then grantor at the time of such transfer, in which LESSEE has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by LESSOR shall, subject as aforesaid, be binding on LESSOR's successors and assigns, only during their respective periods of ownership.

28.3 SEVERABILITY. The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other

provision hereof.

28.4 INTEREST ON PAST-DUE OBLIGATIONS. Except as expressly herein provided, any amount due LESSOR not paid when due shall bear interest at ten percent (10%) per annum from the date due. Payment of such interest shall not excuse or cure any default by LESSEE under this Lease.

28.5 INCORPORATION OF PRIOR AGREEMENTS; AMENDMENTS. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, LESSEE hereby acknowledges that neither the LESSOR or any employees or agents of LESSOR has made any oral or written warranties or representations to LESSEE relative to the condition or use by LESSEE of said Premises and LESSEE acknowledges that LESSEE assumes all responsibility regarding the occupational Safety Health Act or the legal use of or adaptability of the Premises and the compliance thereof to all applicable laws and regulations enforced during the term of this Lease except as otherwise specifically stated in this Lease.

28.6 RECORDING. LESSEE shall not record this Lease without LESSOR'S prior written consent, and such recording shall, at the option of LESSOR, constitute a non-curable default of LESSEE hereunder. Either party shall, upon request of the other, execute, acknowledge and deliver to the other a "short form" memorandum of this Lease for recording purposes.

28.7 HOLDING OVER. If LESSEE remains in possession of the Premises or any part thereof after the expiration of the term hereof without the express written consent of LESSOR, such occupancy shall be a tenancy from month-to-month at a rental in the amount of the last monthly rental plus all other charges payable hereunder, and upon all the terms hereof

applicable to a month-to-month tenancy.

28.8 CUMULATIVE REMEDIES. No remedy or election hereunder shall be deemed exclusive but shall, whenever possible, be cumulative with all other remedies at law or in equity.

28.9 LESSOR'S ACCESS. LESSOR and LESSOR'S agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers, or lenders, or lessees, and making such alterations, repairs, improvements or additions to the Premises or to the building of which they are a part as LESSOR may deem necessary or desirable. LESSOR may at any time place on or about the Premises any ordinary "For Sale" signs and LESSOR may at any time during the last one hundred twenty (120) days of the term hereof place on or about the Premises any ordinary "For Lease" signs, all without rebate of rent or liability to LESSEE.

28.10 MERGER. The voluntary or other surrender of this Lease by LESSEE, or a mutual cancellation thereof, or a termination by LESSOR, shall not work a merger, and shall, at the option of LESSOR, terminate all or any existing subtenancies or may, at the option of LESSOR, operate as an assignment to LESSOR of any or all of such subtenancies.

This Lease is made and entered into in Ventura County, California, and is to be performed in said county.

DATED: _____

C & M PROPERTIES

By Robert Maulhardt
Robert Maulhardt

"LESSOR"

SILVAS OIL CO., INC., a corporation

By Charles E. Silvas
Charles E. Silvas

"LESSEE"

EXHIBIT "A"

Those portions of Lots 3 and 4, Block "B", Virginia Park, in the City of Oxnard, County of Ventura, State of California, according to the map recorded in Book 11, Page 28 of Maps, in the office of the County Recorder of said County, described as a whole as follows:

Beginning at a point on a line which is parallel with and distant southerly 30 feet, measured at right angles, from the northerly line of said Lots 3 and 4, being also the southerly line of East Fifth Street, 90 feet wide, distant along said parallel line West 50 feet from the intersection of said parallel with the easterly line of said Lot 3; thence continuing along said parallel line,

1st: - West 165 feet; thence parallel with the easterly line of said Lot 3,

2nd: - South $0^{\circ}01'45''$ West 184 feet, more or less, to the intersection with a curve which is concentric with and distant northwesterly 30 feet, measured radially, from the northwesterly line of the land described in the deed of California Lima Bean Growers Association, recorded September 28, 1946 as Document No. 23833 in book 765 page 309 of Official Records, said northwesterly line being a curve concave northwesterly having a radius of 466.68 feet; thence,

3rd: - Northeasterly, along said concentric curve having a radius of 436.68 feet, to the intersection with a line which is parallel with the easterly line of said Lot 3 and passes through said point of beginning; thence along said last mentioned parallel line,

4th: - North $0^{\circ}01'45''$ East 110 feet, more or less, to the point of beginning.

EXCEPT all pipe, pipe lines and conduits located on said land used as a part of the irrigating system provided for furnishing water to lands within said Virginia Park.

ADDENDUM TO LEASE

The parties agree that the following paragraph shall constitute an additional provision of the foregoing Lease between C & M PROPERTIES, as "Lessor", and SILVAS OIL CO., INC., as "Lessee".

29. RIGHT OF FIRST REFUSAL. If Lessee has effectively exercised its option to extend the initial term of this Lease pursuant to the provisions of Paragraph 2.2 hereof, and if Lessee has performed, in a timely manner, all of its obligations under this Lease, Lessee shall have the right to lease the premises upon such terms and conditions as Lessor shall be willing to lease the premises. If Lessor determines that it desires to lease the premises to a third party, Lessor shall first provide Lessee notice, in writing, of the terms and conditions upon which it is willing to lease to said third party, and Lessee shall thereafter have fifteen (15) days within which to notify Lessor, in writing, of Lessee's agreement to lease said premises on the same terms and conditions contained in the notice from Lessor. Failure of Lessee to notify Lessor, in writing, within said fifteen-day (15-day) period shall terminate any right of Lessee to lease the premises pursuant to the provisions of this paragraph. If the third party thereafter fails to lease the premises upon such terms and conditions, then the same procedure shall apply to any determination by Lessor to lease to any other party.

Notwithstanding the foregoing provisions of this Paragraph 29, if at the expiration of any extended period of this Lease, Lessee has vacated the leased premises and has not been in possession thereof for sixty (60) days or more, any rights given Lessee to lease the premises under this Paragraph 29 or any right to receive notice of the terms and conditions of any

lease offered to third parties shall terminate and Lessor shall have no further obligations to Lessee hereunder.

DATED: _____

C & M PROPERTIES

By *R. Hart Mankert*

"Lessor"

DATED: *May 8, 1984*

SILVAS OIL CO., INC.

By *Charles F. Silvas / Pres.*

"Lessee"

Exhibit F

AMENDMENT TO
LEASE AGREEMENT

by and between

C&M PROPERTIES
A California Partnership

and

SILVAS OIL COMPANY, INC.
a California Corporation

AMENDMENT TO LEASE AGREEMENT

WHEREAS, A Lease was entered into as of April 1, 1984, between C&M PROPERTIES, A California General Partnership (hereinafter called "Landlord"), and SILVAS OIL CO., INC., a California Corporation (hereinafter called "Tenant"),

WHEREAS, Under said lease, Landlord has leased to Tenant, and Tenant leased from Landlord, on the terms and conditions set forth in said lease, those certain premises and improvements located in the State of California, County of Ventura commonly known and referred to as 1230 East Fifth Street in Oxnard, California,

WHEREAS, The extended term of said lease expires on March 31, 1994, and

WHEREAS, Landlord and Tenant wish to extend the term of said lease for an additional term of five years,

NOW THEREFORE, the Lease Agreement is modified and amended as follows:

Paragraph 2.3 ADDITIONAL OPTION TO EXTEND TERM

Provided that Tenant has performed all of its obligations under the lease during the initial term or any extensions thereto, Landlord hereby grants to Tenant an additional option to extend the term of the Lease for a five (5) year period, commencing upon the expiration of the current extension term. Tenant may exercise said option by personally delivering written notice thereof to Landlord at least ninety (90) days prior to the expiration of the current extension term. Any extended term hereof, pursuant to the exercise of said option, shall be subject to all the terms, covenants and conditions of the Lease. The option to renew granted by the provisions of this paragraph may not be assigned or transferred.

Paragraph 4.3 RENT

a. Tenant shall pay to Landlord during the first year of second extended Lease term commencing April 1, 1994, and

Initials _____

Initials 

ending March 31, 1995, rent of Twelve Hundred and Fifty Dollars (\$1,250.00) per month.

b. Tenant shall pay to Landlord during the second year of second extended Lease term commencing April 1, 1995, and ending March 31, 1996, rent of Thirteen Hundred and Fifty Dollars (\$1,350.00) per month.

c. Tenant shall pay to Landlord during the third year of second extended Lease term commencing April 1, 1996, and ending March 31, 1997, rent of Fourteen Hundred and Sixty Dollars (\$1,460.00) per month.

d. Tenant shall pay to Landlord during the fourth year of second extended Lease term commencing April 1, 1997, and ending March 31, 1998, rent of Fifteen Hundred and Eighty Dollars (\$1,580.00) per month.

e. Tenant shall pay to Landlord during the fifth year of second extended Lease term commencing April 1, 1998, and ending March 31, 1999, rent of Seventeen Hundred and Ten Dollars (\$1,710.00) per month.

Paragraph 29. **ADDITIONAL OBLIGATIONS OF TENANT REGARDING RESPONSIBILITY FOR CONSTRUCTION, OPERATION, MAINTENANCE AND ABANDONMENT OF HAZARDOUS MATERIAL STORAGE AND HANDLING FACILITIES; LANDLORD HELD HARMLESS.**

It is understood and agreed that the Silvas Oil Company, (SILVAS), is in a business which involves the storage and handling of gasolines, diesel, motor oils and other petroleum based fluids and products which may be classified as "hazardous substances" as that term is defined from time to time. SILVAS hereby agrees to defend, indemnify and hold C & M Properties harmless from and against all claims, demands, actions, or liabilities for loss or damage to property or injury or death of any person arising from or connected with the presence, condition or handling of said hazardous substances.

It is further understood and agreed that SILVAS shall be fully and totally responsible for the operation and maintenance

Initials _____

2

Initials

of the storage tanks and facilities and loading system and for the proper handling of said substances, including but not limited to, any upgrade or additional equipment required by any applicable governmental standards, policies, regulations or rules.

At the end of the lease period, or any extension thereto, C & M may, by written request, require removal of all storage tanks, and other handling facilities and equipment. SILVAS, acknowledges and agrees, within sixty days of C & M's request, to be solely responsible for the removal of said storage tanks and handling equipment, excavate and remove any contaminated soil, remediate any contaminated groundwater and restore the property in accordance with then applicable governmental rules and regulations.

SILVAS shall not construct, operate, maintain or abandon any underground tank, upon Premises, used for storage of hazardous materials, except in accordance with the provisions of this section. Prior to the construction (including, but not limited to, the installation of a prefabricated tank) of any underground storage tank upon the Premises, Lessee shall obtain the written consent of C & M, which consent shall be subject to specific controls and requirements and shall fully comply with the requirements of Chapter 6.7, Division 20, Part 2 of the Health and Safety Code of the State of California dealing with underground storage of hazardous substances, and section 25284 of the Health and Safety Code of the State of California dealing with the licencing and operation of underground storage facilities. Lessee shall bear the full cost and expense of such compliance, including, but not limited to, all costs of construction, design, monitoring equipment, maintenance, operation.

In the event of any unauthorized release of hazardous

Initials _____

3

Initials RSB

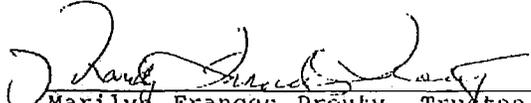
material from any tank, aboveground or underground, or related facilities maintained by Lessee, Lessee shall, at Lessee's sole cost and expense, comply with all requirements of the law, including the taking of all steps necessary to remove hazardous materials discharged onto the Premises from the soils of the Premises and to clean the Premises and leave the Premises in a completely decontaminated state.

All other terms and conditions shall continue to be in full force and affect.

Executed this 28th day of January, 1990 at Oxnard, Ventura County, California.

"LANDLORD"

C&M PROPERTIES, A California
General Partnership


Marilyn Frances Prouty, Trustee of
the Robert L. Maulhardt Family
Trust as Managing General Partner

"TENANT"

SILVAS OIL CO., INC.,
a California Corporation,

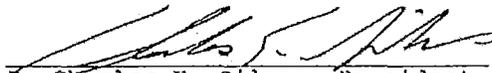

By Charles E. Silvas, President

Exhibit G

FEDERATED INSURANCE

P.O. Box 586, Citrus Heights, CA 95611
6060 Sunrise Vista Drive, Suite 2500, Citrus Heights, CA 95610
ph: (916) 729-2122, Toll Free - CA only: 1-800-225-2000
Toll Free - All States: 1-800-423-1842
FAX (916) 729-2129

August 29, 1991

ATTN: BRUCE GREENBERG & JAMES SILVERSTEIN
BLEVANS & GREENBERG
STE. 400, 1200 WILSHIRE BLVD.
LOS ANGELES CA 90017

CLAIM NOS.: 83Z-494, 83Z-561
INSURED: SILVAS OIL CO. INC.
YOUR CLIENT: SILVAS OIL CO. INC.
LOSS LOCATION - BOTH CLAIMS: 1230 E. FIFTH ST., OXNARD, CA

Dear Sirs:

I have received Mr. Silverstein's letter of August 9, 1991 and the attached enclosures. I appreciate your including the soil sample report with the correspondence sent, but noted that the report appears to be only one portion of an entire document. In addition, I did not receive the actual soil sample results themselves; rather, I received a summary of these results. Thus, I am asking that you please forward a copy of the report in full, including all of the appendices, the test results, the narrative, and the cover showing the consultant who prepared the report.

In addition to the above, I am acknowledging your position that you think that the gasoline and diesel contamination which has been found should be covered by Federated Insurance. Certainly, if you think that this is the case, please forward the substantiating evidence which supports your position and we will take a look at it and let you know whether our coverage position changes. At this stage, however, coverage is limited to two minor leaks which have occurred and a separate \$50,000.00 deductible applies to each of these events. As per my July 25, 1991 letter, coverage applies under claim file 83Z-494 with a \$50,000.00 deductible for an October 1988 unleaded line leak and coverage applies separately with a \$50,000.00 deductible under claim file 83Z-561 for a January 1989 diesel leak from the swivel in the loading rack area.

Our coverage determination is based upon the investigation that we have performed at your client's premises, the majority of which included information obtained from Silvas Oil Co. Inc. We received indications in statements taken from Charles Silvas and Patrick David Clary that the leaks which are covered by the policy were minor, were discovered immediately and repaired shortly thereafter. In addition, we obtained statements from former employees of Mobil Oil Corporation. These parties include Charles Myatt and Glenn Johnson. Both Mr. Myatt and Mr. Johnson has substantiated Mr. Silvas' theory

FEDERATED INSURANCE

Bruce Greenberg & James Silverstein
August 29, 1991
832-494, 832-561
Page 2

that Mobil Oil has caused long-term contamination at the site. Both gentlemen attested to numerous events, including spills and leaks, which appear to have significantly affected the property. It appears that Mobil Oil Corporation may have caused the majority of the contamination now on the premises.

Mobil Oil Corporation has not yet been placed on notice about this situation; Federated Insurance has not done so in consideration of the fact that Silvas Oil Company Inc. is handling all activities. We would be happy to place them on written notice on behalf of your client, but please keep in mind that we do not have subrogation rights at this time since it has not been necessary to make payments above and beyond the respective deductibles. Please let me know whether you will be placing Mobil Oil Corporation on notice or whether you would like for us to do so. It seems that the insured has sufficient evidence to show that Mobil Oil Corporation should be involved.

Please contact me once you have had a chance to review this correspondence so that we can discuss this case. I would be happy to answer any questions you might have.

Sincerely,

Gail E. Clark

Gail E. Clark
Claims Supervisor
GEC:pom

cc: Silvas Oil Co. Inc.
Attn: Charles Silvas
PO Box 947
Oxnard, CA 93032

cc: Steve Searle

Exhibit H

1.0 INTRODUCTION

1.1 PURPOSE OF REPORT. The purpose of this report is to describe the results of a subsurface soil investigation conducted on January 30 & 31, 1991 at Silvas Oil Company, 1300 East Fifth Street, Oxnard, California. Mr. Chuck Silvas is the owner of Silvas Oil Company.

1.2 PURPOSE OF WORK. The purpose of the work was to do borings along the south property line and near the overhead fuel rack, and other areas of concern, then field screen the drill cuttings with a portable hydrocarbon detector for petroleum contamination.

2.0 FINDINGS

2.1 GENERAL. There was only slight contamination encountered immediately adjacent to the south property line. Considerable gas and diesel fuel contamination was found near the fuel transfer pumps and a Lanier hose draining area used by the former owner, Mobil Oil. Groundwater was encountered at thirteen feet below the surface. There was a strong indication of contamination in the groundwater near the hose draining sump area and the fuel transfer pump area. The surface soils around the fuel rack and former oil barrel storage and drain area were contaminated with heavy oils to three feet.

2.2 BORING RESULTS. A Giddings Solid Stem Auger Rig was used to drill a three-inch diameter boring and retrieve a soil sample. The sample was then placed in a plastic bag and tested for contamination with a USI model 100 portable hydrocarbon detector.

1. Boring No. 1 was near the west corner of the south property line. To thirteen feet, there was clean sand with no odor, 0 ppm was logged.

2. Boring No. 2 was drilled near the south property line. To thirteen feet, there was clean sand with no odor, 0 ppm was logged.

3. Boring No. 3 was drilled near the south property line. To thirteen feet, there was clean sand with no odor, 0 ppm was logged.

4. Boring No. 4 was drilled near the south property line. To thirteen feet, there was clean sand with no odor, 0 ppm was logged.

5. Boring No. 5 was drilled near the south property line. To thirteen feet, there was slight discoloration and a slight odor of old oil or diesel, 10 ppm was logged.

6. Boring No. 6 was near the southeast corner of the former hose draining sump. To thirteen feet, there was heavy discoloration and a heavy odor of fresh gasoline and diesel, 200 ppm was logged.

7. Boring No. 7 was near the east corner of the south property line. To one foot, there was surface stain from barrel filling operations. To thirteen feet, there was slight discoloration with a slight odor of oil, 30 ppm logged.

8. Boring No. 8 was placed at the south property line between boring Nos. 5 and 6. To one foot, there was surface stain from barrel filling operations. To thirteen feet, there was slight discoloration with a slight odor of oil, 10 ppm logged.

9. Boring No. 9 was at the south east corner of the site near a above ground oil storage tank. To one foot, there was a surface stain of oil then clean sand with no odor, 0 ppm was logged.

10. Boring No. 10 was at the east side of the site near a above ground oil storage tank. To thirteen feet, there was clean sand with no odor, 0 ppm was logged.

11. Boring No. 11 was at a low area near the north east corner of the former hose draining area. To thirteen feet, there was heavy discoloration and a heavy odor of gasoline and diesel, +1000 ppm was logged.

12. Boring No. 12 was at the east end of the overhead fuel rack. To thirteen feet, there was heavy discoloration and heavy odor of gasoline, diesel, and oil, 400 ppm was logged.

13. Boring No. 13 was at the north east corner of the cement pad by the overhead fuel rack. To two feet, there was clean fill soil then to thirteen feet medium discoloration with slight odor, 0 ppm was logged.

14. Boring No. 14 was ten feet east of boring No. 12. To thirteen feet, there was slight discoloration with a slight odor of oil, 20 ppm was logged.

15. Boring No. 15 was ten feet east of boring No. 11. To thirteen feet, there was slight discoloration with a slight odor of oil, 40 ppm was logged.

16. Boring No. 16 was at the north west corner of the cement pad by the overhead fuel rack. To thirteen feet, there was slight discoloration with a slight odor of oil, 10 ppm was logged.

17. Boring No. 17 was at the west end of the overhead fuel rack. To eight feet, there was medium discoloration with a diesel odor, 70 ppm was logged. From eight feet to thirteen feet, there was heavy discoloration with a heavy odor of gasoline and diesel, +1000 ppm was logged.

18. Boring No. 18 was ten feet west of boring No. 17. To thirteen feet, there was slight discoloration, possibly from hydrocarbons, with no odor, 0 ppm was logged.

19. Boring No. 19 was at the west side of the transfer pumps. To thirteen feet, there was heavy discoloration and a heavy odor of diesel and gasoline, +1000 ppm was logged.

20. Boring No. 20 was ten feet west of boring No. 19. To thirteen feet, there was heavy discoloration and a heavy odor of diesel and gasoline, +1000 ppm was logged.

21. Boring No. 21 was fifteen feet north of boring No. 20. To thirteen feet, there was heavy discoloration and a heavy odor of diesel and old oil, +1000 ppm was logged.

22. Boring No. 22 was ten feet west of boring No. 21. To thirteen feet, there was medium discoloration and a slight odor of old oil, 0 ppm was logged.

23. Boring No. 23 was ten feet west of boring No. 22. To thirteen feet, there was heavy discoloration and a slight odor of old oil, 0 ppm was logged.

24. Boring No. 24 was fifteen feet south of boring No. 23 and near a oil nozzle from a periment above ground tank. To three feet, there was heavy discoloration and a heavy oil odor, 20 ppm was logged. From three to thirteen feet, there was slight discoloration and a slight odor of oil, 0 ppm was logged.

25. Boring No. 25 was ten feet west of No. 24. To three feet, there was heavy discoloration and a medium odor of oil, 10 ppm was logged. From three to thirteen feet, there was slight discoloration and a slight odor of oil, 0 ppm was logged.

3.0 RECOMMENDATIONS

3.1 Line test. The underground piping from the transfer pumps to the above ground fuel rack should be tested for tightness.

3.2 Groundwater sampling. The groundwater at the southern edge of the site should be tested for contaminants.

3.3 Site cleanup. The heavy concentrations of volatile hydrocarbons found around the old sump area should be cleaned up. Methods of cleanup that are feasible for the size of the plume include vapor extraction and bioremediation.

3.4 Spill containment. Continue the use of spill buckets and pans.



CLIENT: SILVAS OIL Bulk Storage
PROJECT:
SUBJECT: SITE PLAN.

SHEET NO: 1 OF 1
DATE: 18 FEB 91
BY: STEVE

