

AGREEMENT ON UNDERTAKING OF
ARCO Oil and Gas Company

ARCO Oil and Gas Company (hereinafter sometimes referred to a "Operator"), as Operator of State Oil and Gas Lease PRC 1466.1, hereby advises the State Lands Commission that, pursuant to State Lands Commission Calendar and Minute Item No. of October 30, 1980, authorizing resumption of drilling under said Lease, ARCO Oil and Gas Company, its heirs, successors and assigns, agree to undertake the following:

1. Should any oil spill, leakage or emission occur as a result of operations on said lease and should any such oil spill, leakage or emission be likely to cause a substantial number of claims for damages filed against Operator, then Operator will, within ten days after such oil spill, leakage or emission, open or cause to be opened, for a period of at least sixty (60) days a claims office within the Goleta area of Santa Barbara County. Operator will provide publicity adequate to notify the public that said office has been opened. Said claims office shall be staffed with personnel having authority to process all claims received and to settle any uncontested claims. Further, said claims office shall be staffed with sufficient personnel so that, barring unusual circumstances, each claim received can be processed, and each uncontested claim can be settled, within sixty (60) days of the receipt of such claim.
2. In the event that Operator and any claimant cannot reach a mutually satisfactory resolution of any claim for damages arising out of such oil spill, leakage or emission within sixty (60) days after such claim is first presented to Operator, then Operator shall give notice, in the form attached hereto as Exhibit A, to claimant of his right to (a) demand arbitration of any claim for \$5,000 or less or (b) seek mediation of any claim in excess of \$5,000.
3. If claimant, within thirty (30) days of receipt of the notice provided for in paragraph 2 above, gives written notice to Operator of his election to demand arbitration or mediation (as the case may be), then Operator shall enter into an agreement with claimant for arbitration or mediation of the contested claim. Said agreement shall be in the form attached hereto as Exhibit B.

DATED: Nov. 14, 1980

ARCO OIL AND GAS COMPANY

By U. E. Fritzel

JBA
RTB

(Please Affix Corporate Seal)