SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) February 12, 1999

Berry Petroleum Company
(Exact name of registrant as specified in its charter)

Delaware	1-9735	77-0079387
(State or other jurisdiction of incorporation)	(Commission File Number)	IRS Employer Identification No.

28700 Hovey Hills Road, P.O. Bin X, Taft, CA 93268
(Address of principal executive offices)

Registrant's telephone number, including area code (805) 769-8811

N/A
(Former name or former address, if changed since last report)

Item 2. Acquisition or Disposition of Assets.

On February 12, 1999, Berry Petroleum Company, a Delaware corporation (the "Company"), purchased certain assets, known as the Placerita oilfield, from Aera Energy, LLC for the aggregate consideration of $35 million (net of operations from December 31, 1998). The consideration was paid for by borrowing from the Company's unsecured credit facility. The Company has been operating the oilfield since December 31, 1998.

The Placerita oilfield is comprised of six leases (three are federal leases) and two fee properties totaling approximately 700 acres, which are currently producing approximately 2,800 net barrels per day of 13 degree gravity crude oil from 120 producing wells and 56 continuous steam injectors. Berry estimates the proved reserves at approximately 20 million barrels of which 65% are developed. The acquisition also includes a 42 megawatt cogeneration facility which generates electricity and which provides approximately 13,500 barrels of steam per day for injection into the oil reservoir. This cogeneration facility has two Standard Offer 2 electrical sales contracts with a major utility, one of which expires in 2002 and one in 2010.

Item 7. Financial Statements and Exhibits.

(a). Financial Statements. Not required.

(b). Pro Forma Financial Information. Not required.

(c). Exhibits.

10.1 Purchase and Sale Agreement, dated January 26, 1999, by and between the Registrant and Aera Energy, LLC.

10.2 Standard Offer #2 Power Purchase Agreement(Newhall Phase I), as amended, dated December 1985 between Tenneco Oil Company and Southern California Edison.

10.3 Standard Offer #2 Power Purchase Agreement(Newhall Phase

II), as amended, dated December 1985 between Tenneco Oil Company and Southern California Edison.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 26, 1999 BERRY PETROLEUM COMPANY,
a Delaware corporation

/s/ Ralph J. Goehring

By: Ralph J. Goehring,
Senior Vice President and
Chief Financial Officer

PURCHASE AND SALE AGREEMENT

AERA ENERGY LLC

and

BERRY PETROLEUM COMPANY

PURCHASE AND SALE AGREEMENT

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PURCHASE AND SALE AGREEMENT

AERA ENERGY LLC, a California limited liability company, herein referred to as "Aera," and BERRY PETROLEUM COMPANY, a Delaware corporation, herein referred to as "Berry," enter into this Purchase and Sale Agreement, herein called the "Agreement," in consideration of Aera's agreement to sell, and Berry's agreement to buy, property described in this Agreement, all pursuant to the terms and conditions of this Agreement. Aera and Berry may also be referred to herein individually as a "Party" or, collectively, as the "Parties."

1. PROPERTY BEING SOLD. Subject to the terms and conditions set forth hereinafter, Aera agrees to convey to Berry the Property (as defined below) and Berry agrees to accept the Property, and tender consideration therefor, in the manner and of the type and amount as hereinafter required. For purposes of this Agreement, Property shall mean all of Aera's right, title and interest in and to (i) the property and property interests described in Exhibit "A" hereto, and (ii) all property and property interests listed in subsections (a) through (i) of this section 1, to the extent such property or property interests are a part of, grant rights in, or with respect to, or are located on the property and property interests described in Exhibit "A"; but excluding the property in subsection (j).

(a) Leases. Leasehold interests in oil, gas or other minerals, including working interests, carried working interests, rights of assignment and reassignment, and other interests under or in oil, gas or mineral leases, and interests in rights to explore for and produce oil, gas and other minerals.

(b) Fee Interests. Fee interests to the surface and in oil, gas or other minerals, including rights under mineral deeds, conveyances or assignments.

(c) Rights In Production. Royalties, overriding royalties, production payments, rights to take royalties in kind, or other interests in production of oil, gas or other minerals.

(d) Rights; Working Interests. Rights and interests in or derived from unit agreements, orders or decisions of state and federal regulatory authorities establishing units, joint operating agreements, enhanced recovery and injection agreements, farmout agreements and farmin agreements, options, drilling agreements, exploration agreements, assignments of operating rights, working interests, subleases and rights above or below certain footage depths, horizons or interests described in subsections (a)-(c) above except those contracts or agreements described in subsection (j) below.

(e) Easements. To the extent transferable, rights-of-way, surface or ground leases, easements, servitudes and franchises located on or granting rights to the property or property interests described in Exhibit "A" hereto and acquired or used in connection with operations for the exploration, production, processing and transportation of oil, gas or other minerals with respect to the properties and interests described in subsections (a)-(d) above and such other rights-of-way, surface or ground leases, easements and servitudes specifically listed on Schedule "1(e)" hereto, which are not located on or grant rights to such property and property interests, but which were acquired or used in such operations with respect to such property and property interests.

(f) Permits. To the extent transferable, permits and licenses of any nature owned, held or operated in connection with operations for the exploration, production, processing and transportation of oil, gas or other minerals, including, but not limited to, all air emission reduction credits attributable to the Property.

(g) Wells. Producing, non-producing, shut-in and abandoned oil and gas

wells, salt water disposal wells, injection wells and water wells located on the property or property interests described in Exhibit "A" hereto and used in connection with the properties or interests described in subsections (a)-(f) above and such other salt water disposal wells and water wells specifically listed on Schedule "1(g)," which are not located on such property or property interests, but which are used in connection with such properties or interests.

(h) Facilities. All facilities, buildings, improvements, gas plants, gathering lines, flow lines, injection lines and pipelines and appurtenances located on the real property and on lands included in, or which are subservient to, the property and property interests described on Exhibit "A" and such other similar facilities specifically listed on schedule "1(h)," which are not located on such real property and lands, but which are used in connection with the properties and interests described in subsections (a)-(g) above.

(i) Equipment. All surface and down-hole equipment, fixtures, inventory and personal property located on the property and property interests described in Exhibit "A" hereto, and used in connection with the properties or interests described in subsections (a)-(h) above and such other equipment specifically listed on Schedule "1(i)," which is not located on such property and property interests, but which is used in connection with such properties and interests described in subsections (a)-(h) above.

(j) Exclusions. The Property shall not include any rights-of-way, surface or ground leases, easements, franchises, permits, licenses, or other contracts or agreements which by their own terms are not transferable, Proprietary Data (which shall include, without limitation, (i) all privileged or confidential data, and (ii) any interpretive geological and geophysical information which may reveal the methods used by Aera in interpreting geological and geophysical information, economic analysis, and any information or other similar proprietary data which might reveal Aera's economic guidelines or other methods or systems by which Aera conducts its economic analysis), any offsite tubular goods in the previous owner's store stock, store stock left on consignment and belonging to third parties, that certain GLT Gas Transmission Service Contract between Southern California Gas Company ("So Cal") and Tenneco Oil Company dated July 15, 1988 (the "So Cal Contract"), and without limiting the generality of the foregoing, those items of personal property, inventory or other property or property interests specifically listed on Schedule "1(j)" hereto. In the event any rights-of-way, surface or ground leases, easements, franchises, permits, licenses, or other contracts or agreements are not transferable by their own terms, Aera shall have no liability to Berry for any such failure of transfer.

2. PURCHASE PRICE. As consideration for the Property, Berry shall pay to Aera, at Closing, the sum of Thirty-five Million and No Hundredths Dollars ($35,000,000.00) (the "Purchase Price").

3. CLOSING. Closing shall occur on or before January 31, 1999, or at such later date as may be agreed by the Parties or provided by this Agreement, (the "Closing Date"), at a time and place to be mutually agreed by the Parties. "Closing" shall mean the consummation of the sale by transfer of Aera's ownership in the Property, payment of the Purchase Price, and transfer of the operation and possession of the Property.

4. SALE. At Closing, the Parties shall do the following:

(a) Payment. Berry shall make payment of the Purchase Price above by wire transfer to an account to be designated by Aera.

(b) Conveyance. Aera will convey the Property to Berry by executing and delivering (i) an Assignment and Conveyance and (ii) a Personal Property Agreement and Bill of Sale in substantially the forms attached hereto as Exhibits "B" and "C," respectively.

(c) Non-foreign Affidavit. Aera shall execute and deliver to Berry its Non-foreign Affidavit in substantially the form attached hereto as Exhibit "D."

5. FURTHER ASSURANCES. Aera and Berry each agree to execute and deliver to the other Party all division orders, transfer orders and all other documents necessary to fully vest in Berry the rights, obligations and benefits acquired pursuant to this Agreement.

6. CONVEYANCE EFFECTIVE DATE. The conveyance from Aera to Berry shall be effective as of December 31, 1998, at 5:00 p.m. local time where the Property is located, herein called the "Effective Date." The Parties shall have measured/gauged all tanks as of the Effective Date for purposes of proration and post-Closing settlement.

7. PRE-ACQUISITION REVIEW.

(a) Review. Commencing upon satisfaction of the conditions set forth in subsection 7(b) and ending one (1) day before the Closing Date (the "Review Period"), Berry and its employees, agents and contractors shall have the right, but not the obligation, to do the following (the "Pre-Acquisition Review"), at its sole cost and expense but with the cooperation and assistance of Aera:

(1) To the extent Aera has the right to grant such rights to Berry, and only after notice to any operator of the Property, to enter all or any part of the Property at any reasonable time and from time to time, during the Review Period, and to inspect, inventory, investigate (including environmental assessments and evaluations), study and examine the same and the operations conducted thereon; and

(2) To inspect and review at Aera's office located in Bakersfield, California, at reasonable times and upon reasonable notice, all non-privileged and non-proprietary files, records, documents and data related to the above matters, including, but not limited to, any of the following which Aera may have: Original Well Record Files on all wells, Regulatory, Accounting, Marketing, Environmental, Pipeline, Maintenance, Transportation, Processing, Production and Engineering files and records. Non-proprietary files, records, documents and data mean those which do not constitute Proprietary Data as described in subsection 1(j) above.

(b) Conditions to Review. Prior to the commencement of the Pre-Acquisition Review, the following conditions must be satisfied:

(1) Berry may, but is not required to, deliver a Pre-Acquisition Review plan to Aera, including the identity of any party participating in or associated with the plan and an estimated timetable for events under the plan. Such plan, if completed, must be approved in writing by Aera;

(2) Berry shall sign and deliver to Aera an Agreement for Indemnification and Responsibility for Damages in the form of Exhibit "G" attached hereto (the "Indemnification Agreement");

(3) Berry shall maintain the results of its investigation and evaluation and review of files and records, including title examination reviews, confidential in accordance with the provisions, terms and conditions of that certain Confidentiality Agreement dated November 13, 1998 (the "Confidentiality Agreement"), a copy of which is attached hereto as Exhibit "E";

(4) Berry shall provide Aera a copy of any non-privileged or non-proprietary assessment reports of or about the Property, including, without limitation, any reports, data and conclusions developed pursuant to the Pre-Acquisition Review, promptly after such assessment report has been furnished to or obtained by Berry, and Aera shall be permitted to discuss the contents of any such assessment reports with the party who prepared such reports; and

(5) Berry and its employees, agents and consultants shall abide by Aera's (or the operator's with respect to non-Aera operated properties) safety rules, regulations and other operating policies applicable to the Property while conducting their activities on the Property.

(c) Review Results.

(1) If, as a result of the Pre-Acquisition Review, Berry determines in its sole judgment that, as to any portion of the Property: (i) the environmental condition thereof is unacceptable for Berry's purposes; (ii) there has been such a substantial deterioration in the physical condition of the Property since November 1, 1998, that Berry will be unable to continue to possess, operate, use or maintain the Property in the same manner and to the same extent possessed, operated, used or maintained by Aera before the Effective Date (provided, however, a lack of equipment on the Property shall not be considered a substantial deterioration in the physical condition of the Property for purposes of this subsection unless the equipment was removed by Aera from the Property between November 1, 1998, and the Effective Date without Berry's consent and the lack of such removed equipment will materially adversely affect Berry's ability to use, operate or maintain the Property after Closing); or (iii) the extent of existing, potential or contingent liabilities pose or create an unacceptable risk; then, Berry may give written notice to Aera on or before the last day of the Review Period of such condition. Such notice shall include Berry's estimated cost to cure or remedy the listed conditions. Failure to give any such notice within the Review Period shall foreclose Berry from securing the benefits of subsection 7(c)(2) and shall not excuse Berry for failing to close because of matters arising out of such Pre-Acquisition Review.

(2) Upon receipt of such notice, if the aggregate of the conditions set forth in the notice are Material (as defined below), the Closing Date shall be

automatically extended for thirty (30) days unless both Parties agree in writing to the contrary. Within the period between the date of receipt of such notice and the extended Closing Date, Aera may, at its option and in its sole discretion, (i) remedy or agree to remedy, to a degree agreed upon prior to Closing, such condition (in the event current remediation of such condition is required by a Federal, State or local agency, Aera and Berry agree that the condition shall be remedied in accordance with and to the satisfaction of the appropriate agency's requirements), (ii) agree with Berry on an adjustment to the Purchase Price which adjustment shall reflect Berry's cost to remedy such conditions, or (iii) remove the affected portion or portions of the Property from the Property to be conveyed and agree with Berry to adjust the Purchase Price accordingly. The failure to do one of the above prior to the extended Closing Date shall permit either Party to terminate this Agreement by giving written notice of such termination to the other on or before the extended Closing Date. Upon the giving of such termination notice, neither Party shall have any further rights or obligations hereunder except for Berry's obligations and Aera's rights under the Confidentiality Agreement and the Indemnification Agreement.

(3) If the aggregate of the conditions set forth in the notice are not Material, notwithstanding anything herein to the contrary, Aera shall have the option at its sole discretion to remove the affected portion or portions of the Property from the Property to be conveyed and agree with Berry to adjust the Purchase Price accordingly. If Aera elects to remove the Property, the failure to agree on an adjustment to the Purchase Price shall permit either Party to terminate this Agreement by giving written notice of such termination to the other on or before the Closing Date. Upon the giving of such termination notice, neither Party shall have any further rights or obligations hereunder except for Berry's obligations and Aera's rights under the Confidentiality Agreement and the Indemnification Agreement. If Aera does not elect to remove the affected portion or portions of the Property, Berry shall acquire the affected portions of the Property "where is" and "as is" with no right to recover from Aera for any liabilities, costs or expenses related to such conditions (including, without limitation, environmental conditions and damages to natural resources). Acquisition of the Property containing such non-material conditions "where is" and "as is" shall constitute Berry's general release and agreement to defend, indemnify and hold Aera, its Affiliates, directors, officers, employees, agents and representatives harmless from all liabilities, costs or expenses related to such non-material conditions (including, without limitation, non-material environmental conditions and damages to natural resources).

(4) For purposes of this subsection 7(c), "Material" shall be defined as a cost to cure or remedy in excess of One Million and No Hundredths Dollars ($1,000,000.00). If Aera agrees to remedy specific adverse conditions then Berry and Aera agree that all negotiations and contacts with state, federal and local agencies for approval and review of such remedial action shall be made by Aera.

8. BASELINE STUDY. Berry and Aera hereby agree that a Pre-Acquisition Review assessment report of the Property by Berry, if made, shall establish the true and correct condition of the Property as of the Effective Date and such assessment report shall be used as the only environmental, safety or other baseline study in the event a dispute arises after Closing concerning the condition of the Property, unless Aera gives notice to Berry within thirty (30) days after its receipt of the Pre-Acquisition Review assessment report that it is contesting the results of or the conclusions reached in such assessment report in which case such Pre-Acquisition Review assessment report shall not be deemed the sole baseline study. Aera shall have the right, but not the obligation, at any time to conduct its own assessment of the Property. If prior to Closing, Aera determines, either from its own assessment, Berry's assessment or otherwise, that an adverse environmental condition may exist on any portion of the Property, then Aera may, in its sole discretion, either (i) remove the affected portion of the Property from the Property being conveyed and agree with Berry to an adjusted Purchase Price or (ii) terminate this Agreement by giving notice of such termination to Berry in writing prior to Closing. The rights and obligations of the Parties after such notice is given shall be as specified in the next sentence. If Aera and Berry cannot agree on the proper adjustment to the Purchase Price, either Party may give written notice to the other Party prior to Closing to terminate this Agreement and upon the giving of such notice, neither Party shall have any further rights or obligations hereunder except for Berry's obligations and Aera's rights under the Confidentiality Agreement and the Indemnification Agreement.

In the event both Aera and Berry elect not to conduct Pre-Acquisition Review assessment reports, both Parties agree that the Phase I Environmental Site Assessment report dated October 27, 1998, prepared by Kennedy/Jenks Consultants for Mobil Business Resources Corporation shall

serve as the baseline study for purposes of this subsection.

9. DISCLAIMERS/ACKNOWLEDGMENTS.

(a) No Warranty, Express Or Implied. CONVEYANCE OF THE PROPERTY SHALL BE WITHOUT WARRANTY WHATSOEVER, EXPRESS, STATUTORY, OR IMPLIED AS TO TITLE, DESCRIPTION, PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, THE ENVIRONMENTAL CONDITION OF THE PROPERTY), QUALITY, VALUE, FITNESS FOR PURPOSE, MERCHANTABILITY, OR OTHERWISE.

Berry shall satisfy itself, prior to the Closing, as to the type, condition, quality and extent of the property and property interests which comprise the Property it is receiving pursuant to this Agreement and under this sale. Berry shall have the right of full substitution and subrogation to any and all rights and actions of which Aera has or may have against any and all preceding owners or vendors of the Property other than affiliates of Aera.

(b) Acknowledgments of Berry at Closing. By closing on the transaction provided for in the Agreement, Berry shall be deemed to have acknowledged and does acknowledge and admit that: (i) Berry has been given the opportunity to adequately inspect the Property for all purposes prior to Closing; (ii) Berry is aware that the Property has been used for the exploration, development, production, treating and transporting of oil and gas and that physical changes may have occurred as a result of such use and that Aera has disclosed, and Berry is further aware, that there exists the possibility that there could have occurred from such use one or more releases of hazardous substances or releases of Chemical Substances [as defined in subsection 20(c)(3) below] into, or other pollution or contamination of or into, the ambient air, surface water, ground water, or land surface and subsurface strata of any real property included in the Property and of contiguous, or a series of contiguous, real properties not associated with the Property; (iii) Berry has entered into this Agreement on the basis of its own investigation of the physical condition of the Property and the land related thereto (including the environmental condition of the Property); (iv) Berry with full knowledge of the foregoing and after conducting the above described investigation and evaluation IS ACQUIRING THE PROPERTY ON A "WHERE IS" AND "AS IS" BASIS, and Berry, by acquiring the Property on a "where is" and "as is" basis waives any other rights of indemnification, contribution or recourse it may have against or from Aera with respect to the condition of the Property, including, without limitation, the environmental condition of the Property and damage to natural resources associated with the Property; (v) Berry shall further acknowledge that it has received from Aera prior to Closing a written notice pursuant to section 25359.7(a) of the California Health and Safety Code and that a copy of such written notice is attached hereto as Schedule "9(b)"; and (vi) Berry shall further acknowledge that it has had the full opportunity to review and is aware of the matters with respect to the Property which are identified in Schedule "9(c)" attached hereto.

10. INDEPENDENT EVALUATION. Berry has made an independent evaluation of the Property and acknowledges that Aera has made no statements or representations concerning the present or future value of the anticipated income, costs, or profits, if any, to be derived from the Property or the quantity and quality of any oil and gas or other minerals that may be produced from the Property and THAT AERA DOES NOT IMPLIEDLY OR EXPRESSLY WARRANT DESCRIPTION, TITLE, VALUE, QUALITY, PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, THE ENVIRONMENTAL CONDITION OF THE PROPERTY), MERCHANTABILITY, OR FITNESS FOR PURPOSE OF ANY OF THE PROPERTIES OR THE WELLS, EQUIPMENT, PIPELINES FACILITIES, OR OTHER PROPERTY LOCATED THEREON OR USED IN CONNECTION THEREWITH. Berry further acknowledges that, in entering into this Agreement, it has relied solely upon its independent examination of the Property and public records relating to the Property and its independent estimates, computations, evaluations, reports and studies based thereon. All information and data furnished to Berry by Aera is believed to be accurate and correct to the best of Aera's knowledge without investigation; however, Aera makes no warranty or representation as to the accuracy or correctness of any information furnished to Berry. Any reliance Berry makes on such information is at Berry's sole risk. Berry acknowledges that it is aware that accounting reports, files and records made available to Berry during the Review Period specified in section 9 hereof or otherwise furnished to or made available to Berry for review may not incorporate all revenue and cost data up to and through the date of the accounting reports, files, records or information provided, and further inquiry by Berry may be required to obtain such revenue and cost data.

11. CONSENTS; PREFERENTIAL RIGHTS. In the event any of the interests to be conveyed or transferred to Berry as part of the Property (i) are

burdened with a preferential right in a third person to purchase such interest or (ii) require the consent of a third party to assign Aera's interest, then the conveyance or transfer of the interest subject to such preference or consent shall be conditioned upon Aera's obtaining the necessary waiver or consent and this Agreement shall not constitute an assignment or attempted assignment thereof without such consent or waiver. Provided, however, if such requirement for Third-Party consent is subject to an express or implied provision to the effect that such consent may not be unreasonably withheld and Aera, in its sole discretion, determines that such consent is being unreasonably withheld, Aera may, at its risk, assign such interest to Berry. Except for any liability of Aera to a Third Party with respect to an assignment pursuant to the preceding sentence, Aera shall not be liable to Berry by reason of any inability or failure to obtain any such waiver of preferential rights or consent to assignment. In the event a Third Party elects to exercise its preferential right to purchase, then Berry shall at the request of Aera nominate a value to each interest burdened by the preferential right to purchase, and if such value is agreeable to Aera, it shall become the price to such Third Party. If Aera is unable to obtain a required waiver or consent, or determines that such consent has been unreasonably withheld but elects not to assign the interest, such failure to obtain the waiver or consent, or to assign the interest where consent is unreasonably withheld, shall be considered a significant title defect subject to the provisions of subsection 12(b) hereof unless waived in writing by Berry; provided, however, that the prior termination or lapse of or a requirement that any license, permit, right-of-way, pipeline franchise or easement affecting any interests in or other portions of the Property is non-transferable, must be renegotiated or is subject to consent upon a transfer of ownership shall not constitute a significant title defect under this Agreement.

12. TITLE.

(a) Title Examination. Berry assumes the risk of description and title to the Property and agrees to satisfy itself with respect thereto. Aera has made available to Berry for examination by Berry such title information and abstract coverage as may have been available in Aera's land and contract files located in Bakersfield, California. During the period commencing on the date of this Agreement and ending no later than one (1) day before the Closing Date (the "Title Examination Period"), Berry shall have the continued right to examine, at Aera's offices in Bakersfield, California, during normal working hours, all division order and land files and records which relate to the Property. In addition, Aera shall make available to Berry for examination such title information with respect to the Property which is in Aera's files or Western Midway Company's ("Western") former files related to the Property which are now Aera's.

(b) Significant Title Defect.

(1) As used in this Agreement, the term "significant title defect" shall include (i) any defect which results in a loss of title in Aera such that Aera's net revenue interest in the Property is substantially reduced or Aera's right to use such interest as an owner, lessee, licensee or permittee is extinguished or severely restricted, or (ii) the inability of Aera to obtain the waiver of a preferential right or consent to assignment of an interest included in the Property or the election of Aera not to assign such interest when Aera believes consent is being unreasonably withheld as specified in section 11 above. Berry shall give Aera written notice of such significant title defect at least (one) (1) day before the Closing Date, together with full particulars relating thereto. Berry shall be deemed to have waived all significant title defects and any other defect of which Aera has not been given written notice at least one (1) day before the Closing Date.

(2) Interests which have significant title defects shall be excluded from the Property and the Purchase Price shall be reduced by an amount agreed upon by Aera and Berry to account for such interest unless: (i) prior to Closing, the basis for the significant title defect has been removed (provided, however, Aera shall have no obligation to obtain such removal), (ii) Berry agrees to accept the interest "as is," (iii) Berry agrees to acquire the Property, including the interest, with an appropriate and mutually agreed upon reduction in the Purchase Price, or (iv) Aera agrees to indemnify Berry against all losses, costs, expenses and liabilities with respect to such significant title defect. If no agreed upon reduction in Purchase Price has been reached and no agreement can otherwise be reached as to the disposition of an interest burdened by a significant title defect, either Party may give written notice to the other Party to terminate this Agreement and upon the giving of such notice, neither Party shall have any further rights or obligations hereunder, except for Berry's obligations and Aera's rights under the Confidentiality Agreement and the Indemnification Agreement.

(c) Personal Property Inventory List. If Berry prepares an inventory list of the personal property being conveyed or transferred hereunder, such inventory list, if approved by Aera, shall be controlling with respect to the personal property listed therein and shall be attached to any Bill of Sale or other document of conveyance utilized to transfer the personal property from Aera to Berry under this Agreement. If Berry does not prepare such an inventory list, then, at Aera's sole election, the controlling inventory list of personal property to be conveyed hereunder for the purposes of any Bill of Sale or other document of conveyance or transfer may be prepared by Aera based upon the most reliable information available to it, or the Bill of Sale or other document of conveyance or transfer may omit an inventory list and recite generally the sale, transfer and conveyance of all of Aera's right, title and interest in all specified categories of personal property located on or associated with the real property and lands subject to the interests in real property included in the Property.

13. REPRESENTATIONS OF AERA. Aera represents to Berry, each of which representations shall survive Closing, that as of the date of the Agreement and as of Closing:

(a) Due Organization. Aera is a limited liability company duly organized, validly existing, and in good standing under the laws of the state of California.

(b) Company Power. Aera has all requisite company power and authority to carry on its business as presently conducted, to enter into the Agreement, and, subject to the provisions of section 25 below, to perform its obligations under the Agreement. The consummation of the transactions contemplated by the Agreement will not violate, nor be in conflict with, (i) any provision of its charter or bylaws or (ii) any agreement or instrument to which it is a party or is bound (except for preferential rights to purchase and required Third Party consents to assignment, if any).

(c) Duly Executed. The Agreement has been duly executed and delivered on behalf of Aera, and at Closing, (if the condition of section 25 below has been satisfied) all documents and instruments required hereunder to be executed and delivered by it shall have been duly executed and delivered.

(d) No Litigation. There are no pending or, to the best of Aera's knowledge, threatened claims, legal actions, lawsuits, administrative proceedings, or governmental investigations or inquiries involving the Property or Aera's right to consummate the sale contemplated hereunder except those claims, legal actions, lawsuits, administrative proceedings, and governmental investigations and inquiries that Aera has disclosed to Berry in writing as shown in attached Schedule "13(d)."

14. REPRESENTATIONS OF BERRY. Berry represents to Aera, each of which representations shall survive Closing, that as of the date of the Agreement and as of Closing:

(a) Due Organization. Berry is a corporation duly organized, validly existing, and in good standing under the laws of the state of its incorporation and is duly qualified to do business in California.

(b) Corporate Power. Berry has all requisite corporate power and authority to carry on its business as presently conducted, to enter into the Agreement, to purchase or exchange the Property on the terms described in the Agreement and to perform its other obligations under the Agreement. The consummation of the transactions contemplated by the Agreement will not violate, nor be in conflict with, (i) any provision of its charter or bylaws, formation and governing documents, or (ii) any agreement or instrument to which it is a party or is bound.

(c) Duly Executed. The Agreement has been duly executed and delivered on behalf of Berry, and at Closing, all documents and instruments required hereunder to be executed and delivered by it shall have been duly executed and delivered and the transactions contemplated hereby shall have been duly and validly authorized by all requisite corporate action.

(d) No Litigation. There are no pending or, to the best of Berry's knowledge, threatened claims, legal actions, lawsuits, administrative proceedings, or governmental investigations or inquiries involving Berry's right to consummate the sale contemplated hereunder except those claims, legal actions, lawsuits, administrative proceedings, and governmental investigations and inquiries that Berry has disclosed to Aera in writing as shown in attached Schedule "14(d)."

15. AERA'S CONDITIONS. The obligations of Aera to be performed at Closing are subject to the satisfaction at or prior to Closing of the

following conditions, any of which may be waived by Aera, and the condition specified in section 25:

(a) Representations True. All representations of Berry contained in this Agreement shall be true in all material respects at and as of Closing as if such representations were made at and as of Closing, and Berry shall have performed and satisfied in all material respects all obligations required by this Agreement to be performed and satisfied by it at or prior to Closing.

(b) No Pending Suits. No suit or other proceeding shall be pending or threatened before any court or governmental agency seeking to restrain, prohibit or declare illegal, or seeking substantial damages in connection with, the contemplated purchase.

(c) No Act of Termination. Aera shall not have exercised any rights it may have hereunder to terminate this Agreement.

(d) Written Evidence of Bond. Berry shall have provided written evidence, satisfactory to Aera, that Berry has obtained the bonds required by the California Department of Conservation, Division of Oil, Gas and Geothermal Resources as specified in subsection 19(a), and has otherwise satisfied all federal, state and local statutory and regulatory requirements with respect to transfer of the Property.

(e) H-S-R. All applicable waiting periods shall have expired under the Hart-Scott-Rodino Antitrust Improvements Act or early termination of such waiting periods shall have been granted by the appropriate governmental authorities.

16. BERRY'S CONDITIONS. The obligations of Berry to be performed at Closing are subject to the satisfaction at or prior to Closing of the following conditions, any of which may be waived by Berry:

(a) Representations True. All representations of Aera contained in this Agreement shall be true in all material respects at and as of Closing as if such representations were made at and as of Closing, and Aera shall have performed and satisfied in all material respects all agreements required by this Agreement to be performed and satisfied by it at or prior to the Closing.

(b) No Pending Suits. No suit or other proceeding shall be pending or threatened before any court or governmental agency seeking to restrain, prohibit or declare illegal, or seeking substantial damages in connection with, the contemplated purchase.

(c) No Act of Termination. Berry shall not have exercised any rights it may have hereunder to terminate this Agreement.

(d) H-S-R. All applicable waiting periods shall have expired under the Hart-Scott-Rodino Antitrust Improvements Act or early termination of such waiting periods shall have been granted by the appropriate governmental authorities.

17. OPERATIONS AND PRODUCTION AFTER THE EFFECTIVE DATE.

(a) Operations Between the Effective Date and Closing. As Closing may occur subsequent to the Effective Date, Aera will in such event continue to operate the Property, or cause the Property to be operated, as appropriate, at Berry's sole risk and for the account of Berry until Closing. Upon Closing, Berry shall assume the risk of any change in the condition of the Property from the Effective Date to the Closing Date, except to the extent any change in the condition is attributable to the gross negligence or willful misconduct of Aera, and notwithstanding the foregoing, except as may be otherwise provided in section 20.

(b) Expenses. Subject to the provisions of section 20, Aera shall be responsible for payment of all Expenses (as defined below) related to the Property prior to the Effective Date. Berry shall be responsible for the payment of all Expenses related to the Property, and for the cost and expenses resulting from the assumption of the obligations and implied covenants as specified in section 19 incurred or accrued from and after the Effective Date. "Expenses" as used in this Section shall mean any expenses incurred or accrued in connection with the operation, use, protection, maintenance or ownership of the Property including, without limitation, expenses for or related to all lease rentals, shut-in royalties, minimum royalties, payments in lieu of production, production royalties (including royalties paid in kind), overriding royalties, production payments, net profits payments, contractual payments, operating costs, overhead charges (at the then current charge rate Aera would charge as an operator in operating agreements), expenses, fees, vendor and contractor invoices, billings, taxes, charges (including, without limitation, any charges for overhead provided for in any operating agreements related to the Property at the rates specified in

such agreements), rental payments, franchise fees, permits and license fees, assessments and other indebtedness and obligations due, payable, incurred, accrued or attributable to the ownership, operation, use, protection or maintenance of or otherwise relating to or associated with the Property.

(c) Allocation of Production and Proceeds. All production from oil and/or gas wells, and all proceeds from the sale thereof, including, without limitation, proceeds from any imbalance and oil in storage above the pipeline connection, and take-or-pay collections/rights and accounts receivable attributable to production prior to the Effective Date and all other monetary payments (including, without limitation, proceeds from the sale of mineral production, credits, tax refunds, insurance proceeds, salvage payments and reimbursement of joint operating costs and expenses) attributable to the ownership, use or operation of the Property prior to the Effective Date shall be the property of Aera. All such production proceeds, and other monetary payments attributable to production on and after the Effective Date shall be the property of Berry.

(d) Interim Accounting, Payment and Collection Services. From the Effective Date until Closing, Aera shall, for the account of and at the sole cost to Berry of One Hundred and No Hundredths Dollars ($100.00) per day, provide all necessary and appropriate financial accounting services for the Property and all related operations and administration of the Property in the same manner and to the same extent provided by Aera prior to the Effective Date, taking into account and acting consistent with the provisions of subsections 17(b) and 17(c) above. Aera shall, for the account of and at the sole cost to Berry, pay all Expenses [as provided in subsection 17(b)] which are the obligation of Berry and collect all proceeds and other monetary payments which are allocated to Berry [as provided in subsection 17(c)].

(e) Post-Closing Settlement. Within one hundred twenty (120) days after Closing, Aera and Berry shall make a final post-Closing settlement to account for all production proceeds and other monetary payments collected for Berry's account by Aera and all Expenses, other costs and expenses and taxes paid for Berry's account by Aera pursuant to this section 17 and any prorations as of the Effective Date. In addition, Aera shall credit Berry with Eighty-one Thousand Four Hundred Thirty and No Hundredths Dollars ($81,430.00) for the suspense items obligation which Berry has assumed under subsection 19(b). Aera and Berry agree to promptly remit any sum determined from such post-closing settlement to be owed to the other.

(f) Audit. Within one (1) year of the Closing, either Party may at its own expense audit the other Party's books, accounts and records relating to production proceeds, other monetary payments, Expenses, other costs and expenses and taxes paid or received which may have been adjusted on account of this transaction. Such audit shall be conducted so as to cause a minimum of inconvenience to the audited Party. It is expressly agreed that, if Berry shall request any type of audited financial records, Berry shall enter into an agreement for the provision of such records with an accounting firm approved by Aera, and Berry shall be solely responsible for the cost of obtaining such financial records.

(g) No Application to Income Taxes. All references in sections 17 and 18 to taxes and tax refunds shall not apply to income and franchise taxes and income and franchise tax refunds.

18. TAXES, COSTS AND FEES.

(a) Taxes. Berry shall be responsible for the economic benefit, burden and payment of all taxes relating to the Property prorated from and after the Effective Date. Aera shall be responsible for the economic benefit, burden and payment of all taxes relating to the Property prorated prior to the Effective Date, including, but not limited to, the Los Angeles County Tax Assessor's Appeal as shown on Schedule "13(d)." Berry shall pay to Aera at Closing, in addition to and separate from the Purchase Price, an amount equal to all state and local taxes payable by Aera on the transfer of ownership of any tangible personal property calculated at the then-current rates. Berry shall indemnify, defend and hold Aera harmless from any liability, including without limitation, penalties, interest and attorney's fees, arising out of Berry's failure to pay to Aera at Closing, in addition to and separate from the Purchase Price, the amount equal to all state and local taxes payable by Aera on the transfer of ownership of any tangible personal property. Berry shall pay all costs associated with documentary transfer taxes, other transfer taxes and any recording costs assessed by any federal, state, county or other governmental offices or other transfer fees, and shall indemnify, defend and hold Aera harmless for such transfer taxes, costs and fees. In the event that the interests transferred under this Agreement are exempt from such taxes, at Closing Berry shall provide Aera with properly executed exemption certificates or other documentation deemed acceptable under applicable law.

(b) No Brokers. Each Party shall pay and indemnify and hold the other Party harmless from any commission or brokerage fee it has incurred in connection with this transaction.

19. OPERATIONS BY BERRY.

(a) Compliance with Laws. Berry shall comply with all applicable laws, ordinances, rules and regulations, orders, terms of permits and authorizations of any governmental body which may have jurisdiction with respect to the Property to be transferred hereunder (including, without limitation, the filing with such governmental bodies of any and all compliance reports, notices, or other compliance documents which are due after the Closing Date regardless of the period covered by such reports, notices or documents) and shall promptly obtain and maintain all permits and bonds required by public authorities in connection with the Property including, without limitation, the bond required by California Public Resources Code, Section 3202 for wells which have not produced oil or gas or have not been used as injectors, for a period of five (5) years prior to Closing. Berry, or its designated operator, shall, at or prior to Closing, provide to Aera written evidence, satisfactory to Aera, that Berry has obtained all required bonds sufficient to assume complete operatorship duties required by the California Department of Conservation, Division of Oil, Gas, and Geothermal Resources, and has otherwise satisfied all federal, state and local statutory and regulatory requirements with respect to transfer of the Property as specified in the California Resources Code, as amended, and any regulations promulgated in accordance therewith including, without limitation, those bonds specified in Sections 3204 and 3205 of such Code. Further to this obligation, Aera and Berry shall sign (or Berry shall cause the entity which is to assume operation to sign), prior to Closing, a notice or notices in the form attached hereto as Schedule "19(a)" and within the time prescribed by the California Department of Conservation, Division of Oil, Gas and Geothermal Resources, as required by California Resources Code, Sections 3201 and 3202, giving notice of the transfer from Aera to Berry of each well, including each idle well, currently or formerly operated by Aera or its predecessors which is to be transferred under this Agreement. The signed form shall designate Berry or its designated operator as the current operator of each such well.

(b) Assumption of Obligations. Upon Closing, Berry shall assume, as of the Effective Date, and agree to perform, at Berry's sole cost and expense, (i) all obligations and implied covenants of Aera relating to the Property (whether such obligations and covenants are to a lessor, a governmental body or any other person or entity), including, but not limited to, (1) any obligations arising in respect to the plugging and abandonment of all existing wells (whether or not such wells are active, inactive idle, or have been previously abandoned as of the Effective Date), (2) any obligations to file or submit compliance reports, notices and documents required by governmental bodies, (3) the removal of related oil and gas equipment including, without limitation, pipelines, sumps, foundations, and other facilities, whether the existence of same is known or unknown to the Parties at Closing, and (4) the complete and lawful restoration and reclamation of the lands used in connection with such wells and related equipment, pipelines, sumps and other facilities in compliance with all federal, state and local laws, rules and regulations, including, without limitation, all requirements of the California Department of Conservation, Division of Oil, Gas and Geothermal Resources, with respect to such plugging and abandonment, removal and restoration and reclamation of associated lands, (ii) all obligations under licenses, permits, franchises, easements, and rights-of-way associated with or included in the Property, (iii) any obligations with respect to the reabandonment of previously abandoned wells on lands included in the Property, (iv) any obligations with respect to Deserted Wells as defined in California Public Resources Code, Section 3237, and (v) remediation and clean-up with respect to those matters identified on Schedule "9(c)" attached hereto. This assumption of obligations and liabilities by Berry shall include Aera's obligations and liabilities with respect to net proceeds from production attributable to interests in the Property as currently held in suspense because of a lack of identity or address of owners, title questions, change of ownership or similar reasons as identified on Schedule "19(b)" attached hereto. As set forth in section 20, Berry shall defend, indemnify and hold Aera harmless with respect to the performance or failure to perform of Berry's obligations under this section 19.

20. INDEMNIFICATION. Capitalized terms used in this section 20 which are not defined elsewhere in this Agreement are defined in subsection 20(c) below.

(a) General Indemnity by Berry. To the fullest extent permitted by law, but no further, Berry shall indemnify and hold harmless Aera, its Affiliates and their officers, directors, employees and agents, from any and all Claims for which a Claim Notice is delivered to Berry and provided such Claims

directly or indirectly arise or result from or are caused by the use, operation, maintenance, occupation, ownership, plugging or abandonment of the Property or contamination of the Property with naturally-occurring radioactive materials either before or after the Effective Date even though such Claims may have been contributed to or caused by the negligence or fault of Aera occurring prior to Closing [except for (i) Environmental Claims or Environmental Cleanup Liability as provided for in subsection 20(b) below; and (ii) any such Claims caused by the willful misconduct or gross negligence of Aera]. Berry further covenants and agrees to defend any suits brought against Aera, its affiliates or their respective officers, directors, employees and agents, on account of any such Claims indemnified hereunder and to pay or discharge the full amount or obligation of such Claims incurred by, accruing to or imposed on Aera, its Affiliates or their respective officers, directors, employees or agents resulting from any such suit or suits. In addition, Berry shall pay to Aera, its Affiliates or their respective officers, directors, employees or agents, as applicable, all reasonable attorneys fees incurred by Aera, its Affiliates or their respective officers, directors, employees or agents, as applicable, in enforcing Berry's indemnity in this subsection 20(a).

(b) Environmental Indemnity by Berry. To the fullest extent permitted by law, but no further, Berry shall indemnify and hold harmless Aera, its Affiliates and their respective officers, employees, and agents, from and against any and all Environmental Claims or Environmental Cleanup Liability for which a Claim Notice is delivered to Berry and which Arises directly or indirectly from the use, operation, maintenance, occupation, ownership or abandonment of the Property either before or after the Effective Date with respect to any Environmental Claim or Environmental Cleanup Liability initially made against or sought to be imposed upon Aera, its Affiliates or their respective officers, directors, employees and agents, even though caused, or contributed to, by the negligence or fault of Aera, except for any such Environmental Claims or Environmental Cleanup Liability caused by the willful misconduct or gross negligence of Aera or as a result of the past (prior to the Effective Date) disposal of Chemical Substances offsite from the Property. Berry further covenants and agrees to defend any suits or administrative proceedings brought against Aera, its Affiliates and their respective officers, directors, employees and agents on account of any such Environmental Claims or Environmental Cleanup Liability and to pay or discharge the full amount or obligation of such Environmental Claims or Environmental Cleanup Liability incurred by, accruing to or imposed on Aera, its Affiliates, or their respective officers, directors, employees or agents, as applicable, resulting from any such suit or suits or any amounts resulting from the settlement or resolution of such suit or suits or administrative proceedings. In addition, Berry shall pay to Aera, its Affiliates, or their respective officers, directors, employees or agents, as applicable, all reasonable attorneys' fees incurred by Aera, its Affiliates, or their respective officers, directors, employees or agents, as applicable, in enforcing Berry's indemnity in this subsection 20(b).

(c) Definitions. For purposes of this Agreement:

(1) "Affiliate" shall mean a Party's "Parent Company" and "Affiliated Companies." "Parent Company," "Affiliated Companies" and "Controlling Interest" shall have the following meanings:

(i) A Party's "Parent Company" shall mean an entity having a "Controlling Interest" in such Party;

(ii) A Party's "Affiliated Companies" shall mean any and all entities in which the Party or the Parent Company of such Party has a direct or indirect "Controlling Interest;" and

(iii) "Controlling Interest" shall mean: (1) a legal or beneficial ownership of fifty percent (50%) or more of the voting stock or other voting rights in an entity; or (2) a member company of a limited liability company.

(2) "Arises." An Environmental Claim or Environmental Cleanup Liability shall be deemed to Arise upon (i) each discrete, operationally-related Release of Chemical Substance, as measured on a daily basis, or (ii) each discrete, operationally-related occurrence of pollution, contamination or migration, as measured on a daily basis.

(3) "Chemical Substances" shall mean any chemical substance, including, but not limited to, any sort of pollutants, contaminants, chemicals, raw materials, intermediates, products, industrial, solid, toxic or hazardous substances, materials, wastes, or petroleum products, including crude oil or any component thereof.

(4) "Claims" shall mean any and all claims, demands, loss, liability, liens, demands, judgments, settlements, suits, causes of action, fines, penalties, compliances, costs, and any costs, expenses and fees associated

with the investigation, defense and resolution of the foregoing, including without limitation, reasonable attorney's fees. Claims may be based on any theory of tort, contract, strict liability, statutory liability (including, without limitation, fines, penalties, obligations or requirements) or any other basis for liability and shall include, without limitation, any Claims arising, occurring or resulting from, related to or based on the injury, disease, or death of any persons (including, without limitation, the Indemnifying Party's employees, agents and representatives) or damage to, loss or destruction of any property, real or personal (including, without limitation, the Indemnifying Party's property).

(5) "Claim Notice" shall mean a notice delivered to either Party, in writing, that the other Party has received a claim or demand from a Third Party or been served with process by or on behalf of a Third Party asserting Claims, Environmental Claims or Environmental Cleanup Liability which is indemnified hereunder.

(6) "Environmental Claim" shall mean any claim, demand, action, suit or proceeding for the injury, disease or death of any person (including, without limitation, the Indemnifying Party's employees, agents and representatives), property damage, damage to the environment, or damage to natural resources made, asserted or prosecuted by or on behalf of any Third Party (whether based on negligent acts or omissions, statutory liability, or strict liability without fault or otherwise) arising or alleged to arise under any Environmental Law. Environmental Claim includes any damages, settlement amounts, fines and penalties assessed or costs of complying with any orders or decrees of courts, administrative tribunals or other governmental entities (other than such compliance costs related to Environmental Cleanup Liability) associated with resolving such claims, demands, actions, suits or proceedings and any costs, expenses and fees, including, without limitation, reasonable attorney's fees incurred in the investigation, defense and resolution of such claims, demands, actions, suits and proceedings.

(7) "Environmental Cleanup Liability" shall mean any cost or expense of any nature whatsoever incurred (in order to comply with the provisions of any Environmental Law or the provisions of any order or decree of any court or administrative or regulatory tribunal or agency enforcing any Environmental Law) to contain, remove, remedy, respond to, clean up, or abate any Release of Chemical Substances or other contamination or pollution of the air, surface water, groundwater, land surface or subsurface strata related to the operation, use, maintenance and ownership of the Property, whether such Release, contamination or pollution is located on, within, under or above real property included in the Property ("on site") or is located off site, including, but not limited to, any Release of Chemical Substances or other contamination or pollution arising out of or resulting from the manufacture, generation, formulation, processing, labeling, distribution, introduction into commerce, or on site or off site use, treatment, handling, storage, disposal, or transportation of any Chemical Substances. Environmental Cleanup Liability includes, without limitation, any judgments, damages, settlements, costs or expenses (including, without limitation, reasonable attorneys', consultants' and experts' fees and expenses) incurred with respect to (i) any investigation, study, assessment, legal representation, cost recovery by a governmental agency or Third Party, or monitoring or testing in connection therewith, (ii) the Property as a result of actions or measures necessary to implement or effectuate any such containment, removal, remediation, response, cleanup or abatement, and (iii) the resolution of such liabilities.

(8) "Environmental Law" means any statutes, rules, regulations, controlling judicial decisions or legal requirements relating to or regulating the pollution, protection or cleanup of the environment or damage to or remediation of damage to real property and natural resources (including, but not limited to, ambient air, surface water, groundwater, and land surface or subsurface strata) including, without limitation, legal requirements contained in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq., as amended (CERCLA); the Resources Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901, et seq., as amended (RCRA); the Superfund Amendments and Reauthorization Act of 1986, Pub. L. 99-499, as amended (SARA); the Clean Air Act, 42 U.S.C. Section 7401, et seq., as amended; Federal Water Pollution Control Act, 33 U.S.C. Section 2601 et seq., as amended; National Environmental Policy Act, 42 U.S.C. Section 4321, et seq., as amended (NEPA); and the Safe Drinking Water Act, 42 U.S.C., Section 300 j-1, et seq., as amended; and/or any other federal, state or local laws, statutes, ordinances, rules, regulations or orders (including decisions of any court or administrative body) relating to the pollution, protection or cleanup of the environment as specified above. Environmental Law shall also mean the Toxic Substance Control Act, 25 U.S.C. Section 1502, et seq., as amended (TOSCA) and/or any other federal, state (including, without limitation, laws with respect to trespass, nuisance and other torts or similar legal theories which may be applied to establish liability or responsibility for Environmental Cleanup or Environmental Claims) or local laws, statutes, ordinances, rules, regulations or orders

(including decisions of any court or administrative body) relating to (i) release, containment, removal, remediation, response, cleanup or abatement of any sort of Chemical Substance, (ii) the manufacture, generation, formulation, processing, labeling, distribution, introduction into commerce, use, treatment, handling, storage, disposal or transportation of any Chemical Substance, (iii) exposure of persons, including employees of Berry, to any Chemical Substance and other occupational safety or health matters, or (iv) the physical structure or condition of a building, facility, fixture or other structure, including, without limitation, those relating to the management, use, storage, disposal, cleanup or removal of asbestos, asbestos-containing materials, polychlorinated biphenyls or any other Chemical Substance.

(9) "Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, escaping, leaching, dumping or disposing of any Chemical Substance into the environment (including, but not limited to, the ambient air, surface water, groundwater and land surface or subsurface strata) of any kind whatsoever (including also the abandonment or discarding of barrels, containers, tanks or other receptacles containing or previously containing any Chemical Substance).

(10) "Third Party" shall mean any person (other than a Party or its Affiliates) including, without limitation, any such natural person, business entity (corporation, partnership, trust, sole proprietorship or other business entity), any federal, state or local governmental entity, agency or administrative body, employee of Berry or of Aera, former employee of Berry or of Aera, or their respective legal representatives, heirs, beneficiaries or estates.

(d) Indemnified Party's Participation. Any indemnified Party shall have the right at all times, if it so elects and without relieving the indemnifying Party of its obligations to defend hereunder, to participate in the preparation for and conducting of any hearing or trial related to these indemnification provisions, as well as the right to appear on its own behalf at any such hearing or trial. Any such participation or appearance by an indemnified Party shall be at its sole cost and expense.

An indemnified Party shall not execute a consent order nor accept any settlement regarding an indemnified matter without the indemnifying Party's prior written approval. The indemnified Party shall cooperate fully with the indemnifying Party in the defense of any matter hereunder by the indemnifying Party and shall take those actions reasonably, within its power to take which are reasonably necessary to preserve any legal defenses to indemnified matters hereunder until the indemnifying Party has assumed the defense of the matter.

(e) Aera to Cooperate with Berry regarding Obtaining Certain Rights from Mobil. The Parties acknowledge that under the transaction [documented by that certain Contribution Agreement dated October 31, 1998, whereby Mobil contributed the Property to Aera ("Contribution Agreement")] Aera was given certain environmental indemnity rights whereby Mobil would indemnify Aera with respect to certain environmental claims regarding the Property. Should Berry discover and notify Aera in writing prior to September 30, 2000, of any Environmental Liability or Liabilities (as defined by the Contribution Agreement) related to the Property equal to or exceeding a liability amount of One Million and No Hundredths Dollars ($1,000,000.00), then Aera will notify Mobil of such Environmental Liability or Liabilities as provided by Section 18.03 of the Contribution Agreement. Aera agrees to cooperate with Berry in attempting to obtain for Berry those same environmental indemnity rights given to Aera by Mobil under Article 18 of the Contribution Agreement, including requesting Mobil's consent to Aera's assignment to Berry of those environmental indemnity rights as to any Environmental Liability or Liabilities which Berry has discovered and provided notice of to Aera under this subsection. However, Aera's sole obligation under this subsection of this Agreement is to cooperate with Berry in Berry's attempts to obtain those rights from Mobil, and if Berry fails to obtain such rights from Mobil, Aera will in no way be liable to Berry in any form or fashion. Berry acknowledges that this provision is in no way a representation or warranty by Aera or Mobil that the rights exist or that Berry will receive such rights from Mobil. Berry acknowledges that it is in Mobil's sole discretion to grant any such rights to Berry. It is expressly agreed that the transaction contemplated by this Agreement is in no way conditioned upon Berry receiving such environmental indemnity rights from Mobil, and that this provision in no way affects Berry's indemnity obligations to Aera under this Article 20 of this Agreement

21. EXISTING CONTRACTS.

(a) Assumption of Contracts. The sale contemplated hereunder shall be made subject to any and all existing operating agreements, unit agreements, gas balancing agreements, gas processing agreements, and that certain Crude Oil Purchase and Sale Agreement between Texaco Trading and

Transportation, Inc. and Arco Oil and Gas Company dated March 27, 1992 (which agreement may be assigned by Mobil to Berry and which is listed on page 18 of Exhibit "A" hereto), as well as any and all other agreements, permits, franchises, leases, licenses, easements and rights-of-way including, without limitation, overage/shortage agreements and exchange agreements to which the Property is subject. To the extent such agreements may be assigned and delegated, Berry shall assume and be responsible for all obligations of Aera accruing under such agreements. If such agreements may not be assigned or delegated, Aera may, at its sole discretion and upon the consent of Berry, perform such agreements on behalf of Berry and Berry shall promptly, upon notice, reimburse Aera for its respective costs, expenses and obligations incurred in performing such agreements.

(b) Gas Imbalances. Berry shall accept all gas and oil imbalances that exist on the Property as of the Effective Date and shall assume all responsibility to settle with other interest owners for any over or short gas or oil imbalances that exist on the Property. If the gas or oil imbalance on a particular Property interest is a net liability, Berry shall indemnify Aera for that net liability. With regard to the Post-Closing Settlement [Article 17(e)], any gas and oil imbalances that exist on the Property as of the Effective Date, which are a result of operations occurring prior to the Effective Date, will be the financial responsibility of Aera and will be reflected as an adjustment in the post-Closing settlement if not previously settled. Any gas and oil imbalances that exist on the Property as of the Effective Date, which are a result of operations occurring on or after the Effective Date, will be the financial responsibility of Berry and will be reflected as an adjustment in the post-Closing settlement if not previously settled.

22. NOTICES. All notices and communications required or permitted under this Agreement shall be in writing, delivered to or sent by U. S. Mail or nationally recognized commercial courier service, postage or delivery charges prepaid, or by telecopy, addressed as follows (or such other address as may be specified by ten (10) days prior written notice to the other Party):

Aera

Aera Energy LLC
Attention: San Joaquin Valley Asset
5060 California Avenue (93309)
P. O. Box 11164
Bakersfield, CA 93389-1164
Telephone: (805) 326-5000
Telecopy: (805) 326-5708

Berry

Berry Petroleum Company
Attention: President
28700 Hovey Hills Road
Taft, CA 93268
Telephone: (805) 769-8811
Telecopy: (805) 769-8960

Notice shall be deemed to have been duly given when delivered to or sent to the other Party in the manner prescribed herein and actually received by the Party to whom the notice is given.

23. PARTIES IN INTEREST. Subject to subsection 27(d) below, this Agreement shall inure to the benefit of and be binding upon Aera and Berry and their respective successors and assigns. However, no assignment by any Party shall relieve any Party of any duties or obligations under this Agreement.

24. COMPLETE AGREEMENT. When executed by the authorized representatives of Aera and Berry, this Agreement, together with the executed copies of the exhibits hereto and documents referred to herein, shall supersede all prior written or oral and all contemporaneous oral agreements and understandings between the Parties, including without limitation, all and any bid solicitation, bid offer and bid acceptance letters, and shall constitute the complete agreement between the Parties regarding the purchase and sale of the Property.

25. APPROVAL OF BOARD OF MANAGERS AND BOARD OF DIRECTORS.

Any obligation of Aera or Berry to close the sale contemplated hereunder shall be, and is, conditioned on and subject to Aera's Board of Managers having approved this Agreement and Berry's Board of Directors having approved this Agreement, which approvals shall be determined on or

before January 31, 1999. In determining whether or not to approve, each Board may act with full and unfettered discretion in the exercise of its independent business judgment and shall not be prejudiced or limited in the exercise of such discretion and judgment by the prior execution of this Agreement. If either Board fails to approve this Agreement, whether by action or inaction, on or before January 31, 1999, this Agreement shall forthwith terminate and neither Party shall have any further rights or obligations hereunder, except for Aera's rights and Berry's obligations under the Confidentiality Agreement and the Indemnification Agreement.

26. APPLICABLE LAW. THIS AGREEMENT, OTHER DOCUMENTS EXECUTED AND DELIVERED PURSUANT HERETO, AND THE LEGAL RELATIONS BETWEEN THE PARTIES WITH RESPECT TO THIS AGREEMENT, SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA WITHOUT REGARD TO RULES CONCERNING CONFLICTS OF LAWS; PROVIDED, THAT THE VALIDITY OF THE VARIOUS CONVEYANCES TRANSFERRING TITLE TO REAL PROPERTY AND REAL PROPERTY INTERESTS UNDER THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH SUCH REAL PROPERTY OR REAL PROPERTY INTERESTS ARE LOCATED.

27. MISCELLANEOUS PROVISIONS.

(a) Captions. Captions have been inserted for reference purposes only and shall not define or limit the terms of this Agreement.

(b) Partial Invalidity. If any provision of this Agreement is held invalid, such invalidity shall not affect the remaining provisions.

(c) Modification. This Agreement cannot be modified or amended except by a written instrument duly executed by Aera and Berry.

(d) Assignment. Neither Aera nor Berry, without the prior written consent of the other Party, shall assign any right or obligation under this Agreement prior to Closing, or attempt to delegate any duty to be performed under this Agreement, except that Aera may make such an assignment and/or delegation to an Affiliate without the consent of Berry. Consent to assign shall not be unreasonably withheld by either Party. Any attempted assignment or delegation without such consent shall be void and of no effect.

(e) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute but one and the same instrument.

(f) Expenses. Except as otherwise expressly provided herein, all expenses incurred by each Party in connection with the transaction contemplated herein, including, without limitation, attorney's fees, are for the account of the Party incurring the same and the Party incurring such expenses shall defend, indemnify and hold harmless the other Party from and against such expenses.

(g) Signs. Aera shall have the right, but not the obligation, to remove all of Aera's signs, placards, notices, or other posted documents or information and any other like property which refers to Aera's ownership of the Property or responsibility for the operations conducted thereon.

(h) Press Releases. For the period ending thirty (30) days after Closing, no information in connection with this sale shall be released to the public, including, without limitation, through press releases, without the express written permission of Aera, unless required by applicable federal, state or local laws.

(i) No Recording. This Agreement shall not be recorded or filed by any Party or their successors or assigns, in or with any public or governmental office, officer, agency or records repository without the prior written consent of the other Party, unless required to be filed by the federal securities laws.

(j) Survival. All representations, indemnifications, covenants, obligations and promises of the Parties set forth in this Agreement shall survive Closing. All documents conveying, transferring or assigning the Property shall incorporate by reference the terms and conditions of this Agreement.

(k) Exhibits and Schedules. The Exhibits and Schedules listed below are attached to this Agreement:

Exhibit "A"	Property and Property Interests Subject To This Agreement
Exhibit "B"	Assignment and Conveyance

Exhibit "C"	Personal Property Agreement and Bill of Sale
Exhibit "D"	Aera Non-foreign Affidavit
Exhibit "E"	Confidentiality Agreement
Exhibit "G"	Indemnification Agreement
Schedule"1(e)"	Specifically Listed Rights-of-Way, etc.
Schedule"1(g)"	Specifically Listed Salt Water Disposal and Water Wells
Schedule "1(h)"	Specifically Listed Facilities
Schedule "1(i)"	Specifically Listed Equipment
Schedule "1(j)"	Specifically Listed Personal Property, etc.
Schedule "9(b)"	Notice of Releases
Schedule "9(c)"	List of Oil Spill Reports and Consultant's Reports
Schedule "13(d)"	Aera's Litigation
Schedule "14(d)"	Berry's Litigation
Schedule "19(a)"	Notice to DOG of Well Transfers
Schedule "19(b)"	Suspense Items

(l) Time of Essence. Time is of the essence in the performance of this Agreement.

(m) H-S-R. If either Aera or Berry determine that the Hart-Scott-Rodino Antitrust Improvements Act of 1976 is applicable to this transaction, then the Parties which are required to file shall file with the Federal Trade Commission and the Department of Justice the required notifications, reports, and supplemental information to comply in all respects with the requirements of said Act.

(n) No Partnership. Nothing contained in this Agreement shall be deemed to create a joint venture, partnership, tax partnership or agency relationship between the Parties.

(o) File Transfers. Within thirty (30) days after Closing, Aera will transfer to Berry, subject to Aera's continuing right of access as hereinafter set forth, the following files and records in Aera's possession: (1) all of the original files, records, and non-interpretative data relating to the Property including, but not limited to: lease, land, and title records (including abstracts of title, title opinions, and title curative documents); contracts; correspondence; production and well records; electric logs; cores and core data; pressure data; graphical production and decline curves; health, safety, environmental, and regulatory compliance records; permitting files; and the rights to copy, disclose, and distribute all of the above materials; and (2) certain interpretative data that is specific to the Property, including, but not limited to, developmental studies, developmental geological mapping, reservoir engineering studies, surveillance engineering studies, and facility engineering studies; excepting, however, Aera's (i) general corporate and tax records, (ii) records that pertain to individual employees, (iii) records subject to attorney-client privilege (other than title opinions), (iv) legal department files and records, and documents subject to the attorney-client privilege, (v) information owned by a third party and held by Aera under a license that prohibits assignment, and (vi) information that is confidential or proprietary to a third party and held by Aera under an agreement prohibiting disclosure; and excluding regional geophysical and geological data, mapping, interpretations, and similar information; provided, however, that Aera will provide to Berry copies of documents in lieu of originals to the extent Aera elects to retain the originals of documents it reasonably anticipates requiring for tax audit purposes (and provided, further, that Aera shall cooperate with Berry to request from Western copies of the aforesaid items in (i) through (v) to the extent same relate, directly or indirectly, to the ownership or operation of the Property; and provided, however, that Aera shall not be required to provide to Berry any data not provided to Aera by Western, such as proprietary algorithms or technology that Western used to prepare the interpretative data, nor results or conclusions drawn from or contained within any studies described above employing proprietary algorithms or technology; and provided, further, that to the extent Aera has any rights of ownership that are transferable and upon delivery of the assigned interpretative data, Berry shall own an undivided interest in such data and the intellectual property rights therein and shall be free to deal with such data and rights without accounting to Aera; and provided, further, that Aera provides to Berry the interpretative data (to which Aera has any rights) provided by Western to Aera as is, with all faults, and with no warranty of any kind whatsoever. Under no circumstances shall Aera be liable to Berry with regard to the accuracy or interpretation of any information transferred under this subsection (o).

Aera retains the right of complete access to the above files and records, which right of access may be exercised by Aera at reasonable times, upon giving Berry reasonable notice and which shall include, at Aera's sole cost and expense, the right to copy or duplicate any and all contents therein. Should Aera be required by a governmental rule or order to produce the original of any document described in this subsection, Berry will, to the best of its

ability, make such document available to enable Aera to comply with said rule or order upon receiving proper assurance that such document will be promptly returned to Berry.

EXECUTED by the Parties hereto as indicated below by the signatures of their respective representatives; however, for identification purposes, this Agreement shall be deemed dated as of the date the last Party hereto signs this Agreement.

AERA ENERGY LLC

By: /s/ J. C. Boyd
Attorney-in-Fact

Date: January 26, 1999

BERRY PETROLEUM COMPANY

By: s/s Jerry V. Hoffman

Title: President and CEO

Date: January 26, 1999

EXHIBIT "A"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

DESCRIPTION OF PROPERTY AND PROPERTY INTERESTS
SUBJECT TO THIS AGREEMENT

LOS ANGELES COUNTY, CALIFORNIA

The primary term of each oil and gas lease set out in this Exhibit has a primary term of less than thirty-five (35) years.

CA116600:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated December 1, 1943, executed by the U. S. Bureau of Land Management, recorded in Book 36081, Page 77, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA116602:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated March 1, 1949, executed by the U. S. Bureau of Land Management, recorded in Book 36081, Page 63, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA078865C:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated March 7, 1995, executed by ETCR Inc., recorded as Document # 95-1332211, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document

99-109978, Official Records, Los Angeles County.

CA078869:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated February 2, 1995, executed by Anne M. Phillips, recorded as Document # 95-1332216, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA078870A:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated July 7, 1995, executed by Roger Moore, recorded as Document # 95-1160340, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA078870B:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated July 1, 1995, executed by Shirley Phillips, recorded as Document # 95-1160339, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077774:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated June 18, 1990, executed by Placerita Partners, recorded as Document # 91-1301277, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077775A:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated June 18, 1990 executed by Placerita Partners, recorded as Document # 91-1301275, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA 077775B:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated May 22, 1990, executed by Phillip Jaffe, recorded as Document # 91-266001, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA0777776A:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated June 12, 1990, executed by Sebastiano Sterpa, recorded as Document # 90-1718303, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077776B:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated July 16, 1990, executed by Bernice E. Sterpa, recorded as Document # 90-1955094, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077777A:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated June 12, 1990, executed by Sebastiano Sterpa, recorded as Document # 90-1718304, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077777B:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated July 16, 1990, executed by Bernice E. Sterpa, recorded as Document # 90-1718305, Official Records, as conveyed to Aera Energy LLC by Conveyance,

Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077778A:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated June 12, 1990, executed by Sebastiano Sterpa, recorded as Document # 90-1955095, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077778B:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated July, 16, 1990, executed by Bernice E. Sterpa recorded as Document # 90-1749197, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077779A:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated June 18, 1990, executed by Placerita Partners et al, recorded as Document # 91-1301278, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077781:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated June 21, 1990, executed by June E. George, recorded as Document # 90-1506802, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077782:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated May 19, 1990, executed by LeRoy A. and Edythe L. Phelan, recorded as Document # 90-1482476, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077783:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated June 21, 1990, executed by Joan M. Scharlin, and William H. Selditz, recorded as Document # 90-1576804, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077784:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated June 21, 1990, executed by Joan M. Scharlin and William H. Selditz, recorded as Document # 90-1576803, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077787:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated June 26, 1990, executed by Dorris C. Johnson, recorded as Document # 90-1718306, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077788:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated June 22, 1990, executed by Julia C. Woods, recorded as Document # 90-1718307, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077789:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated July 2, 1990, executed by Norma Minna, recorded as Document # 90-1718308, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077791:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated May 15, 1990, executed by Catherine M. Robbins, recorded as Document # 90-1955096, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077792:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated June 13, 1990, executed by Jack Willick, recorded as Document # 90-1718310, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077793:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated July 16, 1990, executed by JMT Oil Company, recorded as Document # 91-1364339, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA078137:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated July 25, 1990, executed by Georgia Russell and Thelma M. Russell, recorded as Document # 90-1718311, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA078140:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated August 30, 1990, executed by Hazel Berry, recorded as Document # 90-1718312, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA078191A:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated October 10, 1990, executed by Marjorie L. Belshe, recorded as Document #91-171292, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA078196:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated November 5, 1990, executed by Ronald S. Press, recorded as Document #91-171294, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA078224A:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated November 13, 1990, executed by Andrew G. Kadar MD, recorded as Document #91-171295, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA078226:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated November 9, 1990, executed by Ben S. McGlashan Trusts, recorded as Document #91-171296, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA078256:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated October 15, 1990, executed by John Vernon McEvoy, recorded as Document #91-171297, Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA078588:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated November 21, 1990, executed by Anita D. Gerlach, Trustee, recorded as Document #91-1252426 Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA078602:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated July 20, 1991, executed by George M. Despain, recorded as Document #91-171293 Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA78737:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated November 12, 1992, executed by Avedis Kasparian et al, recorded as Document # 93-971879 Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA078871A:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated November 2, 1992, executed by Harrison E. Bemis, recorded as Document #95-1774950 Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA078871B:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated November 2, 1995, executed by Jeanette S. Dronsky, recorded as Document #95-1774951 Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA078871C:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated November 2, 1995, executed by Frederic J. Bemis, recorded as Document #95-1782028 Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA078871D:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated November 2, 1995, executed by Patricia Warner, recorded as Document #95-1774952 Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA078871E:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated November 2, 1995, executed by Elizabeth Chandler, recorded as Document #95-1774953 Official Records, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA116601:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated March 18, 1946, executed by Roy and Wanda Kraft, recorded in Book 22994, Page 195, Official Records, as conveyed to Aera Energy LLC by Conveyance,

Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA143196:

Oil and Gas Lease, and all modifications, ratifications, and amendments thereto, dated September 1, 1970, executed by Mobil Oil Corporation, recorded in Book M 3755, Page 844, as conveyed to Aera Energy LLC by Conveyance, Assignment and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA006110:

All that portion of Section 31, being the E/2 of Lot 9, E/2 of Lot 12, and Lot 8, excepting therefrom those portions of Lots 8, 9, and 12 deeded to the State of California for freeway purposes from the surface down to 500 feet, as described in Grant Deed dated October 18, 1968, recorded in Book 4328, Page 885, Official Record, T. 4 N., R. 15 W., S.B.B.&M., as conveyed to Aera Energy LLC by Conveyance, Assignment, and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA006111:

All that portion of Sections 30, commencing at the SE corner of Section 30, thence West a distance of 924 feet to the true point of beginning; thence North 330 feet, thence West 132 feet, thence North 330 feet, thence West 660 feet, thence South 330 feet, thence East 132 feet thence South 330 feet, thence East 660 feet to the point of beginning; T. 4 N., R. 15 W., S.B.B.&M. as conveyed to Aera Energy LLC by Conveyance, Assignment, and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA077795B AND AR94533:

Section 31, being Lots 1, 2, 35 and 36 of Tract 10699, in the County of Los Angeles, State of California, as per Map recorded in Book 165, Pages 36 and 37 of Maps in the Office of the Los Angeles County Recorder; and the southerly 180 feet of Government Lot 6 which lies easterly of the easterly line of the 100 foot right of way of the Los Angeles City Aqueduct, described in the deed to the City of Los Angeles, recorded in Book 3703, Page 239 of Deeds, limited to depths from 500 feet to 1500 feet; and Section 31, being Lots 3, 40 and 41 of Tract 10699, as per Map recorded in Book 165, Pages 36 and 37 of Maps in the Office of the Los Angeles County Recorder, limited to depths from the surface to 1500 feet; and Section 31, being Lots 14 and 17 of Tract 9943, as per Map recorded in Book 154, Pages 35 and 36 of Maps in the Office of the Los Angeles County Recorder, and Government Lots 4, 5, 6, and 7; and Section 31, being Lots 3, 40 and 41 of Tract 10699, as per Map recorded in Book 165, Pages 36 and 37 of Maps in the Office of the Los Angeles County Recorder, limited to depths below 1500 feet; and Section 31, being Lots 1, 2, 35 and 36 of Tract 10699, in the County of Los Angeles, State of California, as per Map recorded in Book 165, Pages 36 and 37 of Maps in the Office of the Los Angeles County Recorder; and the southerly 180 feet of Government Lot 6 which lies easterly of the easterly line of the 100 foot right of way of the Los Angeles City Aqueduct, described in the deed to the City of Los Angeles, recorded in Book 3703, Page 239 of Deeds, limited to depths below 1500 feet; and Section 31, being that portion of Government Lot 6 which lies westerly of the westerly line and northerly prolongation of Tract 10699, in the County of Los Angeles, State of California, as per Map recorded in Book 165, Pages 36 and 37 of Maps in the Office of the Los Angeles County Recorder, excepting therefrom the southerly 180 feet thereof, limited to depths from 500 feet subsurface to all depths below; T. 4 N., R. 15 W., S.B.B.&M. as conveyed to Aera Energy LLC by Conveyance, Assignment, and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document #99-109978, Official Records, Los Angeles County.

CA00271:

PARCEL 1:
That portion of the Montezuma Placer mining claim comprising the W/2NW/4, the W/2 of Lot 1, and the W/2 of Lot 4 of Section 32, T. 4 N., R. 15 W., S.B.B.&M. according to the official plat thereof; Los Angeles County, California EXCEPT that portion lying South and East of a line described as follows: Beginning at a point in the Westerly line of Lot 1, said point being a distance of 1275.27 feet from the southwest corner of Lot 4; thence North 57 degree 11' 36" East, a distance of 548.10 feet to the beginning of a tangent curve concave to the Northwest and having a radius of 3000 feet; thence Northeasterly along said curve 618.60 feet; thence North 45 degree 22' 44" East and tangent to said curve, a distance of 500.75 feet to a point on the Easterly line of the West

Half of Lot 1, said point being a distance of 2317.96 feet from the Southeast corner of the West Half of Lot 4; AS EXCEPTED AND RESERVED in deed dated June 6, 1963, to Reynold B. O'Meara, et ux.

PARCEL 2:
That portion of the Montezuma Placer mining claim comprising the W/2NW/4, the W/2 of Lot 1, and the W/2 of Lot 4 of Section 32, T. 4 N., R. 15 W., S.B.B.&M. according to the official plat thereof lying South and East of a line described as follows: Beginning at a point in the Westerly line of Lot 1, said point being a distance of 1275.27 feet from the southwest corner of Lot 4; thence North 57 degree 11' 36" East, a distance of 548.10 feet to the beginning of a tangent curve concave to the Northwest and having a radius of 3000 feet; thence Northeasterly along said curve 618.60 feet; thence North 45 degree 22' 44" East and tangent to said curve, a distance of 500.75 feet to a point on the Easterly line of the West Half of Lot 1, said point being a distance of 2317.96 feet from the Southeast corner of the West Half of Lot 4; Los Angeles County, California AS EXCEPTED AND RESERVED in deed dated June 3, 1963, to Walt Disney Productions, a corporation; as conveyed to Aera Energy LLC by Grant Deed dated May 27, 1997, and recorded July 17, 1998, as Document # 98-1223997, Official Records of Los Angeles County.

CA77790 and AR105204:

All that portion of Section 31, being Lots 53 and 54 of Tract 10699 per map recorded in Book 165, Page 36 and 37 of Maps, Los Angeles County Recorder, T. 4 N., R. 15 W., S.B.B.&M. as conveyed to Aera Energy LLC by Conveyance, Assignment, and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA078370 AND AR99398:

All that portion of Section 31, being Lot 5 of Tract 9943 per map recorded in Book 167, Page 32 and 33 of Maps, Los Angeles County Recorder T. 4 N., R. 15 W., S.B.B.&M. as conveyed to Aera Energy LLC by Conveyance, Assignment, and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA00265:

PARCEL 1:
That portion of Lots 4 and 5 lying west of the west line of the aqueduct, of Section 31, T. 4 N., R. 15 W., S.B.B.&M., as granted to the City of Los Angeles, as conveyed to Aera Energy LLC by Grant Deed dated May 27, 1997, and recorded July 17, 1998, as Document # 98-1223997, Official Record of Los Angeles County.

Except the surface of the south 410.00 feet of the west 368.00 feet of said section, and;

PARCEL 2:
An easement for ingress and egress at all times over, in, and across the south 410.00 feet of the west 368.00 feet of Section 31, T. 4 N., R. 15 West, S.B.B.&M., as conveyed to Aera Energy LLC by Grant Deed dated May 27, 1997, and recorded July 17, 1998, as Document # 98-1223997, Official Records of Los Angeles County.

CA00266:

The SE/4NW/4, of Section 31, T. 4 N., R. 15 W., S.B.B.&M., as conveyed to Aera Energy LLC by Grant Deed dated May 27, 1997, and recorded July 17, 1998, as Document # 98-1223997, Official Records of Los Angeles County.

FE02174:

All that portion of the East Half of Lot 6, Section 30, T. 4 N., R. 15 W., S.B.B.&M., as conveyed to CalResources LLC by Assignment and Conveyance dated February 20, 1995, and recorded April 20, 1995, as Document # 95-656668, Official Records of Los Angeles County.

CA077799 AND AR94517:

All that portion of Section 31; being Lot 14 and the NE/4NW/4, T. 4 N., R. 15 W., S.B.B.&M. as conveyed to Aera Energy LLC by Conveyance, Assignment, and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

CA077795A AND AR94533

All that portion of Section 31; being Lots 14 and 17 of Tract 9943 per map

recorded in Book 167, Page 32 and 33 of Maps, Los Angeles County Recorder, and Lots 3, 39, 40, 41, 42, and 43, of Tract 10699, per map recorded in Book 165, Page 36 and 37 of Maps, Los Angeles County Recorder , and the right of ingress and egress over, upon, and across the easterly 24 feet of Lots 2 and 35, of said Tract 10699, as reserved in deed recorded in Book 3713, Page 970, Official Records, Los Angeles County; T. 4 N., R. 15 W., S.B.B.&M. as conveyed to Aera Energy LLC by Conveyance, Assignment, and Bill of Sale dated July 1, 1998, and recorded January 25, 1999, as Document # 99-109978, Official Records, Los Angeles County.

ALL OF THE FOLLOWING EASEMENTS, RIGHTS-OF-WAY, SURFACE LEASES, SERVITUDES AND FRANCHISES LIE WITHIN LOS ANGELES COUNTY, CALIFORNIA:

CONTRACT NUMBER	CONTRACT TYPE	CONTRACT DATE	GRANTOR NAME	GRANTEE NAME	CONTRACT DESCRIPTION
AR094499	COMMINGLE	01/29/90	BUREAU LAND MGMT AGT	TENNECO OIL CO	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31
AR094563	CONSENT	07/16/90	ATLANTIC RICHFIELD CO	GM MEDAK ET AL	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31
AR092495	CREDIT	12/20/85	ATLANTIC RICHFIELD CO	SO CA EDISON CO	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31
AR094482	LINEWELL	12/12/89	BUREAU LAND MGMT AGT	ATLANTIC RICHFIELD CO	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31
AR094483	LINEWELL	12/12/89	BUREAU LAND MGMT AGT	ATLANTIC RICHFIELD CO	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31
AR094484	LINEWELL	08/11/87	BUREAU LAND MGMT AGT	ATLANTIC RICHFIELD CO	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 30 & 31
AR094489	LINEWELL	08/11/87	BUREAU LAND MGMT AGT	TENNECO OIL CO	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31

CONTRACT NUMBER	CONTRACT TYPE	CONTRACT DATE	GRANTOR NAME	GRANTEE NAME	CONTRACT DESCRIPTION
AR092557	OPERATE	09/23/87	ATLANTIC RICHFIELD CO	NEWHALL REFINING CO INC	COGENERATION FACILITY
AR089531	PIPELINE	03/22/89	MOBIL EXPL & PRODUCING US INC	ATLANTIC RICHFIELD CO	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31
AR099394	POOL	08/09/91	ATLANTIC RICHFIELD CO	ATLANTIC RICHFIELD CO	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM VARIOUS TRACTS IN SECTION 31
AR101413	POOL	05/20/92	CA STATE	ATLANTIC RICHFIELD CO	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: VARIOUS

					LOTS IN TRACTS 9943 & 10699
AR105064	POOL	11/03/95	ATLANTIC RICHFIELD CO	ATLANTIC RICHFIELD CO	POOLED UNIT DESCRIPTION: TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 30: S/2 SE/4 NW/4, NE/4 SW/4, N/2 SE/4 SW/4 LIMITED TO PRODUCTION IN THE NORTH PLACERITA # 007 WELL. CONTAINING 81.000 ACRES, MORE OR LESS
AR092394	POWER	06/17/68	ATLANTIC RICHFIELD CO	WESTERN CATV INC	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 30
AR092454	POWER	12/20/85	ATLANTIC RICHFIELD CO	SO CA EDISON CO	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: SW/4
AR102297	SALE	01/20/93	ATLANTIC RICHFIELD CO	CALTO OIL COMPANY	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 30: LOT 3, NE/4 NW/4, SE/4
AR105078	SURFACE	11/16/95	ATLANTIC RICHFIELD CO	SANTA CLARITA CITY	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 30: SE/4 SW/4 ADDITIONAL EQUIPMENT WILL BE USED BY THE CITY OF SANTA CLARITA TO PROVIDE EMERGENCY RADIO ACCESS FOR THE COMMUNITY

CONTRACT NUMBER	CONTRACT TYPE	CONTRACT DATE	GRANTOR NAME	GRANTEE NAME	CONTRACT DESCRIPTION
MC07796	SURFACE LSE. AES	12/09/85	MOBIL EXPLOR. AND PROD. U.S. INC.	AES PLACERITA	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: PORTION SW/4.
MC07846	CONSENT TO ASGN	12/14/87	MOBIL EXPLOR. AND PROD. U.S. INC.	PLACERITA ET AL	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: LOTS 4 AND 5. SECTION 31: LOT 2. SECTION 31: LOT 5.
RW08575	SURFACE LEASE	05/29/90	MOBIL OIL CORP.	SOUTHERN CALIF. GAS CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: S/2 SW/4 SW/4.
RW10603	EASEMENT 8" P/L	04/19/89	MOBIL OIL CORP.	SOUTHERN CALIF. GAS CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: SW/4 SE/4 NW/4.
RW10623	SURFACE LEASE	05/29/90	MOBIL OIL CORP.	SOUTHERN CALIF. GAS CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31:S/2 S/2 SW/4 SW/4.

RW10626	SURF.LSE 8" P/L	05/30/90	MOBIL OIL CORP.	SOUTHERN CALIF. GAS CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: SE/4 SW/4 SW/4 SW/4.
AR101424	CONFID	02/18/92	HENRY WALROND	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 30
AR102348	CUP	01/03/91	SANTA CLARITA CITY	ATLANTIC RICHFIELD CO.	PLACERITA FIELD LEASES - CONDITIONAL USE PERMIT
AR092757	EASEMENT	04/24/70	CITY OF LOS ANGELES	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: LOTS 4 & 10
AR094533 CA77795A CA77795B	EXCHANGE	04/25/90	PETRO RESOURCES INC.	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31, ET AL.
AR092932	LICENSE	04/24/70	CITY OF LOS ANGELES	ARCO WESTERN ENERGY	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31:EASTERN PORTION OF LOT 4 AND WESTERN PORTION OF LOT 10
AR092484	OPERATE	02/23/87	SO CA GAS CO	ATLANTIC RICHFIELD CO.	

CONTRACT NUMBER	CONTRACT TYPE	CONTRACT DATE	GRANTOR NAME	GRANTEE NAME	CONTRACT DESCRIPTION
AR092744	PIPELINE	01/18/88	CITY OF LOS ANGELES	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31
AR093878 CA012731	PIPELINE	07/05/88	DANIEL A PRYOR KENNETH D PYROR	TENNECO OIL CO	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31
AR093892 CA012747	PIPELINE	06/23/88	WG NEWLON & EF NEWLON & WG NEWLON & EF NEWLON & WG NEWLON & EF NEWLON &	TENNECO OIL CO	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31
AR093895 CA012750	PIPELINE	05/27/88	ELIZABETH CHANDLER PATRICIA WARNER FREDERIC J BEMIS JEANETTE S DRONSKY HARRISON E BEMIS	TENNECO OIL CO	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 30
AR102390 CA066242	ROAD	05/01/94	LA DEPT WATER & POWER	ATLANTIC RICHFIELD CO.	ROAD EASEMENT FOR THE GOLDEN OAK PROSPECT VICINITY OF THE ANTELOPE VALLEY FREEWAY AND PLACERITA CANYON ROAD TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: SE/4 SECTION 32: SW/4 TOWNSHIP 3 NORTH, RANGE 15 WEST, SBBM

					SECTION 6: NE/4
AR092552	STEAM	09/01/87	GWF PWR SYSTEMS CO. INC.	ATLANTIC RICHFIELD CO	
AR102310	STEAM	07/01/98	LA DEPT WATER & POWER	ARCO OIL & GAS CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
CA066241					PART OF SECTION 31
AR105173	STEAM	03/10/93	AES PLACERITA	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: PORTION PLACERITA FIELD
AR092742	SURFACE	04/21/86	DANIEL A PRYOR	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 16 WEST, SBBM
CA012718			KENNETH D PRYOR		SECTION 36

CONTRACT NUMBER	CONTRACT TYPE	CONTRACT DATE	GRANTOR NAME	GRANTEE NAME	CONTRACT DESCRIPTION
AR092743	SURFACE	04/01/86	CHARLES W FERGUSON TRUSTEE	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
CA012715			PLACERITA PARTNERS		SECTION 31: W/2 OF LOT 9
AR092747	SURFACE	11/20/86	LLOYD & MARY B SEDLACEK TRES	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 16 WEST, SBBM
CA012725					SECTION 25: LOTS 3&4
AR092929	SURFACE	07/01/73	WG NEWLON & EF NEWLON & WG NEWLON & EF NEWLON & R THOMAS DUNDAS JR ROBERT K DUNDAS WG NEWLON & EF NEWLON &	CROWN CENTRAL	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31
AR092937	SURFACE	04/01/86	CHARLES W FERGUSON TRUSTEE	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
CA012714			PLACERITA PARTNERS		SECTION 31: NORTH 250' OF THE EAST 550' OF THE WEST 1,080' OF LOT 10. SURFACE USE AGREEMENT FOR THE PLACERITA CO-GEN FACILITY
AR094509	SURFACE	03/01/90	DANIEL A PRYOR	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 16 WEST, SBBM
CA066184					SECTION 36
AR105303	SURFACE	07/01/94	R THOMAS DUNDAS JR	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
CA078862			& ROBERT K DUNDAS &		SECTION 31: NW/4 SE/4, WEST OF SIERRA HIGHWAY
AR105304	SURFACE	07/01/94	W GIFFORD NEWLON FAMILY TRUST	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
CA078863A			SARAH NICODEMO TRUSTEE		SECTION 31: 5 ACRES IN THE SW/4 NE/4,
CA078863B					SW/4 NE/4 SW/4, S/2 NW/4 NE/4 SW/4, S/2 SE/4 NE/4 SW/4, N/2 SE/4 NE/4 SW/4 KNOWN AS TRACT 2
AR092745	WATER	03/19/87	CITY OF LOS ANGELES	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM

					SECTION 31
AR092746 CA012726	WATER	02/18/87	CHARLES W FERGUSON TRUSTEE PLACERITA PARTNERS	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31, TRACT 9943

CONTRACT NUMBER	CONTRACT TYPE	CONTRACT DATE	GRANTOR NAME	GRANTEE NAME	CONTRACT DESCRIPTION
AR092758 CA012881	WATER	10/12/88	CITY OF LOS ANGELES	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 30 DRINKWATER JUNCTION - OLIVE SWITCHING STATION TRANSMISSION LINE RIGHT OF WAY #28. VICINITY OF PLACERITA CANYON ROAD AND SIERRA HIGHWAY, SANTA CLARITA. FIVE 3-INCH WATER DISPOSAL LINES ONE 2-INCH AIR LINE TWO 8-INCH WATER DISPOSAL LINES
AR092759	WATER	04/17/80	HENRY G & EDNA C COMBS	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: LOT 3
AR092931 CA012703	WATER	04/01/80	HENRY G & EDNA C COMBS	ATLANTIC RICHFIELD CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: LOT 3, PARCEL 20 SURFACE AGREEMENT FOR WATER
33630	CRUDE	04/01/92	TEXACO TRADING & TRANSPORTATION INC	ATLANTIC RICHFIELD CO.	CRUDE OIL SALES
41470	CRUDE	08/21/94	MOBIL OIL CORP	ATLANTIC RICHFIELD CO.	CRUDE OIL PURCHASE
MC07758	DECLAR. OF	08/09/91	MOBIL EXPLOR. AND PROD. U.S. INC.	ARCO OIL & GAS CO.	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: LOTS 29, 30.
RW01153	LICENSE	04/01/49	DEPT. OF WATER AND POWER	GENERAL PETROLEUM	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: LOT 5.
RW01160	OIL PIPELINE	07/11/49	DEPT. OF WATER AND POWER	GENERAL PETROLEUM	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: LOT 2.
RW04171	PIPELINE R/W	06/16/49	H. W. THOMPSON	GENERAL PETROLEUM	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: LOT 2.

CONTRACT NUMBER	CONTRACT TYPE	CONTRACT DATE	GRANTOR NAME	GRANTEE NAME	CONTRACT DESCRIPTION
RW04188	POLE LINE R/W	09/28/49	H. W. THOMPSON ET UX	GENERAL PETROLEUM	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM

					SECTION 31: LOT 2
RW04344	PIPELINE R/W	03/17/65	HENRY G. COMBS ET UX	SOCONY MOBIL OIL	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
	PIPELINE R/W	07/26/51	R.C.PHILBERT & MINNIE PHILBERT	GENERAL PETROLEUM	SECTION 31: LOT 3.
RW04347	RIGHT-OF-WAY	08/14/51	W & C OIL CO ET AL	GENERAL PETROLEUM	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: LOTS 11 AND 12.
RW04360	LICENSE	09/07/51	DEPT. OF WATER AND POWER	GENERAL PETROLEUM	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: S/2.
RW04441	RIGHT-OF-WAY	11/13/52	J. A. MULCAHY	GENERAL PETROLEUM	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: LOT 5.
RW04829	LICENSE	02/13/61	DEPT. OF WATER AND POWER	MOBIL	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: SW/4
RW06037	LICENSE	04/27/65	SOUTHERN CALIF. GAS CO.	MOBIL	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 30: LOT 6.
RW06043	CONSENT	01/21/65	SUNSET INTERNAT-IONAL PET. CORP.	MOBIL	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 30: SE/4SW/4; SECTION 31: NE/4NW/4.
RW06044	LICENSE	07/27/65	DEPT. OF WATER AND POWER	MOBIL	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: LOT 5.
RW06047	RIGHT-OF-WAY	09/01/65	DANIEL A. PRYOR ET AL	MOBIL	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: LOT 2.
RW10602	LICENSE	03/22/89	MOBIL OIL CORP.	ARCO OIL AND GAS	TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM SECTION 31: S/2 SW/4 SE/4 NW/4.

EXHIBIT "B"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

ASSIGNMENT AND CONVEYANCE

THIS ASSIGNMENT AND CONVEYANCE (hereinafter called "Assignment") is made between Aera Energy LLC, a California limited liability company, having a post office address of P. O. Box 11164, Bakersfield, California 93389-1164, hereinafter called "Aera," and Berry Petroleum Company, a Delaware corporation, having an address of 28700 Hovey Hills Road, Taft, California 93268, hereinafter called "Berry".

In consideration of the mutual promises made between Aera and Berry and other good and valuable consideration, and pursuant to the terms of a

Purchase and Sale Agreement with an Effective Date of December 31, 1998, Aera hereby BARGAINS, SELLS, CONVEYS, ASSIGNS, TRANSFERS AND DELIVERS unto Berry all of Aera's right, title and interest in and to (i) the property and property interests described in Exhibit "A" hereto, and (ii) all property and property interests listed in subsections (a) through (i) immediately below, excluding the property listed in subsection (j), to the extent such property or property interests are a part of, grant rights in, or are associated with the property and property interests described in Exhibit "A" (collectively herein referred to as the "Property"):

(a) Leases. Leasehold interests in oil, gas or other minerals, including working interests, carried working interests, rights of assignment and reassignment, and other interests under or in oil, gas or mineral leases, and interests in rights to explore for and produce oil, gas and other minerals.

(b) Fee Interests. Fee interests to the surface and in oil, gas or other minerals, including rights under mineral deeds, conveyances or assignments.

(c) Rights In Production. Royalties, overriding royalties, production payments, rights to take royalties in kind, or other interests in production of oil, gas or other minerals.

(d) Rights; Working Interests. Rights and interests in or derived from unit agreements, orders or decisions of state and federal regulatory authorities establishing units, joint operating agreements, enhanced recovery and injection agreements, farmout agreements and farmin agreements, options, drilling agreements, exploration agreements, assignments of operating rights, working interests, subleases and rights above or below certain footage depths, horizons or interests described in subsections (a)-(c) above except those contracts or agreements described in subsection (j) below. (e) Easements. To the extent transferable, rights-of-way, surface or ground leases, easements, servitudes and franchises located on or granting rights to the Property acquired or used in connection with operations for the exploration, production, processing and transportation of oil, gas or other minerals with respect to the Property.

(f) Permits. To the extent transferable, permits and licenses of any nature owned, held or operated in connection with operations for the exploration, production, processing and transportation of oil, gas or other minerals, including, but not limited to, all air emission reduction credits attributable to the Property.

(g) Wells. Producing, non-producing, shut-in and abandoned oil and gas wells, salt water disposal wells, injection wells and water wells located on the Property and used in connection with the properties or interests described in subsections (a)-(f) above.

(h) Facilities. All facilities, buildings, improvements, gas plants, gathering lines, flow lines, injection lines, and pipelines and appurtenances located on the real property and on lands included in, or which are subservient to, the property and property interests described on Exhibit "A."

(i) Equipment. All surface and down-hole equipment, fixtures, inventory and personal property located on the Property and used in connection with the properties or interests described in subsections (a)-(h) above.

(j) Exclusions. The Property shall not include any rights-of-way, surface or ground leases, easements, franchises, permits, licenses, or other contracts or agreements which by their own terms are not transferable, Proprietary Data, which shall include, without limitation, (i) all privileged or confidential data, and (ii) any interpretive geological and geophysical information which may reveal the methods used by Aera in interpreting geological and geophysical information, economic analysis, and any information or other similar proprietary data which might reveal Aera's economic guidelines or other methods or systems by which Aera conducts its economic analysis, any offsite tubular goods in the previous Property owner's store stock, store stock left on consignment and belonging to third parties, that certain GLT Gas Transmission Service Contract between Southern California Gas Company ("So Cal") and Tenneco Oil Company dated July 15, 1988 (the "So Cal Contract"), and without limiting the generality of the foregoing, those items of personal property, inventory or other property specifically listed on Schedule "1(j)" of the Purchase and Sale Agreement.

This Assignment shall be subject to the following terms, conditions or exceptions:

1. This Assignment shall at all times be subject to the terms, conditions, exceptions, and reservations contained in a certain unrecorded Purchase and Sale Agreement between Aera and Berry with an Effective Date of December 31, 1998, at 5:00 p.m., and titled "PURCHASE AND SALE AGREEMENT," the terms of which may alter or condition the interests conveyed by this Assignment. The

unrecorded Purchase and Sale Agreement shall at all times govern the rights of the parties in the property transferred by this Assignment, and all interested parties are hereby given notice of its existence.

2. This Assignment shall be subject to the exceptions and reservations set forth on the Exhibit "A" attached hereto.

3. This Assignment shall be effective as of 5:00 p.m. local time where the Property is located, on December 31, 1998.

4. The terms, conditions or exceptions contained herein shall constitute covenant running with the land, and shall be binding upon, and for the benefit of, the respective successors and assigns of Aera and Berry.

This Assignment is made without warranty of any kind, express, statutory or implied, and Aera is transferring the Property WITHOUT ANY EXPRESS, STATUTORY OR IMPLIED WARRANTY WHATSOEVER AS TO TITLE, DESCRIPTION, PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, THE ENVIRONMENTAL CONDITION OF THE PROPERTY), QUALITY, VALUE, FITNESS FOR PURPOSE, MERCHANTABILITY, OR OTHERWISE, but this Assignment is made with full substitution and subrogation of Berry in and to all covenants and warranties by all preceding owners or vendors of the Property other than Aera or any affiliate of Aera heretofore given or made in respect to the Property or any part thereof.

Aera agrees to execute and deliver to Berry all such other additional instruments, notices, division orders, transfer orders and other documents and to do all such other and further acts and things as may be necessary to more fully and effectively grant, convey and assign to Berry the rights, obligations, titles and interests and estates in the Property.

EXECUTED on the ____ day of _____, 1999, but effective December 31, 1998.

AERA ENERGY LLC

By:_____
Attorney-in-Fact

This Assignment and related terms, conditions or exceptions accepted this _____ day of _____, 1999.

BERRY PETROLEUM COMPANY

By:_____

Name:_____

Title:_____

STATE OF CALIFORNIA :
: ss
COUNTY OF KERN :

On _____, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____
Notary Public

STATE OF CALIFORNIA :
: ss
COUNTY OF KERN :

On _____, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____
Notary Public

EXHIBIT "A"
to
EXHIBIT "B"
(ASSIGNMENT AND CONVEYANCE)
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

LOS ANGELES COUNTY, CALIFORNIA

Please refer to Exhibit "A" included previously as first Exhibit to Purchase and Sale Agreement.

EXHIBIT "C"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

PERSONAL PROPERTY AGREEMENT AND BILL OF SALE

THIS PERSONAL PROPERTY AGREEMENT AND BILL OF SALE ("Agreement") is made, effective December 31, 1998, at 5:00 p.m., local time where the properties are located, between Aera Energy LLC, a California limited liability company, having a post office address of P. O. Box 11164, Bakersfield, California 93389-1164, hereinafter called "Aera", and Berry Petroleum Company, a California corporation, having an address of 28700 Hovey Hills Road, Taft, California 93268, hereinafter called "Berry."

IN CONSIDERATION of the mutual promises made between Aera and Berry, and the payment by Berry to Aera of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Aera hereby sells, grants, assigns, transfers, and conveys to Berry, its successors and assigns, and subject to the terms and conditions contained herein, all of Aera's right, title and interest in and to the tangible personal property located on the properties described in Exhibit "A," which Exhibit is attached hereto and made a part hereof, the same as if fully set out herein, excluding any rights-of-way, surface or ground leases, easements, franchises, permits, licenses, or other contracts or agreements which by their own terms are not transferable, Proprietary Data, as defined in the Purchase and Sale Agreement described below, any offsite tubular goods in the previous Property owner's store stock, store stock left on consignment and belonging to third parties, that certain GLT Gas Transmission Service Contract between Southern California Gas Company ("So Cal") and Tenneco Oil Company dated July 15, 1988 (the "So Cal Contract"), and without limiting the generality of the

foregoing, those items of personal property inventory or other property or property interests specifically listed on Schedule "1(j)" of the Purchase and Sale Agreement.

THIS AGREEMENT is made subject to the following terms and conditions:

1. This AGREEMENT shall at all times be subject to the terms, conditions, exceptions, and reservations contained in a certain unrecorded Purchase and Sale Agreement between Aera and Berry with an Effective Date of December 31, 1998, and titled "PURCHASE AND SALE AGREEMENT," the terms of which may alter or condition the interests conveyed by this Agreement. The unrecorded Purchase and Sale Agreement shall at all times govern the rights of the parties in the property transferred by this Agreement, and all interested parties are hereby given notice of its existence.

2. This Agreement shall be subject to the exceptions and reservations set forth on the Exhibit "A" attached hereto.

3. Berry shall be responsible for the economic benefit, burden and payment of all taxes attributable to the property transferred by this instrument prorated from and after 5:00 p.m. local time where the properties are located, December 31, 1998. Aera shall be responsible for the economic benefit, burden and payment of all taxes attributable to the property prorated prior to 5:00 p.m. local time where the properties are located, December 31, 1998, including, but not limited to, the Los Angeles County Tax Assessor's Appeal as shown on Schedule "13(d)" of the Purchase and Sale Agreement. Property taxes payable on an annual basis shall be prorated between Aera and Berry as of 5:00 p.m. local time where the properties are located, December 31, 1998. This provision does not apply to income or franchise taxes.

4. Berry acknowledges it has had the opportunity to examine, as fully as desired, the items transferred. Berry further acknowledges it is accepting such property "as is," "where is," and that Aera is transferring such property WITHOUT WARRANTY WHATSOEVER, EXPRESS, STATUTORY, OR IMPLIED AS TO TITLE, DESCRIPTION, PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, THE ENVIRONMENTAL CONDITION OF THE PROPERTY), QUALITY, VALUE, FITNESS FOR PURPOSE, MERCHANTABILITY, OR OTHERWISE.

5. This Agreement shall be effective as of 5:00 p.m., December 31, 1998.

DATED the _____ day of _____, 1999.

AERA ENERGY LLC

By:_____
Attorney-in-Fact

This PERSONAL PROPERTY AGREEMENT AND BILL OF SALE and related terms, conditions, or exceptions accepted this _____ day of _____.

BERRY PETROLEUM COMPANY

By: _____

Name:_____

Title: _____

STATE OF _____

COUNTY OF _____

On _____, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____

Notary Public

STATE OF _____

COUNTY OF _____

On _____, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____
Notary Public

EXHIBIT "A"
to
EXHIBIT "C"
(PERSONAL PROPERTY AGREEMENT AND BILL OF SALE)
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

LOS ANGELES COUNTY, CALIFORNIA

Please refer to Exhibit "A" included previously as first Exhibit to Purchase and Sale Agreement.

EXHIBIT "D"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

NON-FOREIGN AFFIDAVIT

Exemption from Withholding of Tax

For

Dispositions of U.S. Real Property Interests

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform Berry Petroleum Company that withholding of tax is not required upon the disposition of a U.S. real property interest by Aera Energy LLC ("Aera"), the undersigned hereby certifies the following:

1) Aera is not a nonresident alien, foreign corporation, foreign partnership, foreign trust, or foreign estate for purposes of U. S. income taxation;

2) Aera's taxpayer identifying number is 77-0389120; and

3) Aera's home or office address is 5060 California Avenue, Bakersfield, California 93309.

Aera understands that this certification may be disclosed to the Internal Revenue Service by Berry Petroleum Company and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury, I declare that I have examined this certification and, to the best of my knowledge and belief, it is true, correct, and complete,

and I further declare I have authority to sign this document.

AERA ENERGY LLC
a California limited liability company

By:

_____
Attorney-in-Fact

STATE OF CALIFORNIA :
: ss
COUNTY OF KERN :

SUBSCRIBED AND SWORN (OR AFFIRMED) TO before me this ____ day of _____, 19___, by _____.

My commission expires:

_____
Notary Public

EXHIBIT "E"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

CONFIDENTIALITY AGREEMENT

SEE ATTACHED CONFIDENTIALITY AGREEMENT ENTERED INTO AS OF NOVEMBER 13, 1998, BETWEEN AERA ENERGY LLC AND BERRY PETROLEUM COMPANY.

CONFIDENTIALITY AGREEMENT

This confidentiality agreement (the 'Agreement') is entered into as of the 13th day of November, 1998, by Aera Energy LLC ("Aera'), and Berry Petroleum Company ('Recipient'), (collectively 'the Parties.," or individually 'a Party'). in consideration of the opportunity to review certain information regarding Aera's interests in the Placerita and Yowlumne Fields and to discuss mutually beneficial options regarding the possible acquisition by Recipient of Aera's right, title and interests in the Placerita and Yowlumne Fields, ('the Property'), the Parties agree as follows:

1 . Definitions. "Confidential Information" includes any and all oral and written communication, information, documents, data and material in tangible, intangible or electronic form (including technical, operating, business, environmental, and financial information, together with any notes, memoranda, analyses, evaluations, charts, graphs, or summaries derived therefrom) that Aera has provided Recipient or hereafter may provide, directly or indirectly, to Recipient in connection with the Property. The following is not Confidential Information:

a. Information known to or developed by Recipient or its Affiliates. (as defined below), without obligation of confidentiality or restrictions on its use, prior to its disclosure;

b. Information disclosed to Recipient, without obligation of confidentiality or restrictions on its use, by a third party who has the right to make such disclosure; and

c. Information in the public domain or that hereafter enters the public domain through no act or omission of Recipient or its Affiliates or Representatives (as defined below).

"Affiliates" means a Party's 'Parent Company' and "Affiliated Companies."

"Parent Company" means an entity having a 'Controlling Interest' in a Party.

"Affiliated Companies" means any and all entities in which a Party or its Parent Company has a direct or indirect "Controlling Interest." "Controlling Interest" means a legal or beneficial ownership of fifty percent (50%) or more of the voting rights in an entity.

2. Nondisclosure. Recipient or its Affiliates, and their respective directors, officers, employees, agents, consultants, legal counsel and financial advisors (collectively 'Representatives'), who obtain any Confidential Information from Aera or its Affiliates or their Representatives shall not disclose to any person or entity:

a. any portion of the Confidential Information except as authorized in this Agreement;

b. that the Parties are jointly (i) reviewing information, data or material related to the Property, or (ii) considering a possible sale and acquisition covering a portion of the Property; or

c. any correlation between Confidential Information and public information except to Affiliates or Representatives as permitted under Paragraph 3 below.

3. Permitted Disclosure. Recipient may disclose Confidential Information only to Affiliates or Representatives who: (i) have a clearly defined need to know for the sole purposes of evaluating a possible acquisition of all or a portion of the Property by the Recipient (such purpose being referred to as 'the Purpose'); (ii) have been informed in writing of the confidential nature of the disclosure; and (iii) prior to such disclosure, have agreed in writing to be bound by this Agreement.

4. Restriction on Use. Recipient and their Affiliates and Representatives shall not:

a. Use or allow the use of all or any portion of the Confidential Information for their benefit or for the benefit of any third party, except solely in connection with the Purpose, or

b. Reproduce or remove from their offices any portion of the Confidential Information unless specifically authorized by Aera.

5. Return of Confidential Information. If the Parties do not proceed jointly with the Purpose, Recipient shall promptly return to Aera all Confidential Information and any copies thereof and shall certify to Aera in writing that such return has been completed. Returning the Confidential Information shall not terminate the obligations and liabilities of Recipient and its Affiliates or Representatives under this Agreement. Such obligations and liabilities shall remain in full force and effect for two (2) years after the date of this Agreement.

6. No Representations. Recipient acknowledges that Aera makes no representation whatsoever as to the accuracy, and/or completeness of all or any part of any information, data or material, including Confidential Information, provided to Recipient from any source in connection with the Purpose, and that Aera disclaims any liability.

7. Other Agreements. The sole purpose of this Agreement is to facilitate the Purpose while governing the disclosure and use of the Confidential Information. Neither the execution of this Agreement nor the disclosure or use of Confidential information hereunder shall obligate either Party to enter into any other agreement related to the Property nor preclude any Party from entering into an agreement with any other person as to the Property. Unless otherwise agreed in writing, the terms of this Agreement shall be independent of and shall survive any other agreements that may be executed by or between the Parties for any purpose.

8. Enforcement/Remedies. Recipient shall enforce this Agreement with regard to its Affiliates and Representatives, and shall take all actions required to prevent any unauthorized disclosure or use of the Confidential Information. Recipient acknowledges the significant competitive value of the Confidential Information and the substantial damage Aera or its Affiliates would incur as a result of any unauthorized disclosure or use. Because monetary damages may not provide a sufficient remedy for breach of this Agreement, Aera and its Affiliates, at their election, shall also be entitled to equitable remedies for such breach. If Aera or its Affiliates initiate legal action to enforce this Agreement, and prevail in such

action, then in addition to any other remedies available or damages, awarded, Aera and its Affiliates shall be entitled to reimbursement from the Recipient and its Affiliates of all costs and expenses (including reasonable attorney's fees and expenses) incurred in connection with such action. In any such legal action, a Party shall be liable only for actual damages and neither Party shall seek, and no court or arbitrator shall award punitive, consequential or incidental damages in any form or amount.

9. Third-Party Beneficiaries. Because the Confidential Information may contain materials related to the business or assets of the Affiliates of Aera, such Affiliates shall be third-party beneficiaries of this Agreement, with all the rights and remedies of Aera, which an Affiliate may exercise or enforce alone or in conjunction with Aera, or which Aera may exercise or enforce on behalf of its Affiliates. Aera may enter, or may have entered, into confidentiality agreements substantially similar to this Agreement with other persons or entities who may desire to participate in an acquisition of all or a portion of the Property. Accordingly, the Recipient agrees that this Agreement is made for the benefit of Aera and may be enforced by any other person or entity to which a Party has assigned its rights hereunder in connection with such person's or entity's participation in a possible acquisition of all or a portion of the Property.

10. Compelled Disclosures. If Recipient or its Affiliates or their Representatives are requested (by oral questions, written interrogatories, requests for production, subpoena, investigative demand, or similar process) to disclose any Confidential Information, Recipient shall provide Aera prompt written notice of such request so the Aera may seek a protective order and/or waive compliance with the obligations of this Agreement. In the absence of a protective order or Waiver hereunder, if Recipient or its Affiliates or their Representatives are, in the opinion of their legal counsel, compelled by law (under penalty of contempt or other censure) to disclose Confidential Information, Recipient or its Affiliates or their Representatives may then, and only then, disclose only that portion of the Confidential Information necessary to comply with the requirements of the law;

provided, the Recipient and its Representatives shall take all practicable measures to assure, to the extent possible, that confidential treatment is given to any Confidential Information disclosed.

11. No Waiver. No failure or delay by either Party or its Affiliates in exercising any right, power, or privilege hereunder shall operate as a waiver thereof nor preclude exercise of any other or further right, power, or privilege hereunder.

12. Notices. Any notice to a Party hereunder shall be sent to the following addresses:

Aera Energy LLC
ATTN: Strategic Development Group
P.O. Box 11164
Bakersfield, CA 93389-1164

Berry Petroleum Company
ATTN: Mike Starzer
P. O. Bin X
Taft, CA 93268

13. Binding Nature/Controlling Law/Void Provisions/Counterparts. This Agreement shall be binding on the Parties and their Representatives and respective successors and assigns, and shall be construed and governed in accordance with the laws of the State of California. Any provision of this Agreement deemed void, invalid, or unenforceable by a court of competent jurisdiction shall be stricken from this Agreement without effect on the remaining provisions of this Agreement. This Agreement may be executed in counterparts, each of which shall be considered an original for all purposes and shall constitute one agreement.

Aera Energy LLC	Berry Petroleum Company
By: /s/ J. C. Boyd	By: /s/ Michael R. Starzer

EXHIBIT "G"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

AGREEMENT FOR INDEMNIFICATION AND RESPONSIBILITY
FOR DAMAGES TO THE SUBJECT PROPERTIES
IN CONNECTION WITH SITE VISITS AND INVESTIGATION

SEE ATTACHED AGREEMENT FOR INDEMNIFICATION DATED NOVEMBER 17, 1998, EXECUTED BY BERRY PETROLEUM COMPANY.

EXHIBIT "G"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

AGREEMENT FOR INDEMNIFICATION AND RESPONSIBILITY
FOR DAMAGES TO THE SUBJECT PROPERTIES
IN CONNECTION WITH SITE VISITS AND INVESTIGATION

In consideration for Aera Energy LLC's ("Aera's") approval of a site visit and physical investigation of the Placerita and Yowlumne Fields which are the subject of that certain Purchase and Sale Agreement dated January 1, 1999, and attachments thereto ("Subject Properties"), Recipient agrees as follows:

1. INDEMNIFICATION. To the fullest extent permitted by law, Recipient shall indemnify, defend and hold harmless Aera, its Affiliates, as applicable, and their respective officers, directors, employees, agents and representatives (collectively "Aera's Representatives"), from any and all losses, liabilities, costs and expenses (including, without limitation, attorney's fees and expenses), liens or encumbrances for labor or materials, claims and causes of action (herein collectively referred to as "Claims"). Including, without limitation, Claims for (i) any injury to or death of any persons (including, without limitation, officers, directors, employees, agents, consultants, legal and financial advisors and other representatives of Recipient (collectively "Recipient's Representatives')]: (ii) damage to property (including, without limitation, damage to the property of third persons and the property of Recipient and Recipient's Representatives); or (iii) damage to natural resources or environmental damages to, or associated with, such properties caused by, occurring from or in association with, arising out of, or resulting from the activities of Recipient and Recipients Representatives in connection with said site visit and physical investigation of the Subject Properties, even if such indemnified event is caused by the negligence of Aera or Aera's Representatives, but not to the extent that any such indemnified event or occurrence is caused by or the result of the gross negligence or willful misconduct of Aera or its Affiliates. Aera and its Affiliates, as applicable, shall have the right at all times to participate in the preparation for and conducting of any hearing or trial related to this indemnification provision, as well as the right to appear on its own behalf or to retain separate counsel to represent itself at any such hearing or trial.

2. RESPONSIBILITY FOR DAMAGES TO THE SUBJECT PROPERTIES. In addition to the foregoing indemnification obligations, Recipient assumes full responsibility for all damage to the Subject Properties and/or to operations conducted by Aera, its

Affiliates, or other operators associated with the Subject Properties which is caused by, results from or arises out Of the activities of Recipient or

Recipient's Representatives in connection with said site visit and physical investigation of the Subject Properties (including, without limitation, environmental remediation and response costs and damages to natural resources located on, in, under or above any real property which is part of or associated with the Subject Properties) even if such damage is caused by, results from, or arises out of the negligence of Aera, or its Affiliates, but not to the extent such damage is caused by, results from, or arises out of the gross negligence or willful misconduct of Aera or its Affiliates, as applicable. Recipient shall immediately, upon Aera's and/or its Affiliates' (as applicable) request, reimburse Aera and/or its Affiliates for all such damages.

3. THIRD-PARTY BENEFICIARY. To the extent that any Affiliate of Aera owns or holds an interest in any property included in the Subject Properties, such an Affiliate is intended to be a third-party beneficiary to this Agreement with all of the rights of Aera hereunder which such Affiliate may enforce either alone or in conjunction with Aera or which Aera may enforce on behalf of such Affiliate. For purposes of this Indemnification Agreement, an "Affiliate" shall include and mean a party's "Parent Company" and "Affiliates Companies"; and "Parent Company" and "Affiliated Companies" shall be defined as follows: (i) a party's "Parent Company" shall mean an entity having a 'Controlling Interest' in such party, (ii) a party's "Affiliated Companies' shall mean any and all entities in which the party or its Parent Company has a direct or indirect "Controlling Interest"; and (iii) "Controlling Interests" shall mean a legal or beneficial ownership of fifty percent (50)%) or more of the voting stock or other voting rights in an entity.

AGREED TO AND ACCEPTED ON THIS 17 DAY OF November 1998.

RECIPIENT: BERRY PETROLEUM COMPANY
By: Michael R. Starzer
(Signature) s/s Michael R. Starzer
(Typed Name)Michael R. Starzer
Title: Vice President of Corporate Development

SCHEDULE "1(e)"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

EASEMENTS, RIGHTS-OF-WAY, SURFACE LEASES, SERVITUDES AND FRANCHISES:

None.

SCHEDULE "1(g)"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

SALT WATER DISPOSAL AND WATER WELLS

None.

SCHEDULE "1(h)"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

FACILITIES

None.

SCHEDULE "1(i)"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

EQUIPMENT

None.

SCHEDULE "1(j)"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

EXCLUDED PERSONAL PROPERTY, INVENTORY,
AND OTHER PROPERTY

None.

SCHEDULE "9(b)"
To
PURCHASE AND SALE AGREEMENT
Between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

NOTICE OF RELEASE OF HAZARDOUS SUBSTANCES

Section 25359.7(a) of the California Health & Safety Code provides that:

(a) Any owner of nonresidential real property who knows, or has reasonable cause to believe, that any release of hazardous substance has come to be located on or beneath that real property shall, prior to the sale, lease, or rental of the real property by that owner, give written notice of that condition to the buyer, lessee, or renter of the real property.

In compliance with the above provision, Aera Energy LLC ("Aera") is providing the following notice:

Routine Releases:

In the course of Aera's routine oil field operations and activities, including, without limitation, operations for the exploration, production, development, treatment, storage and transportation of oil and gas, hazardous substances are handled, used, processed and temporarily stored on the property. In connection with these operations and activities, surface spills and other releases of these substances, in less than reportable quantities, have occurred in the past and will occur in the normal course of future operations and activities. For example, some solvents and common oil and produced water treatment chemicals are hazardous substances and are routinely present and occasionally released in normal oil field operations on the property.

Additionally, in the course of Aera's routine drilling, completion, maintenance and treatment of oil, gas, injection and water disposal wells, hazardous substances have been used or injected beneath the surface of the property and will be used or injected in the normal course of future operations of this nature. For example, some common well treatment chemicals are hazardous substances and are routinely used to stimulate, increase or prolong oil and gas production from the property. Under certain circumstances, the amount of such substances used or injected beneath the surface of the property has exceeded and will exceed reportable quantities and, depending on the circumstances involved, some or all of such substances remain beneath the surface of the property.

Reportable Releases

In addition to the routine releases described above, Aera knows or has reasonable cause to believe, that the following releases of hazardous substances in reportable quantities have come to be located on or beneath the property:

No CERCLA Reportable Releases on the properties.

Non-Routine Releases

In addition to the routine and reportable releases described above, Aera knows or has reasonable cause to believe, that the following releases of a material amount of hazardous substances, in less than reportable quantities, have come to be located on or beneath the property:

1. Caustic soda or soda ash solutions released in the immediate vicinity of existing and previously installed and removed or idle SO2 scrubbers and caustic storage tanks associated with the operation of steam generators.

2. Lubricating oil spills associated with compressor site and pump station locations.

3. Hydrocarbon releases resulting in soils saturated with crude oil and non-volatile hydrocarbons from various storage tanks, LACT stations, heater treaters and other major facility sites.

For the purposes of this notice, the terms "hazardous substance" and "release" shall be defined as provided in California Health and Safety Code Sections 25316, 25317, 25320 and 25321, and the term "reportable quantities" shall be defined as provided in applicable federal and state laws and regulations for any hazardous substances involved.

SCHEDULE "9(c)"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

ROUTINE OIL AND PETROLEUM SPILLS AND RELEASES OF CHEMICAL SUBSTANCES
(Excluding Hazardous Substances)

In the course of Aera Energy LLC's ("Aera's") routine oil field operations and activities, including, without limitation, operations for the exploration, production, development, treatment, storage and transportation of oil and gas, spills of oil and petroleum and other chemical substances which are not considered hazardous substances for purposes of the notice contained in Schedule "9(b)," in less than quantities required to be reported have occurred in the past and can be expected to occur in the normal course of future operations and activities.

Reportable Oil and Petroleum Spills

In addition to the routine oil and petroleum spills described above, the following is a listing of reports of oil spills made by Aera with respect to the property which have been made available to Purchaser for review:

See attachment.

Consultants Reports

In addition to the routine oil and petroleum spills and releases of non-hazardous chemical substances and list of reported oil spills described above, the following is a list of consultant reports with respect to the physical and environmental condition of the property which have been made available to Purchaser for review:

None.

1996-1998 ARCO WESTERN ENERGY SPILL REPORTS

LEASE	DATE TIME	FED LEASE	TYPE	OIL BBLS	BBLS WATER	IMPACT	FAILURE
PLACERITA S31T4NR15W	10/28/97 100 hours	YES	leak water	0 bbls	100 bbl	water cource rec. 0 bbl	disposal well failure
PLACERITA S31T4NR15W	10/30/97 1345 hours water	YES	Tank Rupture	0 bbls	850 bbl	800 production 50-dry creek	fiberglass tank rupture

SCHEDULE "13(d)"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

AERA'S LITIGATION

Los Angeles County Tax Assessor's Appeals. Petition for Writ of Mandate filed by the County of Los Angeles arising out of Arco's appeal of valuations for 1991-1994 tax years. Additional appeals have been filed for the 1995, 1996, 1997 and 1998 tax years. These cases arise out of the Placerita property.

SCHEDULE "14(d)"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

BERRY'S LITIGATION

None.

SCHEDULE "19(a)"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

REPORT OF PROPERTY/WELL TRANSFER

ARCO WESTERN ENERGY WELLS IN PLACERITA

Field	Lease	Well	API Number	Sec	Twn	Rge
PLACERITA	BINNS-HARRIS	1	03702330	31	4N	15W
PLACERITA	COMMUNITY	3-1	03713417	31	4N	15W
PLACERITA	GERLACH	1	03712669	31	4N	15W
PLACERITA	GERLACH	2	03712670	31	4N	15W
PLACERITA	GERLACH	3	03712671	31	4N	15W
PLACERITA	GERLACH	4	03712672	31	4N	15W
PLACERITA	GERLACH	5	03722305	31	4N	15W
PLACERITA	GOODACRE	1	03702329	31	4N	15W
PLACERITA	GPM	1	03713914	31	4N	15W
PLACERITA	GPM	2	03713915	31	4N	15W

Field	Lease	Well	API Number	Sec	Twn	Rge
PLACERITA	GPM	3	03713916	31	4N	15W
PLACERITA	GPM	4	03713917	31	4N	15W
PLACERITA	GPM	5	03722071	31	4N	15W
PLACERITA	GPM	6	03713918	31	4N	15W
PLACERITA	GPM	7	03713919	31	4N	15W
PLACERITA	GPM	8	03713920	31	4N	15W
PLACERITA	GPM	9	03713921	31	4N	15W
PLACERITA	GPM	10	03713922	31	4N	15W
PLACERITA	GPM	11	03706372	31	4N	15W
PLACERITA	GPM	12	03713923	31	4N	15W
PLACERITA	GPM	13	03713924	31	4N	15W
PLACERITA	GPM	14	03713925	31	4N	15W
PLACERITA	GPM	15	03713926	31	4N	15W
PLACERITA	GPM	16	03713927	31	4N	15W
PLACERITA	GPM	18	03713929	31	4N	15W
PLACERITA	GPM	19	03713930	31	4N	15W
PLACERITA	GPM	20	03713931	31	4N	15W
PLACERITA	GPM	21	03713932	31	4N	15W
PLACERITA	GPM	22	03713933	31	4N	15W
PLACERITA	GPM	23	03713934	31	4N	15W
PLACERITA	GPM	24	03713935	31	4N	15W
PLACERITA	GPM	25	03713936	31	4N	15W
PLACERITA	GPM	26	03713937	31	4N	15W
PLACERITA	GPM	27	03713935	31	4N	15W
PLACERITA	GPM	28	03713939	31	4N	15W
PLACERITA	GPM	29	03713940	31	4N	15W
PLACERITA	GPM	30	03713941	31	4N	15W
PLACERITA	GPM	31	03713942	31	4N	15W
PLACERITA	GPM	32	03713943	31	4N	15W
PLACERITA	GPM	33	03713944	31	4N	15W
PLACERITA	GPM	34	03713945	31	4N	15W
PLACERITA	GPM	35	03713946	31	4N	15W
PLACERITA	GPM	36	03713947	31	4N	15W
PLACERITA	GPM	37	03706373	31	4N	15W
PLACERITA	GPM	38	03713948	31	4N	15W
PLACERITA	GPM	39	03700082	31	4N	15W

ARCO WESTERN ENERGY WELLS IN PLACERITA

Field	Lease	Well	API Number	Sec	Twn	Rge
PLACERITA	GPM	40	03713949	31	4N	15W
PLACERITA	GPM	41	03713950	31	4N	15W
PLACERITA	GPM	42	03714197	31	4N	15W
PLACERITA	GPM	43	03714198	31	4N	15W
PLACERITA	GPM	44	03722371	31	4N	15W
PLACERITA	GPM	45	03722372	31	4N	15W
PLACERITA	GPM	46	03722373	31	4N	15W
PLACERITA	GPM	47	03722374	31	4N	15W
PLACERITA	GPM	48	03722375	31	4N	15W
PLACERITA	GPM	49	03722701	31	4N	15W
PLACERITA	GPM	50	03722702	31	4N	15W
PLACERITA	GPM	12-8	03724049	31	4N	15W
PLACERITA	GPM	12-9	03724050	31	4N	15W
PLACERITA	GPM	13-9	03724052	31	4N	15W
PLACERITA	GPM	5-15	03724015	31	4N	15W
PLACERITA	GPM	6-12	03723543	31	4N	15W
PLACERITA	GPM	6-14	03723526	31	4N	15W
PLACERITA	GPM	6-15	03724021	31	4N	15W
PLACERITA	GPM	7-11	03723544	31	4N	15W
PLACERITA	GPM	7-12	03723545	31	4N	15W
PLACERITA	GPM	7-13	03722968	31	4N	15W
PLACERITA	GPM	7-14	03723537	31	4N	15W
PLACERITA	GPM	7-15	03723284	31	4N	15W
PLACERITA	GPM	8-11	03723546	31	4N	15W
PLACERITA	GPM	8-12	03722969	31	4N	15W
PLACERITA	GPM	8-13	03722970	31	4N	15W
PLACERITA	GPM	8-14	03722971	31	4N	15W
PLACERITA	GPM	8-16	03723271	31	4N	15W
PLACERITA	GPM	9-11	03722972	31	4N	15W
PLACERITA	GPM	9-12	03722973	31	4N	15W
PLACERITA	GPM	9-13	03722974	31	4N	15W
PLACERITA	GPM	9-14	03723251	31	4N	15W
PLACERITA	GPM	9-15	03722960	31	4N	15W
PLACERITA	GPM	9-16	03724022	31	4N	15W

PLACERITA	GPM	10-11	03724023	31	4N	15W
PLACERITA	GPM	10-12	03722975	31	4N	15W
PLACERITA	GPM	10-13	03723252	31	4N	15W
PLACERITA	GPM	10-15	03724024	31	4N	15W
PLACERITA	GPM	11-11	03724018	31	4N	15W
PLACERITA	GPM	11-12	03724025	31	4N	15W
PLACERITA	GPM	11-13	03723253	31	4N	15W
PLACERITA	GPM	11-14	03724026	31	4N	15W
PLACERITA	GPM	11-15	03724019	31	4N	15W
PLACERITA	GPM	11-16	03724032	31	4N	15W
PLACERITA	GPM	12-10	03724020	31	4N	15W
PLACERITA	GPM	12-11	03724051	31	4N	15W
PLACERITA	GPM	13-10	03724053	31	4N	15W
PLACERITA	GPM	14-10	03724054	31	4N	15W
PLACERITA	GPM	9-15R	03723527	31	4N	15W

ARCO WESTERN ENERGY WELLS IN PLACERITA

Field	Lease	Well	API Number	Sec	Twn	Rge
PLACERITA	GPM	T06-15	03724167	31	4N	15W
PLACERITA	GPM	T09-16	03724163	31	4N	15W
PLACERITA	GPM	T012-9	03724164	31	4N	15W
PLACERITA	HIGHWAY	2	03711712	31	4N	15W
PLACERITA	HIGHWAY	3	03711713	31	4N	15W
PLACERITA	HIGHWAY	6-22	03724110	31	4N	15W
PLACERITA	HIGHWAY	7-22	03724112	31	4N	15W
PLACERITA	HIGHWAY	7-23	03724113	31	4N	15W
PLACERITA	HIGHWAY	8-22	03724114	31	4N	15W
PLACERITA	HIGHWAY	9-22	03724115	31	4N	15W
PLACERITA	HIGHWAY	9-23	03724102	31	4N	15W
PLACERITA	HIGHWAY	10-22	03724116	31	4N	15W
PLACERITA	HIGHWAY	11-22	03724117	31	4N	15W
PLACERITA	INDIAN-KRAFT	1	03714151	31	4N	15W
PLACERITA	INDIAN-PLACERITA	2	03714158	31	4N	15W
PLACERITA	INDIAN-PLACERITA	3	03714159	31	4N	15W
PLACERITA	KENNEDY	1	03714272	31	4N	15W
PLACERITA	KENNEDY	2	03714273	31	4N	15W
PLACERITA	KENNEDY	3	03714274	31	4N	15W
PLACERITA	KENNEDY	4	03714275	31	4N	15W
PLACERITA	KENNEDY	5	03714276	31	4N	15W
PLACERITA	KENNEDY	6	03714277	31	4N	15W
PLACERITA	KENNEDY	6-23	03722959	31	4N	15W
PLACERITA	KENNEDY	11-22	03723282	31	4N	15W
PLACERITA	KPM	1	03712661	31	4N	15W
PLACERITA	KPM	1	03714161	31	4N	15W
PLACERITA	KPM	2	03714162	31	4N	15W
PLACERITA	KPM	3	03714163	31	4N	15W
PLACERITA	KPM	4	03714164	31	4N	15W
PLACERITA	KPM	5	03714165	31	4N	15W
PLACERITA	KPM	6	03714166	31	4N	15W
PLACERITA	KPM	7	03714167	31	4N	15W
PLACERITA	KPM	8	03714168	31	4N	15W
PLACERITA	KPM	9	03714169	31	4N	15W
PLACERITA	KPM	10	03714170	31	4N	15W
PLACERITA	KPM	11	03714171	31	4N	15W
PLACERITA	KPM	12	03714172	31	4N	15W
PLACERITA	KPM	13	03714173	31	4N	15W
PLACERITA	KPM	14	03714174	31	4N	15W
PLACERITA	KPM	16	03714175	31	4N	15W
PLACERITA	KPM	17	03714176	31	4N	15W
PLACERITA	KPM	18	03714177	31	4N	15W
PLACERITA	KPM	19	03714178	31	4N	15W
PLACERITA	KPM	20	03714179	31	4N	15W
PLACERITA	KPM	21	03714180	31	4N	15W
PLACERITA	KPM	22	03714181	31	4N	15W
PLACERITA	KPM	23	03714182	31	4N	15W
PLACERITA	KPM	24	03714183	31	4N	15W
PLACERITA	KPM	12-12	03724027	31	4N	15W

ARCO WESTERN ENERGY WELLS IN PLACERITA

Field	Lease	Well	API Number	Sec	Twn	Rge

Field	Lease	Well	API Number	Sec	Twn	Rge
PLACERITA	KPM	12-13	03724029	31	4N	15W
PLACERITA	KPM	12-14	03724028	31	4N	15W
PLACERITA	KPM	12-15	03724041	31	4N	15W
PLACERITA	KPM	13-11	03724042	31	4N	15W
PLACERITA	KPM	13-12	03724043	31	4N	15W
PLACERITA	KPM	13-13	03722963	31	4N	15W
PLACERITA	KPM	13-14	03724044	31	4N	15W
PLACERITA	KPM	13-15	03724045	31	4N	15W
PLACERITA	KPM	13-16	03724046	31	4N	15W
PLACERITA	KPM	14-12	03724047	31	4N	15W
PLACERITA	KPM	14-14	03724048	31	4N	15W
PLACERITA	KPM	TO12-13	03724165	31	4N	15W
PLACERITA	KRAFT	1	03714184	31	4N	15W
PLACERITA	KRAFT	2	03714185	31	4N	15W
PLACERITA	KRAFT	3	03714186	31	4N	15W
PLACERITA	KRAFT	4	03714187	31	4N	15W
PLACERITA	KRAFT	6	03714189	31	4N	15W
PLACERITA	KRAFT	7	03714190	31	4N	15W
PLACERITA	KRAFT	8	03714191	31	4N	15W
PLACERITA	KRAFT	9	03714192	31	4N	15W
PLACERITA	KRAFT	10	03714193	31	4N	15W
PLACERITA	KRAFT	11	03714194	31	4N	15W
PLACERITA	KRAFT	12	03714196	31	4N	15W
PLACERITA	KRAFT	13	03713482	31	4N	15W
PLACERITA	KRAFT	14	03713483	31	4N	15W
PLACERITA	KRAFT	15	03713484	31	4N	15W
PLACERITA	KRAFT	16	03713486	31	4N	15W
PLACERITA	KRAFT	17	03713487	31	4N	15W
PLACERITA	KRAFT	18	03713488	31	4N	15W
PLACERITA	KRAFT	19	03713489	31	4N	15W
PLACERITA	KRAFT	20	03713490	31	4N	15W
PLACERITA	KRAFT	21	03713491	31	4N	15W
PLACERITA	KRAFT	22	03713492	31	4N	15W
PLACERITA	KRAFT	23	03713493	31	4N	15W
PLACERITA	KRAFT	24	03717652	31	4N	15W
PLACERITA	KRAFT	25	03713494	31	4N	15W
PLACERITA	KRAFT	26	03713495	31	4N	15W
PLACERITA	KRAFT	27	03708272	31	4N	15W
PLACERITA	KRAFT	28	03713496	31	4N	15W
PLACERITA	KRAFT	29	03713497	31	4N	15W
PLACERITA	KRAFT	30	03713498	31	4N	15W
PLACERITA	KRAFT	31	03713499	31	4N	15W
PLACERITA	KRAFT	32	03700334	31	4N	15W
PLACERITA	KRAFT	33	03713500	31	4N	15W
PLACERITA	KRAFT	34	03714251	31	4N	15W
PLACERITA	KRAFT	35	03714252	31	4N	15W
PLACERITA	KRAFT	36	03714253	31	4N	15W
PLACERITA	KRAFT	37	03714254	31	4N	15W
PLACERITA	KRAFT	38	03714255	31	4N	15W

ARCO WESTERN ENERGY WELLS IN PLACERITA

Field	Lease	Well	API Number	Sec	Twn	Rge
PLACERITA	KRAFT	39	03714256	31	4N	15W
PLACERITA	KRAFT	41	03700084	31	4N	15W
PLACERITA	KRAFT	43	03722704	31	4N	15W
PLACERITA	KRAFT	44	03722705	31	4N	15W
PLACERITA	KRAFT	31R	03724037	31	4N	15W
PLACERITA	KRAFT	11-A	03714195	31	4N	15W
PLACERITA	KRAFT	12-A	03713481	31	4N	15W
PLACERITA	KRAFT	15-A	03713485	31	4N	15W
PLACERITA	KRAFT	5-17	03723547	31	4N	15W
PLACERITA	KRAFT	5-19	03723548	31	4N	15W
PLACERITA	KRAFT	5-21	03724106	31	4N	15W
PLACERITA	KRAFT	6-16	03724016	31	4N	15W
PLACERITA	KRAFT	6-17	03724006	31	4N	15W
PLACERITA	KRAFT	6-19	03723286	31	4N	15W
PLACERITA	KRAFT	6-20	03723549	31	4N	15W
PLACERITA	KRAFT	6-21	03724120	31	4N	15W
PLACERITA	KRAFT	7-16	03723285	31	4N	15W
PLACERITA	KRAFT	7-17	03724007	31	4N	15W
PLACERITA	KRAFT	7-18	03724008	31	4N	15W
PLACERITA	KRAFT	7-19	03723550	31	4N	15W
PLACERITA	KRAFT	7-20	03724000	31	4N	15W
PLACERITA	KRAFT	7-21	03724011	31	4N	15W
PLACERITA	KRAFT	8-17	03724009	31	4N	15W
PLACERITA	KRAFT	8-18	03723293	31	4N	15W
PLACERITA	KRAFT	8-19	03723290	31	4N	15W

PLACERITA	KRAFT	8-20	03724001	31	4N	15W
PLACERITA	KRAFT	8-21	03724121	31	4N	15W
PLACERITA	KRAFT	9-17	03724012	31	4N	15W
PLACERITA	KRAFT	9-18	03723292	31	4N	15W
PLACERITA	KRAFT	9-19	03723288	31	4N	15W
PLACERITA	KRAFT	9-20	03724003	31	4N	15W
PLACERITA	KRAFT	9-21	03722961	31	4N	15W
PLACERITA	KRAFT	10-16	03724017	31	4N	15W
PLACERITA	KRAFT	10-17	03724055	31	4N	15W
PLACERITA	KRAFT	10-18	03723291	31	4N	15W
PLACERITA	KRAFT	10-19	03724004	31	4N	15W
PLACERITA	KRAFT	10-20	03723289	31	4N	15W
PLACERITA	KRAFT	10-21	03724122	31	4N	15W
PLACERITA	KRAFT	11-17	03724056	31	4N	15W
PLACERITA	KRAFT	11-18	03724057	31	4N	15W
PLACERITA	KRAFT	11-19	03724005	31	4N	15W
PLACERITA	KRAFT	11-20	03724058	31	4N	15W
PLACERITA	KRAFT	11-21	03724107	31	4N	15W
PLACERITA	KRAFT	12-16	03724059	31	4N	15W
PLACERITA	KRAFT	12-17	03724060	31	4N	15W
PLACERITA	KRAFT	12-18	03724061	31	4N	15W
PLACERITA	KRAFT	12-19	03724062	31	4N	15W
PLACERITA	KRAFT	12-20	03724063	31	4N	15W
PLACERITA	KRAFT	12-21	03724123	31	4N	15W

ARCO WESTERN ENERGY WELLS IN PLACERITA

Field	Lease	Well	API Number	Sec	Twn	Rge
PLACERITA	KRAFT	13-17	03724064	31	4N	15W
PLACERITA	KRAFT	13-18	03724065	31	4N	15W
PLACERITA	KRAFT	13-19	03724066	31	4N	15W
PLACERITA	KRAFT	14-16	03724067	31	4N	15W
PLACERITA	KRAFT	9-18I	03724002	31	4N	15W
PLACERITA	KRAFT-HIGHWAY	1	03712683	31	4N	15W
PLACERITA	MIDNIGHT	1	03702331	31	4N	15W
PLACERITA	NEWHALL	1	03711714	31	4N	15W
PLACERITA	NEWHALL	4	03707985	31	4N	15W
PLACERITA	NEWHALL	5	03700073	31	4N	15W
PLACERITA	NORTH PLACERITA	7	03724161	31	4N	15W
PLACERITA	ORWIG	1	03713319	31	4N	15W
PLACERITA	ORWIG	2	03713320	31	4N	15W
PLACERITA	ORWIG	3	03713321	31	4N	15W
PLACERITA	ORWIG	4	03713322	31	4N	15W
PLACERITA	ORWIG	5	03713323	31	4N	15W
PLACERITA	ORWIG	6	03713324	31	4N	15W
PLACERITA	ORWIG	7	03713325	31	4N	15W
PLACERITA	ORWIG	8	03713326	31	4N	15W
PLACERITA	ORWIG	9	03716558	31	4N	15W
PLACERITA	ORWIG	10	03713327	31	4N	15W
PLACERITA	ORWIG	11	03713328	31	4N	15W
PLACERITA	ORWIG	12	03713329	31	4N	15W
PLACERITA	ORWIG	13	03713330	31	4N	15W
PLACERITA	ORWIG	14	03721367	31	4N	15W
PLACERITA	ORWIG	15	03721368	31	4N	15W
PLACERITA	ORWIG	16	03713331	31	4N	15W
PLACERITA	ORWIG	17	03721693	31	4N	15W
PLACERITA	ORWIG	18	03721694	31	4N	15W
PLACERITA	ORWIG	19	03721695	31	4N	15W
PLACERITA	ORWIG	4-A	03721692	31	4N	15W
PLACERITA	ORWIG	6-7	03723539	31	4N	15W
PLACERITA	ORWIG	7-8	03723531	31	4N	15W
PLACERITA	ORWIG	7-A	03721366	31	4N	15W
PLACERITA	ORWIG	8-7	03723536	31	4N	15W
PLACERITA	ORWIG	9-6	03723540	31	4N	15W
PLACERITA	ORWIG	9-7	03723534	31	4N	15W
PLACERITA	ORWIG	9-8	03723535	31	4N	15W
PLACERITA	ORWIG	T-1	03722329	31	4N	15W
PLACERITA	ORWIG	T-2	03722345	31	4N	15W
PLACERITA	ORWIG	T-3	03722712	31	4N	15W
PLACERITA	ORWIG	T-4	03722713	31	4N	15W
PLACERITA	ORWIG	T-5	03722714	31	4N	15W
PLACERITA	ORWIG	T-6	03722715	31	4N	15W
PLACERITA	ORWIG	T-7	03722716	31	4N	15W
PLACERITA	ORWIG	T-8	03722717	31	4N	15W
PLACERITA	ORWIG	T-9	03722718	31	4N	15W
PLACERITA	ORWIG	10-7	03723541	31	4N	15W

ARCO WESTERN ENERGY WELLS IN PLACERITA

Field	Lease	Well	API Number	Sec	Twn	Rge
PLACERITA	ORWIG	10-9	03724013	31	4N	15W
PLACERITA	ORWIG	11-7	03723542	31	4N	15W
PLACERITA	ORWIG	11-8	03724069	31	4N	15W
PLACERITA	ORWIG	7-10	03723528	31	4N	15W
PLACERITA	ORWIG	8-10	03723529	31	4N	15W
PLACERITA	ORWIG	9-10	03723532	31	4N	15W
PLACERITA	ORWIG	T-10	03722719	31	4N	15W
PLACERITA	ORWIG	T-11	03722720	31	4N	15W
PLACERITA	ORWIG	T-12	03722721	31	4N	15W
PLACERITA	ORWIG	T-13	03722927	31	4N	15W
PLACERITA	ORWIG	T-14	03722928	31	4N	15W
PLACERITA	ORWIG	T-15	03722929	31	4N	15W
PLACERITA	ORWIG	T-16	03722930	31	4N	15W
PLACERITA	ORWIG	T-17	03722931	31	4N	15W
PLACERITA	ORWIG	T-18	03722932	31	4N	15W
PLACERITA	ORWIG	T-19	03722933	31	4N	15W
PLACERITA	ORWIG	T-20	03722934	31	4N	15W
PLACERITA	ORWIG	T-21	03722935	31	4N	15W
PLACERITA	ORWIG	T-2R	03724038	31	4N	15W
PLACERITA	ORWIG	10-10	03723533	31	4N	15W
PLACERITA	ORWIG	11-10	03724014	31	4N	15W
PLACERITA	ORWIG	TO8-7	03724162	31	4N	15W
PLACERITA	PARTON	1	03713413	31	4N	15W
PLACERITA	PARTON	2	03713414	31	4N	15W
PLACERITA	PHILBERT	1	03713416	31	4N	15W
PLACERITA	PHILBERT	3	03713415	31	4N	15W
PLACERITA	COMMUNITY	3	03714278	31	4N	15W
PLACERITA	COMMUNITY	4	03714279	31	4N	15W
PLACERITA	COMMUNITY	5	03714280	31	4N	15W
PLACERITA	COMMUNITY	6	03714281	31	4N	15W
PLACERITA	COMMUNITY	7	03714282	31	4N	15W
PLACERITA	COMMUNITY	8	03714283	31	4N	15W
PLACERITA	COMMUNITY	9	03714284	31	4N	15W
PLACERITA	COMMUNITY	10	03714285	31	4N	15W
PLACERITA	PRYOR	4	03724030	36	4N	16W
PLACERITA	PRYOR	WD-1	03723530	36	4N	16W
PLACERITA	PRYOR	WD-2	03723256	36	4N	16W
PLACERITA	PRYOR	WD-3	03723257	36	4N	16W
PLACERITA	RAE	1	03714286	31	4N	15W
PLACERITA	RAE	2	03714287	31	4N	15W
PLACERITA	RAE	3	03714288	31	4N	15W
PLACERITA	SEDLACEK	1	03724033	25	4N	16W
PLACERITA	SEDLACEK	3	03723283	25	4N	16W
PLACERITA	SEDLACEK	4	03724198	25	4N	16W
PLACERITA	SHEPPARD	1	03712677	31	4N	15W
PLACERITA	SHEPPARD	2	03712678	31	4N	15W
PLACERITA	SHEPPARD	3	03712679	31	4N	15W
PLACERITA	SHEPPARD	4	03712680	31	4N	15W

ARCO WESTERN ENERGY WELLS IN PLACERITA

Field	Lease	Well	API Number	Sec	Twn	Rge
PLACERITA	SHEPPARD	5	03712681	31	4N	15W
PLACERITA	SHEPPARD	6	03712682	31	4N	15W
PLACERITA	WF	1	03714289	31	4N	15W
PLACERITA	WF	2	03714290	31	4N	15W
PLACERITA	WF	3	03714291	31	4N	15W
PLACERITA	WF	4	03714292	31	4N	15W
PLACERITA	WF	5	03714293	31	4N	15W
PLACERITA	WF	6	03714294	31	4N	15W
PLACERITA	WF	7	03714295	31	4N	15W
PLACERITA	WF	8	03714296	31	4N	15W
PLACERITA	WF	9	03714297	31	4N	15W
PLACERITA	WF	10	03714298	31	4N	15W
PLACERITA	WF	11	03714299	31	4N	15W
PLACERITA	WF	12	03714300	31	4N	15W

PLACERITA	WF	13	03714301	31	4N	15W
PLACERITA	WF	14	03714302	31	4N	15W
PLACERITA	WF	15	03714303	31	4N	15W
PLACERITA	WF	16	03714304	31	4N	15W
PLACERITA	WF	21	03714305	31	4N	15W
PLACERITA	WF	35	03714306	31	4N	15W
PLACERITA	WF	39	03722048	31	4N	15W
PLACERITA	WF	40	03722348	31	4N	15W
PLACERITA	WF	41	03722369	31	4N	15W
PLACERITA	WF	42	03722370	31	4N	15W
PLACERITA	WF	6-5	03724155	31	4N	15W
PLACERITA	WF	8-3	03724156	31	4N	15W
PLACERITA	WF	8-5	03724157	31	4N	15W
PLACERITA	WF	9-4	03723255	31	4N	15W
PLACERITA	WF	9-5	03723538	31	4N	15W
PLACERITA	WF	10-4	03724159	31	4N	15W
PLACERITA	WF	5-10	03722962	31	4N	15W
PLACERITA	WF	9-41	03724158	31	4N	15W
PLACERITA	WF	TO11	03724166	32	4N	15W

LEGAL DESCRIPTIONS

TOWNSHIP 4 NORTH RANGE 15 WEST. SBBM
SECTION 31: NE/4, SW/4, S/2, NE/4, NW/4, SE/4.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: LOT 2, LOT 3, LOT 14, LOT 15, NE NW
SECTION 32: E/2 LOT 1, E/2 LOT 3, SE SW & LOT 8.

TOWNSHIP 4 NORTH, RANGE 15 WEST SBBM
SECTION 30: W/2 NE/4 NW/4 NE/4 SW/4.

TOWNSHIP 4 NORTH, RANGE 16 WEST, SBBM
SECTION 25: LOTS 1 AND 2.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 30: LOT 2 IN FRACTIONAL SECTION 30,
S. B. B. &M. ACCORDING TO THE OFFICIAL PLAT OF SAID LAND FILED IN THE
DISTRICT LAND OFFICE MARCH 29, 1877 EXCEPT THEREFROM THAT PORTION
OF SAID LAND DEEDED TO THE CITY OF LOS ANGELES BY DEED RECORDED
DECEMBER 22, 1965 AS INSTRUMENT NO. 524 IN
BOOK D3153, PAGE 582, OF OFFICIAL RECORDS.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 30: ALL OF LOT I IN FRACTIONAL SECTION 30,
S.B.B.&M. EXCEPT THAT PORTION INCLUDED WITHIN THE LINES OF THE
305 FOOT WIDE STRIP OF LAND CONVEYED TO THE CITY OF LOS ANGELES
BY DEED RECORDED ON OCTOBER 19. 1965 AS DOCUMENT NO. 758, IN BOOK
D-3085, PAGE 602 OFFICIAL RECORDS.

TOWNSHIP 4 NORTH, RANGE 16 WEST, SBBM
SECTION 25: LOTS 3 AND 4.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 30: ALL OF LOT 3, EXCEPT
THE EAST 330 FEET OF THE NORTH 660 FEET THEREOF.
ALL OF THE NE/4 SW/4, EXCEPT THE W/2 NE/4 NW/4 NE/4 SW/4,
ALL OF THE NW/4 SE/4, EXCEPT THE W/2 SE/4 NE/4 NW/4 SE/4,
ALL OF THE SW/4 SE/4, EXCEPT THEREFROM THAT PORTION
DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHEAST
CORNER OF THE SOUTHEAST QUARTER OF THE
SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 30, THENCE
WEST 396 FEET; THENCE SOUTH 330 FEET, THENCE EAST 132 FEET, THENCE SOUTH
330 FEET, THENCE EAST 264 FEET, THENCE NORTH 660 FEET, TO THE POB.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: LOTS 51 AND 52 OF TRACT 10699.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 10699, LOT 12.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 10699, LOT 11.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 30: ALL OF LOT 3, EXCEPT THE EAST 330 FEET
OF THE NORTH 660 FEET THEREOF.
ALL OF THE NE/4 SW/4, EXCEPT THE W/2 NE/4 NW/4 NE/4 SW/4.
ALL OF THE NW/4 SE/4, EXCEPT THE W/2 SE/4 NE/4 NW/4 SE/4,
ALL OF THE SW/4 SE, EXCEPT THEREFROM THAT PORTION DESCRIBED AS FOLLOWS:
COMMENCING AT THE NORTHEAST CORNER OF THE SOUTEAST QUARTER OF THE
SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 30,
THENCE WEST 396 FEET, THENCE SOUTH 330 FEET, THENCE EAST 132 FEET,
THENCE SOUTH 330 FEET, THENCE EAST 264 FEET, THENCE NORTH 660 FEET,
TO THE POINT OF BEGINNING.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31, TRACT 10699, LOTS 17, 44 AND 49.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: PTN LOT 6.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTlON 31: PTN LOT 6.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 10699, LOTS 6, 7, 31, 47 & 48.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 9943. LOT 1.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 9943, LOT 1.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 9943, LOTS 28 AND 29.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 9943, LOTS 28 AND 29.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 10699, LOTS 18, 20 AND PTN LOT 19.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: VARIOUS LOTS IN TRACT 10699 AND TRACT 9943.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 10699, LOTS 6, 7, 31, 47 & 48.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: LOTS 55 AND 56 OF TRACT 10669,
LOT 27 OF TRACT 9943 AND PORTION OF SECTIONAL LOT 6.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: GOVERNMENT LOT 6, TRACT 10699, LOTS 13, 14 AND 27.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 10699, LOT 46.

LEGAL DESCRIPTIONS

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 10699. LOT 24.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 10699, LOT 8.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: GOVERNMENT LOT 6, TRACT 10699, LOTS 9 AND 10.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 10699, LOT 4.

TOWNSHIP 4 NORTH, RANGE 15 WEST SBBM
SECTION 31: TRACT 10699, LOTS 25 AND 26.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: THAT PORTION OF GOVERNMENT LOT 6 WHICH LIES WESTERLY
OF THE WESTERLY LINE AND NORTHERLY PROLONGATION OF TRACT 10699,
AS MORE FULLY DESCRIBED IN MAP RECORDED IN BK 165, PGS 36 & 37

OF MAPS IN THE LOS ANGELES COUNTY RECORDER'S OFFICE;
EXCEPTING THEREFROM THE SOUTHERLY 180 FEET THEREOF;
LIMITED TO DEPTHS FROM 500 FT. SUBSURFACE TO ALL DEPTHS BELOW.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: GOVERNMENT LOT 6, TRACT 10699, LOTS 3, 40 AND 41:
LIMITED TO DEPTHS FROM 1500 FT SUBSURFACE TO ALL DEPTHS BELOW.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: GOVERNMPNT LOT 6, TRACT 10699, LOTS 1, 2, 35, 36:
THE SOUTHERLY 180 FT OF THAT PORTION OF GOV'T LOT 6
WHICH LIES WESTERLY OF THE WESTERLY LINE AND
NORTHERLY PROLONGATION OF TR 10699, AS MORE FULLY
DESCRIBED IN MAP RECORDED IN BK 165 PGS 36 & 37 OF MAPS IN THE LOS
ANGELES COUNTY RECORDER'S OFFICE;
LIMITED TO DEPTHS FROM 1500 FT SUBSURFACE TO ALL DEPTHS BELOW.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: LOT 5 OF TRACT NO 10699.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: LOT 18 OF TRACT 9943.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: LOT 28 OF TRACT NO. 10699.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: LOT 50 TRACT 10699.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT NO 10699, LOTS 15, 16 AND 22.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 10699, LOTS 2 AND 3.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 9943, LOT 4.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: PARCEL 1: LOTS 15,16, 30, 31 AND 32 OF TRACT NO. 9943,
AS PER MAP RECORDED IN BK 167, PGS 32 AND 33 OF MAPS;
PARCEL 2: THAT PORTION OF LOT I 9 OF TR NO 9943, AS PER MAP
RECORDED IN BK 167 PGS 32 AND 33 OF MAPS, LYING WESTERLY OF A
STRAIGHT LINE PASSING THROUGH THE NE CORNER AND THE SW CORNER OF LOT 19;
PARCEL 3: THAT PORTION OF LOT 33 OF TRACT NO 9943 AS PER MAP RECORDED IN
BK 167 PGS 32 AND 33 OF MAPS, LYING WESTERLY OF A STRAIGHT LINE PASSING
THROUGH THE NE CORNER AND THE SW CORNER OF LOT 33;
PARCEL 4: THAT PORTION OF LOT 7 LYING NORTH OF THE NORTH LINE OF
TRACT NO 9943, AS PER MAP RECORDED IN BK 167 PGS 32 AND 33, WHICH LIES
WESTERLY OF THE WESTERLY LINE OF THE LAND DESCRIBED IN THE DEED TO
THE STATE OF CALIFORNIA. RECORDED IN BK 15650, PAGE 38.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 30: SE/4 SW/4.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 30: SE/4 SW/4.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 30: SE/4 SW/4.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 30: SE/4 SW/4.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 30: SE/4 SW/4.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: W/2 LOT 9, ALL OF LOT 10, EXCEPTING THEREFROM 10 ACRES
OF LAND CONVEYED TO THE CITY OF LOS ANGELES FOR
AQUEDUCT PURPOSES BY DEED RECORDED IN BOOK 3703, PAGE 239, DEED
RECORDS OF LOS ANGELES COUNTY CALIFORNIA; ALSO EXCEPTING
THEREFROM ANY PORTION OF SAID LOT 10
LYING WITHIN THE LINES OF TRACT NO. 10699 AS PER MAP RECORDED
IN BOOK 165, PAGES 36 AND 37 OF MAPS, LOS ANGELES COUNTY, CALIFORNIA.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: SE/4 NW/4.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: LOTS 53 & 54 OF TRACT 10699.

TOWNSHIP 4 NORTH, RANGE WEST, SBBM
SECTION 31: LOT 14 AND NE/4 NW/4.

LEGAL DESCRIPTIONS

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: E/2 LOT 9, E/2 LOT 12 AND LOT 8,
EXCEPTING THEREFROM THOSE PORTIONS OF LOTS 8, 9 AND 12
DEEDED TO THE STATE OF CALIFORNIA FOR FREEWAY,
FROM THE SURFACE DOWN TO 500 FEET AS DESCRIBED IN GRANT DEED
DATED OCTOBER 18, 1968, RECORDED IN BOOK 4328, PAGE 885,
OFFICIAL RECORDS, LOS ANGELES COUNTY, CALIFORNIA.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: TRACT 9943 LOT 5, IN THE COUNTY OF LOS ANGELES,
STATE OF CALIFORNIA AS PER MAP THEREOF RECORDED IN
BOOK 167 PAGES 32 AND 33 OF MAPS, IN THE OFFICE OF
THE COUNTY RECORDER OF SAID COUNTY.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: LOT 14 & 17 OF TRACT 9943, AND LOTS 3, 39, 40, 41, 42 & 43
OF TRACT 10699 AS PER MAP RECORDED IN BOOK 165, PGS 36 & 37
OF MAPS OF THE OFFICIAL RECORDS OF LOS ANGELES
COUNTY, CALIF, AND RIGHT OF INGRESS AND EGRESS OVER AND UPON
AND ACROSS THE EASTERLY 24' OF LOTS 2 & 35,
TRACT 10699, IN THE COUNTY OF LOS ANGELES, STATE OF CALIF, BK 165,
PGS 36 & 37 OF MAPS OF THE OFFICIAL RECORDS AND AS RESERVED IN
DEED RECORDED IN BK 3713, PG 970 OF LOS ANGELES COUNTY RECORDS.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: LOTS 3, 40 & 41 OF TRACT 10699, IN THE COUNTY OF
LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED
IN BK 165, PGS 36 & 37 OF MAPS, IN THE OFFICE OF THE
LOS ANGELES COUNTY RECORDER, LIMITED TO DEPTHS BELOW 1500 FT.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: THAT PORTION OF GOVERNMENT LOT 6
WHICH LIES WESTERLY OF THE WESTERLY LINE AND NORTHERLY
PROLONGATION OF TRACT 10699, AS MORE FULLY DESCRIBED IN MAP
RECORDED IN BK 165, PGS 36 & 37 OF MAPS IN THE LOS ANGELES
COUNTY RECORDER'S OFFICE; EXCEPTING THEREFROM THE SOUTHERLY
180 FT THEREOF; LIMITED TO DEPTHS FROM 500 FT SUBSURFACE
TO ALL DEPTHS BELOW.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: N/2 NE/4 SE/4.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 30: COMMENCING AT THE SE CORNER OF SECTION 30,
THENCE WEST A DISTANCE OF 924 FT TO THE TRUE POB;
THENCE N 330', THENCE W 132', THENCE N 330', THENCE W 660',
THENCE S 330', THENCE E 132', THENCE S 330', THENCE E 660' TO THE POB.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION: 31 LOTS 1, 2, 35 & 36 OF TRACT 10699,
IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA,
AS PER MAP RECORDED IN BK 165, PGS 36 & 37 OF MAPS, IN
THE OFFICE OF LOS ANGELES COUNTY RECORDER,
AND THE SOUTHERLY 180' OF GOVERNMENT LOT 6, SECTION 31, T4N-R15W,
WHICH LIES EASTERLY OF THE EASTERLY LINE OF THE
100' ROW OF THE LOS ANGELES CITY AQUEDUCT, DESCRIBED IN DEED
TO THE CITY OF LOS ANGELES, RECORDED IN BK 3703, PG 239 OF DEEDS,
LIMITED TO DEPTHS FROM 500 FT TO 1500 FT.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: LOTS 3, 40 AND 41 OF TRACT 10699,
IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA,
AS PER MAP RECORDED IN BK 165, PGS 36 & 37 OF MAPS. IN THE
OFFICE OF THE LOS ANGELES COUNTY RECORDER,
LIMITED TO DEPTHS FROM THE SURFACE TO 15OO FT.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: LOT 14 AND 17 OF TRACT 9943, AS PER
MAP RECORDED IN BK 154, PGS 35 & 36
OF MAPS 0F THE OFFICIAL RECORDS OF LOS ANGELES CO., CALIFORNIA.
AND, GOV'T LOTS 4, 5, 6 & 7 IN THE

COUNTY OF LOS ANGELES, STATE OF CALIFORNIA.

TOWNSHIP 4 NORTH, RANGE 15 WEST, SBBM
SECTION 31: LOTS 1, 2, 35 & 36 OF TRACT 10699 IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BK 165, PGS 36 & 37 OF MAPS IN THE OFFICE OF LOS ANGELES COUNTY RECORDER, AND THE SOUTHERLY 180' OF GOVERNMENT LOT 6 WHICH LIES EASTERLY OF THE EASTERLY LINE OF THE 100' ROW OF THE LOS ANGELES CITY AQUEDUCT, DESCRIBED IN DEED TO THE CITY OF LOS ANGELES, RECORDED IN BK 3703, PG 239 OF DEEDS, LIMITED TO DEPTHS BELOW 1500 FT.

REPORT OF PROPERTY/WELL TRANSFER OR ACQUISITION
(To be completed by old and new operators)

Please complete and return this form to the: January 25, 1999
(date)

Division of Oil, Gas, and Geothermal Resources
1000 South Hill Road, Suite 116
Ventura, CA 93003-4458

Effective date of transfer / acquisition December 31, 1998,
date of possession January 1, 1999.,
(if different)

Aera Energy LLC transferred
(old operator)

the following wells to Berry Petroleum Company.
(new operator)

NOTE: Pursuant to Section 3202 of the Public Resources Code, before wells will be transferred, the new operator must provide proper bond coverage and well information for all transferred active, idle, and/or plugged and abandoned wells. (If additional space is needed, use separate sheets.)

Well Designation	Field or County	Sec.	T.	R.	API Number
See Attached					

Legal description of the land where the well(s) is (are) located:
See Attached

Aera Energy LLC	Berry Petroleum Company
(name of old operator)	(name of new operator)
P.O. Box 11164	P.O. Bin X
(address)	(address)
Bakersfield, CA 93389-1164	Taft, CA 93268
Phone (661) 326-5279	Phone (661) 769-2358
By (signature) (date)	By (signature) (date)
D. E. Gunderson, Agent (printed name) (title)	Lonnie Kerley, Agent (printed name) (title)

OG30A (3/98)

SCHEDULE "19(b)"
to
PURCHASE AND SALE AGREEMENT
between
AERA ENERGY LLC AND BERRY PETROLEUM COMPANY

SUSPENSE ITEMS

See attached.

REV269.WELL ARCO WESTERN ENERGY (FOR AERA)
BEGINNING SALE DATE: 01/01/71 COMPLETE SUSPENSE REVIEW BY WELL
ENDING SALE DALE: 12/31/98

WELL/OWNER	QUAN	GROSS	COMP	NET
WELL: 001901 Gordon Peggy Moore				
Owner: 1328 Bruce Wood				
Product Total	0.00			
Product Total 0	0.00	0.00	0.00	0.00
Owner Total	0.00	0.00	0.00	0.00
Owner: 1503 Clementine August				
Product Total 0	126.88-	1702.61-	0.00	1702.61-
Owner Total	126.88-	1702.61-	0.00	1702.61-
Owner: 3749 William G & Esther F Newlon				
Product Total 0	0.00	0.00	0.00	0.00
Owner Total	0.00	0.00	0.00	0.00
Well Total	126.88-	1702.61-	0.00	1702.61-
Well: 001902 King Peggy Moore				
Owner: 1503 Clementine August				
Product Total 0	8.71-	121.27-	0.00	121.27-
Owner Total	8.71-	121.27-	0.00	121.27-
Owner: 3749 William G & Esther F Newlon				
Product Total 0	0.00	0.00	0.00	0.00
Owner Total	0.00	0.00	0.00	0.00
Well Total	8.71-	121.27-	0.00	121.27-
Well: 001904 Roy Kraft				
Owner: 2926 Philip Jaffe				
Product Total 0	0.00	0.00	43.64	43.64-
Owner Total	0.00	0.00	43.64	43.64-
Owner: 3192 Scott Wallace				
Product Total 0	983.59	12766.82	481.49	12285.33
Owner Total	983.59	12766.82	481.49	12285.33
Well Total	983.59	12766.82	525.13	12241.69
Well: 001930 GPM/Kraft Line Wells				
Owner: 3192 Scott Wallace				
Product Total 0	67.14	827.01	0.72	826.29
Product Total NP	0.00	2.20	0.00	2.20
Owner Total	67.14	829.21	0.72	828.49
Owner: 3749 William G & Esther F Newlon				
Product Total 0	0.00	0.00	0.00	0.00
Owner Total	0.00	0.00	0.00	0.00
Well Total	67.14	829.21	0.72	828.49
Well: 001931 GPM/ORWIG LINE WELLS				
Owner: 3749 William G & Esther F Newlon				
Well: 001931 GPM/ORWIG LINE WELLS				
Product Total 0	0.00	0.00	0.00	0.00
Owner Total	0.00	0.00	0.00	0.00
Well Total	0.00	0.00	0.00	0.00
Well: 001934 Highway				
Owner: 1094 Andrew G Kadar MD Medical Corp				
Product Total 0	6.70	85.03	27.70	57.33
Owner Total	6.70	85.03	27.70	57.33

Owner: 1213 Bank of CA & Paul K Wallace				
Product Total 0	112.37	1384.21	20.49	1363.72
Owner Total	112.37	1384.21	20.49	1363.72
Owner: 1601 Daniel Francis Carey				
Product Total 0	38.72	477.50	7.08	470.42
Owner Total	38.72	477.50	7.08	470.42
Owner: 1720 E Mary Bourne				
Product Total 0	27.89	359.55	6.84	352.71
Owner Total	27.89	359.55	6.84	352.71
Owner: 1899 Gabrila Bagby				
Product Total 0	1024.70	12637.07	189.02	12448.05
Owner Total	1024.70	12637.07	189.02	12448.05
Owner: 2059 Hattie Davis Hulbert				
Product Total 0	348.32	4295.47	64.31	4231.16
Owner Total	348.32	4295.47	64.31	4231.16
Owner: 2308 John Vernon McEvoy				
Product Total 0	12.89	103.51	24.97	78.54
Owner Total	12.89	103.51	24.97	78.54
Owner: 2334 Julia C Woods TRE				
Product Total 0	28.72-	396.01-	2.90	398.91-
Owner Total	28.72-	396.01-	2.90	398.91-
Owner: 2338 June E George				
Product Total 0	1177.42	15088.83	307.34	14781.49
Owner Total	1177.42	15088.83	307.34	14781.49
Owner: 2634 Michael Harold Carey, Deceased				
Product Total 0	116.21	1432.22	21.20	1411.02
Owner Total	116.21	1432.22	21.20	1411.02
Owner: 2892 Patrick Thomas Carey				
Product Total 0	3.85	59.10	5.65	53.45
Owner Total	3.85	59.10	5.65	53.45
Owner: 2926 Philip Jaffe				
Product Total 0	0.00	0.00	8.34	8.34-
Owner Total	0.00	0.00	8.34	8.34-
Owner: 3041 Raymond B Goodrich				
Product Total 0	512.34	6318.49	94.54	6223.95
Owner Total	512.34	6318.49	94.54	6223.95
Owner: 3073 Robert Eugene Carey				
Product Total 0	0.00	0.00	6.83	6.83-
Owner Total	0.00	0.00	6.83	6.83-
Owner: 3674 Walter I & Fayetta Bones Tres				
Product Total 0	1024.89	12639.04	189.13	12449.91
Owner Total	1024.89	12639.04	189.13	12449.91
Owner: 3761 William C Hauber				
Product Total 0	310.20	4001.82	75.94	3925.88
Owner Total	310.20	4001.82	75.94	3925.88
Owner: 4007 JMT Oil Inc				
Product Total 0	1071.97	13210.58	195.40	13015.18
Owner Total	1071.97	13210.58	195.40	13015.18
Well Total	5759.75	71696.41	1247.68	70448.73
Well: 001991 ARCO NORTH PLACERITA WELL #007				
Owner: 1757 Elizabeth Chandler				
Product Total 0	0.18-	3.33-	0.00	3.33-
Owner Total	0.18-	3.33-	0.00	3.33-
Owner: 1888 Frederic J Bemis				
Product Total 0	0.18-	3.33-	0.00	3.33-
Owner Total	0.18-	3.33-	0.00	3.33-

Owner: 2047 Harrison E Bemis				
Product Total 0	1.59-	28.28-	0.00	28.28-
Owner Total	1.59-	28.28-	0.00	28.28-
Owner: 2244 Jeanette S Dronsky				
Product Total 0	1.59-	28.28-	0.00	28.28-
Owner Total	1.59-	28.28-	0.00	28.28-
Owner: 2889 Patricia Warner				
Product Total 0	0.18-	3.33-	0.00	3.33-
Owner Total	0.18-	3.33-	0.00	3.33-
Owner: 3101 Roger Moore				
Product Total 0	3.61-	64.52-	0.00	64.52-
Owner Total	3.61-	64.52-	0.00	64.52-
Owner: 4834 UNIV SO CA				
Well: 001991 ARCO NORTH PLACERITA WELL #007				
Product Total 0	3.90-	69.91-	0.00	69.91-
Owner Total	3.90-	69.91-	0.00	69.91-
Owner: 5296 Shirley Phillips				
Product Total 0	3.61-	64.52-	0.00	64.52-
Owner Total	3.61-	64.52-	0.00	64.52-
Well Total	14.84-	265.50-	0.00	265.50-
Company Total	6660.05	83203.06	1773.53	81429.53
Grand Total	6660.05	83203.06	1773.53	81429.53

NEWHALL PHASE I

SCE STANDARD AGREEMENT

FIRM POWER PURCHASE

POWER PURCHASE AGREEMENT

BETWEEN

TENNECO OIL COMPANY

AND

SOUTHERN CALIFORNIA EDISON COMPANY

DECEMBER 10, 1985

DOCUMENT NO. 3098H
EFFECTIVE DATE
FEBRUARY 14, 1983
REVISED: May 4, 1984

NEWHALL PHASE I

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NEWHALL PHASE I

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NEWHALL PHASE I

1. PARTIES

The Parties to this Agreement are Tenneco Oil Company, a Delaware corporation, hereinafter referred to as "Seller", and Southern California Edison Company, a California corporation, hereinafter referred to as 'Edison', individually 'Party' , collectively "Parties".

2. RECITALS

2.1 Seller desires to construct, own, Operate and Control a 21,760 kW Generating Facility at Seller's Facility located at SW 1/4, Section 31, T4N, R15W, Los Angeles County, California, and sell 19,600 kw of Contract Capacity to Edison with an expected Firm Operation date of July 1, 1988, for a Contract Term of 19 years.

Seller's Generating Facility is a (check one):
(x) Cogeneration Facility
( ) Small Power Production Facility

Seller shall commence construction of the Generating Facility on November 1, 1987.

2.2 (Options II and III pursuant to Section 3 below)

Seller desires to purchase from Edison, under the provisions of this Agreement and pursuant to Edison's tariffs filed with the Commission, that portion of the electrical requirements of Seller's Facility which are not supplied by the Generating

Facility and which do not exceed the capability of Edison's facilities installed at Seller's Facility.

2.3 Edison desires to purchase the Contract Capacity and Energy made available by Seller to Edison from Seller's Generating Facility. Edison desires that this source of electric power be as reliable as reasonably possible.

2.4 The Parties desire, by this Agreement, to establish the terms, conditions, and obligations pursuant to which.they can accomplish the above desires and needs.

2.5 Seller's Generating Facility is a Qualifying Facility.

3. OPERATING OPTIONS

3.1 Seller elects to Operate its Generating Facility in parallel with Edison's Electric System in accordance with the following option (check one):

( ) Option I: Dedication of the entire Generator output to Edison with no electrical service required from Edison.

( ) Option II: Dedication of the entire Generator output to Edison with electrical service required from Edison.

(X) Option III: Dedication to Edison of only the portion of the Generating Facility output in excess of Seller's electrical requirements.

3.2 The Generating Facility will deliver electricity to Edison at a nominal 66,000 volts.

3.3 (Option III pursuant to this Section 3) Seller plans to use as much of the electrical energy produced by the Generating Facility to serve the electrical requirements of Seller's Facility as is practicable. Seller's expected maximum electrical requirement is approximately 1,000 kW.

3.4 (Small hydro projects only) The Contract Capacity in Section 2.1 shall be based on the average of the five (5) lowest years of stream flow taken from a study covering a minimum 50 years of continuous data. (A shorter period may be mutually determined agreed to if data for a 50-year period is not obtainable.)

3.5 Seller may change its operating option as indicated in Section 3.1, and its tariff schedule pursuant to Section 12, not more than once per year upon at least ninety (90) days prior notice to Edison.

3.5.1 If the change of operating option results in a reduction of Contract Capacity, the provisions in Section 5 shall apply.

3.5.2 Edison shall process requests for changes of operating option in the chronological order received.

3.5.3 Edison shall not be required to remove or reserve capacity of interconnection Facilities made idle by Seller's change of operation option and may dedicate such idle facilities at any time to serve other customers or to interconnnect with other electric power sources.

3.5.4 When the Seller wishes to reserve Interconnection Facilities paid for by the Seller but idled by a change in operation option, Edison shall impose a special facilities charge related to the operation and maintenance of the Interconnection Facility. When the Seller no longer needs said facilities for which it has paid, the Seller shall receive credit for the net salvage value of the Interconnection Facilities dedicated to Edison's use. If Edison is, able to make use of these facilities to serve other customers, the Seller shall receive the fair market value of the facilities determined as of the date the Seller

either decides no longer

to use said Facilities or fails to pay the required maintenance fee.

4. DEFINITIONS

When used with initial capitalizations, whether in the singular or plural, shall have the following meanings:

4.1 Adjusted Capacity_Price: The $/kW-yr capacity purchase price based on the Capacity Payment Schedule for the time period beginning on the date of Firm Operation and ending on the date of termination or reduction of Contract Capacity.

4.2 Agreement: This document, including the appendices attached herein, as amended from time to time.

4.3 Capacity Payment Schedule: Published capacity schedule table as authorized by the CPUC.

4.4 Cogeneration Facility: The facility and equipment which sequentially generate thermal and electrical energy as defined in Title 18, Code of Federal Regulations (CFR), Section 292.202.

4.5 Commission or CPUC: The Public Utilities Commission of the State of California.

4.6 Contract Capacity: That portion of the Generating Facility electric power producing capability which is dedicated Edison.

4.7 Contract Capacity Price: The $kW-yr capacity purchase price from the Capacity Payment Schedule for the Contract Term and date of Firm Operation.

4.8 Contract Term: Length of Agreement in years, beginning from the date of Firm Operation.

4.9 Control: To establish the electrical output of the Generating Facility through dispatching procedures including shutdown and startup.

4.10 Current Contract Capacity Price: The $/kW-year capacity price from the Capacity Payment Schedule in effect at the time the termination notice is received by Edison for a term equal to the number of years from the date of termination or reduction of Contract Capacity to the end of the Contract Term.

4.11 Edison Electric System Integrity: Operation of Edison's electric system in a manner which minimizes risks of injury to persons and/or property and enables Edison to provide adequate and reliable electric service to its customers.

4.12 Emergency: A condition or situation which in Edison's sole judgment affects Edison's ability to maintain safe, adequate, and continuous electrical service.

4.13 Energy: Kilowatthours generated by Seller's Generating Facility which are purchased by Edison at the Point of Interconnection.

4.14 Firm Operation: The date mutually agreed upon between the Parties on which each generating unit of Seller's Generating Facility is determined to be a reliable source of generation and on which such unit can be reasonably expected to operate continuously at its effective rating (expressed in kw).

4.15 Forced Outage: Any outage resulting from a design defect, inadequate construction, operator error or electrical or mechanical equipment breakdown that fully or partially curtails the electrical output of the Generating

Facility.

4.16 Generating Facility: All of Seller's generators, together with all protective and other associated equipment and improvements, necessary to produce electrical energy at Seller's Facility excluding associated land, land rights or interests in land.

4.17 Generator: The generators and associated prime mover(s), which are a part of the Generating Facility.

4.18 Interconnection Facilities: Those protection, metering, electric line(s), and other facilities

required in the opinion of Edison, to permit an electrical interface between Edison and Seller.

4.19 Interconnection Facilities Contract: That document which is attached hereto in Part II, Appendix A.2 and by this reference is incorporated herein and made a part hereof.

4.20 KVAR: Reactive kilovolt-ampere, a unit of measure of reactive power.

4.21 Operate. To provide the engineering, purchasing, repair, supervision, training, inspection, testing, protection, operation, use, management, replacement, retirement, reconstruction,.and maintenance of and for the Generating Facility in accordance with applicable utility standards and good engineering practices.

4.22 Operating Representatives: Individual(s) appointed by each Party for the purpose of securing effective, cooperation and interchange of information between the Parties in connection with administration and technical matters related to this Agreement.

4.23 Peak Months:. Those months which the Edison annual system peak demand could occur. Currently, but, subject to change with notice, the peak months for the Edison system are June, July, August, and September.

4.24 Point of-Interconnection: The point where the transfer of electrical energy between Edison and Seller takes place.

4.25 Project: The Generating Facility, Interconnection Facilities and metering equipment required to permit operation of Seller's Generator in parallel with Edison's electric system.

4.26 Protective Apparatus: That equipment and apparatus installed by Seller and/or Edison pursuant to Section 7.4, Part 1, and Section 1.1, Part II.

4.27 Qualifying Facility: Cogeneration or Small Power Production Facility which meets the criteria as defined in Title 18, Code of Federal Regulations (CFR), Section 292.201 through 292.207.

4.28 Seller's Facility: The premises and equipment of Seller located as specified in Section 2.1.

4.29 Small Power Production Facility: The facilities and equipment which use biomass, waste or renewable resources, including wind, solar and water to produce electrical energy as defined in Title 18, Code of Federal Regulations (CFR), Section 292.201 through 292.207.

4.30 Standby Demand: Seller's electrical load requirement that Edison is expected to serve when Seller's Generating Facilitv is not available.

4.31 Summer Period: Defined in Edison's Tariff Schedule No. TOU-8 as now in effect or as may hereafter be authorized by the Commission to be revised.

4.32 Tariff Schedule No. TOU-8: Edison's time-of-use energy tariff

for electric service exceeding 500 kW, as now in effect or as may hereafter be authorized by the Commission to be revised.

4.33 Uncontrollable Forces: Any occurrence beyond the control of a Party which causes that Party to be unable to perform its obligations hereunder and which a Party has been unable to overcome by the exercise of due diligence, including but not limited to flood, drought, earthquake, storm, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, strike, labor dispute, action or inaction of legislative, judicial or regulatory agencies, or other proper authority, which may conflict with the terms of this Agreement, or failure, threat of failure or sabotage of facilities which have been maintained in accordance with good engineering and operating practices in California.

4.34 Winter Period: Defined in Edison's Tariff Schedule No. TOU-8 as now in effect or as may hereafter be authorized by the Commission to be revised.

5. TERMS AND TERMINATION

5.1 This Agreement shall be binding upon execution and remain in effect for the Contract Term provided that it shall terminate if Firm operation does not occur within 5 years of the date specified in Section 1.2, Part IV.

5.2 This Agreement may remain in effect beyond the expiration of the Contract Term; except that, beyond the expiration of the Contract Term, either Party may terminate this Agreement, with or without cause, at any time, upon 90 days prior written notice.

5.3 General Provisions - Termination

5.3.1 This section shall apply if there is a contract termination or reduction in Contract Capacity. The parties agree that the amount which Edison pays Seller for the Contract Capacity which Seller makes available to Edison is based on the agreed value of Seller's performance of his obligations to provide capacity during the full Contract Term.

5.3.2 The Parties agree that the refund and payments provided in Sections 5.4 and 5.5 represent a fair compensation for the reasonable losses that would result from

such termination or reduction of Contract Capacity.

5.3.3 In the event of a reduction in Contract Capacity the quantity, in kW, by which the Contract Capacity is reduced shall be used to calculate the refunds and payments due Edison in accordance with Sections 5.4 and 5.5, as applicable.

5.3.4 Edison shall provide invoices to Seller for all refunds and payments due Edison under this section which shall be due within 60 days.

5.3.5 If Seller does not make payments as required in Section 5.3.4, Edison shall have the right to offset any amounts due it against any present or future payments due Seller.

5.3.6 Notices of Termination shall be made in accordance with Section 18, Part I of the contract.

5.4 Termination with Prescribed Notice

5.4.1 Seller may terminate this entire Agreement or reduce the Contract Capacity, provided that Seller gives Edison prior written notice for a period determined by the

amount of Contract Capacity terminated or reduced:

AMOUNT OF CONTRACT CAPACITY TERMINATED OR REDUCED	LENGTH OF NOTICE REQUIRED
25,000 kW or under	12 months
25,001 - 50,000 kW	36 months
50,001 - 100,000 kW	48 months
over 100,000 kW	60 months

5.4.2 Upon termination or reduction in Contract Capacity, Seller shall refund to Edison with interest at the current published Federal Reserve Board three (3) months prime commercial paper rate an amount equal to the difference between (a) the accumulated capacity payments already paid by Edison up to the time the termination notice is received and based on the original Contract Term and; b) the total capacity payments which Edison would have paid based on the period of Seller's actual performance using the Adjusted Capacity Price.

5.4.3 From the date the termination notice is received to the date of actual termination Edison shall make capacity payments based on the Adjusted Capacity Price for the

amount of Contract Capacity being terminated.

5.4.4 Edison shall continue to pay for the amount of Contract Capacity not being terminated, if any, at the original Contract, Capacity Price.

5.5 Termination Without Prescribed Notice

5.5.1 If Seller terminates this Agreement or reduces the Contract Capacity thereof, without the notice prescribed, the provisions in Section 5.4 will all apply. Additionally,

5.5.2 Seller shall pay Edison an amount equal to: (1) the amount of Contract Capacity being terminated, times (2) the difference between the Current Contract Capacity Price and the Contract Capacity Price, times (3) the number of years and fractions thereof (not less than 1 year) by which the Seller has been deficient in giving prescribed notice. In the event that the Current Capacity Price is less than the Contract Capacity Price no payment under this Section 5.5.2 shall be due either Party.

5.6 Examples of Termination

5.6.1 Examples of Termination calculations are given in Appendix B.2.

6. OWNERSHIP AND CONTROL OF GENERATING FACILITY

6.1 The Generating Facility shall be owned by Seller.

6.2 Seller shall Control the Generating Facility; except that Seller shall, at any time, if requestd by Edison to facilitate maintenance of Edison facilities, during periods of Emergency or to maintain Edison Electric System Integrity: (i) Disconnect the Generator from the Edison electric system, or (ii) reduce the electrical output of the Generator to the level of the Seller's total electrical requirement (applicable only to Sellers electing Operating Options I or III under Section 3.1). Each party shall endeavor to correct, within a reasonable period, the conditions on its system which necessitate the disconnect obligation or reduction of output. The disconnect obligation or reduction of electrical output shall be limited to the period of time such a condition

exists.

DESIGN AND CONSTRUCTION OF GENERATING FACILITY

Seller, at no cost to Edison, shall acquire all permits and approvals, and complete or have completed all environmental impact studies

necessary for the construction, and maintenance of the Project.

7.2 Edison shall have the right to review the electrical drawings pertaining to the design of the Generating Facility and Seller's Interconnection Facilities. Such review may include, but not be limited to, the Generator governor, excitation system, synchronizing equipment, protective relays and neutral grounding. The Seller shall be notified in writing of the outcome of the Edison review within 30 days of the receipt of all specifications for both the Generating Facility and the Interconnection Facilities. Any flaws perceived by Edison in the design shall be described in Edison's written notice.

7.3 Edison shall have the right to require modifications to the design as it deems necessary for proper and safe operation of the Project when in parallel with the Edison electric system.

7.4 Seller shall furnish, install, operate and maintain in good order and repair and without cost to Edison, the relays, meters power circuit breakers synchronizer and other control and Seller Protective Apparatus as shall be agreed to by the Parties pursuant to Section 7.2 and 7.3 as being

necessary for proper and safe operation of the Project in parallel with Edison's electric system.

7.5 Future changes on the Edison electric system and/or Seller's system may require modification of the design of Seller's Generating Facility or the Interconnection Facilities. Any such modification, whether proposed by Edison or Seller shall be subject to the provisions of this Section 7.

7.6 (If applicable) Seller shall provide power factor correction capacitors for each induction generating unit of the Generating Facility. Such capacitors shall be switched off and on simultaneously with said unit. The KVAR rating of such capacitors shall be the highest standard value which will not exceed said unit's no-load KVAR requirement.

7.7 (Applicable to Wind Parks Only) Seller shall not locate any part of a wind-driven generating unit of the Generating Facility within three (3) rotor blade diameters of any planned or existing electric utility 33 kV, 66 kV, 220 kV or 500 kV transmission line right of way or of any such line right of way for which application has been made to a regulatory authority.

7.8 Edison shall have the right to monitor the construction, start-up, operation, and maintenance

of the Project and have the right to consult with and make recommendations to Seller.

7.9 Edison shall have the right to review the construction schedule. Seller shall notify Edison, at least one year in advance of Firm Operation, of changes in this schedule which affect the Firm Operation, whenever possible.

8. OPERATION OF GENERATING FACILITY

Seller shall Operate the Generating Facility, subject to the following provisions:

8.1 The Generating Facility and Seller Protective Apparatus shall be Operated and maintained in accordance with applicable utility industry standards and good engineering practices with respect to synchronizing, voltage and reactive power control.

8.2 The Generating Facility shall be operated with all of Seller's Protective Apparatus in service whenever the Generator is connected to or is operated in parallel with the Edison electric system. Any deviation for brief periods of emergency or maintenance shall only be by mutual agreement.

8.3 Seller shall operate and maintain the Project in a prudent manner which will produce maximum Energy to the extent that conditions permit.

8.4 Each Party shall keep the other Party's Operating Representative informed as to the operating schedule of their respective facilities affecting each other's operation hereunder, including any reduction in Contract Capacity availability related to this Agreement. In addition, Seller shall provide Edison with reasonable advance notice regarding its scheduled outages including any reduction in Contract Capacity availability. Reasonable advance notice is as follows:

SCHEDULED OUTAGE EXPECTED DURATION	ADVANCE NOTICE TO EDISON
Less than one day	24 Hours
One day or more (except major overhaul)	1 Week
Major overhaul	6 Months

8.5 Notification by each Party's Operating Representative of outage date and duration should be directed to the other Party's Operating Representative by telephone.

8.6 Seller shall not schedule major overhauls during Peak Months.

8.7 Seller shall Make reasonable efforts to schedule routine maintenance outside the Peak Months but in no event shall outages for scheduled maintenance exceed 30 peak hours during the Peak Months.

8.8 Seller shall maintain an operating log at Seller's Facility with records of: real and reactive power

production, changes in operating status, outages, Protective Apparatus operation's and any unusual conditions found during inspections. For Generators which are 'block-loaded' to a specific kW capacity, changes in this setting shall also be logged. In addition, Seller shall maintain records applicable to the Generating Facility, including the electrical characteristics of the Generator and settings or adjustments of the Generator control equipment and protective devices. Such information shall be available to Edison upon request and copies of such operating log and records shall be provided, if requested, to Edison within thirty (30) days of Edison's request.

8.9 If, at any time, Edison has reason to doubt the integrity of any of Seller's Protective Apparatus and suspect's that such loss of integrity would be hazardous to the Edison Electric System Integrity, Seller shall demonstrate, to Edison's satisfaction, the correct calibration and operation of the equipment in question.

8.10 Seller shall test all protective devices specified in Section 7.4 with qualified personnel at intervals not to exceed four (4) years.

8.11 Seller shall notify Edison at least fourteen (14) calendar days prior to: (1) the initial parallel

operation of each of Seller's Generators; (2) the initial testing of Seller's Protective Apparatus. Edison shall have the right to have a representative present at such times.

8.12 Seller shall, to the extent possible provide reactive power for its own requirements and where applicable the reactive power losses of interfacing transformers. reactive power to Edison unless otherwise agreed upon between the Parties.

8.13 The Seller warrants that the Generating Facility meets the requirements of a Qualifying Facility as Seller shall not deliver excess of the effective date of this Agreement and continuing through the Contract Term.

8.14 The Seller warrants that the Generating Facility shall at all times conform to all applicable laws and regulations. Seller shall obtain and maintain any governmental authorizations and permits for the continued operation of the Generating Facility. If at any time Seller does not hold such authorization and permits, Seller agrees to reimburse Edison for any loss which Edison incurs as a result of the Seller's failure to maintain governmental authorization and permits.

8.15 At Edison's request Seller shall make all reasonable effort to deliver power at an average

rate of delivery at least equal to the Contract Capacity during periods of Emergency. In the event that the Seller has previously scheduled an outage coincident with an Emergency, Seller shall make all reasonable efforts to reschedule the outage. The notification periods listed in Section 8.4 shall be waived by Edison if Seller reschedules the outage.

DISCLAIMER

Any review by Edison of the design, construction, operation, or maintenance of the Project is solely for the information of Edison. By making such review, Edison makes no representation as to the economic and technical feasibility, operational capability, or reliability of the Project. Seller shall in no way represent to any third party that any such review by Edison of the Project, including but not limited to, any review of the design, construction, operation, or maintenance of the Project by Edison is a representation by Edison as to the economic and technical feasibility, operational capability, or reliability of said facilities. Seller is solely responsible for economic and technical feasibility, operational capability, or reliability thereof. Edison shall not be liable to Seller for, and Seller shall defend and indemnify Edison from, any claim, cost, loss, damage, or liability arising from any contrary representation concerning the effect of Edison's

review of the design, construction, operation, or maintenance of the Project.

10. METERING

10.1 Edison shall provide, own and maintain at the Seller's expense all necessary meters and associated equipment to be utilized for the measurement of Energy and Contract Capacity for determining Edison's payments to Seller pursuant to this Agreement.

10.2 The metering equipment used for metering the Energy sold to Edison shall at Seller's option be located (Check one):

( ) a. on Edison's side of the Interconnection Facilities, or

(x) b. on the Seller's side of the Interconnection Facilities. A loss compensation factor agreed to by the Seller and Edison shall be applied. At the written request of the Seller, and at Seller's sole expense, Edison shall measure actual transformer losses. If the actual measured value differs from the agreed-upon loss compensation factor, the actual value shall be applied prospectively.

10.3 If meters are placed on Edison's side of the Interconnection Facilities, service shall be

provided at the available transformer high-side voltage.

10.4 (Options II and III pursuant to Section 3) Edison shall provide, own and maintain at its expense all necessary meters and associated equipment to be utilized for billing Seller if Edison provides electric service to Seller.

10.5 For purposes of monitoring the Generator operation and the determination of standby charges, Edison shall have the right to require at Seller's expense installation of generation metering. Edison may also require the installation of telemetering equipment at Seller's expense for Generating Facilities equal to or greater than 10 MW. Edison may require the installation of telemetering equipment at Edison's expense for Generating Facilities less than 10 MW.

10.6 Seller shall provide, at no expense to Edison, a suitable location for all meters and associated equipment referred to in this Section 10.

10.7 Edison shall install a ratchet device on (i) the meter(s) recording energy provided by Edison (if applicable), (ii) the meter(s) recording reactive demand imposed on the Edison electric system, and (iii) the meter(s) recording Energy sold to Edison, to prevent their reverse operation.

10.8 Edison's meters shall be sealed and the seals shall be broken only when the meters are to be inspected, tested, or adjusted by Edison. Seller shall be given reasonable notice of testing and have the right to have its representative present on such occasions.

10.9 Edison's meters installed pursuant to this Agreement shall be tested by Edison, at Edison's expense, at least once each year and at any reasonable time upon request by either Party, at the requesting Party's expense. If Seller makes such request, Seller shall reimburse said expense to Edison within thirty (30) days after presentation of a bill therefore.

10.10 Metering equipment found to be inaccurate shall be repaired, adjusted, or replaced by Edison such that the metering accuracy of said equipment shall be within two percent (2%). If metering equipment inaccuracy exceeds two percent (2%), the correct amount of Energy delivered during the period of said inaccuracy shall be estimated by Edison and

agreed upon by the Parties.

AVAILABILITY

11.1 Outages: Seller shall make all reasonable efforts to limit the outages of the Generating Facility:

11.2 Periodic Demonstration:

11.2.1 Edison shall have the right to require the availability of the Generating Facility at least once per year.

11.2.2 The demonstration shall be conducted at a time and under procedures mutually agreed upon by the Parties. Demonstration shall be at Seller's expense.

11.2.3 Seller shall demonstrate the ability of the Generating Facility to produce Contract Capacity for a mutually agreed period of time.

12.1 (Option III pursuant to Section 3.1, Part I) Standby electric service shall be provided pursuant to a separate Agreement under terms and conditions of Edison's tariff schedule as now in effect or as may hereafter be authorized by the Commission to be revised.

12.2 (Options II and III pursuant to Section 3.1, Part I) Electric service shall be provided pursuant to separate Agreement under terms, conditions and rates of Edison's tariff schedule as now in effect or as may hereafter be authorized by the Commission to be revised.

12.3 Monthly charges associated with Interconnection Facilities shall be billed pursuant to the Interconnection Facilities Contract.

12.4 Edison shall commence billing Seller for electric service rendered pursuant to the applicable schedule referred to in this Section on the date that the Point of Interconnection is energized.

13. PROPERTY AND LAND RIGHTS

13.1 Edison shall, as it deems necessary or desirable, build electric lines, facilities and other equipment, both overhead and underground, on and off Seller's Facility, for the purpose of effecting the arrangements contemplated in this Agreement after satisfaction of the requirements of Sections 13.2 and 13.3. The physical location of such electrical line, facilities and other equipment on Seller's Facility shall be determined by agreement of the Parties.

13.2 Seller shall reimburse Edison for the cost of acquiring any property rights off Seller's Facility which are required by Edison to meet its obligations to Seller under this Agreement.

13.3 Seller shall grant to Edison, without cost to Edison, and by a mutually acceptable instrument of conveyance, the following:

13.3.1 Rights of way, easements and other property interests necessary to construct, reconstruct, use, maintain, alter, add to, enlarge, repair, replace, inspect and remove at any time, the electric lines, facilities or other equipment, both

overhead and underground, which is
required by Edison to effect the
arrangements contemplated in this Agreement

13.3.2 The rights of ingress and egress at all
reasonable times necessary for Edison to
perform any one or more of the activities
contemplated in this Agreement.

13.4 The electric lines, facilities, or other equipment
referred to in this Section 13 installed by Edison
on or off Seller's Facility shall be and remain the
property of Edison.

13.5 Edison shall have no obligation to Seller for any
delay or cancellation due to inability to acquire a
satisfactory right of way.

14. TAXES

14.1 Ad valorem taxes and other taxes properly
attributed to the Seller's Facility shall be paid by Seller.
If such taxes are assessed or levied against Edison,
Seller shall pay Edison the amount

of such assessment or levy within thirty (30) days
of presentation of documentation thereof.

14.2 The Parties shall provide information concerning
the Project to any requesting taxing authority.

15. LIABILITY

15.1 Each Party (First Party) releases the other Party
(Second Party), its directors, officers, employees
and agents from any loss, damage, claim, cost,
charge, or expense of any kind or nature (including
any direct, indirect or consequential loss, damage
claim, cost, charge, or expense) including
attorney's fees and other cost of litigation
incurred by the First Party in connection with
damage to property of the First Party caused by or
arising out of the Second Party's construction,
engineering, repair, supervision, inspection,
testing, protection, operation, maintenance,
replacement, reconstruction, use or ownership of
its facilities, to the extent that such loss, damage,
claim, cost, charge, or expense is caused
by the negligence of Second Party, its directors,
officers, employees, agents, or any person or
entity whose negligence would be imputed to
Second Party.

15.2 Each Party shall indemnify and hold harmless,
the, other Party, its directors, officers, and employees

or Agents from and against any loss, damage, claim,
cost, charge, (including direct, indirect or
consequential loss, damage, claim, cost, charge, or
expense), including attorney's fees and other costs
of litigation incurred by the other Party in
connection with the injury to or death of any
person or damage to property of a third party
arising out of the indemnifying Party's
construction, engineering, repair, supervision,
inspection, testing, protection, operation,
maintenance, replacement, reconstruction,
use, or ownership of its facilities, to the extent that
such loss, damage, claim, cost, charge, or expense
is caused by the negligence of the indemnifying
Party, its directors, officers, employees, agents,
or any person or entity whose negligence would be
imputed to the indemnifying Party; provided,
however, that each Party shall be solely responsible

for and shall bear all cost of claims brought by its contractors or its own employees and shall indemnify and hold harmless the other Party for any such costs including costs arising out of any workers compensation law.

15.3 The provisions of this Section 15 shall not be construed so as to relieve any insurer of its obligations to pay any insurance claims in

accordance with the provisions of any valid insurance policy.

15.4 Neither Party shall be indemnified under this Section 15 for its liability or loss resulting from sole negligence or willful misconduct.

16. INSURANCE

16.1 During the term of this Agreement, Seller shall obtain and maintain in force as hereinafter provided comprehensive general liability insurance, including contractual liability coverage, with a combined single limit of not less than $1,000,000 each occurrence for Generating Facilities 100 kW or greater; (ii) not less than $500,000 for each occurrence for Generating Facilities between 20 kW and 100 kw; and (iii) not less than $100,000 for each occurrence for Generating Facilities less than 20 kW. The insurance carrier or carriers and form of policy shall be subject to review and approval by Edison.

16.2 Prior to the date Seller's Generating Facility is first operated in parallel with Edison's electric system, Seller shall (i) furnish certificate of insurance to Edison, which certificate shall provide that such insurance shall not be terminated nor expire except on thirty (30) days prior written notice to Edison, (ii) maintain such insurance in

effect for so long as Seller's Generating Facility is operated in parallel with Edison's electric system, and (iii) furnish to Edison an additional insured endorsement with respect to such insurance in substantially the following form:

"In consideration of the premium charged, Southern California Edison Company ('Edison") is named as additional insured with respect to all liabilities arising out of Seller's use and ownership of Seller's Generating Facility."

"The inclusion of more than one insured under this policy shall not operate to impair the rights of one insured against another insured and the coverages afforded by this policy will apply as though separate policies had been issued to each insured. The inclusion of more than one insured will not, however, operate to increase the limit of the carrier's liability. Edison will not, by reason of its inclusion under this policy, incur liability to the insurance carrier for payment of premium for this policy."

"Any other insurance carried by Edison which may be applicable shall be deemed excess insurance and Seller's insurance primary for all purposes despite any conflicting provisions in Seller's policy to the contrary."

If the requirement of Section 16.2 (iii) prevents Seller from obtaining the insurance required in Section 16.1, then upon written notification by Seller to Edison, Section 16.2 (iii) shall be waived.

16.3 The requirements of this Section 16.1 shall not apply to a Seller who is a self-insured.

governmental agency with an established self-insurance.

16.4 If Seller fails to comply with the provisions of this Section 16, Seller shall, at its own cost, defend, indemnify, and hold harmless Edison, its directors, officers, employees, agents, assigns, and successors in interest from and against any and all loss, damage, claim, cost, charge, or expense of any kind of nature (including direct, indirect or consequential loss, damage, claim, cost, charge, or expense, including attorney's fees and other costs of litigation) resulting from the death or injury to any person or damage to any property, including the personnel and property of Edison, to the extent that Edison would have been protected had Seller complied with all of the provisions of this Section 18.

17. UNCONTROLLABLE FORCES

17.1 Neither Party shall be considered to be in default in the performance of any of the provisions contained in this Agreement, except for obligations to pay money, when and to the extent failure of performance shall be caused by an Uncontrollable Force.

17.2 If either Party because of an Uncontrollable Force is rendered wholly or partly unable to perform its

obligations under this Agreement, the Party shall be excused from whatever performance is affected by the Uncontrollable Force to the extent so affected provided that:

(1) the nonperforming Party, within two weeks after the occurrence of the Uncontrollable Force, gives the other Party written notice describing the particulars of the occurrence,

(2) the suspension of performance is of no greater scope and of no longer duration than is required by-the Uncontrollable Force,

(3) the nonperforming Party uses its best efforts to remedy its inability to perform (this subsection shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be at the sole discretion of the Party having, the difficulty),

(4) when the nonperforming Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party written notice to that effect, and

(5) capacity payments during such periods of Uncontrollable Force on Seller's part shall be governed by Appendix B.2, Section 8.3.

17.3 In the event that either Party's ability to perform cannot be corrected when the Uncontrollable Force is caused by the actions or inactions of legislative, judicial or regulatory agencies, or other proper authority, this Agreement may be amended to comply with the legal or regulatory change which caused the nonperformance. If a loss of Qualifying Facility status occurs due

to an Uncontrollable Force and Seller fails to make the changes necessary to maintain its Qualifying Facility status, the Seller shall compensate Edison for any economic detriment incurred by Edison as a result of such failure.

18. NOTICES

Except as otherwise specifically provided herein, any notice from one Party to the other, shall be given in, writing and shall be deemed to be given as of the date

the same is enclosed in a sealed envelope, addressed to the other by certified first class mail, postage prepaid, and deposited in the United States Mail. For the purposes of this Section 18, such notices shall be mailed to the following respective addresses or to such others as may be hereafter designated by either Party:

Southern California Edison Company
Post Office Box 800
Rosemead, California 91770
Attention: Secretary

Tenneco Oil Company
P.O. Box 9909
Bakersfield, CA 93389
Attention: Division Production Engineer

19. NONDEDICATION OF FACILITIES

Neither Party, by this Agreement, dedicates any part of its facilities involved in this Project to the public or to the service provided under this Agreement, and such service shall cease upon termination of this Agreement.

20. PREVIOUS COMMUNICATIONS

This Agreement contains the entire agreement and understanding between the Parties, their agents and employees as to the subject matter of this Agreement, and merges and supersedes all prior agreements, commitments, representations and discussions between the Parties. No Party shall be bound to any other obligations, conditions, or representations with respect to the subject matter of this Agreement.

21. Nonwaiver

None of the provisions of this Agreement shall be considered waived by either Party except when such waiver is given in writing. The failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

22. SUCCESSORS & ASSIGNS

Neither Party shall voluntarily assign its rights nor delegate its duties under this Agreement, or any part of such rights or duties, without the written consent of the other Party, except in connection with the sale or merger of a substantial portion of its properties. Any such assignment or delegation made without such written consent shall be null and void. Consent for assignment shall not be withheld unreasonably. Such assignment shall include, unless otherwise specified therein, all of Seller's rights to any refunds which might become due under this Agreement.

23. EFFECT OF SECTION HEADINGS
Section headings appearing in this Agreement are intended for convenience only, and shall not be construed as interpretations of text.

24. GOVERNING LAW

This agreement shall be interpreted, governed and construed under the laws of the State of California or the United States as applicable as if executed and to be performed wholly within the State of California.

PART II: INTERCONNECTION FACILITIES

1. INTERCONNECTION FACILITIES DESIGN

1.1 The Interconnection Facilities shall be designed, installed, operated and maintained at Seller's expense pursuant to the appendix indicated in Section 2, Part II. The design, installation, operation and maintenance of the Interconnection Facilities shall be in accordance with the terms and conditions of the elected appendix and Edison's Tariff Rule No. 21.

1.2 The cost for the Interconnection Facilities set forth in the appendices specified in Section 2.3, Part II are estimates only for Seller's information and will be adjusted to reflect recorded costs after installation is complete; except thatl upon Seller's written request to Edison, Edison shall provide a binding estimate which shall be the basis for the Interconnection Facilities cost in the Interconnection Facilities Agreement executed by the Parties.

1.3 Seller, at no cost to Edison, shall acquire all permits and approvals, and complete or have completed all environmental impact studies necessary for the construction, operation, and maintenance of the Interconnection Facilities.

2. OWNERSHIP AND OPERATION OF INTERCONNECTION FACILITIES

2.1 Seller shall not commence parallel operation of the Generating Facility until written approval for operation of the Interconnection Facility has been given by Edison. The Seller shall notify Edison at least forty-five days prior to the initial energizing of the Point of Interconnection. Edison shall have the right to inspect the Interconnection Facilities within 30 days of receipt of such notice. If the facilities do not pass Edison's inspection, Edison shall provide in writing the reasons for this failure within five days of the inspection.

2.2 Edison shall own, operate and maintain the Interconnection Facility as provided below.

2.3 Seller elects (check appropriate Appendix):

( ) Appendix A.1 - Interconnection Facilities -

Added Facilities Basis (Edison designs, purchases, constructs, owns, operates and maintains Interconnection Facilities. The Interconnection Facilities costs will then be charged to Seller on an added facilities

basis pursuant to Tariff Rule No. 2.H.)

(x) Appendix A.2 - Interconnection Facilities -

Capital Contribution Basis (Seller provides capital prior to construction. Edison designs, purchases and constructs the Interconnection Facilities. Seller pays maintenance and operation Fees to Edison.)

( ) Appendix A.3 - Interconnection Facilities -

Seller Owned and Operated Facility (Seller designs, purchases, constructs, owns, operates and maintains Interconnection Facilities and assumes additional and full responsibility therefore.)

2.4 The nature of the Interconnection Facilities and the Point of Interconnection shall be set forth either by equipment lists or appropriate one-line diagrams and shall be attached to the appropriate appendix specified in Section 2.3, Part II.

PART III: PURCHASE AND PAYMENT PROVISIONS

1. POWER PURCHASE AND SALE

1.1 Seller hereby agrees to sell to Edison and Edison hereby agrees to Purchase from Seller at the Point of Interconnection, the Energy delivered by Seller to Edison hereunder.

1.1.1 Seller shall begin delivery of Energy on or before the expected date of Firm Operation. Such Energy shall be paid for by Edison pursuant to the terms and conditions of this Agreement and its Appendices.

1.1.2 If at any time Energy can be physically delivered to Edison and Seller is contesting the claimed jurisdiction of any entity which has not issued a license or other approval for the Project, Seller at its sole discretion and risk shall have the right to deliver said Energy to Edison and shall receive payment from Edison for said Energy only, pursuant to payment provisions in this Part III. However, unless and until all required licenses an approvals have been obtained, Seller may discontinue deliveries at any time.

1.2 Seller shall sell to Edison and Edison shall purchase from Seller an amount of Contract Capacity as specified under Section 2.1, Part I or such Contract Capacity as adjusted pursuant to Section 1.2.2 below.

1.2.1 Such Contract Capacity shall be paid for by Edison pursuant to the terms and conditions of this Agreement and its Appendices.

1.2.2 Seller shall demonstrate the ability to provide Edison the specified Contract Capacity within 30 days of the date of Firm Operation in a manner pursuant to Sections 11.2.2 and 11.2.3, Part I. If Seller fails to provide the Contract Capacity, the Contract Capacity shall be reduced pursuant to a written agreement of the Parties.

1.3 Adjustment to Contract Capacity

1.3.1 Seller may increase the Contract Capacity with the approval of Edison and receive payment for the additional capacity thereafter in accordance with the Contract Capacity Price for the remaining Contract Term.

1.3.2 Seller may reduce the Contract Capacity at any time by giving notice thereof to Edison. Edison may reduce the Contract Capacity as a result of appropriate tests, studies, or prior performance. The amount by which the Contract Capacity is reduced shall be deemed a reduction in Contract Capacity under Section 5, Part 1.

1.3.3. Either partly may request, the other party to agree in writing to a new Contract Capacity whenever it appears that it has changed for any reason.

2. PROCEDURE FOR MONTHLY PAYMENT

2.1 Edison shall mail to Seller not later than 30 days after the end of each monthly billing period (1) a statement showing the Energy and Contract Capacity delivered to Edison during the on-peak, mid-peak, and off-peak periods, as those periods are specified in Edison's Tariff Schedule No. TOU-8 for that monthly billing period, (2) Edison's computation of the amount due Seller, and (3) Edison's check in payment of said amount.

2.2 If the monthly payment period involves portions of two different published Energy payment schedule periods the monthly Energy payment shall be

prorated on the basis of the percentage of days at each price.

2.3 If within 30 days of receipt of the statement Seller does not make a report in writing to Edison of an error, Seller shall be deemed to have waived any error in Edison's statement computation, and payment, and they shall be considered correct and complete.

PART IV: GENERAL AGREEMENT

1. AGREEMENT AND SIGNATURE

1.1 The Parties agree to the provisions provided in this Agreement and corresponding Appendices referenced herein.

1.2 This Agreement is executed in two counterparts, each of which shall be deemed an original. The signatories hereto represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of this 20th day of December, 1985.

SOUTHERN CALIFORNIA EDISON COMPANY

By s/s Edward A. Meyers Jr.
EDWARD A. MYERS, Jr. Vice President
TENNECO OIL CO

By s/s Robert T. Bogan
Name Robert T. Bogan
Title Vice Pres. & Div. Gen'l Manager

APPENDIX A.1
INTERCONNECTION FACILITIES - ADDED FACILIITES BASIS

A.1.1 Seller acknowledges that Seller has read Edison's Tariff Rule No. 21 and the QFMP and understands Seller's obligations and the consequences, as set forth in the QFMP and Part 1, Section 6 of the Power Purchase Agreement, for failure to satisfy any of the milestones in the QFMP.

A.1.2 In the event Seller loses its priority for existing available Edison line capacity, Seller shall, pursuant to Edison's Tariff Rule No. 21, be obligated to pay any additional cost for upgrades or additions necessary to accommodate Seller's deliveries. In such event, Edison and Seller shall amend this Agreement to reflect the conditions resulting from the change in priority.

A.1.3 Edison shall design, purchase, construct, own, operate and maintain all Interconnection Facilities at Seller's expense. The cost of the removable facilities portion of the Interconnection Facilities and the operation and maintenance thereof shall be paid by Seller on an added facilities basis pursuant to the attached Application and Contract for Interconnection Facilities.

A.1.4 Seller shall pay to Edison the total estimated cost for the nonremovable facilities portion of the Interconnection Facilities prior to the start of construction of the Interconnection Facilities. The costs of operation and maintenance shall be paid by Seller pursuant to the attached Application and Contract for Interconnection Facilities.

A.1.5 To the extent that Edison deems it necessary to effect the arrangements contemplated by this Agreement, Edison may, from time to time, design, install, operate, maintain, modify, replace, repair or remove any or all of the Interconnection Facilities. Any additions, modifications or replacement of equipment shall be treated as Interconnection Facilities. The cost of any addition, modification or replacement shall be added to the Interconnection Facilities contract by amendment. Equipment and/or Protective Apparatus which, in the opinion of Edison, is no longer required, shall be deleted from the Interconnection Facilities Contract.

Attachment to Appendix A.1

TENNECO OIL COMPANY - PHASE I
SCE STANDARD FIRM POWER PURCHASE AGREEMENT

APPLICATION AND CONTRACT FOR INTERCONNECTION FACILITIES

PLUS OPERATION AND MAINTENANCE

The undersigned Seller hereby requests the Southern California Edison Company (Edison) to provide the facilities described on the last page hereof which are by this reference incorporated herein and are hereinafter called "Interconnection Facilities." Interconnection Facilities as defined and used herein are a group of Added Facilities (see Rule No. 2.H). which have been designated as Interconnection Facilities, to accommodate negotiation and preparation of contracts for parallel generation projects. Furthermore, for purposes of the cost allocations as provided in this agreement, such Interconnection Facilities shall be classified as either "Removable Facilities" or "Non-Removable Facilities" as described on the last page of this agreement. Interconnection Facilities, as are Added Facilities, shall be provided in accordance with the applicable Tariff Schedules of Edison. Such Interconnection Facilities shall be owned, operated and maintained by Edison.

In consideration of Edison's acceptance of this application, Seller hereby agrees to the following:

1. Seller shall pay a monthly charge for the removable facilities portion of the Interconnection Facilities in the amount of 1.7% of the added investment as determined by Edison and as entered by Edison on the last page hereof. The monthly charge shall be adjusted

periodically in accordance with the prorata operation and maintenance charges for added facilities pursuant to Rule No. 2.H.2.C. The monthly charge may be based upon estimated costs of the removable facilities portion of the Interconnection Facilities and when the recorded book cost of the removable facilities portion of the Interconnection Facilities has been determined by Edison, the charges shall be adjusted retroactively to the date when service is first rendered by means of such Interconnection Facilities. Additional charges resulting from such adjustment shall, unless otherwise mutually agreed, be payable within thirty (30) days from the date of presentation of a bill therefor. Any credits resulting from such adjustment shall, unless otherwise mutually agreed, be refunded within thirty (30) days following demand of Seller.

2. Seller shall pay to Edison, prior to the start of construction of the Interconnection Facilities, the total estimated costs for the nonremovable facilities portion of the Interconnection Facility as determined by Edison. The estimated costs for the Interconnection Facilities, as entered on the last page hereof, shall be determined by Edison. In the event Seller abandons its plans for installation of such Interconnection Facility, for any reason whatsoever, including failure to obtain any required permits, Seller shall reimburse Edison upon

receipt of supporting documentation for any and all expenses incurred by Edison pursuant to this agreement within thirty (30) days after presentation of a bill.

3. Seller shall pay a monthly operation and maintenance charge for the nonremovable facilities portion of the Interconnection Facilities' operation and maintenance in the amount of 0.9% of the added investment as determined by Edison and as entered by Edison on the last page hereof. The monthly charge shall be adjusted periodically in accordance with the pro-rata operation and maintenance charges for added facilities pursuant to Rule No. 2.H.2.b. The monthly charge may be based upon estimated costs of the nonremovable facilities portion of the Interconnection Facilities and when the recorded book cost of the nonremovable facilities portion of the Interconnection Facilities has been determined by Edison, the charges shall be adjusted retroactively to the date when such Interconnection Facilities are available for use. Additional charges resulting from such adjustment shall, unless other terms are mutually agreed upon, be payable within thirty (30) days from the date of presentation of a bill therefor. Any credits resulting from such adjustment shall, unless otherwise mutually agreed, be refunded within thirty (30) days following demand of Seller.

4. Whenever a change is made in the removable facilities portion of the Interconnection Facilities which results in changes in the added investment, the monthly charge shall be adjusted on the basis of the revised added investment. The description of the Interconnection Facilities shall be amended by Edison to reflect any changes in equipment, installation and removal cost, amount of added investment, and monthly charge resulting from any such change in the removable facilities portion of the Interconnection Facilities or adjustment as aforesaid.

5. Whenever a change is made in the nonremovable facilities portion of the Interconnection Facilities which results in changes in the added equipment investment, the cost of such

change shall be payable by Seller within sixty (60) days from the date of presentation of a bill therefore. The description of the Interconnection Facilities shall be amended by Edison to reflect any changes in equipment, installation and removal cost, and amount of added investment. If required, the monthly charge resulting from any such change in the nonremovable facilities portion of the Interconnection Facilities shall be adjusted on the basis of the revised added investment.

6. All monthly charges payable hereunder shall commence upon the date when said Interconnection Facilities are available for use and shall first be payable fifteen (15) days after Edison submits the first bill therefore and

shall continue until the abandonment of such Interconnection Facilities by Seller, subject to the provisions of Paragraphs 2. And 7. hereof.

7. If the interconnection Facilities are abandoned by termination of service or otherwise, prior to five (5) years from the date Seller's Generating Facility is operational, Seller shall pay to Edison estimated cost of equipment and installation plus the cost of removing the removable facilities portion of the Interconnection Facilities less the estimated salvage value, within thirty (30) days after presentation of a bill therefor. Alternatively, Seller may pay to Edison, as a single payment, the sum of the monthly charges from paragraphs 1, 3, 4 and 5 hereof for the period beginning on the date on which said facilities are to be removed and ending on a date five (5) years from the date on which monthly charges commenced pursuant to provisions of paragraphs 4 and 5 hereof. Such alternative payment shall be made not later than thirty (30) days prior to the date on which Edison is to remove the Interconnection Facilities. If the Interconnection Facilities have been only partially constructed prior to such abandonment, Seller agrees to pay to Edison the amount expended by Edison (not exceeding the estimated installation and removal cost) for installing and removing the partially constructed Interconnection Facilities within thirty (30) days after

presentation of a bill therefor. If the Interconnection Facilities are abandoned solely by Edison at any time prior to or within the five (5) year term of this agreement, as of the date of abandonment, Seller's obligation to pay Interconnection Facilities charges, pursuant to paragraph 1, shall terminate and Seller shall not have any obligation to pay the charges described in this paragraph 7.

8. Seller shall provide evidence, to Edison's satisfaction, of Seller's ability to perform its obligations pursuant to Paragraph 7 above, within ninety (90) days after Edison has provided Seller with Edison's cost for the Interconnection Facilities and the estimated removal costs of Interconnection Facilities. Seller shall provide to Edison said evidence by means of a performance bond or other evidence as agreed to by both Parties.

9. Seller agrees to utilize said Interconnection Facilities in accordance with good operating practice and to reimburse Edison for damage to said Facilities occasioned or caused by the Seller or any of his agents, employees or licensees. Failure so to exercise due diligence in the utilization of said Interconnection Facilities shall give Edison the right to terminate this contract, to remove said facilities and to demand immediate reimbursement for the equipment installation and removal costs, less the

estimated salvage value if the facilities are removed within five (5) years from the date of this contract.

10. Edison's performance under this Contract is subject to the availability of materials required to provide the

Interconnection Facilities provided for herein and to all applicable Tariff Schedules of Edison.

11. The parties also understand and agree that due to equipment acquisition lead time and construction time requirements, Edison requires a minimum of 6 months from the time of authorization to construct the aforementioned Interconnection Facility and place it in operation. Edison shall have no obligation to Seller with regard to any target date established by Seller which is less than eighteen (18) months from the date this application is executed. However, Edison shall exercise its best effort to meet Seller's projected operational date.

12. (If applicable) This Contract for Interconnection Facilities supplements the appropriate application and contract(s) for electric service presently in effect between Seller and Edison.

13. This Contract shall to the extent provided by law at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California as said Commission may, from time to time, direct in the exercise of its jurisdiction.

SELLER: Tenneco Oil Company

WITNESS: _____ BY: _____
Robert T. Bogan
Vice President and
Division General Manager

Approved and Accepted for
SOUTHERN CALIFORNIA EDISON COMPANY

By _____
Glenn J. Bjorklund
Vice President

DATED: May 22, 1987

TENNECO OIL COMPANY - PHASE I
SCE STANDARD FIRM POWER PURCHASE AGREEMENT

SERVICE
ADDRESS: 25121 North Sierra Highway, Newhall, CA

DATE APPLICANT DESIRES INTERCONNECTION FACILITIES
AVAILABLE: November, 1988

DATE APPLICANT WILL BEGIN CONSTRUCTION OF THE GENERATING
FACILITY: October, 1989 (Last possible date for start of
Construction)

DESCRIPTION OF INTERCONNECTION FACILITIES:

5.6 miles of new 66 kV line on wood poles
66/12 kV substation for 41.6 MW of Cogeneration**
Telecommunications
Metering and telemetering equipment
Modifications of Saugus and Newhall Substations

REMOVABLE FACILITIES PORTION OF THE INTERCONNECTION FACILITIES

TOTAL COST OF INTERCONNECTION FACILITIES	Estimated $2,421,600
ADDED INVESTMENT*:	Estimated $2,402,600
INSTALLATION AND REMOVAL COST*:	Estimated $1,924,400
ONE-TIME CHARGE:	Estimated $ 12,400

NON-REMOVABLE FACILITIES PORTION OF THE INTERCONNECTION FACILITIES

Seller shall provide all non-removable facilities

* Cost estimates are for information purposes only and are not binding unless provided in writing by Edison pursuant to a written request by Seller.

** The 41.6 MW Cogeneration project will consist of Phase I and Phase II, approximately 20.8 MW each.

SCE STANDARD AGREEMENT
FIRM POWER PURCHASE

APPENDIX A.3

INTERCONNECTION FACILITIES - SELLER OWNED AND OPERATED FACILITY

A.3.1 Seller acknowledges that Seller has read Edison's Tariff Rule No. 21 and the QFMP and understands Seller's obligation and the consequences, as set forth in the QFMP and Part 1, Section 25 herein, for failure to satisfy any of the milestones in the QFMP.

A.3.2 In the event Seller loses its priority under Section 25.4 for existing available Edison line capacity, Seller shall, pursuant to Edison's Tariff Rule No. 21, be obligated to pay any additional cost for upgrades or additions necessary to accommodate Seller's deliveries. In such event, Edison and Seller shall amend this Agreement to reflect the conditions resulting from the change in priority.

A.3.3 Seller shall design, purchase, construct, operate and maintain Seller owned Interconnection Facilities at its sole expense. Edison shall have the right to review the design as to the adequacy of the Protective Apparatus provided. Any additions or modifications required by Edison shall be incorporated by Seller.

A.3.4 Notwithstanding the provisions of Section 16, Seller, having elected to own, operate, and maintain the Interconnection Facilities, shall accept all liability and release Edison from and indemnify Edison against any liability for faults or damage to Seller's

Interconnection Facility, the Edison electric system and the public as a result of the operation of Seller's project.

A.3.5 Edison shall have the right to observe the construction of the Interconnection Facilities, and inspect said facilities after construction is completed at the Seller's expense.

A.3.6 Facilities which are deemed necessary by Edison for the proper and safe operation of the Interconnection Facilities and which Seller desires Edison to own and operate at Seller's expense shall be provided as appendant facilities. Edison shall own, operate and maintain any necessary appendant facilities which may be installed in connection with the Interconnection Facilities at Seller's expense. Edison may, as it deems necessary, modify the aforementioned facilities at Seller's expense.

A.3.7 For the appendant facilities, Seller elects (check on):
__X___ Option I: Edison shall install, own, operate and maintain the appendant facilities and Seller shall pay to Edison the total estimated cost for the appendant facilities prior to the start of construction of the appendant facilities.

_____ Option II: Seller shall install at Seller's expense its portion of the appendant facilities in accordance with Rule 21. Within 30 days after

installation is complete, Seller shall transfer ownership of the appendant facilities to Edison in a manner acceptable to Edison.

A.3.8 Maintenance of facilities referred to in Section A.3.6 shall be paid by Seller pursuant to the attached Application and Contract for Interconnection Facilities Plus Operation and Maintenance ("Contract").

A.3.9 To the extent that Edison deems it necessary to effect the arrangements contemplated by this Agreement, Edison may, from time to time, request the Seller to design, install, operate, maintain, modify, replace, repair or remove any or all of the Interconnection Facility. Such equipment and/or Protective Apparatus shall be treated as Interconnection Facilities and added to the Interconnection Facilities Contract by amendment pursuant to Section A.3.6.

A.3.10 Edison shall have the right to review any changes in the design of the Interconnection Facilities and recommend modification(s) to the design as it deems necessary for proper and safe operation of the Project when in parallel with the Edison electric system. The Seller shall be notified of the results of such review by Edison, in writing, within 30 days of the receipt of all specifications related to the proposed design changes. Any flaws perceived by Edison in the proposed design changes, shall be described in the written notice.

Attachment to Appendix A.3

APPLICATION AND CONTRACT FOR INTERCONNECTION FACILITIES PLUS OPERATION AND MAINTENANCE

The undersigned Seller hereby requests the Southern California Edison Company (Edison) to provide the appendant facilities described on the last page hereof and by this reference herein incorporated, hereinafter called "Interconnection Facilities." Interconnection Facilities as defined and used herein are a group of Added Facilities which have been designated as Interconnection Facilities, to accommodate negotiation and preparation of contracts for parallel generation projects. Interconnection Facilities, as are Added Facilities, shall be provided in accordance with the Applicable Tariff Schedules of Edison. Such Interconnection Facilities are to be owned, operated and maintained by Edison.

In consideration of Edison's acceptance of this Contract, Seller hereby agrees to the following:

1. If Seller elects Option I in Section A.3.7, Seller shall pay to Edison, prior to the start of construction of the Interconnection Facilities, the total estimated costs for the Interconnection Facility as determined by Edison and entered on the last page hereof. In the event Seller abandons its plans for installation of such Interconnection Facility, for any reason whatsoever, including failure to obtain any required permits, Seller shall reimburse Edison upon receipt of supporting documentation for any and all

expenses incurred by Edison pursuant to this Contract within thirty (30) days after presentation of a bill. In the event

Seller has prepaid the total estimated costs for the Interconnection Facility as provided herein, prior to abandonment, Edison will account to Seller for monies expended to the date of the abandonment of the plans for installation within 30 days after Notice of Abandonment has been served on Edison.

2. If Seller elects Option II in Section A.3.7, Edison shall have the right to observe the construction of the Interconnection Facilities and inspect and test said facilities after construction is completed at the Seller's expense.

3. The parties also understand and agree that due to equipment acquisition lead time and construction time requirements, Edison requires a minimum of twenty-four (24) months from the time of authorization to construct the aforementioned Interconnection Facility and place it in operation. Edison shall have no obligation to Seller with regard to any target date established by Seller which is less than twenty-four (24) months from the date this Contract is executed. However, Edison shall exercise its best efforts to meet Seller's projected operational date.

4. Seller shall pay a monthly charge for the Interconnection Facilities' operation and maintenance in the amount of 0.9% of the added equipment investment as determined by

Edison and as entered by Edison on the last page hereof. The monthly charge shall be adjusted periodically in accordance with the pro-rata operation and maintenance charges for added facilities pursuant to Rule No. 2.H. The monthly charge may be based upon estimated costs of the Interconnection Facilities and when the recorded book cost of the Interconnection Facilities has been determined by Edison, the charges shall be adjusted retroactively to the date when service is first rendered by means of such Interconnection Facilities. Upon request by Seller, Edison will supply documentation of any periodic adjustments to the monthly charge. Additional charges resulting from such adjustment shall, unless other terms are mutually agreed upon, be payable within thirty (30) days from the date of presentation of a bill therefor. Any credits resulting from such adjustment will, unless other terms are mutually agreed upon, be refunded upon demand of Seller.

5. Whenever a change is made in the Interconnection Facilities which results in changes in the added equipment investment, the monthly charge will be adjusted on the basis of the revised added equipment investment. The cost of such change shall be payable by Seller within sixty (60) days from the date of presentation of a bill thereof. The description of the Interconnection Facilities will be amended by Edison and initialed by

Seller on the last page hereof to reflect any changes in equipment, installation and removal cost, amount of added equipment investment, and monthly charge resulting from any such change in the Interconnection Facilities or adjustment as aforesaid. However, the charge for the change in the Interconnection Facilities shall be payable by Seller not withstanding Seller's failure to initial the Amendment as provided herein.

6. The monthly charges payable hereunder shall commence upon the date when said Interconnection Facilities are available for use but not before service is first established and rendered through Edison's normal facilities and shall first be payable within 30 days when Edison shall submit the first energy bill after such date and shall continue until the abandonment of such Interconnection Facilities by Seller, subject to the provisions of Paragraphs 5. and 6. hereof.

7. Seller agrees to utilize said Interconnection Facilities in accordance with good operating practice and to reimburse Edison for damage to said Facilities occasioned or caused by the Seller or any of his agents, employees or licensees. Failure so to exercise due diligence in the utilization of said

Interconnection Facilities upon written notice of same to Seller, will give Edison the right to terminate this Contract.

8. Edison's performance under this Contract is subject to the availability of materials required to provide the Interconnection Facilities provided for herein and to all applicable Tariff Schedules of Edison.

9. This Application and contract for Interconnection Facilities supplements the appropriate application and contract(s) for electric service presently in effect between Seller and Edison.

10. This Contract shall at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California as said Commission may, from time to time, direct in the exercise of its jurisdiction.

DATED: 8/25/1986 SELLER: TENNECO OIL COMPANY

WITNESS: By: Robert T. Bogan

Mail (Address)

Approved and Accepted for
SOUTHERN CALIFORNIA EDISON COMPANY

By: Glenn J. Bjorklund
Vice President

SELLER: Tenneco Oil Company

SERVICE ADDRESS: 25121 North Sierra Highway, Newhall, CA

DATE APPLICANT DESIRES INTERCONNECTION FACILITIES AVAILABLE: July 1, 1988 (Phase I)

DATE APPLICANT WILL BEGIN CONSTRUCTION OF THE GENERATING FACILITY: July 1, 1986 (Phase I)

DESCRIPTION OF INTERCONNECTION FACILITIES: (Phase I and II)
(See attached single line electrical schematic)

5.6 miles of new 66 kv line on wood poles
66/12 kv Substation for 41.6 MW cogeneration**
Telecommunication
Metering and telemetering equipment
Modifications of Saugus and Newhall Substations

SELLER SHALL FURNISH:

All non-removable facilities
2-22.4 MVA Transformers
1-Low-Side circuit breaker

Payment shall be made according to the following schedule:

15% When Interconnect is signed
35% First quarter 1987
50% First quarter 1988

TOTAL COST OF INTERCONNECTION FACILITIES*: ESTIMATED $2,421,600

ADDED INVESTMENT*: ESTIMATED $2,402,600

ADDED INVESTMENT: RECORDED BOOK COST $----

ESTIMATED INSTALLATION AND REMOVAL COST*: $1,924,400

ONE-TIME CHARGE: $19,000

DATE SERVICE FIRST RENDERED BY MEANS OF THE INTERCONNECTION FACILITIES:

** Such 41.6 MW cogeneration project will be in Phases - Phase I and Phase II, approximately 20.8 MW facility each.

* Cost estimates are for information purposes only and are not binding unless provided in writing by Edison pursuant to a written request by Seller.

NEWHALL PHASE I

APPENDIX B.1
ENERGY PURCHASE PROVISION

1. Seller shall receive a monthly payment for Energy purchased by Edison based on Edison's full avoided operating costs approved by the Commission throughout the Contract Term and updated periodically with Commission approval. Data used to derive Edison's full avoided costs will be made available to the Seller to the extent specified by Seller upon request.

Seller's monthly Energy payment shall be the sum of payments for Energy purchased during the on-peak, mid-peak and off-peak periods as those periods are defined in Edison Tariff Schedule No. TOU-8.

Payment shall be calculated as follows:

MONTHLY ENERGY PAYMENT = On-Peak Period Energy Payment ? Mid-Peak Period Energy Payment + Off-Peak Period Energy Payment

Where:

PERIOD ENERGY PAYMENT = (Avoided Operating Cost per kwh by Period) x (Period kwh Delivered by Seller and Purchased by Edison) x (Energy Loss Adjustment Factor).

2. Edison shall not be obligated to accept or pay for and may request Seller whose Generating Facility is 1 MW or greater to discontinue or reduce delivery of Energy during periods when purchases under this Agreement would result in costs greater than those which Edison would incur if it did not purchase Energy from Seller but instead generated from another source an equivalent amount of energy. When possible, Edison shall make a reasonable effort to sell excess energy before requesting Seller to discontinue or reduce Energy delivery. Also when possible, Edison shall give Seller reasonable notice of the possibility that Seller may be requested to discontinue or reduce Energy delivery pursuant to this Section.

3. When the Edison Electric System demand would require that hydro-energy be spilled to reduce generation, Seller will be paid a hydro savings payment for Energy delivered. When Edison anticipates such periods, Edison shall notify Seller that a hydro savings payment period is possible. The payment will be calculated when a hydro spill condition occurs, and shall be determined as follows:

HYDRO SAVINGS PAYMENTS =

(Projected kwh from Qualifying Facilities per Period) _ (Required Hydro kwh Spill to Reduce Generation per Period)
(Projected kwh from Qualifying Facilities per Period)

x (Period Energy Payment).

Note: If the result of the Hydro Savings Payment calculation is less than or equal to zero, no Hydro Savings Payment shall be made to Seller.

NEWHALL PHASE I

APPENDIX B.2
FIRM POWER PURCHASE PROVISION

CAPACITY PAYMENTS FOR FIRM POWER PURCHASES

1. The power purchase provisions in this Appendix shall become effective on the date of Firm Operation specified in this Agreement.

2. Seller shall be paid for Contract Capacity delivered to Edison on a monthly basis. Payments will be based on the Standard Offer No. 2 Capacity Payment Schedule (Seller to select one of the following)

_X__ in effect at the time of execution of this Agreement or

____ in effect on the date of Firm Operation of the first generating unit.

Capacity payment schedule will be based on Edison's full avoided operating costs as approved by the Commission, throughout the life of this Agreement. Data used to derive Edison's full avoided costs will be made available to the Seller, to the extent specified by Seller, upon request.

3. The Contract Capacity Price of $153/kw-yr shall be used to determine payment in this Agreement.

4. PAYMENT OPTION

4.1 Seller has two options for calculation of Contract Capacity payments. Such options, herein referred to as Option No. 1 and No. 2, are described below in this Section. Seller hereby elects:

_____ Option No. 1, Section 5

__X__ Option No. 2, Section 6.

4.2 Seller may change the option for Contract Capacity payment only with Edison's consent.

5. PAYMENT OPTION 1 - PERFORMANCE BASED ON AVAILABILITY/DISPATCHABILITY

5.1 Minimum Performance Requirement in Option 1 to receive full capacity payments.

5.1.1 The Generating Facility must be dispatchable to Edison upon request, and meet the following conditions:

i) The Generating Facility must be available during all on-

peak hours of each Peak Month except during hours of allowable Forced Outage (Section 5.1.4).

ii) The Generating Facility must be available for all other hours of the year except during hours of allowable maintenance (Section 7) and during hours of allowable Forced Outage (Section 5.1.4).

iii) The Generating Facility must maintain an adequate fuel supply.

5.1.2 Telemetering or other suitable means of communication between the Generating Facility

and the Edison dispatch center shall be provided at Seller's expense.

5.1.3 The measure of availability shall be the performance during the hours that the Generating Facility is dispatched, ignoring energy produced over the rated capacity of the Generating Facility. Dispatching requests can only increase power production, and only up to the Contract Capacity.

5.1.4 The Seller is allowed a 20% Forced Outage rate for the on-peak hours of each Pak Month, a 20% Forced Outage rate for the mid- and off-peak hours of each Peak Month, and a 20% Forced Outage rate for the hours of each non-Peak Month. Except during the Peak Months, Seller may accumulate and apply the 20 percent allowance for Forced Outage for any consecutive three month period.

5.2 Payment Provision in Option 1

5.2.1 When the requirements of Section 5.1 are met, the payment is:

MONTHLY CAPACITY PAYMENT = (Contract Capacity Price)
x (1/12)
x (Contract Capacity)

5.2.2 When the requirements of Section 5.1 are not met, the monthly payment is:

MONTHLY CAPACITY PAYMENT = (Contract Capacity Price)
x (Contract Capacity)
x (1/12)
x (Availability/.8).
(cannot be greater than 1)

5.3 Payments in excess of 100% of Contract Capacity Price.

5.3.1 Bonus During Peak Months

For a Peak Month, the Seller will receive a bonus if
1) The performance requirements of Section 5.1 have been met; and,
2) The on-peak availability exceeds 85%.

5.3.2 Bonus During Non-Peak Months

In a non-Peak Month, the Seller will receive a bonus if
1) The performance requirements of Section 5.1 have been met;
2) The on-peak availability for each of the year's Peak Months was at least 85%; and
3) The on-peak availability exceeds 85%.

5.3.3 Bonus Payment

For any eligible month, the bonus payment will be calculated according to the following formula.

MONTHLY BONUS PAYMENT = (1.2 x on-peak availability - 1.02)
X (1/12) Contract Capacity Price
X Contract Capacity

5.3.4 Total monthly capacity payment when a bonus is earned shall be the sum of the monthly capacity payment (Section 5.2.1) and the monthly bonus payment (Section 5.3.3).

6. PAYMENT OPTION 2 - PERFORMANCE BASED ON CAPACITY FACTOR

Minimum performance Requirement in Option 2 to receive full capacity payments.

6.1.1 The Contract Capacity shall be delivered for all of the on-peak hours as defined in Tariff Schedule No. TOU-8 in each of the Peak Months subject to a 20% allowance for Forced Outages for each month.

6.1.2 There is no minimum performance requirement for the rest of the year.

6.2 Payment Provision in Option 2

The monthly capacity payment shall be calculated as the sum of the on-peak, mid-peak, and off-peak capacity payments. Each capacity period payment is calculated as follows:

Page B.2-5

MONTHLY CAPACITY PERIOD PAYMENT = (Contract Capacity Price)
x (Conversion to Monthly Payment)
x (Contract Capacity)
X (Period Performance Factor)

Where:

PERIOD PERFORMANCE FACTOR =

$$\frac{\text{Period kwh Purchased by Edison*}}{0.8 \times (\text{Contract Capacity}) \times (\text{Period Hrs.} - \text{Allowable Maintenance Hrs.})}$$

(The Period Performance Factor cannot exceed 1).

Conversion to Monthly Payments: The following factors convert Contract Capacity Price to monthly payments by time period of delivery. These conversion factors will be subject to periodic change as approved by the Commission.

	SUMMER PERIOD	WINTER PERIOD
On-peak	.13125	.02094
Mid-peak	.00267	.01054
Off-peak	.00000	.00127

6.3 Payments in excess of 100% of Contract Capacity Price

6.3.1 Bonus During Peak Months

For a Peak Month, the Seller will receive a bonus if
1) The Performance Requirements of Section 6.1 have been met; and
2) The on-peak capacity factor exceeds 85%.

* Only by mutual consent can the kilowatthours used in this Period Performance Factor calculation be delivered to Edison at a rate of delivery greater than the Contract Capacity.

Page B.2-6

6.3.2 Bonus During Non-Peak Months

1) The performance requirements of Section 6.1 have been met;
2) The on-peak capacity factor for each of the year's Peak Months was at least 85%; and
3) The on-peak capacity factor exceeds 85%.

6.3.3 Bonus Payment

For any eligible month, the bonus payment is the following:

BONUS PAYMENT = (1.2 x on-peak capacity factor - 1.02)
X Contract Capacity Price
X (1/12)
X Contract Capacity

Where:

ON-PEAK CAPACITY FACTOR =

On-Peak kwh Purchased by Edison/
(Contract Capacity) x (Period Hrs. - Allowable Maintenance Hrs.)

6.3.4 The monthly capacity payment when a bonus is earned shall be the sum of the monthly capacity payment (Section 6.2) and the monthly bonus payment Section 6.3.3).

7. SCHEDULED MAINTENANCE ALLOWANCES

The allowance for scheduled maintenance is as follows:

7.1 Outage periods for scheduled maintenance shall not exceed 840 hours (35 days) in any 12-month period. This allowance may be used in increments of an hour or longer on a consecutive or nonconsecutive basis.

7.2 Seller may accumulate unused maintenance hours on a year-to-year basis up to a maximum of 1,080 hours (45 days). This accrued time must be used consecutively and only for major overhauls.

8. FAILURE TO MEET MINIMUM PERFORMANCE REQUIREMENTS

8.1 Except when caused by Uncontrollable Forces, if Seller fails to meet the minimum performance requirements as set forth in Sections 5.1 and 6.1. The following shall apply:

8.1.1 Seller may be placed on probation for a period not to exceed 15 months or as otherwise agreed to by the Parties. During this period, the monthly capacity payment will be based on the level of capacity actually delivered.

8.1.2 If Seller meets or demonstrates to Edison pursuant to Section 11, Part I that it can meet its minimum requirement during the probationary period, Edison shall reinstate regular capacity payments.

8.1.3 If Seller fails to meet its minimum requirements during the probationary period, Edison may derate the Contract Capacity to the greater of the capacity actually delivered when the minimum requirements were not met, or the capacity at which Seller is reasonably likely to meet the minimum requirements.

In either case, the quantity by which the Contract Capacity is reduced shall be considered terminated without prescribed notice as provided in Section 5.5, Part I.

8.2 If Seller is prevented from meeting the minimum performance requirement because of a Forced Outage on the Edison system or a request to cease or curtail delivery under Section 2, Appendix B.1, Edison shall continue capacity payments. Under Option 2, capacity payments will be calculated in the same manner used for scheduled maintenance outages.

8.3 If deliveries are interrupted or reduced because of Uncontrollable Forces, Edison shall continue capacity payments for 90 days form the occurrence of the Uncontrolled Force event. If Seller has chosen Option 2 as a method for capacity payments, payments due during a period of interruption or reduction by reason of an Uncontrolled Force, shall be calculated in the same manner used for scheduled maintenance outages.

8.4 Adjustment for Hydroelectric Facility Hydroelectric facilities which have their Contract Capacity based on the five dry-year average, shall not have their Contract Capacity terminated or derated when their failure to meet minimum performance requirements is due solely to the occurrence of a dry year which is

drier than the five dry-year average. During drier-year conditions, the Seller shall be paid for the amount of capacity, if any, actually delivered. Capacity payments shall resume at the Contract Capacity Price when hydro conditions once again reach the level used to determine the capacity ratings.

9. EXAMPLES OF TERMINATION CALCULATIONS

9.1 Example 1

Termination with Prescribed Notice

Assumptions:

1) Power delivery starts in January 1985 on a 20-year Contract Term for a Contract Capacity of 50 MW. Contract Capacity Price is $132/kW-yr.

2) In January 1987, Seller notifies Edison that the Contract Capacity will be reduced to 20 MW in January 1990. The Adjusted Capacity Price for the capacity being terminated (30 MW) is $93/kW-yr.

3) Federal Reserve Board three months prime commercial paper rate is 1% per month.

4) Seller is under Option 1 for capacity payment.

5) Prescribed notice required is 36 months.

Resulting Action:

Capacity Payment Adjustment (Section 5.4.3, Part I)

For a period from January 1987 to January 1990, the capacity price for the 50 MW will be $109/kW-yr, the

weighted average of $132 and $93 calculated as follows:

(20/50) x $132 + (30/50) x $93 = $109/kW-yr

Starting January 1990 the Contract Capacity Price will return to $132/kW-yr but for only 20 MW.

Capacity Overpayment Refund (Section 5.4.2,Part I)

The Seller must also repay to Edison the overpayments made in 1985 and 1986 on the 30 MW portion of the contract which is being terminated, at the rate of $39/kW-yr ($132 - $93).

Since under Option 1, (1/12) of the capacity is paid each month, the overpayment consists of 24 monthly payments made between January 1985 and December 1986, each amounting to:

$39/kW-yr x (1/12) x 30,000 kW = $97,500/month

This annuity of 24 payments has a present value in January 1985 of

$$\$97{,}500 \times \text{Capital Recovery Factor} = \$97{,}500 \times \frac{1}{\dfrac{0.01}{1 - (1.01)^{-24}}}$$

$$= \$2{,}071{,}230$$

The value of this annuity (including interest) in January 1987, the amount payable to Edison becomes $2,071,230 x Compound Amount Factor = $2,071,230 x $(1.01)^{24}$ = $2,629,913

9.2 Example 2

Termination Without Prescribed Notice

Assumptions:

(1) Power delivery starts in January 1985 on a 20-year Contract Term for a Contract Capacity of 50 MW. Contract Capacity Price is $132/kW-yr.

(2) In January 1987, Seller notified Edison that the Contract Capacity will be reduced to 20 MW in January 1988. The Adjusted Capacity Price for the capacity being terminated (30 MW) is $88/kW-yr.

(3) Federal Reserve Bond three months prime commercial paper rate is 1% per month.

(4) Seller is under Option 1 for capacity payment.

(5) The capacity price for a Contract Term of seventeen (17) years with a delivery date of 1988 will come from the capacity table in effect at the time of the termination notice. Assume this value is $158/kW-yr.

(6) Prescribed notice required is 36 months.

Resulting Action:

Capacity Payment Adjustment (Section 5.4.3, Part I)

For period from January 1987 to January 1988, the capacity price for the 50 MW will be $106/kW-yr, the weighted average of $132 and $88 calculated as follows:

(20/50) x $132 + (30/50) x $88 = $106/kW-yr

Starting January 1988, the capacity price will return to $132/kW-yr, but for only 20 MW.

Capacity Overpayment Refund (Section 5.4.3, Part I)

The amount of capacity overpayment refund to be made to Edison by Seller is $2,967,082. (For calculation of this payment amount see Capacity Overpayment Refund section of the termination with prescribed notice example, Section 9.1).

Capacity Replacement Cost (Section 5.5.2, Part I)

The Seller must also pay Edison a one time capacity replacement cost of $1,560,000 calculated as follows:

(30,000 kW) ($158 - $132) (2 years) = $1,560,000

Total Repayment to Edison

The total repayment from Seller to Edison will be $4,527,082, which is the sum of the capacity overpayment refund and the capacity replacement cost.

Revised Cal. P.U.C. Sheet No. 8524-E
Cancelling Revised Cal. P.U.C. Sheet No. 8399-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Schedule No. TOU-8
GENERAL SERVICE - LARGE

APPLICABILITY

Applicable to general service, including lighting and power.

This schedule is mandatory for all customers whose monthly maximum demand exceeds 500 kw for any three months during the preceding 12 months, except that customers with demands in excess of 5,000 kw, who otherwise qualify, may elect service

under Schedule No. 1-5. Any customer whose monthly maximum demand has fallen below 450 kw for 12 consecutive months may elect to take service on any other applicable schedule.

TERRITORY

Within the entire territory served.

RATES

	Per Meter Per Month
Customer Charge:	$560.00
Demand Charge (to be added to Customer Charge):	
All kw of on-peak billing demand, per kw	$5.05
Plus all kw of mid-peak billing demand, per kw	0.65
Plus all kw of off-peak billing demand, per kw	No charge
(Subject to Minimum Demand Charge. See Special Condition No. 6.)	

Energy Charge (to be added to Demand Charge):

All on-peak kwh, per kwh	8.426 cents
Plus all mid-peak kwh, per kwh	7.026 cents
Plus all off-peak kwh, per kwh	5.856 cents

The above rates are subject to the Steel Surcharge Adjustment as set forth in Special Condition No. 13.

Charges for energy are calculated for customer billing using the components shown below.

Advice Letter No. 694-E
Decision No.

Date Filed August 19, 1985
Effective November 13, 1985
Resolution No. E-2062

Michael R. Peevey
Senior Vice President

Revised Cal. P.U.C. Sheet No. 8458-E
Cancelling Revised Cal. P.U.C. Sheet No. 8447-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Schedule No. TOU-8
GENERAL SERVICE - LARGE
(Continued)

ENERGY CHARGE COMPONENTS

	Per kwh		
	On-Peak (in cents)	Mid-Peak (in cents)	Off-Peak (in cents)
Base Rate:			
All kwh	2.356	2.356	2.356
Adjustment Rates:			
Energy Cost Adjustment Billing Factor	4.871	3.471	2.301
Annual Energy Rate	0.070	0.070	0.070
Conservation Load Management Billing Factor	0.030	0.030	0.030
Electric Revenue Adjustment Billing Factor	-0.183	-0.183	-0.183
Major Additions Adjustment Billing Factor	1.270	1.270	1.270

Annual Major Additions Rate	0.000	0.000	0.000
PUC Reimbursement Fee	0.012	0.012	0.012
Total Adjustment Rates	6.070	4.670	3.500

The PUC Reimbursement Fee is described in Schedule No. RF-E.
The Adjustment Rates are described in Parts C, I, J, and L of the Preliminary Statement.

SPECIAL CONDITIONS

1. Time periods are defined as follows:

On-Peak: 12:00 p.m. to 6:00 p.m.
summer weekdays except holidays

5:00 p.m. to 9:00 p.m.
winter weekdays except holidays

Mid-Peak: 8:00 a.m. to 12:00 p.m. and 6:00 p.m. to 11:00 p.m.
Summer weekdays except holidays

8:00 a.m. to 5:00 p.m.
winter weekdays except holidays

Off-Peak: All other hours.

Off-peak holidays are New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, and Christmas.

When any holiday listed above falls on Sunday, the following Monday will be recognized as an off-peak period. No change in off-peak will be made for holidays falling on Saturday.

The summer session shall commence at 12:01 a.m. on the first Sunday in June and continue until 12:01 a.m. of the first Sunday in October of each year. The winter season shall commence at 12:01 a.m. on the first Sunday in October of each year and continue until 12:01 a.m. of the first Sunday in June of the following year.

2. Voltage: Service will be supplied at one standard voltage.

Advice Letter No. 680-E
Decision Nos. 84-12-068
85-04-068

Date Filed May 8, 1985
Effective June 2, 1985
Resolution No.

Michael R. Peevey
Senior Vice President

Revised Cal. P.U.C. Sheet No. 8189-E
Cancelling Revised Cal. P.U.C. Sheet No. 7119-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Schedule No. TOU-8
GENERAL SERVICE - LARGE

SPECIAL CONDITIONS (Continued)

3. Maximum Demand: Maximum demands shall be established for the on-peak, mid-peak and off-peak periods. The maximum demand for each period shall be the measured maximum average kilowatt input indicated or recorded by instrument to be supplied by the Company, during any 150minute metered interval, but (except for new customers or existing customers electing Contract Demand as defined in these Special Conditions) not less than the diversified resistance welder load computed in accordance with

the section designated Welder Service in Rule No. 2. Where the demand is intermittent or subject to violent fluctuations, a 5-minute interval may be used.

4. Billing Demand: Separate billing demands for the on-peak, mid-peak, and off-peak time periods shall be established for each monthly billing period The billing demand for each time period shall be the maximum demand for that time period occurring during the respective monthly billing period. The billing demand shall be determined to the nearest kw.

5. Contract Demand: A contract demand will be established by the Company, based on applicant's demand requirements for any customer newly requesting service on this schedule and for any customer of record on this schedule who requests an increase or decrease in transformer capacity in accordance with Rule No. 12D. A contract demand arrangement is available upon request for all customers of record on this schedule. The contract demand will be used only for purposes of establishing the minimum demand charge for facilities required to provide service under the rate and will not be otherwise used for billing purposes. Contract demand is based upon the nominal kilovolt-ampere rating of the Company's serving transformer(s) or the standard transformer size determined by the Company as required to serve the customer's stated measurable kilowatt demand, whichever is less and is expressed in kilowatts.

6. Minimum Demand Charge: Where a contract demand is established, the monthly minimum demand charge shall be $1.00 per kilowatt of contract demand.

7. Excess Transformer Capacity: The transformer capacity in excess of a customer's contract demand which is either required by the Company because of the nature of the customer's load or requested by the customer. Excess transformer capacity shall be billed at $1.00 per kva per month.

8. Voltage Discount: The charges before adjustments will be reduced by 6% for service delivered and metered at voltages of from 2 kv through 50 kv and by 15% for service delivered and metered at voltages over 50 kv.

Advice Letter No. 669-E
Decision No. 84-12-068

Date Filed December 31, 1984
Effective January 1, 1985
Resolution No.

Michael R. Peevey
Vice President

Revised Cal. P.U.C. Sheet No. 7120-E, 5755-E and
Cancelling Revised Cal. P.U.C. Sheet No. 5862-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Schedule No. TOU-8
GENERAL SERVICE - LARGE

SPECIAL CONDITIONS (Continued)

9. Power Factor Adjustment:

a. Service Delivered and Metered at 4 kv or greater: The charges will be adjusted each month for reactive demand. The charges will be increased by 20 cents per kilovar of maximum reactive demand imposed on the Company in excess of 20% of the maximum number of kilowatts.

the maximum reactive demand shall be the highest measured maximum average kilovar demand indicated or recorded by metering

to be supplied by the Company during any 15-minute metered interval in the month. The kilovars shall be determined to the nearest unit. A device will be installed on each kilovar meter to prevent reverse operation of the meter.

b. Service delivered and metered at less than 4 kv: The charges will be adjusted each month for the power factor as follows: The charges will be decreased by 20 cents per kilowatt of measured maximum demand and will be increased by 20 cents per kilovar of reactive demand. However, in no case shall the kilovars used for the adjustment be less than one-fifth the number of kilowatts.

The kilovars of reactive demand shall be calculated by multiplying the kilowatts of measured maximum demand by the ratio of the kilovar-hours to the kilowatt hours. Demands in kilowatts and kilovars shall be determined to the nearest unit. A ratchet device will be installed on the kilovar-hour meter to prevent its reverse operation on leading power factors.

10. Temporary Discontinuance of Service: Where the use of energy is seasonal or intermittent, no adjustments will be made for a temporary discontinuance of service. Any customer prior to resuming service within twelve months after such service was discontinued will be required to pay all charges which would have been billed if service had not been discontinued.

Advice Letter No. 604-E Date Filed December 30, 1982
Decision No. 82-12-055 Effective January 1, 1983
82-12-115 Resolution No. AR-92454

Edward A. Myers, Jr.
Vice President

Revised Cal. P.U.C. Sheet No. 8263-E
Cancelling Revised Cal. P.U.C. Sheet No. 8190-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Schedule No. TOU-8
GENERAL SERVICE - LARGE

SPECIAL CONDITIONS (Continued)

11. Supplemental Visual Demand Meter: Subject to availability, and upon written application by the customer, the Company will, within 180 days, supply and install a Company-owned supplemental visual demand meter. The customer shall provide the required space and associated wiring beyond the point of interconnection for such installation. Said supplemental visual demand meter shall be in parallel with the standard billing meter delineated in Special Condition 3 above. The readings measured or recorded by the supplemental visual demand meter are for customer information purposes only and shall not be used for billing purposes in lieu of meter readings established by the standard billing meter. If a meter having visual display capability is installed by Edison as the standard billing meter, no additional metering will be installed pursuant to this Special Condition.

One of the following types of supplemental visual demand meters will be provided in accordance with provisions above at no additional cost to the customer: Dial Wattmeter, Recording Wattmeter, or Paper-Tape Printing Demand Meter.

If the customer desires a supplemental visual demand meter having features no available in any of the above listed meters, such as an electronic microprocessor-based meter, the Company will provide such a supplemental visual demand meter subject to a monthly charge, if the meter and its associated equipment have been approved for use by the Company. Upon receipt from the

customer of a written application the Company will design the installation and will thereafter supply, install, and maintain the supplemental visual demand meter subject to all conditions stated in the first and last paragraph of this Special Condition. For purposes of computing the monthly charge, any such supplemental visual demand meter and associated equipment shall be treated as Added Facilities in accordance with Rule No. 2, Paragraph H, Section 1 and 2 of the tariff rules. Added investment for computing the monthly charge shall be reduced by the Company's estimated total installed cost at the customer location of the Paper Tape Printing Demand Meter offered otherwise herein at no additional cost.

The Company shall have sole access for purposes of maintenance and repair to any supplemental visual demand meter installed pursuant to this Special Condition and shall provide all required maintenance and repair. Periodic routine maintenance shall be provided at no additional cost to the customer. Such routine maintenance includes changing charts, inking pens, making periodic adjustments, lubricating moving parts and making minor repairs. Non-routine maintenance and major repairs or replacement shall be performed on an actual costs basis with the customer reimbursing the Company for such cost.

12. Contracts: An initial three-year facilities contract may be required where applicant requires new or added serving capacity exceeding 2,000 kva.

13. Steel Surcharge Adjustment: The rates above are subject to adjustment as provided in Park K of the Preliminary Statement, at a billing factor of 0.026 cents per kwh.

Advice Letter No. 674-E
Decision No. 83-08-056

Date Filed April 4, 1985
Effective May 1, 1985
Resolution No. AR-92454

Michael R. Peevey
Senior Vice President

Revised Cal. P.U.C. Sheet No. 7816-E
Cancelling Revised Cal. P.U.C. Sheet No. 6047-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Rule No. 21
COGENERATION AND SMALL POWER PRODUCTION
INTERCONNECTION STANDARDS

General. This rule sets forth requirements and conditions for interconnected non Company-owned generation where such generation may be connected for (1) parallel operation with the service of the Company or (2) isolated operation with standby or breakdown service provided by the Company. For purposes of this rule, the interconnecting entity shall be designated the Producer.

B. Conditions.

1. An agreement executed by the Company and the Producer shall be required for interconnected service. Terms for the purchase of power by the Company if applicable, shall be included therein.

2. Interconnection with the Company's system may not be made until and unless the Company has determined that the interconnection complies with the design and operating requirements set forth herein.

3. Where interconnection protective equipment is owned, operated and maintained by the Producer, the Producer shall be responsible for damages to the Company or to others arising out

of the misoperation or malfunction of the Producer-owned equipment.

4. The Producer is solely responsible for providing adequate protection for the Producer's facilities interconnected with the Company's system.

C. Design and Operating Requirements. Each generation facility which is or can be connected to the Company's electric system shall be designed and operated so as to prevent or protect against the following adverse conditions on the Company's system. These conditions can cause electric service degradation, equipment damage, or harm to persons:

1. Inadvertent and unwanted re-energization of a utility dead line or bus.

2. Interconnection while out of synchronization.

3. Overcurrent.

4. Utility system load imbalance.

5. Ground faults.

6. Generated alternating current frequency outside permitted safe limits.

7. Voltage generated outside permitted limits.

8. Poor power factor.

9. Harmful wave forms.

The necessary protective equipment (relays, switchgear, transformers, etc.) can be provided by the Producer or by the Company.

Explanatory information, operating rules and guidelines for meeting the above requirements for small (below 100kw), medium (100-1000 kw), and large (above 1000 kw) facilities are contained in the Company's guidelines for cogenerators and small power producers. Copies of said guidelines are available from the Company.

D. Interconnection Facilities.

1. Interconnection facilities include all required means, and apparatus installed, to interconnect the Producer's generation with the Company's system. Where the Producer desires to sell power to the Company, interconnection facilities include also all required means, and apparatus installed, to enable the Company to receive power deliveries from the Producer. Interconnection facilities may include, but are not limited to:

Advice Letter No. 640-E
Decision No. 83-10-093

Date Filed January 13, 1984
Effective February 12, 1984
Resolution No. AR-92454

Michael R. Peevey
Senior Vice President

Revised Cal. P.U.C. Sheet No. 7817-E
Cancelling Revised Cal. P.U.C. Sheet No. 7209-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Rule No. 21
COGENERATION AND SMALL POWER PRODUCTION
INTERCONNECTION STANDARDS
(Continued)

D. Interconnection Facilities. (Continued)

a. Connection, transformation, switching, communications, control, protective and safety equipment; and

b. Any necessary reinforcements and additions to the Company's system by the Company.

2. Where interconnection facilities are to be installed for the Producer's use as added facilities, the Producer shall advance to the Company the installed cost of the added facilities. At the Producer's option, and where such Producer's generation is a qualifying facility and the Producer has established credit worthiness to the Company's satisfaction, the Company shall finance those added facilities it deems to be removable and reusable equipment. Such equipment shall include, but not be limited to, transformation, disconnection, and metering equipment. Added facilities provided under either of the foregoing arrangements are subject to the monthly charge as set forth in Section H of the Company's Rule No. 2 Description of Service, on file with and authorized by the Commission.

3. When a Producer wishes to reserve facilities paid for by the Producer, but idled by an energy sale conversion, the Company shall impose a special facilities charge reimbursing the Company for costs related to its operation and maintenance of the facility. When a Producer no longer needs facilities for which it has paid, the Producer shall, at a minimum, receive from the Company credit for the net salvage value of the facilities dedicated to Company use. If the Company is able to make use of these facilities to serve other customers, the Producer shall receive the fair market value of the facilities determined as of the date the Producer either decides no longer to use the facilities or fails to pay the required maintenance fee.

4. The Producer shall be responsible for the costs of exploring the feasibility of a project or its interconnection with the Company system, including reasonable advance charges imposed by the Company for feasibility studies.

5. An interconnection line study for any Producer shall take no more than one year to complete.

6. The Producer shall be responsible for the costs of telemetering and safety checks except to the extent that, under the Company's effective tariffs, a comparable customer would not be similarly charged.

7. The Company shall, upon request, give the Producer a binding estimate for line extension and interconnection costs; however, such estimates shall be in effect for a period not to exceed one year from the date provided. A reasonable breakdown of cost estimates shall also be provided in a form sufficiently detailed and understandable by the Producer.

8. The Company shall have the right to inspect the Producer's interconnection facilities prior to the commencement of parallel operations and require modifications as necessary.

9. The site of interconnection facilities shall be accessible to Company personnel.

E. Interconnection Reinforcement and/or Additions. The Company's effective tariffs governing interconnection costs and added or special facilities agreements shall be applied to line and system reinforcement and/or additions. In addition, the following shall apply:

1. A Producer shall pay for new or additional line capacity if necessary for the Company to receive the Producer's power.

2. The costs of any line reinforcement and/or addition undertaken at the option of the Company to serve additional future customers or Producers shall be borne by the Company.

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Rule No. 21
COGENERATION AND SMALL POWER PRODUCTION
INTERCONNECTION STANDARDS
(Continued)

E. Interconnection Reinforcement and/or Additions. (Continued)

3. For two or more Producers seeking to use an existing line, a first come, first served approach shall be used. This approach shall require that the first Producer to request an interconnection shall, pursuant to written agreement, have the right to use the existing line and shall incur no obligation for costs associated with future line capacity needed to accommodate other Producers or customers. The Company's Standard Offer and/or power purchase agreements for cogeneration and small power production facilities shall specify the date by which the Producer must begin construction. If that date passes and construction has not commenced, the Producer shall be given 30 days to correct the deficiency after receiving a reminder from the Company that the construction start-up date has passed. If construction has not commenced after the 30-day corrective period, the Company shall have the right to withdraw its commitment to the first Producer and offer the right to interconnect on the existing line to the next Producer in order. If two Producers establish the right of first-in-time simultaneously, the two Producers shall share the costs of any additional line capacity necessary to facilitate their cumulative capacity requirements. Costs shall be shares based on the relative proportion of capacity each Producer will add to the line.

4. The applicable Company tariff provisions shall be applied to a Producer who pays for interconnection reinforcement and/or additions that later accommodate a second Producer as those provisions which would be applied to a comparable Company customer.

5. The Producer shall be responsible for the costs of only those future system alterations which are necessary to maintain the California Public Utilities Commission's adopted interconnection standards for the Producer's particular interconnection facilities. The relevant interconnection standards shall be those in effect at the time the contract is signed. Should much alterations not be directly required by, or beneficial to the Producer, the Producer shall be treated like any other customer on the Company's system.

F. Watering.

1. If the Producer desires to sell electric power to the Company, the Company shall provide, own and maintain at the Producer's expense all necessary meters and associated equipment to be utilized for the measurement of energy and capacity for determining the Company's payment to the Producer pursuant to an applicable agreement.

2. For purposes of monitoring generator operation an determination of standby charges, the Company shall have the right to install generation metering at the Producer's expense, where the Producer's generation is 10 mw or greater, telemetering equipment may also be required at the Producer's expense.

3. The Producer shall provide, at no expense to the Company, a suitable location for all meters and associated equipment in accordance with Rule No. 16.

4. Where necessary the Company and the Producer shall agree on an appropriate compensation method for transformer losses as specified in the agreement.

5. The Company shall install a ratchet device so as to prevent reverse operation on the meter(s) recording power provided by

the Company, and where appropriate in each of the following cases on, (i) the meter(s) recording reactive demand imposed on the Company's electric system, and (ii) the meter(s) recording power purchased by the Company.

6. Provision for meter tests and adjustments of bills or payments to the Producer for meter error shall be consistent with Rule No. 17.

End of Appendix C - Tariff Schedule No. TOU-8 Rule 21

APPENDIX D

Not attached. Please refer to the "Fifth Interim Opinion, Qualifying Facility Milestone Procedure, the Fourth Edition". Decision 86-04-053 April 16, 1986, I. 84-04-077 (filed April 18, 1984) before the Public Utilities Commission of the State of California.)

AMENDMENT NO. 1
TENNECO OIL COMPANY POWER PURCHASE AGREEMENT
(NEWHALL PHASE I)

AMENDMENT NO. 1
TO THE
POWER PURCHASE CONTRACT
(NEWHALL PHASE I)
BETWEEN
SOUTHERN CALIFORNIA EDISON COMPANY
AND
TENNECO OIL COMPANY

1. PARTIES

The parties to this Amendment No. 1 ("Amendment") to the Power Purchase Contract are Tenneco Oil Company, hereinafter referred to as "Tenneco," a Delaware corporation, and Southern California Edison Company, a California corporation, hereinafter referred to as "Edison," individually "Party," collectively "Parties."

RECITALS

2.1 On December 20, 1985, Tenneco and Edison executed an agreement entitled Power Purchase Contract/(Newhall Phase I) between Tenneco Oil Company and Southern California Edison Company (referred to in this Amendment as "original Contract").

2.2 The Parties desire to amend the Original Contract to incorporate the executed Interconnection Facilities Agreement.

3. AGREEMENT

In consideration of the terms and conditions contained in this amendment, the Parties agree as follows:

3.1 Effective Date
This Amendment No. 1 shall become effective on the date of execution by the parties.

3.2 Changes to the Original Contract Provisions
The following changes shall be made in the Original Contract:

3.2.1 On Page 9 of the Original Contract, insert a new section following Section 4.27 and renumber subsequent sections as follows: "Section 4.28".
4.28 Qualifying Facility Milestone Procedure ("QFMP") A statewide procedure adopted by the Commission in Decision No. 85-01-038 on January 16, 1985, as modified by Decision No. 85-06-163, Decision No. 85-08-045 and Decision No. 85-11-017, and as may be modified by future Commission decisions following from QFMP quarterly reviews as ordered in Commission Decision No. 85-12-075, attached hereto as Appendix D and incorporated herein by reference. The QFMP contains milestones used to (1) establish an on-going statewide interconnection priority procedure for

Qualify Facilities ("QF") projects wishing to interconnect with an electric utility's electrical system; (2) determine the current status of QF development in the state; and (3) establish an on-going tracking of QF development to aid in transmission and resource planning.

3.2.2 On Page 38 of the Original Contract, add the following new section number 25;

25. OBLIGATIONS OF THE PARTIES UNDER THE QUALIFYING FACILITY MILESTONE PROCEDURE

25.1 To accommodate power deliveries from Seller's Generating Facility under this Agreement, Edison shall interconnect Seller's Generating Facility to the Edison electric system in accordance with the terms of this Agreement, Edison's Tariff Rule No. 21, and the QFMP.

25.2 Seller acknowledges that it has read Edison's Tariff Rule No. 21 and the QFMP and Seller understands its obligations and the consequences to Seller for failure to meet any of the QFMP milestones. Failure to meet any of the milestones may result in the termination of this Agreement and forfeiture of Seller's Project Fee for the reasons set for in the QFMP.

25.3 Within ten (10) working days after compliance with a WFMP milestone or the date scheduled for Seller's compliance with a QFMP milestone, whichever occurs first, Seller shall submit written notification to Edison that a particular QFMP milestone either has or has not been met. Pursuant to the QFMP, Edison shall notify Seller, in writing, within fifteen (15) working days, after Seller'' notification or after the date scheduled for Seller's compliance with a particular QFMP milestone, whichever comes first, whether Seller is or is not in compliance with that particular QFMP milestone.

25.3.1 If Seller's performance is not in compliance with a schedule QFMP milestone, Edison shall enumerate the reasons for such non-compliance in said written notification to Seller.

25.3.2 Seller shall have fifteen (15) working days from the date it receives Edison's written notification of noncompliance to cure any deficiency to effectuate compliance with a QFMP milestone.

25.3.3 If Seller fails to cure said deficiency within the fifteen (15) working day cure period, Edison shall, within ten (10) working days thereafter notify Seller that it has missed that particular QFMP milestone.

25.4 If Seller misses a QFMP milestone pursuant to Section 25.3.3 herein, Seller shall lose its priority for transmission capacity.

25.4.1 Seller shall have forty-five (45) calendar days, commencing with the date of receipt of written notification from Edison of the missed QFMP milestone to establish a new priority for transmission capacity. To establish said priority, Seller must provide Edison with information indicating the continued viability of Seller's project. Such information, pursuant to the QFMP, shall include:

(i) An updated project definition; and

(ii) An updated final project development schedule or preliminary development schedule, whichever is appropriate; and

(iii) A written request for a new interconnection study; if both Seller and Edison agree that tone is necessary, Seller shall pay the cost of such study as appropriate.

If Seller fails to provide the information required pursuant to Section 25.4.1 herein, Seller's project shall be deemed no longer viable; the Project Fee shall be forfeited and this Agreement shall terminate.

3.2.3 Incorporate Appendix A.3, Pages A.3-1 to A.3-3 and attachment to Appendix 3, Pages 1-6.

3.2.4 On Page ii of the Original Contract under Appendices Section, add the following:

Appendix D - Qualifying Facility Milestone Procedure
and add this attachment, Appendix D to the appendix section.

4. OTHER CONTRACT TERMS AND CONDITIONS

Except as expressly amended hereby, all other terms and conditions of the original contract shall remain in force and effect.

5. DUPLICATE ORIGINAL

This Amendment No. 1 is executed in two originals. The signatories hereto represent that they have been appropriately authorized to enter into this Amendment on behalf of the Party for whom they sign. This Amendment is hereby executed as of this 25th day of August 1986.

TENNECO OIL COMPANY

By: Robert T. Bogan

SOUTHERN CALIFORNIA EDISON COMPANY

By: Glenn J. Bjorklund
Vice President

AMENDMENT NO. 2

TO THE

POWER PURCHASE AGREEMENT

BETWEEN

TENNECO OIL COMPANY

AND

SOUTHERN CALIFORNIA EDISON COMPANY

AMENDMENT NO. 2 TO THE
POWER PURCHASE AGREEMENT BETWEEN
TENNECO OIL COMPANY AND
SOUTHERN CALIFORNIA EDISON COMPANY

1. PARTIES. This Amendment No. 2 to the Power Purchase Agreement between Tenneco Oil Company and Southern California Edison Company ("Agreement") is entered into between Tenneco Oil Company ("Seller") and Southern California Edison Company ("Edison"); individually "Party" and collectively "Parties".

2. RECITALS. This Amendment No. 2 to the Agreement is made with reference to the following facts, among others:

2.1 The Parties executed the Agreement on August 25, 1986.

2.2 The Contract specified "Seller Owned and Operated Basis" as the Interconnection Facilities Agreement option for providing the project's interconnection facilities as set forth in Appendix A of the Agreement.

2.3 Seller wishes to change the Interconnection Facilities Agreement option to the "Added Facilities Basis" option.

2.4 The Parties desire to amend the Agreement to change the Interconnection Facilities Agreement to the "Added Facilities Basis" option.

3. AGREEMENT: The Parties hereby agree to amend the Agreement as follows:

3.1 Page ii of the Table of Contents shall be amended to eliminate the reference to Appendix A.2 - Capital Contribution Basis, and it shall be replaced with a reference to Appendix A.1 - - Interconnection Facilities - Added Facilities Basis.

3.2 Page 8 of the Agreement shall delete the reference to Appendix A.2 on Line 4, and shall replace it with Appendix A.1.

3.3 Part II, Page 40 and 41 of the Agreement shall be amended to indicate that Seller elects the Added Faciliites Basis. Therefore, the "x" on page 41 will be eliminated, and a "x" will be added on Page 40 next to Appendix A.1.

3.4 Appendix A of the Agreement is deleted and replaced by the attached Appendix A.

OTHER CONTRACT TERMS AND CONDITIONS: Except as expressly amended, the terms and conditions of the original Agreement shall remain in full force and effect.

5. SIGNATURE CLAUSE: The signatories hereto represent that they have been appropriately authorized to enter into this Amendment No. 2 to the Agreement on behalf of the Party for whom they sign.

6. EFFECTIVE DATE: This Amendment No. 2 to the Agreement shall become effective on the latter of the two signature dates below.

SOUTHERN CALIFORNIA EDISON

By: Glenn J. Bjorklund
Vice President

Date: June 19, 1987

TENNECO OIL COMPANY

By: Robert T. Bogan
Vice President and
Division General Manager

Date: June 15, 1987

NEWHALL PHASE II

SCE STANDARD AGREEMENT

FIRM POWER PURCHASE

POWER PURCHASE AGREEMENT

BETWEEN

TENNECO OIL COMPANY

AND

SOUTHERN CALIFORNIA EDISON COMPANY

DECEMBER 10, 1985

DOCUMENT NO. 3099H

NEWHALL PHASE II

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NEWHALL PHASE II

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NEWHALL PHASE II

1. PARTIES

The Parties to this Agreement are Tenneco Oil Company, a Delaware corporation, hereinafter referred to as "Seller", and Southern California Edison Company, a California corporation, hereinafter referred to as 'Edison', individually 'Party' , collectively "Parties".

2. RECITALS

2.1 Seller desires to construct, own, Operate and Control a 21,760 kW Generating Facility at Seller's Facility located at SW 1/4, Section 31, T4N, R15W, Los Angeles County, California, and sell 19,600 kw of Contract Capacity to Edison with an expected Firm Operation date of July 1, 1990, for a Contract Term of 12 years.

Seller's Generating Facility is a (check one):
(x) Cogeneration Facility
( ) Small Power Production Facility

Seller shall commence construction of the Generating Facility on November 1, 1989.

2.2 (Options II and III pursuant to Section 3 below)

Seller desires to purchase from Edison, under the provisions of this Agreement and pursuant to Edison's tariffs filed with the Commission, that portion of the electrical requirements of Seller's Facility which are not supplied by the Generating

Facility and which do not exceed the capability of Edison's facilities installed at Seller's Facility.

2.3 Edison desires to purchase the Contract Capacity and Energy made available by Seller to Edison from Seller's Generating Facility. Edison desires that this source of electric power be as reliable as reasonably possible.

2.4 The Parties desire, by this Agreement, to establish the terms, conditions, and obligations pursuant to which.they can accomplish the above desires and needs.

2.5 Seller's Generating Facility is a Qualifying Facility.

3. OPERATING OPTIONS

3.1 Seller elects to Operate its' Generating Facility in parallel with Edison's Electric System in accordance with the following option (check one):

( ) Option I: Dedication of the entire Generator output to Edison with no electrical service required from Edison.

( ) Option II: Dedication of the entire Generator output to Edison with electrical service required from Edison.

(X) Option III: Dedication to Edison of only the portion of the Generating Facility output in excess of Seller's electrical requirements.

3.2 The Generating Facility will deliver electricity to Edison at a nominal 66,000 volts.

3.3 (Option III pursuant to this Section 3) Seller plans to use as much of the electrical energy produced by the Generating Facility to serve the electrical requirements of Seller's Facility as is practicable. Seller's expected maximum electrical requirement is approximately 1,000 kW.

3.4 (Small hydro projects only) The Contract Capacity in Section 2.1 shall be based on the average of the five (5) lowest years of stream flow taken from a study covering a minimum 50 years of continuous data. (A shorter period may be mutually determined agreed to if data for a 50-year period is not obtainable.)

3.5 Seller may change its operating option as indicated in Section 3.1, and its tariff schedule pursuant to Section 12, not more than once per year upon at least ninety (90) days prior notice to Edison.

3.5.1 If the change of operating option results in a reduction of Contract Capacity, the provisions in Section 5 shall apply.

3.5.2 Edison shall process requests for changes of operating option in the chronological order received.

3.5.3 Edison shall not be required to remove or reserve capacity of interconnection Facilities made idle by Seller's change of operation option and may dedicate such idle facilities at any time to serve other customers or to interconnnect with other electric power sources.

3.5.4 When the Seller wishes to reserve Interconnection Facilities paid for by the Seller but idled by a change in operation option, Edison shall impose a special facilities charge related to the operation and maintenance of the Interconnection Facility. When the Seller no longer needs said facilities for which it has paid, the Seller shall receive credit for the net salvage value of the Interconnection Facilities dedicated to Edison's use. If Edison is, able to

make use of these facilities to serve other customers, the Seller shall receive the fair market value of the facilities determined as of the date the Seller either decides no longer

to use said Facilities or fails to pay the required maintenance fee.

4. DEFINITIONS

When used with initial capitalizations, whether in the singular or plural, shall have the following meanings:

4.1 Adjusted Capacity Price: The $/kW-yr capacity purchase price based on the Capacity Payment Schedule for the time period beginning on the date of Firm Operation and ending on the date of termination or reduction of Contract Capacity.

4.2 Agreement: This document, including the appendices attached herein, as amended from time to time.

4.3 Capacity Payment Schedule: Published capacity schedule table as authorized by the CPUC.

4.4 Cogeneration Facility: The facility and equipment which sequentially generate thermal and electrical energy as defined in Title 18, Code of Federal Regulations (CFR), Section 292.202.

4.5 Commission or CPUC: The Public Utilities Commission of the State of California.

4.6 Contract Capacity: That portion of the Generating Facility electric power producing capability which is dedicated Edison.

4.7 Contract Capacity Price: The $kW-yr capacity purchase price from the Capacity Payment Schedule for the Contract Term and date of Firm Operation.

4.8 Contract Term: Length of Agreement in years, beginning from the date of Firm Operation.

4.9 Control: To establish the electrical output of the Generating Facility through dispatching procedures including shutdown and startup.

4.10 Current Contract Capacity Price: The $/kW-year capacity price from the Capacity Payment Schedule in effect at the time the termination notice is received by Edison for a term equal to the number of years from the date of termination or reduction of Contract Capacity to the end of the Contract Term.

4.11 Edison Electric System Integrity: Operation of Edison's electric system in a manner which minimizes risks of injury to persons and/or property and enables Edison to provide adequate and reliable electric service to its customers.

4.12 Emergency: A condition or situation which in Edison's sole judgment affects Edison's ability to maintain safe, adequate, and continuous electrical service.

4.13 Energy: Kilowatthours generated by Seller's Generating Facility which are purchased by Edison at the Point of Interconnection.

4.14 Firm Operation: The date mutually agreed upon between the Parties on which each generating unit of Seller's Generating Facility is determined to be a reliable source of generation and on which such unit can be reasonably expected to operate continuously at its effective rating (expressed in kw).

4.15 Forced Outage: Any outage resulting from a design defect, inadequate

construction, operator error or electrical or mechanical equipment breakdown that fully or partially curtails the electrical output of the Generating Facility.

4.16 Generating Facility: All of Seller's generators, together with all protective and other associated equipment and improvements, necessary to produce electrical energy at Seller's Facility excluding associated land, land rights or interests in land.

4.17 Generator: The generators and associated prime mover(s), which are a part of the Generating Facility.

4.18 Interconnection Facilities: Those protection, metering, electric line(s), and other facilities

required in the opinion of Edison, to permit an electrical interface between Edison and Seller.

4.19 Interconnection Facilities Contract: That document which is attached hereto in Part II, Appendix A.2 and by this reference is incorporated herein and made a part hereof.

4.20 KVAR: Reactive kilovolt-ampere, a unit of measure of reactive power.

4.21 Operate. To provide the engineering, purchasing, repair, supervision, training, inspection, testing, protection, operation, use, management, replacement, retirement, reconstruction,.and maintenance of and for the Generating Facility in accordance with applicable utility standards and good engineering practices.

4.22 Operating Representatives: Individual(s) appointed by each Party for the purpose of securing effective, cooperation and interchange of information between the Parties in connection with administration and technical matters related to this Agreement.

4.23 Peak Months:. Those months which the Edison annual system peak demand could occur. Currently, but, subject to change with notice, the peak months for the Edison system are June, July, August, and September.

4.24 Point of-Interconnection: The point where the transfer of electrical energy between Edison and Seller takes place.

4.25 Project: The Generating Facility, Interconnection Facilities and metering equipment required to permit operation of Seller's Generator in parallel with Edison's electric system.

4.26 Protective Apparatus: That equipment and apparatus installed by Seller and/or Edison pursuant to Section 7.4, Part 1, and Section 1.1, Part II.

4.27 Qualifying Facility: Cogeneration or Small Power Production Facility which meets the criteria as defined in Title 18, Code of Federal Regulations (CFR), Section 292.201 through 292.207.

4.28 Seller's Facility: The premises and equipment of Seller located as specified in Section 2.1.

4.29 Small Power Production Facility: The facilities and equipment which use biomass, waste or renewable resources, including wind, solar and water to produce electrical energy as defined in Title 18, Code of Federal Regulations (CFR), Section 292.201 through 292.207.

4.30 Standby Demand: Seller's electrical load requirement that Edison is expected to serve when Seller's Generating Facilitv is not available.

4.31 Summer Period: Defined in Edison's Tariff Schedule No. TOU-8 as now in effect or as may hereafter be authorized by the Commission to be revised.

4.32 Tariff Schedule No. TOU-8: Edison's time-of-use energy tariff for electric service exceeding 500 kW, as now in effect or as may hereafter be authorized by the Commission to be revised.

4.33 Uncontrollable Forces: Any occurrence beyond the control of a Party which causes that Party to be unable to perform its obligations hereunder and which a Party has been unable to overcome by the exercise of due diligence, including but not limited to flood, drought, earthquake, storm, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civil disturbance or disobedience, strike, labor dispute, action or inaction of legislative, judicial or regulatory agencies, or other proper authority, which may conflict with the terms of this Agreement, or failure, threat of failure or sabotage of facilities which have been maintained in accordance with good engineering and operating practices in California.

4.34 Winter Period: Defined in Edison's Tariff Schedule No. TOU-8 as now in effect or as may hereafter be authorized by the Commission to be revised.

5. TERMS AND TERMINATION

5.1 This Agreement shall be binding upon execution and remain in effect for the Contract Term provided that it shall terminate if Firm operation does not occur within 5 years of the date specified in Section 1.2, Part IV.

5.2 This Agreement may remain in effect beyond the expiration of the Contract Term; except that, beyond the expiration of the Contract Term, either Party may terminate this Agreement, with or without cause, at any time, upon 90 days prior written notice.

5.3 General Provisions - Termination

5.3.1 This section shall apply if there is a contract termination or reduction in Contract Capacity. The parties agree that the amount which Edison pays Seller for the Contract Capacity which Seller makes available to Edison is based on the agreed value of Seller's performance of his obligations to provide capacity during the full Contract Term.

5.3.2 The Parties agree that the refund and payments provided in Sections 5.4 and 5.5 represent a fair compensation for the reasonable losses that would result from

such termination or reduction of Contract Capacity.

5.3.3 In the event of a reduction in Contract Capacity the quantity, in kW, by which the Contract Capacity is reduced shall be used to calculate the refunds and payments due Edison in accordance with Sections 5.4 and 5.5, as applicable.

5.3.4 Edison shall provide invoices to Seller for all refunds and payments due Edison under this section which shall be due within 60 days.

5.3.5 If Seller does not make payments as required in Section 5.3.4, Edison shall have the right to offset any amounts due it against any present or future payments due Seller.

5.3.6 Notices of Termination shall be made in accordance with Section 18, Part I of the contract.

5.4 Termination with Prescribed Notice

5.4.1 Seller may terminate this entire Agreement or reduce the Contract Capacity, provided that Seller gives Edison prior written notice for a period determined by the

amount of Contract Capacity terminated or reduced:

AMOUNT OF CONTRACT CAPACITY TERMINATED OR REDUCED	LENGTH OF NOTICE REQUIRED
25,000 kW or under	12 months
25,001 - 50,000 kW	36 months
50,001 - 100,000 kW	48 months
over 100,000 kW	60 months

5.4.2 Upon termination or reduction in Contract Capacity, Seller shall refund to Edison with interest at the current published Federal Reserve Board three (3) months prime commercial paper rate an amount equal to the difference between (a) the accumulated capacity payments already paid by Edison up to the time the termination notice is received and based on the original Contract Term and; b) the total capacity payments which Edison would have paid based on the period of Seller's actual performance using the Adjusted Capacity Price.

5.4.3 From the date the termination notice is received to the date of actual termination Edison shall make capacity payments based on the Adjusted Capacity Price for the

amount of Contract Capacity being terminated.

5.4.4 Edison shall continue to pay for the amount of Contract Capacity not being terminated, if any, at the original Contract, Capacity Price.

5.5 Termination Without Prescribed Notice

5.5.1 If Seller terminates this Agreement or reduces the Contract Capacity thereof, without the notice prescribed, the provisions in Section 5.4 will all apply. Additionally,

5.5.2 Seller shall pay Edison an amount equal to: (1) the amount of Contract Capacity being terminated, times (2) the difference between the Current Contract Capacity Price and the Contract Capacity Price, times (3) the number of years and fractions thereof (not less than 1 year) by which the Seller has been deficient in giving prescribed notice. In the event that the Current Capacity Price is less than the Contract Capacity Price no payment under this Section 5.5.2 shall be due either Party.

5.6 Examples of Termination

5.6.1 Examples of Termination calculations are given in Appendix B.2.

6. OWNERSHIP AND CONTROL OF GENERATING FACILITY

6.1 The Generating Facility shall be owned by Seller.

6.2 Seller shall Control the Generating Facility; except that Seller shall, at any time, if requestd by Edison to facilitate maintenance of Edison facilities, during periods of Emergency or to maintain Edison Electric System Integrity: (i) Disconnect the Generator from the Edison electric system, or (ii) reduce the electrical output of the Generator to the level of the Seller's total electrical requirement (applicable only to Sellers electing Operating Options I or III under Section 3.1). Each party shall endeavor to correct, within a reasonable period, the conditions on its system which necessitate the disconnect

obligation or reduction of output. The disconnect obligation or reduction of electrical output shall be limited to the period of time such a condition exists.

DESIGN AND CONSTRUCTION OF GENERATING FACILITY

Seller, at no cost to Edison, shall acquire all permits and approvals, and complete or have completed all environmental impact studies

necessary for the construction, and maintenance of the Project.

7.2 Edison shall have the right to review the electrical drawings pertaining to the design of the Generating Facility and Seller's Interconnection Facilities. Such review may include, but not be limited to, the Generator governor, excitation system, synchronizing equipment, protective relays and neutral grounding. The Seller shall be notified in writing of the outcome of the Edison review within 30 days of the receipt of all specifications for both the Generating Facility and the Interconnection Facilities. Any flaws perceived by Edison in the design shall be described in Edison's written notice.

7.3 Edison shall have the right to require modifications to the design as it deems necessary for proper and safe operation of the Project when in parallel with the Edison electric system.

7.4 Seller shall furnish, install, operate and maintain in good order and repair and without cost to Edison, the relays, meters power circuit breakers synchronizer and other control and Seller Protective Apparatus as shall be agreed to by the Parties pursuant to Section 7.2 and 7.3 as being

necessary for proper and safe operation of the Project in parallel with Edison's electric system.

7.5 Future changes on the Edison electric system and/or Seller's system may require modification of the design of Seller's Generating Facility or the Interconnection Facilities. Any such modification, whether proposed by Edison or Seller shall be subject to the provisions of this Section 7.

7.6 (If applicable) Seller shall provide power factor correction capacitors for each induction generating unit of the Generating Facility. Such capacitors shall be switched off and on simultaneously with said unit. The KVAR rating of such capacitors shall be the highest standard value which will not exceed said unit's no-load KVAR requirement.

7.7 (Applicable to Wind Parks Only) Seller shall not locate any part of a wind-driven generating unit of the Generating Facility within three (3) rotor blade diameters of any planned or existing electric utility 33 kV, 66 kV, 220 kV or 500 kV transmission line right of way or of any such line right of way for which application has been made to a regulatory authority.

7.8 Edison shall have the right to monitor the construction, start-up, operation, and maintenance

of the Project and have the right to consult with and make recommendations to Seller.

7.9 Edison shall have the right to review the construction

schedule. Seller shall notify Edison, at least one year in advance of Firm Operation, of changes in this schedule which affect the Firm Operation, whenever possible.

8. OPERATION OF GENERATING FACILITY

Seller shall Operate the Generating Facility, subject to the following provisions:

8.1 The Generating Facility and Seller Protective Apparatus shall be Operated and maintained in accordance with applicable utility industry standards and good engineering practices with respect to synchronizing, voltage and reactive power control.

8.2 The Generating Facility shall be operated with all of Seller's Protective Apparatus in service whenever the Generator is connected to or is operated in parallel with the Edison electric system. Any deviation for brief periods of emergency or maintenance shall only be by mutual agreement.

8.3 Seller shall operate and maintain the Project in a prudent manner which will produce maximum Energy to the extent that conditions permit.

8.4 Each Party shall keep the other Party's Operating Representative informed as to the operating schedule of their respective facilities affecting each other's operation hereunder, including any reduction in Contract Capacity availability related to this Agreement. In addition, Seller shall provide Edison with reasonable advance notice regarding its scheduled outages including any reduction in Contract Capacity availability. Reasonable advance notice is as follows:

SCHEDULED OUTAGE EXPECTED DURATION	ADVANCE NOTICE TO EDISON
Less than one day	24 Hours
One day or more (except major overhaul)	1 Week
Major overhaul	6 Months

8.5 Notification by each Party's Operating Representative of outage date and duration should be directed to the other Party's Operating Representative by telephone.

8.6 Seller shall not schedule major overhauls during Peak Months.

8.7 Seller shall Make reasonable efforts to schedule routine maintenance outside the Peak Months but in no event shall outages for scheduled maintenance exceed 30 peak hours during the Peak Months.

8.8 Seller shall maintain an operating log at Seller's Facility with records of: real and reactive power

production, changes in operating status, outages, Protective Apparatus operation's and any unusual conditions found during inspections. For Generators which are 'block-loaded' to a specific kW capacity, changes in this setting shall also be logged. In addition, Seller shall maintain records applicable to the Generating Facility, including the electrical characteristics of the Generator and settings or adjustments of the Generator control equipment and protective devices. Such information shall be available to Edison upon request and copies of such operating log and records shall be provided, if requested, to Edison within thirty (30) days of Edison's request.

8.9 If, at any time, Edison has reason to doubt the integrity of any of Seller's Protective Apparatus and suspect's that such loss of integrity would be hazardous to the Edison Electric System Integrity,

Seller shall demonstrate, to Edison's satisfaction, the correct calibration and operation of the equipment in question.

8.10 Seller shall test all protective devices specified in Section 7.4 with qualified personnel at intervals not to exceed four (4) years.

8.11 Seller shall notify Edison at least fourteen (14) calendar days prior to: (1) the initial parallel

operation of each of Seller's Generators; (2) the initial testing of Seller's Protective Apparatus. Edison shall have the right to have a representative present at such times.

8.12 Seller shall, to the extent possible provide reactive power for its own requirements and where applicable the reactive power losses of interfacing transformers. reactive power to Edison unless otherwise agreed upon between the Parties.

8.13 The Seller warrants that the Generating Facility meets the requirements of a Qualifying Facility as Seller shall not deliver excess of the effective date of this Agreement and continuing through the Contract Term.

8.14 The Seller warrants that the Generating Facility shall at all times conform to all applicable laws and regulations. Seller shall obtain and maintain any governmental authorizations and permits for the continued operation of the Generating Facility. If at any time Seller does not hold such authorization and permits, Seller agrees to reimburse Edison for any loss which Edison incurs as a result of the Seller's failure to maintain governmental authorization and permits.

8.15 At Edison's request Seller shall make all reasonable effort to deliver power at an average

rate of delivery at least equal to the Contract Capacity during periods of Emergency. In the event that the Seller has previously scheduled an outage coincident with an Emergency, Seller shall make all reasonable efforts to reschedule the outage. The notification periods listed in Section 8.4 shall be waived by Edison if Seller reschedules the outage.

DISCLAIMER

Any review by Edison of the design, construction, operation, or maintenance of the Project is solely for the information of Edison. By making such review, Edison makes no representation as to the economic and technical feasibility, operational capability, or reliability of the Project. Seller shall in no way represent to any third party that any such review by Edison of the Project, including but not limited to, any review of the design, construction, operation, or maintenance of the Project by Edison is a representation by Edison as to the economic and technical feasibility, operational capability, or reliability of said facilities. Seller is solely responsible for economic and technical feasibility, operational capability, or reliability thereof. Edison shall not be liable to Seller for, and Seller shall defend and indemnify Edison from, any claim, cost, loss, damage, or liability arising from any contrary representation concerning the effect of Edison's

review of the design, construction, operation, or maintenance of the Project.

10. METERING

10.1 Edison shall provide, own and maintain at the Seller's expense all necessary meters and associated equipment to be utilized for the measurement of Energy and Contract Capacity for determining Edison's payments to Seller pursuant to this Agreement.

10.2 The metering equipment used for metering the Energy sold to Edison shall at Seller's option be located (Check one):

( ) a. on Edison's side of the Interconnection Facilities, or

(x) b. on the Seller's side of the Interconnection Facilities. A loss compensation factor agreed to by the Seller and Edison shall be applied. At the written request of the Seller, and at Seller's sole expense, Edison shall measure actual transformer losses. If the actual measured value differs from the agreed-upon loss compensation factor, the actual value shall be applied prospectively.

10.3 If meters are placed on Edison's side of the Interconnection Facilities, service shall be

provided at the available transformer high-side voltage.

10.4 (Options II and III pursuant to Section 3) Edison shall provide, own and maintain at its expense all necessary meters and associated equipment to be utilized for billing Seller if Edison provides electric service to Seller.

10.5 For purposes of monitoring the Generator operation and the determination of standby charges, Edison shall have the right to require at Seller's expense installation of generation metering. Edison may also require the installation of telemetering equipment at Seller's expense for Generating Facilities equal to or greater than 10 MW. Edison may require the installation of telemetering equipment at Edison's expense for Generating Facilities less than 10 MW.

10.6 Seller shall provide, at no expense to Edison, a suitable location for all meters and associated equipment referred to in this Section 10.

10.7 Edison shall install a ratchet device on (i) the meter(s) recording energy provided by Edison (if applicable), (ii) the meter(s) recording reactive demand imposed on the Edison electric system, and (iii) the meter(s) recording Energy sold to Edison, to prevent their reverse operation.

10.8 Edison's meters shall be sealed and the seals shall be broken only when the meters are to be inspected, tested, or adjusted by Edison. Seller shall be given reasonable notice of testing and have the right to have its representative present on such occasions.

10.9 Edison's meters installed pursuant to this Agreement shall be tested by Edison, at Edison's expense, at least once each year and at any reasonable time upon request by either Party, at the requesting Party's expense. If Seller makes such request, Seller shall reimburse said expense to Edison within thirty (30) days after presentation of a bill therefore.

10.10 Metering equipment found to be inaccurate shall be repaired, adjusted, or replaced by Edison such that the

metering accuracy of said equipment shall be within two percent (2%). If metering equipment inaccuracy exceeds two percent (2%), the correct amount of Energy delivered during the period of said inaccuracy shall be estimated by Edison and agreed upon by the Parties.

AVAILABILITY

11.1 Outages: Seller shall make all reasonable efforts to limit the outages of the Generating Facility:

11.2 Periodic Demonstration:

11.2.1 Edison shall have the right to require the availability of the Generating Facility at least once per year.

11.2.2 The demonstration shall be conducted at a time and under procedures mutually agreed upon by the Parties. Demonstration shall be at Seller's expense.

11.2.3 Seller shall demonstrate the ability of the Generating Facility to produce Contract Capacity for a mutually agreed period of time.

12.1 (Option III pursuant to Section 3.1, Part I) Standby electric service shall be provided pursuant to a separate Agreement under terms and conditions of Edison's tariff schedule as now in effect or as may hereafter be authorized by the Commission to be revised.

12.2 (Options II and III pursuant to Section 3.1, Part I) Electric service shall be provided pursuant to separate Agreement under terms, conditions and rates of Edison's tariff schedule as now in effect or as may hereafter be authorized by the Commission to be revised.

12.3 Monthly charges associated with Interconnection Facilities shall be billed pursuant to the Interconnection Facilities Contract.

12.4 Edison shall commence billing Seller for electric service rendered pursuant to the applicable schedule referred to in this Section on the date that the Point of Interconnection is energized.

13. PROPERTY AND LAND RIGHTS

13.1 Edison shall, as it deems necessary or desirable, build electric lines, facilities and other equipment, both overhead and underground, on and off Seller's Facility, for the purpose of effecting the arrangements contemplated in this Agreement after satisfaction of the requirements of Sections 13.2 and 13.3. The physical location of such electrical line, facilities and other equipment on Seller's Facility shall be determined by agreement of the Parties.

13.2 Seller shall reimburse Edison for the cost of acquiring any property rights off Seller's Facility which are required by Edison to meet its obligations to Seller under this Agreement.

13.3 Seller shall grant to Edison, without cost to Edison, and by a mutually acceptable instrument of conveyance, the following:

13.3.1 Rights of way, easements and other property

interests necessary to construct, reconstruct, use, maintain, alter, add to, enlarge, repair, replace, inspect and remove at any time, the electric lines, facilities or other equipment, both overhead and underground, which is required by Edison to effect the arrangements contemplated in this Agreement

13.3.2 The rights of ingress and egress at all reasonable times necessary for Edison to perform any one or more of the activities contemplated in this Agreement.

13.4 The electric lines, facilities, or other equipment referred to in this Section 13 installed by Edison on or off Seller's Facility shall be and remain the property of Edison.

13.5 Edison shall have no obligation to Seller for any delay or cancellation due to inability to acquire a satisfactory right of way.

14. TAXES

14.1 Ad valorem taxes and other taxes properly attributed to the Seller's Facility shall be paid by Seller. If such taxes are assessed or levied against Edison, Seller shall pay Edison the amount

of such assessment or levy within thirty (30) days of presentation of documentation thereof.

14.2 The Parties shall provide information concerning the Project to any requesting taxing authority.

15. LIABILITY

15.1 Each Party (First Party) releases the other Party (Second Party), its directors, officers, employees and agents from any loss, damage, claim, cost, charge, or expense of any kind or nature (including any direct, indirect or consequential loss, damage claim, cost, charge, or expense) including attorney's fees and other cost of litigation incurred by the First Party in connection with damage to property of the First Party caused by or arising out of the Second Party's construction, engineering, repair, supervision, inspection, testing, protection, operation, maintenance, replacement, reconstruction, use or ownership of its facilities, to the extent that such loss, damage, claim, cost, charge, or expense is caused by the negligence of Second Party, its directors, officers, employees, agents, or any person or entity whose negligence would be imputed to Second Party.

15.2 Each Party shall indemnify and hold harmless, the, other Party, its directors, officers, and employees

or Agents from and against any loss, damage, claim, cost, charge, (including direct, indirect or consequential loss, damage, claim, cost, charge, or expense), including attorney's fees and other costs of litigation incurred by the other Party in connection with the injury to or death of any person or damage to property of a third party arising out of the indemnifying Party's construction, engineering, repair, supervision, inspection, testing, protection, operation, maintenance, replacement, reconstruction, use, or ownership of its facilities, to the extent that such loss, damage, claim, cost, charge, or expense is caused by the negligence of the indemnifying

Party, its directors, officers, employees, agents, or any person or entity whose negligence would be imputed to the indemnifying Party; provided, however, that each Party shall be solely responsible for and shall bear all cost of claims brought by its contractors or its own employees and shall indemnify and hold harmless the other Party for any such costs including costs arising out of any workers compensation law.

15.3 The provisions of this Section 15 shall not be construed so as to relieve any insurer of its obligations to pay any insurance claims in

accordance with the provisions of any valid insurance policy.

15.4 Neither Party shall be indemnified under this Section 15 for its liability or loss resulting from sole negligence or willful misconduct.

16. INSURANCE

16.1 During the term of this Agreement, Seller shall obtain and maintain in force as hereinafter provided comprehensive general liability insurance, including contractual liability coverage, with a combined single limit of not less than $1,000,000 each occurrence for Generating Facilities 100 kW or greater; (ii) not less than $500,000 for each occurrence for Generating Facilities between 20 kW and 100 kw; and (iii) not less than $100,000 for each occurrence for Generating Facilities less than 20 kW. The insurance carrier or carriers and form of policy shall be subject to review and approval by Edison.

16.2 Prior to the date Seller's Generating Facility is first operated in parallel with Edison's electric system, Seller shall (i) furnish certificate of insurance to Edison, which certificate shall provide that such insurance shall not be terminated nor expire except on thirty (30) days prior written notice to Edison, (ii) maintain such insurance in

effect for so long as Seller's Generating Facility is operated in parallel with Edison's electric system, and (iii) furnish to Edison an additional insured endorsement with respect to such insurance in substantially the following form:

"In consideration of the premium charged, Southern California Edison Company ('Edison") is named as additional insured with respect to all liabilities arising out of Seller's use and ownership of Seller's Generating Facility."

"The inclusion of more than one insured under this policy shall not operate to impair the rights of one insured against another insured and the coverages afforded by this policy will apply as though separate policies had been issued to each insured. The inclusion of more than one insured will not, however, operate to increase the limit of the carrier's liability. Edison will not, by reason of its inclusion under this policy, incur liability to the insurance carrier for payment of premium for this policy."

"Any other insurance carried by Edison which may be applicable shall be deemed excess insurance and Seller's insurance primary for all purposes despite any conflicting provisions in Seller's policy to the contrary."

If the requirement of Section 16.2 (iii) prevents Seller from obtaining the insurance required in Section 16.1, then upon written notification by

Seller to Edison, Section 16.2 (iii) shall be waived.

16.3 The requirements of this Section 16.1 shall not apply to a Seller who is a self-insured.

governmental agency with an established self-insurance.

16.4 If Seller fails to comply with the provisions of this Section 16, Seller shall, at its own cost, defend, indemnify, and hold harmless Edison, its directors, officers, employees, agents, assigns, and successors in interest from and against any and all loss, damage, claim, cost, charge, or expense of any kind of nature (including direct, indirect or consequential loss, damage, claim, cost, charge, or expense, including attorney's fees and other costs of litigation) resulting from the death or injury to any person or damage to any property, including the personnel and property of Edison, to the extent that Edison would have been protected had Seller complied with all of the provisions of this Section 18.

17. UNCONTROLLABLE FORCES

17.1 Neither Party shall be considered to be in default in the performance of any of the provisions contained in this Agreement, except for obligations to pay money, when and to the extent failure of performance shall be caused by an Uncontrollable Force.

17.2 If either Party because of an Uncontrollable Force is rendered wholly or partly unable to perform its

obligations under this Agreement, the Party shall be excused from whatever performance is affected by the Uncontrollable Force to the extent so affected provided that:

(1) the nonperforming Party, within two weeks after the occurrence of the Uncontrollable Force, gives the other Party written notice describing the particulars of the occurrence,

(2) the suspension of performance is of no greater scope and of no longer duration than is required by-the Uncontrollable Force,

(3) the nonperforming Party uses its best efforts to remedy its inability to perform (this subsection shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms which, in the sole judgment of the Party involved in the dispute, are contrary to its interest. It is understood and agreed that the settlement of strikes, walkouts, lockouts or other labor disputes shall be at the sole discretion of the Party having, the difficulty),

(4) when the nonperforming Party is able to resume performance of its obligations under this Agreement, that Party shall give the other Party written notice to that effect, and

(5) capacity payments during such periods of Uncontrollable Force on Seller's part shall be governed by Appendix B.2, Section 8.3.

17.3 In the event that either Party's ability to perform cannot be corrected when the Uncontrollable Force is caused by the actions or inactions of legislative, judicial or regulatory agencies, or other proper

authority, this Agreement may be amended to comply with the legal or regulatory change which caused the nonperformance.
If a loss of Qualifying Facility status occurs due to an Uncontrollable Force and Seller fails to make the changes necessary to maintain its Qualifying Facility status, the Seller shall compensate Edison for any economic detriment incurred by Edison as a result of such failure.

18. NOTICES

Except as otherwise specifically provided herein, any notice from one Party to the other, shall be given in, writing and shall be deemed to be given as of the date

the same is enclosed in a sealed envelope, addressed to the other by certified first class mail, postage prepaid, and deposited in the United States Mail. For the purposes of this Section 18, such notices shall be mailed to the following respective addresses or to such others as may be hereafter designated by either Party:

Southern California Edison Company
Post Office Box 800
Rosemead, California 91770
Attention: Secretary

Tenneco Oil Company
P.O. Box 9909
Bakersfield, CA 93389
Attention: Division Production Engineer

19. NONDEDICATION OF FACILITIES

Neither Party, by this Agreement, dedicates any part of its facilities involved in this Project to the public or to the service provided under this Agreement, and such service shall cease upon termination of this Agreement.

20. PREVIOUS COMMUNICATIONS

This Agreement contains the entire agreement and understanding between the Parties, their agents and employees as to the subject matter of this Agreement, and merges and supersedes all prior agreements, commitments, representations and discussions between the Parties. No Party shall be bound to any other obligations, conditions, or representations with respect to the subject matter of this Agreement.

21. Nonwaiver

None of the provisions of this Agreement shall be considered waived by either Party except when such waiver is given in writing. The failure of either Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

22. SUCCESSORS & ASSIGNS

Neither Party shall voluntarily assign its rights nor delegate its duties under this Agreement, or any part of such rights or duties, without the written consent of the other Party, except in connection with the sale or merger of a substantial portion of its properties. Any such assignment or delegation made without such written consent shall be null and void. Consent for assignment shall not be withheld unreasonably. Such assignment

shall include, unless otherwise specified therein, all of Seller's rights to any refunds which might become due under this Agreement.

23. EFFECT OF SECTION HEADINGS

Section headings appearing in this Agreement are intended for convenience only, and shall not be construed as interpretations of text.

24. GOVERNING LAW

This agreement shall be interpreted, governed and construed under the laws of the State of California or the United States as applicable as if executed and to be performed wholly within the State of California.

PART II: INTERCONNECTION FACILITIES

1. INTERCONNECTION FACILITIES DESIGN

1.1 The Interconnection Facilities shall be designed, installed, operated and maintained at Seller's expense pursuant to the appendix indicated in Section 2, Part II. The design, installation, operation and maintenance of the Interconnection Facilities shall be in accordance with the terms and conditions of the elected appendix and Edison's Tariff Rule No. 21.

1.2 The cost for the Interconnection Facilities set forth in the appendices specified in Section 2.3, Part II are estimates only for Seller's information and will be adjusted to reflect recorded costs after installation is complete; except thatl upon Seller's written request to Edison, Edison shall provide a binding estimate which shall be the basis for the Interconnection Facilities cost in the Interconnection Facilities Agreement executed by the Parties.

1.3 Seller, at no cost to Edison, shall acquire all permits and approvals, and complete or have completed all environmental impact studies necessary for the construction, operation, and maintenance of the Interconnection Facilities.

2. OWNERSHIP AND OPERATION OF INTERCONNECTION FACILITIES

2.1 Seller shall not commence parallel operation of the Generating Facility until written approval for operation of the Interconnection Facility has been given by Edison. The Seller shall notify Edison at least forty-five days prior to the initial energizing of the Point of Interconnection. Edison shall have the right to inspect the Interconnection Facilities within 30 days of receipt of such notice. If the facilities do not pass Edison's inspection, Edison shall provide in writing the reasons for this failure within five days of the inspection.

2.2 Edison shall own, operate and maintain the Interconnection Facility as provided below.

2.3 Seller elects (check appropriate Appendix):

( ) Appendix A.1 - Interconnection Facilities -

Added Facilities Basis (Edison designs, purchases, constructs, owns, operates and maintains Interconnection Facilities. The Interconnection Facilities costs will

then be charged to Seller on an added facilities

basis pursuant to Tariff Rule No. 2.H.)

(x) Appendix A.2 - Interconnection Facilities -

Capital Contribution Basis (Seller provides capital prior to construction. Edison designs, purchases and constructs the Interconnection Facilities. Seller pays maintenance and operation Fees to Edison.)

( ) Appendix A.3 - Interconnection Facilities -

Seller Owned and Operated Facility (Seller designs, purchases, constructs, owns, operates and maintains Interconnection Facilities and assumes additional and full responsibility therefore.)

2.4 The nature of the Interconnection Facilities and the Point of Interconnection shall be set forth either by equipment lists or appropriate one-line diagrams and shall be attached to the appropriate appendix specified in Section 2.3, Part II.

PART III: PURCHASE AND PAYMENT PROVISIONS

1. POWER PURCHASE AND SALE

1.1 Seller hereby agrees to sell to Edison and Edison hereby agrees to Purchase from Seller at the Point of Interconnection, the Energy delivered by Seller to Edison hereunder.

1.1.1 Seller shall begin delivery of Energy on or before the expected date of Firm Operation. Such Energy shall be paid for by Edison pursuant to the terms and conditions of this Agreement and its Appendices.

1.1.2 If at any time Energy can be physically delivered to Edison and Seller is contesting the claimed jurisdiction of any entity which has not issued a license or other approval for the Project, Seller at its sole discretion and risk shall have the right to deliver said Energy to Edison and shall receive payment from Edison for said Energy only, pursuant to payment provisions in this Part III. However, unless and until all required licenses an approvals have been obtained, Seller may discontinue deliveries at any time.

1.2 Seller shall sell to Edison and Edison shall purchase from Seller an amount of Contract Capacity as specified under Section 2.1, Part I or such Contract Capacity as adjusted pursuant to Section 1.2.2 below.

1.2.1 Such Contract Capacity shall be paid for by Edison pursuant to the terms and conditions of this Agreement and its Appendices.

1.2.2 Seller shall demonstrate the ability to provide Edison the specified Contract Capacity within 30 days of the date of Firm Operation in a manner pursuant to Sections 11.2.2 and 11.2.3, Part I. If Seller fails to provide the Contract Capacity, the Contract Capacity shall be reduced pursuant to a written agreement of the Parties.

1.3 Adjustment to Contract Capacity

1.3.1 Seller may increase the Contract Capacity with the approval of Edison and receive payment for the additional capacity thereafter in accordance with the Contract Capacity Price for the remaining Contract Term.

1.3.2 Seller may reduce the Contract Capacity at any time by giving notice thereof to Edison. Edison may reduce the Contract Capacity as a result of appropriate tests, studies, or prior performance. The amount by which the Contract Capacity is reduced shall be deemed a reduction in Contract Capacity under Section 5, Part 1.

1.3.3. Either partly may request, the other party to agree in writing to a new Contract Capacity whenever it appears that it has changed for any reason.

2. PROCEDURE FOR MONTHLY PAYMENT

2.1 Edison shall mail to Seller not later than 30 days after the end of each monthly billing period (1) a statement showing the Energy and Contract Capacity delivered to Edison during the on-peak, mid-peak, and off-peak periods, as those periods are specified in Edison's Tariff Schedule No. TOU-8 for that monthly billing period, (2) Edison's computation of the amount due Seller, and (3) Edison's check in payment of said amount.

2.2 If the monthly payment period involves portions of two different published Energy payment schedule periods the monthly Energy payment shall be

prorated on the basis of the percentage of days at each price.

2.3 If within 30 days of receipt of the statement Seller does not make a report in writing to Edison of an error, Seller shall be deemed to have waived any error in Edison's statement computation, and payment, and they shall be considered correct and complete.

PART IV: GENERAL AGREEMENT

1. AGREEMENT AND SIGNATURE

1.1 The Parties agree to the provisions provided in this Agreement and corresponding Appendices referenced herein.

1.2 This Agreement is executed in two counterparts, each of which shall be deemed an original. The signatories hereto represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign. This Agreement is hereby executed as of this 20th day of December, 1985.

SOUTHERN CALIFORNIA EDISON COMPANY

By s/s Edward A. Meyers Jr.
EDWARD A. MYERS, Jr. Vice President
TENNECO OIL CO

By s/s Robert T. Bogan
Name Robert T. Bogan
Title Vice Pres. & Div. Gen'l Manager

TENNECO OIL COMPANY - PHASE II
SCE STANDARD FIRM POWER PURCHASE AGREEMENT

APPENDIX A.1
INTERCONNECTION FACILITIES - ADDED FACILIITES BASIS

A.1.1 Seller acknowledges that Seller has read Edison's Tariff Rule No. 21 and the QFMP and understands Seller's obligations and the consequences, as set forth in the QFMP and Part 1, Section 6 of the Power Purchase Agreement, for failure to satisfy any of the milestones in the QFMP.

A.1.2 In the event Seller loses its priority for existing available Edison line capacity, Seller shall, pursuant to Edison's Tariff Rule No. 21, be obligated to pay any additional cost for upgrades or additions necessary to accommodate Seller's deliveries. In such event, Edison and Seller shall amend this Agreement to reflect the conditions resulting from the change in priority.

A.1.3 Edison shall design, purchase, construct, own, operate and maintain all Interconnection Facilities at Seller's expense. The cost of the removable facilities portion of the Interconnection Facilities and the operation and maintenance thereof shall be paid by Seller on an added facilities basis pursuant to the attached Application and Contract for Interconnection Facilities.

A.1.4 Seller shall pay to Edison the total estimated cost for the nonremovable facilities portion of the Interconnection Facilities prior to the start of construction of the Interconnection Facilities. The costs of operation and maintenance shall be paid by Seller pursuant to the attached Application and Contract for Interconnection Facilities.

A.1.5 To the extent that Edison deems it necessary to effect the arrangements contemplated by this Agreement, Edison may, from time to time, design, install, operate, maintain, modify, replace, repair or remove any or all of the Interconnection Facilities. Any additions, modifications or replacement of equipment shall be treated as Interconnection Facilities. The cost of any addition, modification or replacement shall be added to the Interconnection Facilities contract by amendment. Equipment and/or Protective Apparatus which, in the opinion of Edison, is no longer required, shall be deleted from the Interconnection Facilities Contract.

Attachment to Appendix A.1

TENNECO OIL COMPANY - PHASE II
SCE STANDARD FIRM POWER PURCHASE AGREEMENT

APPLICATION AND CONTRACT FOR INTERCONNECTION FACILITIES

PLUS OPERATION AND MAINTENANCE

The undersigned Seller hereby requests the Southern California Edison Company (Edison) to provide the facilities described on the last page hereof which are by this reference incorporated herein and are hereinafter called "Interconnection Facilities." Interconnection Facilities as defined and used herein are a group of Added Facilities (see Rule No. 2.H). which have been designated as Interconnection Facilities, to accommodate negotiation and preparation of contracts for parallel generation projects. Furthermore, for purposes of the cost allocations as provided in this agreement, such Interconnection Facilities shall be classified as either

"Removable Facilities" or "Non-Removable Facilities" as described on the last page of this agreement. Interconnection Facilities, as are Added Facilities, shall be provided in accordance with the applicable Tariff Schedules of Edison. Such Interconnection Facilities shall be owned, operated and maintained by Edison.

In consideration of Edison's acceptance of this application, Seller hereby agrees to the following:

1. Seller shall pay a monthly charge for the removable facilities portion of the Interconnection Facilities in the amount of 1.7% of the added investment as determined by Edison and as entered by Edison on the last page hereof. The monthly charge shall be adjusted

periodically in accordance with the prorata operation and maintenance charges for added facilities pursuant to Rule No. 2.H.2.C. The monthly charge may be based upon estimated costs of the removable facilities portion of the Interconnection Facilities and when the recorded book cost of the removable facilities portion of the Interconnection Facilities has been determined by Edison, the charges shall be adjusted retroactively to the date when service is first rendered by means of such Interconnection Facilities. Additional charges resulting from such adjustment shall, unless otherwise mutually agreed, be payable within thirty (30) days from the date of presentation of a bill therefor. Any credits resulting from such adjustment shall, unless otherwise mutually agreed, be refunded within thirty (30) days following demand of Seller.

2. Seller shall pay to Edison, prior to the start of construction of the Interconnection Facilities, the total estimated costs for the nonremovable facilities portion of the Interconnection Facility as determined by Edison. The estimated costs for the Interconnection Facilities, as entered on the last page hereof, shall be determined by Edison. In the event Seller abandons its plans for installation of such Interconnection Facility, for any reason whatsoever, including failure to obtain any required permits, Seller shall reimburse Edison upon

receipt of supporting documentation for any and all expenses incurred by Edison pursuant to this agreement within thirty (30) days after presentation of a bill.

3. Seller shall pay a monthly operation and maintenance charge for the nonremovable facilities portion of the Interconnection Facilities' operation and maintenance in the amount of 0.9% of the added investment as determined by Edison and as entered by Edison on the last page hereof. The monthly charge shall be adjusted periodically in accordance with the pro-rata operation and maintenance charges for added facilities pursuant to Rule No. 2.H.2.b. The monthly charge may be based upon estimated costs of the nonremovable facilities portion of the Interconnection Facilities and when the recorded book cost of the nonremovable facilities portion of the Interconnection Facilities has been determined by Edison, the charges shall be adjusted retroactively to the date when such Interconnection Facilities are available for use. Additional charges resulting from such adjustment shall, unless other terms are mutually agreed upon, be payable within thirty (30) days from the date of presentation of a bill therefor. Any credits resulting from such adjustment shall, unless otherwise mutually agreed, be refunded within thirty (30) days following demand of Seller.

4. Whenever a change is made in the removable facilities portion of the Interconnection Facilities which results in changes in the added investment, the monthly charge shall be adjusted on the basis of the revised added investment. The description of the Interconnection Facilities shall be amended by Edison to reflect any changes in equipment, installation and removal cost, amount of added investment, and monthly charge

resulting from any such change in the removable facilities portion of the Interconnection Facilities or adjustment as aforesaid.

5. Whenever a change is made in the nonremovable facilities portion of the Interconnection Facilities which results in changes in the added equipment investment, the cost of such change shall be payable by Seller within sixty (60) days from the date of presentation of a bill therefore. The description of the Interconnection Facilities shall be amended by Edison to reflect any changes in equipment, installation and removal cost, and amount of added investment. If required, the monthly charge resulting from any such change in the nonremovable facilities portion of the Interconnection Facilities shall be adjusted on the basis of the revised added investment.

6. All monthly charges payable hereunder shall commence upon the date when said Interconnection Facilities are available for use and shall first be payable fifteen (15) days after Edison submits the first bill therefore and

shall continue until the abandonment of such Interconnection Facilities by Seller, subject to the provisions of Paragraphs 2. And 7. hereof.

7. If the interconnection Facilities are abandoned by termination of service or otherwise, prior to five (5) years from the date Seller's Generating Facility is operational, Seller shall pay to Edison estimated cost of equipment and installation plus the cost of removing the removable facilities portion of the Interconnection Facilities less the estimated salvage value, within thirty (30) days after presentation of a bill therefor. Alternatively, Seller may pay to Edison, as a single payment, the sum of the monthly charges from paragraphs 1, 3, 4 and 5 hereof for the period beginning on the date on which said facilities are to be removed and ending on a date five (5) years from the date on which monthly charges commenced pursuant to provisions of paragraphs 4 and 5 hereof. Such alternative payment shall be made not later than thirty (30) days prior to the date on which Edison is to remove the Interconnection Facilities. If the Interconnection Facilities have been only partially constructed prior to such abandonment, Seller agrees to pay to Edison the amount expended by Edison (not exceeding the estimated installation and removal cost) for installing and removing the partially constructed Interconnection Facilities within thirty (30) days after

presentation of a bill therefor. If the Interconnection Facilities are abandoned solely by Edison at any time prior to or within the five (5) year term of this agreement, as of the date of abandonment, Seller's obligation to pay Interconnection Facilities charges, pursuant to paragraph 1, shall terminate and Seller shall not have any obligation to pay the charges described in this paragraph 7.

8. Seller shall provide evidence, to Edison's satisfaction, of Seller's ability to perform its obligations pursuant to Paragraph 7 above, within ninety (90) days after Edison has provided Seller with Edison's cost for the Interconnection Facilities and the estimated removal costs of Interconnection Facilities. Seller shall provide to Edison said evidence by means of a performance bond or other evidence as agreed to by both Parties.

9. Seller agrees to utilize said Interconnection Facilities in accordance with good operating practice and to reimburse Edison for damage to said Facilities occasioned or caused by the Seller or any of his agents, employees or licensees. Failure so to exercise due diligence in the utilization of said Interconnection Facilities shall give Edison the right to terminate this contract, to remove said facilities and to demand immediate reimbursement for the equipment installation and removal costs, less the

estimated salvage value if the facilities are removed within five (5) years from the date of this contract.

10. Edison's performance under this Contract is subject to the availability of materials required to provide the Interconnection Facilities provided for herein and to all applicable Tariff Schedules of Edison.

11. The parties also understand and agree that due to equipment acquisition lead time and construction time requirements, Edison requires a minimum of 6 months from the time of authorization to construct the aforementioned Interconnection Facility and place it in operation. Edison shall have no obligation to Seller with regard to any target date established by Seller which is less than eighteen (18) months from the date this application is executed. However, Edison shall exercise its best effort to meet Seller's projected operational date.

12. (If applicable) This Contract for Interconnection Facilities supplements the appropriate application and contract(s) for electric service presently in effect between Seller and Edison.

13. This Contract shall to the extent provided by law at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California as said Commission may, from time to time, direct in the exercise of its jurisdiction.

SELLER: Tenneco Oil Company

WITNESS: _____ BY: _____
Robert T. Bogan
Vice President and
Division General Manager

Approved and Accepted for
SOUTHERN CALIFORNIA EDISON COMPANY

By _____
Glenn J. Bjorklund
Vice President

DATED: July 29, 1987

TENNECO OIL COMPANY - PHASE II
SCE STANDARD FIRM POWER PURCHASE AGREEMENT

SERVICE
ADDRESS: 25121 North Sierra Highway, Newhall, CA

DATE APPLICANT DESIRES INTERCONNECTION FACILITIES
AVAILABLE: June 1, 1990

DATE APPLICANT WILL BEGIN CONSTRUCTION OF THE GENERATING
FACILITY: October 1, 1989 (Last possible date for start of Construction)

DESCRIPTION OF INTERCONNECTION FACILITIES:

12 kV time-of-use metering for power provided by Edison
12 kV time-of-purchase metering for power sold to Edison

12 kV time-of-purchase metering for application to stand-by
Telemetering

REMOVABLE FACILITIES PORTION OF THE INTERCONNECTION FACILITIES

TOTAL COST OF INTERCONNECTION FACILITIES *	Estimated $14,200
ADDED INVESTMENT*:	Estimated $14,200
INSTALLATION AND REMOVAL COST*:	Estimated $7,600
ONE-TIME CHARGE:	Estimated $ 0

NON-REMOVABLE FACILITIES PORTION OF THE INTERCONNECTION FACILITIES

Seller shall provide all non-removable facilities

* Cost estimates are for information purposes only and are not binding unless provided in writing by Edison pursuant to a written request by Seller.

** The 41.6 MW Cogeneration project will consist of Phase I and Phase II, approximately 20.8 MW each.

SCE STANDARD AGREEMENT
FIRM POWER PURCHASE

APPENDIX A.3

INTERCONNECTION FACILITIES - SELLER OWNED AND OPERATED FACILITY

A.3.1 Seller acknowledges that Seller has read Edison's Tariff Rule No. 21 and the QFMP and understands Seller's obligation and the consequences, as set forth in the QFMP and Part 1, Section 25 herein, for failure to satisfy any of the milestones in the QFMP.

A.3.2 In the event Seller loses its priority under Section 25.4 for existing available Edison line capacity, Seller shall, pursuant to Edison's Tariff Rule No. 21, be obligated to pay any additional cost for upgrades or additions necessary to accommodate Seller's deliveries. In such event, Edison and Seller shall amend this Agreement to reflect the conditions resulting from the change in priority.

A.3.3 Seller shall design, purchase, construct, operate and maintain Seller owned Interconnection Facilities at its sole expense. Edison shall have the right to review the design as to the adequacy of the Protective Apparatus provided. Any additions or modifications required by Edison shall be incorporated by Seller.

A.3.4 Notwithstanding the provisions of Section 16, Seller, having elected to own, operate, and maintain the Interconnection Facilities, shall accept all liability and release Edison from and indemnify Edison against any liability for faults or damage to Seller's

Interconnection Facility, the Edison electric system and the public as a result of the operation of Seller's project.

A.3.5 Edison shall have the right to observe the construction of the Interconnection Facilities, and inspect said facilities after construction is completed at the Seller's expense.

A.3.6 Facilities which are deemed necessary by Edison for the proper and safe operation of the Interconnection Facilities and which Seller desires Edison to own and operate at Seller's

expense shall be provided as appendant facilities. Edison shall own, operate and maintain any necessary appendant facilities which may be installed in connection with the Interconnection Facilities at Seller's expense. Edison may, as it deems necessary, modify the aforementioned facilities at Seller's expense.

A.3.7 For the appendant facilities, Seller elects (check on):
__X___ Option I: Edison shall install, own, operate and maintain the appendant facilities and Seller shall pay to Edison the total estimated cost for the appendant facilities prior to the start of construction of the appendant facilities.

_____ Option II: Seller shall install at Seller's expense its portion of the appendant facilities in accordance with Rule 21. Within 30 days after

installation is complete, Seller shall transfer ownership of the appendant facilities to Edison in a manner acceptable to Edison.

A.3.8 Maintenance of facilities referred to in Section A.3.6 shall be paid by Seller pursuant to the attached Application and Contract for Interconnection Facilities Plus Operation and Maintenance ("Contract").

A.3.9 To the extent that Edison deems it necessary to effect the arrangements contemplated by this Agreement, Edison may, from time to time, request the Seller to design, install, operate, maintain, modify, replace, repair or remove any or all of the Interconnection Facility. Such equipment and/or Protective Apparatus shall be treated as Interconnection Facilities and added to the Interconnection Facilities Contract by amendment pursuant to Section A.3.6.

A.3.10 Edison shall have the right to review any changes in the design of the Interconnection Facilities and recommend modification(s) to the design as it deems necessary for proper and safe operation of the Project when in parallel with the Edison electric system. The Seller shall be notified of the results of such review by Edison, in writing, within 30 days of the receipt of all specifications related to the proposed design changes. Any flaws perceived by Edison in the proposed design changes, shall be described in the written notice.

Attachment to Appendix A.3

APPLICATION AND CONTRACT FOR INTERCONNECTION FACILITIES PLUS OPERATION AND MAINTENANCE

The undersigned Seller hereby requests the Southern California Edison Company (Edison) to provide the appendant facilities described on the last page hereof and by this reference herein incorporated, hereinafter called "Interconnection Facilities." Interconnection Facilities as defined and used herein are a group of Added Facilities which have been designated as Interconnection Facilities, to accommodate negotiation and preparation of contracts for parallel generation projects. Interconnection Facilities, as are Added Facilities, shall be provided in accordance with the Applicable Tariff Schedules of Edison. Such Interconnection Facilities are to be owned, operated and maintained by Edison.

In consideration of Edison's acceptance of this Contract, Seller hereby agrees to the following:

1. If Seller elects Option I in Section A.3.7, Seller shall pay to Edison, prior to the start of construction of the Interconnection Facilities, the total estimated costs for the Interconnection Facility as determined by Edison and entered on the last page hereof. In the event Seller abandons its plans for installation of such Interconnection Facility, for any reason whatsoever, including failure to obtain any required permits, Seller shall reimburse Edison upon receipt of supporting documentation for any and all

expenses incurred by Edison pursuant to this Contract within thirty (30) days after presentation of a bill. In the event Seller has prepaid the total estimated costs for the Interconnection Facility as provided herein, prior to abandonment, Edison will account to Seller for monies expended to the date of the abandonment of the plans for installation within 30 days after Notice of Abandonment has been served on Edison.

2. If Seller elects Option II in Section A.3.7, Edison shall have the right to observe the construction of the Interconnection Facilities and inspect and test said facilities after construction is completed at the Seller's expense.

3. The parties also understand and agree that due to equipment acquisition lead time and construction time requirements, Edison requires a minimum of twenty-four (24) months from the time of authorization to construct the aforementioned Interconnection Facility and place it in operation. Edison shall have no obligation to Seller with regard to any target date established by Seller which is less than twenty-four (24) months from the date this Contract is executed. However, Edison shall exercise its best efforts to meet Seller's projected operational date.

4. Seller shall pay a monthly charge for the Interconnection Facilities' operation and maintenance in the amount of 0.9% of the added equipment investment as determined by

Edison and as entered by Edison on the last page hereof. The monthly charge shall be adjusted periodically in accordance with the pro-rata operation and maintenance charges for added facilities pursuant to Rule No. 2.H. The monthly charge may be based upon estimated costs of the Interconnection Facilities and when the recorded book cost of the Interconnection Facilities has been determined by Edison, the charges shall be adjusted retroactively to the date when service is first rendered by means of such Interconnection Facilities. Upon request by Seller, Edison will supply documentation of any periodic adjustments to the monthly charge. Additional charges resulting from such adjustment shall, unless other terms are mutually agreed upon, be payable within thirty (30) days from the date of presentation of a bill therefor. Any credits resulting from such adjustment will, unless other terms are mutually agreed upon, be refunded upon demand of Seller.

5. Whenever a change is made in the Interconnection Facilities which results in changes in the added equipment investment, the monthly charge will be adjusted on the basis of the revised added equipment investment. The cost of such change shall be payable by Seller within sixty (60) days from the date of presentation of a bill thereof. The description of the Interconnection Facilities will be amended by Edison and initialed by

Seller on the last page hereof to reflect any changes in equipment, installation and removal cost, amount of added equipment investment, and monthly charge resulting from any such change in the Interconnection Facilities or adjustment as aforesaid. However, the charge for the change in the Interconnection Facilities shall be payable by Seller not withstanding Seller's failure to initial the Amendment as provided herein.

6. The monthly charges payable hereunder shall commence upon the date when said Interconnection Facilities are available for use but not before service is first established and rendered through Edison's normal facilities and shall first be payable within 30 days when Edison shall submit the first energy bill after such date and shall continue until the abandonment of such Interconnection Facilities by Seller, subject to the provisions of Paragraphs 5. and 6. hereof.

7. Seller agrees to utilize said Interconnection Facilities in accordance with good operating practice and to reimburse Edison for damage to said Facilities occasioned or caused by the Seller or any of his agents, employees or licensees. Failure so to exercise due diligence in the utilization of said Interconnection Facilities upon written notice of same to Seller, will give Edison the right to terminate this Contract.

8. Edison's performance under this Contract is subject to the availability of materials required to provide the Interconnection Facilities provided for herein and to all applicable Tariff Schedules of Edison.

9. This Application and contract for Interconnection Facilities supplements the appropriate application and contract(s) for electric service presently in effect between Seller and Edison.

10. This Contract shall at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California as said Commission may, from time to time, direct in the exercise of its jurisdiction.

DATED: 8/25/1986 SELLER: TENNECO OIL COMPANY

WITNESS: By: Robert T. Bogan

Mail (Address)

Approved and Accepted for
SOUTHERN CALIFORNIA EDISON COMPANY

By: Glenn J. Bjorklund
Vice President

SELLER: Tenneco Oil Company

SERVICE ADDRESS: 25121 North Sierra Highway, Newhall, CA

DATE APPLICANT DESIRES INTERCONNECTION FACILITIES AVAILABLE: July 1, 1988 (Phase I) June 1, 1990 (Phase II)

DATE APPLICANT WILL BEGIN CONSTRUCTION OF THE GENERATING FACILITY: July 1, 1986 (Phase I) October 1, 1989 (Phase II)

DESCRIPTION OF INTERCONNECTION FACILITIES: (Phase I and II)
(See attached single line electrical schematic)(not included in EDGAR filing)

5.6 miles of new 66 kv line on wood poles
66/12 kv Substation for 41.6 MW cogeneration**
Telecommunication
Metering and telemetering equipment
Modifications of Saugus and Newhall Substations

SELLER SHALL FURNISH:

All non-removable facilities
2-22.4 MVA Transformers
1-Low-Side circuit breaker

Payment shall be made according to the following schedule:

15% When Interconnect is signed
35% First quarter 1987
50% First quarter 1988

TOTAL COST OF INTERCONNECTION FACILITIES*: ESTIMATED $2,421,600

ADDED INVESTMENT*: ESTIMATED $2,402,600

ADDED INVESTMENT: RECORDED BOOK COST $----

ESTIMATED INSTALLATION AND REMOVAL COST*: $1,924,400

ONE-TIME CHARGE: $19,000

DATE SERVICE FIRST RENDERED BY MEANS OF THE INTERCONNECTION FACILITIES:

** Such 41.6 MW cogeneration project will be in Phases - Phase I and Phase II, approximately 20.8 MW facility each.

* Cost estimates are for information purposes only and are not binding unless provided in writing by Edison pursuant to a written request by Seller.

NEWHALL PHASE II

APPENDIX B.1
ENERGY PURCHASE PROVISION

1. Seller shall receive a monthly payment for Energy purchased by Edison based on Edison's full avoided operating costs approved by the Commission throughout the Contract Term and updated periodically with Commission approval. Data used to derive Edison's full avoided costs will be made available to the Seller to the extent specified by Seller upon request.

Seller's monthly Energy payment shall be the sum of payments for Energy purchased during the on-peak, mid-peak and off-peak periods as those periods are defined in Edison Tariff Schedule No. TOU-8.

Payment shall be calculated as follows:

MONTHLY ENERGY PAYMENT = On-Peak Period Energy Payment
+ Mid-Peak Period Energy Payment
+ Off-Peak Period Energy Payment

Where:

PERIOD ENERGY PAYMENT = (Avoided Operating Cost per kwh by Period)
x (Period kwh Delivered by Seller and Purchased by Edison)
x (Energy Loss Adjustment Factor).

2. Edison shall not be obligated to accept or pay for and may request Seller whose Generating Facility is 1 MW or greater to discontinue or reduce delivery of Energy during periods when purchases under this Agreement would result in costs greater than those which Edison would incur if it did not purchase Energy from Seller but instead generated from another source an equivalent amount of energy. When possible, Edison shall make a reasonable effort to sell excess energy before requesting Seller to discontinue or reduce Energy delivery. Also when possible, Edison shall give Seller reasonable notice of the possibility that Seller may be requested to discontinue or reduce Energy delivery pursuant to this Section.

3. When the Edison Electric System demand would require that hydro-energy be spilled to reduce generation, Seller will be paid a hydro savings payment for Energy delivered. When Edison anticipates such periods, Edison shall notify Seller that a hydro savings payment period is possible. The payment will be calculated when a hydro spill condition occurs, and shall be determined as follows:

HYDRO SAVINGS PAYMENTS =

(Projected kwh from Qualifying) _ (Required Hydro kwh Spill to)
(Facilities per Period) (Reduce Generation per Period)/

(Projected kwh from Qualifying Facilities per Period)

x (Period Energy Payment).

Note: If the result of the Hydro Savings Payment calculation is less than or equal to zero, no Hydro Savings Payment shall be made to Seller.

Document No. 3099H

NEWHALL PHASE II

APPENDIX B.2
FIRM POWER PURCHASE PROVISION

CAPACITY PAYMENTS FOR FIRM POWER PURCHASES

1. The power purchase provisions in this Appendix shall become effective on the date of Firm Operation specified in this Agreement.

2. Seller shall be paid for Contract Capacity delivered to Edison on a monthly basis. Payments will be based on the Standard Offer No. 2 Capacity Payment Schedule (Seller to select one of the following)

_X__ in effect at the time of execution of this Agreement or

____ in effect on the date of Firm Operation of the first generating unit.

Capacity payment schedule will be based on Edison's full avoided operating costs as approved by the Commission, throughout the life of this Agreement. Data used to derive Edison's full avoided costs will be made available to the Seller, to the extent specified by Seller, upon request.

3. The Contract Capacity Price of $153/kw-yr shall be used to determine payment in this Agreement.

4. PAYMENT OPTION

4.1 Seller has two options for calculation of Contract Capacity payments. Such options, herein referred to as Option No. 1 and No. 2, are described below in this Section. Seller hereby elects:

_____ Option No. 1, Section 5

__X__ Option No. 2, Section 6.

4.2 Seller may change the option for Contract Capacity payment only with Edison's consent.

5. PAYMENT OPTION 1 - PERFORMANCE BASED ON AVAILABILITY/DISPATCHABILITY

5.1 Minimum Performance Requirement in Option 1 to receive full capacity payments.

5.1.1 The Generating Facility must be dispatchable to Edison upon request, and meet the following conditions:

i) The Generating Facility must be available during all on-peak hours of each Peak Month except during hours of allowable Forced Outage (Section 5.1.4).

ii) The Generating Facility must be available for all other hours of the year except during hours of allowable maintenance (Section 7) and during hours of allowable Forced Outage (Section 5.1.4).

iii) The Generating Facility must maintain an adequate fuel supply.

5.1.2 Telemetering or other suitable means of communication between the Generating Facility

and the Edison dispatch center shall be provided at Seller's expense.

5.1.3 The measure of availability shall be the performance during the hours that the Generating Facility is dispatched, ignoring energy produced over the rated capacity of the Generating Facility. Dispatching requests can only increase power production, and only up to the Contract Capacity.

5.1.4 The Seller is allowed a 20% Forced Outage rate for the on-peak hours of each Pak Month, a 20% Forced Outage rate for the mid- and off-peak hours of each Peak Month, and a 20% Forced Outage rate for the hours of each non-Peak Month. Except during the Peak Months, Seller may accumulate and apply the 20 percent allowance for Forced Outage for any consecutive three month period.

5.2 Payment Provision in Option 1

5.2.1 When the requirements of Section 5.1 are met, the payment is:

MONTHLY CAPACITY PAYMENT = (Contract Capacity Price)
x (1/12)
x (Contract Capacity)

5.2.2 When the requirements of Section 5.1 are not met, the monthly payment is:

MONTHLY CAPACITY PAYMENT = (Contract Capacity Price)
x (Contract Capacity)
x (1/12)
x (Availability/.8).
(cannot be greater than 1)

5.3 Payments in excess of 100% of Contract Capacity Price.

5.3.1 Bonus During Peak Months

For a Peak Month, the Seller will receive a bonus if
1) The performance requirements of Section 5.1 have been met; and,
2) The on-peak availability exceeds 85%.

5.3.2 Bonus During Non-Peak Months

In a non-Peak Month, the Seller will receive a bonus if
1) The performance requirements of Section 5.1 have been met;
2) The on-peak availability for each of the year's Peak Months was at least 85%; and
3) The on-peak availability exceeds 85%.

5.3.3 Bonus Payment

For any eligible month, the bonus payment will be calculated according to the following formula.

MONTHLY BONUS PAYMENT = (1.2 x on-peak availability - 1.02)
X (1/12) Contract Capacity Price
X Contract Capacity

Page B.2-4

5.3.4 Total monthly capacity payment when a bonus is earned shall be the sum of the monthly capacity payment (Section 5.2.1) and the monthly bonus payment (Section 5.3.3).

6. PAYMENT OPTION 2 - PERFORMANCE BASED ON CAPACITY FACTOR

Minimum performance Requirement in Option 2 to receive full capacity payments.

6.1.1 The Contract Capacity shall be delivered for all of the on-peak hours as defined in Tariff Schedule No. TOU-8 in each of the Peak Months subject to a 20% allowance for Forced Outages for each month.

6.1.2 There is no minimum performance requirement for the rest of the year.

6.2 Payment Provision in Option 2

The monthly capacity payment shall be calculated as the sum of the on-peak, mid-peak, and off-peak capacity payments. Each capacity period payment is calculated as follows:

Page B.2-5

MONTHLY CAPACITY PERIOD PAYMENT = (Contract Capacity Price)
x (Conversion to Monthly Payment)
x (Contract Capacity)
X (Period Performance Factor)

Where:

PERIOD PERFORMANCE FACTOR =

$$\frac{\text{Period kwh Purchased by Edison*}}{0.8 \times (\text{Contract Capacity}) \times (\text{Period Hrs.} - \text{Allowable Maintenance Hrs.})}$$

(The Period Performance Factor cannot exceed 1).

Conversion to Monthly Payments: The following factors convert Contract Capacity Price to monthly payments by time period of delivery. These conversion factors will be subject to periodic change as approved by the Commission.

	SUMMER PERIOD	WINTER PERIOD
On-peak	.13125	.02094
Mid-peak	.00267	.01054
Off-peak	.00000	.00127

6.3 Payments in excess of 100% of Contract Capacity Price

6.3.1 Bonus During Peak Months

For a Peak Month, the Seller will receive a bonus if
1) The Performance Requirements of Section 6.1 have been met; and
2) The on-peak capacity factor exceeds 85%.

* Only by mutual consent can the kilowatthours used in this Period Performance Factor calculation be delivered to Edison at a rate of delivery greater than the Contract Capacity.

Page B.2-6

6.3.2 Bonus During Non-Peak Months

1) The performance requirements of Section 6.1 have been met;
2) The on-peak capacity factor for each of the year's Peak Months was at least 85%; and
3) The on-peak capacity factor exceeds 85%.

6.3.3 Bonus Payment

For any eligible month, the bonus payment is the following:

BONUS PAYMENT = (1.2 x on-peak capacity factor - 1.02)
X Contract Capacity Price
X (1/12)
X Contract Capacity

Where:

ON-PEAK CAPACITY FACTOR =

On-Peak kwh Purchased by Edison/
(Contract Capacity) x (Period Hrs. - Allowable Maintenance Hrs.)

6.3.4 The monthly capacity payment when a bonus is earned shall be the sum of the monthly capacity payment (Section 6.2) and the monthly bonus payment Section 6.3.3).

7. SCHEDULED MAINTENANCE ALLOWANCES

The allowance for scheduled maintenance is as follows:

7.1 Outage periods for scheduled maintenance shall not exceed 840 hours (35 days) in any 12-month period. This allowance may be used in increments of an hour or longer on a consecutive or nonconsecutive basis.

7.2 Seller may accumulate unused maintenance hours on a year-to-year basis up to a maximum of 1,080 hours (45 days). This accrued time must be used consecutively and only for major overhauls.

8. FAILURE TO MEET MINIMUM PERFORMANCE REQUIREMENTS

8.1 Except when caused by Uncontrollable Forces, if Seller fails to meet the minimum performance requirements as set forth in Sections 5.1 and 6.1. The following shall apply:

8.1.1 Seller may be placed on probation for a period not to exceed 15 months or as otherwise agreed to by the Parties. During this period, the monthly capacity payment will be based on the level of capacity actually delivered.

8.1.2 If Seller meets or demonstrates to Edison pursuant to Section 11, Part I that it can meet its minimum requirement during the probationary period, Edison shall reinstate regular capacity payments.

8.1.3 If Seller fails to meet its minimum requirements during the probationary period, Edison may derate the Contract Capacity to the greater of the capacity actually delivered when the minimum requirements were not met, or the capacity at which Seller is reasonably likely to meet the minimum requirements.

In either case, the quantity by which the Contract Capacity is reduced shall be considered terminated without prescribed notice as provided in Section 5.5, Part I.

8.2 If Seller is prevented from meeting the minimum performance requirement because of a Forced Outage on the Edison system or a request to cease or curtail delivery under Section 2, Appendix B.1, Edison shall continue capacity payments. Under Option 2, capacity payments will be calculated in the same manner used for scheduled maintenance outages.

8.3 If deliveries are interrupted or reduced because of Uncontrollable Forces, Edison shall continue capacity payments for 90 days form the occurrence of the Uncontrolled Force event. If Seller has chosen Option 2 as a method for capacity payments, payments due during a period of interruption or reduction by reason of an Uncontrolled Force, shall be calculated in the same manner used for scheduled maintenance outages.

8.4 Adjustment for Hydroelectric Facility Hydroelectric

facilities which have their Contract Capacity based on the five dry-year average, shall not have their Contract Capacity terminated or derated when their failure to meet minimum performance requirements is due solely to the occurrence of a dry year which is

drier than the five dry-year average. During drier-year conditions, the Seller shall be paid for the amount of capacity, if any, actually delivered. Capacity payments shall resume at the Contract Capacity Price when hydro conditions once again reach the level used to determine the capacity ratings.

9. EXAMPLES OF TERMINATION CALCULATIONS

9.1 Example 1

Termination with Prescribed Notice

Assumptions:

1) Power delivery starts in January 1985 on a 20-year Contract Term for a Contract Capacity of 50 MW. Contract Capacity Price is $132/kW-yr.

2) In January 1987, Seller notifies Edison that the Contract Capacity will be reduced to 20 MW in January 1990. The Adjusted Capacity Price for the capacity being terminated (30 MW) is $93/kW-yr.

3) Federal Reserve Board three months prime commercial paper rate is 1% per month.

4) Seller is under Option 1 for capacity payment.

5) Prescribed notice required is 36 months.

Resulting Action:

Capacity Payment Adjustment (Section 5.4.3, Part I)

For a period from January 1987 to January 1990, the capacity price for the 50 MW will be $109/kW-yr, the

weighted average of $132 and $93 calculated as follows:

(20/50) x $132 + (30/50) x $93 = $109/kW-yr

Starting January 1990 the Contract Capacity Price will return to $132/kW-yr but for only 20 MW.

Capacity Overpayment Refund (Section 5.4.2,Part I)

The Seller must also repay to Edison the overpayments made in 1985 and 1986 on the 30 MW portion of the contract which is being terminated, at the rate of $39/kW-yr ($132 - $93).

Since under Option 1, (1/12) of the capacity is paid each month, the overpayment consists of 24 monthly payments made between January 1985 and December 1986, each amounting to:

$39/kW-yr x (1/12) x 30,000 kW = $97,500/month

This annuity of 24 payments has a present value in January 1985 of

$$\$97{,}500 \times \frac{1}{\text{Capital Recovery Factor}} = \$97{,}500 \times \frac{1}{\frac{0.01}{1 - (1.01)^{-24}}}$$

$$= \$2{,}071{,}230$$

The value of this annuity (including interest) in January 1987, the amount payable to Edison becomes $2,071,230 x Compound Amount Factor
= $2,071,230 x (1.01)24
= $2,629,913

9.2 Example 2

Termination Without Prescribed Notice

Assumptions:

(1) Power delivery starts in January 1985 on a 20-year Contract Term for a Contract Capacity of 50 MW. Contract Capacity Price is $132/kW-yr.

(2) In January 1987, Seller notified Edison that the Contract Capacity will be reduced to 20 MW in January 1988. The Adjusted Capacity Price for the capacity being terminated (30 MW) is $88/kW-yr.

(3) Federal Reserve Bond three months prime commercial paper rate is 1% per month.

(4) Seller is under Option 1 for capacity payment.

(5) The capacity price for a Contract Term of seventeen (17) years with a delivery date of 1988 will come from the capacity table in effect at the time of the termination notice. Assume this value is $158/kW-yr.

(6) Prescribed notice required is 36 months.

Resulting Action:

Capacity Payment Adjustment (Section 5.4.3, Part I)

For period from January 1987 to January 1988, the capacity price for the 50 MW will be $106/kW-yr, the weighted average of $132 and $88 calculated as follows:

(20/50) x $132 + (30/50) x $88 = $106/kW-yr

Starting January 1988, the capacity price will return to $132/kW-yr, but for only 20 MW.

Capacity Overpayment Refund (Section 5.4.3, Part I)

The amount of capacity overpayment refund to be made to Edison by Seller is $2,967,082. (For calculation of this payment amount see Capacity Overpayment Refund section of the termination with prescribed notice example, Section 9.1).

Capacity Replacement Cost (Section 5.5.2, Part I)

The Seller must also pay Edison a one time capacity replacement cost of $1,560,000 calculated as follows:

(30,000 kW) ($158 - $132) (2 years) = $1,560,000

Total Repayment to Edison

The total repayment from Seller to Edison will be $4,527,082, which is the sum of the capacity overpayment refund and the capacity replacement cost.

Revised Cal. P.U.C. Sheet No. 8524-E
Cancelling Revised Cal. P.U.C. Sheet No. 8399-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Schedule No. TOU-8
GENERAL SERVICE - LARGE

APPLICABILITY

Applicable to general service, including lighting and power.

This schedule is mandatory for all customers whose monthly maximum demand exceeds 500 kw for any three months during the preceding 12 months, except that customers with demands in excess of 5,000 kw, who otherwise qualify, may elect service under Schedule No. 1-5. Any customer whose monthly maximum demand has fallen below 450 kw for 12 consecutive months may elect to take service on any other applicable schedule.

TERRITORY

Within the entire territory served.

RATES

	Per Meter Per Month
Customer Charge:	$560.00
Demand Charge (to be added to Customer Charge):	
All kw of on-peak billing demand, per kw	$5.05
Plus all kw of mid-peak billing demand, per kw	0.65
Plus all kw of off-peak billing demand, per kw	No charge
(Subject to Minimum Demand Charge. See Special Condition No. 6.)	

Energy Charge (to be added to Demand Charge):

All on-peak kwh, per kwh	8.426 cents
Plus all mid-peak kwh, per kwh	7.026 cents
Plus all off-peak kwh, per kwh	5.856 cents

The above rates are subject to the Steel Surcharge Adjustment as set forth in Special Condition No. 13.

Charges for energy are calculated for customer billing using the components shown below.

Advice Letter No. 694-E
Decision No.

Date Filed August 19, 1985
Effective November 13, 1985
Resolution No. E-2062

Michael R. Peevey
Senior Vice President

Revised Cal. P.U.C. Sheet No. 8458-E
Cancelling Revised Cal. P.U.C. Sheet No. 8447-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Schedule No. TOU-8
GENERAL SERVICE - LARGE
(Continued)

ENERGY CHARGE COMPONENTS

	Per kwh On-Peak (in cents)	Mid-Peak (in cents)	Off-Peak (in cents)
Base Rate:			
All kwh	2.356	2.356	2.356
Adjustment Rates:			
Energy Cost Adjustment			

Billing Factor	4.871	3.471	2.301
Annual Energy Rate	0.070	0.070	0.070
Conservation Load Management			
Billing Factor	0.030	0.030	0.030
Electric Revenue Adjustment			
Billing Factor	-0.183	-0.183	-0.183
Major Additions Adjustment			
Billing Factor	1.270	1.270	1.270
Annual Major Additions Rate	0.000	0.000	0.000
PUC Reimbursement Fee	0.012	0.012	0.012
Total Adjustment Rates	6.070	4.670	3.500

The PUC Reimbursement Fee is described in Schedule No. RF-E.
The Adjustment Rates are described in Parts C, I, J, and L of the Preliminary Statement.

SPECIAL CONDITIONS

1. Time periods are defined as follows:

On-Peak: 12:00 p.m. to 6:00 p.m.
summer weekdays except holidays

5:00 p.m. to 9:00 p.m.
winter weekdays except holidays

Mid-Peak: 8:00 a.m. to 12:00 p.m. and 6:00 p.m. to 11:00 p.m.
Summer weekdays except holidays

8:00 a.m. to 5:00 p.m.
winter weekdays except holidays

Off-Peak: All other hours.

Off-peak holidays are New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, and Christmas.

When any holiday listed above falls on Sunday, the following Monday will be recognized as an off-peak period. No change in off-peak will be made for holidays falling on Saturday.

The summer session shall commence at 12:01 a.m. on the first Sunday in June and continue until 12:01 a.m. of the first Sunday in October of each year. The winter season shall commence at 12:01 a.m. on the first Sunday in October of each year and continue until 12:01 a.m. of the first Sunday in June of the following year.

2. Voltage: Service will be supplied at one standard voltage.

Advice Letter No. 680-E
Decision Nos. 84-12-068
85-04-068

Date Filed May 8, 1985
Effective June 2, 1985
Resolution No.

Michael R. Peevey
Senior Vice President

Revised Cal. P.U.C. Sheet No. 8189-E
Cancelling Revised Cal. P.U.C. Sheet No. 7119-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Schedule No. TOU-8
GENERAL SERVICE - LARGE

SPECIAL CONDITIONS (Continued)

3. Maximum Demand: Maximum demands shall be established for the on-peak, mid-peak and off-peak periods. The maximum demand for each period shall be the measured maximum average kilowatt input indicated or recorded by instrument to be supplied by the Company, during any 150minute metered interval, but (except for new customers or existing customers electing Contract Demand as defined in these Special Conditions) not less than the diversified resistance welder load computed in accordance with the section designated Welder Service in Rule No. 2. Where the demand is intermittent or subject to violent fluctuations, a 5-minute interval may be used.

4. Billing Demand: Separate billing demands for the on-peak, mid-peak, and off-peak time periods shall be established for each monthly billing period The billing demand for each time period shall be the maximum demand for that time period occurring during the respective monthly billing period. The billing demand shall be determined to the nearest kw.

5. Contract Demand: A contract demand will be established by the Company, based on applicant's demand requirements for any customer newly requesting service on this schedule and for any customer of record on this schedule who requests an increase or decrease in transformer capacity in accordance with Rule No. 12D. A contract demand arrangement is available upon request for all customers of record on this schedule. The contract demand will be used only for purposes of establishing the minimum demand charge for facilities required to provide service under the rate and will not be otherwise used for billing purposes. Contract demand is based upon the nominal kilovolt-ampere rating of the Company's serving transformer(s) or the standard transformer size determined by the Company as required to serve the customer's stated measurable kilowatt demand, whichever is less and is expressed in kilowatts.

6. Minimum Demand Charge: Where a contract demand is established, the monthly minimum demand charge shall be $1.00 per kilowatt of contract demand.

7. Excess Transformer Capacity: The transformer capacity in excess of a customer's contract demand which is either required by the Company because of the nature of the customer's load or requested by the customer. Excess transformer capacity shall be billed at $1.00 per kva per month.

8. Voltage Discount: The charges before adjustments will be reduced by 6% for service delivered and metered at voltages of from 2 kv through 50 kv and by 15% for service delivered and metered at voltages over 50 kv.

Advice Letter No. 669-E
Decision No. 84-12-068

Date Filed December 31, 1984
Effective January 1, 1985
Resolution No.

Michael R. Peevey
Vice President

Revised Cal. P.U.C. Sheet No. 7120-E, 5755-E and
Cancelling Revised Cal. P.U.C. Sheet No. 5862-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Schedule No. TOU-8
GENERAL SERVICE - LARGE

SPECIAL CONDITIONS (Continued)

9. Power Factor Adjustment:

a. Service Delivered and Metered at 4 kv or greater: The charges will be adjusted each month for reactive demand. The charges will be increased by 20 cents per kilovar of maximum reactive demand imposed on the Company in excess of 20% of the maximum number of kilowatts.

the maximum reactive demand shall be the highest measured maximum average kilovar demand indicated or recorded by metering to be supplied by the Company during any 15-minute metered interval in the month. The kilovars shall be determined to the nearest unit. A device will be installed on each kilovar meter to prevent reverse operation of the meter.

b. Service delivered and metered at less than 4 kv: The charges will be adjusted each month for the power factor as follows: The charges will be decreased by 20 cents per kilowatt of measured maximum demand and will be increased by 20 cents per kilovar of reactive demand. However, in no case shall the kilovars used for the adjustment be less than one-fifth the number of kilowatts.

The kilovars of reactive demand shall be calculated by multiplying the kilowatts of measured maximum demand by the ratio of the kilovar-hours to the kilowatt hours. Demands in kilowatts and kilovars shall be determined to the nearest unit. A ratchet device will be installed on the kilovar-hour meter to prevent its reverse operation on leading power factors.

10. Temporary Discontinuance of Service: Where the use of energy is seasonal or intermittent, no adjustments will be made for a temporary discontinuance of service. Any customer prior to resuming service within twelve months after such service was discontinued will be required to pay all charges which would have been billed if service had not been discontinued.

Advice Letter No. 604-E Date Filed December 30, 1982
Decision No. 82-12-055 Effective January 1, 1983
82-12-115 Resolution No. AR-92454

Edward A. Myers, Jr.
Vice President

Revised Cal. P.U.C. Sheet No. 8263-E
Cancelling Revised Cal. P.U.C. Sheet No. 8190-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Schedule No. TOU-8
GENERAL SERVICE - LARGE

SPECIAL CONDITIONS (Continued)

11. Supplemental Visual Demand Meter: Subject to availability, and upon written application by the customer, the Company will, within 180 days, supply and install a Company-owned supplemental visual demand meter. The customer shall provide the required space and associated wiring beyond the point of interconnection for such installation. Said supplemental visual demand meter shall be in parallel with the standard billing meter delineated in Special Condition 3 above. The readings measured or recorded by the supplemental visual demand meter are for customer information purposes only and shall not be used for billing purposes in lieu of meter readings established by the standard billing meter. If a meter having visual display capability is installed by Edison as the standard billing meter, no additional metering will be installed pursuant to this Special Condition.

One of the following types of supplemental visual demand meters will be provided in accordance with provisions above at no additional cost to the customer: Dial Wattmeter, Recording

Wattmeter, or Paper-Tape Printing Demand Meter.

If the customer desires a supplemental visual demand meter having features no available in any of the above listed meters, such as an electronic microprocessor-based meter, the Company will provide such a supplemental visual demand meter subject to a monthly charge, if the meter and its associated equipment have been approved for use by the Company. Upon receipt from the customer of a written application the Company will design the installation and will thereafter supply, install, and maintain the supplemental visual demand meter subject to all conditions stated in the first and last paragraph of this Special Condition. For purposes of computing the monthly charge, any such supplemental visual demand meter and associated equipment shall be treated as Added Facilities in accordance with Rule No. 2, Paragraph H, Section 1 and 2 of the tariff rules. Added investment for computing the monthly charge shall be reduced by the Company's estimated total installed cost at the customer location of the Paper Tape Printing Demand Meter offered otherwise herein at no additional cost.

The Company shall have sole access for purposes of maintenance and repair to any supplemental visual demand meter installed pursuant to this Special Condition and shall provide all required maintenance and repair. Periodic routine maintenance shall be provided at no additional cost to the customer. Such routine maintenance includes changing charts, inking pens, making periodic adjustments, lubricating moving parts and making minor repairs. Non-routine maintenance and major repairs or replacement shall be performed on an actual costs basis with the customer reimbursing the Company for such cost.

12. Contracts: An initial three-year facilities contract may be required where applicant requires new or added serving capacity exceeding 2,000 kva.

13. Steel Surcharge Adjustment: The rates above are subject to adjustment as provided in Park K of the Preliminary Statement, at a billing factor of 0.026 cents per kwh.

Advice Letter No. 674-E
Decision No. 83-08-056

Date Filed April 4, 1985
Effective May 1, 1985
Resolution No. AR-92454

Michael R. Peevey
Senior Vice President

Revised Cal. P.U.C. Sheet No. 7816-E
Cancelling Revised Cal. P.U.C. Sheet No. 6047-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Rule No. 21
COGENERATION AND SMALL POWER PRODUCTION
INTERCONNECTION STANDARDS

General. This rule sets forth requirements and conditions for interconnected non Company-owned generation where such generation may be connected for (1) parallel operation with the service of the Company or (2) isolated operation with standby or breakdown service provided by the Company. For purposes of this rule, the interconnecting entity shall be designated the Producer.

B. Conditions.

1. An agreement executed by the Company and the Producer shall be required for interconnected service. Terms for the purchase of power by the Company if applicable, shall be included therein.

2. Interconnection with the Company's system may not be made until and unless the Company has determined that the interconnection complies with the design and operating requirements set forth herein.

3. Where interconnection protective equipment is owned, operated and maintained by the Producer, the Producer shall be responsible for damages to the Company or to others arising out of the misoperation or malfunction of the Producer-owned equipment.

4. The Producer is solely responsible for providing adequate protection for the Producer's facilities interconnected with the Company's system.

C. Design and Operating Requirements. Each generation facility which is or can be connected to the Company's electric system shall be designed and operated so as to prevent or protect against the following adverse conditions on the Company's system. These conditions can cause electric service degradation, equipment damage, or harm to persons:

1. Inadvertent and unwanted re-energization of a utility dead line or bus.

2. Interconnection while out of synchronization.

3. Overcurrent.

4. Utility system load imbalance.

5. Ground faults.

6. Generated alternating current frequency outside permitted safe limits.

7. Voltage generated outside permitted limits.

8. Poor power factor.

9. Harmful wave forms.

The necessary protective equipment (relays, switchgear, transformers, etc.) can be provided by the Producer or by the Company.

Explanatory information, operating rules and guidelines for meeting the above requirements for small (below 100kw), medium (100-1000 kw), and large (above 1000 kw) facilities are contained in the Company's guidelines for cogenerators and small power producers. Copies of said guidelines are available from the Company.

D. Interconnection Facilities.

1. Interconnection facilities include all required means, and apparatus installed, to interconnect the Producer's generation with the Company's system. Where the Producer desires to sell power to the Company, interconnection facilities include also all required means, and apparatus installed, to enable the Company to receive power deliveries from the Producer. Interconnection facilities may include, but are not limited to:

Advice Letter No. 640-E
Decision No. 83-10-093

Date Filed January 13, 1984
Effective February 12, 1984
Resolution No. AR-92454

Michael R. Peevey
Senior Vice President

Revised Cal. P.U.C. Sheet No. 7817-E
Cancelling Revised Cal. P.U.C. Sheet No. 7209-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

D. Interconnection Facilities. (Continued)

a. Connection, transformation, switching, communications, control, protective and safety equipment; and
b. Any necessary reinforcements and additions to the Company's system by the Company.

2. Where interconnection facilities are to be installed for the Producer's use as added facilities, the Producer shall advance to the Company the installed cost of the added facilities. At the Producer's option, and where such Producer's generation is a qualifying facility and the Producer has established credit worthiness to the Company's satisfaction, the Company shall finance those added facilities it deems to be removable and reusable equipment. Such equipment shall include, but not be limited to, transformation, disconnection, and metering equipment. Added facilities provided under either of the foregoing arrangements are subject to the monthly charge as set forth in Section H of the Company's Rule No. 2 Description of Service, on file with and authorized by the Commission.

3. When a Producer wishes to reserve facilities paid for by the Producer, but idled by an energy sale conversion, the Company shall impose a special facilities charge reimbursing the Company for costs related to its operation and maintenance of the facility. When a Producer no longer needs facilities for which it has paid, the Producer shall, at a minimum, receive from the Company credit for the net salvage value of the facilities dedicated to Company use. If the Company is able to make use of these facilities to serve other customers, the Producer shall receive the fair market value of the facilities determined as of the date the Producer either decides no longer to use the facilities or fails to pay the required maintenance fee.

4. The Producer shall be responsible for the costs of exploring the feasibility of a project or its interconnection with the Company system, including reasonable advance charges imposed by the Company for feasibility studies.

5. An interconnection line study for any Producer shall take no more than one year to complete.

6. The Producer shall be responsible for the costs of telemetering and safety checks except to the extent that, under the Company's effective tariffs, a comparable customer would not be similarly charged.

7. The Company shall, upon request, give the Producer a binding estimate for line extension and interconnection costs; however, such estimates shall be in effect for a period not to exceed one year from the date provided. A reasonable breakdown of cost estimates shall also be provided in a form sufficiently detailed and understandable by the Producer.

8. The Company shall have the right to inspect the Producer's interconnection facilities prior to the commencement of parallel operations and require modifications as necessary.

9. The site of interconnection facilities shall be accessible to Company personnel.

E. Interconnection Reinforcement and/or Additions. The Company's effective tariffs governing interconnection costs and added or special facilities agreements shall be applied to line and system reinforcement and/or additions. In addition, the following shall apply:

1. A Producer shall pay for new or additional line capacity if necessary for the Company to receive the Producer's power.

2. The costs of any line reinforcement and/or addition undertaken at the option of the Company to serve additional future customers or Producers shall be borne by the Company.

Advice Letter No. 640-E
Decision No. 83-10-093

Date Filed January 13, 1984
Effective February 12, 1984
Resolution No. AR-92454

Michael R. Peevey
Senior Vice President
Revised Cal. P.U.C. Sheet No. 7818-E
Cancelling Revised Cal. P.U.C. Sheet No. 6049-E

SOUTHERN CALIFORNIA EDISON COMPANY
2244 Walnut Grove Avenue
Rosemead, California 91770

Rule No. 21
COGENERATION AND SMALL POWER PRODUCTION
INTERCONNECTION STANDARDS
(Continued)

E. Interconnection Reinforcement and/or Additions. (Continued)

3. For two or more Producers seeking to use an existing line, a first come, first served approach shall be used. This approach shall require that the first Producer to request an interconnection shall, pursuant to written agreement, have the right to use the existing line and shall incur no obligation for costs associated with future line capacity needed to accommodate other Producers or customers. The Company's Standard Offer and/or power purchase agreements for cogeneration and small power production facilities shall specify the date by which the Producer must begin construction. If that date passes and construction has not commenced, the Producer shall be given 30 days to correct the deficiency after receiving a reminder from the Company that the construction start-up date has passed. If construction has not commenced after the 30-day corrective period, the Company shall have the right to withdraw its commitment to the first Producer and offer the right to interconnect on the existing line to the next Producer in order. If two Producers establish the right of first-in-time simultaneously, the two Producers shall share the costs of any additional line capacity necessary to facilitate their cumulative capacity requirements. Costs shall be shares based on the relative proportion of capacity each Producer will add to the line.

4. The applicable Company tariff provisions shall be applied to a Producer who pays for interconnection reinforcement and/or additions that later accommodate a second Producer as those provisions which would be applied to a comparable Company customer.

5. The Producer shall be responsible for the costs of only those future system alterations which are necessary to maintain the California Public Utilities Commission's adopted interconnection standards for the Producer's particular interconnection facilities. The relevant interconnection standards shall be those in effect at the time the contract is signed. Should much alterations not be directly required by, or beneficial to the Producer, the Producer shall be treated like any other customer on the Company's system.

F. Watering.

1. If the Producer desires to sell electric power to the Company, the Company shall provide, own and maintain at the Producer's expense all necessary meters and associated equipment to be utilized for the measurement of energy and capacity for determining the Company's payment to the Producer pursuant to an applicable agreement.

2. For purposes of monitoring generator operation an determination of standby charges, the Company shall have the right to install generation metering at the Producer's expense, where the Producer's generation is 10 mw or greater, telemetering equipment may also be required at the Producer's expense.

3. The Producer shall provide, at no expense to the Company, a suitable location for all meters and associated equipment in

accordance with Rule No. 16.

4. Where necessary the Company and the Producer shall agree on an appropriate compensation method for transformer losses as specified in the agreement.

5. The Company shall install a ratchet device so as to prevent reverse operation on the meter(s) recording power provided by the Company, and where appropriate in each of the following cases on, (i) the meter(s) recording reactive demand imposed on the Company's electric system, and (ii) the meter(s) recording power purchased by the Company.

6. Provision for meter tests and adjustments of bills or payments to the Producer for meter error shall be consistent with Rule No. 17.

End of Appendix C - Tariff Schedule No. TOU-8 Rule 21

APPENDIX D

Not attached. Please refer to the "Fifth Interim Opinion, Qualifying Facility Milestone Procedure, the Fourth Edition". Decision 86-04-053 April 16, 1986, I. 84-04-077 (filed April 18, 1984) before the Public Utilities Commission of the State of California.)

AMENDMENT NO. 1
TENNECO OIL COMPANY POWER PURCHASE AGREEMENT
(NEWHALL PHASE II)

AMENDMENT NO. 1
TO THE
POWER PURCHASE CONTRACT
(NEWHALL PHASE II)
BETWEEN
SOUTHERN CALIFORNIA EDISON COMPANY
AND
TENNECO OIL COMPANY

1. PARTIES

The parties to this Amendment No. 1 ("Amendment") to the Power Purchase Contract are Tenneco Oil Company, hereinafter referred to as "Tenneco," a Delaware corporation, and Southern California Edison Company, a California corporation, hereinafter referred to as "Edison," individually "Party," collectively "Parties."

RECITALS

2.1 On December 20, 1985, Tenneco and Edison executed an agreement entitled Power Purchase Contract/(Newhall Phase II) between Tenneco Oil Company and Southern California Edison Company (referred to in this Amendment as "original Contract").

2.2 The Parties desire to amend the Original Contract to incorporate the executed Interconnection Facilities Agreement.

3. AGREEMENT

In consideration of the terms and conditions contained in this amendment, the Parties agree as follows:

3.1 Effective Date
This Amendment No. 1 shall become effective on the date of execution by the parties.

3.2 Changes to the Original Contract Provisions
The following changes shall be made in the Original Contract:

3.2.1 On Page 9 of the Original Contract, insert a new section following Section 4.27 and renumber subsequent sections as follows: "Section 4.28".
4.28 Qualifying Facility Milestone Procedure ("QFMP")

A statewide procedure adopted by the Commission in Decision No. 85-01-038 on January 16, 1985, as modified by Decision No. 85-06-163, Decision No. 85-08-045 and Decision No. 85-11-017, and as may be modified by future Commission decisions following from QFMP quarterly reviews as ordered in Commission Decision No. 85-12-075, attached hereto as Appendix D and incorporated herein by reference. The QFMP contains milestones used to (1) establish an on-going statewide interconnection priority procedure for Qualify Facilities ("QF") projects wishing to interconnect with an electric utility's electrical system; (2) determine the current status of QF development in the state; and (3) establish an on-going tracking of QF development to aid in transmission and resource planning.

3.2.2 On Page 38 of the Original Contract, add the following new section number 25;

25. OBLIGATIONS OF THE PARTIES UNDER THE QUALIFYING FACILITY MILESTONE PROCEDURE

25.1 To accommodate power deliveries from Seller's Generating Facility under this Agreement, Edison shall interconnect Seller's Generating Facility to the Edison electric system in accordance with the terms of this Agreement, Edison's Tariff Rule No. 21, and the QFMP.

25.2 Seller acknowledges that it has read Edison's Tariff Rule No. 21 and the QFMP and Seller understands its obligations and the consequences to Seller for failure to meet any of the QFMP milestones. Failure to meet any of the milestones may result in the termination of this Agreement and forfeiture of Seller's Project Fee for the reasons set for in the QFMP.

25.3 Within ten (10) working days after compliance with a WFMP milestone or the date scheduled for Seller's compliance with a QFMP milestone, whichever occurs first, Seller shall submit written notification to Edison that a particular QFMP milestone either has or has not been met. Pursuant to the QFMP, Edison shall notify Seller, in writing, within fifteen (15) working days, after Seller'' notification or after the date scheduled for Seller's compliance with a particular QFMP milestone, whichever comes first, whether Seller is or is not in compliance with that particular QFMP milestone.

25.3.1 If Seller's performance is not in compliance with a schedule QFMP milestone, Edison shall enumerate the reasons for such non-compliance in said written notification to Seller.

25.3.2 Seller shall have fifteen (15) working days from the date it receives Edison's written notification of noncompliance to cure any deficiency to effectuate compliance with a QFMP milestone.

25.3.3 If Seller fails to cure said deficiency within the fifteen (15) working day cure period, Edison shall, within ten (10) working days thereafter notify Seller that it has missed that particular QFMP milestone.

25.4 If Seller misses a QFMP milestone pursuant to Section 25.3.3 herein, Seller shall lose its priority for transmission capacity.

25.4.1 Seller shall have forty-five (45) calendar days, commencing with the date of receipt of written notification from Edison of the missed QFMP milestone to establish a new priority for transmission capacity. To establish said priority, Seller must provide Edison with information indicating the continued viability of Seller's project. Such information, pursuant to the QFMP, shall include:

(i) An updated project definition; and

(ii) An updated final project development schedule or preliminary development schedule, whichever is appropriate; and

(iii) A written request for a new interconnection study; if both Seller and Edison agree that tone is necessary, Seller shall pay the cost of such study as appropriate.

If Seller fails to provide the information required pursuant to Section 25.4.1 herein, Seller's project shall be deemed no

longer viable; the Project Fee shall be forfeited and this Agreement shall terminate.

3.2.3 Incorporate Appendix A.3, Pages A.3-1 to A.3-3 and attachment to Appendix 3, Pages 1-6.

3.2.4 On Page ii of the Original Contract under Appendices Section, add the following:
Appendix D - Qualifying Facility Milestone Procedure
and add this attachment, Appendix D to the appendix section.

4. OTHER CONTRACT TERMS AND CONDITIONS

Except as expressly amended hereby, all other terms and conditions of the original contract shall remain in force and effect.

5. DUPLICATE ORIGINAL

This Amendment No. 1 is executed in two originals. The signatories hereto represent that they have been appropriately authorized to enter into this Amendment on behalf of the Party for whom they sign. This Amendment is hereby executed as of this 25th day of August 1986.

TENNECO OIL COMPANY

By: Robert T. Bogan

SOUTHERN CALIFORNIA EDISON COMPANY

By: Glenn J. Bjorklund
Vice President

AMENDMENT NO. 2

TO THE

POWER PURCHASE AGREEMENT

BETWEEN

TENNECO OIL COMPANY

AND

SOUTHERN CALIFORNIA EDISON COMPANY

AMENDMENT NO. 2 TO THE
POWER PURCHASE AGREEMENT BETWEEN
TENNECO OIL COMPANY AND
SOUTHERN CALIFORNIA EDISON COMPANY

1. PARTIES. This Amendment No. 2 to the Power Purchase Agreement between Tenneco Oil Company and Southern California Edison Company ("Agreement") is entered into between Tenneco Oil Company ("Seller") and Southern California Edison Company ("Edison"); individually "Party" and collectively "Parties".

2. RECITALS. This Amendment No. 2 to the Agreement is made with reference to the following facts, among others:

2.1 The Parties executed the Agreement on August 25, 1986.

2.2 The Contract specified "Seller Owned and Operated Basis" as the Interconnection Facilities Agreement option for providing the project's interconnection facilities as set forth in Appendix A of the Agreement.

2.3 Seller wishes to change the Interconnection Facilities Agreement option to the "Added Facilities Basis" option.

2.4 The Parties desire to amend the Agreement to change the Interconnection Facilities Agreement to the "Added Facilities Basis" option.

3. AGREEMENT: The Parties hereby agree to amend the Agreement as follows:

3.1 Page ii of the Table of Contents shall be amended to eliminate the reference to Appendix A.2 - Capital Contribution Basis, and it shall be replaced with a reference to Appendix A.1 - - Interconnection Facilities - Added Facilities Basis.

3.2 Page 8 of the Agreement shall delete the reference to Appendix A.2 on Line 4, and shall replace it with Appendix A.1.

3.3 Part II, Page 40 and 41 of the Agreement shall be amended to indicate that Seller elects the Added Facilities Basis. Therefore, the "x" on page 41 will be eliminated, and a "x" will be added on Page 40 next to Appendix A.1.

3.4 Appendix A of the Agreement is deleted and replaced by the attached Appendix A.

OTHER CONTRACT TERMS AND CONDITIONS: Except as expressly amended, the terms and conditions of the original Agreement shall remain in full force and effect.

5. SIGNATURE CLAUSE: The signatories hereto represent that they have been appropriately authorized to enter into this Amendment No. 2 to the Agreement on behalf of the Party for whom they sign.

6. EFFECTIVE DATE: This Amendment No. 2 to the Agreement shall become effective on the latter of the two signature dates below.

SOUTHERN CALIFORNIA EDISON

By: Glenn J. Bjorklund
Vice President

Date: June 19, 1987

TENNECO OIL COMPANY

By: Robert T. Bogan
Vice President and
Division General Manager

Date: June 15, 1987