

DIXON BAY NATURAL RESOURCE RESTORATION AGREEMENT

This agreement is made and entered into by and among:

1. The National Oceanic and Atmospheric Administration (NOAA), an agency of the United States Department of Commerce,
2. The United States Department of the Interior (DOI),
3. The Louisiana Oil Spill Coordinator's Office (LOSCO), Office of the Governor; Louisiana Department of Environmental Quality (LDEQ); Louisiana Department of Natural Resources, Office of Coastal Restoration and Management (LDNR/OCRM); and Louisiana Department of Wildlife and Fisheries (LDWF); collectively referred to as the State, and
4. Chevron USA Production Company (Chevron).

STATEMENT OF FACTS

1. On January 12, 1995 a wellhead on an inactive well (BLDSU #5, West Bay Field), located in Dixon Bay, approximately 10 miles South of Venice, Louisiana, suffered a failure.
2. The well was owned by Chevron, who accepted responsibility for conducting the cleanup actions.
3. The well released a mixture of crude oil, natural gas, and produced water (brine that comes up to the surface along with crude oil during production) until the release stopped at approximately 1710 hours on January 13, 1995, after more than 30 hours of discharging oil.
4. The oil discharged was a light crude oil containing petroleum hydrocarbons and other, minor constituents.
5. Migratory birds and aquatic natural resources were actually or potentially affected by the discharged oil.
6. The concentration and quantity of oil discharged was sufficient to actually or potentially cause injury to natural resources, including visible oiling of sediments and marsh vegetation on certain shorelines in the area.
7. NOAA, DOI, and the State are designated Trustees for the natural

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resources actually or potentially affected by the discharge of oil from the well owned by Chevron.

8. Chevron promptly initiated, conducted, and participated in response actions to contain and remove spilled oil.
9. Response actions implemented by Chevron and other parties provided no compensation for the value of natural resources or their services that were actually or potentially injured, destroyed or lost as a result of the discharged oil.

STATEMENT OF OBLIGATIONS

1. The State, DOI and NOAA, collectively referred to as Trustees, have expended considerable time, funds and resources in investigating the Dixon Bay oil spill, and the natural resource injuries and losses that may have resulted from this incident. The Trustees will continue to incur administrative expenses in conjunction with implementation of this agreement. Future administrative costs are based on an anticipated five year effort. Therefore, Chevron shall reimburse the Trustee parties within 30 days of execution of this agreement for their administrative expenses as follows:
 - a. LOSCO: \$321.44 as reimbursement for past administrative costs and \$1000 as anticipated future administrative costs during the restoration phase;
 - b. LDEQ: \$6054.17 as reimbursement for past administrative costs;
 - c. LDNR/OCRM: \$2763.30 as reimbursement for past administrative costs and \$913.50 as anticipated future administrative costs during the restoration phase;
 - d. LDWF: \$6815.41 as reimbursement for past administrative costs and \$3711.80 as anticipated future administrative costs during the restoration phase;
 - e. NOAA: \$37,484.81 as reimbursement for past administrative costs and \$5,000 as anticipated future administrative costs during the restoration phase;

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f. DOI: \$1250 as anticipated future administrative costs during the restoration phase.

These funds shall be paid by certified check referencing the "Dixon Bay Natural Resource Restoration Agreement" as follows:

As to LOSCO, a check for \$1321 payable to the Louisiana Oil Spill Coordinator's Office and sent to:

Louisiana Oil Spill Coordinator's Office
Office of the Governor
P.O. Box 94095
Baton Rouge, LA 70804
Attn.: Roland J. Guidry

As to LDEQ, a check for \$6054.17 payable to the Louisiana Department of Environmental Quality and sent to the Louisiana Oil Spill Coordinator's Office.

As to LDNR/OCRM, a check for \$3676.80 payable to the Louisiana Department of Natural Resources and sent to the Louisiana Oil Spill Coordinator's Office.

As to LDWF, a check for \$10527.21 payable to the Louisiana Department of Wildlife and Fisheries and sent to the Louisiana Oil Spill Coordinator's Office.

As to NOAA, a check for \$42484.81 payable to NOAA, U.S. Department of Commerce, and sent to:

NOAA Finance Services Division
Bills and Collection Unit, Caller Service 7025
20020 Century Blvd.
Germantown, MD 20874

As to NOAA, the check and any accompanying documentation must reference the name of the case as follows: "8K8A19-Dixon Bay Damage Assessment." Copies of the check and accompanying documentation must also be sent to:

Cheryl Scannell
NOAA Office of General Counsel
9721 Executive Center Drive North
Suite 135
St. Petersburg, FL 33702

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As to DOI, a check for \$1250 payable to U.S. Department of the Interior. DOI will provide the address before the check is sent.

2. In consideration of and in exchange for the agreements described in Paragraph 8 of this Statement of Obligations, Chevron agrees to the following:
 - a. To reimburse the Trustees' administrative expenses identified in Paragraph 1;
 - b. To satisfactorily implement the restoration project developed according to the Damage Assessment and Restoration Plan (DARP), attached hereto as Exhibit A. The restoration project shall consist of creating a crevasse in the Delta National Wildlife Refuge, performed according to the U.S. Army Corps of Engineers (COE) General Permit NOD 25 for this project granted to the U.S. Fish and Wildlife Service (USFWS) refuge managers and to Coastal Management Division (CMD) consistency determination.
3. Satisfactory completion of the restoration project, in accordance with the COE permit and CMD consistency, will consist of formation by the crevasse of a minimum of five acres of marsh vegetated by genera such as: Sagittaria, Scirpus, and Echinochloa. The Trustees and Chevron will jointly determine when the five acres of emergent marsh have been created. Once this is accomplished, LDWF, acting on behalf of the Trustees, shall provide Chevron with a written statement that the project has been completed in a satisfactory fashion. If the crevasse does not remain open long enough to create five acres, then the Trustees and Chevron will either decide to reopen the crevasse, relocate the project, or choose another mechanism to satisfy any remaining compensatory need.
4. Delta National Wildlife Refuge (the Refuge) will perform monitoring of the project after Chevron completes the crevasse. Chevron acknowledges that the Refuge intends to provide monitoring activities as part of already planned, regular refuge activities and that, accordingly, monitoring costs claimed as part of future administrative costs are not great. Accordingly, if the Refuge cannot continue to provide monitoring per the agreement letter (Exhibit B) because the activities cannot be accomplished as part of already-planned refuge activities or for any other reason, then the Refuge, USFWS and/or DOI shall have no further obligation to perform monitoring for this project. In this event, Chevron shall provide the required monitoring per Delta Refuge protocols until the endpoint plant composition has been reached.
5. The Trustees shall not be responsible or liable for any adverse impacts to the Delta National Wildlife Refuge or its operations that are directly or indirectly related to Chevron's performance of its obligations under this agreement. Chevron shall

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implement the restoration project in such a way as to minimize any adverse effects on the Refuge and its operations. In addition, Chevron shall be liable for any property damage or personal injury caused by its implementation of the restoration project. Further, Chevron shall be responsible for complying with all requirements and conditions of all permits for the project, including, but not limited to, the COE permit, even if Chevron is not permittee. Chevron agrees to indemnify, defend, reimburse and hold USFWS and DOI harmless from and against any and all costs, expenses (including, without limitation, reasonable attorneys' fees), claims, judgements, damages, losses, penalties, fines or liabilities which may arise out of or are incurred as a result of implementation of the restoration project.

6. Chevron shall obtain, at its expense, any remaining documents necessary for implementation of the restoration project, and it shall comply with all Federal and State laws.
7. Chevron agrees to begin the restoration project in a timely manner, such that the initial dredging of the crevasse shall begin no later than December 31, 1996. In the event that the restoration project work is suspended or delayed due to *force majeure*, including but not limited to delays or suspensions due to inclement weather, Chevron shall be granted an additional and reasonable amount of time to complete the restoration work.
8. Subject to Chevron's complete payment of Trustee administrative expenses described in Paragraph 1, and satisfactory completion of the restoration project according to this agreement, the DARP, COE (General Permit) NOD 25, and fulfillment of monitoring obligations arising under Paragraph 4 of this agreement, NOAA and DOI hereby agree to release Chevron from any civil liability for natural resource damages pursuant to the Oil Pollution Act of 1990 for resources under their trusteeship that may have been injured, destroyed, or lost as a result of the Dixon Bay oil spill of 12-13 January 1995. Subject to the same conditions, the State of Louisiana hereby releases Chevron from civil liability for natural resource damages arising from the January 12-13, 1995 discharge of crude oil into Dixon Bay, Louisiana, from BLDSU #5, West Bay Field.
9. Nothing in this agreement is intended to be, nor shall be construed as, a release or covenant not to sue for any claim or cause of action, administrative or judicial for:
 - a. Natural resource damages, in the event that Chevron does not: pay the administrative expenses identified in Paragraph 1, or satisfactorily complete the restoration project described in Paragraph 2, or otherwise comply with this agreement.

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- b. Violation of any Federal or State law during implementation of the restoration project.
 - c. Other past releases, future releases, discharges, or spills.
 - d. Any and all criminal liability.
 - e. Any matter not expressly included in the release from liability for natural resource damages set forth in Paragraph 8 in this Statement of Obligations.
10. Chevron certifies that, to the best of its knowledge and belief, it has fully and accurately disclosed to the Trustees all information requested by the Trustees which is currently in the possession of Chevron's officers, employees, contractors, and agents, that relates in any way to the January 12-13, 1995 discharge of oil into Dixon Bay, Louisiana, from BLDSU #5, West Bay Field.
11. The Trustees certify that, to the best of their knowledge and belief, no other Trustee intends to present a claim for the natural resources or their services that were injured, destroyed, or lost as a result of the discharge of oil from BLDSU #5, West Bay Field, into Dixon Bay, Louisiana on January 12-13, 1995.
12. This agreement may be executed in counterparts.

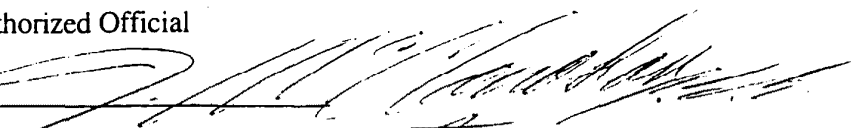
IN WITNESS WHEREOF, this agreement is executed by each of the parties as of the dates written below.

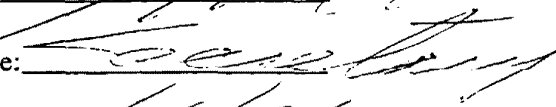
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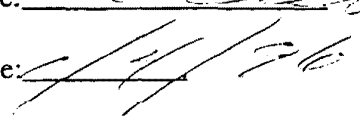
LOUISIANA DEPARTMENT OF NATURAL RESOURCES,
OFFICE OF COASTAL RESTORATION AND MANAGEMENT

Natural Resource Trustee

Authorized Official

By: 

Title: 

Date: 

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LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY
Natural Resource Trustee
Authorized Official

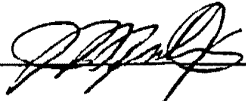
By: *John A. Turner*

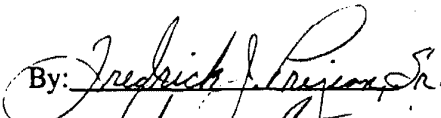
Title: *Secretary*

Date: *1-11-96*

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LOUISIANA DEPARTMENT OF WILDLIFE AND FISHERIES
Natural Resource Trustee
Authorized Officials

By: 
Title: SEC-RETARY
Date: 1-18-96

By: 
Title: Undersecretary
Date: 1-17-96

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LOUISIANA OIL SPILL COORDINATOR'S OFFICE,
OFFICE OF THE GOVERNOR
Natural Resource Trustee
Authorized Official

By: Robert Gendry

Title: La. Oil Spill Coordinator

Date: 1/18/96

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CHEVRON USA PRODUCTION COMPANY, A Division of CHEVRON USA, INC.
Authorized Officer

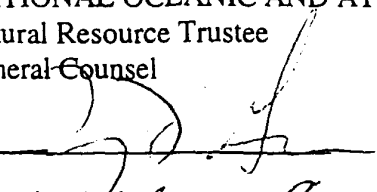
By: M. C. Smith

Title: Assistant Secretary

Date: 2/5/96

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NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION
Natural Resource Trustee
General Counsel

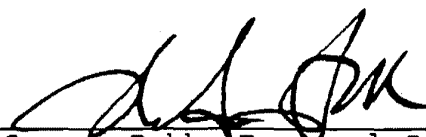
By: 

Title: NOAA General Counsel

Date: FEB 6 1991

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UNITED STATES DEPARTMENT OF THE INTERIOR
Natural Resource Trustee

By: 

Roger Sumner Babb, Regional Solicitor
Southeast Regional Office
Office of the Solicitor
United States Department of the Interior,

Pursuant to the Federal Debt Collection Act,
31 U.S.C. Section 3711 .

Date: Feb 15, 1996