

monitoring, research, and mitigation measures relating to the dust from Owens Lake, in accordance with the following terms and conditions:

- (a) Monitoring. Commencing with the completion of the Land Exchange between DWP and SLC for the land needed by LMC for its soda ash facility, LMC shall reimburse DWP that portion of the total monitoring costs of the Owens Lake dust situation required or negotiated by the District and thereafter incurred and paid by DWP that LMC's leased area on the lake bed is of the total area of the lake bed of 70,360 acres. Monitoring costs billed to DWP by the District shall be reimbursed to DWP by LMC as provided by this paragraph 5(a), and shall be limited to DWP's actual expenditures for District-billed monitoring costs including, but not limited to, labor, materials, equipment, office expense, professional and special services, communications, insurance, rents and leases, and transportation and travel, associated with the operation and maintenance of the meteorological and air quality monitoring stations presently located at Olancha, Keeler, and Lone Pine, and any future stations related directly to the lake including southerly from the lake to the Inyo-Kern County line,

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excluding any station directly related to the Coso Geothermal development. It is understood that DWP operates on a fiscal year basis, commencing July 1 of each year and ending on the following June 30. Monitoring costs payable by LMC pursuant to this paragraph 5(a) shall be prorated from the effective date of this Agreement to the following June 30, and, unless suspended as hereinafter provided, such monitoring costs shall thereafter be payable by LMC, annually, as follows:

At the conclusion of each fiscal year, DWP shall invoice LMC for LMC's portion of the monitoring costs incurred during that fiscal year. If requested by LMC, DWP shall provide proper documentation, as provided to DWP by the District, to support such charges. LMC agrees to pay such invoices within thirty (30) days of receipt of such invoice.

Notwithstanding any provision contained herein to the contrary, reimbursements by LMC in accord with this paragraph 5(a) shall be suspended if LMC ceases its development plans and activities associated with the construction and operation of

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a refined soda ash facility at Owens Lake, and it gives DWP written notice to that effect. During such period of suspension, DWP shall maintain accurate records of all costs paid by it pursuant to District Order, negotiation, or other process (including DWP self-imposed projects) for monitoring the dust situation at Owens Lake for which there was no reimbursement by LMC. Upon resumption by LMC of its development plans and activities, LMC shall give DWP written notice of such resumption and shall reimburse DWP for LMC's proportionate share as aforesaid of the total monitoring costs paid by DWP during such period of suspension, plus interest compounded annually at seven percent (7%). Such reimbursement shall be payable within thirty (30) days from the date of DWP's invoice therefor.

(b) Research. Subject to the provisions of paragraph 5(d), commencing with the completion of the Land Exchange between DWP and SLC for the land needed by LMC for its soda ash facility, LMC shall accrue an obligation to reimburse DWP for that portion of the research costs related to the Owens Lake dust situation, as required by the District, by Board order, negotiated agreement,

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or other process (including DWP self-imposed projects) and thereafter incurred and paid by DWP that LMC's leased area on the lake bed is to the total area of the lake bed of 70,360 acres. The amount accrued in accord with this paragraph 5(b) shall include interest compounded annually at the rate of seven percent (7%) and shall be payable by LMC to DWP on the commencement of commercial operations by LMC of its proposed soda ash facility at Owens Lake. During the period of such accrual, DWP shall advise LMC, upon request, of the reimbursement due from LMC if commercial operations are commenced by LMC at its proposed soda ash facility at Owens Lake. Notwithstanding the foregoing, LMC shall have no obligation to reimburse DWP for any part of the research activities that DWP currently have under contract with Environmental Monitoring and Services, Incorporated, nor shall LMC have any obligation to reimburse DWP for any research costs accrued in accordance with this paragraph 5(b) in the event LMC does not commence commercial operations at its refined soda ash facility at Owens Lake.

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As used in this Agreement, "commercial operations" by LMC of its proposed refined soda ash facility at Owens Lake shall be deemed to have commenced:

(i) when construction of the refined soda ash facility is completed and LMC has continuously operated said soda ash facility for a period of thirty (30) consecutive working days at no less than fifty percent (50%) of the rated capacity of said soda ash facility; or (ii) six (6) months after initial production is commenced from said soda ash facility, whichever event first occurs. LMC agrees to notify DWP in writing within thirty (30) days of the date on which initial production is commenced and the date on which commercial operations are deemed to have commenced, as provided hereinabove.

(c) Mitigation. Subject to the provisions of paragraph 5(d), upon commencement of commercial operations by LMC of its proposed refined soda ash facility at Owens Lake, LMC shall annually reimburse DWP for that portion of the total annual mitigation costs related to the Owens Lake dust situation, as required by the District, by Board order, negotiated

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agreement, or other process (including DWP self-imposed projects) and thereafter incurred and paid by DWP that LMC's leased area on the lake bed is to the total area of the lake bed of 70,360 acres. Such reimbursement shall be in accordance with the provisions of paragraph 5(d).

- (d) The term "fiscal year", as used in this paragraph 5(d), shall mean DWP's fiscal year, which is July 1 through June 30 of the following year.

At the conclusion of each fiscal year following commencement of commercial operations by LMC of its proposed refined soda ash facility at Owens Lake, DWP shall invoice LMC for LMC's proportionate share of costs pursuant to paragraphs 5(b) and 5(c). If requested by LMC, DWP shall provide proper documentation as provided to DWP by the District to support such charges. LMC agrees to pay such invoices within thirty (30) days from the date of such invoice.

LMC has an obligation to pay proportional research costs to DWP that accrued from the date of the land exchange to the date of the commencement of

commercial operations as provided in paragraph 5(b). This payment of accrued research cost is due on the date of commencement of commercial operation and is not limited by the \$100,000 annual limit provided for in the following paragraph.

The maximum total combined amount that LMC shall be obligated to reimburse to DWP pursuant to the provisions of paragraphs 5(b) and 5(c), shall not exceed \$100,000 during the first full fiscal year following commencement of commercial operations by LMC of its proposed refined soda ash facility at Owens Lake. Thereafter, the \$100,000 maximum annual reimbursement due from LMC pursuant to paragraphs 5(b) and 5(c) shall be subject annually to escalation or de-escalation, based on the average percentage change for the following indicator for so long as said indicator exists and its data is published:

- (i) The Engineering News Record Index for General Construction for the end of the fourth quarter of each preceding calendar year. The reference index shall be the final index for the end of the fourth quarter of the calendar

year immediately following the first full fiscal year following commencement of commercial operations by LMC of its proposed refined soda ash facility at Owens Lake.

The maximum reimbursement due from LMC pursuant to paragraphs 5(b) and 5(c) at the end of the fiscal year in which commercial operations are deemed to commence at the soda ash facility shall be adjusted downward in the same proportion as the days remaining in said fiscal year. For example, if commercial operations are deemed to commence at the soda ash facility on April 1 of any particular fiscal year, the maximum reimbursement due from LMC pursuant to paragraphs 5(b) and 5(c) at the end of that fiscal year (June 30), would be \$25,000 (25% of \$100,000).

If during any fiscal year, following the first full fiscal year after commencement of commercial operations by LMC, LMC's proportional share of costs pursuant to paragraphs 5(b) and 5(c) exceeds \$100,000, as adjusted for escalation, such excess share of costs over the adjusted \$100,000 shall be carried over to future years.

6. All payments for accruals required by paragraphs 5(b) and 5(c) shall cease and LMC shall have no obligation to make such payments or accruals at such time as LMC permanently discontinues operation of its proposed soda ash facility at Owens Lake and provides thirty (30) days advance written notice to that effect to DWP.

7. In the event either party ("non-breaching party") is required to commence legal action against the other party ("breaching party") to enforce any of the provisions of this Agreement and the non-breaching party prevails in such action, the breaching party agrees to pay all costs and expenses, including reasonable attorneys' fees, incurred by the non-breaching party in bringing such action.

8. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

DEPARTMENT OF WATER AND POWER  
OF THE CITY OF LOS ANGELES  
By  
BOARD OF WATER AND POWER COMMISSIONERS  
OF THE CITY OF LOS ANGELES

BY *Paul Han*  
General Manager and Chief Engineer  
And *Judith S. Spivak*  
Secretary

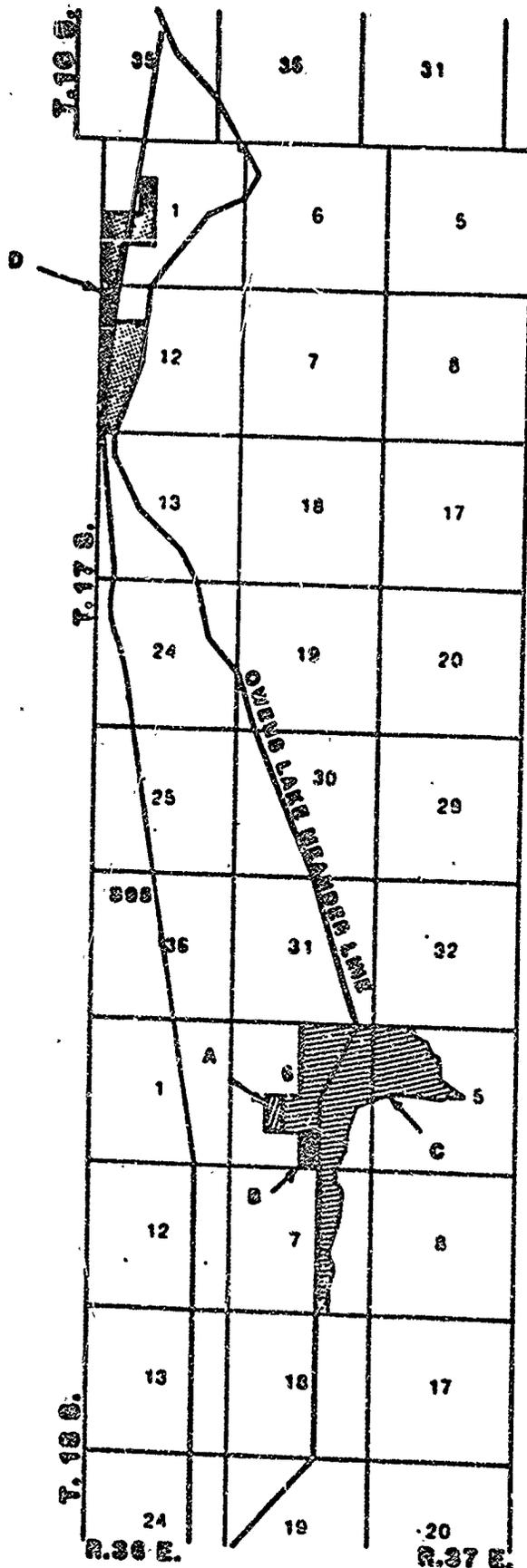
AUTHORIZED BY RES. 34 103  
NOV 19 1987

LAKE MINERALS CORPORATION  
*Gary R. Castens*  
Its: PRESIDENT

APPROVED AS TO FORM AND LEGALITY  
JAMES K. HAN, CITY ATTORNEY

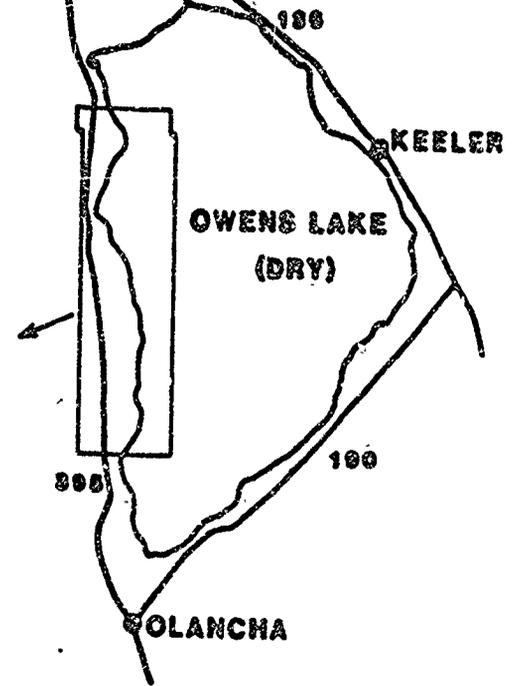
NOV 13 1987  
*Kenneth W. Downey*  
KENNETH W. DOWNEY  
Assistant City Attorney

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LONG PINE

EXHIBIT 1



**PROPOSED LAND EXCHANGES  
BETWEEN LOS ANGELES AND  
STATE LANDS COMMISSION**

Phase 1 - Parcels A & B (10-64)

Phase 2 - Parcels C, D & E  
(Being Negotiated)

**Legend**

**Attachment 1**

- A 20 Acres - City Land To State
- B 20 Acres - State Land To City
- C 481.7 Acres - City Land To State
- D 180.6 Acres - State Land To City

**Attachment 2**

- E 276.5 Acres - State Land To City

\* Currently Federal withdrawn land administered by BLM. State is to obtain through indemnity selection process.

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FIRST L.A. AQUEDUCT

SECOND L.A. AQUEDUCT

INYO CO.  
KERN CO.

RIDGECREST  
179

INYO COUNTY

### PROPOSED LAND EXCHANGES BETWEEN LOS ANGELES AND STATE LANDS COMMISSION

- Phase 1 - Parcels A & B (10-84)
- Phase 2 - Parcels C, D & E  
(Being Negotiated)

#### Legend

##### Attachment 1

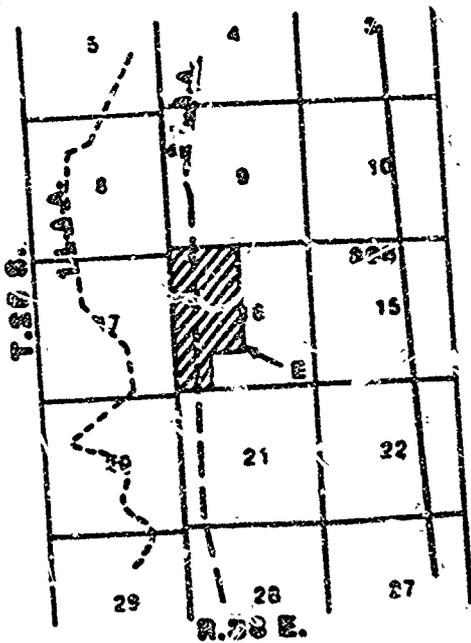
- A  20 Acres - City Land To State
- B  20 Acres - State Land To City
- C  461.7 Acres - City Land To State
- D  150.3 Acres - State Land To City

##### Attachment 2

- E  276.6 Acres - State land To City

\* Currently Federal withdrawn land administered by BLM. State land to be obtained through indemnity selection process.

CALL FOR STATE 224  
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EXHIBIT "C"

W 23158  
W 40243

LAND DESCRIPTION

Three parcels of land situated in the County of Inyo, State of California, being more particularly described as follows:

Parcel No. 1

Lots 1 and 2 of the fractional northeast quarter, the northwest quarter of the fractional southeast quarter, and the East half of the North half of Lot 1 of the southwest quarter of fractional Section 6, Township 18 South, Range 37 East, MDM, according to the Official Plat thereof, dated August 13, 1856.

Parcel No. 2

ALL those Lakelands lying in Sections 6 and 7, Township 18 South, Range 37 East, MDM, being the same lands more particularly described in the field notes of survey for Lakeland Location 2175, on file in the Office of the California State Lands Commission, and being the same lands granted to Irving Fischer by the State of California, by Patent No. 355, dated November 9, 1907.

ALSO, all those Lakelands lying in Sections 5 and 6, Township 18 South, Range 37 East, MDM, being the same lands more particularly described in the field notes of survey for Lakeland Location 2168, on file in the Office of the California State Lands Commission, and being the same lands granted to Irving Fischer by the State of California, by Patent No. 353, dated July 20, 1907.

ALSO, all those Lakelands lying in Sections 5 and 6, Township 18 South, Range 37 East, MDM, being the same lands more particularly described in the field notes of survey for Lakeland Location 2159, on file in the Office of the California State Lands Commission, and being the same lands granted to Irving Fischer by the State of California, by Patent No. 371, dated November 4, 1910.

Parcel No. 3

An easement for ingress and egress over a strip of land 100 feet in width lying southerly of the following described line:

BEGINNING at the northeast corner of Lot No. 1 of the northwest quarter of fractional Section 6, Township 18 South, Range 37 East, MDM, according to the Official Plat thereof, dated August 13, 1856; thence westerly along the northerly line of said Lot No. 1 to the northeast corner of Lot No. 1 of the northeast quarter of Section 1, Township 18 South, Range 36 East, MDM, according to the Official Plat thereof, dated August 13, 1856; thence westerly along the northerly line of said Lot No. 1 to the easterly right-of-way line of U. S. Highway 395 and the end of the herein described line; the southerly line of said 100 foot strip to be lengthened or shortened to terminate at said easterly right-of-way line.

Description Approved  
*Robert G. Miller*  
FOR AQUEDUCT DIVISION  
Sept 14 1989

END OF DESCRIPTION

PREPARED SEPTEMBER 6, 1989, BY BOUNDARY INVESTIGATION UNIT NO. 3.

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MINUTE PAGE 4264

100 ft. Easement  
to Highway 395

S.P.R.R.  
R-O-W  
(Abandoned)

31

32

5  
LAKE

7

OWENS

8

HISTORIC  
OWENS LAKE  
PARCEL "C"

PARCEL "C"  
461.7 ACRES

PARCEL "C"  
CITY LANDS TO BE  
ACQUIRED BY STATE  
FROM L.A.D.W.P.

STATE LANDS  
COMMISSION

W 23158  
W 40243

SEPTEMBER 1969

T18S, R37E, M.D.M.

NO SCALE  
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MINUTE PAGE 4266

## LAND DESCRIPTION

Those lands situated in Sections 1 and 12, Township 17 South, Range 36 East, MDM, in the County of Inyo, State of California, being a portion of Parcels 2, 4, and 6, as conveyed by PPG Industries, Inc., a Corporation of the Commonwealth of Pennsylvania, to the State of California, by that certain Corporation Grant Deed, recorded October 11, 1983, as Document No. 834719 of the Official records of Inyo County, and being more particularly described as follows:

Parcel No. 2

The North half of the fractional northwest quarter of Section 12, Township 17 South, Range 36 East, MDM, shown as having 52.40 acres, according to the Official Plat thereof, dated August 13, 1856, for which Patent No. 978380 from the United States of America to Walter A. Kuhnert was issued under the date of April 29, 1926, and is recorded in the Office of Inyo County Recorder, in Volume 7, Page 357, of Official Records.

Parcel No. 4

The fractional southeast quarter of the southwest quarter of fractional Section 1, Township 17 South, Range 36 East, MDM, according to the Official Plat thereof, dated August 13, 1856.

ALSO, the northeast quarter of the southwest quarter of fractional Section 1, Township 17 South, Range 36 East, MDM, according to the Official Plat thereof, dated August 13, 1856.

ALSO, the West half of the southwest quarter of fractional Section 1, Township 17 South, Range 36 East, MDM, according to the Official Plat thereof, dated August 13, 1856.

EXCEPTING THEREFROM any portion thereof which was below the ordinary high water mark of Owens Lake as it existed on September 9, 1850.

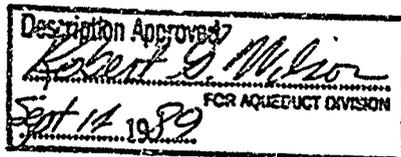
SUBJECT TO any and all easements and rights-of-way, whether of record or not, granted to and held by the Southern Pacific Company.

Parcel No. 6

The South half of the fractional southwest quarter of Section 12, Township 17 South, Range 36 East, MDM, according to the Official Plat thereof, dated August 13, 1856.

ALSO, the South half of the fractional northwest quarter of Section 12, Township 17 South, Range 36 East, MDM, according to the Official Plat thereof, dated August 13, 1856.

ALSO, the North half of the fractional southwest quarter of Section 12, Township 17 South, Range 36 East, MDM, according to the Official Plat thereof, dated August 13, 1856.



The said Parcels No. 2, 4, and 6, having been previously conveyed to Columbia-Southern Chemical Corporation by Pittsburgh Plate Glass Company by Deed dated December 1, 1952 and recorded in Volume 100, Page 363, of Official Records of Inyo County.

EXCEPTING from the within conveyance of Parcels No. 2, 4, and 6, as hereinbefore described, the following lands and interests in lands heretofore conveyed or granted and as excepted and reserved in the said Deed from Pittsburgh Plate Glass Company to Columbia-Southern Chemical Corporation:

All that certain parcel of land conveyed by Pittsburgh Plate Glass Company to the State of California by Grant Deed, dated July 2, 1952, recorded in Volume 98, Page 117, Official records of Inyo County, and being more particularly described as follows:

A parcel of land lying across the West half of the West half of Section 12, and the West half of the Southwest quarter of Section 1, all in Township 17 South, Range 36 East, MDM, in the County of Inyo, State of California, which said parcel of land is more particularly described by metes and bounds as follows:

BEGINNING at the southwest corner of said Section 12; thence North  $00^{\circ} 01' 08''$  West, along the west line of said Section 12, a distance of 1577.68 feet; thence, leaving said West Section line, North  $04^{\circ} 03'$  East, 1051.86 feet; thence along a curve to the right with a radius of 20,080.00 feet through an angle of  $01^{\circ} 50'$ , a distance of 642.51 feet; thence North  $05^{\circ} 53'$  East, 4,662.52 feet to the North line of said West half of the South west quarter of Section 1; thence East along said North line, a distance of 130.68 feet; thence, leaving said North line, South  $05^{\circ} 53'$  West, 4,675.91 feet; thence along a curve to the left with a radius of 19,950.00 feet, through an angle of  $01^{\circ} 50'$  a distance of 638.35 feet; thence, South  $04^{\circ} 03'$  West, 1,206.74 feet; thence South  $00^{\circ} 32'$  East, 194.02 feet; thence from a tangent which bears South  $11^{\circ} 19' 26''$  West, along a curve to the left with a radius of 3,329.20 feet, through an angle of  $21^{\circ} 09' 20''$ , a distance of 1,229.25 feet to a point on the South line of said Section 12; thence West along said South line of Section 12, a distance of 103.42 feet, to the POINT OF BEGINNING.

Consisting of 22.38 acres, more or less, including 14.49 acres lying within the existing highway and within railroad right of way.

ALSO EXCEPTING from the within conveyance of Parcels No. 2, 4, and 6, as hereinbefore described, the following lands and interests in lands heretofore conveyed or granted by the said Columbia-Southern Chemical Corporation:

All that certain parcel of land conveyed by Columbia-Southern Chemical Corporation to the State of California, by a Grant Deed, dated October 2, 1956, recorded in Volume 123, Page 572, Official records of Inyo County, and being more particularly described as follows:

BEGINNING at a point in the West line of said Section 12, distant North  $00^{\circ} 01' 08''$  West, 1577.68 feet from the southwest corner thereof, an angle point in the westerly line of the existing State Highway Lands, described in the Deed, recorded July 16, 1952, recorded in Book 98, Page 117, Official records of Inyo County, said point also being distant North  $85^{\circ} 57'$  West, 80.00 feet from Engineer's Station K7 206+91.59 of the baseline of State Highway, Road IX-Iny-23-K; thence, from said POINT OF BEGINNING, along said westerly line described in said Deed, North  $04^{\circ} 03'$  East, 826.74 feet to the intersection thereof with the northwesterly line of the 1929 State Highway, per S.C.C. 2739; thence South  $15^{\circ} 00' 05''$  West, 227.05 feet to the intersection of said 1929 State Highway, with said West Section line; thence along said West section line, South  $00^{\circ} 01' 08''$  East, 605.37 feet, more or less, to the POINT OF BEGINNING.

230

42

Descriptive Approved  
*Robert E. Miller*  
FOR RECORDS DIVISION  
Sept 14 1959

Conveyance of all of the parcels hereinabove described, together with the appurtenances thereto, is made expressly subject to all legal highways and to any and all valid subsisting conveyances, conditions, covenants, restrictions, reservations, exceptions, rights of way, easements, servitudes, and encumbrances affecting the same or any part thereof, whether or not specifically recited in this Deed

**TOGETHER WITH** all accretions and relictions accruing to said Parcels No. 2, 4, and 6, as described in said Confirmatory Deed from Columbia-Southern Chemical Corporation to Pittsburgh Plate Glass Company.

**EXCEPTING FROM** the above lands described in said Confirmatory Deed from Columbia-Southern Chemical Corporation to Pittsburgh Plate Glass Company, recorded in Volume 176, Page 149, Official Records of Inyo County, those portions of Parcels No. 2, 4, and 6 being more particularly described as follows:

Parcel 3 as shown on Parcel Map No. 70, filed in Parcel Map Book 1, Page 46, in the Office of the County Recorder of Inyo County.

**ALSO EXCEPTING FROM** the above lands described in said Confirmatory Deed, those portions of Parcels No. 2, 4, and 6 lying easterly of the westerly right-of-way line of the Southern Pacific Railroad Company railway right-of-way.

**RESERVING** an easement for ingress and egress over a strip of land 100 feet in width lying northerly of the northerly line of Parcel 3 as shown on Parcel Map No. 70, filed in Parcel Map Book 1, at Page 46, in the Office of the County Recorder of Inyo County, described as follows:

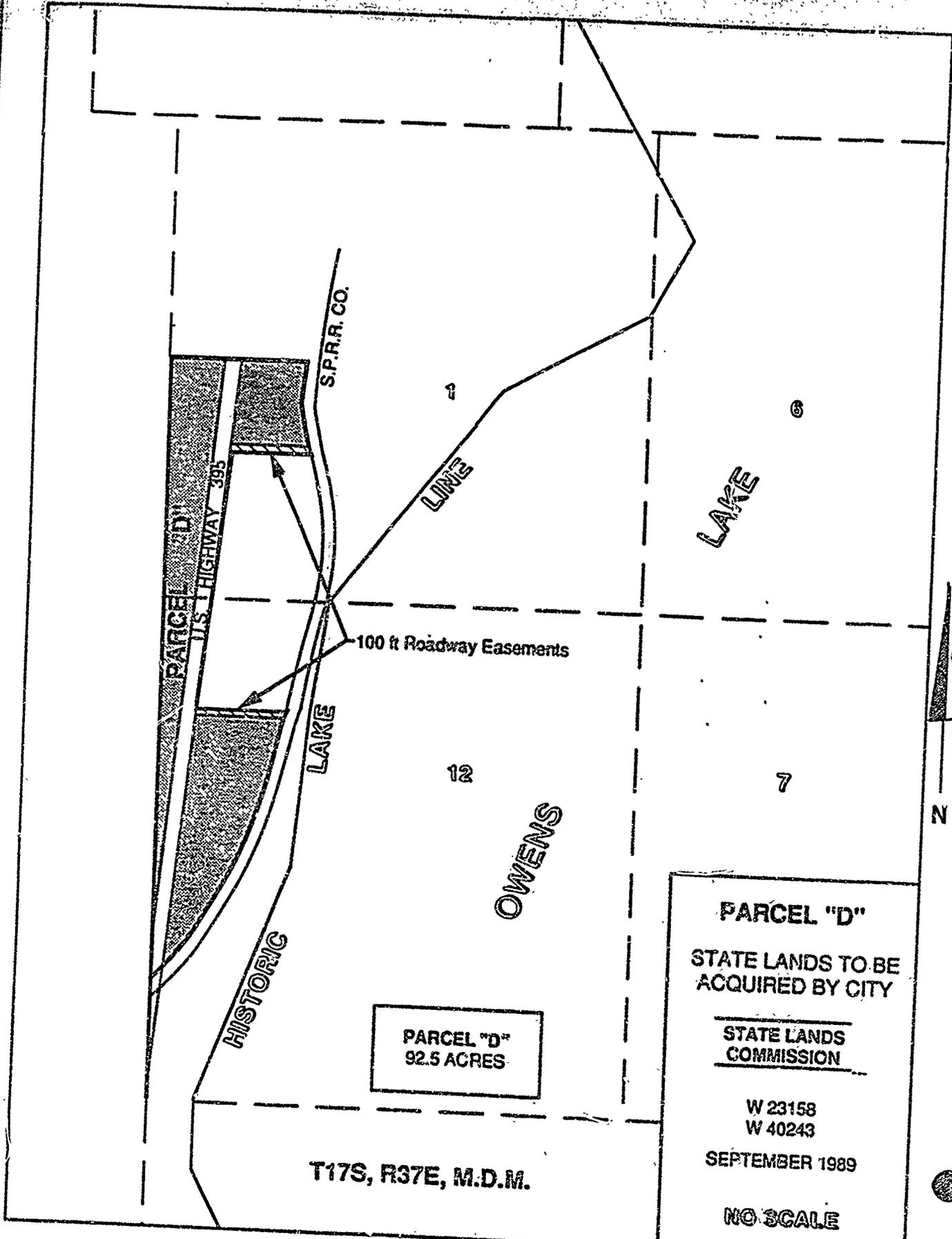
**BEGINNING** at the intersection of said northerly line of Parcel 3 with the westerly line of the Southern Pacific Railroad Company right-of-way; thence westerly along said northerly line to the easterly right-of-way line of U. S. Highway 395 and the end of the herein described line; the northerly line of said 100 foot strip to be lengthened or shortened to terminate at said easterly right-of-way line.

**ALSO RESERVING** an easement for ingress and egress over a strip of land 100 feet in width lying southerly of the southerly line of Parcel 3 as shown on Parcel Map No. 70, filed in Parcel Map Book 1, at Page 46, in the Office of the County Recorder of Inyo County, described as follows:

**BEGINNING** at the intersection of said southerly line of Parcel 3 with the westerly line of the Southern Pacific Railroad Company right-of-way; thence westerly along said southerly line to the easterly right-of-way line of U. S. Highway 395 and the end of the herein described line; the southerly line of said 100 foot strip to be lengthened or shortened to terminate at said easterly right-of-way line.

Description Approved  
*Robert H. Wilson*  
Sept 14, 1999  
FOR SUBJECT DIVISION  
**END OF DESCRIPTION**

DESCRIPTION PREPARED BY OTHERS, REVIEWED AND REVISED SEPTEMBER 6, 1989, BY BOUNDARY INVESTIGATION UNIT No. 3



PARCEL "D"  
92.5 ACRES

**PARCEL "D"**  
**STATE LANDS TO BE  
 ACQUIRED BY CITY**  
 STATE LANDS  
 COMMISSION  
 W 23158  
 W 40243  
 SEPTEMBER 1989  
 NO SCALE

T17S, R37E, M.D.M.

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EXHIBIT "E"

W 23158  
W 40243

LAND DESCRIPTION

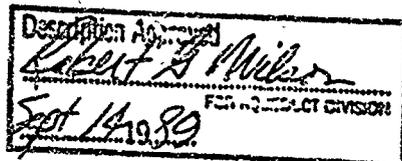
A parcel of land situated in the County of Kern, State of California, being more particularly described as follows:

Lots 1, 2, 3, 4, 5, 6, and 7, and also the Northeast 1/4 of Section 16, Township 25 South, Range 38 East, MDM, according to the Official Plat thereof, dated April 4, 1930.

EXCEPTING THEREFROM the Southwest 1/4 of the Northeast 1/4 of said Section 16.

END OF DESCRIPTION

PREPARED SEPTEMBER 6, 1989, BY BOUNDARY INVESTIGATION UNIT No. 3.



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8

9

10

LOT 2

LOT 1

PARCEL

E

LOT 3

LOT 4

17

16

15

LOT 6

LOT 5

LOT 7

PARCEL "E"  
398.5 ACRES

PARCEL "E"  
STATE LANDS  
TO BE ACQUIRED  
BY CITY

STATE LANDS  
COMMISSION

W 23158  
W 40243

SEPTEMBER 1989

NO SCALE

T25S, R38E, M.D.M.  
KERN COUNTY  
21

20

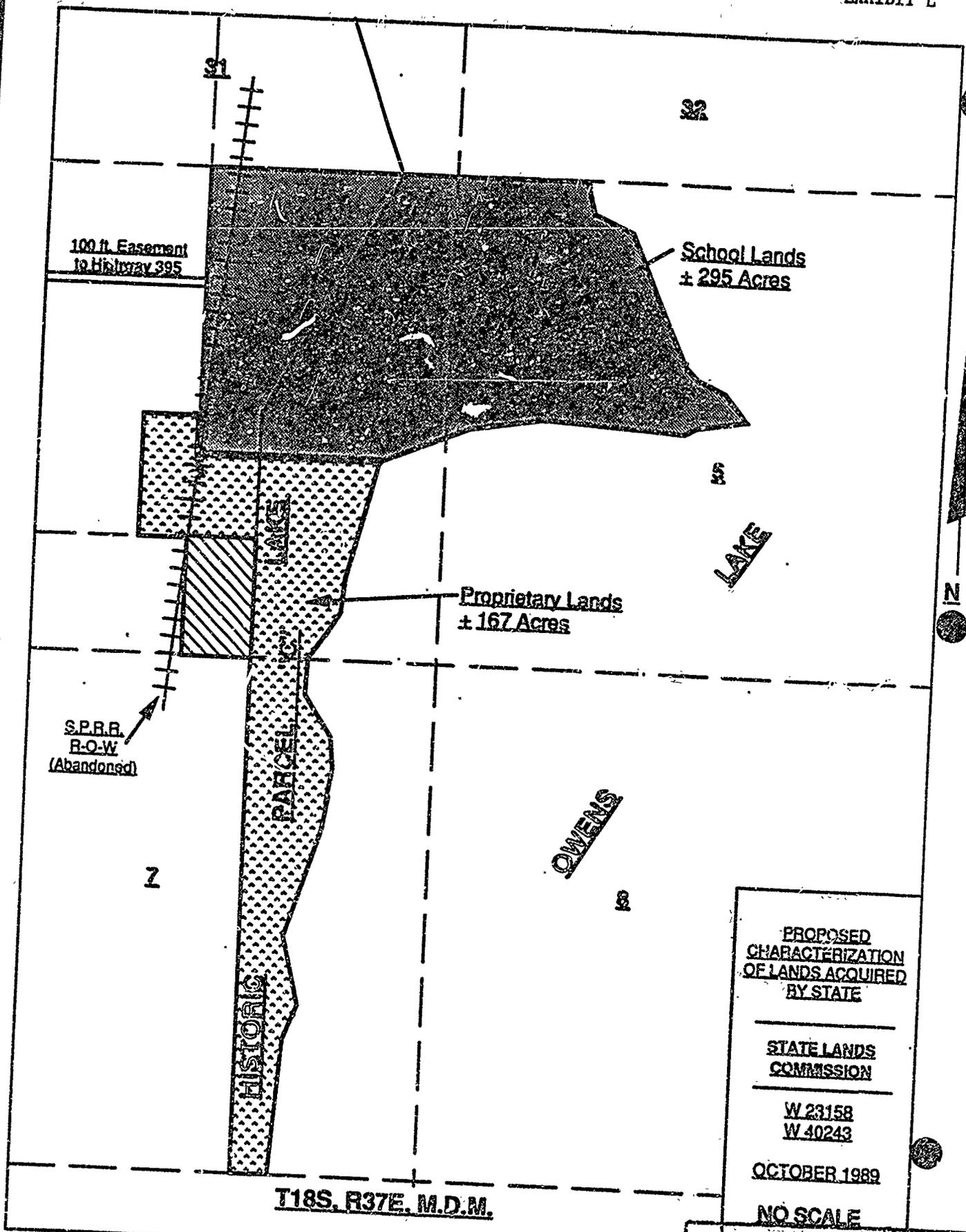
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N



PROPOSED  
CHARACTERIZATION  
OF LANDS ACQUIRED  
BY STATE

STATE LANDS  
COMMISSION

W 23158  
W 40243

OCTOBER 1989

NO SCALE

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