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Plaintiff, ROBIN L. ROSSI, AS TRUSTEE OF THE ROBIN L. ROSSI LIVING TRUST UTD OCTOBER 19, 1990, individually, and as successor in interest to Santa Margarita Ranch LLC and Pacific Improvement LLC ("ROSSI" or "Plaintiff"), hereby alleges as follows, based on information and belief and investigation of counsel:

#### I. INTRODUCTION

- 1. Defendants named herein and their predecessors-in-interest are the current and former owners and operators of leaking oil pipelines that have fouled and contaminated portions of the historic Santa Margarita Ranch ("Ranch") in San Luis Obispo County, California. Through this lawsuit, ROSSI, a Ranch owner, requests that Defendants be held accountable for their actions, and directed to clean up their contamination and compensate ROSSI for any and all related damages.
- 2. The Ranch, located off Highway 101, six miles north of San Luis Obispo and eighteen miles south of Paso Robles, consists of approximately 14,000 acres surrounded by National Forest. ROSSI individually owns the historic 900-acre portion of the Ranch referred to as the Headquarters ("HQ Property"), known as the heart of the Ranch, and is a partner in one or more entities that own the entire Ranch.
- The Ranch has continuously operated as a cattle ranch and farm since its inception as part of the California Mission system in 1774. Prior to that, it was home to Chumash and Salinian Native American tribes. The Ranch has played a significant role in California and San Luis Obispo County history; notable visitors include Juan Bautista de Anza. Father Junipero Serra, and Colonel John C. Fremont.
- 4. ROSSI and his predecessors have used the Ranch for agriculture and ranching and to host entertainment and recreational activities. The HQ property itself has hosted tens of thousands of visitors and generates substantial revenue, including significant contributions for local, charitable events. ROSSI also has plans for various additional agricultural, recreational and other developments on portions of the Ranch and its HQ Property, several of which are now being implemented.
  - 5. The Ranch's HQ Property is bisected by oil and gas pipelines that have been, and

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are, owned, operated, installed, maintained, used and/or replaced by Defendants and their predecessors-in-interest. Defendants' predecessor-in-interest installed the original lines on the HQ Property as early as 1909 pursuant to Right of Way agreements. Since then, Defendants have reportedly replaced the lines at least twice. During one such pipeline maintenance project, petroleum hydrocarbons were discovered in soil underlying the pipelines at numerous locations on the HQ Property.

- 6. This discovery led the Central Coast Regional Water Quality Control Board ("Regional Board") to open an environmental investigation into the section of the pipelines crossing the HQ Property. The investigation found that Defendants' leaking pipelines have caused extensive petroleum hydrocarbon contamination in soil and groundwater beneath the HQ Property. According to Defendants' own consultants, the area of the HQ Property now contaminated by petroleum hydrocarbons is significantly greater than the area that comprises the pipelines' Right of Way. The nature and concentrations of the petroleum hydrocarbons detected indicate that, in addition to historical releases, there have been environmental releases emanating from the pipeline since as recently as 1995 and continuing to the present.
- 7. Beyond the threat it poses to human health and the environment, Defendants' petroleum hydrocarbon contamination on the HQ Property has impeded, and, until abated, will continue to impede, ROSSI's ability to freely and beneficially use, enjoy and develop the Ranch and HQ Property. Beneficial uses currently and imminently impacted include, but are not limited to, agriculture, ranching, housing, recreation and ROSSI's ability to use groundwater beneath the HQ Property to provide drinking water for planned development and irrigation water for crops.
- 8. Through this lawsuit, ROSSI seeks: (i) injunctive relief to require Defendants to cease any continuing pipeline leaks on the HQ Property; (ii) injunctive relief directing Defendants to delineate and remediate petroleum hydrocarbon contamination on the HQ Property resulting from their pipeline releases; (iii) reimbursement and indemnification for expenses incurred as a result of the contamination; (iv) damages for injury to property, including but not limited to costs of restoration and remediation and loss of use damages; (v)

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damages pursuant to contract; (vi) civil penalties for contaminating a source of drinking water: (vii) declaratory relief; and (viii) reasonable attorneys' fees incurred in connection with the contamination and in prosecuting this action.

#### II. PARTIES

- 9. Plaintiff ROSSI is, and at all times relevant to this action has been, the owner and/or possessor of the real property that is the subject of this action, the HQ Property, located in San Luis Obispo County, California and more particularly described in Exhibit A attached hereto and incorporated herein by this reference. The past, present and continuing petroleum hydrocarbon contamination of the HQ Property constitutes physical injury to real property for which ROSSI is entitled to, and hereby does, seek damages, injunctive, declaratory, and other appropriate relief. In addition, ROSSI has a significant property interest in the groundwater extracted from the HQ Property. The past, present and continuing contamination of such groundwater by petroleum hydrocarbons constitutes physical injury for which ROSSI is entitled to, and hereby does, seek damages, injunctive, declaratory, and other appropriate relief.
- 10. Defendant, CONOCOPHILLIPS COMPANY ("CONOCO"), individually and as successor-in-interest to Tosco Corporation, is a Delaware corporation with its principal place of business in Houston, Texas, which at all times relevant to this action, has been doing business in California. CONOCO, and/or its predecessors-in-interest, owned, operated, installed, maintained, used and/or replaced the pipelines on the HO Property that leaked. discharged and/or otherwise released petroleum hydrocarbons at and onto the HQ Property and thereby has caused or substantially contributed to the contamination of the HQ Property and its underlying groundwater.
- 11. Defendant, PHILLIPS 66 COMPANY ("PHILLIPS") is a Delaware corporation with its principal place of business in Houston, Texas, which at all times relevant to this action. has been doing business in California. PHILLIPS, and/or its predecessors-in-interest, owns. owned, operates, operated, installed, maintains, maintained, uses, used and/or replaced the pipelines on the HQ Property that leaked, discharged and/or otherwise released petroleum hydrocarbons at and onto the HQ Property, and continue to do so, and thereby has caused or

substantially contributed to the contamination of the HQ Property and its underlying groundwater.

- 12. Defendant, PHILLIPS 66 PIPELINE, LLC ("PHILLIPS PIPELINE"), individually and as successor-in-interest to ConocoPhillips Pipe Line Company, Union Pipeline Company (California), Unocal California Pipeline Company, and Producers Transportation Company, is a Delaware limited liability company with its principal place of business in Houston, Texas, which at all times relevant to this action, has been doing business in California. PHILLIPS PIPELINE and/or its predecessors-in-interest, owns, owned, operates, operated, installed, maintains, maintained, uses, used and/or replaced the pipelines on the HQ Property that leaked, discharged and/or otherwise released petroleum hydrocarbons at and onto the HQ Property, and continue to do so, and thereby has caused or substantially contributed to the contamination of the HQ Property and its underlying groundwater.
- 13. Defendant, UNION OIL COMPANY OF CALIFORNIA ("UNION"), individually and d/b/a "Unocal" and "76 Products Company," is a California corporation with its principal place of business in San Ramon, California. UNION is a wholly owned subsidiary of UNOCAL CORPORATION. UNION, and/or its predecessors-in-interest, owned, operated, installed, maintained, used and/or replaced the pipelines on the HQ Property that leaked, discharged and/or otherwise released petroleum hydrocarbons at and onto the HQ Property and thereby has caused or substantially contributed to the contamination of the HQ Property and its underlying groundwater.
- 14. Defendant, UNOCAL CORPORATION ("UNOCAL") is a Delaware corporation with its principal place of business in San Ramon, California. UNOCAL, and/or its predecessors-in-interest, owned, operated, installed, maintained, used and/or replaced the pipelines on the HQ Property that leaked, discharged and/or otherwise released petroleum hydrocarbons at and onto the HQ Property and thereby has caused or substantially contributed to the contamination of the HQ Property and its underlying groundwater.
- 15. Since at least 2009, UNION and CONOCO have represented to ROSSI that the two entities executed a contract regarding environmental liabilities related to former "76

assets," which include the Rights of Way and pipelines on the HQ Property. According to Defendants' representations, that agreement includes provisions requiring UNION to indemnify, defend, and hold harmless CONOCO against claims relating to these former "76 assets."

- 16. The names and capacities, whether individual, corporate, or otherwise, of Defendants named herein as DOES 1 through 100, inclusive, are current and/or former owners, operators, installers, maintainers, users and/or replacers of the pipelines on the HQ Property, or their successors-in-interest, and thereby caused, substantially contributed to, and/or are liable for petroleum hydrocarbon contamination on the HQ Property and in its underlying groundwater. DOES 1 through 100, inclusive, are unknown at this time to Plaintiff who therefore sues said Defendants by such fictitious names. Plaintiff will amend this Complaint to show the true names and capacities of said Defendants when their identities and capacities have been ascertained.
- 17. CONOCO, PHILLIPS, PHILLIPS PIPELINE, UNION, UNOCAL, and Defendant DOES 1 through 100, inclusive, are referred to collectively herein as "Defendants." Plaintiff is informed and believes and thereon alleges that Defendants controlled and/or control the operation, policies and activities associated with the pipelines on the HQ Property. Defendants are responsible in whole or in part for the acts and/or omissions referred to herein and are liable as herein alleged.
- 18. When reference is made in this Complaint to the acts, omissions, and liabilities of Defendants, that reference shall also include and encompass the acts, omissions, and liabilities of Defendants' predecessors-in-interest.
- 19. When reference is made in this Complaint to any act or omission of any of the Defendants, it shall be deemed that the officers, directors, agents, employees or representatives of the Defendants committed or authorized such act or omission, or failed to adequately supervise or properly control or direct their employees, agents and/or representatives while engaged in the management, direction, operation or control of the affairs of Defendants, and did so while acting within the scope of their duties, employment and/or agency.

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#### III. JURISDICTION AND VENUE

- 20. The California Superior Court has jurisdiction over this action pursuant to California Constitution Article VI, Section 10, which grants the Superior Court "original jurisdiction in all cases except those given by statute to other trial courts." The statutes under which this action is brought do not grant jurisdiction to any other trial court.
- 21. This Court has jurisdiction over Defendants because, based on information and belief, each is a corporation or other business that has sufficient minimum contacts in California, is a California corporation, is a California resident, and/or otherwise intentionally avails itself of the California market so as to render the exercise of jurisdiction over it by California courts consistent with traditional notions of fair play and substantial justice.
- 22. Venue is proper in San Luis Obispo County Superior Court because San Luis Obispo County is where the injury at issue in this litigation occurred and continues to occur and where the damaged property at issue in this lawsuit is located.

### IV. ALLEGATIONS APPLICABLE TO ALL CAUSES OF ACTION History of the Ranch

- 23. The Ranch sits on land once home to Chumash and Salinian Native American tribes and traces its European origin to 1774, when it became part of the California Mission system. On the Ranch's HQ Property still stands the Asistencia, a historic Mission-era structure dating back to the late 1700's, which is regarded as the first stone and mortar structure built in California and has been designated as an Historical Landmark by the State of California and Federal Government.
- 24. Since 1774, the Ranch has continuously operated as a cattle ranch and farm. Today, as in the 1700's, the Ranch is known for its quality wine grapes, originally grown under the stewardship of the Mission San Luis Obispo's Father Martinez. Several historic vines from that era remain producing today.
- 25. In 1843, the Ranch found its way into private hands, beginning the era of "California Rancho hospitality" that now continues into its third century.
  - 26. In 1999, ROSSI, through the entities Santa Margarita Ranch LLC and Pacific

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Improvement LLC, acquired an ownership interest in the Ranch and exclusive rights to the HO Property. In 2001, ROSSI acquired title to the HQ Property in ROSSI's name, and continues to use it as a regional center for entertainment and recreation, as well as for agriculture and ranching. In addition, ROSSI and his partners plan various new agricultural, residential and recreational development options for the Ranch, including his HQ Property, some of which are now being implemented.

#### **Background on the Pipeline and Contamination**

- 27. Oil and gas pipelines that have been, and are, owned, operated, installed. maintained, used and/or replaced by the Defendants bisect the HQ Property. These pipelines. known as the Santa Margarita Pipeline Project ("Pipeline"), cover a distance of approximately 3.4 miles between the Santa Margarita Pump Station and Tassajara Creek Road in San Luis Obispo County. The Pipeline itself is one part of a transmission system extending 78 miles from the Santa Maria refinery to the Junction Pump Station in the San Joaquin Valley.
- 28. A 1.8 mile section of the Pipeline transverses the southern half of the HO Property from the northeast to the southwest. Pursuant to Right of Way agreements, Defendants' predecessor-in-interest installed the original lines that transmitted petroleum hydrocarbons on the HQ Property as early as 1909. Under the Right of Way agreement executed in 1909, Defendants' predecessor-in-interest agreed "to become responsible for and to pay to the party or parties entitled thereto, any damages which may arise to crops, trees, fences, or any improvements, whatever or to said lands, or any part thereof, from or which may be caused by the laying, erecting, maintaining, operating or removing of any of said pipe. telephone or telegraph lines, or by leakage from any of said pipe lines[.]"
- 29. In the years since 1909, Defendants reportedly removed and replaced the Pipeline crossing the HQ Property at least twice. During one such maintenance project. petroleum hydrocarbons were discovered in soil underlying the existing Pipeline at numerous locations on the HQ Property. In light of this discovery, the Regional Board opened an environmental investigation into the section of Pipeline traversing the HQ Property. Chevron Environmental Management Company currently manages this environmental project on behalf

of Defendant UNION as Chevron Site No. 35-1313. Formerly, Defendant CONOCO oversaw management of the project as Site No. 3475.

- 30. Under the oversight of the Regional Board, chemicals associated with crude oil and semi-refined petroleum products have been detected at elevated concentrations in groundwater, soil vapor, and soil in and adjacent to the Pipeline easement on the HQ Property. According to Defendants' own consultants, the area of the HQ Property now contaminated by petroleum hydrocarbons is significantly greater than the area that comprises the Pipeline Right of Way.
- 31. The available evidence suggests that the Pipeline leaks causing this contamination are not solely historical. Petroleum hydrocarbon chemicals detected on the HQ Property include Total Petroleum Hydrocarbons ("TPH") in the gasoline range, TPH in the diesel range, benzene, toluene, ethylbenzene, and xylenes. The presence of elevated concentrations of these chemicals is an indicator of releases of products transported through the Pipeline since 1995 and continuing to present. Also, ethanol was detected in soil vapor samples collected near the Pipeline in 2015. Ethanol has been used as an oxygenate in reformulated gasoline since approximately 2000, and is rarely, if ever found in crude oil. The presence of ethanol in soil vapor is indicative of releases of products transported through the Pipeline from 2000 through the present.

#### Contamination to a Source of Drinking Water

- 32. ROSSI uses and will continue to use groundwater on the HQ Property, including groundwater under and around the Pipeline, for domestic purposes and for irrigation. ROSSI owns and operates several potable groundwater wells on and around the HQ Property, including one or more wells that may be at risk of contamination as the Pipeline pollution spreads. ROSSI intends to increase his use of groundwater underlying the HQ Property for potable purposes.
- 33. The SMR Mutual Water Company, working with ROSSI, is now moving forward with its plan to utilize Nacimiento Water Project water for groundwater recharge on the east side of the HQ Property. These plans relate to ROSSI and his partners' pending

construction of new residential estates that will consist of approximately 111 residential parcels to be located southeast of the community of Santa Margarita. The SMR Mutual Water Company intends to provide water to the subdivision's residents by relying on groundwater resources in the southern portion of the Ranch (not on the HQ Property) in amounts equal to the Nacimiento recharge water applied on the HQ Property. Portions of the currently designated recharge field lay up-gradient from the Pipeline and known petroleum hydrocarbon contamination plume.

- 34. The Regional Board's Water Quality Control Plan for the Central Coastal Basin ("Basin Plan") identifies the groundwater underlying the HQ Property as suitable for municipal and domestic water supply. The source of water for the communities of Santa Margarita and Garden Farms is a system of local wells completed in the alluvial basin created by the watersheds of Santa Margarita Creek and Yerba Buena Creek. The Basin Plan also identifies municipal and domestic supply as a beneficial use for Tassajara Creek.
- 35. The groundwater under and around the HQ Property, and surface water of Tassajara Creek, Santa Margarita Creek, and Yerba Buena Creek, are sources of drinking water into which Defendants' leaking Pipeline has discharged or released, or is likely to discharge or release, petroleum hydrocarbons as described and alleged herein.

#### Land Use on the HQ Property

- 36. Defendants' petroleum hydrocarbon contamination on the HQ Property, in addition to posing a continuing threat to human health and the environment, has impeded and, until abated, will continue to impede ROSSI's ability to freely and beneficially use, enjoy and develop his property.
- 37. ROSSI currently uses portions of the HQ Property to raise crops and livestock. ROSSI also has sought, and still intends, to use portions of the HQ Property for intensified agricultural purposes (i.e. irrigated seasonal and permanent crops) but, to date, has been prevented from doing so by Defendants' contamination.

<sup>&</sup>lt;sup>1</sup> See the June 2008, Environmental Impact Report for Santa Margarita Ranch, available at: http://www.slocounty.ca.gov/planning/environmental/EnvironmentalNotices/Santa\_Margarita\_Ranch\_Agricultural\_Residential\_Cluster\_Subdivision.htm.

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- 38. In addition, ROSSI has developed plans for several future intended land uses on the portion of the Ranch in the vicinity of Defendants' contamination plume, including portions of the HQ Property. These land uses include, but are not limited to: a bed and breakfast, a café, an amphitheater, craft studios, galleries, shops, an interpretive center, a winery, a school, a dude ranch and a horse ranch/equestrian center.
- 39. Defendants' contamination effectively restricts ROSSI's use and enjoyment of the Ranch and HQ Property, presents ongoing liabilities, interferes with farming, ranching, his ability to beneficially use groundwater, groundwater recharge, development and other uses, and impedes financing and conservation efforts. Moreover, the HQ Property provides a significant revenue stream for ROSSI, and the environmental work necessary to remediate Defendants' contamination is likely to negatively impact that revenue stream.

#### Indemnification Agreement with Defendant CONOCO

- 40. In or around May of 2005, ROSSI and Defendant CONOCO entered into an Environmental Indemnification Agreement ("Indemnification Agreement"), which is attached hereto as Exhibit B and incorporated herein by this reference.
- 41. Therein, CONOCO agreed to, among other things, indemnify ROSSI "against and from all claims, loss, cost, damages, reasonable attorney's fees, liens or expenses arising out of or related to" the petroleum hydrocarbon contamination caused by CONOCO and its predecessors-in-interest.
- 42. CONOCO has reimbursed ROSSI for some costs incurred within the scope of the Indemnification Agreement. However, CONOCO has refused to reimburse ROSSI for substantial costs, including attorneys' fees, incurred as a direct result of the contamination. Out of the approximately \$1,000,000 for which ROSSI has sought reimbursement from CONOCO pursuant to the Indemnity Agreement, approximately \$200,000 remains unpaid. CONOCO's refusal to reimburse such costs and fees arises out of its improperly narrow interpretation of the scope of the Indemnity Agreement and its breach of the implied covenant of good faith and fair dealing.

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#### Defendants' Contamination has Caused ROSSI Significant Harm

- 43. Defendants are responsible for petroleum hydrocarbon contamination on the HO Property caused by leaks from the Pipeline. This contamination impacts soil and groundwater on the HQ Property, thereby fouling portions of this historic site.
- 44. Defendants' contamination has caused significant physical injury to ROSSI's property and constitutes an unreasonable interference with ROSSI's ability to freely and beneficially use, enjoy and develop his property. The resulting damages to ROSSI include, but are not limited to: (i) past, current and future injuries, costs and expenses associated with the loss of use of the damaged property; (ii) the costs of investigating and remediating the contamination; and (iii) attorneys' fees associated with the investigation and remediation of the contamination and the prosecution of this action.
- 45. Defendants' contamination will continue to injure ROSSI's property and unreasonably interfere with his ability to freely and beneficially use, enjoy and develop that property unless and until the contamination is remediated.
- 46. ROSSI's interest in protecting the HQ Property and the groundwater beneath it constitutes a reason personal to ROSSI for seeking the damages, injunctive, declaratory and other appropriate relief requested herein.
- 47. ROSSI has incurred and, during the pendency of this action, will incur expenses for attorneys' fees and costs herein. Such attorneys' fees and costs are necessary for the prosecution of this action. The exact sum of such attorneys' fees and costs is presently unascertained and ROSSI requests the Court's permission to amend this claim for costs and attorneys' fees when the amounts are determined.
- 48. Accordingly, through this lawsuit, ROSSI seeks: (i) injunctive relief to require Defendants to cease any continuing Pipeline leaks on the HQ Property; (ii) injunctive relief directing Defendants to delineate and remediate petroleum hydrocarbon contamination on the HQ Property resulting from their Pipeline releases; (iii) reimbursement and indemnification for expenses incurred as a result of the contamination; (iv) damages for injury to property, including but not limited to costs of restoration and remediation and loss of use damages; (v)

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damages pursuant to contract; (vi) civil penalties for contaminating a source of drinking water; (vii) declaratory relief; and (viii) reasonable attorneys' fees incurred in connection with the contamination and in prosecuting this action.

49. ROSSI is informed and believes and based thereon alleges that he has suffered damages in excess of \$25,000.

#### FIRST CAUSE OF ACTION

#### (Continuing Private Nuisance Against All Defendants)

- 50. Plaintiff realleges and incorporates herein by reference the allegations contained in each of the preceding paragraphs.
- 51. At all times relevant to this Complaint, Plaintiff owned, occupied and/or controlled the property that is the subject of this Complaint: the HQ Property and the use rights to its underlying groundwater.
- 52. The negligent, reckless, intentional, and/or hazardous acts and omissions of Defendants, and each of them, as alleged herein, have resulted in the continuing contamination of the HQ Property and the groundwater underlying it, which constitutes a nuisance under California Civil Code §§ 3479 and 3481. Each Defendant has caused, maintained, assisted and/or participated in the creation of such nuisance, and is a substantial contributor to such nuisance.
- 53. Defendants, and each of them, have caused and/or permitted the nuisance on the HQ Property and the groundwater underlying it as a result of releases of petroleum hydrocarbons and other contamination from pipelines that are and/or were owned, operated, installed, maintained, used and/or replaced by Defendants.
- 54. The nuisance caused, contributed to, maintained, assisted in and/or participated in by Defendants, and each of them, has caused substantial injury to property in which Plaintiff has a significant, possessory interest. The nuisance alleged herein has and continues to substantially and unreasonably interfere with, obstruct, and/or disturb Plaintiff's free use and enjoyment of his land and groundwater.
  - 55. Plaintiff did not consent to Defendants' acts and omissions, as alleged herein,

which constitute a nuisance.

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- An ordinary person would be reasonably annoyed and/or disturbed if, as has 56. happened to Plaintiff, Defendants' acts and omissions caused their property to be contaminated with petroleum hydrocarbons.
- 57. The contamination of the HQ Property and its groundwater, as alleged herein. has varied over time and has not yet ceased. Petroleum hydrocarbons continue to migrate. spread and/or enter into the HQ Property and its groundwater. The contamination alleged herein is reasonably abatable.
- 58. As a direct and proximate result of Defendants' acts and omissions as alleged herein, the HQ Property and the groundwater beneath it have been, and continue to be, contaminated with petroleum hydrocarbons, causing significant injury and damage to property in which Plaintiff has a possessory interest. As a direct and proximate result of such injury and damage to Plaintiff's property, Plaintiff has suffered, and will continue to suffer, substantial damages, including but not limited to past, current and future costs and expenses associated with the loss of use, restoration, repair, and/or remediation of the damaged property, as alleged herein, in an amount to be proven at trial. Defendants, and each of them, are jointly and severally liable for all such damages, and Plaintiff is entitled to recover all such damages in this action.
- 59. Unless Defendants, and each of them, abate the nuisance that they have caused. through their acts and omissions, Plaintiff will continue to incur harm related to the ongoing petroleum hydrocarbon contamination of the HQ Property and its underlying groundwater.
- 60. The gravity of the harm to Plaintiff caused by Defendants' contamination outweighs the public benefit of Defendants' conduct.

WHEREFORE, Plaintiff prays judgment against Defendants as set forth hereafter.

#### SECOND CAUSE OF ACTION

#### (Continuing Public Nuisance Against All Defendants)

61. Plaintiff realleges and incorporates herein by reference the allegations contained in each of the preceding paragraphs.

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- 62. At all times relevant to this Complaint, Plaintiff owned, occupied and/or controlled the property that is the subject of this Complaint: the HQ Property, and the use rights to its underlying groundwater.
- 63. The negligent, reckless, intentional, and/or hazardous acts and omissions of Defendants, and each of them, as alleged herein, have resulted in the continuing contamination of the HQ Property and the groundwater underlying it, which constitutes a nuisance under California Civil Code §§ 3479, 3480, and 3493. Each Defendant has caused, maintained, assisted and/or participated in the creation of such nuisance, and is a substantial contributor to such nuisance.
- 64. Defendants, and each of them, have caused and/or permitted the nuisance on the HQ Property and the groundwater underlying it as a result of releases of petroleum hydrocarbons and other contamination from pipelines that are and/or were owned, operated, installed, maintained, used and/or replaced by Defendants.
- 65. The nuisance caused, contributed to, maintained, assisted in and/or participated in by Defendants, and each of them, affects at the same time an entire community and/or a considerable number of persons, in that, among other things, (i) the nuisance perpetrated by Defendants has caused harm to waters of the State of California, which are a quintessential public resource; and (ii) Defendants' pollution has fouled a property of historical significance to the region and State that hosts thousands of guests each year.
- 66. The nuisance caused, contributed to, maintained, assisted in and/or participated in by Defendants, and each of them, is especially injurious to Plaintiff, who has suffered harm that is different from the type of harm suffered by others, as the nuisance has caused substantial injury to property in which Plaintiff has a significant, possessory interest. The nuisance alleged herein has and continues to substantially and unreasonably interfere with, obstruct, and/or disturb Plaintiff's free use and enjoyment of his land and groundwater.
- 67. Plaintiff did not consent to Defendants' acts and omissions, as alleged herein, which constitute a nuisance.
  - 68. An ordinary person would be reasonably annoyed and/or disturbed if, as has

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happened to Plaintiff, Defendants' acts and omissions caused their property to be contaminated with petroleum hydrocarbons.

- 69. The contamination of the HQ Property and its groundwater, as alleged herein. has varied over time and has not yet ceased. Petroleum hydrocarbons continue to migrate. spread and/or enter into the HQ Property and its groundwater. The contamination alleged herein is reasonably abatable.
- As a direct and proximate result of Defendants' acts and omissions as alleged 70. herein, the HQ Property and the groundwater beneath it have been, and continue to be, contaminated with petroleum hydrocarbons, causing significant injury and damage to property in which Plaintiff has a possessory interest. As a direct and proximate result of such injury and damage to Plaintiff's property, Plaintiff has suffered, and will continue to suffer, substantial damages, including but not limited to past, current and future costs and expenses associated with the loss of use, restoration, repair, and/or remediation of the damaged property, as alleged herein, in an amount to be proven at trial. Defendants, and each of them, are jointly and severally liable for all such damages, and Plaintiff is entitled to recover all such damages in this action.
- 71. Unless Defendants, and each of them, abate the nuisance that they have caused, through their acts and omissions, Plaintiff will continue to incur harm related to the ongoing petroleum hydrocarbon contamination of the HQ Property and its underlying groundwater.
- 72. The gravity of the harm to Plaintiff caused by Defendants' contamination outweighs the social utility of Defendants' conduct.

WHEREFORE, Plaintiff prays judgment against Defendants as set forth hereafter.

#### THIRD CAUSE OF ACTION

#### (Continuing Trespass Against All Defendants)

- 73. Plaintiff realleges and incorporates herein by reference the allegations contained in each of the preceding paragraphs.
- 74. At all times relevant to this Complaint, Plaintiff owned, occupied and/or controlled the property that is the subject of this Complaint: the HQ Property, and the use

rights to the underlying groundwater.

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- 75. Defendants, and each of them, negligently, recklessly and/or intentionally failed to properly own, operate, install, maintain, use and/or replace pipelines traversing the HO Property, such that they proximately caused petroleum hydrocarbons to enter, invade, intrude upon and injure Plaintiff's possession of property, by contaminating the HQ Property and its underlying groundwater. Each Defendant has caused, maintained, assisted and/or participated in the creation of such trespass, and is a substantial contributor to such trespass.
- 76. Plaintiff has not consented to, and does not consent to, the contamination alleged herein. Defendants, and each of them, knew or reasonably should have known that Plaintiff would not consent to this trespass.
- 77. The trespass caused, contributed to, maintained, assisted in and/or participated in by Defendants, and each of them, has caused substantial injury to property in which Plaintiff has a significant, possessory interest. The trespass alleged herein constitutes a physical invasion of Plaintiff's property and has and continues to substantially and unreasonably interfere with, obstruct and/or disturb Plaintiff's property interests.
- 78. The contamination of the HQ Property and its groundwater, as alleged herein, has varied over time and has not yet ceased. Petroleum hydrocarbons continue to migrate, spread and/or enter into the HQ Property and its groundwater. The contamination alleged herein is reasonably abatable.
- 79. As a direct and proximate result of Defendants' acts and omissions as alleged herein, the HQ Property and the groundwater beneath it have been, and continue to be, contaminated with petroleum hydrocarbons, causing significant injury and damage to property in which Plaintiff has a possessory interest. As a direct and proximate result of such injury and damage to Plaintiff's property, Plaintiff has suffered, and will continue to suffer, substantial damages, including but not limited to past, current and future costs and expenses associated with the loss of use, restoration, repair, and/or remediation of the damaged property, as alleged herein, in an amount to be proven at trial. Defendants, and each of them, are jointly and severally liable for all such damages, and Plaintiff is entitled to recover all such damages in

this action.

- 80. Unless Defendants, and each of them, abate the trespass that they have caused, through their acts and omissions, Plaintiff will continue to incur harm related to the ongoing petroleum hydrocarbon contamination of the HQ Property and its underlying groundwater.
- 81. As a result of Defendants' trespass, as alleged herein, Plaintiff is entitled to damages pursuant to California Civil Code § 3334, which include the value of the use of the property at issue for the duration of the wrongful occupation, the reasonable cost of repair or restoration of the property, and the costs, if any, of recovering the possession.

WHEREFORE, Plaintiff prays judgment against Defendants as set forth hereafter.

#### FOURTH CAUSE OF ACTION

#### (Violations of Proposition 65 Against Defendants PHILLIPS and PHILLIPS PIPELINE)

- 82. Plaintiff realleges and incorporates herein by reference the allegations contained in each of the preceding paragraphs.
- 83. The Safe Drinking Water and Toxic Enforcement Act of 1986, beginning at Health and Safety Code § 25249.5, is an initiative statute that was placed before the voters in November, 1986 as "Proposition 65" and approved via a State-wide vote.
- 84. Proposition 65 prohibits any business from "knowingly discharge[ing] or releas[ing] a chemical known to the state to cause cancer or reproductive toxicity into water or onto or into land where such chemical passes or probably will pass into any source of drinking water . . . ." Health and Safety Code § 25249.5.
- 85. Under Proposition 65, the phrase "source of drinking water" means "either a present source of drinking water or water which is identified or designated in a water quality control plan adopted by a regional board as being suitable for domestic or municipal uses." Health and Safety Code § 25249.11(d).
- 86. Violations of Proposition 65 may be enforced by any person "in the public interest" if they have: (i) provided 60-days written notice of the violations to Defendants, the Attorney General and to the District Attorney; and (ii) no public prosecutors have commenced and are diligently prosecuting an action against the violations. Health & Safety Code §

25249.7(d).

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- 87. Any business that is "violating or threatening to violate" Proposition 65 may be "enjoined in any court of competent jurisdiction" and held liable for civil penalties of up to \$2,500 per day for each violation, recoverable in a civil action brought by any person in the public interest. Health & Safety Code § 25249.7(a)-(b).
- 88. Due to leaks from pipelines that are and were owned, operated, installed, maintained, used and/or replaced by Defendants PHILLIPS and PHILLIPS PIPELINE, the following toxic chemicals, among others, have been found in, and are present in, soil and groundwater on and beneath the HQ Property: benezene, toluene, ethylbenzene, benz(a)anthracene, benzo(a)pyrene, benzo(b)fluoranthene, benzo(k)fluoranthene, chrysene, dibenz(a,h)anthracene, indeno(1,2,3-cd)pyrene, and naphthalene. These chemicals were listed by the Governor as human carcinogens or reproductive toxins under Proposition 65 on the following dates: benezene (February 27, 1987), toluene (January 1, 1991), ethylbenzene (June 11, 2004), benz(a)anthracene (July 1, 1987), benzo(a)pyrene (July 1, 1987), benzo(b)fluoranthene (July 1, 1987), benzo(k)fluoranthene (July 1, 1987), chrysene (January 1, 1990), dibenz(a,h)anthracene (January 1, 1988), indeno(1,2,3-cd)pyrene (January 1, 1998), naphthalene (April 19, 2002).
- 89. The groundwater under and around the Pipeline traversing the HQ Property and the surface water of Tassajara Creek, Santa Margarita Creek, and Yerba Buena Creek have been, are, and will continue to be used as sources of drinking water. Additionally, the Regional Board's Water Quality Control Plan for the Central Coastal Basin identifies the groundwater underlying the HQ Property as suitable for municipal and domestic water supply.
- 90. By committing the acts alleged above, Defendants PHILLIPS and PHILLIPS PIPELINE have knowingly discharged or released, are discharging or releasing, and there is a substantial probability that they will continue to discharge or release chemicals known to the state to cause cancer or reproductive toxicity – including but not limited to benezene, toluene, ethylbenzene, benz(a)anthracene, benzo(a)pyrene, benzo(b)fluoranthene, benzo(k)fluoranthene, chrysene, dibenz(a,h)anthracene, indeno(1,2,3-cd)pyrene, and

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naphthalene – into water or onto or into land where such chemicals have passed and probably will continue to pass into a source of drinking water.

- 91. Each day that Defendants PHILLIPS and PHILLIPS PIPELINE discharge(d) or release(d) chemicals known to the state to cause cancer or reproductive toxicity into water or onto or into land where such chemicals pass, or probably will pass, into any source of drinking water is a new and distinct violation of Health and Safety Code § 29249.5.
- 92. Plaintiff has provided written notice of the Proposition 65 violations alleged herein to Defendants PHILLIPS and PHILLIPS PIPELINE, the Attorney General and to the District Attorney as required under Health & Safety Code § 25249.7(d). No public prosecutors have commenced and are diligently prosecuting an action against these violations.
- 93. In light of Defendants PHILLIPS' and PHILLIPS PIPELINE's Proposition 65 violations, these Defendants are each liable for civil penalties (not to exceed \$2,500 per day for each violation) and Plaintiff is entitled to a portion of the civil penalties as well as injunctive and declaratory relief. Continuing commission by Defendants PHILLIPS and PHILLIPS PIPELINE of the actions alleged herein will irreparably harm Plaintiff, for which harm Plaintiff has no plain, speedy or adequate remedy at law.

WHEREFORE, Plaintiff prays judgment against Defendants as set forth hereafter.

#### FIFTH CAUSE OF ACTION

(Violations of Business and Professions Code Section 17200 Against Defendants CONOCO, PHILLIPS, and PHILLIPS PIPELINE)

- 94. Plaintiff realleges and incorporates herein by reference the allegations contained in each of the preceding paragraphs.
- 95. Plaintiff has suffered damage to its property as a result of Defendants CONOCO's, PHILLIPS', and PHILLIPS PIPELINE's unlawful business practices, which constitutes injury in fact pursuant to Business and Professions Code § 17204.
- 96. Defendants CONOCO, PHILLIPS, and PHILLIPS PIPELINE leaked, discharged, disposed of and/or otherwise released petroleum hydrocarbons into or onto the HO Property and its underlying groundwater.

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- 97. By leaking, discharging, disposing of and/or otherwise releasing petroleum hydrocarbons into or onto the HQ Property and its underlying groundwater, Defendants CONOCO, PHILLIPS, and PHILLIPS PIPELINE, and each of them, violated California statutes and regulations, including but not limited to the following: California Water Code §§ 13050, 13260, 13264, 13272, and 13350; California Health & Safety Code §§ 5410, 5411. 5411.5, and 25249.5; California Fish & Game Code §§ 5650 and 12015; and California Government Code §§ 8670.25, and 8670.66 and 8670.66. All such violations have occurred in connection with and/or as a result of Defendants CONOCO's, PHILLIPS', and PHILLIPS PIPELINE's normal business activities, rendering them unlawful business practices within the meaning of California's Unfair Competition Laws, pursuant to California Business & Professions Code §§ 17200 et seq.
- 98. Yerba Buena Creek, Santa Margarita Creek, Tassajara Creek and the groundwater under the HQ Property are waters of the State of California.
- 99. Defendants CONOCO's, PHILLIPS', and PHILLIPS PIPELINE's leaked. discharged, disposed of and/or released petroleum hydrocarbons, as alleged herein, have contaminated the waters of the State of California.
- 100. Defendants CONOCO's, PHILLIPS', and PHILLIPS PIPELINE's discharges and/or releases of the petroleum hydrocarbons, as alleged herein, were not and are not in accordance with the laws and regulations of the State of California and no permit or authorization was obtained prior to the discharges.
- 101. As a direct, proximate, and foreseeable result of Defendants CONOCO's. PHILLIPS', and PHILLIPS PIPELINE's wrongful conduct, as alleged herein, Defendants' business acts, omissions, and/or practices have caused injury to Plaintiff and the public, and Plaintiff is entitled to relief.
- 102. As a result of the violation by Defendants CONOCO, PHILLIPS, and PHILLIPS PIPELINE, and each of them, of California's Unfair Competition Laws, Plaintiff is entitled to injunctive relief: (i) directing Defendants CONOCO, PHILLIPS, and PHILLIPS PIPELINE to fully comply with applicable California statutes and regulations relating to Defendants'

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unlawful and improper leakage, discharge, disposal and/or release of petroleum hydrocarbons into or onto the HQ Property and its underlying groundwater; (ii) enjoining similar future unlawful acts, omissions, and/or practices by Defendants CONOCO, PHILLIPS, and PHILLIPS PIPELINE; and (iii) directing Defendants CONOCO, PHILLIPS, and PHILLIPS PIPELINE to delineate and remediate petroleum hydrocarbon contamination on the HO Property resulting from their unlawful and improper Pipeline leaks, discharges, and/or releases. WHEREFORE, Plaintiff prays judgment against Defendants as set forth hereafter.

#### SIXTH CAUSE OF ACTION

#### (Equitable Indemnity and Contribution Against All Defendants)

- Plaintiff realleges and incorporates herein by reference the allegations contained 103. in each of the preceding paragraphs.
- Defendants, and each of them, violated the law and caused a continuing trespass 104. and nuisance condition on Plaintiff's property.
- 105. Defendants' misconduct in adversely affecting the condition of Plaintiff's property and violating applicable law should, in equity, require Defendants, and each of them, to remediate their petroleum hydrocarbon contamination on the HQ Property and hold harmless, defend, and/or indemnify Plaintiff from and against all losses, costs, liabilities, and/or claims arising from the contamination.
- Plaintiff has and will be compelled to expend substantial amounts of money 106. relating to the investigation and remediation of the HQ Property and its underlying groundwater. In so doing, Plaintiff has discharged and will discharge a liability that should legally and equitably be attributed to Defendants, and each of them. All costs that have been and will be incurred by Plaintiff relating to the investigation and remediation of the property at issue were and will be incurred because Defendants, and each of them, have failed and continue to fail to recognize their legal and equitable obligations to remediate the HQ Property.
- 107. Because Plaintiff is a participant in redressing the consequences of Defendants' unlawful and improper conduct, Plaintiff is entitled under equitable principles of law to equitable indemnity and contribution from Defendants, and each of them, for all costs which

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have been incurred, or will be incurred, relating to the investigation and remediation of the contamination originating from Defendants' Pipeline, as alleged herein. If Plaintiff incurs attorneys' fees as a result of responding to orders and/or actions by regulatory authorities or other third parties regarding the contamination originating from Defendants' Pipeline, as alleged herein, Plaintiff is entitled to recover from Defendants, and each of them, his costs, including reasonable attorneys' fees, to defend against any third party orders and/or actions. Defendants, and each of them, are jointly and severally liable for providing all such relief, and Plaintiff is entitled to recover all such relief in this action.

WHEREFORE, Plaintiff prays judgment against Defendants as set forth hereafter.

#### SEVENTH CAUSE OF ACTION

#### (Breach of Contract Against Defendant CONOCO)

- 108. Plaintiff realleges and incorporates herein by reference the allegations contained in each of the preceding paragraphs.
- 109. Plaintiff and Defendant CONOCO entered into an Indemnification Agreement in 2005. Under the Indemnification Agreement, Plaintiff is entitled to indemnity and contribution from CONOCO for all costs that have been incurred for investigation and remediation of the petroleum hydrocarbon contamination from Defendants' Pipeline, as alleged herein, including attorney's fees.
- 110. As a direct and proximate result of the contamination caused by Defendants, including CONOCO, as alleged herein, Plaintiff has expended substantial amounts of money for the investigation and remediation of the HQ Property. All costs incurred by Plaintiff relating to the investigation and remediation of the property at issue were incurred because Defendants, including CONOCO, failed and continue to fail to recognize their obligation to remediate the HQ Property.
- 111. The costs that Plaintiff has incurred for the investigation and remediation of the HQ Property are costs within the scope of the Indemnification Agreement with CONOCO.
- 112. Plaintiff has met, or been excused from meeting, all of its obligations under the Indemnity Agreement.

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- Plaintiff has submitted to CONOCO expenses incurred in the investigation and 113. remediation described above but, to date, CONOCO has failed and refused to indemnify Plaintiff for same. Said failure is a breach of CONOCO's obligations under the Indemnification Agreement.
- As a direct and proximate result of CONOCO's breach of the Indemnification 114. Agreement, Plaintiff has been damaged in an amount according to proof at trial.

WHEREFORE, Plaintiff prays judgment against Defendants as set forth hereafter.

#### **EIGHTH CAUSE OF ACTION**

#### (Breach of Implied Covenant of Good Faith and Fair Dealing Against Defendant CONOCO)

- 115. Plaintiff realleges and incorporates herein by reference the allegations contained in each of the preceding paragraphs.
- 116. Plaintiff and Defendant CONOCO entered into an Indemnification Agreement in 2005. Under the Indemnification Agreement, Plaintiff is entitled to indemnity and contribution from CONOCO for all costs that have been incurred for investigation and remediation of the petroleum hydrocarbon contamination from Defendants' Pipeline, as alleged herein, including attorney's fees.
- 117. As a direct and proximate result of the contamination caused by Defendants, including CONOCO, as alleged herein, Plaintiff has expended substantial amounts of money for the investigation and remediation of the HQ Property. All costs incurred by Plaintiff relating to the investigation and remediation of the property at issue were incurred because Defendants, including CONOCO, failed and continue to fail to recognize their obligation to remediate the HQ Property.
- The costs that Plaintiff has incurred for the investigation and remediation of the 118. HQ Property are costs within the scope of the Indemnification Agreement with CONOCO.
- 119. Plaintiff has met, or been excused from meeting, all of its obligations under the Indemnity Agreement.
  - 120. Plaintiff has submitted to CONOCO expenses incurred in the investigation and

remediation described above but, to date, CONOCO has failed and refused to indemnify Plaintiff for same.

- 121. In failing to meet its obligations under the Indemnity Agreement, CONOCO has breached the implied covenant of good faith and fair dealing.
- 122. CONOCO has acted at the behest of, in the interest of and/or for the benefit of UNION pursuant to their contract regarding environmental liabilities related to former "76 assets," which include the Right of Way and pipelines on the HQ Property and, in so doing, has unfairly interfered with Plaintiff's right to receive the benefits of the Indemnification Agreement.
- 123. As a direct and proximate result of CONOCO's breach of the implied covenant of good faith and fair dealing, Plaintiff has been damaged in an amount according to proof at trial.

WHEREFORE, Plaintiff prays judgment against Defendants as set forth hereafter.

#### NINTH CAUSE OF ACTION

#### (Declaratory Relief Against All Defendants)

- 124. Plaintiff realleges and incorporates herein by reference the allegations contained in each of the preceding paragraphs.
- 125. An actual controversy has arisen and now exists between Plaintiff and Defendants, and each of them, concerning the parties' respective obligations and liabilities arising from the petroleum hydrocarbon contamination on the HQ Property and its underlying groundwater, and the attendant harm posed thereby to Plaintiff and environment. Plaintiff contends and Defendants deny that Defendants have obligations and potential obligations under law for:
  - a. The responsibility and associated costs of undertaking an investigation, characterization, treatment, removal, replacement, clean up and/or remediation of petroleum hydrocarbon contamination on the HQ Property and its underlying groundwater.
  - b. Indemnifying Plaintiff for any and all costs and damages incurred (including

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- attorneys' fees) as a result of petroleum hydrocarbon contamination on the HO Property and its underlying groundwater, as well as the remediation thereof.
- c. Such other and further costs and liabilities as hereafter arise relating to the presence of petroleum hydrocarbon contamination on the HQ Property and its underlying groundwater.
- 126. Unless a judicial declaration is issued, setting forth the parties' rights and obligations with respect to the costs, damages, investigative and remedial work, and liabilities identified above, a multiplicity of actions will result. Plaintiff therefore requests a judicial determination of the rights, duties, and obligations of the parties with respect to the costs, damages, investigative and remedial work, duty to defend, and liabilities identified above.

WHEREFORE, Plaintiff prays judgment against Defendants as set forth hereafter.

#### TENTH CAUSE OF ACTION

#### (Declaratory Relief Against Defendant CONOCO)

- 127. Plaintiff realleges and incorporates herein by reference the allegations contained in each of the preceding paragraphs.
- As described above, Plaintiff and CONOCO entered into an Indemnification Agreement in 2005. Under the Indemnification Agreement, Plaintiff is entitled to indemnity and contribution from CONOCO, for all costs, including attorneys' fees, which will be incurred relating to the investigation and remediation of the contamination originating from Defendants' releases of petroleum hydrocarbons, as alleged herein.
- 129. As a direct and proximate result of the conduct of Defendants, including CONOCO, as alleged herein, Plaintiff will be compelled to expend substantial amounts of money relating to the investigation and remediation of the HQ Property in the future. In so doing, Plaintiff has discharged and will discharge a liability that should legally and equitably be attributed to Defendants, and each of them. All costs which have been and will be incurred by Plaintiff relating to the investigation and remediation of its property at issue were and will be incurred because Defendants, and each of them, have failed and continue to fail to recognize their legal and equitable obligations to remediate the HQ Property.

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- The costs which will be incurred by Plaintiff relating to the investigation and 130. remediation of the HQ Property will be costs arising by reason of Defendants' unlawful and improper leaking, discharging, and/or otherwise releasing of petroleum hydrocarbons into or onto the HQ Property, thus causing the petroleum hydrocarbon contamination alleged herein.
- 131. Plaintiff has met, or been excused from meeting, all its obligations under the Indemnity Agreement.
- 132. There is an actual, existing controversy between Plaintiff and CONOCO as to their respective rights and liabilities under the Indemnity Agreement. CONOCO contends that its obligation to reimburse and indemnify Plaintiff does not cover all costs and fees submitted to CONOCO in the past and will not cover all costs and fees likely to be submitted in the future.
- 133. As a result, a judicial declaration is necessary and appropriate at this time in order for the parties to have a clear understanding of their respective rights and obligations under the Indemnity Agreement.

WHEREFORE, Plaintiff prays judgment against Defendants as set forth hereafter.

#### ELEVENTH CAUSE OF ACTION

#### (Preliminary and Permanent Injunction and Abatement of Nuisance and Trespass Against All Defendants)

- 134. Plaintiff realleges and incorporates herein by reference the allegations contained in each of the preceding paragraphs.
- 135. To date, the petroleum hydrocarbons that Defendants, and each of them, leaked, discharged, disposed of and/or otherwise released at the HQ Property, which have caused the contamination alleged herein, have not been removed or the property at issue remediated, and the nuisance, trespass and unlawful condition has not been abated by the Defendants.
- 136. Plaintiff is informed and believes, and based thereon alleges, that Defendants. and each of them, will not abate such nuisance, trespass, and unlawful condition unless affirmatively required to do so by an order of this Court requiring such abatement or by preliminary or permanent injunction.

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- Unless Defendants, and each of them, are so ordered by this Court, the petroleum 137. hydrocarbons that Defendants released will continue to leach into the soil and groundwater for years and/or decades to come and will continue to migrate, spread and/or enter into and cause harm to the HQ Property, substantially increasing Plaintiff's damages, including the significant and ongoing injury to Plaintiff's ability to freely and beneficially use and enjoy his property.
- 138. Plaintiff has no plain, speedy, or adequate remedy at law, and injunctive relief is expressly authorized. See Code of Civil Procedure §§ 526, 731. Accordingly, Plaintiff requests that the Court issue an injunction directing Defendants, and each of them, to remove, remediate, clean up and/or abate the nuisance, trespass, and unlawful condition that they have caused, as alleged herein. Defendants, and each of them, are jointly and severally liable for providing all such relief, and Plaintiff is entitled to recover all such relief in this action.

WHEREFORE, Plaintiff prays judgment against Defendants as set forth hereafter.

#### PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests a trial of this Action before a jury, to the extent possible, and that, upon a favorable verdict, this Court enter judgment in favor of Plaintiff and against Defendants, jointly and severally, as follows:

- 1. An award of compensatory and consequential damages, according to proof;
- 2. An award of damages pursuant to California Civil Code § 3334, according to proof;
- 3. An award of damages against CONOCO for breach of the Indemnity Agreement and the implied covenant of good faith and fair dealing, according to proof;
- 4. An order granting Plaintiff the equitable indemnity and contribution requested herein;
- 5. An order granting Plaintiff the declaratory relief sought herein, including but not limited to a declaratory judgment that CONOCO is obligated to reimburse Plaintiff for costs incurred within the scope of the Indemnity Agreement;
- 6. An order granting Plaintiff the injunctive relief and abatement sought herein:
- 7. An order granting Plaintiff its costs in prosecuting this action, according to

proof;

- 8. An order granting Plaintiff its reasonable attorneys' fees in prosecuting this action, according to proof, including but not limited to attorneys' fees pursuant to California Code of Civil Procedure §§ 1021.5 and 1021.9 and attorney's fees pursuant to the Indemnification Agreement.
- 9. An order awarding Plaintiff prejudgment interest to the full extent permitted by law;
- 10. An order permitting the Court to retain jurisdiction over this action after entry of the requested relief for the purpose of granting further relief as may be necessary and/or proper to effectuate the will of the Court; and
- 11. Such other and further relief as the Court may deem just and proper.

Dated: April 29, 2016

ADAMSKI MOROSKI MADDEN CUMBERLAND & GREEN LLP

DAVID M. CUMBERLAND

Attorneys for Plaintiff Robin L. Rossi, as Trustee of the Robin L. Rossi Living Trust utd October 19, 1990

EXHIBIT A

Order Number: 4009-1824825

Page Number: 6

#### LEGAL DESCRIPTION

Real property in the unincorporated area of the County of San Luis Obispo, State of California, described as follows:

PARCEL 1 OF COAL 00-0264, IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO CERTIFICATE OF COMPLIANCE RECORDED OCTOBER 9, 2001 AS INSTRUMENT NO. 2001-076580 OF OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEING A PORTION OF THAT CERTAIN PROPERTY SITUATED IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, WHICH LIES WITHIN THE BOUNDARIES OF THE RANCHO SANTA MARGARITA AS SHOWN ON THE MAP OF THE SAID RANCHO RECORDED JULY 21, 1880, IN BOOK A OF MAPS AT PAGE 42, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AS DESCRIBED IN THAT CERTAIN DEED FROM REIS ESTATE COMPANY, A CORPORATION, DATED OCTOBER 15, 1914 IN BOOK 102 AT PAGE 274 OF DEEDS, THAT LIES EAST OF THE EAST LINE OF THE LAND DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA, RECORDED APRIL 5, 1949 IN BOOK 516 OF OFFICIAL RECORDS AT PAGE 398 AND THAT LIES EAST OF THE EAST LINE OF THE LAND DESCRIBED IN FINAL ORDER OF CONDEMNATION RECORDED MARCH 19, 1956 IN BOOK 839 OF OFFICIAL RECORDS AT PAGE 442 AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BOUNDED ON THE WEST BY THE EASTERLY RIGHT-OF-WAY OF STATE HIGHWAY 101.

BOUNDED ON THE NORTH BY THE SOUTHERLY LINE OF SANTA MARGARITA TRACT NO. 1, AS SHOWN ON THE MAP RECORDED JUNE 6, 1922 IN BOOK 3 OF MAPS AT PAGE 6, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

BOUNDED ON THE SOUTH BY THE CENTERLINE OF HIGHWAY 58.

BOUNDED ON THE SOUTHEAST BY THE NORTHWESTERLY LINE OF THE TOWN OF SANTA MARGARITA AS SHOWN ON THE MAP OF THE TOWN OF SANTA MARGARITA FILED FOR RECORD ON MARCH 26, 1904, IN BOOK A OF MAPS AT PAGE 121, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

BOUNDED ON THE EAST BY THE CENTERLINE OF EL CAMINO REAL,

EXCEPTING THEREFROM THOSE PORTIONS OF SAID LAND WHICH HAVE BEEN CONVEYED TO THE SOUTHERN PACIFIC RAILROAD COMPANY, BY DEEDS RECORDED IN BOOK 328 AT PAGE 322, IN BOOK 300 AT PAGE 247, IN BOOK 310 AT PAGE 22, IN BOOK 214 AT PAGE 432, IN BOOK 310 AT PAGE 24 ALL OF OFFICIAL RECORDS; AND IN BOOK 50 AT PAGE 108 OF DEEDS, AND IN BOOK 160 AT PAGE 497 OF DEEDS.

APN: 070-091-036

First American Title



**EXHIBIT B** 

#### **ENVIRONMENTAL INDEMNIFICATION AGREEMENT**

THIS ENVIRONMENTAL INDEMNIFICATION AGREEMENT (this "Agreement") Is entered into this 670 day of 700 2005 by and among ConocoPhillips Company ("Indemnitor"), a Delaware corporation with its principal place of business located at 600 North Dairy Ashford, Houston, Texas 77079 and Robin L. Rossi, Trustee of the Robin L. Rossi Living Trust utd October 19, 1990 ("Indemnitee"), located at 750 Plsmo Street, San Luis Obispo, California 93401. The foregoing parties are collectively referred to herein as the "Parties".

#### Recitals

WHEREAS. Indemnitee is the legal owner of all of that certain real property described in Appendix "A" attached hereto and all improvements located thereon (the "Property"); and

WHEREAS, Indemnitor is the successor-in-Interest to the grantee of a certain "Right of Way," granted for petroleum pipeline and other purposes over a portion(s) of the Property, all as more specifically described in that certain "Right of Way," dated August 19, 1909 and recorded September 11, 1911 at volume 90 of Deeds, page 70 in the office of the San Luis Obispo County Recorder, as amended by that certain "Modification of Right of Way Agreement, dated August 8, 2002 and recorded August 19, 2002 as Document No. 2002-067619, in the Official Records of the San Luis Obispo County Recorder (hereinafter referred to as the "Right of Way"); and

WHEREAS, when Indemnitor or its predecessor-in-interest previously replaced petroleum pipelines in the Right of Way, it was discovered that there had been releases of petroleum hydrocarbon contamination into the portions of the Property within the Right of Way and portions of the Property not within the Right of Way. This petroleum hydrocarbon contamination and <u>any other</u> contamination discharged on the Property by Indemnitor or its predecessor owners of the Right of Way is hereinafter referred to collectively as "CP Caused Contamination;" and

WHEREAS, currently, due to the aforementioned petroleum hydrocarbon contamination releases the contaminated portions of the Property have, under authority and review of the California Regional Water Quality Control Board (the "RWQCB"), become subject to present and future environmental assessment, investigation, response and/or remediation (collectively "Environmental Work"); and

WHEREAS, on or about October 1, 2001, Indemnitee's predecessor-In-Interest, Santa Margarita Ranch, LLC, entered Into a certain "License Agreement" with Indemnitor's predecessor-In-Interest, Tosco Corporation, a Nevada corporation, which granted Tosco access to the Property for the purposes described therein, and specifically to perform certain Environmental Work. A copy of such License Agreement is attached hereto as Appendix "B" and incorporated herein by this reference; and



WHEREAS, on or about December 7, 2004, the RWQCB, by correspondence to Indemnitor and Indemnitee, a copy of which is attached as Appendix "C," notified them that (i) they "are jointly considered responsible parties," by RWQCB and (ii) "eventually all Property contaminant sources and contaminated media must be spatially defined and remediated;" and

WHEREAS, the term of the License Agreement expires August 31, 2005 and Indemnitor is requesting that Indemnitee extend the term of the License Agreement in order to complete all necessary or required Environmental Work on the Property; and

WHEREAS, Indemnitor is currently being required by the RWQCB to conduct additional certain Environmental Work at the Property, including testing, monitoring and remediating the CP Caused Contamination; and

WHEREAS, Indemnitor acknowledges that Indemnitee is in no way responsible for the CP Caused Contamination; and

WHEREAS, Prospective lenders of the Indemnitee ("Lender" or "Lenders") have conditioned the making of a loan to indemnitee secured by the Property upon Imdemnitee's obtaining a full and complete indemnity from Indemnitor for matters arising from the CP Caused Contamination; and

WHEREAS, non-profit land conservation groups have indicated to Indemnitee that they will condition the consummation of any land conservation transaction(s) regarding a portion of the Property subject to CP Caused Contamination upon the remediation of the CP Caused Contamination; and

WHEREAS, a Lender's security or the value of the Property to Indemnitee may be impaired if indemnitor does not remediate or mitigate the CP Caused Contamination; and

NOW THEREFORE, FOR AND IN CONSIDERATION OF THESE PREMISES and in the interest of the Parties, the Parties hereby agree as follows:

#### ConocoPhillips' Indemnity.

- 1.1 Indemnitor expressly agrees, to the maximum extent permitted by law, to indemnify, defend (with counsel reasonably satisfactory to indemnitee) and hold harmless indemnitee and each of its successors, assigns, heirs, estates, trustees, lessees, administrators and Lenders making a loan(s) with the Property being the security for such loan(s) ("Applicable Loans):
- 1.1.1 against and from all claims, loss, cost, damages, reasonable attorneys' fees, liens or expenses arising out of or related to the CP Caused Contamination, including but not limited to attorney's fees incurred by Indemnitee for the drafting and negotiation of this Agreement; and
- 1.1.2 against and from any fine, penalty, sanction, damage, charges, government orders and demands imposed for any violations of any law, ordinance, or regulation arising out of, or attributable to said CP Caused Contamination; and
- 1.1.3 against and from any and all claims, loss, cost, damage, liens, expense (including reasonable attorney's fees), government orders and demands on or related

to the Property caused by Indemnitor, its employees, consultants, contractors or agents in implementing, monitoring, performing or failing to perform any Environmental Work in connection with the CP Caused Contamination, including remediation.

- 1.2 For all purposes under this Agreement, "Contamination" or "contamination" shall mean any product, substance, or waste whose presence, use, disposal, or release is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Property, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of indemnitee or Indemnitor to any governmental agency or third party—under any applicable statute or common law theory and shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof.
- 2. Government Ordered Environmental Work. In connection with current Environmental Work, and promptly after the issuance to Indemnitor or Indemnitee of a request or order regarding additional Environmental Work related to the CP Caused Contamination issued by RWQCB, any other governmental agency with Jurisdiction, or any court of competent jurisdiction, Indemnitor shall expeditiously, diligently, and in a good and workmanlike manner, take all actions reasonably necessary or required, including, but not limited to, obtaining all necessary or required governmental permits from those agencies having Jurisdiction, to complete the requested or ordered Environmental Work in accordance with the standard set forth in any such request or order.
- 3. Extension of License Agreement. The Parties hereby agree to extend the term of the License Agreement through May 1, 2009. By execution of this Indemnity Agreement, Indemnitor hereby assumes all of the rights and obligations of "Tosco" and Indemnitee hereby assumes all of the rights and obligations of Santa Margarita Ranch, LLC under the License Agreement. Except as otherwise required by the RWQCB, or other governmental agency or court order, Indemnitor or its consultant(s) or contractor(s) shall inform Indemnitee at least twenty-four (24) hours in advance of all Environmental Work to be undertaken on the Property, pursuant to the License Agreement.
- 4. <u>Performance of Activities</u>. Except as otherwise provided hereby, any Environmental Work conducted or caused to be conducted by Indemnitor on the Property In accordance with this Agreement shall be performed without any cost or expense to Indemnitee.
- 5. <u>Mutual Cooperation.</u> The Parties agree to cooperate in good faith with each other with respect to the matters covered hereby. Such cooperation shall include, without limitation, reasonable advance notice and coordination of any activities on the Property that may impact or affect the Parties and further.)
- 5.1 Indemnitor agrees to conduct or cause to be conducted any Environmental Work on the Property in such a way as to minimize any inconvenience or interruption of business operations (including any demolition, construction, and commercial land development activities) conducted on the Property.
- 5.2 In order to mitigate any potential damages (i) Indemnitee agrees to not materially interfere with or materially impede any Environmental Work; and (ii) Indemnitee shall cause its employees, consultants, contractors, agents, invitees and lessees to abide by the same.
- 6. Restoration: Within sixty (60) days of completion of any Environmental Work on the Property, Indemnitor shall, at no cost to indemnitee, commence repair of any damage to and

restore those portions of Property damaged or disturbed by such Environmental Werk to the condition substantially similar to the condition that it was in immediately prior to the commencement of same and any excavations shall be filled with clean fill as per applicable local, state and federal guidelines.

- 7. Reports. Indemnitor shall provide indemnitee with copies of all documentary reports, studies, correspondence from or to governmental authorities, surveys, and final results related to any Environmental Work on the Property. Indemnitor will endeavor to provide such reports, studies and surveys to Indemnitee in electronic format.
- 8. Meetings. Indemnitor shall notify Indemnitee promptly upon scheduling any meetings between Indemnitor or anyone acting on behalf of Indemnitor, and any Governmental Authority, concerning the Property or CP Caused Contamination, or both, of the date and time of each meeting, and Indemnitee, its agents and representatives, shall have the right, without the obligation, to attend and participate in each such meeting.
- 9. <u>Samples</u>. Indemnitor shall give indemnitee at least ten (10) business days notice of any samples to be taken at the Property in order that indemnitee or indemnitee's employees, agents or representatives, or all of them, may be present at the time of the sampling, and Indemnitee, its employees, agents or representatives, or all of them, shall have a right, without obligation, to be present at the time of sampling and to split all samples for testing, all at Indemnitor's cost and expense. Indemnitee shall notify Indemnitor whether Indemnitee, its employees, agents or representatives shall be present at least three (3) business days prior to the scheduled sampling.
- 10. Third Party Beneficiary; Assignment. This Agreement may not be assigned by any Party without the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld; provided, however, this Agreement is assignable without indemnitor's consent upon thirty (30) days prior notice to indemnitor (i) by Indemnitee to a successor owner of the Property or any portion thereof or any interest therein and (ii) by Lender to any successor owner of, or participant in, an Applicable Loan. Any Lender regarding an Applicable Loan is a third party beneficiary of the rights of Indemnitee under this Agreement.
- 11. Indemnitee Representations. Indemnitee represents and warrants that through the date of this Environmental Indemnification Agreement, Indemnitee has not suffered any actual damages from loss of use of the Property or actual lost profits arising out of the existence of the CP Caused Contamination on the Property. This representation is not intended to limit the amount of exemplary, punitive, actual, direct, indirect, incidental or consequential damages, accruing in favor of indemnitee on or after the date of this Agreement, for which indemnitor may be liable to indemnify Indemnitee under this Agreement, or for a breach thereof, or arising in connection with any other cause of action accruing in favor of Indemnitee on or after the date of this Agreement.
- 12. <u>Tolling of Statutes of Limitations</u>. From and after the date of mutual execution of this Agreement, the running of any statutes of limitations in connection with any cause or causes of action accruing in favor of Indemnitee, arising directly or indirectly out of or related to the CP Contamination discharged onto the Property, shall be tolled until a date thirty (30) days after notice of termination of such tolling from Indemnitor to Indemnitee.

- 13. <u>Change in Property Ownership</u>. Indemnitee shall notify Indemnitor of any change in ownership within thirty (30) days of the sale of the Property.
- 14. <u>Notices</u>. Any and all notices, requests, consents, results, demands, or other communications or documents required or permitted to be made or given under this Agreement shall be in writing and shall be given to a Party at its address or facsimile number set forth in this paragraph or at such other address or facsimile number as such Party may hereafter specify for such purpose by written notice to the other Parties. Notices will be deemed to have been made or given (I) if given by facsimile, when sent, and the appropriate confirmation is received, and (II) if given by any other means, when delivered. Unless changed in accordance with this paragraph, the address and facsimile numbers for notices are as follows:

CONOCOPHILLIPS:

JOHN EMBICK CONOCOPHILLIPS 1660 W. Anahelm Street Wilmington, CA 90744 Telephone: (310) 952-6123 Facsimile: (310) 952-6014

With Copy to:

**DERRICK VALLANCE** 

Senior Counsel Room ML 1110 CONOCOPHILLIPS,

600 North Dairy Ashford, Houston, TX 77079

Telephone: (281) 293-2247 Facsimile: 281-293-1987

**ROSSI TRUST:** 

ROBIN L. ROSSI LIVING TRUST UTD 10/19/1990

Robin L. Rossi, Trustee

750 Pismo Street, San Luis Obispo, CA 93401

Telephone: (805) 543-4333 Facsimile: (805) 543-4220

With Copy to:

PAUL G. METCHIK, ESQ.

1316 Broad Street, San Luis Obispo, CA 93401

Telephone: (805) 783-2450 Facsimile: (805) 783-2451

- 15. <u>Effective Date</u>. This Agreement shall immediately and automatically become effective and fully-enforceable in all respects on the date first written above.
- 16. Execution of Agreement. Each of the undersigned hereby represents and warrants that it is authorized to execute this Agreement on behalf of the respective Parties to the Agreement and that this Agreement, when executed by those Parties, shall become a valid and binding obligation, enforceable in accordance with its terms. Upon execution, this Agreement shall be binding as to the Parties' respective parent companies, subsidiaries, affillates, successors, heirs and assigns.

17. Governing Law. This Agreement is governed by the laws of the State of California.

#### 18. Interpretation.

- 18.1. This Agreement supersedes any contrary provisions of any prior agreements and this Agreement and the License Agreement contain the entire agreement of the Parties on the matters covered herein; provided, however, the Indemnity Provisions of this Agreement and the License Agreement shall be construed together so as to afford Indemnitee the highest level of applicable indemnity provided for in the two agreements. The rights, obligations and remedies of the Parties under this Agreement are independent of any other agreement between the Parties, and are independent of any causes of action which Indemnitee may otherwise have against Indemnitor. No other agreement, statement or promise made by any Party or agent of any Party that is not in writing and signed by all the Parties shall be binding. Any amendments to this Agreement must be in writing and signed by any authorized representative of each of the Parties.
- 18.2. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but such counterparts when taken together shall constitute but one agreement.
- 18.3. The captions in this Agreement are for convenience and reference only. The words contained herein shall not be held to expand, modify, amplify or aid in the interpretation, construction or meaning of this Agreement.
- 18.4. If any clause or provision of this Agreement is declared illegal, invalid, or unenforceable by a court of competent jurisdiction, it is the intention of the Parties that the validity and enforceability of the remaining clauses and provisions of this Agreement shall not be affected thereby and shall nonetheless remain in full force and effect to the greatest extent permitted by law.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties have executed this Agreement in four (4) multiple originals on the dates set forth below with the understanding and agreement that this Agreement shall become effective and fully-enforceable in all respects commencing on the date first written above.

**CONOCOPHILLIPS COMPANY** 

OV

Typed Name:

Title:

William A. Kitchen Mgn-Risk Mst & Remediction

ROBIN . ROSSI LIVING TRUST UTD OCTOBER 19, 1990

Typed Name: Robin L. Rossi Title: Trustee

## APPENDIX "A" TO ENVIRONMENTAL INDEMNITY AGREEMENT

LEGAL DESCRIPTION OF REAL PROPERTY

Order Number: 4009-1824825 Page Number: 6

#### LEGAL DESCRIPTION

Real property in the unincorporated area of the County of San Luis Obispo, State of California, described as follows:

PARCEL 1 OF COAL 00-0264, IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, ACCORDING TO CERTIFICATE OF COMPLIANCE RECORDED OCTOBER 9, 2001 AS INSTRUMENT NO. 2001-076580 OF OFFICIAL RECORDS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEING A PORTION OF THAT CERTAIN PROPERTY SITUATED IN THE COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA, WHICH LIES WITHIN THE BOUNDARIES OF THE RANCHO SANTA MARGARITA AS SHOWN ON THE MAP OF THE SAID RANCHO RECORDED JULY 21, 1880, IN BOOK A OF MAPS AT PAGE 42, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, AS DESCRIBED IN THAT CERTAIN DEED FROM REIS ESTATE COMPANY, A CORPORATION, DATED OCTOBER 15, 1914 IN BOOK 102 AT PAGE 274 OF DEEDS, THAT LIES EAST OF THE EAST LINE OF THE LAND DESCRIBED IN THE DEED TO THE STATE OF CALIFORNIA, RECORDED APRIL 5, 1949 IN BOOK 516 OF OFFICIAL RECORDS AT PAGE 398 AND THAT LIES EAST OF THE EAST LINE OF THE LAND DESCRIBED IN FINAL ORDER OF CONDEMNATION RECORDED MARCH 19, 1956 IN BOOK 839 OF OFFICIAL RECORDS AT PAGE 442 AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BOUNDED ON THE WEST BY THE EASTERLY RIGHT-OF-WAY OF STATE HIGHWAY 101.

BOUNDED ON THE NORTH BY THE SOUTHERLY LINE OF SANTA MARGARITA TRACT NO. 1, AS SHOWN ON THE MAP RECORDED JUNE 6, 1922 IN BOOK 3 OF MAPS AT PAGE 6, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

BOUNDED ON THE SOUTH BY THE CENTERLINE OF HIGHWAY 58.

BOUNDED ON THE SOUTHEAST BY THE NORTHWESTERLY LINE OF THE TOWN OF SANTA MARGARITA AS SHOWN ON THE MAP OF THE TOWN OF SANTA MARGARITA FILED FOR RECORD ON MARCH 26, 1904, IN BOOK A OF MAPS AT PAGE 121, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

BOUNDED ON THE EAST BY THE CENTERLINE OF EL CAMINO REAL,

EXCEPTING THEREFROM THOSE PORTIONS OF SAID LAND WHICH HAVE BEEN CONVEYED TO THE SOUTHERN PACIFIC RAILROAD COMPANY, BY DEEDS RECORDED IN BOOK 328 AT PAGE 322, IN BOOK 300 AT PAGE 247, IN BOOK 310 AT PAGE 22, IN BOOK 214 AT PAGE 432, IN BOOK 310 AT PAGE 24 ALL OF OFFICIAL RECORDS; AND IN BOOK 50 AT PAGE 108 OF DEEDS, AND IN BOOK 160 AT PAGE 497 OF DEEDS.

APN: 070-091-036