

Attachment C-1

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REEL 756 PAGE 435

RECORDED AT REQUEST OF

COUNTY OF MONTEREY

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OFFICE OF THE
COUNTY CLERK
SANTA MONTE

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LAND CONSERVATION CONTRACT

REEL 756 PAGE 435

THIS CONTRACT made and entered into this 29th day of February 1972, by and between the COUNTY OF MONTEREY, a political subdivision of the State of California, hereinafter called "County" and Marie B. Labarere and Wells Fargo Bank National Association as Trustee hereinafter called "Owner".

WITNESSETH:

WHEREAS, Owner possesses certain real property located within the County of Monterey, State of California, which is presently devoted to the production of food and fibre and is described in Exhibit A attached hereto and made a part hereof; and

WHEREAS, the property is located in an agricultural preserve (No. 72-1) heretofore established by County by Resolution No. 72-33-1; and

WHEREAS, both Owner and County desire to limit the use of the property to agricultural and compatible uses;

NOW, THEREFORE, County and Owner agree as follows:

1. CONTRACT SUBJECT TO CALIFORNIA LAND CONSERVATION ACT OF 1965, AS AMENDED.

This contract is entered into pursuant to Chapter 7 (commencing with Section 51200) of Part 1, Division 1, Title 5 of the Government Code, which is known as the California Land Conservation Act of 1965, or as the Williamson Act. This contract is subject to all of the provisions of this act including any amendments thereto which may be enacted from time to time.

2. RESTRICTION ON USE OF PROPERTY

During the term of this contract, and any and all renewals thereof, the property described in Exhibit A shall not be used by Owner, or Owner's successors in interest, for any purpose other than the production of food and fibre for commercial purposes and uses compatible thereto. A list of all such compatible uses is set forth in Exhibit B, attached hereto and by this reference incorporated herein. County, by uniform rule adopted by the Board of Supervisors of County, may from time to time during the term of this contract and all renewals thereof, add to the list of compatible uses which shall be uniform throughout the agricultural preserve in which the property in Exhibit A is located; provided, however, County may not during the term of this contract or any renewal thereof, without the prior written consent of Owner, remove any of the compatible uses for the subject property which are set forth in Exhibit B. The provisions of this contract and any uniform rule supplementing the list of compatible uses are not intended to limit or supersede the planning and zoning powers of County.

3. TERM OF CONTRACT

This contract shall become effective on the 28th day of

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February, 1972, and shall remain in full force and effect for an initial term of twenty years. The initial term of twenty years shall be measured commencing as of the first day of January next succeeding the date of execution. Each succeeding first day of January shall be deemed to be the annual renewal date of this contract. This contract shall be automatically renewed on each succeeding January 1 and one additional year shall be added automatically to the initial term unless notice of nonrenewal is given as provided in paragraph 4.

4. NOTICE OF NONRENEWAL

(a) If either party desires in any year not to renew this contract, that party shall serve written notice of nonrenewal upon the other party in advance of the annual renewal date of this contract. Unless such written notice of nonrenewal is served by Owner at least 90 days prior to the renewal date, or by County at least 60 days prior to the renewal date, this contract shall be considered renewed as provided in paragraph 3 above.

(b) If either party serves written notice of nonrenewal in any year within the time limits of (a) above, this contract shall remain in effect for the balance of the period remaining since the original execution or the last renewal of this contract, as the case may be.

5. NO COMPENSATION

Owner shall not receive any payment from County in consideration of the obligations imposed under this contract, it being recognized and agreed that the consideration for the execution of this contract is the substantial benefit to be derived therefrom, and the advantage that may accrue to Owner as a result of the effect upon the assessed value of the property on account of the restrictions on the use of the property contained herein.

6. SUCCESSORS IN INTEREST

This contract and the restrictions imposed hereunder shall run with the property described in Exhibit A and shall be binding upon the heirs, executors, administrators, trustees, successors, and assigns of Owner. This contract shall also be transferred from County to any succeeding city or county acquiring jurisdiction over the property described in Exhibit A. On the completion of annexation proceedings by a city, that city shall succeed to all rights, duties and powers of the County under this contract for that portion of the property described in Exhibit A annexed to the city.

7. DIVISION OF LAND

The property described in Exhibit A shall not be divided without the written approval of the County first had and obtained. This contract is divisible in the event the property described in Exhibit A is divided. Owner agrees to submit any proposed division to County for its approval and County, if it approves said division, shall, as a condition of its approval of the division, require the execution by Owner of contract identical to this contract on each parcel created by the division. Owner agrees to execute such contract.

8. CONDEMNATION

When any action in eminent domain for the condemnation of the fee title of any land described in Exhibit A is filed or when such

land is acquired in lieu of eminent domain for a public improvement by a public agency or person, or whenever there is any ~~such~~ action or acquisition by the federal government, or any person, instrumentality or agency acting under authority or power of the federal government, this contract becomes null and void as to the land actually being condemned or so acquired as of the date the action is filed or so acquired.

9. CANCELLATION

This contract may be cancelled by the mutual agreement of the parties hereto and the approval of the State of California in the manner provided in this paragraph. It is understood by the parties hereto that the existence of an opportunity for another use of the property shall not be sufficient reason for the cancellation of this contract. A potential alternative use of the property may be considered only if there is no proximate non-contracted land suitable for the use to which it is proposed that this property be put. The parties further understand that the uneconomic character of an existing agricultural use shall not be sufficient reason for cancellation of this contract, but may be considered only if there is no other reasonable or comparable agricultural use to which the land may be put.

(a) Upon the written request of Owner to cancel this contract, the Board of Supervisors of the County of Monterey may adopt a resolution consenting to such request. Prior to the adoption of a resolution consenting to the request of the landowner to cancel this contract, the Board of Supervisors of County shall hold a public hearing on the matter. Notice of the hearing shall be mailed to each and every owner of property under contract within the agricultural preserve in which the property described in Exhibit A is located, and shall be published pursuant to Section 6061 of the Government Code. If at the hearing, or prior thereto, the owners of 51 percent of the acreage under contract in the agricultural preserve protest the cancellation of this contract, the Board of Supervisors shall not consent to cancel this contract.

(b) If the Board of Supervisors adopts a resolution consenting to the request of Owner to cancel this contract, the parties shall request that the cancellation be approved by the State Director of Agriculture upon the recommendation of the State Board of Agriculture. The State Board of Agriculture may recommend and the State Director of Agriculture may approve the cancellation only if they find: (1) The cancellation is not inconsistent with the purposes of the California Land Conservation Act of 1965 as amended; and (2) the cancellation is in the public interest.

(c) The provisions of sub-paragraph (b) of this paragraph 9 relating to the State Board of Agriculture and the Director of Agriculture shall be applicable only if both the State Board and the State Director consent to act as described herein. If either the State Board or the State Director fail or refuse to act within 60 days after being requested to do so, the Board of Supervisors of the County of Monterey shall act in the place and stead of the State Board and State Director and shall make all findings and decisions required by sub-paragraph (b).

10. LIABILITY OF OWNER UPON CANCELLATION

(a) Prior to any action by the Board of Supervisors giving tentative approval to the cancellation of this contract, the County Assessor shall determine the full cash value of the land as though it were free of the contractual restrictions imposed by this contract. The Assessor shall multiply such value by the most recent county ratio announced pursuant to Section 401 of the Revenue and Taxation Code, and shall certify the product to the Board of Supervisors as the cancellation valuation of the land for the purpose of determining the cancellation fee. The Board of Supervisors shall thereafter and prior to giving tentative approval to the cancellation of this contract determine and certify to the County Auditor the amount of the cancellation fee which the Owner must pay the County Treasurer as deferred taxes upon cancellation. That fee shall be an amount equal to 50 percent of the cancellation value of the property; provided, however, if after the date this contract was initially entered into the publicly announced County ratio of assessed to full cash value is changed, the percentage payment shall be changed so no greater percent of full cash value will be paid than would have been paid had there been no change in ratio. It is agreed by the parties hereto that the publicly announced County ratio at the time this contract is executed is 25 percent of full cash value.

(b) If the State Board of Agriculture recommends that it is in the public interest to do so, and the State Director of Agriculture so finds, the Director may waive any such payment or any portion thereof, or may make such payment or portion thereof, contingent upon the future use made of the property and its economic return to Owner for a period of time not to exceed the unexpired term of the contract had it not been cancelled, provided: (i) the cancellation is caused by an involuntary transfer or change in the use which may be made of the property and the property is not immediately suitable, nor will be immediately used, for a purpose which produces a greater economic return to Owner; and (ii) County has recommended to the State Board of Agriculture that no such payment be required or that the deferment of such payment or portion thereof be allowed, and the board of Supervisors has determined it is in the best interests of the public conservation of agricultural land and that such payment be either deferred or not required.

(c) The provisions of sub-paragraph (b) of this paragraph 10 relating to the State Board of Agriculture and the Director of Agriculture shall be applicable only if the State Board and the State Director both consent to act as described herein. If either the State Board or the State Director fail or refuse to act within 60 days after being requested to do so, the Board of Supervisors of the County of Monterey shall act in the place and stead of the State Board and the State Director and shall make all findings and decisions required by sub-paragraph (b).

(d) Owner shall make payment of the cancellation fee in full prior to the cancellation becoming effective.

11. NOTICES

All notices required or permitted by this contract shall be given in writing and may be mailed or delivered in person. If mailed the address of Owner shall be the last known address on the assessment records of County, and County's address shall be In Care of Board of Supervisors, Courthouse, Salinas, California, and deposit in the mail, postage prepaid, shall be deemed receipt thereof.

12. COSTS OF LITIGATION

In case County shall, without any fault on its part, be made a party to any litigation commenced by or against Owner, then Owner shall and will pay all costs and reasonable attorneys' fees incurred by or imposed upon County by or in connection with such litigation, and owner shall and will pay all costs and reasonable attorneys' fees which may be incurred or paid by County in enforcing the covenants and agreements of this contract.

IN WITNESS WHEREOF the parties hereto have caused this contract to be executed: by Owner on February 25, 1972 and by County on February 29, 1972.

COUNTY OF MONTEREY



By Warren Church
Chairman, Board of Supervisors

STATE OF CALIFORNIA } ss
COUNTY OF MONTEREY }

On this 29th day of February, 1972, before me, ERNEST A. MAGGINI, County Clerk of the County of Monterey, and ex-officio Clerk of the Board of Supervisors and of the Superior Court, in and for said County and State, personally appeared WARREN CHURCH, known to me to be the Chairman of said Board of Supervisors of the County of Monterey, and known to me to be the person who executed the within instrument on behalf of said political subdivision, and acknowledged to me that such County of Monterey executed the same.



ERNEST A. MAGGINI, County Clerk and ex-officio Clerk of the Board of Supervisors of Monterey County, State of California.

By Andrew J. Hotsko
Deputy

Marie B. Labarere
Marie B. Labarere

Wells Fargo Bank National Association
as Trustee

By Robert Stitt

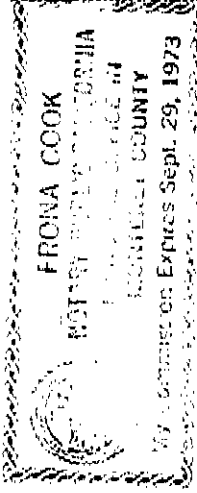
STATE OF CALIFORNIA

CORPORATION ACKNOWLEDGEMENT

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County of Monterey ss.

On this 28th day of February in the year one thousand nine hundred and seventy two



before me Frona Cook, a Notary Public in and for said County and State, residing therein duly commissioned and sworn, personally appeared Robert T. Kattner Trust Officer and Ass't Vice President

known to me to be the of the corporation described in and that executed the within instruments, and also known to me to be the person who executed the within instrument on behalf of the corporation therein named, and he acknowledged to me that such corporation executed the same, pursuant to its by-laws or a resolution of its board of directors.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, this day and year in this Certificate first above written.

Frona Cook
Notary Public in and for said County and State

My Commission Expires.....

STATE OF CALIFORNIA }
COUNTY OF MONTEREY } ss

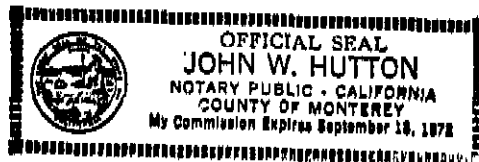
On this 25th day of February, 1972, before me
JOHN W. HUTTON, A Notary Public in and for
the County of Monterey, State of California,
residing therein, duly commissioned and sworn, personally appeared
MARIE B. LABARERE

known to me to be the person whose name is subscribed to the
within instrument and acknowledged to me that she executed the same.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my
official seal in the County of Monterey the day and year
in this certificate first above written.

John W. Hutton
John W. Hutton
Notary Public in and for the _____ County of Monterey
State of California.

My Commission Expires September 18, 1972



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EXHIBIT "A"

All that certain real property situate in the COUNTY OF MONTEREY, State of California, described as follows:

PARCEL ONE:

- (a) All that part of Section 14, Township 23 South, Range 10 East of Mount Diablo Meridian, lying Southwesterly of the Northeasterly boundary line of the parcel of land conveyed to the State of California, by Deed dated May 14, 1915, recorded in Volume 139 of Deeds at Page 96, Monterey County Records; and also lying Southwesterly of the Northeasterly boundary line of the parcel of land conveyed to the State of California, by Deed dated July 21, 1933, recorded in Volume 371 of Official Records at Page 120, Monterey County Records, where last said boundary line lies Easterly of the Northeasterly boundary line of the parcel conveyed by the first aforesaid deed, CONTAINING 24.79 acres of land, more or less.

ALL OF SECTION 15.

EXCEPTING AND RESERVING from the North 1/2 of the Northwest 1/4 of said Section 15, to the United States, all the coal and other minerals in the land so entered and patented, together with the right to prospect for, mine and remove the same pursuant to the provisions and limitations of the Act of December 29, 1916 (39 Stat., 862), as recited in the Patent of record for said land.

ALSO EXCEPTING FROM the Northeast 1/4 of Section 15 - AN UNDIVIDED ONE-HALF (1/2) INTEREST in any and all minerals, oil, gas and other hydrocarbon substances that may be produced therefrom, as conveyed to E. B. Hall and Co., by Deed dated August 1, 1946 and recorded August 20, 1946 in Volume 923 Official Records of Monterey County at Page 196.

(b) ALL OF SECTION 16.

(c) East 1/2 of Section 17.

EXCEPTING AND RESERVING from the Northeast 1/4 and West 1/2 of Southeast 1/4 of said Section 17, to the United States, all the coal and other minerals in the land so entered and patented, together with the right to prospect for, mine and remove the same pursuant to the provisions and limitations of the Act of December 29, 1916 (39 Stat., 862), as recited in the Patents of record for said land.

- (d) That portion of Section 17 described as follows: COMMENCING at the intersection and common point of the Northeast, Northwest, Southwest and Southeast quarters of Section 17, Township 23 South, Range 10 East, Mount Diablo Meridian, running thence northerly along the common line of the Northeast and Northwest quarters of said Section to the North line of said Section; thence Westerly along said North line to a point distant thereon one-half (1/2) the distance on said line from said common line of the Northeast and Northwest quarters of said Section to the intersection of said North line with the West line of said Section; thence from said point in a Southeasterly direction to the common point of the Northeast, Northwest, Southwest and Southeast quarters of said Section, and the point of beginning, said tract CONTAINING 40 acres, more or less.

(1)

EXCEPTING from all property described in PARCEL ONE (d) all mineral rights, as recited in the Deed from Athelma E. Lamb and Florene Glau to Newell Alton, dated May 31, 1933 and recorded June 7, 1933 in Volume 365 Official Records at Page 213, Monterey County Records.

- (e) The North 1/2 of the Northeast 1/4 and Southeast 1/4 of Northeast 1/4 of Section 20; and
The Southeast 1/4 of Section 21, all in Township 23 South, Range 10 East, Mount Diablo Base and Meridian.

EXCEPTING AND RESERVING from said portions of said Sections 20 and 21 to the United States, all the coal and other minerals in the land so entered and patented, together with the right to prospect for, mine and remove the same pursuant to the provisions and limitations of the Act of December 29, 1916 (39 Stat., 862), as recited in the Patents of record for said land.

- (f) Northeast 1/4 of Southeast 1/4 of Section 20;
West 1/2 of Southwest 1/4 and Southeast 1/4 of Southwest 1/4, and
North 1/2 of Section 21, Township 23 South, Range 10 East, Mount Diablo Base and Meridian.

EXCEPTING THEREFROM ONE-HALF (1/2) of the oil rights from the North 1/2 of Section 21, Township 23 South, Range 10 East of Mount Diablo Base and Meridian, as conveyed in the Gift Deed from Joe Labarere, a married man dealing with his separate property, to Alice Cazaux, Irene Cazaux, Valerie Cazaux, Claudette Lembeye and Adrienne Lembeye, share and share alike, dated July 6, 1959 and recorded July 6, 1959 in Volume 1971 Official Records at Page 131, Monterey County Records.

- (g) ALL OF SECTION 22, CONTAINING 640 acres of land, a little more or less.

All in Township 23 South, Range 10 East of Mount Diablo Base and Meridian.

EXCEPTING AND RESERVING THEREFROM, HOWEVER, - AN UNDIVIDED ONE-HALF (1/2) INTEREST in and to all minerals, oil, gas, asphaltum, and other hydrocarbons and substances associated therewith, now or at any time hereafter in, on, or under said property, - as recited in the Deed from Gertrude S. Neustadter, as the duly appointed, qualified and acting administratrix with the Will Annexed of the Estate of Isaac Strassburger, alias, deceased, first party, Newton H. Neustadter, Jr., as surviving trustee of the trust created under the Last Will and Testament of said Isaac Strassburger, deceased, Gertrude L. Isaacs and Frances L. Dinkelspiel, second parties, to Joe Labarere, dated January 16, 1943 and recorded April 20, 1943 in Volume 795 of Official Records at Page 400, Monterey County Records.

- (h) All those portions of Lots 1, 2 and 3, and of the Southwest 1/4 of the Northeast 1/4 and of Southeast 1/4 of Northwest 1/4 of Section 23 in Township 23 South, Range 10 East, Mount Diablo Base and Meridian, lying Southwesterly of the Northeasterly boundary line of that certain strip or parcel of land, 60 feet in width, described in the deed to the State of California, dated May 14, 1915 and recorded in Volume 139 of Deeds at Page 96, Monterey County Records, and CONTAINING 107.67 acres, more or less; and

The West 1/2 of Northwest 1/4, and North 1/2 of Southwest 1/4 and Southeast 1/4 of said Section 23.

All that portion of Section 24 in Township 23 South, Range 10 East of Mount Diablo Meridian, lying Southwesterly of the Northeasterly boundary line of that certain strip or parcel of land, 60 feet in width, described in Deed to the State of California, dated May 14, 1915 and recorded in Volume 139 of Deeds at Page 96, Monterey County Records, CONTAINING an area of 75.26 acres, more or less.

The Southwest 1/4 of Section 25 in Township 23 South, Range 10 East of Mount Diablo Base and Meridian.

EXCEPTING from the Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of said Section 25, the following: BEGINNING at the southwest corner of the said Southwest 1/4 of Section 25; thence northerly to the northwest corner of the said Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of said Section 25; thence Southeasterly to the Southeast corner of the said Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of said Section 25; thence Westerly to the place of beginning, and CONTAINING 5 acres of land, more or less.

- (i) The Northwest 1/4 of Section 25 in Township 23 South, Range 10 East of Mount Diablo Base and Meridian.

EXCEPTING all minerals, oil, gas and petroleum substances and by-products thereof, etc., as recited in the deed from A. F. Gimbal and Louise Gimbal to Ernest A. Abadie, dated April 28, 1910 and recorded May 5, 1910 in Volume 113 of Deeds at Page 497, Monterey County Records.

- (j) The Southeast 1/4 of Southeast 1/4 of Northeast 1/4 of Section 27 in Township 23 South, Range 10 East, Mount Diablo Meridian.

EXCEPTING ALL oil, gas, petroleum, asphaltum and other hydrocarbon substances, as conveyed by Joseph Labarere and Jane A. Labarere, his wife, to Catherine Horques, by deed dated February 14, 1923 and recorded March 19, 1923 in Volume 15 of Official Records at Page 322, Monterey County Records.

- (k) Those portions of Section 27 in Township 23 South, Range 10 East, Mount Diablo Base and Meridian, described as follows:

The North 1/2 of Northeast 1/4, and Southwest 1/4 of Southeast 1/4 of Northeast 1/4.

That portion of Northeast 1/4 of Northeast 1/4 of Northwest 1/4 of said Section 27, described as follows: BEGINNING at the Northeast corner of said Northwest 1/4 of Section 27; thence Southerly to the Southeast corner of said Northeast 1/4 of Northeast 1/4 of Northwest 1/4 of Section 27; thence Northwesterly to the Northwest corner of Northeast 1/4 of Northeast 1/4 of Northwest 1/4 of Section 27; thence Easterly to the place of beginning, and CONTAINING 5 acres of land, more or less.

Also that portion of Northeast 1/4 of Southwest 1/4 of Northeast 1/4 of said Section 27, described as follows: BEGINNING at the Northeast corner of said Northeast 1/4 of Southwest 1/4 of Northeast 1/4 of Section 27; thence Southerly to the Southeast corner of said Northeast 1/4 of Southwest 1/4 of Northeast 1/4 of Section 27; thence Northwesterly to the Northwest corner of said Northeast 1/4 of Southwest 1/4 of Northeast 1/4 of Section 27; thence Easterly to the place of beginning, and CONTAINING 5 acres of land, more or less.

EXCEPTING from the Southwest 1/4 of Northwest 1/4 of Northeast 1/4 of said Section 27, the following: BEGINNING at the southwest corner of said Southwest 1/4 of Northwest 1/4 of Northeast 1/4 of Section 27; thence northerly to the northwest corner of said Southwest 1/4 of Northwest 1/4 of Northeast 1/4 of Section 27; thence Southeasterly to the southeast corner of said Southwest 1/4 of Northwest 1/4 of Northeast 1/4 of Section 27; thence westerly to the place of beginning, and CONTAINING 5 acres of land, more or less.

Northeast 1/4 of Southeast 1/4 of Northeast 1/4; and West 1/2 of Northwest 1/4 and West 1/2 of Southwest 1/4 of Section 27 in Township 23 South, Range 10 East of Mount Diablo Meridian.

- 1) All of Section 28 in Township 23 South, Range 10 East, Mount Diablo Meridian.

EXCEPTING THEREFROM - AN UNDIVIDED 2/3 INTEREST in and to all minerals and mineral rights, as conveyed by Roy Glau and Florene Glau, his wife, to Charles S. Webber, et al, and H. A. Stout, as trustee, for Alpha A. Webber, et al, by Deeds recorded in Volume 503 of Official Records at Page 244, Monterey County Records, and in Volume 505 Official Records at Page 243, Monterey County Records.

- 1) Northeast 1/4 of Section 32;

West 1/2 of Northwest 1/4 of Section 33,

All in Township 23 South, Range 10 East of Mount Diablo Meridian.

EXCEPTING from said Sections 32 and 33, three-fourths (3/4) of all mineral rights, - as excepted in the deed from Newell Alton, et al, to Florene Glau, dated May 31, 1933 and recorded in Volume 365 of Official Records of Monterey County at Page 211.

ALSO EXCEPTING FROM PARCEL ONE all that portion thereof conveyed by Joseph Labarere, also known as Joe Labarere, and Marie Labarere, his wife, to State of California, by deed dated July 5, 1961 and recorded October 31, 1961 in Volume 2197 Official Records at Page 301, Monterey County Records.

ALSO EXCEPTING FROM PARCEL ONE the following six (6) parcels or mineral interests:

(1)--An undivided two percent (2%) interest in and to all of the oil, gas and other minerals in and under and that may be produced from:

(4)

The Northwest 1/4; the Southeast 1/4 the South 1/2 of the Northeast 1/4 and the Northwest 1/4 of the Northeast 1/4 of Section 16;
 The Southwest 1/4 and the South 1/2 of the Northwest 1/4 and the South 1/2 of the Southeast 1/4 of Section 15;
 The North 1/2 of Section 22, containing 1,080.00 acres,

together with the right of ingress and egress at all times for the purpose of mining, drilling, exploring, operating and developing said lands for oil, gas, and other minerals, and storing, handling, transporting and marketing the same therefrom, with the right to remove from said land all of Grantee's property, and improvements, - as conveyed by Joe Labarere, et ux, to C. R. Pickering, by Deed dated May 21, 1951 and recorded June 11, 1951 in Volume 1309 Official Records of Monterey County at Page 200.

(2)--An undivided one-half (1/2) interest as to:

Southwest 1/4 of Section 16, containing 160 acres,

in and to all of the oil, gas and other minerals in and under and that may be produced from said lands, together with the right of ingress and egress at all times for the purpose of mining, drilling, exploring, operating and developing said lands for oil, gas and other minerals, and storing, handling, transporting and marketing the same therefrom with the right to remove from said lands all of Grantee's property and improvements, - as conveyed by Joe Labarere, et ux, to C. R. Pickering, by Deed dated May 21, 1951 and recorded June 11, 1951 in Volume 1309 Official Records of Monterey County at Page 197.

(3)--An undivided one-fourth (1/4) of all oil, gas and other hydro-carbon substances and minerals lying in and under and which may be produced from:

East 1/2 of Southeast 1/4, Northwest 1/4 of Northeast 1/4 and South 1/2 of Northeast 1/4 of Section 16;
 South 1/2 of Northwest 1/4, Southwest 1/4 and South 1/2 of Southeast 1/4 of Section 15, containing 520 acres,

as conveyed by Joseph Labarere, et ux, to George H. Hotaling, et al, by Deed dated June 1, 1951 and recorded July 3, 1951 in Volume 1314 Official Records of Monterey County at Page 38.

(4)--An undivided one-fourth (1/4) of all oil, gas and other hydro-carbon substances and minerals lying in and under and which may be produced from:

The Northwest 1/4 and the West 1/2 of the Southeast 1/4 of Section 16, containing 240 acres

as conveyed by Joseph Labarere, et ux, to George H. Hotaling, et al, by Deed dated June 19, 1951 and recorded July 3, 1951 in Volume 1314 Official Records of Monterey County at Page 34.

(5)

(5)--An undivided one-fourth (1/4) of all oil, gas and other hydro-carbon substances and minerals lying in and under and which may be produced from:

West 1/2 of Northwest 1/4 of Section 22, containing 80 acres, as conveyed by Joseph Labarere, et ux, to George H. Hotaling, et al, by Deed dated June 19, 1951 and recorded July 3, 1951 in Volume 1314 Official Records of Monterey County at Page 42.

(6)--An undivided one-fourth (1/4) of all oil, gas and other hydro-carbon substances and minerals lying in and under and which may be produced from:

Northeast 1/4 and East 1/2 of Northwest 1/4 of Section 22, containing 240 acres.

as conveyed by Joseph Labarere, et ux, to George H. Hotaling, et al, by Deed dated June 19, 1951 and recorded July 3, 1951 in Volume 1314 of Official Records, Monterey County, at Page 46.

PARCEL TWO:

East half of Northwest 1/4 and Southwest 1/4 of Section 33 in Township 23 South, Range 10 East of Mount Diablo Base and Meridian. EXCEPTING THEREFROM all that portion lying southwesterly of the centerline of the Hunter-Liggett Military Highway, as granted to the State of California, by Deeds recorded in Volume 773 of Official Records at Pages 168 and 170, Monterey County Records.

ALSO EXCEPTING any portion in said Highway.

ALSO EXCEPTING all oil, gas and/or minerals in said lands, together with the right of the grantor, her heirs, assigns, lessees and legal representatives at all times to enter on the above described land and to take all of the usual, necessary or convenient means to bore wells, make excavations and to remove the oil, gas and/or minerals herein reserved and found thereon, - as recited in the Deed from Athelma E. Lamb to Joe Labarere and Marie Labarere, his wife, dated August 5, 1952 and recorded August 8, 1952 in Volume 1398 Official Records of Monterey County at Page 17.

PARCEL THREE:

(A)---All that portion of the Southwest 1/4 of the Northwest 1/4 of the Northeast 1/4 of Section 27, Township 23 South of Range 10 East, described as follows: BEGINNING at the southwest corner of the Northwest 1/4 of the Northeast 1/4 of said Section 27; thence Northerly to the northwest corner of the Southwest 1/4 of the Northwest 1/4 of the Northeast 1/4 of said Section 27; thence Southeasterly to the southeast corner of the Southwest 1/4 of the Northwest 1/4 of the Northeast 1/4 of said Section 27; thence Westerly to the southwest corner of the Northwest 1/4 of the Northeast 1/4 of said Section 27 and point of beginning.

CONTAINING 5 acres, more or less.

(PARCEL THREE continued)

(B)---All of that portion of the Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of Section 25, Township 23 South of Range 10 East, described as follows: BEGINNING at the southwest corner of said Section 25; thence northerly to the northwest corner of the Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of said Section 25; thence Southeasterly to the southeast corner of the Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of said Section 25; thence Westerly to the Southwest corner of said Section 25 and point of beginning. CONTAINING an area of 5 acres, more or less.

(C)---All of Section 26; East 1/2 of the West 1/2, Southwest 1/4 of the Northeast 1/4 and Southeast 1/4 of Section 27; East 1/2 of Section 33; North 1/2 of Section 34; and Northwest 1/4 of Section 36, all in Township 23 South, Range 10 East, Mount Diablo Base and Meridian. CONTAINING 1,800 acres, more or less.

EXCEPTING that portion of the Northeast 1/4 of the Northeast 1/4 of the Northwest 1/4 of Section 27, Township 23 South, Range 10 East, described as follows: BEGINNING at the northeast corner of the Northwest 1/4 of said Section 27; thence Southerly to the Southeast corner of the Northeast 1/4 of the Northeast 1/4 of the Northwest 1/4 of said Section 27; thence Northwesterly to the Northwest corner of said Northeast 1/4 of the Northeast 1/4 of the Northwest 1/4 of Section 27; thence Easterly to the northeast corner of the Northwest 1/4 of said Section 27, and point of beginning. CONTAINING 5 acres, more or less.

ALSO EXCEPTING that portion of the Northeast 1/4 of the Southwest 1/4 of the Northeast 1/4 of Section 27, Township 23 South of Range 10 East, described as follows: BEGINNING at the northeast corner of the Southwest 1/4 of the Northeast 1/4 of said Section 27; thence Southerly to the southeast corner of said Northeast 1/4 of the Southwest 1/4 of the Northeast 1/4 of Section 27; thence Northwesterly to the northwest corner of the said Northeast 1/4 of the Southwest 1/4 of the Northeast 1/4 of Section 27; thence Easterly to the northeast corner of the Southwest 1/4 of the Northeast 1/4 of said Section 27; and point of beginning. CONTAINING 5 acres, more or less.

ALSO EXCEPTING the interest of the County of Monterey, in that portion of Section 36, granted for the sole purpose of public highway and County Road, by Deed recorded in Volume 126 of Deeds at Page 62, Monterey County Records.

EXCEPTING FROM SAID PARCEL THREE (3) - AN UNDIVIDED ONE-HALF (1/2) interest in all minerals, oil, gas and other hydrocarbon substances, together with the right of ingress and egress for the purpose of removing the same, - as recited in the Deed from Elsie I. Hunter Dryden, as Trustee of the Trust created in that Declaration of Trust, dated December 30, 1943 and recorded August 3, 1951 in Volume 1320 Official Records of Monterey County at Page 244, to Joseph Labarere and Marie Labarere, his wife, dated September 15, 1955 and recorded September 28, 1955 in Volume 1648 Official Records of Monterey County at Page 174, under Series No. 27120.

(7)

ALSO EXCEPTING from the Northeast 1/4 of Section 36 above, all that portion thereof conveyed by Joseph Labarere, also known as Joe Labarere, and Marie Labarere, his wife, to State of California, by Deed dated July 5, 1961 and recorded October 31, 1961 in Volume 2197 Official Records at Page 301, Monterey County Records.

PARCEL FOUR:

The North 1/2 of the North 1/2 of Section 35 in Township 23 South, Range 10 East, Mount Diablo Base and Meridian.
CONTAINING 160 acres, more or less.

PARCEL FIVE:

The South 1/2 of Section 34 in Township 23 South, Range 10 East, Mount Diablo Base and Meridian.
CONTAINING 320 acres, more or less.

PARCEL SIX:

All that portion of the North 1/2 of Section 3, Township 24 South, Range 10 East, Mount Diablo Base and Meridian, lying northerly of the northerly boundary of the easement for highway purposes described in the Deed from B. F. Porter Estate, a corporation, to the State of California, dated February 13, 1943 and recorded on October 17, 1944 in Volume 848 Official Records of Monterey County at Page 255, and following.

PARCEL SEVEN:

All that portion of Lot 2 (the NW 1/4 of the NE 1/4) of Section 4, Township 24 South, Range 10 East, Mount Diablo Base and Meridian, lying northerly of the northerly boundary of the easement for highway purposes described in the deed from B. F. Porter Estate, a corporation, to the State of California, dated February 13, 1943 and recorded on October 17, 1944 in Volume 848 Official Records of Monterey County at Page 255, and following.
CONTAINING 14 acres, more or less.

EXCEPTING FROM ALL OF THE ABOVE DESCRIBED PARCELS FOUR (4), FIVE (5), SIX (6) and SEVEN (7) - AN UNDIVIDED ONE-HALF (1/2) of all oil, asphaltum, petroleum, natural gas and other hydrocarbons and other valuable mineral substances and products and all other minerals, whether or not of the same character hereinbefore described generally, in, under or upon said real property.

ALSO EXCEPTING FROM PARCEL SIX (6) above, all oil, gas, asphaltum, hydrocarbon substances, and all other minerals of whatsoever kind, or character, and the by-products thereof, in, upon or under:

LOTS 1 and 2 in Section 3, all in Township 24 South, Range 10 East of Mount Diablo Base and Meridian.

CONTAINING 68.45 acres of land, according to the United States Government Survey thereof.

TOGETHER with the sole and exclusive right, acting by themselves or through their agents, servants, workmen, or contractees, to prospect for, to drill for, produce, extract, take and dispose of, all oil, gas, asphaltum, hydrocarbon substances, and all other minerals of whatsoever kind or nature, and the by-products thereof, and water necessary for such operation, upon and from, and to store the same upon, said real property, and the sole and exclusive right at any time and from time to time to construct, use, maintain, erect, repair, and replace thereon, and remove therefrom, all equipment, buildings, tanks, machinery, telephone and telegraph lines, pipe lines, and other structures which the said First Parties, or their heirs, administrators, executors, successors or assigns, may desire in doing any or all such things in, upon or under said real property, and the sole and exclusive right generally to do all other acts and things necessary or proper in searching for, prospecting for, mining, working, storing or transporting, oil, gas, asphaltum, hydrocarbon substances, or other minerals of whatsoever kind or nature, and the by-products thereof, in, upon or under said real property, and said First Parties do hereby reserve to themselves, their heirs, executors, administrators, successors and assigns, rights of way for passage over, upon and across, and ingress and egress to and from, said real property for themselves, their agents, servants, workmen, or contractees, and for the transportation of equipment, in searching for, prospecting for, mining, working, storing, or transporting, oil, gas, asphaltum, hydrocarbon substances, and all other minerals of whatsoever kind or nature, and the by-products thereof, in, or upon or under said real property, and in doing each and all of the acts and things herein excepted and reserved to First Parties, their heirs, executors, administrators, successors and assigns, as RESERVED in the Deed from The Pacific Woodenware and Paper Company, a corporation, et al, to B. F. Porter Estate, a corporation, dated May 29, 1936 and recorded August 11, 1936 in Volume 490 Official Records at Page 152, Monterey County Records.

EXHIBIT "B"

LAND CONSERVATION AGREEMENT

COMPATIBLE USES

The following is a list of land uses determined to be compatible with the agricultural use of the land subject to this agreement:

1. The drying, packing or other processing of an agricultural commodity usually performed on the premises where it is produced but not including slaughter houses, fertilizer yards, bone yards or plants for the reduction of animal or vegetable matter.

2. Structures necessary and incidental to the agricultural use of the land.

3. Single family dwellings incidental to the agricultural use of the land for the residence of the owner, and the family of the owner.

Single family dwellings incidental to the agricultural use of the land for the residence of the lessee of the land and the family of the lessee.

4. Dwellings for persons employed by owner or lessee in the agricultural use of the land.

5. An aircraft landing strip incidental to the agricultural use of the land.

6. The erection, construction, alteration or maintenance of gas, electric, water or communication utility facilities.

7. The erection, construction, alteration or maintenance of radio, television or microwave antennas, transmitters and related facilities.

8. Public or private hunting of wildlife or fishing.

9. Public or private hunting clubs and accessory structures.

10. Public or private rifle and pistol practice range, trap or skeet field, archery range or other similar use.

11. Public or private riding or hiking trails.

"END OF DOCUMENT"

WESTERN TITLE INSURANCE COMPANY

MAY 5 12 28 PM '79 7

OFFICE OF RECORDER
COUNTY OF MONTEREY
SALINAS, CALIFORNIA

REEL 1240 PAGE 250

After Recording
Return to
TEXACO Inc.
Land Dept.
3350 Wilshire Blvd.
Los Angeles, Calif. 90010

WASTE WATER DISPOSAL LEASE

This Lease and Agreement, made and entered into on this

24th, day of June, 1976,

by and between SAM AVILA and MARGUERITE AVILA, husband and wife,
hereinafter called "Lessors" and TEXACO Inc., a Delaware corporation,
hereinafter called "Lessee,"

W I T N E S S E T H

That in consideration of the sum of Ten (10) Dollars paid
by Lessee to Lessor, the receipt of which is hereby acknowledged and
of the covenants hereinafter contained by Lessee to be kept and per-
formed, Lessor does lease, let and demise unto Lessee for the pur-
poses hereinafter set forth those certain lands situated in the
County of Monterey, State of California, more particularly described
in Exhibit A attached hereto and made a part hereof, (hereinafter
referred to as the "leased land") with the sole and exclusive right
to use the surface and subsurface of the leased land for the drilling,
redrilling, deepening, repairing, reworking and converting non-
productive wells on the leased land for the disposal of waste water,
together with the right to inject into the leased land waste water
removed from oil, gas or other hydrocarbons substances, the right to
use such surface for purposes incidental thereto including the right
to construct, erect, maintain, operate, use repair, replace and
remove pipe lines, telephone, telegraph and power lines, tanks,
machinery, appliances, building and other structures, useful,
necessary or proper for carrying on its operations,

TO HAVE AND TO HOLD the leased land for the term of five (5)
years from and after the date hereof and so long thereafter as oil or

By W. K. [Signature]

Texaco Inc.
COPY

G. 19829

1 gas or other hydrocarbon substances are produced in paying quantities
2 from any well on the leased land or for so long thereafter as that
3 certain San Ardo Field Unit Agreement dated June 16, 1964, recorded
4 in the Official Records of Monterey County, State of California, on
5 January 29, 1965, on Reel 387 at page 770 et seq., shall remain in
6 effect.

7 In consideration of the premises, the parties hereby
8 respectively covenant and agree:

9 1. On the first day of the month following the conversion
0 of any non-productive well or the completion of a well as a water
1 disposal well and monthly thereafter for the duration hereof, Lessee
2 shall pay to Lessors the sum of Fifty Dollars (\$50.00) for each well
3 that has been converted or drilled and being used for the disposal
4 of waste water.

5 2. Lessee may at anytime, or from time to time, quitclaim
6 and surrender any part of the leased land not desired by it. Land
7 so quitclaimed shall remain subject to the easements and rights of
8 way herein provided for so long as operations are being carried on
9 by Lessee on the retained part of the leased land.

0 3. Lessee shall save and hold Lessor harmless from any and
1 all liability for personal injuries, property damage, or for loss of
2 life or property resulting from, or in any way connected with, the
3 condition or use of the leased land in the exercise of the rights
4 herein granted, except liability for personal injuries, property
5 damage, or loss of life or property caused solely by negligence of
6 Lessor, individually or collectively.

7 4. Lessee, upon termination of its rights under this
8 lease, shall remove the equipment and facilities installed and used
9 by it on the leased land in exercise of its rights hereunder and shall
0 restore the leased land as nearly to its original condition as it is
1 reasonably practicable, but Lessee shall not be obligated to restore
2 anything for which it may theretofore have made payment to Lessor by

1 way of damages.

2 IN WITNESS WHEREOF, said parties have caused this lease to
3 be duly executed as of the date first hereinabove written.

4
5 Sam Avila
6 Sam Avila

TEXACO Inc.

7 Marguerite Avila
8 Marguerite Avila

By [Signature]
Its Attorney in Fact

Attest [Signature]
Assistant Secretary

10 LESSORS

11 LESSEE

12
13 SUBSCRIBING WITNESS:

14 [Signature]
15

APPROVED

AS TO FORM [Signature]
LEGAL DEPT.
AS TO TERMS [Signature]

LAND SEASES
PROPERTY DESC. [Signature]
ED. & ASOC.
CHECKED
TYPING TO [Signature]
REFERENCES ETC.
SIGNATURES ETC.

TOWNSHIP 23 SOUTH, RANGE 10 EAST, MDB&M

- Section 8: Northeast quarter of the Northeast quarter (NE $\frac{1}{4}$ NE $\frac{1}{4}$).
- Section 9: Southeast quarter of the Northwest quarter (SE $\frac{1}{4}$ NW $\frac{1}{4}$).
- Section 14: All that part of Section 14 lying southwesterly of the northeasterly boundary line of the parcel of land conveyed to the State of California by Deed dated May 14, 1915, recorded in Volume 139 at page 96 of Deeds, Monterey County Records, and also lying southwesterly of the northeasterly boundary line of the parcel of land conveyed to the State of California by Deed dated July 21, 1933, recorded in Volume 371 at page 120 of Official Records of Monterey County, where last said boundary line lies easterly of the northeasterly boundary of the parcel conveyed by the first aforesaid deed; together with the West half of the channel of the Salinas River adjoining Lot 1 and a portion of Lot 2 of Section 15.
- Section 15: Lots 1 and 2; and the West half of the channel of the Salinas River adjacent thereto; West half of the Northeast quarter (W $\frac{1}{2}$ NE $\frac{1}{4}$); South half (S $\frac{1}{2}$); Southeast quarter of the Northwest quarter (SE $\frac{1}{4}$ NW $\frac{1}{4}$); South half of the Southwest quarter of the Northwest quarter (S $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$).
- Section 16: West half of the Northwest quarter of the Northeast quarter (W $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$); West half of the Southeast quarter of the Northeast quarter (W $\frac{1}{2}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$); Southeast quarter of the Southeast quarter of the Northeast quarter (SE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$); Southwest quarter of the Northeast quarter (SW $\frac{1}{4}$ NE $\frac{1}{4}$); South half (S $\frac{1}{2}$); Northwest quarter (NW $\frac{1}{4}$).
- Section 21: North half (N $\frac{1}{2}$).
- Section 22: All.
- Section 26: All.
- Section 27: North half (N $\frac{1}{2}$); EXCEPTING THEREFORM the Northwest quarter of the Southeast quarter of the Northeast quarter (NW $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$) and the Southeast quarter of the Southeast quarter of the Northeast quarter (SE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$); Southeast quarter (SE $\frac{1}{4}$); East half of the Southwest quarter (E $\frac{1}{2}$ SW $\frac{1}{4}$).
- Section 34: Northwest quarter (NW $\frac{1}{4}$).

HEEL 1240 PAGE 254

OF CALIFORNIA }
Y OF LOS ANGELES }^{ss}

this 25th day of June, A.D., 1976, before me, the undersigned
Public in and for the said County and State, residing therein, duly commissioned and sworn, personally appeared
A. K. Hazard known to me to be the person whose name is subscribed to the within instrument, as
thereto, who being by me duly sworn, deposes and says: That he resides in Los Angeles County
and that he was present and saw
Guillermo and Marguerite Avila
known to him to be the same persons whose names are subscribed to
and annexed instrument, execute and deliver the same, and they acknowledged to said affiant that they executed the
that said affiant subscribed his name thereto as a Witness.

WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above



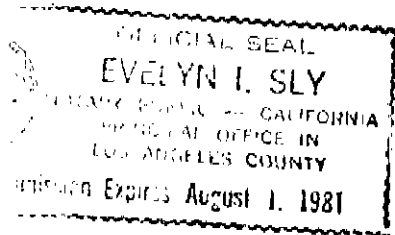
Terry L. Quinn
Notary Public in and for said County and State.

OF CALIFORNIA }
Y OF LOS ANGELES }^{ss}

this 27th day of April, 1978, before me, EVELYN I. SLY
Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared
W. C. LENZ

me to be the person who executed the within instrument on behalf of TEXACO Inc., a Delaware corporation,
therein named, and whose name is subscribed to the within instrument as the attorney-in-fact of said corporation,
advised to me that he subscribed the name of said corporation thereto as principal, and his own name as attorney-in-fact,
advised to me that such corporation executed the same.

WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above



Evelyn I. Sly
Notary Public in and for said County and State.

END OF DOCUMENT

10449

COUNTY OF MONTEREY

FEB 28 11 48 AM '90

LAND CONSERVATION CONTRACT

THIS CONTRACT made and entered into this February, 1990, by and between the COUNTY OF MONTEREY, political subdivision of the State of California, hereinafter called "County" and Sam Avila, Jr., and Marguriete J. Avila, as husband and wife, Robert J. Pia and William Lawrence, Successor Trustees under the will of Joseph Labarere hereinafter called "Owner."

OFFICE OF RECORDER
COUNTY OF MONTEREY
MONTEREY, CALIFORNIAWITNESSETH:**NO FEE**

WHEREAS, Owner has obtained certain property which is located in an agricultural preserve (72-1) heretofore established by Resolution No. 72-33-1, and which is the subject of a Land Conservation Contract recorded February 29, 1972, at Reel 756, pages 435 and following; and

WHEREAS, both owner and County wish to limit the use of the property to agricultural and compatible uses; and

WHEREAS, on February 21, 1989, the Board of Supervisors of Monterey County approved an amendment to the existing Agricultural Preserve 72-1, which allows the removal of a 10.97 acre parcel and the inclusion of an adjoining 16.40 acre parcel to the preserve;

NOW, THEREFORE, County and Owner agree as follows:

1. EXCHANGE OF LAND.

Exhibit A to the Land Conservation Contract recorded February 29, 1972, and recorded at Reel 756, pages 435 and following, Official Records of Monterey County, is hereby amended to reflect the exchange of land as set forth in Exhibit A-I, attached hereto and made a part hereof.

2. CONTRACT SUBJECT TO CALIFORNIA LAND CONSERVATION ACT OF 1965, AS AMENDED.

This contract is entered into pursuant to Chapter 7 (commencing with Section 51200) as Part 1, Division 1, Title 5 of the Government Code, which is known as the California Land Conservation Act of 1965, or as the Williamson Act. This contract is subject to all of the provisions of this act including any amendments thereto which may be enacted from time to time.

3. RESTRICTION ON USE OF PROPERTY.

During the term of this contract, and any and all renewals thereof, the property described in Exhibit A shall not be used by

Owner, or Owner's successors in interest, for any purpose other than the production of food and fibre for commercial purposes and uses compatible thereto. A list of all such compatible uses is set forth in Exhibit B, attached hereto and by this reference incorporated herein. County, by uniform rule adopted by the Board of Supervisors of County, may from time to time during the term of this contract and all renewals thereof, add to the list of compatible uses which shall be uniform throughout the agricultural preserve in which the property in Exhibit A-I is located; provided, however, County may not during the term of this contract or any renewal thereof, without the prior written consent of Owner, remove any of the compatible uses for the subject property which are set forth in Exhibit B. The provisions of this contract and any uniform rule supplementing the list of compatible uses are not intended to limit or supersede the planning and zoning powers of County.

4. TERM OF CONTRACT.

This contract shall continue in effect from the date it is fully executed, and shall remain in full force and effect for an initial term of twenty years. The initial term of twenty years shall be measured commencing as of the first day of January next succeeding the date of execution. Each succeeding first day of January shall be deemed to be the annual renewal date of this contract. This contract shall be automatically renewed on each succeeding January 1 and one additional year shall be added automatically to the initial term unless notice of nonrenewal is given as provided in paragraph 5.

5. NOTICE OF NONRENEWAL.

(a) If either party desires in any year not to renew this contract, that party shall serve written notice of nonrenewal upon the other party in advance of the annual renewal date of this contract. Unless such written notice of nonrenewal is served by Owner at least 90 days prior to the renewal date, or by County at least 60 days prior to the renewal date, this contract shall be considered renewed as provided in paragraph 4 above.

(b) If either party serves written notice of nonrenewal in any year within the time limits of (a) above, this contract shall remain in effect for the balance of the period remaining since the original execution or the last renewal of this contract, as the case may be.

6. NO COMPENSATION.

Owner shall not receive any payment from County in consideration of the obligations imposed under this contract, it being recognized and agreed that the consideration for the execution of this contract is the substantial benefit to be derived therefrom, and the advantage that may accrue to Owner as a result of the effect upon the assessed value of the property on

account of the restrictions on the use of the property contained herein.

7. SUCCESSORS IN INTEREST.

This contract and the restrictions imposed hereunder shall run with the property described in Exhibit A-I and shall be binding upon the heirs, executors, administrators, trustees, successors, and assigns of Owner. This contract shall also be transferred from County to any succeeding city or county acquiring jurisdiction over the property described in Exhibit A-I. On the completion of annexation proceedings by a city, that city shall succeed to all rights, duties and powers of the County under this contract for that portion of the property described in Exhibit A-I annexed to the city.

8. DIVISION OF LAND.

The property described in Exhibit A shall not be divided without the written approval of the County first had and obtained. This contract is divisible in the event the property described in Exhibit A-I is divided. Owner agrees to submit any proposed division to County for its approval and County, if it approves said division, shall, as a condition of its approval of the division, require the execution by Owner of contract identical to this contract on each parcel created by the division. Owner agrees to execute such contract.

9. CONDEMNATION.

When any action in eminent domain for the condemnation of the fee title of any land described in Exhibit A-I is filed or when such land is acquired in lieu of eminent domain for a public improvement by a public agency or person, or whenever there is any such action or acquisition by the federal government, or any person, instrumentality or agency acting under authority or power of the federal government, this contract becomes null and void as to the land actually being condemned or so acquired as of the date the action is filed or so acquired.

10. CANCELLATION.

This contract may be cancelled by the mutual agreement of the parties hereto and the approval of the State of California in the manner provided in this paragraph. It is understood by the parties hereto that the existence of an opportunity for another use of the property shall not be sufficient reason for the cancellation of this contract. A potential alternative use of the property may be considered only if there is no proximate non-contracted land suitable for the use to which it is proposed that this property be put. The parties further understand that the uneconomic character of an existing agricultural use shall not be sufficient reason for cancellation of this contract, but

may be considered only if there is no other reasonable or comparable agricultural use to which the land may be put.

(a) Upon the written request of Owner to cancel this contract, the Board of Supervisors of the County of Monterey may adopt a resolution consenting to such request. Prior to the adoption of a resolution consenting to the request of the landowner to cancel this contract, the Board of Supervisors of County shall hold a public hearing on the matter. Notice of the hearing shall be mailed to each and every owner of property under contract within the agricultural preserve in which the property described in Exhibit A-I is located, and shall be published pursuant to Section 6061 of the Government Code. If at the hearing, or prior thereto, the owners of 51 percent of the acreage under contract in the agricultural preserve protest the cancellation of this contract, the Board of Supervisors shall not consent to cancel this contract.

(b) If the Board of Supervisors adopts a resolution consenting to the request of Owner to cancel this contract, the parties shall request that the cancellation be approved by the State Director of Agriculture upon recommendation of the State Board of Agriculture. The State Board of Agriculture may recommend and the State Director of Agriculture may approve the cancellation only if they find: (1) The cancellation is not inconsistent with the purposes of the California Land Conservation Act of 1965 as amended; and (2) the cancellation is in the public interest.

(c) The provisions of subparagraph (b) of this paragraph 10 relating to the State Board of Agriculture and the Director of Agriculture shall be applicable only if both the State Board and the State Director consent to act as described herein. If either the State Board or the State Director fail or refuse to act within 60 days after being requested to do so, the Board of Supervisors of the County of Monterey shall act in the place and stead of the State Board and State Director and shall make all findings and decisions required by subparagraph (b).

11. LIABILITY OF OWNER UPON CANCELLATION.

(a) Prior to any action by the Board of Supervisors giving tentative approval to the cancellation of this contract, the County Assessor shall determine the full cash value of the land as though it were free of the contractual restrictions imposed by this contract. The Assessor shall multiply such value by the most recent county ratio announced pursuant to Section 401 of the Revenue and Taxation Code, and shall certify the product to the Board of Supervisors as the cancellation valuation of the land for the purpose of determining the cancellation fee. The Board of Supervisors shall thereafter and prior to giving tentative approval to the cancellation of this contract determine and certify to the County Auditor the amount of the cancellation fee which the Owner must pay the County Treasurer as deferred taxes

upon cancellation. That fee shall be an amount equal to 50 percent of the cancellation value of the property; provided, however, if after the date this contract was initially entered into the publicly announced County ratio of assessed to full cash value is changed, the percentage payment shall be changed so no greater percent of full cash value will be paid than would have been paid had there been no change in ratio. It is agreed by the parties hereto that the publicly announced County ratio at the time this contract is executed is 25 percent of full cash value.

(b) If the State Board of Agriculture recommends that it is in the public interest to do so, and the State Director of Agriculture so finds, the Director may waive any such payment or any portion thereof, or may make such payment or portion thereof, contingent upon the future use made of the property and its economic return to Owner for a period of time not to exceed the unexpired term of the contract had it not been cancelled, provided: (i) the cancellation is caused by an involuntary transfer or change in the use which may be made of the property and the property is not immediately suitable, nor will be immediately used, for a purpose which produces a greater economic return to Owner; and (ii) County has recommended to the State Board of Agriculture that no such payment be required or that the deferment of such payment or portion thereof be allowed, and the Board of Supervisors has determined it is in the best interests of the public conservation of agricultural land and that such payment be either deferred or not required.

(c) The provisions of subparagraph (b) of this paragraph 11 relating to the State Board of Agriculture and the Director of Agriculture shall be applicable only if the State Board and the State Director both consent to act as described herein. If either the State Board or the State Director fail or refuse to act within 60 days after being requested to do so, the Board of Supervisors of the County of Monterey shall act in the place and stead of the State Board and the State Director and shall make all findings and decisions required by subparagraph (b).

(d) Owner shall make payment of the cancellation fee in full prior to the cancellation becoming effective.

12. NOTICES.

All notices required or permitted by this contract shall be given in writing and may be mailed or delivered in person. If mailed, the address of Owner shall be the last known address on the assessment records of County, and County's address shall be In Care of Board of Supervisors, Courthouse, Salinas, California 93901, and deposit in the mail, postage prepaid, shall be deemed receipt thereof.

13. COSTS OF LITIGATION.

In case County shall, without any fault on its part, be made a party to any litigation commenced by or against Owner, then Owner shall and will pay all costs and reasonable attorneys' fees incurred by or imposed upon County by or in connection with such litigation, and Owner shall and will pay all costs and reasonable attorneys' fees which may be incurred or paid by County in enforcing the covenants and agreements of this contract.

IN WITNESS WHEREOF the parties have caused this contract to be executed by Owner on _____ and by County on February 12, 1990.

COUNTY OF MONTEREY

By *Dusan M. Petrovic*
Dusan M. Petrovic, Chairman
Board of Supervisors

ACKNOWLEDGEMENT

State of California)
County of Monterey) ss.

On February 12, 19~~89~~⁹⁰, before me ERNEST K. MORISHITA, Clerk of the Board of Supervisors, in and for said County and State, personally appeared Dusan M. Petrovic, known to me to be the person who executed the within instrument on behalf of said political subdivision, and acknowledged to me that such County of Monterey executed the same.

ERNEST K. MORISHITA, Clerk of the Board of Supervisors of Monterey County, State of California

By *Nancy Lukenbill*
Deputy

OWNER(S)

1/11/90 *Sam Avila, Jr.*
Sam Avila, Jr.

1/11/90 *Marguerite J. Avila*
Marguerite J. Avila

1/23/90

Robert P. [Signature]
Robert P. [Signature], Successor Trustee
under the will of Joseph Labarere

1/11/90

[Signature]
William Lawrence, Successor
Trustee under the will of
Joseph Labarere

State of California)
County of Monterey) ss.

On _____, 1988, before me _____,
the undersigned Notary Public, personally appeared _____

_____ personally known to me (or proved to me on the basis of satisfac-
tory evidence) to be the persons who executed the within instru-
ment and acknowledged to me that they executed the same.

WITNESS my hand and official seal.

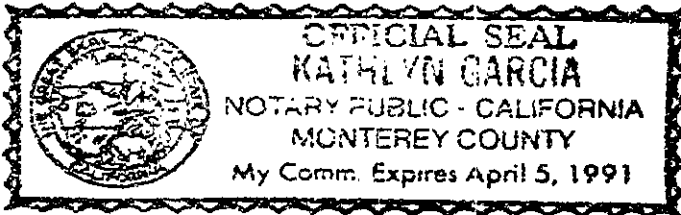
Notary Public

My Commission expires _____.

STATE OF CALIFORNIA)
) ss.
COUNTY OF MONTEREY)

REEL 2473 PAGE 1046

On this 11th day of January, 1990, before me, the undersigned, a Notary Public in and for said County and State, personally appeared SAM AVILA, JR. and MARGUERITE J. AVILA, personally known to me or proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged that they executed it.

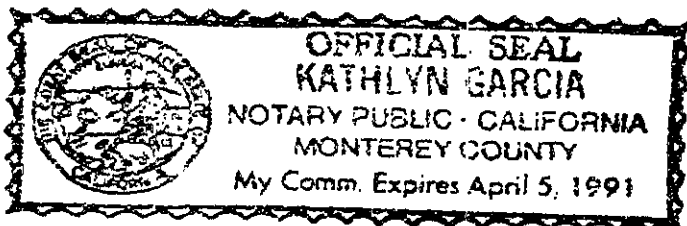


Kathlyn Garcia

Notary Public in and for said
County and State

STATE OF CALIFORNIA)
) ss.
COUNTY OF MONTEREY)

On this 11th day of January, 1990, before me, the undersigned, a Notary Public in and for said County and State, personally appeared WILLIAM LAWRENCE, Trustee, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged that he executed it.

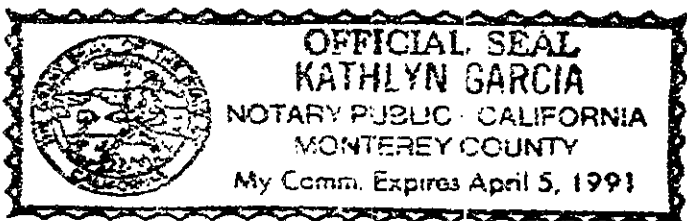


Kathlyn Garcia

Notary Public in and for said
County and State

STATE OF CALIFORNIA)
) ss.
COUNTY OF MONTEREY)

On this 23rd day of January, 1990, before me, the undersigned, a Notary Public in and for said County and State, personally appeared ROBERT J. PIA, Trustee, personally known to me or proved to me on the basis of satisfactory evidence to be the persons whose name is subscribed to the within instrument and acknowledged that he executed it.



Kathlyn Garcia

Notary Public in and for said
County and State

All that certain real property situate in the County of Monterey, State of California, described as follows:

PARCEL ONE

(a) All that part of section 14, Township 23 South, Range 10 East of Mount Diablo Meridian, lying Southwesterly of the Northeasterly boundary line of the parcel of land conveyed to the State of California, by Deed dated May 14, 1915, recorded in Volume 139 of Deeds at page 96, Monterey County Records; and also lying Southwesterly of the Northeasterly boundary line of the parcel of land conveyed to the State of California, by Deed dated July 21, 1933, recorded in Volume 371 of Official Records, at page 120, Monterey County Records, where last said boundary line lies Easterly of the Northeasterly boundary line of the parcel conveyed by the first aforesaid deed, Containing 24.79 acres of land, more or less.

ALL OF SECTION 15

EXCEPTING AND RESERVING FROM the North 1/2 of the Northwest 1/4 of said Section 15, to the United States, all the coal and other minerals in the land so entered and patented, together with the right to prospect for, mine and remove the same pursuant to the provisions and limitations of the Act of December 29, 1916 (39 Stat., 862), as recited in the Patent of record for said land.

ALSO EXCEPTING FROM the Northeast 1/4 of Section 15 - AN UNDIVIDED ONE-HALF (1/2) interest in any and all minerals, oil, gas and other hydrocarbon substances that may be produced therefrom, as conveyed to E. B. Hall and Co., by Deed dated August 1, 1946 and recorded August 20, 1946 in Volume 923 Official Records of Monterey County at page 196.

(b) ALL OF SECTION 16

(c) East 1/2 of Section 17

EXCEPTING AND RESERVING from the Northeast 1/4 and West 1/2 of Southeast 1/4 of said Section 17, to the United States, all the coal and other minerals in the land so entered and patented, together with the right to prospect for, mine and remove the same pursuant to the provisions and limitations of the Act of December 29, 1916 (39 Stat., 862), as recited in the Patents of record for said land.

(d) That portion of Section 17 described as follows: COMMENCING at the intersection and common point of the Northeast, Northwest, Southwest and Southeast quarters of Section 17, Township 23 South, Range 10 East, Mount Diablo Meridian, running thence Northerly along the common line of the Northeast and Northwest quarters of said Section to the North line of said Section; thence Westerly along said North line to a point distant thereon one-half the distance on said land from said common line of the Northeast and Northwest quarters of said Section to the intersection of said North line with the West line of said Section; thence from said point in a Southeasterly direction to the common point of the Northeast, Northwest Southwest and Southeast Quarters of said Section, and the point of beginning said tract Containing 40 acres, more or less.

EXCEPTING FROM all property described in Parcel one (d) all, mineral rights, as recited in the Deed from Athelma E. Lamb and Florene Glau to Newell Alton, dated May 31, 1933 and recorded June 7, 1933 in Volume 365 Official Records, at page 213, Monterey County Records.

The North 1/2 of the Northeast 1/4 and Southeast 1/4 of Northeast 1/4 of Section 20; and
The Southwest 1/4 of Section 21, all in Township 23 South, Range 10 East, Mount Diablo Base and Meridian.

EXCEPTING AND RESERVING from said portions of said Sections 20 and 21 to the United States, all the coal and other minerals in the land so entered and patented, together with the right to prospect for, mine and remove the same pursuant to the provisions and limitations of the Act of December, 29, 1916 (39 Stat., 862) as recited in the Patents of record for said land.

Northeast 1/4 of Southeast 1/4 of Section 20;
West 1/2 of Southwest 1/4 and Southeast 1/4 of Southwest 1/4, and
North 1/2 of Section 21, Township 23 South, Range 10 East, Mount Diablo Base and Meridian.

EXCEPTING THEREFROM ONE-HALF of the oil rights from the North 1/2 of Section 21, Township 23 South, Range 10 East of Mount Diablo Base and Meridian as conveyed in the Gift Deed from Joe Labarere, a married man dealing with his separate property, to Alice Cazaux, Irene Cazaux, Valerie Cazaux, Claudette Lembeye and Adrienne Lembeye, share and share alike, dated July 6, 1959, recorded July 6, 1959 in Volume 1971 Official Records, at page 131, Monterey County Records.

ALL OF SECTION 22, Containing 640 acres of land, a little more or less.

All in Township 23 South, Range 10 East of Mount Diablo Base and Meridian.

EXCEPTING AND RESERVING THEREFROM, HOWEVER, - AN UNDIVIDED ONE-HALF INTEREST in and to all minerals, oil, gas, asphaltum, and other hydrocarbons and substances associated therewith, now or at any time hereafter in, on, or under said property, - as recited in the Deed from Gertrude S. Neustadter, as the duly appointed, qualified and acting administratrix with the Will Annexed of the Estate of Isaac Strassburger, alias, deceased, first party, Newton H. Neustadter, Jr., as surviving trustee of the trust created under the Last Will and Testament of said Isaac Strassburger, deceased, Gertrude L. Isaacs and Frances L. Dinkelspiel, second parties, to Joe Labarere, dated January 16, 1943 and recorded April 20, 1943 in Volume 795 of Official Records at page 400, Monterey County Records.

All those portions of Lots 1, 2 and 3 and of the Southwest 1/4 of the Northeast 1/4 and of Southeast 1/4 of Northwest 1/4 of Section 23 in Township 23 South, Range 10 East, Mount Diablo Base and Meridian, lying Southwesterly of the Northeasterly boundary line of that certain strip or parcel of land, 60 feet in width, described in the deed to the State of California, dated May 14, 1915 and recorded in Volume 139 of Deeds at page 96, Monterey County Records, and Containing 107.67 acres, more or less; and

The West 1/2 of Northwest 1/4, and North 1/2 of Southwest 1/4 and Southeast 1/4 of said Section 23.

All that portion of Section 24 in Township 23 South, Range 10 East of Mount Diablo Meridian, lying Southwesterly of the Northeasterly boundary line of that certain strip or parcel of land, 60 feet in width, described in Deed to the State of California, dated May 14, 1915 and recorded in Volume 139 of Deeds at page 96, Monterey County Records, Containing an area of 75.26 acres, more or less.

The Southwest 1/4 of Section 25 in Township 23 South, Range 10 East of Mount Diablo Base and Meridian.

EXCEPTING FROM the Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of said Section 25, the following: BEGINNING at the Southwest corner of the said Southwest 1/4 of Section 25; thence Northerly to the Northwest corner of the said Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of said Section 25; thence Southeasterly to the Southeast corner of the said Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of said Section 25; thence Westerly to the place of beginning, and containing 5 acres of land, more or less.

The Northwest 1/4 of Section 25 in Township 23 South, Range 10 East of Mount Diablo Base and Meridian.

EXCEPTING all minerals, oil, gas and petroleum substances and by-products thereof, etc., as recited in the deed from A. F. Gimbal and Louise Gimbal to Ernest A. Abadie, dated April 28, 1910 and recorded May 5, 1910 in Volume 113 of Deeds at page 497, Monterey County Records.

The Southeast 1/4 of Southeast 1/4 of Northeast 1/4 of Section 27 in Township 23 South, Range 10 East, Mount Diablo Meridian.

EXCEPTING ALL oil, gas, petroleum, asphaltum and other hydrocarbon substances, as conveyed by Joseph Labarere and Jane A. Labarere, his wife, to Catherine Horques, by deed dated February 14, 1923 and recorded March 19, 1923 in Volume 15 of Official Records at page 322, Monterey County Records.

Those portions of Section 27 in Township 23 South, Range 10 East Mount Diablo Base and Meridian, described as follows:

The North 1/2 of Northeast 1/4, and Southwest 1/4 of Southeast 1/4 of Northeast 1/4.

That portion of Northeast 1/4 of Northeast 1/4 of Northwest 1/4 of said Section 27, described as follows: BEGINNING at the Northeast corner of said Northwest 1/4 of Section 27; thence Southerly to the Southeast corner of said Northeast 1/4 of Northeast 1/4 of Northwest 1/4 of Section 27; thence Northwesterly to the Northwest corner of Northeast 1/4 of Northeast 1/4 of Northwest 1/4 of Section 27; thence Easterly to the place of beginning, and containing 5 acres of land, more or less.

Also that portion of Northeast 1/4 of Southwest 1/4 of Northeast 1/4 of said Section 27, described as follows: BEGINNING at the Northeast corner of said Northeast 1/4 of Southwest 1/4 of Northeast 1/4 of Section 27; thence Southerly to the Southeast corner of said Northeast 1/4 of Southwest 1/4 of Northeast 1/4 of Section 27; thence Northwesterly to the Northwest corner of said Northeast 1/4 of Southwest 1/4 of Northeast 1/4 of Section 27; thence Easterly to the place of beginning, and Containing 5 acres of land, more or less.

EXCEPTING from the Southwest 1/4 of Northwest 1/4 of Northeast 1/4 of said Section 27, the following: BEGINNING at the Southwest corner of said Southwest 1/4 of Northwest 1/4 of Northeast 1/4 of Section 27; thence Northerly to the Northwest corner of said Southwest 1/4 of Northwest 1/4 of Northeast 1/4 of Section 27; thence Southeasterly to the Southeast corner of said Southwest 1/4 of Northwest 1/4 of Northeast 1/4 of Section 27; thence Westerly to the place of beginning, and Containing 5 acres of land, more or less.

Northeast 1/4 of Southeast 1/4 of Northeast 1/4; and West 1/4 of Northwest 1/4 of West 1/2 of Southwest 1/4 of Section 27 in Township 23 South, Range 10 East of Mount Diablo Meridian.

All of Section 28 in Township 23 South, Range 10 East, Mount Diablo Meridian. EXCEPTING THEREFROM - An UNDIVIDED 2/3 interest in and to all minerals, and mineral rights, as conveyed by Roy Glau and Florence Glau, his wife, to Charles S. Webber, et al, and H. A. Stout, as trustee, for Alpha A. Webber, et al, by Deeds recorded in Volume 503 of Official Records at page 244, Monterey County Records, and in Volume 505 Official Records at page 243, Monterey County Records.

Northeast 1/4 of Section 32:

EXCEPTING THEREFROM THE FOLLOWING:

Certain Real property situate in the Southwest 1/4 of the Northeast 1/4 of Section 32, Township 23 South, Range 10E, Mount Diablo Meridian, Monterey County, California, being particularly described as follows:

Beginning at the Southwesterly corner of said Southwest 1/4 of Northeast 1/4 of Section 32, and running along the Westerly line thereof

(1) North 0°08'33" East, 1134.03 feet to intersection with the centerline of Heinsen Road, a 40 foot wide county road, as constructed and travelled, thence leave said Westerly line and along said centerline

(2) South 41°58'30" East, 147.17 feet; thence

(3) South 26°47' East, 127.6 feet; thence

(4) South 28°38'45" East, 416.4 feet; thence

(5) South 44°58' East, 240.1 feet; thence

(6) South 57°48' East, 274.7 feet; thence

(7) South 46°49' East, 143.5 feet; thence

(8) South 35°06' East, 149.15 feet to intersection with the Southerly line of Northeast Quarter; thence leave said centerline and along said Southerly line

(9) South 89°28' 15" West, 950.92 feet; to the place of beginning.

EXCEPTING THEREFROM 3/4 of all mineral rights, as excepted in the deed from Newell Alton, et al., to Florence Glau, dated May 31, 1933 and recorded in Volume 365 Official Records, at page 211, (AFFECTING the Northeast 1/4 of Section 32; and the West 1/2 of the Northwest 1/4 of Section 33, Township 23 South, Range 10 East).

ALSO EXCEPTING THEREFROM 1/4 of all oil, gas and/or minerals in said lands together with the right of the grantor, her heirs, assigns, lessees and legal representatives at all times to enter on the above described land and to take all of the usual, necessary or convenient means to bore wells, make excavation and to remove the oil, gas and/or minerals herein reserved and found thereon, as recited in the Deed from Athelma E. Lamb, to Joe Labarere and Marie Labarere, his wife, dated August 5, 1952 and recorded August 8, 1952 in Volume 1398 Official Records, at page 17.

West 1/2 of Northwest 1/4 of Sections 33, all in Township 23 South, Range 10 East of Mount Diablo Meridian.

EXCEPTING FROM said Sections 32 and 33, 3/4 of all mineral rights, - as excepted in the deed from Newell Alton, et al, to Florene Glau, dated May 31, 1933 and recorded in Volume 365 of Official Records of Monterey County at page 211.

ALSO EXCEPTING FROM PARCEL ONE all that portion thereof conveyed by Joseph Labarere, also known as Joe Labarere, and Marie Labarere, his wife, to State of California by deed dated July 5, 1961 and recorded October 31, 1961 in Volume 2197 Official Records at page 301, Monterey County Records.

ALSO EXCEPTING FROM PARCEL ONE the following six parcels or mineral interests:

(1) An undivided two percent interest in and to all of the oil, gas and other minerals in and under and that may be produced from: The Northwest 1/4; the Southeast 1/4 the South 1/2 of the Northeast 1/4 and the Northwest 1/4 of the Northeast 1/4 of Section 16; The Southwest 1/4 and the South 1/2 of the Northwest 1/4 and the South 1/2 of the Southeast 1/4 of Section 15; The North 1/2 of Section 22, containing 1,080.00 acres together with the right of ingress and egress at all times for the purpose of mining, drilling, exploring, operating and developing said lands for oil, gas and other minerals, and storing, handling transporting and marketing the same therefrom, with the right to remove from said land all of Grantee's property, and improvements, as conveyed by Joe Labarere, et ux, to C. R. Pickering, by deed dated May 21, 1951 and recorded June 11, 1951, in Volume 1309 Official Records of Monterey County at page 200.

(2) An undivided 1/2 interest as to: Southwest 1/4 of Section 16, containing 160 acres, in and to all of the oil, gas and other minerals in and under and that may be produced from said lands, together with the right of ingress and egress at all times for the purpose of mining, drilling, exploring, operating and development said lands for oil, gas and other minerals, and storing, handling, transporting and marketing the same therefrom with the right to remove from said lands all of Grantee's property and improvements, as conveyed by Joe Labarere, et ux, to C. R. Pickering, by Deed dated May 21, 1951 and recorded June 11, 1951 in Volume 1309 Official Records of Monterey County at page 197.

(3) An undivided 1/4 of all oil, gas and other hydrocarbon substances and minerals lying in and under and which may be produced from: East 1/2 of Southeast 1/4 Northwest 1/4 of Northeast 1/4 and South 1/2 of Northeast 1/4 of Section 16; South 1/2 of Northwest 1/4, Southwest 1/4 and South 1/2 of Southeast 1/4 of Section 15, containing 520 acres, as conveyed by Joseph Labarere et ux to George H. Hotaling, et al, by deed dated June 1, 1951 and recorded July 3, 1951 in Volume 1314 Official Records of Monterey County at page 38.

(4) An undivided 1/4 of all oil, gas and other hydrocarbon substances and minerals lying in and under and which may be produced from: The Northwest 1/4 and the West 1/2 of the Southeast 1/4 of Section 16, containing 240 acres as conveyed by Joseph Labarere, et ux to George H. Hotaling, et al by deed dated June 19, 1951 and recorded July 3, 1951 in Volume 1314 Official Records of Monterey County at page 34.

(5) An undivided 1/4 of all oil, gas and other hydrocarbon substances and minerals lying in and under and which may be produced from West 1/2 of Northwest 1/4 of Section 22, containing 80 acres, as conveyed by Joseph Labarere, et ux to George H. Hotaling, et al, by deed dated June 19, 1951 and recorded July 3, 1951 in Volume 1314 Official Records of Monterey County at page 42.

(6) An undivided 1/4 of all oil, gas and other hydrocarbon substances and minerals lying in and under and which may be produced from Northeast 1/4 and East 1/2 of Northwest 1/4 of Section 22, containing 240 acres. As conveyed by Joseph Labarere, et ux to George H. Hotaling, et al by deed dated June 19, 1951 and recorded July 3, 1951 in Volume 1314 of Official Records, Monterey County at page 46.

PARCEL TWO:

East half of Northwest 1/4 and Southwest 1/4 of Section 33 in Township 23 South, Range 10 East of Mount Diablo Base and Meridian.

EXCEPTING THEREFROM all that portion lying Southwesterly of the centerline of the Hunter-Liggett Military Highway, as granted to the State of California, by deeds recorded in Volume 773 of Official Records at pages 168 and 170, Monterey County Records.

ALSO EXCEPTING any portion in said Highway.

ALSO EXCEPTING all oil, gas, and/or minerals in said lands, together with the right of the grantor, her heirs, assigns, lessees and legal representatives at all times to enter on the above described land and to take all of the usual, necessary or convenient means to bore wells, make excavations and to remove the oil, gas and/or minerals herein reserved and found thereon, as recited in the deed from Athelma E. Lamb to Joe Labarere and Marie Labarere, his wife, dated August 5, 1952 and recorded August 8, 1952 in Volume 1398 Official Records of Monterey County at page 17.

PARCEL THREE:

(a) All that portion of the Southwest 1/4 of the Northwest 1/4 of the Northeast 1/4 of Section 27, Township 23 South of Range 10 East, described as follows: BEGINNING at the Southwest corner of the Northwest 1/4 of the Northeast 1/4 of said Section 27; thence Northerly to the Northwest corner of the Southwest 1/4 of the Northwest 1/4 of the Northeast 1/4 of said Section 27; thence Southeasterly to the Southeast corner of the Southwest 1/4 of the Northwest 1/4 of the Northeast 1/4 of said Section 27; thence Westerly to the Southwest corner of the Northwest 1/4 of the Northeast 1/4 of said Section 27 and point of beginning, CONTAINING 5 acres, more or less.

(b) All of that portion of the Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of Section 25, Township 23 South of Range 10 East, described as follows: Beginning at the Southwest corner of said Section 25; thence Northerly to the Northwest corner of the Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of said Section 25; thence Southeasterly to the Southeast corner of the Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of said Section 25; thence Westerly to the Southwest corner of said Section 25 and point of beginning. CONTAINING AN AREA OF 5 acres, more or less.

(c) All of Section 26; East 1/2 of the West 1/2, Southwest 1/4 of the Northeast 1/4 and Southeast 1/4 of Section 27; East 1/2 of Section 33; North 1/2 of Section 34; and Northwest 1/4 of Section 36, all in Township 23 South, Range 10 East, Mount Diablo Base and Meridian, Containing 1,800 acres, more or less.

EXCEPTING that portion of the Northeast 1/4 of the Northeast 1/4 of the Northwest 1/4 of Section 27, Township 23 South, Range 10 East, described as follows: BEGINNING at the Northeast corner of the Northwest 1/4 of said Section 27; thence Southerly to the Southeast corner of the Northeast 1/4 of the Northeast 1/4 of the Northwest 1/4 of said Section 27; thence Northwesterly to the Northwest corner of said Northeast 1/4 of the Northeast 1/4 of the Northwest 1/4 of Section 27; thence Easterly to the Northeast corner of the Northwest 1/4 of said Section 27, and point of beginning. CONTAINING 5 acres, more or less.

ALSO EXCEPTING that portion of the Northeast 1/4 of the Southwest 1/4 of the Northeast 1/4 of Section 27, Township 23 South of Range 10 East, described as follows:

BEGINNING at the Northeast corner of the Southwest 1/4 of the Northeast 1/4 of said Section 27; thence Southerly to the Southeast corner of said Northeast 1/4 of the Southwest 1/4 of the Northeast 1/4 of Section 27; thence Northwesterly to the Northwest corner of the said Northeast 1/4 of the Southwest 1/4 of the Northeast 1/4 of Section 27; thence Easterly to the Northeast corner of the Southwest 1/4 of the Northeast 1/4 of said Section 27; and point of beginning. CONTAINING 5 acres, more or less.

ALSO EXCEPTING the interest of the County of Monterey, in that portion of Section 36, granted for the sole purpose of public highway and County Road, by deed recorded in Volume 126 of Deeds at page 62, Monterey County Records.

EXCEPTING FROM SAID PARCEL THREE, an undivided 1/2 interest in all minerals oil, gas and other hydrocarbon substances, together with the right of ingress and egress for the purpose of removing the same, as recited in the Deed from Elsie I. Hunter Dryden, as Trustee of the Trust created in that Declaration of Trust, dated December 30, 1943 and recorded August 3, 1951 in Volume 1320 Official Records of Monterey County, at page 244, to Joseph Labarere and Marie Labarere, his wife, dated September 15, 1955 and recorded September 28, 1955 in Volume 1648 Official Records of Monterey County at page 174, under Series No. 27120

ALSO EXCEPTING from the Northeast 1/4 of Section 36 above, all that portion thereof conveyed by Joseph Labarere, also known as Joe Labarere, and Marie Labarere, his wife to State of California by deed dated July 5, 1961 and recorded October 31, 1961 in Volume 2197 Official Records at page 301, Monterey County Records.

PARCEL FOUR:

The North 1/2 of the North 1/2 of Section 35 in Township 23 South, Range 10 East, Mount Diablo Base and Meridian. Containing 160 acres more or less.

PARCEL FIVE:

The South 1/2 of Section 34 in Township 23 South, Range 10 East, Mount Diablo Base and Meridian. Containing 320 acres, more or less.

PARCEL SIX:

All that portion of the North 1/2 of Section 3, Township 24 South, Range 10 East, Mount Diablo Base and Meridian, lying Northerly of the Northerly boundary of the easement for highway purposes described in the Deed from B. F. Porter Estate, a corporation, to the State of California, dated February 13, 1943 and recorded on October 17, 1944 in Volume 848 Official Records, of Monterey County at page 255, and following.

PARCEL SEVEN:

All that portion of Lot 2 (the Northwest 1/4 of the Northeast 1/4) of Section 4, Township 24 South, range 10 East, Mount Diablo base and Meridian,

lying Northerly of the Northerly boundary of the easement for highway purposes described in the deed from B. F. Porter Estate, a corporation, to the State of California, dated February 13, 1943 and recorded on October 17, 1944 in Volume 848 Official Records of Monterey County at page 255, and following. CONTAINING 14 acres, more or less.

EXCEPTING FROM ALL OF THE ABOVE DESCRIBED PARCELS FOUR, FIVE, SIX AND SEVEN - AN UNDIVIDED ONE-HALF of all oil, asphaltum, petroleum, natural gas and other hydrocarbons and other valuable mineral substances and products and all other minerals, whether or not of the same character hereinbefore described generally, in, under or upon said real property.

ALSO EXCEPTING FROM PARCEL SIX above, all oil, gas, asphaltum, hydrocarbon substances and all other minerals of whatsoever kind, or character, and the by-products thereof, in, upon or under; LOTS 1 and 2 in Section 3, all in Township 24 South, Range 10 East of Mount Diablo Base and Meridian. CONTAINING 68.45 acres of land, according to the United States Government Survey thereof.

TOGETHER with the sole and exclusive right, acting by themselves or through their agents, servants, workmen, or contractees, to prospect for, to drill for, produce, extract, take and dispose of, all oil, gas asphaltum, hydrocarbon substances, and all other minerals of whatsoever kind or nature, and the by-products thereof, and water necessary for such operation, upon and from, and to store the same upon, said real property, and the sole and exclusive right at any time and from time to time to construct, use, maintain, erect, repair, and replace thereon, and remove therefrom, all equipment, building, tanks, machinery, telephone and telegraph lines, pipe lines, and other structures which the said First Parties, or their heirs, administrators, executors, successors or assigns, may desire in doing any or all such things in, upon or under said real property, and the sole and exclusive right generally to do all other acts and things necessary or proper in searching for, prospecting for, mining, working, storing or transporting, oil, gas, asphaltum, hydrocarbon substances, or other minerals of whatsoever kind or nature, and the by-products thereof, in upon or under said real property, and said First Parties do hereby reserve to themselves, their heirs, executors, administrators, successors and assigns, rights of way for passage over, upon and across, and ingress and egress to and from said real property for themselves, their agents, servants, workmen, or contractees, and for the transportation of equipment in searching for, prospecting for, mining, working, storing or transporting, oil, gas, asphaltum, hydrocarbon substances, and all other minerals of whatsoever kind or nature, and the by products thereof, in, or upon or under said real property, and in doing each and all of the acts and things herein excepted and reserved to First Parties, their heirs, executors, administrators, successors and assigns, as RESERVED in the Deed from The Pacific Woodenware and Paper Company, a corporation, et al, to B. F. Porter Estate, a corporation, dated May 29, 1936 and recorded August 11, 1936 in Volume 490 Official Records at page 152, Monterey County Records.

PARCEL EIGHT:

Certain real property situate in the North 1/2 of the Southeast 1/4 of Section 32, Township 23 South, Range 10 East, Mount Diablo Meridian, Monterey County, California, being particularly described as follows:

Beginning at the Northeasterly corner of said Southeast 1/4 of Section 32 from which a 3/4" diameter iron pipe at the Northeasterly Section corner of said Section bears, along the Easterly line of said Section, N 08' 08" East, 2654.76 feet distant and running thence, along the Northerly line of said Southeast 1/4

- (1) South 89°28'15" West, 1686.0 feet to intersection with the centerline of Heinsen Road, a 40 foot wide county road, as constructed and travelled; thence leave said Northerly line and along said road centerline
- (2) South 35°06' East, 52.83 feet; thence
- (3) South 51°03' East, 213.95 feet; thence
- (4) South 60°53'20" East, 621.65 feet; thence
- (5) South 71°48' East, 75.7 feet; thence
- (6) North 62°52'15" East, 165.7 feet; thence
- (7) North 83°51'40" East, 56.0 feet; thence
- (8) South 69°11'20" East, 313.65 feet; thence
- (9) South 56°44'30" East, 148.8 feet; thence
- (10) South 79°05'15" East, 166.0 feet; thence
- (11) North 77°50' East, 90.87 feet to intersection with said Easterly line of Section 32, from which a 3/4" diameter pipe bears, along said Section line, South 0°08'08" North 14.10 feet distant, thence leave said centerline and along said Easterly Section line
- (12) North 0°08'08" East, 643.14 feet to the place of beginning.

EXCEPTING FROM said Parcel, all right, title and interest in and to all the oil, gas, petroleum products, hydrocarbons and minerals together with the right at all times to enter on said land and to take all of the usual, necessary, or convenient means to bore wells, make excavations and to remove the oil, gas and/or minerals herein reserved and found thereon, as excepted in the deed from Clarence G. Saylor, et ux, dated September 24, 1974, recorded December 13, 1974, Under Series No. G39339. Grantors in said deed agree to indemnify Grantees for any damage to crops, fixtures, or real property caused by mineral exploration or production by Grantors, their agents or assigns, as recited in said deed.

EXHIBIT "B"

LAND CONSERVATION AGREEMENT

COMPATIBLE USES

The following is a list of land uses determined to be compatible with the agricultural use of the land subject to this agreement and planning and zoning restrictions:

1. The drying, packing or other processing of an agricultural commodity usually performed on the premises where it is produced but not including slaughter houses, fertilizer yards, bone yards or plants for the reduction of animal or vegetable matter.

2. Structures necessary and incidental to the agricultural use of the land.

3. Single family dwellings incidental to the agricultural use of the land for the residence of the owner, and the family of the owner.

Single family dwellings incidental to the agricultural use of the land for the residence of the lessee of the land and the family of the lessee.

4. Dwelling for persons employed by owner or lessee in the agricultural use of the land.

5. An aircraft landing strip incidental to the agricultural use of the land.

6. The erection, construction, alteration or maintenance of gas, electric, water or communication utility facilities.

7. The erection, construction, alteration or maintenance of radio, television or microwave antennas, transmitters and related facilities.

8. Public or private hunting of wildlife or fishing.

9. Public or private hunting clubs and accessory structures.

10. Public or private rifle and pistol practice range, trap or skeet field, archery range or other similar use.

11. Public or private riding or hiking trails.

12. Removal of natural materials.

END OF DOCUMENT

EXHIBIT "B"

WHEN RECORDED MAIL TO:

ROBERT DENNEY
 COASTAL VALLEY VINEYARDS, INC.
 PO BOX 2749
 VISALIA, CA 93279

R	1
M	1
RF	0
TC	8
T	39

42001

RECORDED AT REQUEST OF

R. Denney
 JUN 5 10 50 AM '94

SPACE ABOVE THIS LINE FOR RECORDS SECTION
 COUNTY OF MONTEREY
 SALINAS, CALIFORNIA

AGREEMENT OF EASEMENT

THIS AGREEMENT entered into this 15th day of April, 1994, by and between Sam Avila and Margaret J. Avila to themselves as trustees under declaration of trust dated August 16, 1989, as to an undivided 1/2 interest and Margaret J. Avila and Valerie Bassetti, successor co-trustees of the testamentary trust of Joseph Labarere, deceased, as to an undivided 1/2 interest, hereinafter referred to as "Grantors", and Coastal Valley Vineyards, Inc., a corporation and CVV One, a California Limited Partnership, hereinafter referred to as "Grantees".

WITNESSETH:

WHEREAS, Grantors are the owners of real property located in the County of Monterey, State of California, hereinafter referred to as the "servient tenement" and more fully described on Exhibit "A" attached hereto and incorporated herein by reference;

WHEREAS Grantees are the owners of real property located in the County of Monterey, State of California, hereinafter referred to as the "dominant tenement" and more fully described on Exhibit "B" attached hereto and incorporated herein by reference;

WHEREAS, Grantees desires to acquire certain rights in the servient tenement;

NOW THEREFORE, it is agreed as follows:

1. **GRANT OF EASEMENT:** For a valuable consideration, receipt of which is hereby acknowledged, Grantors hereby grant to Grantee as easement as hereinafter described.

2. **CHARACTER OF EASEMENT:** The easement granted herein is appurtenant to the dominant tenement.

3. **DESCRIPTION OF EASEMENT:** The easement granted herein is a right of way for the construction, operation, repair and maintenance of an underground pipeline for the transportation of irrigation water.

4. **LOCATION OF EASEMENT:** The easement granted herein is described in Exhibit "C" attached hereto and incorporated herein by reference.

5. **USE OF TENEMENT:** The easement granted herein includes construction, operation, repair and maintenance of an underground pipeline for the transportation of irrigation water, which shall be placed as near the edge of the respective right of way for said Bradley-Jolon Road and said Frudden Road as the terrain will permit. The irrigation pipeline will be buried so that the closest portion of the circumference to the surface of the ground will be at least four (4) feet. Grantee shall pay for damages to crops of Grantors, or of Grantors' successors or assigns or tenants, during construction or repairs.

Agreement of Easement, Page 2

6. **EXCLUSIVENESS OF EASEMENT:** The easement granted herein is not exclusive, and the Grantors shall be permitted to plant crops over the irrigation pipeline.

7. **SECONDARY EASEMENTS:** The easement granted herein includes incidental rights of maintenance, repair, and replacement.

8. **ENTIRE AGREEMENT:** This agreement contains the entire agreement between the parties relating to the rights herein granted, and the obligations herein assumed. Any oral representations or modifications concerning this instrument shall be of no force and effect excepting a subsequent modification in writing, signed by the party to be charged.


9. **ATTORNEY'S FEES:** In the event of any controversy, claim, or dispute relating to this instrument or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expense, attorney's fees, and costs.

10. **BINDING EFFECT:** This instrument shall bind and inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto.


IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written at San Ardo, California.

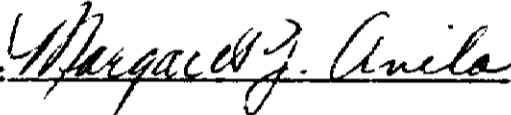
GRANTORS:

**TRUSTEE UNDER THE WILL OF
JOSEPH LABARERE**


SAM AVILA, JR.

BY: 



MARGARET J. AVILA

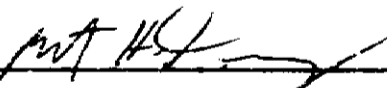
BY: 

GRANTEES:

COASTAL VALLEY VINEYARDS, INC.
a Corporation

COASTAL VALLEY VINEYARDS ONE
a California Limited Partnership

BY: 

BY: 

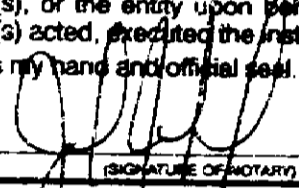
State of California } REEL 3113 PAGE 1450
 County of Tulare }

On 6/2/94 before me Joseph J. Yodanis
(DATE) (NAME, TITLE OF OFFICER - I.E. "JANE DOE, NOTARY PUBLIC")

personally appeared _____
(NAME(S) OF SIGNER(S))
Robert H. Denny

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

OFFICIAL SEAL
 JOSEPH J. YODANIS
 NOTARY PUBLIC - CALIFORNIA
 TULARE COUNTY
 My Commission Expires
 Oct. 30, 1995


(SIGNATURE OF NOTARY)

RIGHT THUMBPRINT (OPTIONAL)

TOP OF THUMB HERE

CAPACITY CLAIMED BY SIGNER(S)
 INDIVIDUAL(S)
 CORPORATE

OFFICER(S) _____
 PARTNER(S) (TITLE(S)) _____
 ATTORNEY IN FACT _____
 TRUSTEE(S) _____
 GUARDIAN/CONSERVATOR _____
 OTHER: _____

SIGNER IS REPRESENTING:
(NAME OF PERSON(S) OR ENTITY(ES))

ATTENTION NOTARY: The information requested below is OPTIONAL. It could, however, prevent fraudulent attachment of this certificate to any unauthorized document.

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:

Title or Type of Document _____
 Number of Pages _____ Date of Document _____
 Signer(s) Other Than Named Above _____

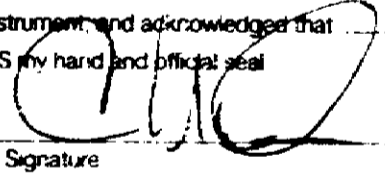
WOLCOTT'S FORM 63240 - ALL PURPOSE ACKNOWLEDGMENT WITH SIGNER CAPACITY/REPRESENTATION/THUMBPRINT - Rev. 12-92 © 1992 WOLCOTT'S INC.

INDIVIDUAL ACKNOWLEDGMENT

State of California }
 County of Monterey } SS

On this the 6 day of May, 1994, before me,
Chris G. Davis
 the undersigned Notary Public, personally appeared
Valerie Ann Bassett;
Sam Avila Jr & Margaret J. Avila

CHRIS G. DAVIS
 COMB. # 1002568
 Notary Public - California
 MONTEREY COUNTY
 My Comm. Expires AUG 26, 1997


 Notary's Signature

personally known to me
 proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) _____ subscribed to the within instrument, and acknowledged that _____ executed it.
 WITNESS my hand and official seal.

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:

Title or Type of Document Emancipation
 Number of Pages _____ Date of Document _____
 Signer(s) Other Than Named Above _____

© NATIONAL NOTARY ASSOCIATION® - 8238 Remont Ave - P.O. Box 7184 - College Park, GA 30084

Exhibit A

REEL 3113 PAGE 1451

- 1) NORTHEAST ¼ OF SECTION 32 AND THE SOUTH HALF OF SECTION 33 ALL IN TOWNSHIP 23 SOUTH, RANGE 10 EAST OF THE MOUNT DIABLO BASE AND MERIDIAN IN THE COUNTY OF MONTEREY, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF. EXCEPTING THEREFROM ALL THAT PORTION LYING SOUTHWESTERLY OF THE CENTERLINE OF THE HUNTER-LIGGETT MILITARY HIGHWAY, AS GRANTED TO THE STATE OF CALIFORNIA, BY DEEDS RECORDED IN VOLUME 773 OF OFFICIAL RECORDS AT PAGES 168 AND 170, MONTEREY COUNTY RECORDS.

ALSO EXCEPTING ANY PORTION IN SAID HIGHWAY.

- 2) ALL THAT PORTION OF LOT 2 (THE NW¼ OF THE NE¼) OF SECTION 4, TOWNSHIP 24 SOUTH, RANGE 10 EAST, MOUNT DIABLO BASE AND MERIDIAN, IN THE COUNTY OF MONTEREY, STATE OF CALIFORNIA, LYING NORTHERLY OF THE NORTHERLY BOUNDARY OF THE EASEMENT FOR HIGHWAY PURPOSES DESCRIBED IN THE DEED FROM B. F. PORTER ESTATE, A CORPORATION, TO THE STATE OF CALIFORNIA, DATED FEBRUARY 13, 1940 AND RECORDED ON OCTOBER 17, 1944 IN VOLUME 210 OFFICIAL RECORDS OF MONTEREY COUNTY AT PAGE 255.

- 3) All interest of the JOSEPH LABARERE TESTAMENTARY TRUST, in and to the following real property, to wit:

Certain Real property situate in the N½ of the SE¼ of Sec. 32, T 23S, R 10E, M D B&M, Monterey County, California, being particularly described as follows:

Beginning at the northeasterly corner of said SE¼ of Section 32 from which a ¾" diameter iron pipe at the northeasterly section corner of said section bears, along the easterly line of said section, N 0 08' 08" E, 2654.76 feet distant and running thence, along the northerly line of said SE¼.

- (1) S 89° 28' 15" W, 1686.0 feet to intersection with the centerline of Heinsen Road, a 40 foot wide county road, as constructed and travelled; thence leave said northerly line and along said road centerline
- (2) S 35° 06' E, 52.83 feet; thence
- (3) S 51° 03' E, 213.95 feet; thence
- (4) S 60° 53' 20" E, 621.65 feet; thence
- (5) S 71° 48' E, 75.7 feet; thence
- (6) N 62° 52' 15" E, 165.7 feet; thence
- (7) N 83° 51' 40" E, 56.0 feet; thence

Exhibit A, Page 2

- (8) S 69° 11' 20" E, 313.65 feet; thence
- (9) S 56° 44' 30" E, 148.8 feet; thence
- (10) S 79° 85' 15" E, 166.0 feet; thence
- (11) N 77° 50' E, 90.87 feet to intersection with said easterly line of Section 32, from which a $\frac{3}{4}$ " diameter pipe bears, along said Section line, S 0° 08' 08" W, 14.10 feet distant, thence leave said centerline and along said easterly section line
- (12) N 0° 08' 08" E, 643.14 feet to the place beginning.

EXCEPTING from said Parcel, all right, title and interest in and to all the oil, gas, petroleum products, hydrocarbons and minerals together with the right at all times to enter on said land and to take all of the usual, necessary, or convenient means to bore wells, make excavations and to remove the oil, gas, and/or minerals herein reserved and found thereon, as excepted in the deed from Clarence G. Sayler, et al, dated September 24, 1974, recorded December 13, 1974, under Series No. G 39339. Grantors in said deed agree to indemnify Grantees for any damage to crops, fixtures or real property earned by mineral exploration or production by Grantors, their agents or assigns, as recorded in said deed.

Exhibit B

REEL 3113 PAGE 1453

PARCEL 'B', AS SAID PARCEL IS SHOWN AND DESIGNATED ON THAT CERTAIN PARCEL MAP FILED FOR RECORD DECEMBER 13, 1974, IN VOLUME 7 OF PARCEL MAPS AT PAGE 126, MONTEREY COUNTY RECORDS, CALIFORNIA.

PARCEL 2. AS SAID PARCEL IS SHOWN AND DESIGNATED ON THAT CERTAIN RECORD OF SURVEY MAP FILED FOR RECORD AUGUST 27, 1990, IN VOLUME 16 OF SURVEYS AT PAGE 141, MONTEREY COUNTY RECORDS, CALIFORNIA.

Exhibit C

REEL 3113 PAGE 1454

(30 ft. Pipeline R/W, 23-10, 24-10)

Sam Avila et al to:

Certain real property in Section 32 and 33, Township 23 South, Range 10 East, Mount Diablo Base and Meridian, and U.S. Lot 2 of Section 4 Township 24 South, Range 10 East, Mount Diablo Base & Meridian, Monterey County, California, being particularly described as follows:

First: An easement for pipeline purposes, 30 feet wide, lying along, contiguous to and northerly from the northerly line of Jolon Road (a county road) as described in deed from Athelma Lamb, et vir, to the State of California, dated February 27, 1942 and recorded in Volume 773 of Official Records at Page 170, records of said county and being particularly described as follows:

Beginning at the intersection of said northerly road line with the westerly line of Parcel "B" as shown on map filed in Volume 7 of Parcel Maps at Page 126, and running thence along said road line

- (1) Curving to the right on a circular arc of 3949.57 foot radius (the center of the circle of which said arc is a part bears N 18° 17' 24" E) through an angle of 2° 27' 20" for a distance of 169.27 feet; thence non-tangentially
- (2) N 62° 11' 17" W, 491.82 feet; thence
- (3) N 58° 17' 55" W, 125.47 feet to a point now designated "A"

Second: An easement for pipeline purposes, 30 feet wide, the centerline of which is described as follows:

Beginning at the hereinbefore mentioned Point "A" and running thence

- (1) N 40° 26' 40" W, 191.70 feet; thence
- (2) N 62° 49' W, 134.90 feet; thence
- (3) N 60° 36' 30" W, 231.86 feet; thence
- (4) N 44° 07' 30" W, 116.40 feet: at 76.27 feet intersect the southerly line of said Section 33, Township 23 South, Range 10 East, 116.40 feet; thence
- (5) N 35° 51' 50" W, 100.91 feet; thence

- (6) N 72° 26' 15" W, 175.17 feet; thence
- (7) N 63° 15' 10" W, 176.09 feet; thence
- (8) N 51° 40' 20" W, 277.35 feet; thence
- (9) N 57° 13' W, 299.42 feet; thence
- (10) N 41° 24' 25" W, 447.16 feet; thence
- (11) S 39° 35' W, 40.25 feet to intersection with the centerline of Heinsen Road (a 40 foot wide county road) at a point now designated "B"

Third: An easement for pipeline purposes, 30 feet wide, lying along contiguous to and northerly from the northerly line of said Heinsen Road (a 40 foot county road), the centerline of said road is described as follows:

Beginning at the hereinbefore mentioned Point "B" and running thence, along said centerline

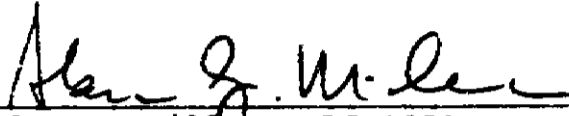
- (1) N 50° 25' W, 173.10 feet; thence
- (2) N 53° 00' 15" W, 288.45 feet; thence
- (3) N 44° 22' W, 127.65 feet; thence
- (4) N 21° 43' 30" W, 531.30 feet; thence
- (5) N 37° 55' 30" W, 106.70 feet; thence
- (6) N 53° 08' 30" W, 149.85 feet; thence
- (7) N 69° 06' W, 257.7 feet; thence
- (8) N 82° 42' 40" W, 195.0 feet; thence
- (9) N 87° 58' 15" W, 163.35 feet; thence
- (10) S 77° 50' W, 203.0 feet; thence
- (11) N 79° 05' 15" W, 166.0 feet; thence
- (12) N 56° 44' 30" W, 148.8 feet; thence
- (13) N 69° 11' 20" W, 313.65 feet; thence

(14) S 83° 51' 40" W, 56.0 feet; thence

(15) S 62° 52' 15" W, 165.70 feet to an angle point in said centerline.

Courses all true.

This description was prepared under my direction.


Alan G. Miller LS 3880



END OF DOCUMENT

AGM/kg
MCS., INC.
5/8/91

RECORDED AT REQUEST OF

Scheid Vineyards

MAR 31 3 50 PM '97

OFFICE OF RECORDER
COUNTY OF MONTEREY
SALINAS, CALIFORNIA

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO

SCHIED Vineyards
13470 Washington Blvd.
Ste 300
Marina Del Rey, CA 90292

R	15
M	1
RF	12
TC	1
T	39

18283

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Easement Agreement (Right to Take Water)

This Easement Agreement (Right to Take Water) (this "Agreement") is made as of January 1, 1997, by SAM AVILA and MARGARET J. AVILA, as trustees under declaration of trust dated August 16, 1989, and MARGARET J. AVILA and VALARIE BASSETTI (also known as Valerie Bassetti) successor co-trustees of the testamentary trust of Joseph Labarere, deceased, and SAM AVILA, also known as Samuel R. Avila, Jr., and MARGARET J. AVILA, husband and wife (collectively, the "Owners"), and SCHEID VINEYARDS AND MANAGEMENT CO., a California corporation ("Scheid"), in favor of CANANDAIGUA WEST, INC., a New York corporation ("Canandaigua").

RECITALS

A. The Owners, as lessors, and Scheid, as lessee, have entered into that certain Lease dated as of January 1, 1997 (as amended from time to time, the "Scheid Lease"), with regard to that certain real property situated in the County of MONTEREY, State of California, and more particularly described on Exhibit A attached hereto and made a part hereof (the "First Property"). Paragraph 11 of the Scheid Lease prohibits water produced on the First Property from being transported for use off of the First Property.

B. Canandaigua, as lessee, proposes to enter into a Lease dated as of January 1, 1997 (as amended from time to time, the "Canandaigua Lease"), with the Owners, as lessors, with regard to that certain real property situated in the County of MONTEREY, State of California, and more particularly described on Exhibit B attached hereto and made a part hereof (the "Second Property"). A condition to Canandaigua entering into the Canandaigua Lease is the execution and delivery of this Agreement by the Owners and Scheid.

AGREEMENT

1. In consideration of Canandaigua entering into the Canandaigua Lease and notwithstanding Paragraph 11 of the Scheid Lease, any other terms of the Scheid Lease or the terms of any future lease that the Owners may enter into with respect to the First Property, the Owners and Scheid hereby agree that, for so long as the Canandaigua Lease shall be in effect (or until, if earlier, the delivery or recording of a written notice of termination hereof by Canandaigua), Canandaigua shall have the right, at no fee or cost to Canandaigua, and Owners and Scheid hereby grant an easement to Canandaigua, to take, transport and use such amount of water from the First Property as shall be reasonably necessary for the development, maintenance and operation of a wine grape vineyard on the Second Property. In connection therewith, Canandaigua shall have the right of pedestrian and vehicular access to the First Property, at all reasonable times, to construct, maintain and repair wells, pipelines, pumps and all other fixtures and improvements as may be reasonably necessary to take and transport such water from the First Property to the Second Property.

2. This Agreement shall continue in effect without regard to whether the Scheid Lease shall then be in effect.

3. This Agreement shall be binding upon the Owners and Scheid, and their respective heirs, legal representatives, successors and assigns, and shall inure to the benefit of Canandaigua and its successors, subtenants and assigns.

4. This Agreement is an easement which shall be, constitute and remain a covenant running with the land and a burden which binds all current and subsequent owner(s) of the First Property and/or Improvements from time to time located thereon and each of their heirs, executors, administrators, personal and legal representatives, grantees, successors and assigns.

5. Any notice to be provided to the Owners hereunder shall be deemed properly given if sent by registered, certified or express mail addressed to Sam Avila or Margaret J. Avila at P.O. Box 419, San Ardo, California 93450. Any notice to be provided to Scheid hereunder shall be deemed properly given if sent by registered, certified or express mail to 13470 Washington Boulevard, Marina del Rey, California 90292.

IN WITNESS WHEREOF, the Owners and Scheid have entered into this Agreement as of the date first above set forth.

STATE OF CALIFORNIA
COUNTY OF MONTEREY

} ss.

On _____, before me, the undersigned, a Notary Public, personally appeared SAM AVILA, MARGARET J. AVILA, and VALERIE BASSETTI, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

see above exhibits

STATE OF CALIFORNIA
COUNTY OF MONTEREY

} ss.

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

WITNESS my hand and official seal.

Signature _____

Sam Avila

SAM AVILA, individually and as trustee under declaration of trust dated August 16, 1989

Margaret J. Avila

MARGARET J. AVILA, individually, as trustee under declaration of trust dated August 16, 1989, and as successor co-trustee of the testamentary trust of Joseph Labarere, deceased

Valerie Bassetti

VALERIE BASSETTI, as successor co-trustee of the testamentary trust of Joseph Labarere, deceased

(This area for official notarial seal)

SCHEID VINEYARDS AND MANAGEMENT CO.

By *Scott D. Scheid*

Name: SCOTT D. SCHEID
Title: VICE PRESIDENT

(This area for official notarial seal)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

REEL 3499 PAGE 1150

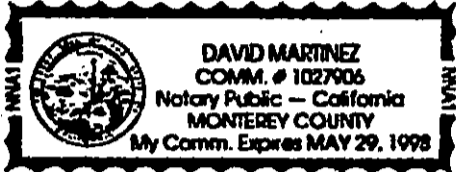
State of California

County of Monterey

On March 26, 1995 before me, David Martinez Notary Public

personally appeared Sam Lamon Avila, Jr / Margaret Jane Avila / Valerie Bassett

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



WITNESS my hand and official seal.

David Martinez
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Easement Agreement (Rights to take water)

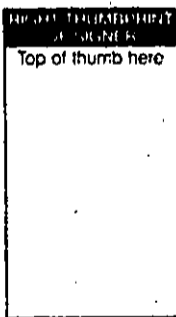
Document Date: Jan 1, 1997 Number of Pages: 2

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

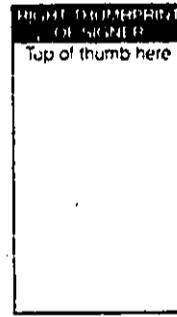
- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



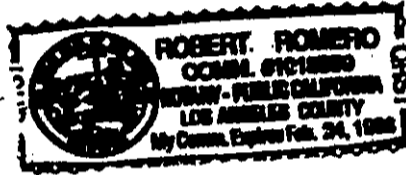
Signer Is Representing: _____

CALIFORNIA ALL PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) SS
COUNTY OF LOS ANGELES)

ON MARCH 28, 1997 BEFORE ME, THE UNDERSIGNED NOTARY PUBLIC PERSONALLY APPEARED SCOTT D SAELD PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES) AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S) OR THE ENTITY(IES) UPON THE BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

WITNESS MY HAND AND OFFICIAL SEAL,
[Signature]
NOTARY PUBLIC



(This optional information need not be completed for this form to be valid)

THIS ACKNOWLEDGMENT IS FOR USE WITH THE DOCUMENT DESCRIBED BELOW

Document Type: EASEMENT AGREEMENT

Dated: No. of Pages (2)

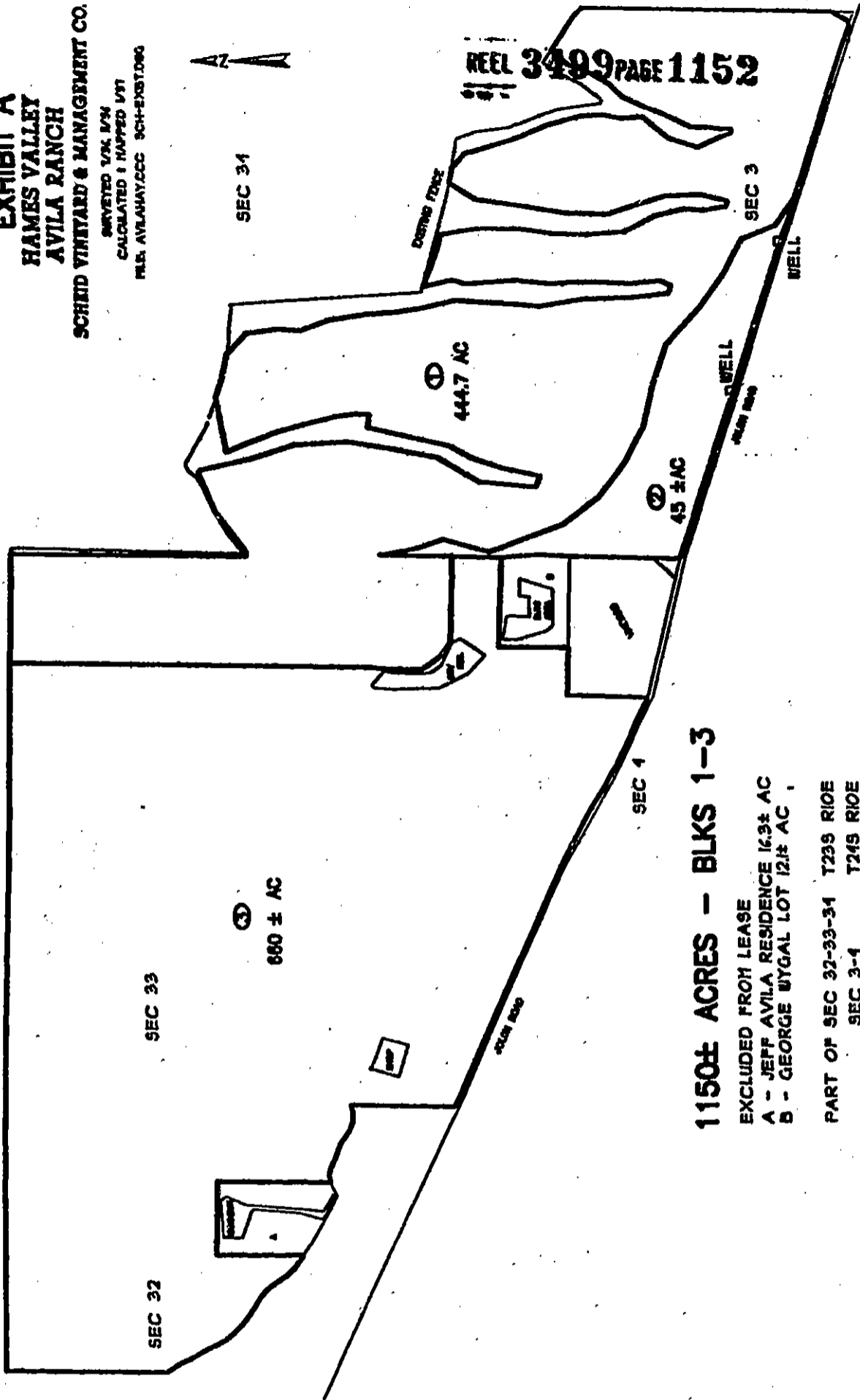
Comments: OTHER SIGNERS SAM AVILA,

MARGARET J. AVILA, VALERIE BASSETI

EXHIBIT A
HAMES VALLEY
AVILA RANCH
 SCHMID VINYARD & MANAGEMENT CO.

SURVEYED 1/16 1/24
 CALCULATED & MAPPED 1/21
 P.L.S. AVILA/MAY/CCC SCH-EXHIBIT.A

REEL 3499 PAGE 1152



1150± ACRES - BLKS 1-3

EXCLUDED FROM LEASE
 A - JEFF AVILA RESIDENCE 1.63± AC
 B - GEORGE WYDAL LOT 12± AC
 PART OF SEC 32-33-34 T239 R10E
 SEC 3-1 T245 R10E

1000

Canandaigua Vineyard Lease Area
Scheid Vineyard Management

That certain real property lying within Sections 33 and 34, T. 23 S., R. 10 E., M.D.B. & M., and the North Half of Section 3 and Lot 2 of Section 4, T. 24 S., R. 10 E., M.D.B. & M., County of Monterey, State of California, and being more particularly described as follows:

BEGINNING at a point from which the northern corner common to said Sections 33 and 34 bears East, 54.35 feet, more or less, thence from said Point of Beginning the following courses:

- 1) South 1°01'20" West, 2233.93 feet; thence
- 2) South 88°58'40" East, 33.00 feet; thence
- 3) North 68°50'15" East, 41.04 feet; thence
- 4) North 59°21'57" East, 33.35 feet; thence
- 5) North 51°47'52" East, 424.28 feet; thence
- 6) North 65°52'46" East, 149.19 feet; thence
- 7) North 68°00'01" East, 263.09 feet; thence
- 8) South 46°26'37" East, 36.25 feet; thence
- 9) South 12°36'32" East, 498.54 feet; thence
- 10) South 17°19'59" East, 414.30 feet; thence
- 11) South 3°02'45" East, 512.11 feet; thence
- 12) South 8°59'49" West, 398.40 feet; thence
- 13) South 10°19'49" West, 461.49 feet; thence
- 14) South 30°36'36" West, 461.97 feet; thence
- 15) South 5°55'16" West, 419.13 feet; thence
- 16) South 5°34'30" West, 124.31 feet; thence
- 17) South 67°15'06" East, 117.64 feet; thence

**Canandaigua Vineyard Lease Area
Scheid Vineyard Management**

- 18) North 12°16'04" East, 378.81 feet; thence
- 19) North 18°39'52" East, 309.99 feet; thence
- 20) North 28°05'48" East, 232.02 feet; thence
- 21) North 12°37'01" East, 354.98 feet; thence
- 22) North 13°08'04" East, 432.73 feet; thence
- 23) South 86°00'19" East, 122.92 feet; thence
- 24) North 3°21'20" East, 130.77 feet; thence
- 25) North 7°14'47" West, 188.26 feet; thence
- 26) North 14°36'52" West, 180.33 feet; thence
- 27) North 13°27'51" West, 137.70 feet; thence
- 28) North 15°05'25" West, 256.39 feet; thence
- 29) South 48°19'16" East, 2255.36 feet; thence
- 30) North 33°04'17" West, 2485.71 feet; thence
- 31) South 71°46'18" East, 186.63 feet; thence
- 32) South 78°30'20" East, 218.09 feet; thence
- 33) South 79°17'42" East, 27.53 feet; thence
- 34) South 45°58'46" East, 261.59 feet; thence
- 35) South 7°57'30" East, 282.05 feet; thence
- 36) South 3°32'44" West, 230.34 feet; thence
- 37) South 19°45'57" East, 303.34 feet; thence
- 38) South 8°51'53" East, 357.04 feet; thence
- 39) South 3°32'07" East, 261.47 feet; thence

Canandaigua Vineyard Lease Area
Scheid Vineyard Management

- 40) South 8°51'20" East, 248.45 feet; thence
- 41) South 13°49'27" East, 332.22 feet; thence
- 42) South 4°04'07" West, 374.56 feet; thence
- 43) South 3°13'33" East, 33.09 feet; thence
- 44) South 4°39'08" West, 412.44 feet; thence
- 45) South 9°05'39" East, 401.28 feet; thence
- 46) South 1°42'59" East, 477.21 feet; thence
- 47) South 6°02'35" East, 350.67 feet; thence
- 48) South 70°21'52" East, 78.63 feet; thence
- 49) North 28°11'02" East, 110.35 feet; thence
- 50) North 4°44'42" West, 299.49 feet; thence
- 51) North 2°59'25" East, 402.69 feet; thence
- 52) North 1°23'55" West, 194.86 feet; thence
- 53) North 4°26'28" West, 159.75 feet; thence
- 54) North 6°20'33" East, 338.77 feet; thence
- 55) North 4°13'52" West, 138.33 feet; thence
- 56) North 3°44'53" West, 343.23 feet; thence
- 57) North 16°46'00" East, 124.22 feet; thence
- 58) North 12°57'38" West, 276.25 feet; thence
- 59) South 71°43'05" East, 113.73 feet; thence
- 60) South 68°31'08" East, 90.32 feet; thence
- 61) South 68°27'56" East, 109.29 feet; thence

**Canandaigua Vineyard Lease Area
Scheid Vineyard Management**

- 62) South 73°20'29" East, 70.01 feet; thence
- 63) South 76°03'43" East, 138.18 feet; thence
- 64) South 9°54'02" East, 354.68 feet; thence
- 65) South 0°56'58" West, 408.73 feet; thence
- 66) South 9°19'33" West, 293.07 feet; thence
- 67) South 3°24'02" West, 291.48 feet; thence
- 68) South 3°49'11" East, 409.59 feet; thence
- 69) South 28°46'48" East, 326.61 feet; thence
- 70) South 13°42'31" East, 290.84 feet; thence
- 71) South 5°10'37" West, 183.52 feet; thence
- 72) South 10°18'22" East, 224.08 feet; thence
- 73) South 75°21'27" East, 52.05 feet; thence
- 74) North 13°08'09" East, 263.25 feet; thence
- 75) North 2°02'14" West, 340.12 feet; thence
- 76) North 16°42'49" West, 334.94 feet; thence
- 77) North 17°38'13" West, 247.54 feet; thence
- 78) North 2°29'08" East, 388.44 feet; thence
- 79) North 9°35'44" East, 437.88 feet; thence
- 80) North 8°07'08" East, 435.76 feet; thence
- 81) North 31°58'29" East, 294.94 feet; thence
- 82) South 79°34'36" East, 151.98 feet; thence
- 83) South 49°05'33" East, 179.00 feet; thence

**Canandaigua Vineyard Lease Area
Scheid Vineyard Management**

- 84) South 15°33'46" East, 218.70 feet; thence
- 85) South 17°12'52" East, 296.16 feet; thence
- 86) South 23°25'30" East, 317.48 feet; thence
- 87) South 13°52'36" East, 340.13 feet; thence
- 88) South 2°05'26" East, 209.91 feet; thence
- 89) South 10°39'41" West, 165.90 feet; thence
- 90) South 3°22'47" East, 215.66 feet; thence
- 91) South 38°52'00" West, 326.31 feet; thence
- 92) South 18°25'31" West, 162.47 feet; thence
- 93) South 17°26'11" West, 127.60 feet; thence
- 94) South 26°12'21" East, 243.03 feet; thence
- 95) South 22°04'52" East, 101.56 feet; thence
- 96) North 0°00'00" East, 0.00 feet; thence
- 97) North 16°48'54" East, 121.25 feet; thence
- 98) North 9°55'49" East, 116.03 feet; thence
- 99) North 0°40'23" West, 147.88 feet; thence
- 100) North 24°20'44" East, 327.04 feet; thence
- 101) North 20°06'48" East, 143.71 feet; thence
- 102) North 24°06'07" East, 124.98 feet; thence
- 103) North 24°04'47" East, 126.48 feet; thence
- 104) North 44°14'23" East, 174.10 feet; thence
- 105) North 30°59'54" East, 198.83 feet; thence

Canandaigua Vineyard Lease Area
Scheid Vineyard Management

- 106) North 21°26'31" East, 221.57 feet; thence
- 107) North 39°36'39" East, 221.76 feet; thence
- 108) South 56°32'32" East, 396.34 feet; thence
- 109) South 49°42'37" East, 111.99 feet; thence
- 110) South 1°01'20" West, 2389.44 feet; thence
- 111) South 32°02'53" West, 88.70 feet; thence
- 112) South 30°34'46" West, 100.93 feet; thence
- 113) South 79°33'58" West, 47.47 feet; thence
- 114) North 69°56'28" West, 198.73 feet; thence
- 115) North 72°22'35" West, 677.60 feet; thence
- 116) North 72°28'04" West, 860.58 feet; thence
- 117) North 54°22'22" West, 321.66 feet; thence
- 118) North 23°36'10" West, 350.61 feet; thence
- 119) North 62°21'58" West, 375.17 feet; thence
- 120) North 55°45'37" West, 387.84 feet; thence
- 121) North 47°31'21" West, 483.84 feet; thence
- 122) North 71°44'32" West, 404.72 feet; thence
- 123) North 77°15'47" West, 406.56 feet; thence
- 124) North 61°53'20" West, 367.59 feet; thence
- 125) North 54°13'28" West, 426.66 feet; thence
- 126) North 36°32'31" West, 430.96 feet; thence
- 127) North 20°22'53" West, 426.61 feet; thence

Canandaigua Vineyard Lease Area
Scheid Vineyard Management

- 128) North 21°42'13" West, 320.51 feet; thence
- 129) North 16°08'37" East, 465.13 feet; thence
- 130) North 20°06'40" West, 275.68 feet; thence
- 131) North 11°04'38" West, 336.47 feet; thence
- 132) South 1°01'20" West, 675.38 feet; thence
- 133) North 88°58'40" West, 810.74 feet; thence
- 134) North 55°54'44" West, 165.16 feet; thence
- 135) North 35°52'13" West, 214.65 feet; thence
- 136) North 1°01'20" East, 356.03 feet; thence
- 137) North 6°33'46" East, 113.93 feet; thence
- 138) North 1°01'20" East, 3444.74 feet; thence
- 139) South 89°24'53" East, 1034.03 feet to the Point of Beginning.

Containing an area of 444.7 acres, more or less.



This description was prepared under my direction.

[Handwritten Signature]
 D. Clark Whittle L.S. 3753
 License Expires 6/00

2/97

END OF DOCUMENT

A7

Recording Requested by:

Bruce A. Reeves
Monterey County Recorder
Recorded at the request of
Chicago Title

CRROBERTA
11/14/1997
8:00:00

WHEN RECORDED MAIL TO:

CCFLCA

P.O. BOX 1340
ARROYO GRANDE, CA 93421-1340
Attn: TRACEY PAGE

DOCUMENT: 9767671

Titles: 2 / Pages: 16



#0009767671#

Fees 57 00
Taxes
Other
AMT PAID 57 00

1707044A - mm

Space Above This Line For Recorder's Use

Loan Number 0500564700

**DEED OF TRUST
AND ASSIGNMENT OF RENTS**

THIS DEED OF TRUST, made this 22nd day of October, 1997 between Samuel R. Avila, Jr., also known as Samuel Avila, and also known as Sam Avila, and Margaret J. Avila, also known as Margaret Avila, and also known as Margaret Craspay Avila, husband and wife; Sam Avila and Margaret J. Avila, as Trustees of the Sam Avila and Margaret J. Avila Trust U/D/T dated August 16, 1989, who acquired title as Trustees under Declaration of Trust dated August 16, 1989; and Margaret J. Avila, also known as Margaret Craspay Avila, and Valerie Bassetti, * vesting continued below

as Trustor, and Central Coast Federal Land Bank Association, FLCA as Trustee and Beneficiary, a corporation, existing and operating under the Farm Credit Act of 1971, as amended, having its principal place of business in Arroyo Grande, California

WITNESSETH: That Trustor IRREVOCABLY GRANTS, CONVEYS AND ASSIGNS unto said Trustee, in trust, with power of sale together with right of entry and possession the following described real property situated in the County of Monterey, State of California :

For description of real property, see Exhibit "A" attached hereto and made a part hereof.

* Vesting continued from above:
also known as Valerie Ann Bassetti, as Trustees of the Joseph Labarere Trust created under the Last Will and Testament of Joseph Labarere, Deceased, who acquired title as Successor Co-Trustees of the Testamentary Trust of Joseph Labarere, Deceased

TOGETHER WITH: all buildings, structures, equipment, fixtures (including, but not limited to, trees, vines and shrubs) and improvements of every kind and description now or hereafter constructed or placed thereon; all standing timber and timber to be cut located thereon; all pumping plants, electrical generators, wind machines, and fencing and storage tanks, now or hereafter used in connection with the property, all of which are hereby declared to be fixtures; all grazing rights, leases, permits and licenses; all oil, gas, and mineral leases, permits and rights used with the property; and all tenements, hereditaments, easements, rights-of-way and appurtenances to the property (collectively the "Property").

25X11

32X11

Water Assets: The Property shall also include all right, title, and interest at any time of Trustor (or any of its bailees, agents, or instrumentalities), whether now existing or hereafter arising or acquired, whether direct or indirect, whether owned legally, of record, equitably or beneficially, whether constituting real or personal property (or subject to any other characterizations), whether created or authorized under existing or future laws or regulations, and however arising in, including without limitation, the following, which shall collectively be called "Water Assets":

1. All water (including any water inventory in storage), water rights and entitlements, other rights to water and other rights to receive water or water rights of every kind or nature whatsoever including (i) the groundwater on, under, pumped from or otherwise available to the Property, whether as the result of groundwater rights, contractual rights or otherwise, (ii) Trustor's right to remove and extract any such groundwater including any permits, rights or licenses granted by any governmental authority or agency or any rights granted or created by any use, easement, covenant, agreement, or contract with any person or entity, (iii) any rights to which the Property is entitled with respect to surface water, whether such right is appropriative, riparian, prescriptive, decreed or otherwise and whether or not pursuant to permit or other governmental authorization, or the right to store any such water, (iv) any water, water right, water allocation, distribution right, delivery right, water storage right, or other water-related entitlement appurtenant or otherwise applicable to the Property by virtue of the Property being situated within the boundaries of any district, agency, or other governmental entity or within the boundaries of any private water company, mutual water company, or other non-governmental entity;

2. All stock, interest or rights (including any water allocations, voting or decision rights) in any entity, together with any and all rights from any entity or other person to acquire, receive, exchange, sell, lease, or otherwise transfer any Water Assets, to store, deposit or otherwise create water credits in a water bank or similar or other arrangement for allocating water, to transport or deliver water, or otherwise to deal with any Water Asset;

3. All licenses, permits, approvals, contracts, decrees, rights and interests to acquire or appropriate any Water Assets, water bank or other credits evidencing any right to Water Assets, to store, carry, transport or deliver Water Assets, to sell, lease, exchange, or otherwise transfer any Water Asset, or to change the point for diversion of water, the location of any Water Asset, the place of use of any Water Asset, or the purpose of the use of any Water Asset;

4. All rights, claims, causes of action, judgments, awards, and other judicial, arbitral or administrative relief in any way relating to any Water Asset;

5. All storage and treatment rights for any Water Asset, whether on or off the Property or other property of Trustor, together with all storage tanks, and other equipment used or usable in connection with such storage and any water bank deposit credits, deposit accounts or other rights arising on account of the storage or nonuse of any Water Asset;

6. All rights to transport, carry, allocate or otherwise deliver Water Assets by any means wherever located;

7. All irrigation and watering equipment and all systems, ditches, laterals, conduits, and rights-of-way used to convey such water or to drain the Property;

8. All guaranties, warranties, marketing, management or service contracts, indemnity agreements, and water right agreements, other water related contracts and water reallocation rights, all insurance policies regarding or relating to any Water Asset;

9. All rents, issues, profits, proceeds and other accounts, instruments, chattel paper, contract rights, general intangibles, deposit accounts, and other rights to payment arising from or on account of any use, nonuse, sale, lease, transfer or other disposition of any Water Asset.

References to "water" and "water rights" are used herein in the broadest and most comprehensive sense of the term(s). The term "water" includes water rights and rights to water or whatever rights to money, proceeds, property or other benefits are exchanged or received for or on account of any Water Assets or any conservation or other nonuse of water, including whatever rights are achieved by depositing one's share of any Water Assets in any water bank or with any water authority, or any other water reallocation rights.

To the extent that any of the Property, including without limitation any Water Asset, constitutes personal property, this Deed of Trust shall also be deemed to be a security agreement and Trustor does hereby create and grant to Beneficiary a security interest in all such personal property described herein and further grants to Beneficiary all of the rights and remedies of a secured party under the Uniform Commercial Code and other applicable state law, which rights are cumulative.

TRUSTOR ABSOLUTELY AND UNCONDITIONALLY ASSIGNS, transfers, conveys and sets over to Beneficiary all the rents, royalties, issues, profits, revenue, income and other benefits of the Property arising from the use or enjoyment of all or any portion thereof, including those set forth in Paragraph 9 above, or from any lease, mineral lease, or agreement pertaining to the Property (collectively the "Rents"); SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Trustor by Paragraph B.3 hereof. This assignment shall be perfected automatically without appointment of a receiver or Beneficiary becoming a mortgagee in possession.

FOR THE PURPOSE OF SECURING: (1) payment of the indebtedness or obligations evidenced by guarantees or by the following promissory note(s) payable by Trustor and/or others to the Beneficiary at the times, in the manner and with interest as therein set forth (notes may contain variable or adjustable interest rate provisions):

Face Amount	Dated	Face Amount	Dated	Face Amount	Dated
\$733,000.00	10/22/97				

(2) the payment of such additional loans or advances, including advances under a revolving line of credit, with interest thereon, as hereafter may be made to Trustor, or Trustor's successors or assigns, evidenced by a promissory note, guaranty or otherwise; PROVIDED HOWEVER, THAT, such additional loans or advances shall be secured by this Deed of Trust only if the promissory note, guaranty, or other document evidencing such loans or advances shall recite that it is to be secured by this Deed of Trust; (3) the payment of any substitute notes, renewals, reamortizations, conversion agreements and extensions of all indebtedness secured by this Deed of Trust; (4) the performance of every obligation and agreement of Trustor whether contained or incorporated by reference in this Deed of Trust, or contained in any loan document or guaranty executed by Trustor in favor of Beneficiary, with respect to any loan or advance secured by this Deed of Trust; and (5) the payment of all sums expended or advanced by Beneficiary under or pursuant to the terms of this Deed of Trust, together with interest thereon as herein provided. The foregoing shall hereinafter be referred to as the "Indebtedness". The continuing validity and priority of this Deed of Trust as security for future loans or advances shall not be impaired by the fact that at certain times hereafter there may exist no outstanding indebtedness from Trustor to Beneficiary or no commitment to make loans or advances.

A. TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR AGREES:

1. To use loan proceeds solely for the purposes set forth in the loan application(s).

2. To keep the Property in good condition, working order and repair; care for the Property in accordance with standards of good husbandry and to keep all trees, vines and crops on said land properly cultivated, irrigated, fertilized, sprayed, and fumigated; not to sell, transfer, assign, encumber or convey any water or water right from the Property, or to enter into an agreement for the nonuse of water, without the prior written consent of Beneficiary, not to remove, destroy or suffer the removal or destruction of any building, fence, canal, well or other improvements or fixtures thereon; not to remove, replace or alter any horticultural or viticultural tree, vine or shrub planted thereon without the prior written consent of Beneficiary, except in the ordinary course of business; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon; to comply with all laws, covenants and restrictions affecting the Property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law; to do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumerations herein not excluding the general; to observe and perform all obligations of Trustor under any lease of the Property.

3. To provide, maintain and deliver to Beneficiary, fire and extended coverage, flood and all other types of insurance in terms and amounts as may be required by law or Beneficiary, with loss payable endorsements solely in favor of Beneficiary. In the event of loss, the insurance proceeds, or any part thereof, may be applied by Beneficiary, at its option, to reduce the indebtedness or restore or repair the property damaged. Failure to obtain, maintain or deliver to Beneficiary the insurance required shall constitute an event of default under this Deed of Trust.

At least thirty (30) days prior to the expiration of any such policy of insurance, Trustor will deliver a policy renewing or extending such expiring insurance and written evidence demonstrating payment of the premium for such insurance. If any such policy and evidence of payment (or copies of same, if originals cannot be delivered to Beneficiary) are not so delivered to Beneficiary, without notice to or demand upon Trustor and without releasing Trustor from any obligation under this Deed of Trust, Beneficiary may (but is not obligated to), at Trustor's expense, obtain insurance in such types, on such terms and in such amounts as Beneficiary in its sole discretion shall decide, through or from any insurance agency or company acceptable to it. Any insurance obtained by Beneficiary shall be for its sole benefit and to protect the security of this Deed of Trust. The expense and cost of such insurance shall, at Beneficiary's sole option, be payable on demand or added to the indebtedness as provided herein. Neither Trustor nor Beneficiary shall be chargeable with or responsible for the procurement or maintenance of any such insurance, the collection of any proceeds from such insurance, or the insolvency of any insurance company or underwriter.

4. To appear in and litigate any action or proceeding purporting to affect the security hereof, the title to the Property, or the rights or powers of Beneficiary or Trustee. Beneficiary or Trustee may appear in and litigate any such action or proceedings, including any bankruptcy, partition or condemnation proceeding, affecting the Property, or Beneficiary's interest therein, in which event Trustor agrees to pay all costs and expenses thereof, including attorney's fees and costs of securing evidence of title.

5. To pay on or before the due date all taxes and assessments affecting the Property, including all assessments upon water company stock and all rents, assessments and charges for water, appurtenant to or used in connection with the Property; to pay, when due, all encumbrances, charges, and liens, on the Property or any part thereof, which at any time appear to be prior or superior hereto.

6. In the event that Beneficiary utilizes the services of attorneys, accountants, appraisers, consultants, or other professional or outside assistance, including the services of in-house counsel or any other attorney or professional who is a direct employee of Beneficiary, the reasonable amount of expenses incurred by Beneficiary to utilize such persons in connection with the following shall be payable on demand and Beneficiary may, at its option, add the amount of such expenses to any portion of the indebtedness, and charge interest on such amount at the interest rate applicable to such portion of the Indebtedness:

(a) The preparation or modification of this Deed of Trust, or any other agreement or document incident to the Indebtedness;

(b) Advising Beneficiary concerning its legal rights and obligations with regard to the Deed of Trust, the other agreements incident to the Indebtedness, or the Property, including advising Beneficiary with regard to the extent of Trustor's rights, if any, under the provisions of the Farm Credit Act, any policy or program of Beneficiary, or any state or federal law;

(c) Any litigation, dispute, proceeding, or action, whether instituted by Beneficiary, Trustor or any other person, relating to the Indebtedness, the Property or Trustor's affairs;

(d) The furtherance of Beneficiary's interest in any bankruptcy, insolvency, or reorganization case or proceeding instituted by or against Trustor, including any steps to (i) modify or terminate the automatic stay, (ii) prohibit or condition Trustor's use of cash collateral, (iii) object to any disclosure statement or plan, (iv) propose or confirm a plan, and (v) prosecute or defend adversary proceedings or contested matters, and take or defend examinations or discovery, whether or not related to any adversary proceeding or contested matter;

(e) The inspection, verification, protection, collection, processing, sale, liquidation, or disposition of the Property, and

(f) Any of the type of expenses referred to in (a) through (e) above incurred by Beneficiary in connection with any guaranty of the Indebtedness.

The fees and costs described herein and elsewhere in this Deed of Trust shall be in addition to those set forth in the loan agreement or any other written agreement between Trustor and Beneficiary.

7. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the Property, Beneficiary or Trustee being authorized to enter upon the Property for such purposes; commence, appear in and litigate any action or proceeding purporting to affect the Property or the rights or powers of Beneficiary or Trustee, including any bankruptcy proceeding affecting the Property; pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; pay such fees, charges, rents or other payments accruing under the grazing permits described in Paragraph 10 below; and in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefore, including attorney's, accountant's, and appraisal fees, environmental fees and costs of securing evidence of title, and all amounts so expended shall be obligations of Trustor secured by this Deed of Trust. Nothing contained herein shall prohibit Beneficiary from entering the Property, at a reasonable time and upon reasonable notice to Trustor, without incurring or assuming any obligations or liabilities whatsoever, for the sole purpose of inspecting the Property.

8. To pay immediately and without demand all sums expended by Beneficiary or Trustee pursuant to the provisions hereof, with interest from date of expenditure at the same rate as is provided for in the note or notes secured by this Deed of Trust. In the event that such sums are not immediately paid, they shall be added, along with the appropriate amount of capital stock or participation certificates, to the principal balance of the Indebtedness and shall accrue interest as therein set forth. All such sums shall be secured hereby.

9. Environmental Laws and Hazardous Substances.

(a) As used in this Paragraph 9:

(i) "Environmental Laws" shall mean all federal, state and local laws, ordinances, rules and regulations now or hereafter in force, as amended from time to time, in any way relating to or regulating human health or safety, industrial hygiene or protection of the environment.

(ii) "Hazardous Substances" shall mean any substance or material that is described, designated or regulated as a toxic or hazardous substance, waste or material or a pollutant or contaminant, or words of similar import, in any of the Environmental Laws.

(iii) "Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment, including continuing migration, of Hazardous Substances into, onto or through the soil, surface water or groundwater of the Property, whether or not caused by, contributed to, permitted by, acquiesced to or known to Trustor.

(iv) "User" means any person other than Trustor who occupies, uses or comes onto or has occupied, used or come onto the Property or any part thereof and any agent or contractor of such a person.

(b) Trustor represents and warrants to Beneficiary that as of the date of this Deed of Trust and to the best of Trustor's knowledge, based on due inquiry and investigation:

(i) except as previously disclosed in writing by Trustor to Beneficiary (A) no Hazardous Substances in excess of permitted levels or reportable quantities under applicable Environmental Laws are present in, on or under the Property or any nearby real property which could migrate to the Property, (B) no Release or threatened Release exists or has occurred, (C) neither Trustor nor any User has ever used the Property or any part thereof for the production, manufacture, generation, treatment, handling, storage, transportation or disposal of Hazardous Substances, (D) no underground, surface or elevated storage tanks of any kind, wells (except domestic water wells), septic tanks, pits, ponds or other impoundments ("Tanks") are or ever have been located in or on the Property, and (E) no investigation, claim, demand, action or proceeding of any kind relating to any Release or threatened Release or any past or present violation of any Environmental Laws relating to the Property has been made or commenced, or is pending, or is being threatened by any governmental authority or other person;

(ii) all operations and activities at, and the use and occupancy of, the Property comply with all applicable Environmental Laws;

(iii) Trustor and every User has, and is in strict compliance with, every permit, license and approval required by all applicable Environmental Laws for all activities and operations at, and the use and occupancy of, the Property;

(iv) neither the Property, nor any portion thereof, nor any adjacent property or portion thereof, has been or is proposed to be listed under the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601, et seq.), or any analogous state law; and

(v) any written disclosure submitted by or on behalf of Trustor to Beneficiary at Beneficiary's request concerning any Release or threatened Release, past or present compliance by Trustor, User or any other person of any Environmental Laws applicable to the Property, the past and present use and occupancy of the Property, any environmental concerns relating to the Property and the like was true and complete when submitted.

(c) Trustor agrees that:

(i) Except in the ordinary course of business, in a good and husbandlike manner and in strict compliance with all applicable Environmental Laws, Trustor promises that neither Trustor nor any User shall use, produce, manufacture, generate, treat, handle, store, transport, or dispose of any Hazardous Substances in, on or under the Property, or use the Property for any such purposes;

(ii) Trustor shall not cause, contribute to, permit or acquiesce to any Release or threatened Release;

(iii) Trustor shall comply fully, and shall cause every User to comply fully, with all Environmental Laws applicable to the Property, and all other laws, ordinances and regulations applicable to the use or occupancy thereof, or any operations or activities therein or thereon;

(iv) With respect to any Tanks disclosed in writing to Beneficiary, Trustor shall comply with all Environmental Laws and any requirements of city or county fire departments, applicable to the maintenance and use of such Tanks, including, without limitation, Title 40 of the Code of Federal Regulations part 112;

(v) To facilitate performance of Trustor's obligations under Paragraph 9(c)(i), (ii), (iii) and (iv) of this Deed of Trust, Trustor shall regularly inspect the Property, monitor the activities and operations of every User and confirm that every User has obtained and fully complies with all permits, licenses and approvals required by all applicable Environmental Laws;

(vi) Immediately after Trustor obtains any information indicating any Release or threatened Release, or that Hazardous Substances in, on or under any nearby property could migrate to the Property or a violation of any Environmental Laws may have occurred or could occur regarding the Property, Trustor shall give notice thereof to Beneficiary with a reasonably detailed description of the event, occurrence or condition in question;

(vii) If Beneficiary obtains any information that Beneficiary believes in good faith indicates a reasonable possibility of a Release or threatened Release, or that Hazardous Substances in, on or under any nearby real property could migrate to the Property or any violation of any Environmental Laws may have occurred or could occur regarding the Property, then Trustor shall, at the expense of Trustor, promptly after a request by Beneficiary, or Beneficiary may at Trustor's expense any time prior to completion of a judicial or nonjudicial foreclosure, engage a qualified environmental engineer to conduct a comprehensive environmental assessment of the Property and prepare and submit to Beneficiary a written report containing the findings and conclusions resulting from such investigation. Trustor shall, on demand, pay to Beneficiary all sums expended by Beneficiary in connection with any such comprehensive environmental assessment, together with interest thereon after such demand at the interest rate as set forth in the applicable promissory note(s) evidencing the Indebtedness;

(viii) Trustor shall permit, or cause any User to permit, Beneficiary or its agents or independent contractors to enter and inspect the Property (including the taking of building materials, soil and groundwater samples) at any reasonable time and after reasonable notice, except in an emergency, whether or not a default has occurred under this Deed of Trust, and including after the commencement of judicial or nonjudicial foreclosure proceedings, for purposes of determining, as Beneficiary deems necessary or desirable: the existence, location or nature of any Hazardous Substances into, onto, or spread beneath or from the Property, that is located or has been spilled, disposed of, discharged or released on, under or about the Property. Trustor acknowledges that all inspections and reviews undertaken by Beneficiary are solely for the benefit and protection of Beneficiary and agrees that Beneficiary shall have no duty to Trustor with respect to Hazardous Substances or Environmental Laws as a result of any such inspections, and such inspections shall not result in a waiver of any default by Trustor. If Trustor or any User fails to comply fully with the terms of this section, Beneficiary may obtain affirmative injunctive relief to compel such compliance; and

(ix) If any Release or threatened Release exists or occurs before this Deed of Trust is reconveyed or foreclosed upon, or if Trustor is in breach of any of its representations, warranties or covenants as set forth in this Section 9, Trustor shall immediately give notice of the condition to Beneficiary, and Trustor shall at its own expense cause all Hazardous Substances to be cleaned up and removed from the Property, and the Property shall be restored, in compliance with all applicable Environmental Laws and other laws, ordinances, rules and regulations (the "Remediation Work"). If requested by Beneficiary, Trustor shall submit to Beneficiary, for Beneficiary's prior approval, complete plans and specifications for all Remediation Work to be done before any Remediation Work is performed, except in an emergency. Alternatively, Beneficiary may cause such Remediation Work to be completed at Trustor's expense.

(d) Beneficiary shall have the right, but not the obligation, to advise appropriate governmental authorities of any environmental condition on or affecting the Property that constitutes or may constitute a breach of Trustor's obligations hereunder.

(e) Trustor and its successors and assigns shall indemnify, defend, protect, and hold harmless Beneficiary, and/or Trustee, its directors, officers, employees, agents, shareholders, successors and assigns and their officers, employees or agents, from and against any and all claims, suits, damages, foreseeable and unforeseeable consequential damages, liens, losses, liabilities, interest, judgments, cleanup costs, demands, actions, causes of action, injuries, administrative proceedings and orders, consent agreements and orders, penalties, costs and expenses (including any fees and expenses incurred in enforcing this indemnity, any out-of-pocket litigation costs, sums paid in settlement of claims, and all consultant, expert and the reasonable fees

and expenses of counsel, including in-house legal services) of any kind whatsoever ("Claims") paid, incurred or suffered by, or asserted against Beneficiary and/or Trustee, including but not limited to Claims arising out of loss of life, injury to persons, trespass or damage to or contamination of property or natural resources, or injury to business, in connection with or arising out of the activities of Trustor on the Property, Trustor's predecessors in interest, third parties who have been invited, permitted or trespassed on the Property, or parties in a contractual relationship with Trustor, or any of them, or which directly or indirectly arise out of or result from or in any way connected with the Property, whether or not caused by Trustor or within the control of Trustor, including without limitation: (i) the presence, use, generation, treatment, storage, disposal, Release, threatened Release, or discharge of any Hazardous Material or Contaminant at or from said Property and/or the cleanup of Hazardous Materials or Contaminants within, on or under said Property; (ii) Trustor's breach of any of the representations, warranties and covenants contained herein; and (iii) Trustor's violation or alleged violation of any applicable Environmental Law, regulation or ordinance.

(f) Trustor's representations, warranties, covenants and indemnities contained herein shall survive the occurrence of any event whatsoever, including without limitation the payoff of the promissory note secured hereby, the reconveyance or foreclosure of this Deed of Trust, the acceptance by Trustee of a deed in lieu of foreclosure, or any transfer or abandonment of the Property.

10. **Grazing Rights.** If any portion of the Property described in this Deed of Trust is used by Trustor as the basis for obtaining grazing permits or other grazing rights issued by any governmental agency, including without limitation the Forest Service, U.S. Department of Agriculture or the Bureau of Land Management, U.S. Department of Interior, Trustor covenants and agrees as follows:

(a) Said grazing permits or other rights are in good standing and have not been modified, reduced or limited in any other respect, except as fully disclosed in writing to Beneficiary;

(b) Trustor will perform all obligations imposed as a requirement of exercise of said grazing permits or other rights and will comply with all laws, rules and regulations applicable thereto;

(c) Trustor will take such timely action as may be required to cause the renewal or reissuance of said grazing permits or other rights from time to time as they expire during the term thereof. Trustor agrees and acknowledges that the failure to renew or cause the reissuance of any said permits for any reason, whether the result of an act or omission of Trustor or for reasons beyond Trustor's control, is an event of default hereunder and Beneficiary shall have the right to exercise the rights set forth in this Deed of Trust; and

(d) Trustor agrees to pay all fees, charges, rents or other payments accruing under said permits or any renewals thereof prior to delinquency. In the event Trustor fails to pay any such payment, the amount unpaid shall become a part of the Indebtedness and shall be immediately due and payable.

11. **Water Rights.** All water used on, or water rights arising from or related to the Property is deemed to be real property and is not personal property. Trustor represents that Trustor is not in the business of transferring water and, therefore, any sale or transfer of any water or water rights is not a transfer of goods in the ordinary course of business. Trustor further agrees that in no event will any water or water rights be goods identified to a contract. Trustor hereby acknowledges that any severance of water or water rights from the Property would materially harm the Property.

12. Trustor shall furnish Beneficiary as soon as possible, but in no event later than 120 days after each fiscal year end, financial reports for each of the undersigned, including a balance sheet and a profit and loss statement.

B. IT IS MUTUALLY AGREED THAT:

1. Any award of damages in connection with any taking or condemnation or injury to the Property by reason of public use, or for damages resulting from private trespass or injury to the Property, is absolutely and unconditionally assigned and shall be paid to Beneficiary, under the terms and conditions of this Deed of Trust pertaining to Rents. Upon receipt of such money Beneficiary may apply the same on the Indebtedness. Trustor agrees to execute such further documents as may be required to effect the assignments herein made as Beneficiary or Trustee may require.

2. At any time, without affecting the liability of any person for the payment of the Indebtedness, and without otherwise affecting the security hereof, Trustee may (a) consent to or join in the making of any map or plat of the Property; (b) grant any easement or create any restriction thereof; (c) subordinate this Deed of Trust; (d) extend or modify the term of the loan or loans secured hereby; and (e) reconvey without warranty, all or any part of the Property. Trustor agrees to pay reasonable Trustee's fees for any of the foregoing services.

32X
15

3. Prior to any default by Trustor in the payment, observance, performance and discharge of any condition, obligation, covenant, or agreement of Trustor contained herein, Trustor may, as the agent and fiduciary representative of Beneficiary for collection and distribution purposes only, collect and receive the Rents as they come due and payable; the Rents are to be applied by Trustor to the payment of the principal and interest and all other sums due or payable on any promissory note or guaranty secured by this Deed of Trust and to the payment of all other sums payable under this Deed of Trust and, thereafter, so long as aforesaid has occurred, the balance shall be distributed to the account of Trustor. However, Beneficiary shall have the right before or after the occurrence of any default to notify any account debtor to pay all amounts owing with respect to Rents directly to Beneficiary. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the Indebtedness, enter upon and take possession of the Property or any part thereof, in his own name, sue for or otherwise collect such Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees upon any Indebtedness, and in such order as Beneficiary may determine; also perform such acts of repair, cultivation, irrigation or protection, as may be necessary or proper to conserve the value of the Property; also lease the same or any part thereof for such rental, term, and upon such conditions as its judgment may dictate; also prepare for harvest, remove, and sell any crops that may be growing upon the Property, and apply the proceeds thereof upon the Indebtedness.

4. The entering upon and taking possession of the Property, the collection of such Rents, or the proceeds of fire and other insurance policies, or compensation or awards for any taking of or damage to the Property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

5. Upon default by Trustor in payment of all or a portion of the Indebtedness or in performance of any agreement hereunder, all sums secured hereby shall immediately become due and payable at the option of the Beneficiary and in accordance with applicable state law. In the event of default, Beneficiary may employ counsel to enforce payment of the Indebtedness, may cause the Trustee to sell the Property in accordance with the power of sale granted herein and the applicable state law, and may exercise such other rights and remedies granted under this Deed of Trust or by law and equity, including, but not limited to, California Code of Civil Procedure Sections 726.5 and 736, or similar state law, which rights and remedies shall be cumulative and not exclusive. Trustee may sell the Property either as a whole or in separate parcels, and in such order as it may determine. The purchase price shall be payable in lawful money of the United States at the time of the sale. In exercising the power of sale contained herein, Trustee may hold one or more sales of all or any portion of the Property by public announcement at the time and place of sale set forth in the notice thereof, and from time to time thereafter may postpone such sale or sales of all or any portion of the Property to the same or separate days by public announcement at such time fixed by the preceding postponement. Any person, including Trustee or Beneficiary, may purchase at such sale. Beneficiary may credit bid at any such sale, and if Beneficiary is the successful purchaser, it may apply any of the outstanding Indebtedness in settlement of the purchase price. Beneficiary may resort to and realize upon the security hereunder and any other real or personal property security now or hereafter held by Beneficiary for the obligations secured hereby in such order and manner as Beneficiary may, in its sole discretion, determine; or may resort to any or all such security may be taken concurrently or successively and in one or several consolidated or independent judicial actions or lawful nonjudicial proceedings, or both. If the Indebtedness is also secured by personal property, fixtures or crops, Beneficiary may enforce its security interest in the personal property, fixtures and crops and its lien under this Deed of Trust in any manner and in any order or sequence permitted by applicable law. All remedies are cumulative and none are exclusive; no election by Beneficiary to pursue one remedy or item of collateral shall be deemed to be a release or waiver of any other item of collateral or a release or modification of the liability of Trustor or any guarantor to pay all Indebtedness or perform in full all obligations to Beneficiary. The procedures governing the enforcement by Beneficiary of its foreclosure and provisional remedies against Trustor shall be governed by the laws of the state in which the Property is located. Nothing contained herein shall be construed to provide that the substantive law of the state in which the Property is located shall apply to the Beneficiary's rights and the Trustor's obligations hereunder or under the promissory note(s), which are and shall continue to be governed by the substantive law of the state in which the promissory note was executed.

6. The failure on the part of the Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiary of any default shall not constitute a waiver of any other or subsequent defaults. Subsequent acceptance of any payment by the holder hereof shall not be deemed a waiver of any default by Trustor, or of Beneficiary's rights hereunder as the result of any sale, agreement to sell, conveyance, or alienation, regardless of holder's knowledge of such default, sale, agreement to sell, conveyance, or alienation at the time of acceptance of such payment.

7. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the holder and owner of any note secured hereby; or if the note has been pledged, the pledgee thereof. In this Deed of Trust, whenever the context so requires, the masculine gender include; the feminine and/or neuter, and the singular number includes the plural. All obligations of Trustor hereunder are joint and several.

8. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

9. Beneficiary may, from time to time or at any time, substitute a Trustee or Trustees to execute the trust hereby created, and when any such substitution has been filed for record in the office of the Recorder of the county in which the Property herein described is situated, it shall be conclusive evidence of the appointment of such Trustee or Trustees, and such new Trustee or Trustees shall succeed to all of the powers and duties of the Trustee or Trustees named herein.

10. (a) In the event the herein-described Property, or any part thereof, or any interest therein, is sold, agreed to be sold, conveyed, alienated or further encumbered or transferred, including any water transfer as defined in subsection (b) below, by Trustor, or by operation of law or otherwise, without Beneficiary's prior written consent, all Indebtedness, irrespective of the maturity dates, at the option of the holder hereof, and without demand or notice, shall immediately become due and payable. Failure to exercise such option shall not constitute a waiver of the right to exercise this option in the event of subsequent sale, agreement to sell, conveyance or alienation.

(b) A water transfer is any transfer, assignment, sale, agreement to sell, conveyance, exchange, gift, encumbrance, pledge, hypothecation, alienation, grant of option to purchase, or other disposition of, directly, indirectly or in trust, voluntarily or involuntarily, by operation of law or otherwise, or the entry into a binding agreement to do any of the foregoing with respect to all or any part of any existing or hereafter created or acquired Water Assets.

11. If Trustor is an entity other than a natural person (such as a corporation or other organization), then all Indebtedness, irrespective of the maturity date, at the option of Beneficiary, and without demand or notice, shall become immediately due and payable if: (a) a beneficial interest in Trustor is sold or transferred; (b) there is a change in either the identity or number of the managing members or managers of Trustor if Trustor is a partnership or similar entity; or (c) there is a change in ownership of more than 25% of the voting stock of Trustor if Trustor is a corporation or similar entity.

12. In the event any one or more of the provisions contained in this Deed of Trust or in any promissory note or guaranty hereby secured shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust or said promissory note or guaranty, but this Deed of Trust and said promissory notes or guaranties shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

13. The undersigned Trustor agrees that he/she is entitled only to those notices required by applicable law and requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the address set forth below.

Sam Avila and Margaret J. Avila Trust U/D/T dated August 16, 1989

Joseph Labarere Trust created under the Last Will and Testament of Joseph Labarere, Deceased

By: Samuel R. Avila, Jr. P.O. Box 419
Samuel R. Avila, Jr., aka Samuel Avila, and aka Sam Avila, San Ardo, CA 93450
Individually and in the following capacity: as Trustee of the Sam Avila and Margaret J. Avila Trust U/D/T dated August 16, 1989

By: Margaret J. Avila P.O. Box 419
Margaret J. Avila, aka Margaret Avila, and aka Margaret Craspay Avila, Individually and in the following capacities: San Ardo, CA 93450
as Trustee of the Sam Avila and Margaret J. Avila Trust U/D/T dated August 16, 1989; and as Trustee of the Joseph Labarere Trust created under the Last Will and Testament of Joseph Labarere, Deceased

By: Valerie Bassetti 402 Bassett Street
Valerie Bassetti, aka Valerie Ann Bassetti, in the King City, CA 93930
following capacity: as Trustee of the Joseph Labarere Trust created under the Last Will and Testament of Joseph Labarere, Deceased

Samuel R. Avila, Jr., Et al. #1
Loan No. 0500564700
October 22, 1997
Page 1 of 4

Deed of Trust and Assignment
of Rents - Water Rights
County of Monterey
Description of Real Property

Exhibit "A"

PARCEL I:

East 1/2 of Section 33; North 1/2 of Section 34; and Northwest 1/4 of Section 36, all in Township 23 South, Range 10 East, Mount Diablo Base and Meridian, in the County of Monterey, State of California, according to the official plat thereof.

A.P. No. 423-091-039, 423-091-040
423-091-044 (Portion)

PARCEL II:

The North 1/2 of the North 1/2 of Section 35 in Township 23 South, Range 10 East, Mount Diablo Base and Meridian, in the County of Monterey, State of California, according to the official plat thereof.

A.P. No. 423-091-042

PARCEL III:

The South 1/2 of Section 34 in Township 23 South, Range 10 East, Mount Diablo Base and Meridian, in the County of Monterey, State of California, according to the official plat thereof.

A.P. No. 423-091-041

PARCEL IV:

All that portion of the North 1/2 of Section 3, Township 24 South, Range 10 East, Mount Diablo Base and Meridian, in the County of Monterey, State of California, lying Northerly of the Northerly boundary of the easement for highway purposes described in the deed from B. F. Porter Estate, a Corporation, to the State of California, dated February 13, 1943 and recorded on October 17, 1944 in Volume 848 Official Records of Monterey County at Page 255.

A.P. No. 424-081-012

PARCEL V:

All that portion of Lot 2 (the NW 1/2 of the NE 1/4) of Section 4, Township 24 South, Range 10 East, Mount Diablo Base and Meridian, in the County of Monterey, State of California, lying Northerly of the Northerly boundary of the easement for highway purposes described in the deed from B. F. Porter Estate, a Corporation, to the State of California, dated February 13, 1943 and recorded on October 17, 1944 in Volume 848 Official Records of Monterey County at Page 255.

A.P. No. 424-081-309

25 X 10

32 X 10

Samuel R. Avila, Jr., Et al. #1
Loan No. 0500564700
October 22, 1997
Page 2 of 4

Deed of Trust and Assignment
of Rents - Water Rights
County of Monterey
Description of Real Property

Exhibit "A"

PARCEL VI:

Northeast 1/4 of Section 32; West 1/2 of Northwest 1/4 of Section 33, all in Township 23 South, Range 10 East of Mount Diablo Base and Meridian, in the County of Monterey, State of California, according to the official plat thereof.

EXCEPTING THEREFROM all that portion thereof conveyed by Joseph Labarere, also known as Joe Labarere, and Marie Labarere, his wife, to State of California, by deed dated July 5, 1961 and recorded October 31, 1961 in Volume 2197 Official Records at Page 301, Monterey County Records.

ALSO EXCEPTING THEREFROM that portion deeded to Shelly B. Denny, et ux, recorded March 16, 1990 in Reel 2483, Page 1150, Official Records and re-recorded April 3, 1990 in Reel 2491, Page 925, Official Records.

A.P. No. 423-091-055

PARCEL VII:

Certain real property in the N 1/2 of the SE 1/4 of Sec. 32, T23S, R 10E, MDM, Monterey County, California, being particularly described as follows:

Beginning at the Northeasterly corner of said SE 1/4 of Section 32 from which a 3/4" diameter iron pipe at the Northeasterly section corner of said section bears, along the Easterly line of said section N. 0° 08' 08" E., 2654.76 feet distant and running thence, along the Northerly line of said SE 1/4

- (1) S. 89° 28' 15" W., 1686.0 feet to intersection with the centerline of Heinsen Road, a 40 foot wide county road, as constructed and travelled; thence leave said Northerly line and along said road centerline
- (2) S. 35° 06' E., 52.83 feet; thence
- (3) S. 51° 03' E., 213.95 feet; thence
- (4) S. 60° 53' 20" E., 621.65 feet; thence
- (5) S. 71° 48' E., 75.7 feet; thence
- (6) N. 62° 52' 15" E., 165.7 feet; thence
- (7) N. 83° 51' 40" E., 56.0 feet; thence
- (8) S. 69° 11' 20" E., 313.65 feet; thence
- (9) S. 56° 44' 30" E., 148.8 feet; thence
- (10) S. 79° 05' 15" E., 166.0 feet; thence

25 X 17

32 X 17

Samuel R. Avila, Jr., Et al. #1
Loan No. 0500564700
October 22, 1997
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Deed of Trust and Assignment
of Rents - Water Rights
County of Monterey
Description of Real Property

Exhibit "A"

(11) N. 77° 50' E., 90.87 feet to intersection with said Easterly line of Section 32, from which a 3/4" diameter pipe, bears, along said section line, S. 0° 08' 08" W., 14.10 feet distant, thence leave said centerline and along said Easterly section line

(12) N. 0° 08' 08" E., 643.14 feet to the place of beginning.

EXCEPTING from said parcel, all right, title and interest in and to all the oil, gas petroleum products, hydrocarbons and minerals together with the right at all times to enter on said land and to take all of the usual, necessary, or convenient means to bore wells, make excavations and to remove the oil, gas and/or minerals herein reserved and found thereon, as excepted in the deed from Clarence G. Saylor, et ux, dated September 24, 1974, recorded December 13, 1974, under Series No. G 39339. Grantors in said deed agree to indemnify grantees for any damage to crops, fixtures or real property caused by mineral exploration or production by grantors, their agents or assigns, as recited in said deed.

A.P. No. 423-091-056

PARCEL VIII:

East half of Northwest 1/4 and Southwest 1/4 of Section 33 in Township 23 South, Range 10 East of Mount Diablo Base and Meridian, in the County of Monterey, State of California, according to the official plat thereof.

EXCEPTING THEREFROM all that portion lying Southwesterly of the centerline of the Hunter-Liggett Military Highway, as granted to the State of California, by deeds recorded in Volume 773 of Official Records at Pages 168 and 170, Monterey County Records.

ALSO EXCEPTING any portion in said highway.

A.P. No. 423-091-038

PARCEL IX:

The Southwest 1/4 of Section 25 in Township 23 South, Range 10 East of Mount Diablo Base and Meridian, in the County of Monterey, State of California, according to the official plat thereof.

EXCEPTING from the Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of said Section 25, the following:

Beginning at the Southwest corner of the said Southwest 1/4 of Section 25; thence Northerly to the Northwest corner of the said Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of said Section 25; thence Southeasterly to the Southeast corner of the said Southwest 1/4 of the Southwest 1/4 of the Southwest 1/4 of said Section 25; thence Westerly to the place of beginning.

Samuel R. Avila, Jr., Et al. #1
Loan No. 0500564700
October 22, 1997
Page 4 of 4

Deed of Trust and Assignment
of Rents - Water Rights
County of Monterey
Description of Real Property

Exhibit "A"

EXCEPTING THEREFROM that portion deeded to the State of California recorded September 25, 1961 in Book 2186 Page 292, Official Records and recorded October 31, 1961 in Book 2197, Page 301, Official Records.

A.P. No. 423-091-020 (Portion)

PARCEL X:

The Northwest 1/4 of Section 25 in Township 23 South, Range 10 East of Mount Diablo Base and Meridian, in the County of Monterey, State of California, according to the official plat thereof.

EXCEPTING THEREFROM that portion deeded to the State of California recorded September 25, 1961 in Book 2186 Page 292, Official Records and recorded October 31, 1961 in Book 2197, Page 301, Official Records.

A.P. No. 423-091-019
423-091-020 (Portion)

25 X 10

32 X 10

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

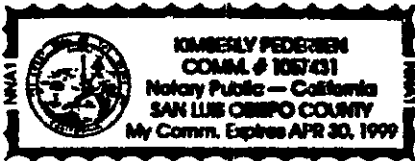
State of California

County of San Luis Obispo

On October 28, 1997 before me, Kimberly Pedersen, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Samuel R. Avila, Jr.
Name(s) of Signer(s)

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



WITNESS my hand and official seal.

Kimberly Pedersen
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Deed of Trust and Assignment of Rents

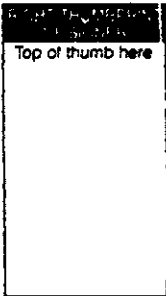
Document Date: 10/22/97 Number of Pages: 13 pages

Signer(s) Other Than Named Above: Margaret J. Avila and Valerie Bassetti

Capacity(ies) Claimed by Signer(s)

Signer's Name: Samuel R. Avila, Jr.

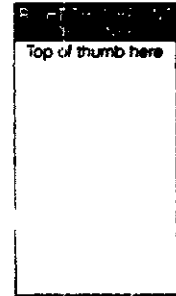
- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer is Representing:
Trustee of the Sam Avila and Margaret J. Avila Trust U/D/T dated August 16, 1989

Signer's Name: _____

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer is Representing:

25 X 10

32 X 10

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of San Luis Obispo

On November 3, 1997 before me, Kimberly Pedersen, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared --Margaret J. Avila--
Name(s) of Signer(s)

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



WITNESS my hand and official seal.

Kimberly Pedersen
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Deed of Trust and Assignment of Rents

Document Date: October 22, 1997 Number of Pages: 13 pages

Signer(s) Other Than Named Above: Samuel R. Avila, Jr., and Valerie Bassetti

Capacity(ies) Claimed by Signer(s)

Signer's Name: Margaret J. Avila

- Individual
- Corporate Officer
Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:
Trustee of the Sam Avila and Margaret J. Avila Trust U/D/T dated August 16, 1989; and as Trustee of the Joseph Labarere Trust created under the Last Will and Testament of Joseph Labarere, Deceased

Signer's Name: _____

- Individual
- Corporate Officer
Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing:

25 X 10

32 X 10

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

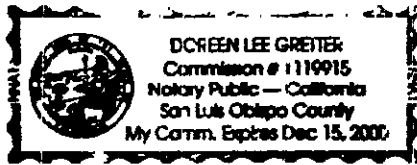
State of CALIFORNIA

County of SAN LUIS OBISPO

On NOVEMBER 7, 1997 before me, DOREEN LEE GREYER, NOTARY PUBLIC

personally appeared VALERIE BASSETTI
Name(s) of Signer(s)

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



WITNESS my hand and official seal.

Doreen Lee Greyer
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: DEED OF TRUST AND ASSIGNMENT OF RENTS

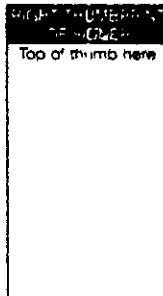
Document Date: OCTOBER 22, 1997 Number of Pages: 13

Signer(s) Other Than Named Above: SAMUEL R. AVILA, JR; MARGARET J. AVILA

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

25 X 10

32 X 10

END OF DOCUMENT

Bruce A. Reeves
Monterey County Recorder
Recorded at the request of:
Chicago Title

CRKATHLEEN
11/18/1997
8:00 00

RECORDING REQUESTED BY AND
TO BE RETURNED TO:

Central Coast Farm Credit
Attn: Chris N. Brumfield, Esq.
P.O. Box 1340
Arroyo Grande CA 93421-1340

DOCUMENT: 9768397



Titles 1 / Pages 10
Fees 33 00
Taxes
Other
AMT PAID 33 00

1707044P

NON-DISTURBANCE AND ATTORNMENT AGREEMENT

Loan No. 0500564700

This Non-Disturbance and Attornment Agreement ("Agreement") is entered into this ~~7th~~ day of November, 1997, by and between CENTRAL COAST FEDERAL LAND BANK ASSOCIATION, FLCA ("Beneficiary"), SAMUEL R. AVILA (also known as SAM AVILA) and MARGARET J. AVILA, individually and as trustees under declaration of trust dated August 16, 1989, and MARGARET J. AVILA and VALARIE BASSETTI (also known as VALERIE BASSETTI), as successor co-trustees of the testamentary trust of Joseph Labarere, deceased (collectively, "Landlord"), CANANDAIGUA WINE COMPANY, INC., a New York Corporation, successor by merger to CANANDAIGUA WEST, INC., a New York corporation and CANANDAIGUA WINE COMPANY, INC., a Delaware corporation ("Tenant"). This Agreement is entered into with reference to the following facts:

RECITALS

A. Landlord is, or will be, indebted to Beneficiary under Beneficiary's loan no. 0500564700 ("Loan") for the amount of \$ 733,000.00. The Loan is/will be evidenced and secured by a deed of trust dated October 22, 1997, ("Deed of Trust") to be recorded against that certain real property located in Monterey County, California ("Property") and which is described in the Deed of Trust. The Loan also is/will be evidenced by a Promissory Note dated October 22, 1997, as well as various other loan documents, security agreements, UCC filings and other instruments (hereinafter collectively referred to as "Loan Documents").

B. Landlord and Tenant have entered into that certain Lease dated as of January 1, 1997 (the "Lease"), with respect to a portion of the Property.

C. The parties hereto desire expressly to subordinate the Lease to the lien of the Deed of Trust in consideration of Beneficiary's agreement not to disturb Tenant's possessory rights in the Property, pursuant to this Agreement, in the event Beneficiary should foreclose the Deed of Trust; provided that Tenant attorns to Beneficiary or the purchaser at any foreclosure or trustee's sale of the Property.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Subordination. The Lease is and shall remain subject and subordinate to the lien of the Deed of Trust and to any renewals, modifications, consolidations, replacements and extensions of the Deed of Trust to the full extent of the principal sum of the Loan secured by the Deed of Trust including any interest.

2. Non-Disturbance. So long as Tenant is not in default, beyond any period given to Tenant to cure a default, in the payment of rent or in the performance of any of the terms, covenants or conditions of the Lease, Tenant's possession of the Property and Tenant's rights and privileges under the Lease, including any extensions or renewals, shall not be diminished or interfered with by Beneficiary or its successors during the term of the Lease or any extensions or renewals. So long as Tenant is not in default, beyond any period given Tenant to cure such default, in the payment of rent or in the performance of any of the terms, covenants or conditions of the Lease, Beneficiary will not join Tenant as a party for the purpose of terminating or otherwise affecting Tenant's interest under the Lease, in any action of foreclosure or other proceeding brought by Beneficiary to enforce any rights arising because of any default under the Deed of Trust. Beneficiary may, however, join Tenant as a party if joinder is necessary under any statute or law to secure the remedies available to Beneficiary under the Deed of Trust, but joinder shall be for that purpose only and not for the purpose of terminating the Lease or affecting Tenant's right to possession of the Property.

3. Acknowledgment and Agreement by Tenant. Tenant acknowledges and agrees that:

(a) If Landlord defaults under the terms of the Lease, Tenant agrees to give Beneficiary written notice of such default at the same time Landlord is notified thereof. Notice shall be sent to Beneficiary's address stated below or such other address designated in writing to Tenant.

(b) Tenant has notice that all payments due under the Lease are to be paid to Beneficiary pursuant to the Joint Agreement dated November 7, 1987 between Beneficiary, Landlord and Tenant ("Joint Agreement").

(c) This Agreement satisfies any condition or requirement in the Lease relating to the granting of a non-disturbance agreement.

4. Default/Foreclosure and Sale

(a) Upon the occurrence of any default or event of default under the Loan Documents (each a "Loan Event"), Beneficiary shall (a) simultaneously provide Tenant with any written notice provided to Landlord with respect thereto or, in the event no notice to Landlord is required by the Loan Documents with respect thereto, provide Tenant with prompt written notice thereof and (b) provide Tenant with the opportunity to cure such Loan Event within a period of forty-five (45) days after the date of such notice (the "Cure Period"). Notwithstanding any terms of the Loan Documents to the contrary, during any such Cure Period, Beneficiary agrees not to accelerate the maturity of the Loan nor to assert any other rights or remedies available to it under the Loan Documents, at law or in equity, other than as may be necessary or desirable in the reasonable business judgment of Beneficiary to preserve and protect (but not enforce) its lens and interest pursuant to the Loan Documents or any other collateral serving as security for the Loan.

(b) If the interests of Landlord under the Lease are acquired by Beneficiary, by any person acting by, through or on behalf of Beneficiary, or by any purchaser by foreclosure, by deed in lieu of foreclosure or otherwise (collectively, "Beneficiary's Successor"): (i) the Lease shall not terminate nor shall any of Tenant's rights under the Lease be disturbed except upon the occurrence of a default by Tenant under the Lease and then only in accordance with the terms of the Lease; (ii) all rights and duties of Tenant under the terms and conditions of the Lease shall continue in full force and effect and shall not be terminated or affected in any way; (iii) Tenant shall be bound to Beneficiary or Beneficiary's Successor under all the terms, covenants and conditions of the Lease with the same force and effect as if Beneficiary or Beneficiary's Successor were named "Landlord" under the Lease; and (iv) Tenant shall attorn to Beneficiary or Beneficiary's Successor as its Landlord and Beneficiary or Beneficiary's Successor shall accept such attornment, said attornment to be effective and self-operative immediately upon Beneficiary or Beneficiary's Successor succeeding to the interest of Landlord under the Lease without the execution of any other instruments on the part of any party hereto.

(c) If Beneficiary or Beneficiary's Successor succeeds to the interest of Landlord under the Lease, such party shall give written notice to Tenant within ten (10) days after succeeding to the interest of Landlord and shall be bound to Tenant under all of the terms, covenants and conditions of the Lease, including, without limitation, the rental and other sums payable by Tenant thereunder, and Tenant shall, from and after such party's succession to the interests of Landlord under the Lease, have the same rights under the Lease and the same remedies against such party for the breach of the Lease that Tenant would have had under the Lease against Landlord if such party had not succeeded to the interests of Landlord provided, however, that if such interest is acquired by Beneficiary or Beneficiary's Successor, such party shall not be:

(i) liable for, or subject to any defenses to enforcement based on, any act or omission of a prior landlord (including Landlord);
or

(ii) subject to any offsets which Tenant might have against any prior landlord (including Landlord), except for offsets expressly allowed under the terms of the Lease; or

(iii) bound by any rent which Tenant might have paid in advance to any prior landlord (including Landlord) for a period in excess of one month or other prepaid charge which Tenant might have paid in advance to any prior landlord (including Landlord); or

(iv) bound by any agreement which alters the rights and obligations of the parties under the Lease, which is material or affects its economic terms, whether or not material, without the written consent of Beneficiary.

5. Acknowledgment and Agreement by Landlord. Landlord, as landlord under the Lease and trustor under the Deed of Trust, acknowledges and agrees for itself and its heirs, successors and assigns that:

(a) This Agreement does not:

(i) constitute a waiver by Beneficiary of any of its rights under the Deed of Trust; and/or

(ii) in any way release Landlord from its obligations to comply with the terms, provisions, conditions, covenants, agreements and clauses of the Deed of Trust;

(b) The provisions of the Deed of Trust remain in full force and effect and must be complied with by Landlord; and

(c) In the event Beneficiary requires that Tenant pay its rent to the Beneficiary, Tenant shall be authorized to do so without investigating the propriety of the demand and shall in no event be liable to Landlord for any rent it pays to the Beneficiary pursuant to such demand.

6. Notice. Any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) electronic communication, whether by telex, telegram or telecopying with an answer-back; or (c) United States registered or certified, first class mail, return receipt requested. Such addresses may be changed by notice to the other parties given in the same manner as provided above. Any notice, demand or request sent pursuant to either subsection (a) or (b) of this Section 6 shall be deemed received upon such personal service or upon dispatch by electronic means with the required answer-back, and if sent pursuant to subsection (c) shall be deemed received on the date of delivery or attempted delivery.

To Beneficiary
Central Coast Farm Credit
P.O. Box 1557
Paso Robles, CA 93447
Attn: John R. Goldsmith, Vice President
Fax: (805) 238-4163

To Landlord
Samuel R. Avila and Margaret J. Avila
Individually and as Trustees
P.O. Box 419
San Ardo, CA 93450

Valerie Bassetti, Successor Co-Trustee
402 Bassett Street
King City, CA 93950

To Tenant
Cananagua Wine Company, Inc.
116 Buffalo Street
Cananagua, NY 14424

7. Miscellaneous

(a) This Agreement sets forth the entire agreement among the parties hereto concerning the subject matter hereof and there are no other agreements, contracts, promises, obligations or conditions by or among the parties hereto concerning the subject matter hereof, except as expressly set forth herein.

(b) Except as set forth herein, Beneficiary shall have no obligations nor incur any liability with respect to any warranties of any nature whatsoever, whether pursuant to the Lease or otherwise, including, without limitation, any warranties respecting use, compliance with zoning, Landlord's title, Landlord's authority, habitability, fitness for purpose or possession.

(c) This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns; provided, however, that in the event of the assignment or transfer of the interest of Beneficiary, and upon the express written assumption by the assignee or transferee of Beneficiary's obligations hereunder (which assumption shall be a condition to the effectiveness of such assignment or transfer), all obligations and liabilities of Beneficiary under this Agreement shall terminate, and thereupon all such obligations and liabilities shall be the responsibility of the party to whom Beneficiary's interest is assigned or transferred.

(d) This Agreement shall be governed by and construed in accordance with the laws of the State of California.

(e) Pursuant to the terms of the Joint Agreement, all rents and other sums payable by Tenant under the Lease shall be payable to Beneficiary until Tenant is notified otherwise in writing by Beneficiary. Beneficiary agrees to indemnify, defend and hold Tenant harmless from and against any and all loss, claim, damages or liability arising out of Tenant's compliance with any such demand by Beneficiary.

IN WITNESS WHEREOF, the parties have executed this Subordination, Non-Disturbance and Attornment Agreement as of November 7, 1997.

BENEFICIARY

Central Coast Federal Land Bank Association, FLCA

By: _____
John R. Goldsmith, Vice President

LANDLORD

SAMUEL R. AVILA, individually and as trustee
under declaration of trust dated August 16, 1989

MARGARET J. AVILA, individually and as trustee
under declaration of trust dated August 16, 1989, and
as successor co-trustee of the testamentary trust of
Joseph Labarere, deceased

VALERIE BASSETTI, as successor co-trustee of the
testamentary trust of Joseph Labarere, deceased

TENANT

CANANDAIGUA WINE COMPANY, INC.

By: [Signature]
Name: _____
Title: Assistant Secretary

*Severa to before me this
12th day of November, 1997
James A. Stickler
Notary Public*

JAMES A. STICKLER
Notary Public State of New York
Ontario County No. 4890117
Commission Expires April 20, 1999

(e) Pursuant to the terms of the Joint Agreement, all rents and other sums payable by Tenant under the Lease shall be payable to Beneficiary until Tenant is notified otherwise in writing by Beneficiary. Beneficiary agrees to indemnify, defend and hold Tenant harmless from and against any and all loss, claim, damages or liability arising out of Tenant's compliance with any such demand by Beneficiary.

IN WITNESS WHEREOF the parties have executed this Subordination, Non-Disturbance and Attornment Agreement as of November 7, 1997.

BENEFICIARY

Central Coast Federal Land Bank Association, FLCA

By: *John R. Goldsmith*
John R. Goldsmith, Vice President

LANDLORD

Samuel R. Avila
SAMUEL R. AVILA, individually and as trustee
under declaration of trust dated August 16, 1989

Margaret J. Avila
MARGARET J. AVILA, individually and as trustee
under declaration of trust dated August 16, 1989, and
as successor co-trustee of the testamentary trust of
Joseph Labarere, deceased

Valerie Bassetti
VALERIE BASSETTI, as successor co-trustee of the
testamentary trust of Joseph Labarere, deceased

TENANT

CANANDAIGUA WINE COMPANY, INC.

By: _____
Name: _____
Title: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

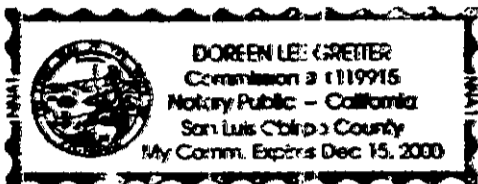
State of CALIFORNIA

County of SAN LUIS OBISPO

On NOVEMBER 7, 1997 before me, DOREEN LEE GREYER, NOTARY PUBLIC

personally appeared VALERIE BASSETTI

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



WITNESS my hand and official seal.
Doreen Lee Greyer
 Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: NON-DISTURBANCE AND ATTORNMENT AGREEMENT

Document Date: NOVEMBER 7, 1997 Number of Pages: six

Signer(s) Other Than Named Above: SAMUEL R. AVILA and MARGARET J. AVILA
CANADATGUA WINE COMPANY, INC.; JOHN R. GOLDSMITH

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

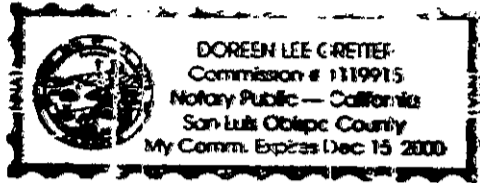
State of California

County of San Luis Obispo

On November 7, 1997 before me, Doreen Lee Gretter, Notary Public

personally appeared --Samuel R. Avila and Margaret J. Avila--

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



WITNESS my hand and official seal.

Doreen Lee Gretter
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraud, theft removal and reattachment of this form to another document

Description of Attached Document

Title or Type of Document: Non-Disturbance and Attornment Agreement

Document Date: 11/7/97 Number of Pages: 6 pages

Signer(s) Other Than Named Above: Valerie Bassetti

Capacity(ies) Claimed by Signer(s)

Signer's Name: Samuel R. Avila

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____

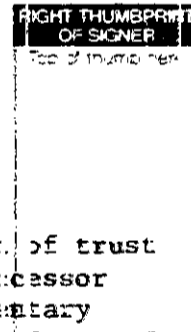


Signer is Representing:

Trustee under declaration of trust dated 8/15/89

Signer's Name: Margaret J. Avila

- Individual
- Corporate Officer
- Title(s): _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer is Representing:

Trustee under declaration of trust dated 8/16/89, and as successor co-trustee of the testamentary trust of Joseph Labarere, deceased

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

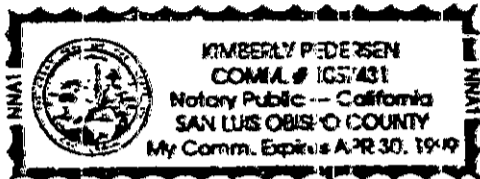
State of California

County of San Luis Obispo

On November 13, 1997 before me, Kimberly Pedersen, Notary Public
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared -- John R. Goldsmith --
Name(s) of Signer(s)

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



WITNESS my hand and official seal.

Kimberly Pedersen
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Non-Disturbance and Attachment Agreement

Document Date: November 7, 1997 Number of Pages: 6 pages

Signer(s) Other Than Named Above: Samuel R. Avila, Margaret J. Avila and Valerie Bassetti

Capacity(ies) Claimed by Signer(s)

Signer's Name: John R. Goldsmith

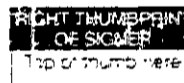
- Individual
- Corporate Officer
- Titles: Vice President
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer is Representing:
Central Coast Federal Land Bank Assn., FLCA

Signer's Name: _____

- Individual
- Corporate Officer
- Titles: _____
- Partner — Limited General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer is Representing:

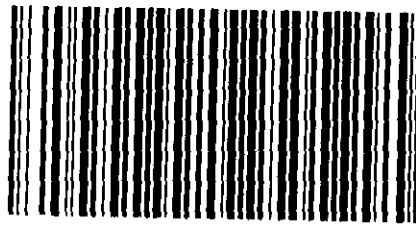
Recording requested by, and when recorded please return to:
THE NAHABEDIAN EXPLORATION GROUP, LLC
c/o MARTIN I. SMITH, INC.
120 Oxbow Marina Drive
Isleton, CA 95641

SEPARATE TRANSFER TAX STATEMENT FILED

Stephen L. Vagnini
Monterey County Recorder
Recorded at the request of
Filer

CRNOEMI
4/04/2007
14:32:56

DOCUMENT: **2007027497**



Titles: 1/ Pages: 4

Fees . . . 15.00
Taxes . . . ++ Conf ++
Other . . . 2.00
AMT PAID \$17.00

OIL AND GAS LEASE (SHORT FORM)

THIS OIL AND GAS LEASE (SHORT FORM) made and entered into this 26 day of JANUARY, 2007 by and between THE UNDERSIGNED, hereinafter called "Lessor," and THE NAHABEDIAN EXPLORATION GROUP, LLC, hereinafter called "Lessee,"

WITNESSETH

1. That Lessor, for valuable consideration, receipt of which is hereby acknowledged, and in consideration of the covenants and agreements contained in that certain Oil and Gas Lease referred to in paragraph 3 below, has granted, let and leased, and by these presents does grant, let and lease, exclusively unto Lessee the real property hereinafter described for the purposes of exploring and prospecting for and producing oil, gas, all other hydrocarbons, and all other substances produced therewith, hereinafter collectively referred to as "said substances," taking, storing, removing and disposing of said substances, and uses and purposes incidental thereto, as provided in said Oil and Gas Lease. The property covered by this lease, hereinafter referred to as "said land," is situate in the County of Monterey, State of California, and is described as follows:

See Exhibit "A" attached hereto and made a part hereof

and containing 77.30 acres, more or less.

2. This lease shall remain in force for the term provided in said lease and either as long thereafter as any of said substances is produced from said land in paying quantities or so long as continuous operations are conducted on said land or so long as this lease is kept in force under any other provision of said Oil and Gas Lease, all as particularly set forth therein and subject to termination as therein provided.

3. This Oil and Gas Lease (Short Form) is made upon the terms, covenants and conditions set forth in that certain Oil and Gas Lease bearing even date herewith by and between the said parties hereto, covering the real property above described, which Oil and Gas Lease is by this reference incorporated herein and made a part hereof in all respects as though the same were fully set forth herein.

4. This Lease and all its terms, conditions and stipulations shall extend to and be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed as of the date first hereinabove written.

Testamentary Trust of THE ESTATE OF
JOSEPH LaBARERE, deceased

By: Margaret J. Avila
Margaret J. Avila, Successor Co-Trustee

By: Valerie Bassetti
Valerie Bassetti, Successor Co-Trustee

THE NAHABEDIAN EXPLORATION GROUP, LLC

By

Vahagn M. Nahabedian LESSEE
Attorney-In-Fact

Margaret J. Avila
Margaret J. Avila, Surviving LESSOR
Trustee under Declaration of Trust, SSA-3a
dated August 20, 1989 SSA-3b

EXHIBIT "A"

All that portion of Section 24 in Township 23 South, Range 10 East of Mount Diablo Base and Meridian, in the County of Monterey, State of California, lying Southwesterly of the Northeasterly boundary line of that certain strip or parcel of land, 60 feet in width, described in Deed to the State of California, dated May 14, 1915 and recorded in Volume 139 of Deeds at page 96, Monterey County Records.



SSA-3a
SSA-3b

ACKNOWLEDGMENT

State of CA
County of Monterey

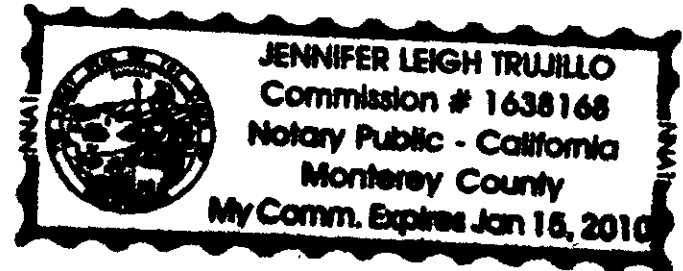
On 1/26/07 before me, Jennifer Leigh Trujillo, a notary republic for the state,

personally appeared
Margaret J. Avila

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

WITNESS my hand and official seal.

Signature Jennifer Leigh Trujillo



State of CA
County of Monterey

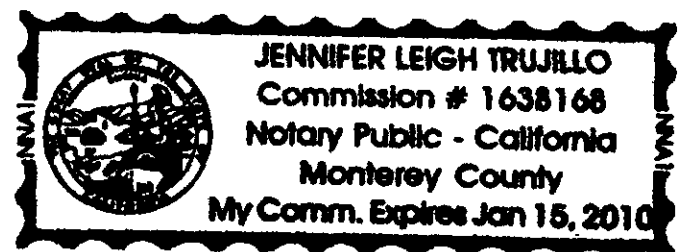
On 1/26/07 before me, Jennifer Leigh Trujillo, a notary republic for the state,

personally appeared
Valerie Bassetti

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

WITNESS my hand and official seal.

Signature Jennifer Leigh Trujillo



ALL-PURPOSE ACKNOWLEDGEMENT

State of California

County of VENTURA

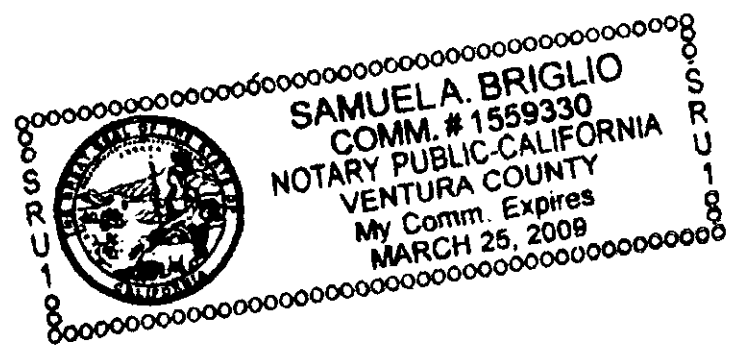
} SS.

On February 8, 2007 before me, Samuel A. Briglio, Notary Public

personally appeared VAHAGN M. NAHABEDIAN

personally known to me - OR -

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



WITNESS my hand and official seal.

Samuel A. Briglio
NOTARY'S SIGNATURE

OPTIONAL INFORMATION

The information below is not required by law. However, it could prevent fraudulent attachment of this acknowledgement to an unauthorized document.

CAPACITY CLAIMED BY SIGNER (PRINCIPAL)

- INDIVIDUAL
- CORPORATE OFFICER
- _____ TITLES: _____
- PARTNER(S)
- ATTORNEY-IN-FACT
- TRUSTEE(S)
- GUARDIAN/CONSERVATOR
- OTHER: _____

DESCRIPTION OF ATTACHED DOCUMENT

OIL AND GAS LEASE (SHORT FORM)

_____ TITLE OR TYPE OF DOCUMENT _____

_____ NUMBER OF PAGES _____

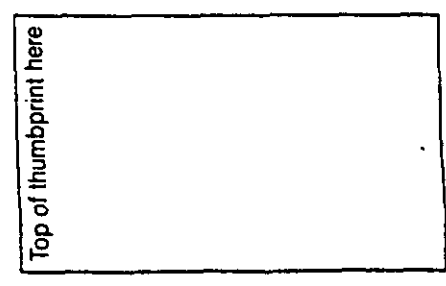
1-26-07 DATE OF DOCUMENT

SSA-3a, -3b OTHER

SIGNER IS REPRESENTING:
NAME OF PERSON(S) OR ENTITY(IES)

_____ The Nahabedian Exploration _____
 _____ Group, LLC _____
 _____ 214 West Aliso Street _____
 _____ Ojai, California 93023 _____

RIGHT THUMBPRINT
OF
SIGNER



END OF DOCUMENT

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

VENOCO, INC.
6267 Carpinteria Avenue, Suite 100
Carpinteria, CA 93013-1423

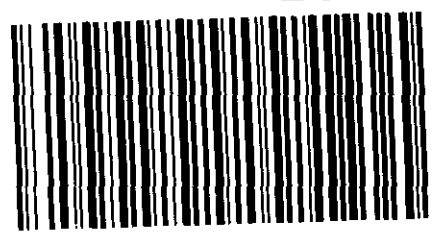
Stephen L. Vagnini
Monterey County Recorder
Recorded at the request of

CRDAWN
9/23/2008
10:52:44

Filer

DOCUMENT: **2008062037**

Titles: 1/ Pages: 9



Fees.... 33.00
Taxes...
Other...
AMT PAID \$33.00

DOCUMENTARY TRANSFER TAX \$ 0 *lease term not*
 COMPUTED ON FULL VALUE OF PROPERTY CONVEYED OR
 COMPUTED ON FULL VALUE LESS LIENS & ENCUMBRANCES
REMAINS THEREON AT TIME OF SALE.

35 years

Ruthen Robinson
Signature of declarant or agent (including tax - firm name)

Unincorporated area of *lease term not more*
Monterey County, California
(07-43) #13, 17, 21, 24, 25, 26, 27, 28, *than 35 years.*
22, 34, 35, 39, 40,
41, 46, 47 & 42

APN's 423-091-05, 06, 09
21 & 48(Ptn); 423-081-
33, 34 & 37
423-091-10, 20(Ptn), 23(Ptn),
24(Ptn);
423-081-35, 36(Ptn), 38,
39, 40, 41 & 43

**OIL, GAS & MINERAL LEASE
(Short Form)**

THIS AGREEMENT, made and entered into November 28, 2007, by and between
MARGARET J. AVILA, Trustee under Declaration of Trust dated August 16, 1989 AND
**MARGARET J. AVILA AND VALERIE BASSETTI, Successor Co-Trustees of the Testamentary Trust of Joseph
Labarere, deceased**, hereinafter called "Lessor" (whether one or more), and **VENOCO, INC.**, a Delaware
corporation, hereinafter called "Lessee,"

WITNESSETH:

Lessor hereby grants and leases to Lessee and Lessee hereby leases from Lessor the land hereinafter described, for the purposes and with the exclusive right of prospecting, exploring, drilling and operating said land for oil, gas, other hydrocarbons, associated substances, sulphur, nitrogen, carbon dioxide, helium and other commercially valuable substances which may be produced through wells on said land, whether or not similar to the above-mentioned substances. The land hereby leased is situated in Monterey County, California, and is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF

This lease is made for the term and upon and subject to each and all the terms, provisions, covenants and conditions set forth in the certain Oil, Gas and Mineral Lease of even date herewith between the parties hereto covering the land hereinabove described, and said Oil, Gas and Mineral Lease is hereby incorporated herein with the same force and effect as though herein set forth at length.

This lease may be executed in any number of counterparts and all such counterparts shall be deemed to constitute a single lease and the execution of one counterpart by any Lessor shall have the same force and effect as if he had signed all the other counterparts.

IN WITNESS WHEREOF, said parties have caused this lease to be duly executed as of the date first hereinabove written.

LESSOR

LESSEE

Margaret J. Avila trustee
Margaret J. Avila, Trustee under Declaration of Trust
dated August 16, 1989

By: Patrick T. Moran
Patrick T. Moran

Margaret J. Avila
Margaret J. Avila and
Valerie Bassetti
Valerie Bassetti, Successor Co-Trustees of the
Testamentary Trust of Joseph Labarere, deceased

EXHIBIT "A"

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated November 28, 2007, by and between **MARGARET J. AVILA, TRUSTEE, ETAL**, as Lessor, and **VENOCO, INC.**, as Lessee.

Section 26, Township 23 South, Range 10 East, M.D.B. & M.

Parcel 1: APN 423-091-21 (13)

All of Section 26, Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, State of California.

Portion of Sections 14, 15, 16, 22, 23, 24 & 27, Township 23 South, Range 10 East, M.D.B. & M.

Parcel 2: APN 423-091-09 & 48(Ptn) (17)

The Southeast Quarter of Section 23, Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, State of California.

EXCEPTING THEREFROM:

Beginning at the intersection of the Easterly boundary line of the above mentioned Southeast Quarter of Section 23, Township 23 South, Range 10 East, with the centerline of the Department of Public Works survey for State Highway from 1 mile North of Bradley to 6 miles South of San Ardo, Road V-Mon-2-I & H, which intersection is Engineer's Station 121+39-80, V-Mon-2-H, of said survey, from which a 1" iron pipe set for the Northeast corner of said Southeast Quarter of Section 23 bears North 3° 57' West, 921.83 feet; thence, from said Point of Beginning along said Easterly boundary line, South 3° 57' East, 65.22 feet; thence, leaving said Easterly boundary line North 54° 00' West, 502.08 feet; thence North 54° 56' 10" West, 1225.16 feet; thence, North 51° 05' 40" West, 29.77 feet to a point on the Northerly boundary line of above mentioned Southeast Quarter of Section 23; thence, along said Northerly boundary line, South 88° 36' 54" East, 120.52 feet to Engineer's Station 137+55.54, V-Mon-2-H, of said survey, from which said Engineer's Station the said 1" iron pipe bears South 88° 36' 54" East, 1244.02 feet; thence, continuing along said Northerly boundary line, South 88° 36' 54" East, 146.34 feet; thence, leaving said Northerly boundary line, South 52° 10' East, 1035.63 feet; thence, South 54° 00' East, 418.32 feet to a point on the aforesaid Easterly boundary line; thence, along said Easterly boundary line South 3° 57' East 65.22 feet, to Point of Beginning.

All that portion of Section 24, Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, State of California, lying Southwesterly of the Northeasterly boundary line of that certain strip or parcel of land, 60 feet in width, described in Deed to the State of California, dated May 14, 1915, and recorded in Volume 139 of Deeds at Page 96, Monterey County Records.

EXCEPTING THEREFROM: that portion Deeded to the State of California recorded September 25, 1961, in Book 2186, Page 292, Official Records and recorded October 31, 1961, in Book 2197, Page 301 Official Records.

Parcel 3: APN 423-081-33 (21)

The Southwest Quarter of Section 16, Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, State of California.

Parcel 4: APN 423-091-20(Ptn) (22)

The Southwest Quarter of Section 25, Township 23 South, Range 10 East, M.D.B. & M.

EXCEPTING FROM the Southwest Quarter of the Southwest Quarter of the Southwest Quarter of said Section 25, the following: BEGINNING at the Southwest corner of said Southwest Quarter of Section 25; thence Northerly to the Northwest corner of the said Southwest Quarter of the Southwest Quarter of Southwest Quarter of said Section 25; thence Southeasterly to the Southeast corner of the said Southwest Quarter of the Southwest Quarter of the Southwest Quarter of said Section 25; thence Westerly to the Place of Beginning.

ALSO EXCEPTING all that portion of Section 25, lying within the following described parcel of land:

Beginning at Engineer's Station 43+ 66.46 on the Department of Public Works' survey centerline, road V-Mon-2-H, which said Station is a point on the South line of the said Section 25; thence following the said line of Section 25 North 89° 42' West 25.61 feet to a 4" x 4" post marked "1/4" set at the Southeast corner of the Westerly Half of said Section 25; thence continuing along said section line North 89° 42' West, 54.39 feet; thence leaving said section line, North 0° 48' 30" East, 283.90 feet; thence North 6° 32' 50" East, 251.26 feet; thence North 0° 48' 30" East, 245.41 feet; thence, North 5° 55' 50" West 272.02 feet; thence, North 0° 17' 50" East, 903.88 feet; thence along a curve to the left, concentric with the said survey centerline, with a radius of 6950 feet, from a tangent which bears North 5° 42' 49" West, through an angle of 6° 23' 41", a distance of 775.68 feet; thence, from a tangent which bears North 12° 26' 30" West, along a curve to the left, concentric with the said survey centerline, with a radius of 4950 feet; through an angle of 18° 37' 30", a distance of 1609.08 feet; thence, North 35° 22' West, 371.26 feet; thence, North 27° 43' 10" West, 570.79 feet; thence, North 40° 31' West, 147.14 feet; thence, North 14° 20' 30" West, 88.60 feet; thence, North 30° 44' West, 71.28 feet to a point on the North boundary line of the above mentioned West Half of Section 25; thence, along said North boundary line North 89° 32' 10" East, 57.89 feet to Engineer's Station 99+ 42.10, V-Mon-2-H, of said survey, from which said Engineer's Station a 4 x 4 stake set for the corner common to the above mentioned Section 25 and Sections 26, 23 and 24 bears South 89° 32' 10" West, 1333.58 feet; thence, continuing North 89° 32' 10" East, 57.89 feet; thence, leaving said North boundary line, South 30° 44' East, 137.92 feet; thence, South 53° 56' East, 114.24 feet; thence, South 5° 23' East, 105.12 feet; thence, South 30° 44' East,

625.00 feet; thence, South 53° 56' East, 76.16 feet; thence South 19° 25' 40" East, 153.02 feet; thence, from a tangent which bears South 30° 44" East, along a curve to the right, concentric with said survey centerline, with a radius of 5050 feet, through an angle of 18° 37' 30" a distance of 1641.59 feet; thence, South 19° 23' 10" East, 212.10 feet; thence, South 5° 46' 45" East, 908.83 feet; thence South 0° 39' 25" East, 1404.46 feet; thence, South 3° 11' 40" West, 600.52 feet; thence, North 89° 11' 30" West, 60 feet to a point on the aforesaid survey centerline at Engineer's Station 40+ 00; thence, following said survey centerline North 0° 48' 30" East, 366.46 feet to the Point of Beginning.

Parcel 5: APN 423-091-06 (24)

The South Half of Section 22, Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, State of California.

Parcel 6: APN 423-091-05 (25)

The North Half of Section 22, Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, State of California.

Parcel 7: APN 423-081-34(Ptn) (26)

The Northwest Quarter, the Southeast Quarter, the South Half of the Northeast Quarter and the Northwest Quarter of the Northeast Quarter of Section 16, Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, State of California.

Parcel 8: APN 423-081-34(Ptn) (27)

The Northwest Quarter of Section 16, Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, State of California.

Parcel 9: APN 423-081-37 (28)

The South Half of the Northwest Quarter, the Southwest Quarter and the South Half of the Southeast Quarter of Section 15, Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, in the State of California.

Parcel 10: APN 423-091-24(Ptn) (34)

The West Half of the Northwest Quarter of Section 27, Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, State of California.

Parcel 11: APN 423-091-23(Ptn) (35)

The East Half of the Northwest Quarter, Southwest Quarter of the Northeast Quarter of Section 27, Township 23 South, Range 10 East, M.D.B. & M.

All that portion of the Southwest Quarter of the Northwest Quarter of the Northeast Quarter of Section 27, Township 23 South, Range 10 East, described as follows: BEGINNING at the Southwest corner of the Northwest Quarter of the Northeast Quarter of said Section 27; thence Northerly to the Northwest corner of the Southwest Quarter of the Northwest Quarter of the Northeast Quarter of said Section 27; thence Southeasterly to the Southeast corner of the Southwest Quarter of the Northwest Quarter of the Northeast Quarter of said Section 27; thence Westerly to the Southwest corner of the Northwest Quarter of the Northeast Quarter of said Section 27 and Point of Beginning.

EXCEPTING that portion of the Northeast Quarter of the Northeast Quarter of the Northwest Quarter of Section 27, Township 23 South, Range 10 East, described as follows: BEGINNING at the Northeast corner of the Northwest Quarter of said Section 27; thence Southerly to the Southeast corner of the Northeast Quarter of the Northeast Quarter of the Northwest Quarter of said Section 27; thence Northwesterly to the Northwest corner of said Northeast Quarter of the Northeast Quarter of the Northwest Quarter of Section 27; thence Easterly to the Northeast corner of the Northwest Quarter of said Section 27, and Point of Beginning.

ALSO EXCEPTING that portion of the Northeast Quarter of the Southwest Quarter of the Northeast Quarter of Section 27, Township 23 South, Range 10 East, described as follows: BEGINNING at the Northeast corner of the Southwest Quarter of the Northeast Quarter of said Section 27; thence Southerly to the Southeast corner of said Northeast Quarter of the Southwest Quarter of the Northeast Quarter of Section 27; thence Northwesterly to the Northwest corner of the said Northeast Quarter of the Southwest Quarter of the Northeast Quarter of Section 27; thence Easterly to the Northeast corner of the Southwest Quarter of the Northeast Quarter of said Section 27, and Point of Beginning.

Parcel 12: APN 423-091-23(Ptn) (39)

Those portions of Section 27 in Township 23 South Range 10 East, M.D.B. & M., described as follows:

The North Half of the Northeast Quarter; the Northeast Quarter of the Southeast Quarter of the Northeast Quarter; and that portion of the Northeast Quarter of the Northeast Quarter of the Northwest Quarter of said Section 27, described as follows; BEGINNING at the Northeast corner of said Northwest Quarter of Section 27; thence Southerly to the Southeast corner of said Northeast Quarter of the Northeast Quarter of the Northwest Quarter of Section 27; thence Northwesterly to the Northwest corner of the Northeast Quarter of the Northeast Quarter of the Northwest Quarter of Section 27; thence Easterly to the Place of Beginning.

The Northeast Quarter of the Southwest Quarter of the Northeast Quarter of said Section 27, described as follows: BEGINNING at the Northeast corner of said Northeast Quarter of the Southwest Quarter of the Northeast Quarter of Section 27; thence Southerly to the Southeast corner of said Northeast Quarter of the Southwest Quarter of the Northeast Quarter of Section 27; thence Northwesterly to the Northwest corner of said Northeast Quarter of the Southwest Quarter of the Northeast Quarter of Section 27; thence Easterly

to the Place of Beginning.

EXCEPTING from the Southwest Quarter of the Northwest Quarter of the Northeast Quarter of said Section 27, the following: BEGINNING at the Southwest corner of said Southwest Quarter of the Northwest Quarter of the Northeast Quarter of Section 27; thence Northerly to the Northwest corner of said Southwest Quarter of the Northwest Quarter of the Northeast Quarter of Section 27; thence Southeasterly to the Southeast corner of said Southwest Quarter of the Northwest Quarter of the Northeast Quarter of Section 27; thence Westerly to the Place of Beginning.

Parcel 13: APN 423-081-35 (40)

The Northeast Quarter of the Northeast Quarter of Section 16, Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, State of California.

Parcel 14: APN 423-081-36(Ptn), 38(Ptn), 39, 40(Ptn), & 41 (41)

Lots 1 and 2 and the West Half of the Northeast Quarter of Section 15, Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, State of California.

Parcel 15: APN 423-081-36(Ptn), 38(Ptn), 40(Ptn) (42)

The North Half of the Southeast Quarter of Section 15, Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, State of California.

Parcel 16: APN 423-091-10 (46)

All those portions of Lots 1, 2 and 3, the Southwest Quarter of the Northeast Quarter and the Southeast Quarter of the Northwest Quarter of Section 23, in Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, State of California, lying Southwesterly of the Northeasterly boundary line of that certain strip or parcel of land, 60 feet in width, described in the Deed to the State of California, dated May 14, 1915 and recorded in Volume 139 of Deeds at Page 96, Monterey County Records,

Parcel 17: APN 423-081-43 (47)

All that part of Section 14, Township 23 South, Range 10 East, M.D.B. & M., in the County of Monterey, State of California, lying Southwesterly of the Northeasterly boundary line of the parcel of land conveyed to the State of California, by Deed dated May 14, 1915, recorded in Volume 136 of Deeds at Page 96, Monterey County records; and also lying Southwesterly of the Northeasterly boundary line of the parcel of land conveyed to the State of California, by Deed dated July 21, 1933, recorded in Volume 371 of Official Records at Page 120, Monterey County records, where last said boundary line lies Easterly of the Northeasterly boundary line of the parcel conveyed by the first aforesaid Deed.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Monterey

On 5/19/08

Date

before me,

Jennifer Leigh Trujillo - Notary
Here Insert Name and Title of the Officer

personally appeared Valerie Bassetti

Name(s) of Signer(s)



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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Jennifer Leigh Trujillo
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

RIGHT THUMBPRINT OF SIGNER

Top of thumb here

Signer Is Representing: _____

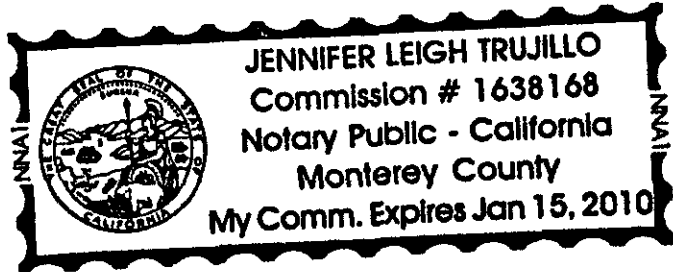
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Monterey }

On 5/21/08 before me, Jennifer Leigh Trujillo - Notary
Date Here Insert Name and Title of the Officer

personally appeared Margaret J Avila
Name(s) of Signer(s)



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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Jennifer Leigh Trujillo
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

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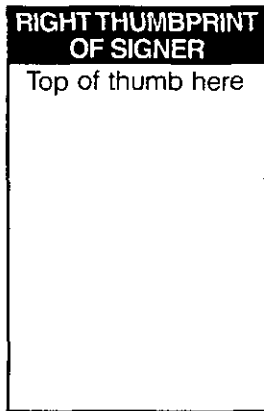
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Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

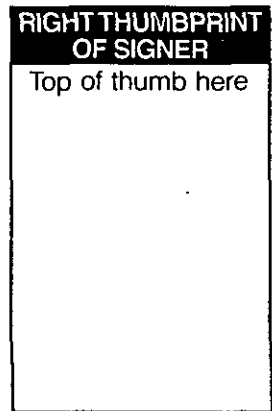
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Santa Barbara

On August 12, 2008 before me, Kathleen A. Robinson, Notary Public

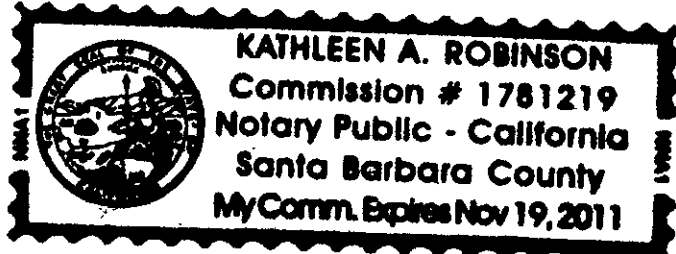
personally appeared Patrice T. Moran

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Kathleen A. Robinson
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

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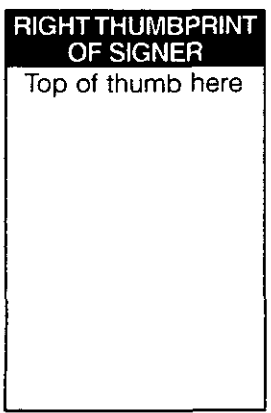
Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

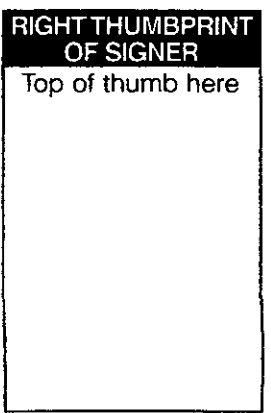
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

END OF DOCUMENT

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