

Updated Final LCCP

March 15, 2017

Updated May 26, 2021



Land Conservation and Conveyance Plan

PG&E Retained Lands at Eel River Planning Unit

Executive Summary

Subject

LCCP Eel River Planning Unit (PG&E Retained Lands)
Land Conservation Plan Identification Numbers (Parcels) 739-743 and 747-774 as shown
on the map attached as Exhibit 1.

Type of Property Interest Disposition

- PG&E to retain fee simple title to approximately 5,660 acres within Parcels 739-743 and 747-774.
- Mendocino Land Trust (MLT) to hold the conservation easement on the entire 5,660 acres in Parcels 739-743 and 747-774.

Summary

The approximately 7,446-acre Eel River planning unit includes 36 legal parcels. Approximately 5,660 acres within 33 parcels (Parcels 739-743 and 747-774) will be retained by PG&E and are the subject of this LCCP. Pending Federal Energy Regulatory Commission (FERC) and California Public Utilities Commission (CPUC) approval, PG&E and MLT will enter into a conservation easement that will encumber Parcels 739-743 and 747-774. Additional property within the planning unit has been donated to the Potter Valley Tribe (approximately 879 acres) and United States Forest Service (approximately 907 acres) and is addressed in separate LCCPs.

Property Location

The property subject to this LCCP consists of approximately 5,660 acres in Mendocino and Lake Counties around Lake Pillsbury and the Eel River.

Economic Uses and Agreements

There are recorded encumbrances on the property to be retained by PG&E in the Eel River planning unit for utility lines, a highway, a bridge, public roads, non-public roads, ingress/egress, recreation facilities, public utilities and road purposes, road use, a county road, and a hiking trail, as well as an easement for protecting water quality, natural streams, flood control, soil conservation, scenic conservation and preservation of natural amenities. There are existing agreements for economic uses on the lands to be retained by PG&E in the Eel River planning unit for a commercial recreation camp as well as row crops and grazing. There are also unrecorded agreements for a log boom and weather reporting equipment on the lands to be retained by PG&E in the Eel River planning unit.

Preserving and/or Enhancing the Beneficial Public Values

The Land Conservation Commitment provides that “PG&E shall ensure that the Watershed Lands it owns... are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values. PG&E will protect these beneficial public values associated with the Watershed Lands... from uses that would conflict with their conservation.

PG&E recognizes that such lands are important to maintaining the quality of life of local communities and all the people of California in many ways, and it is PG&E’s intention to protect and preserve the beneficial public values of these lands under the terms of any agreements concerning their future ownership or management.”¹

The conservation easement on the Eel River property lists the following Beneficial Public Values (BPVs) that are to be protected:

- Habitat for fish, wildlife, and plants that are native to the area, including species protected under the California Endangered Species Act and/or the federal Endangered Species Act. The term “habitat” includes vegetation along banks and shorelines that contribute to maintaining watershed health. The term “native” refers to plants and animals that occur naturally on the Property, and are defined as “native” by the California Department of Fish & Wildlife and its successors.
- Forest resources on the Property. Forest resources are primarily classified as Douglas-fir and Montane hardwood. Trees on-site consist of mainly Douglas-fir, ponderosa pine, sugar pine, knobcone pine, black oak, white oak, coast live oak, big leaf maple and madrone with chaparral components of manzanita, deerbrush, coyote bush, and annual and perennial grasses.
- The scenic viewshed of the Property in keeping with the surrounding environment, providing a contiguous forested landscape visible to passersby on the nearby roads and highways.
- Outdoor recreation in the form of passive recreational pursuits such as hiking, fishing, hunting, birding, boating, and sightseeing.
- Identified historical and cultural values, to the extent they are protected by state and federal law.
- Agricultural values, such as limited grazing and limited row cropping.

Tax Neutrality

PG&E will continue to own and pay property taxes on the property.

¹ Land Conservation Commitment I.02-04-026, Appendix E, p. 38

Hazardous Waste Disclosure

PG&E has provided the Summary of Potential Environmental Issues on Land to be Retained at Eel River, dated June 8, 2011 to MLT, fulfilling the disclosure requirements of the Land Conservation Commitment.

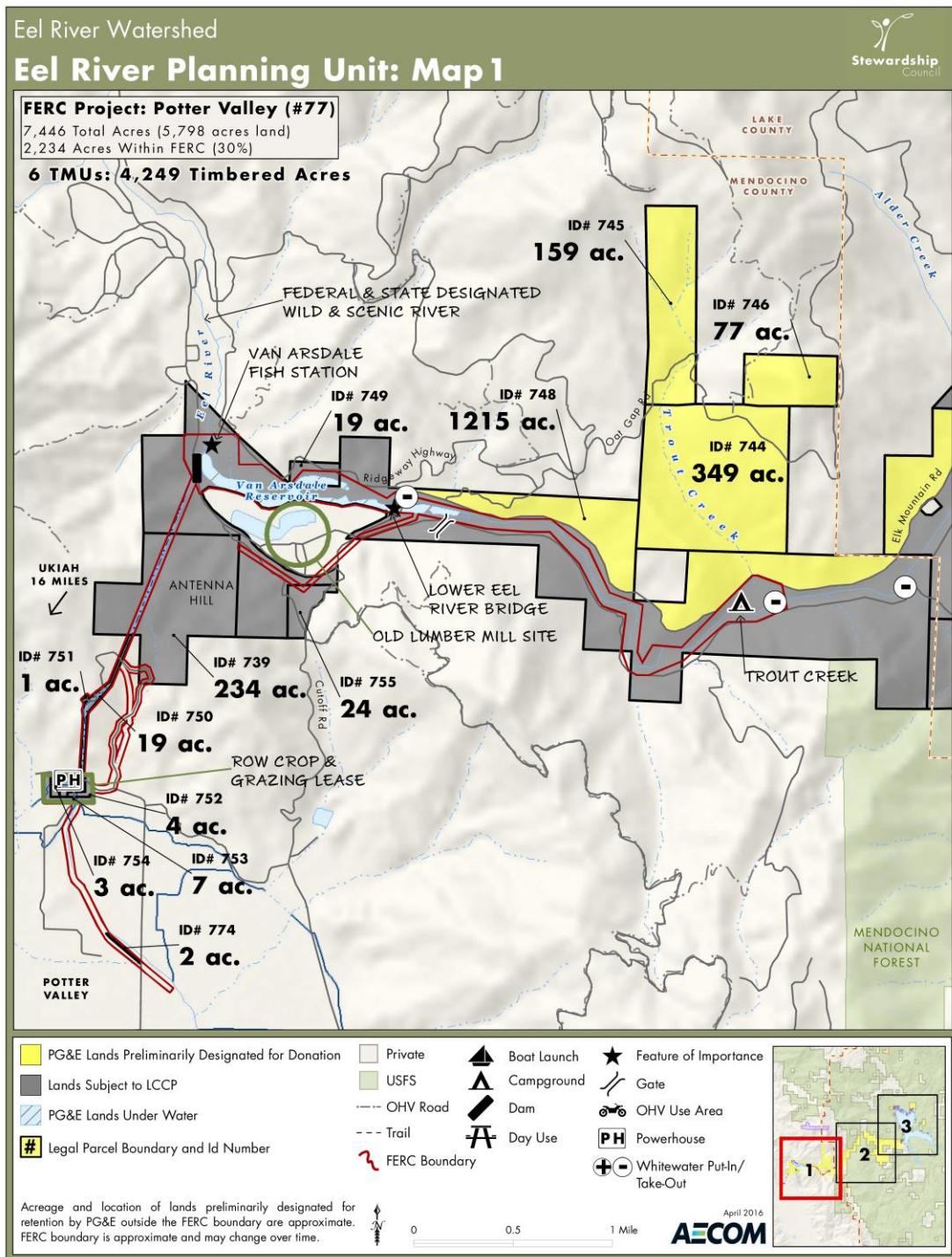
Consideration of Parcel Split

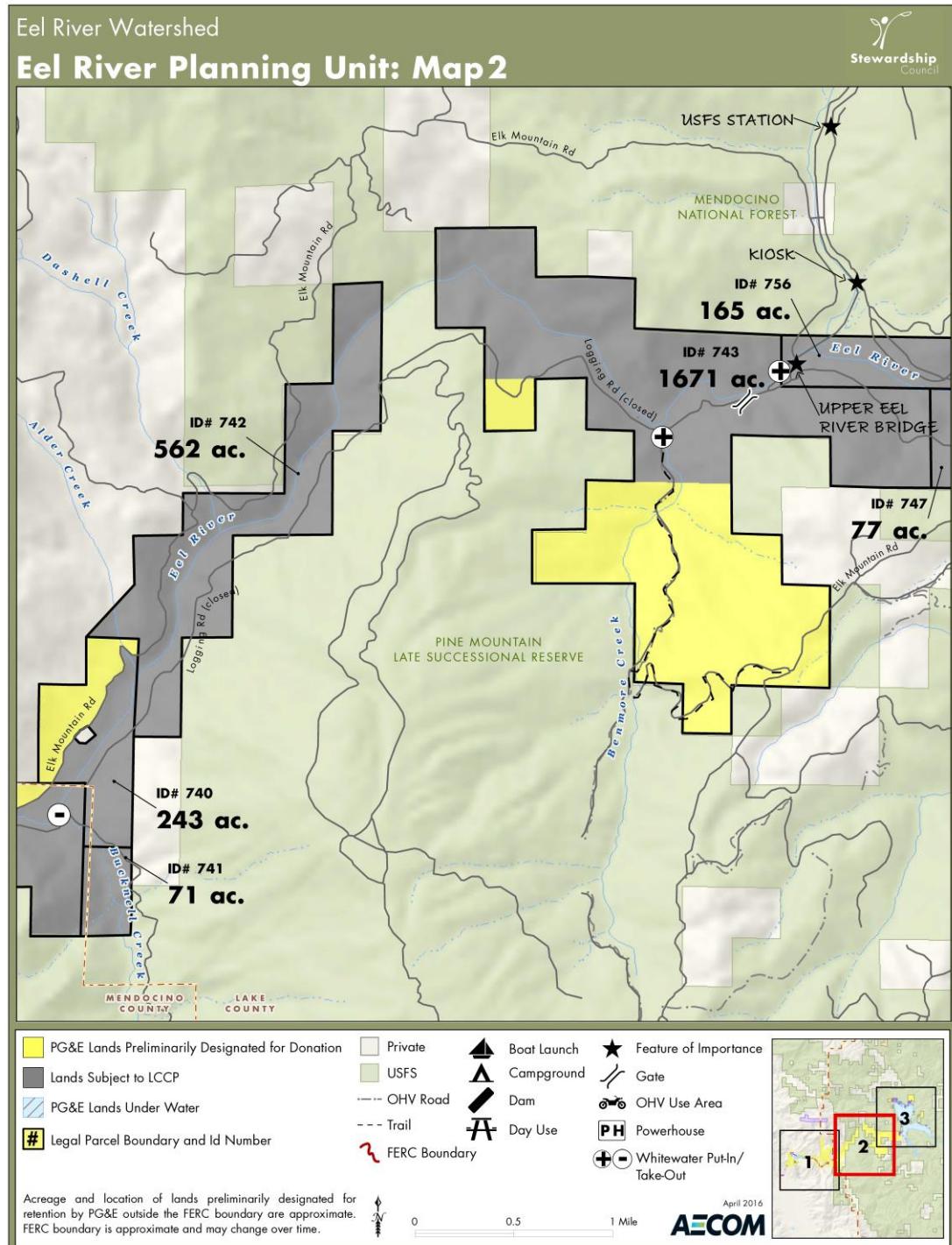
Within Parcels 739-743 and 747-774, approximately 5,660 acres will be retained by PG&E. PG&E determined that operational needs would be met sufficiently through the reservation of rights for ongoing hydroelectric operations on the 1,786 acres to be donated within the planning unit. To effectuate transfer of a portion of the property, parcel splits will be required to comply with the California Subdivision Map Act (Government Code Section 66410, et seq). Certain exemptions to the Map Act apply to public utilities and/or to governmental entities and may apply to future conveyances of parcels within this planning unit.

Applicable CEQA Exemption(s) or Reason Why Transaction is not a “Project Under CEQA”

This Eel River transaction will not result in a direct physical change or a reasonably foreseeable indirect physical change in the environment; therefore, the Stewardship Council does not believe that the transaction is a project under CEQA. In addition, the transfer of land to preserve open space, habitat, or historical resources is categorically exempt under Section 15325 of the CEQA Guidelines (CFR Title 14, Chapter 3) and Public Resources Code 21080.28 clarifies that CEQA review is not required before a public agency transfers an interest in property, provided the purpose of the transfer is to conserve the land for habitat, open space, agricultural, or historic preservation, among other purposes. Also, the establishment of a conservation easement is categorically exempt under Section 15325 of the CEQA Guidelines (CFR Title 14, Chapter 3). If, in the future, PG&E pursues or allows new development or uses that are allowed by the conservation easement, it must first obtain all necessary permits and conduct any necessary CEQA review at that time.

Exhibit 1. Map of the Property





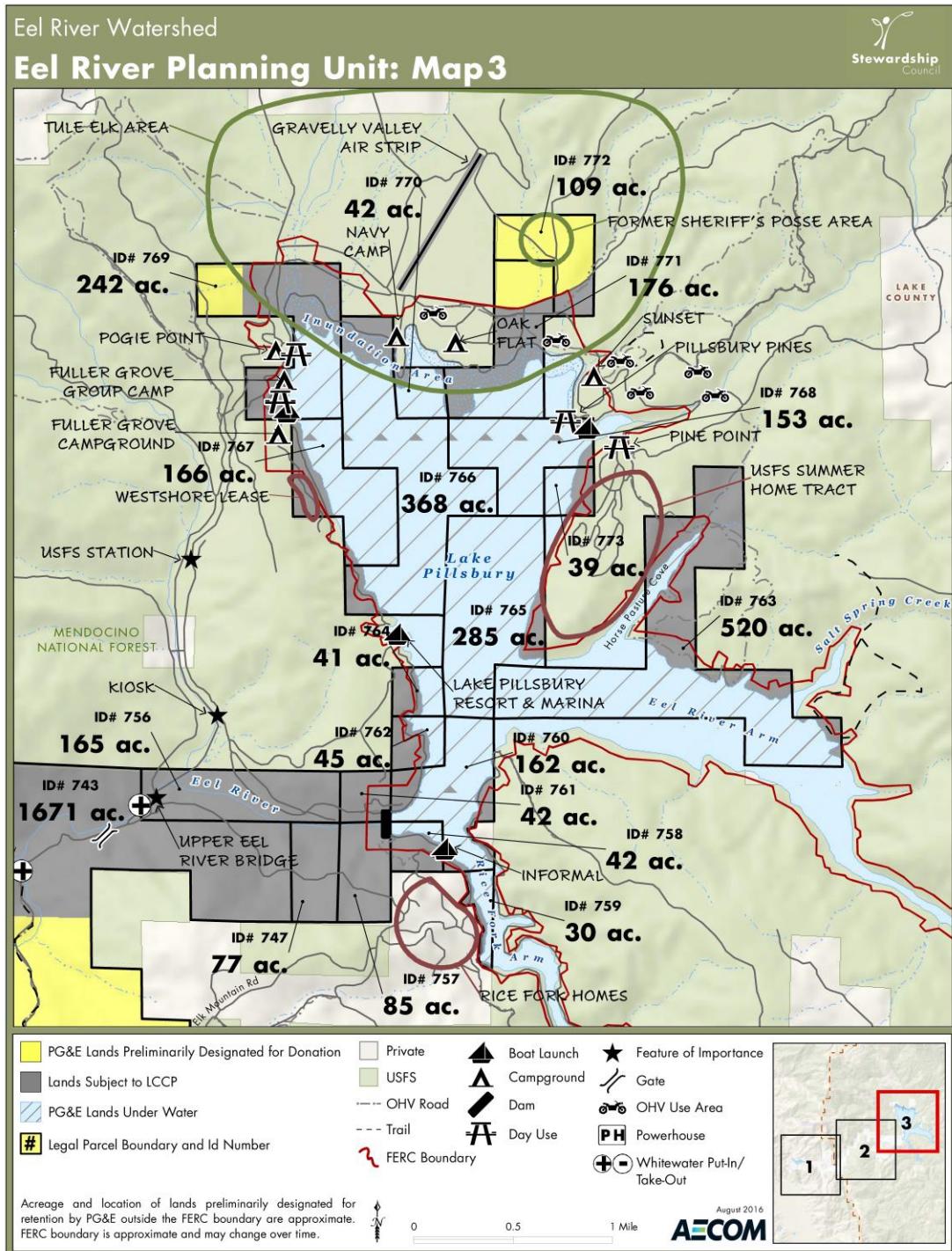


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Introduction

The Pacific Forest and Watershed Lands Stewardship Council (Stewardship Council) is a private, nonprofit foundation established in 2004 pursuant to a Settlement Agreement and a Stipulation Resolving Issues Regarding the Land Conservation Commitment approved by the California Public Utilities Commission (CPUC) in Decision 03-12-035 (Dec. 18, 2003). The Stewardship Council Board of Directors includes appointees from state and federal agencies, water districts, Native American and rural interests, forest and farm industry groups, conservation organizations, the CPUC, and Pacific Gas and Electric Company (PG&E).

The Stewardship Council has developed a plan to protect more than 140,000 acres of watershed lands (Watershed Lands) currently owned by PG&E for the benefit of the citizens of California. Protecting the Watershed Lands will be accomplished through (1) PG&E's grant of conservation easements to one or more public agencies or qualified conservation organizations so as to protect the natural habitat of fish, wildlife, and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values (collectively the Beneficial Public Values), and in some cases, (2) PG&E's donation of the Watershed Lands in fee to one or more public entities or qualified conservation organizations, whose ownership would be consistent with these conservation objectives.

Located primarily in the Sierra Nevada and Cascade Mountain range watersheds, the Watershed Lands contain some of the most pristine and resource-rich landscapes found in the state. The properties are diverse and geographically remote, located in 21 counties from the northern reaches of the state to the southern end of the Central Valley.

As required by the Settlement and Stipulation, the Stewardship Council prepared a Land Conservation Plan (LCP) to establish a framework for the conservation and/or enhancement of the Watershed Lands, and to ensure the permanent protection of these lands for the benefit of current and future generations of Californians. To address the challenge of a conservation effort of this large scope and unique nature, and to facilitate engagement of a wide range of stakeholders and interested members of the public, the Stewardship Council grouped the Watershed Lands into 47 planning units and established a phased approach to development and implementation of the LCP.

In 2007, the Stewardship Council board adopted Volumes I and II of the LCP:

- **Volume I:** The Land Conservation Framework establishes the overall framework for the LCP, including legal requirements, the planning process, methodologies, public involvement, and relevant regulatory processes.
- **Volume II:** Planning Unit Concepts documents existing conditions and presents management objectives, potential measures, and conceptual plans to preserve and/or enhance the Beneficial Public Values (BPVs) within each planning unit. It also documents existing economic uses.

Volume III, consisting of Land Conservation and Conveyance Plans (LCCPs) to be issued serially and cumulatively, will encompass a series of real estate transaction packages that will detail the specific land conservation and/or disposition requirements for each parcel or parcel cluster. LCCPs represent the Stewardship Council's recommendations for preserving and/or enhancing the BPVs of the Watershed Lands, and are intended to support required regulatory approvals of the land transactions resulting from the Stewardship Council's recommendations. The content of the LCCP spans a number of issues required by the Settlement and Stipulation, such as an express reservation of a right for continued operation and maintenance of hydroelectric facilities and associated water delivery facilities, including project replacements and improvements required to meet existing and future water delivery requirements for power generation and consumptive water use by existing users, compliance with any Federal Energy Regulatory Commission (FERC) license, FERC license renewal, or other regulatory requirements. In addition, conservation easements will honor existing agreements for economic uses, including consumptive water deliveries, and preserve or enhance reasonable public access to the Watershed Lands.

During the development of LCP Volumes I and II and the LCCPs, the Stewardship Council implemented a public outreach program to ensure local communities, elected representatives, neighboring property owners, Native American tribes and groups, and other key stakeholders had many opportunities to engage in the Stewardship Council's effort to preserve and enhance the Watershed Lands. To solicit additional input from the public on potential fee title recipients or conservation easement holders (referred to as donees), the Stewardship Council hosted a series of public information meetings. These meetings were designed to (1) provide an overview and update on the Stewardship Council's Land Conservation Program, (2) outline next steps, timeline, and opportunities for additional public input, and (3) solicit public input on the desired qualifications of potential donees and the future stewardship of the planning units. The Stewardship Council also made a concerted effort to extend the benefits of PG&E's Land Conservation Commitment to Native American tribes and groups, including meeting in person with representatives of Native American entities and conducting special outreach to best ensure Native American entities were aware of, and provided full access to participate in the opportunities presented by PG&E's Land Conservation Commitment.

Public input that the Stewardship Council received as a result of the public outreach process, including comments on Volume II of the LCP, comments from public information meetings on the selection of donees and other issues, and correspondence received by the Stewardship Council were considered by the Stewardship Council in its evaluation of the potential donees and their land stewardship proposals. In addition to public meetings, the public was given the opportunity to participate in all of the Stewardship Council's public board meetings where decisions were made on fee title and conservation easement donees. Prior to making a decision regarding the disposition of any parcel, the Stewardship Council provides notice to the Board of Supervisors of the affected county, each affected city, town, and water supply entity, each affected Tribe and/or co-licensee, and each landowner located within one mile of the exterior boundary of the parcel, by mail or other effective manner. A summary of the public outreach

process for lands identified in this LCCP within the Eel River planning unit, is provided in Appendix 1. Furthermore, the proposed LCCP will be made available for public review and comment before it is forwarded by the Watershed Planning Committee to the board for its review and approval.

The Stewardship Council Board of Directors recommends that Mendocino Land Trust (MLT) hold a conservation easement encumbering the 5,660 acres within Parcels 739-743 and 747-774 in the Eel River planning unit that are to be retained by PG&E.

Table 1-1 identifies Stipulation requirements that will be addressed in the LCCP and includes pertinent language from the Stipulation.

Table 1 Stipulation 12(a) Requirements

(1) Acreage, Existing Economic Uses and Agreements “Reasonably exact estimates of acreage, by parcel, within or outside licensed project boundaries, and existing economic uses (including all related agreements);”
(2) Objectives to Preserve and/or Enhance “Objectives to preserve and/or enhance the BPVs, as defined in the Settlement Agreement, Appendix E, of each individual parcel;”
(3) Recommendations for Conservation Easement and Fee Simple Donation “A recommendation for grant of a conservation easement or fee simple donation for each such parcel;”
(4) Finding of Donee Funding and Other Capacity to Maintain Lands to Preserve and/or Enhance BPVs “A finding that the intended donee of such easement or fee simple has the funding and other capacity to maintain that property interest so as to preserve and/or enhance the BPVs thereof;”
(5) Analysis of Tax and Other Economic and Physical Impacts “An analysis of tax and other economic and physical impacts of such disposition strategy, and a commitment by an appropriate entity to provide property tax revenue, other equivalent revenue source, or a lump sum payment, so that the totality of dispositions in each affected county under the LCC will be ‘tax neutral’ for that county;”
(6) Hazardous Waste Disclosure “A disclosure of all known hazardous waste or substance contamination or other such environmental liabilities associated with each parcel;”
(7) Consideration of Parcel Split “Appropriate consideration whether to split any parcel which is partly used or useful for operation of PG&E’s and/or a co-licensee’s hydroelectric facilities, where the beneficial public values of the unused part may be enhanced by such split, provided that it is consistent with Section 12(b)(4) of this Stipulation and that, in the event that governmental approval of a parcel split imposes conditions or restrictions on other PG&E property, the decision to accept or reject such conditions will be at PG&E’s sole discretion;”
(8) Strategy for Physical Measures to Enhance BPVs

“A strategy to undertake appropriate physical measures to enhance the BPVs of individual parcels; provided that no such measure will be in conflict with the provisions of Settlement Agreement paragraph 17(c) and Appendix E paragraph 1;”

(9) Monitoring Plan for the Economic and Physical Impacts of Disposition and Implementation of Enhancement Measures

“A plan to monitor the economic and physical impacts of disposition and implementation of enhancement measures on the applicable management objectives;”

(10) Implementation Schedule for Transactions and Measures

“A schedule for the implementing transactions and measures.”

1. Acreage, Existing Economic Uses and Agreements

Acreage and Property Description

The Eel River planning unit contains 36 legal parcels (Parcels 739-774) totaling approximately 7,446 acres in Mendocino and Lake counties. 5,660 acres in 33 parcels (Parcels 739-743 and 747-774) will be retained by PG&E and, consistent with the conditions in the Settlement Agreement, will be encumbered with a perpetual conservation easement, granted by PG&E to MLT as described in Chapter 3.

The Eel River planning unit is located north and east of the town of Potter Valley and approximately 16 miles from the City of Ukiah. The site contains Lake Pillsbury, Van Arsdale Reservoir, and a 12-mile section of the mainstem Eel River, and resides in both Lake and Mendocino Counties

The 12-mile section of the mainstem Eel River supports Federally threatened fall-run chinook salmon and steelhead. Sacramento pikeminnow were introduced (likely as bait) into the Eel River in 1979 and have prospered, negatively affecting salmonids through predation and habitat displacement. Lake Pillsbury contains both coldwater and warmwater fisheries. There is limited information regarding the wildlife and botanical resources in the planning unit. There are three bald eagle nesting territories at Lake Pillsbury, as well as nesting osprey and habitat for many waterfowl species. A herd of reintroduced tule elk live around the northern end of the lake. Many other special status species likely inhabit planning unit lands, potentially including northern spotted owl, Humboldt marten, American peregrine falcon, northern goshawk, and northwestern pond turtle.

Lake Pillsbury is a regionally important recreation destination. Popular recreation activities at the Lake Pillsbury area include camping, boating and fishing. Developed recreation facilities at Lake Pillsbury are focused on the northern and western sides of the lake, located on or partially on planning unit and/or US Forest Service (USFS) land. Motorboating, windsurfing, kayaking, waterskiing, and sailing are popular boating activities on the lake. Fishing is also a popular activity, primarily for rainbow trout and bass. Two whitewater runs terminate at the lake, the Upper Eel River run and the Rice Fork run. OHV trails within and outside the Lake Pillsbury basin are popular. Significant deer and waterfowl hunting also occur at the lake. The planning unit also serves as a gateway for the nearby Snow Mountain Wilderness. Recreation use within the Eel River Canyon consists primarily of dispersed uses, camping, and whitewater boating. Due to sensitive fisheries and ongoing restoration activities, fishing in the Eel River between Scott Dam and Cape Horn Dam is not allowed. The Pillsbury whitewater run, a 6- to 8-mile Class III run, is located on the Eel River below Scott Dam.

The planning unit contains six PG&E Timber Management Units (TMUs), which cover approximately 4,000 acres of forestlands. The majority of the TMUs are managed for Multiple-Uses, meaning that although sustained timber production is an important management component, protection and uses of other resources and facilities may preclude sustained timber management as the highest and best use of portions of the

TMUs. The TMU around Lake Pillsbury is managed for mitigation for watershed and forest health issues, including emergency salvage harvesting, but may require entry for activities such as reducing fuel loading, hazard tree removal, and improving forest aesthetics.

Agricultural uses currently occur on planning unit lands surrounding the Potter Valley Powerhouse and consist of grazing on six acres and row cropping on two acres of land.

Both historic and prehistoric resources are present within the Eel River planning unit. The territory within and around the planning unit was evidently shared by Pomo, Huchnom, and Yuki Tribes. The lower region of the planning unit, named John Day Flat by European settlers, and now the site of the Van Arsdale Reservoir, was used by the nearby Potter Valley Tribe. There are at least 2 recorded village sites believed to be Pomo located on the flat. Other Northern Pomo Tribes that visited or resided in the area include the Redwood Valley, Habematolel Pomo of Upper Lake, and Robinson Rancherias.

Adjacent and Nearby Landowners

The 33 parcels within the Eel River planning unit to be retained by PG&E are surrounded by private lands and National Forest System lands managed by Mendocino National Forest. The parcels are accessed via Eel River Road, Elk Mountain Road, an unnamed logging road, Ridgeway Highway, Van Arsdale Road, Powerhouse Road, Cutoff Road, Gravelly Valley Road, Kapranos Road, Simmons Road, PG&E roads, an unnamed USFS road, and USFS roads 18N74 and 20N01. There is no public vehicular access to Parcels 741, 759 and 760.

The Stewardship Council notified and invited landowners located within one mile of the subject parcels to provide comment during key phases of the land conservation and conveyance planning process.

Existing Economic Uses and Agreements

There are recorded encumbrances on the property to be retained by PG&E in the Eel River planning unit for utility lines, a highway, a bridge, public roads, non-public roads, ingress/egress, recreation facilities, public utilities and road purposes, road use, a county road, and a hiking trail, as well as an easement for protecting water quality, natural streams, flood control, soil conservation, scenic conservation and preservation of natural amenities. There are existing agreements for economic uses on the lands to be retained by PG&E in the Eel River planning unit for a commercial recreation camp as well as row crops and grazing. There are also unrecorded agreements for a log boom and weather reporting equipment on the lands to be retained by PG&E in the Eel River planning unit.

PG&E reserves rights in the conservation easement to maintain and operate existing and future utility facilities over portions of the parcels. The specific Hydro Reserved Rights are set forth in the conservation easement, which can be found in Appendix 2.

2. Objectives to Preserve and/or Enhance the BPVs

The Land Conservation Commitment provides that “PG&E shall ensure that the Watershed Lands it owns... are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values. PG&E will protect these beneficial public values associated with the Watershed Lands... from uses that would conflict with their conservation.

PG&E recognizes that such lands are important to maintaining the quality of life of local communities and all the people of California in many ways, and it is PG&E’s intention to protect and preserve the beneficial public values of these lands under the terms of any agreements concerning their future ownership or management.”²

The following text lists the objectives for each BPV at the Eel River planning unit that the Stewardship Council board approved in LCP Volume II, as well as a description of how the conservation easement addresses each objective and each applicable BPV.

The conservation easement will protect the BPVs, subject to PG&E’s hydro and other reserved rights as provided in the conservation easement.

1. Objective: Preserve and enhance habitat in order to protect special biological resources.

The conservation easement (Appendix 2) includes a list of BPVs that will be protected including the following BPV: “Habitat for fish, wildlife, and plants that are native to the area, including species protected under the California Endangered Species Act and/or the federal Endangered Species Act. The term “habitat” includes vegetation along banks and shorelines that contribute to maintaining watershed health. The term “native” refers to plants and animals that occur naturally on the Property, and are defined as “native” by the California Department of Fish & Wildlife and its successors.”

2. Objective: Preserve open space in order to protect natural and cultural resources, viewsheds, and the recreation setting.

The conservation easement will conserve the scenic character of the property by ensuring that no further development will occur unless specifically authorized or permitted by the conservation easement.

3. Objective: Enhance recreational facilities in order to provide additional public access, education and recreation opportunities, and recreation management.

The conservation easement includes outdoor recreation, such as hiking, fishing, hunting, birding, boating, and sightseeing, as a BPV to be protected. Furthermore, the conservation easement provides that the landowner will allow public access on the

² Land Conservation Commitment I.02-04-026, Appendix E, p. 38

property at levels substantially consistent with those existing at the time the conservation easement is recorded, subject to PG&E's Reserved Rights (Section 7 of the conservation easement), and the landowner's right to make reasonable rules and regulations.

- 4. Objective: Develop and implement forestry practices in order to contribute to a sustainable forest, preserve and enhance habitat, as well as to ensure appropriate fuel load and fire management.*

Forest management activities will be subject to compliance with applicable laws and conducted as further described and allowed in the conservation easement (Appendix 2).

- 5. Objective: Identify and manage cultural resources in order to ensure their protection, as well as to support opportunities for public education.*

The conservation easement will protect identified historical and cultural values on the Property to the extent they are protected by state and federal law.

3. Retention or Donation of Fee Title and Recommendation for Conservation Easement Donation

The Settlement and Stipulation require that the Watershed Lands: (1) be subject to permanent conservation easements restricting development of the Watershed Lands so as to protect and preserve the BPVs, and/or (2) be donated in fee simple to one or more public entities or qualified nonprofit conservation organizations, whose ownership will ensure the protection of these BPVs.

Donee Selection Process

The Stewardship Council used a formal multi-step process to solicit and select organizations interested in becoming a conservation easement holder at the Eel River planning unit. The process consisted of the following key steps:

- Organizations were invited to register via the Stewardship Council's Interested Donee Registry and were invited to submit a statement of qualifications (SOQ). The Stewardship Council reviewed the SOQs that were submitted to identify organizations that: (a) were determined to be a qualified nonprofit conservation organization; a federal, state or local governmental entity; or, a recognized tribe; (b) appeared to have sufficient financial and organizational capacity relative to the property interest sought within the planning unit; and, (c) appeared to be capable of satisfying the requirements of the Settlement and Stipulation for receiving a donation of fee title or to hold the conservation easement.
- Organizations interested in a fee title donation were invited to submit a land stewardship proposal ("LSP" or "proposal") describing their capacity and interest in preserving and enhancing the BPVs. The LSPs were posted on the Stewardship Council's website.
- Organizations demonstrating sufficient capacity and determined by the Stewardship Council to be best-suited to receive a donation of property interest (fee or conservation easement) in particular Watershed Lands within a planning unit are being recommended to PG&E to receive fee title and/or conservation easements.

Retention or Donation of Fee Title

The Settlement Agreement states that PG&E will not be expected to make fee simple donations of Watershed Lands with hydroelectric project features, and conservation easements and enhancements may not interfere with hydroelectric operations. In general, PG&E will retain fee title to those Watershed Lands within the boundaries of hydroelectric projects licensed by the FERC, as well as other properties required for continuing and future utility operations. However, these Watershed Lands will be conserved via a conservation easement. See Appendix 4 for a description of PG&E's Land Conservation Commitment.

Initially, approximately 5,214 acres were identified by PG&E as lands outside of FERC project boundaries and not necessary for current and future utility operations. The Stewardship Council received LSPs from three organizations interested in receiving a donation of fee title to lands in this planning unit: the Potter Valley Irrigation District (PVID), Potter Valley Tribe (PVT), and the US Forest Service - Mendocino National Forest (USFS). PVT and PVID each expressed interest in receiving a donation of approximately 1,824 acres in the same set of parcels. There was no overlap of their interest with regard to the lands of interest to the USFS. The Stewardship Council recommended donations to the PVT and USFS within the Eel River planning unit. The PVT has received a donation of 879 acres and USFS has received a donation of 907 acres. On June 24, 2015 the Stewardship Council recommended 3,381 acres made available for donation be retained by PG&E. 5,660 acres within the Eel River planning unit are being retained by PG&E subject to this LCCP.

Lands to be Retained by PG&E

5,660 acres within 33 parcels (739-743 and 747-774) of the Eel River planning unit will be retained in fee by PG&E.

The map in Exhibit 1 shows all shows all of the land within Parcels 739-743 and 747-774 in the Eel River planning unit that will be retained by PG&E. The map also shows key features in the planning unit and surrounding area, and the ownership of adjacent land.

Conservation Easement

The Settlement Agreement states “the conservation easements shall provide for the preservation of land areas for the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values, and shall prevent any other uses that will significantly impair or interfere with those values. Conservation easements on the Watershed Lands will include an express reservation of a right for continued operation and maintenance of hydroelectric facilities and associated water delivery facilities, including project replacements and improvements required to meet existing and future water delivery requirements for power generation and consumptive water use by existing users, compliance with any FERC license, FERC license renewal or other regulatory requirements. In addition, conservation easements will honor existing agreements for economic uses, including consumptive water deliveries. The conservation easements shall be donated to and managed by one or more non-profit conservation trustees, qualified conservation organizations or public agencies with the experience and expertise to fully and strictly implement the conservation easements” (Land Conservation Commitment I.02-04-026, Appendix E, pp. 38-39).

For the complete text of the conservation easement, see Appendix 2.

Conservation easements must be donated to nonprofit organizations, Native American tribes, or public agencies that meet the requirements of California Civil Code section 815.3 and possess the experience and capacity to fully and strictly implement the terms of the conservation easement. The Mendocino Land Trust (MLT) will hold the conservation

easement over the lands within the Eel River planning unit that are the subject of this LCCP. The qualifications of MLT are described in Chapter 4.

Accordingly, immediately following the Section 851 approval of PG&E's grant of a conservation easement over lands retained by PG&E in the Eel River planning unit, PG&E and MLT will execute the conservation easement and it will be recorded.

4. Finding of Donee Funding and Other Capacity to Maintain Lands to Preserve and/or Enhance the BPVs

Selected Organizations

At the conclusion of the selection process referenced below, the following organization was endorsed by the Stewardship Council board on June 25, 2014 and November 19, 2015:

- Mendocino Land Trust (MLT) to hold a conservation easement over 5,660 acres in 33 parcels to be retained by PG&E (Parcels 739-743 and 747-774) in the Eel River planning unit.

Capacity of Selected Organizations

The Stewardship Council board finds that MLT has the funding and other capacity to maintain the property interest so as to preserve and/or enhance the BPVs³.

- MLT was founded in 1976 and accepted its first conservation easement in 1992 and now has 16 conservation easements on in Mendocino County and more recently Lake County.
- MLT's mission is to conserve and restore valuable natural resources of the Mendocino County region. It is dedicated to providing public access to the coast and protecting working farmlands and forests, wildlife habitat, open space, scenic vistas, and watersheds.
- MLT has a staff of six professionals plus a furry four-legged office manager and a nine member board of trustees.
- MLT manages trails, owns over 450 acres of land, and holds 16 conservation easements.
- MLT has been a member of the Land Trust Alliance since 1985 and the California Council of Land Trusts since 2007.

³ Stipulation, Section 12(a)(4)

5. Analysis of Tax and Other Economic and Physical Impacts

The Settlement and Stipulation require that the LCCP provide “an analysis of tax and other economic and physical impacts of such disposition strategy, and a commitment by an appropriate entity (which may be PG&E, subject to being authorized by the Commission to fully recover in rates any such costs in approving PG&E’s Section 851 application or in another appropriate Commission proceeding, Stewardship Council, donee, or a third party, depending on the individual circumstances) to provide a lump sum payment, so that the totality of dispositions in each affected county under this Land Conservation Commitment will be ‘tax neutral’ for that county.”

Property Tax Analysis

PG&E is retaining fee title ownership of 5,660 acres within Parcels 739-743 and 747-774 of the Eel River planning unit and as such, PG&E will continue to pay property taxes to Mendocino and Lake counties as assessed by the State Board of Equalization.

Other Economic and Physical Impacts

The Settlement and Stipulation require an analysis of the physical and economic impacts of each disposition. The agreements for the conservation easement on Parcels 739-743 and 747-774 of the Eel River planning unit have not mandated any changes to the physical or economic uses and PG&E intends to manage the lands in a manner consistent with the current physical and economic uses.

No new activities are proposed that will result in physical impacts.

The conservation easement held by MLT will permit existing economic uses on the lands to continue. The conservation easement will prohibit development and other uses of the land that would significantly impair the BPVs, all subject to PG&E’s Hydro Reserved Rights. PG&E’s Hydro Reserved Rights are referenced in the conservation easement, which can be found in Appendix 2.

6. Hazardous Waste Disclosure

The Stipulation states that in the transfer of fee title and conveyance of a conservation easement, PG&E will disclose all known hazardous waste, substance contamination, or other such environmental liabilities associated with each parcel and hold the donee harmless.

Lands to be Retained by PG&E

PG&E is retaining fee title ownership of 5,660 acres within Parcels 739-743 and 747-774 of the Eel River planning unit and confirmed it has provided the Summary of Potential Environmental Issues on Land to be Retained at Eel River, dated June 8, 2011, to MLT, fulfilling the disclosure requirements of the Land Conservation Commitment.

7. Consideration of Parcel Split

Within Parcels 739-743 and 747-774, approximately 5,660 acres will be retained by PG&E. PG&E determined that operational needs would be met sufficiently through the reservation of rights for ongoing hydroelectric operations on the 1,786 acres to be donated within the planning unit. To effectuate transfer of a portion of the property, parcel splits will be required to comply with the California Subdivision Map Act (Government Code Section 66410, et seq). Certain exemptions to the Map Act apply to public utilities and/or to governmental entities and may apply to future conveyances of parcels within this planning unit.

8. Strategy for Physical Measures to Enhance the BPVs

The Stewardship Council developed and implemented a strategy to identify and undertake appropriate physical measures to enhance the BPVs of the Watershed Lands consistent with Settlement Agreement paragraph 17(c)⁴ and Appendix E, paragraph 1.

During the preparation of Volume II of the LCP, a number of potential physical enhancement measures to preserve and/or enhance the BPVs were identified. These measures were identified with public input and were intended to be illustrative in nature and subject to change over time in coordination with the future landowner.

The Stewardship Council has developed a grant program that will fund selected enhancements on the Watershed Lands. It is anticipated that grant funding will be available to accomplish future projects that enhance one or more of the six BPVs. Projects may include habitat restoration or physical measures such as developing trails, day use areas, and other public access improvements.

⁴ Settlement Agreement Paragraph 17(c) states, “PG&E shall fund PG&E Environmental Enhancement Corporation with \$70 million in Cash to cover administrative expenses and the costs of environmental enhancements to the Watershed Lands... provided that no such enhancement may at any time interfere with PG&E’s hydroelectric operations maintenance or capital improvements.”

9. Monitoring Plan for the Economic and Physical Impacts of Disposition and Implementation of Enhancement Measures

The Stipulation requires that the LCCP outline a plan to monitor the economic and physical impacts of disposition and implementation of enhancement measures.

The conservation easement holder is required to monitor every conservation easement that it holds to ensure that the landowner is complying with the terms of the easement. The Stewardship Council will enter into a Conservation Easement Funding Agreement (Appendix 3) with each conservation easement holder whereby the holder will receive a monitoring and enforcement endowment from the Stewardship Council to fund its monitoring activities.

To further meet the requirement of monitoring the economic and physical impacts, the Stewardship Council will enter into an agreement with the Sierra Nevada Conservancy (SNC), a state agency, whereby the agency will agree to undertake certain duties designed to monitor the impacts of PG&E's Land Conservation Commitment.

When the Stewardship Council has completed its work, it will be dissolved. Prior to its dissolution, the Stewardship Council expects to prepare a report providing an assessment of any economic and physical impacts resulting from the Land Conservation Commitment as of that time. Stewardship Council's close-out report will include, among other things, the following information:

- How the property tax neutrality requirement was satisfied with regard to each parcel donated to a tax exempt organization.
- A report regarding the enhancements that were funded by the Stewardship Council.

It is anticipated that several years after the dissolution of the Stewardship Council, SNC will prepare a report assessing the physical and economic impacts of the Land Conservation Commitment up until that time. The report is expected to cover the following topics:

- Impact of the Land Conservation Commitment on agreements for economic uses.
- Changes in entities holding conservation easements or fee title.
- Performance of duties by conservation easement holders.

In addition to preparing an assessment report, which will be submitted to the CPUC and PG&E, SNC will serve as a public repository for key transaction documents and other documents pertaining to the Land Conservation Commitment through June 2025.

10. Implementation Schedule for Transaction and Measures

Schedule for Transaction

- FERC review and approval (2021)
- CPUC review and approval (2021)
- Close of escrow (2021)
- Stewardship Council release of funds to MLT per conservation easement funding agreement (2021)

Compliance with Local Land Use Planning Requirements

Future management of Parcels 739-743 and 747-774 at the Eel River planning unit is anticipated to comply with all applicable County ordinances and/or General Plan policies.

SUMMARY OF PUBLIC OUTREACH PROGRAM

The Stewardship Council established a comprehensive public outreach program to both inform and solicit input from the public on the development and implementation of a plan to permanently protect over 140,000 acres of PG&E watershed lands. A variety of tools and techniques are used to engage the public, including:

- Stewardship Council Website: the website provides background information on the land conservation program and is regularly updated with board meeting agendas and minutes, proposed recommendations, and other announcements.
- Stakeholder Database and E-mailing: regular e-mail notifications are sent directly to individuals and organizations that have signed-up to receive e-mails. The e-mails provide updates on the status of the land conservation program, including pending actions by the board and upcoming public meetings.
- Targeted Newspaper Noticing and Paid Advertisements: newspaper advertisements and notices are placed in local newspapers circulated in the area where a board or public meeting is taking place or in communities that may have an interest in a particular topic on an upcoming meeting agenda.
- News Releases: news releases are issued to statewide and local media outlets at key intervals during the planning process.
- Public Information Meetings and Workshops: public information meetings and workshops are conducted throughout the watershed lands to provide updates and solicit input from interested stakeholders on the land conservation program and individual planning units. In many workshops, public comments were sought on potential measures to protect and enhance the beneficial public values on specific lands as well as the desired qualifications of potential donee organizations. Individuals and organizations unable to attend are provided an opportunity to submit comments in writing and review meeting summaries posted on the web site.
- Notice by Mail of Pending Decisions Regarding the Conveyance of Individual Parcels and Invitation to Comment:
 - Noticing of Affected Governmental Entities: prior to the Watershed Planning Committee forwarding a recommendation to the board that a proposed Land Conservation and Conveyance Plan (LCCP) be adopted by the board, a notice will be mailed to the Board of Supervisors of the affected county; each affected city, town, and water supply entity; and each affected tribe and/or co-licensee.
 - Noticing of landowners: postcards or letters are sent to all landowners located within one mile of lands that are the subject of a proposed LCCP prior to the Watershed Planning Committee forwarding a recommendation to the board that the proposed LCCP be adopted by the board.
- Individual Meetings with Stakeholders: Over the course of the preparation of Volumes I and II of the Land Conservation Plan (LCP) and the LCCP, Stewardship Council staff met, and communicated via the telephone and email, with a number of stakeholders interested in the Watershed Lands.

Appendix 1: Summary of Public Outreach

- The Stewardship Council Board of Directors meets five to six times per year, typically on a bimonthly schedule. At the board meetings, the public is invited to directly address the board on an agenda item or on any other matter. The meetings have been held at locations in northern and central California and across the watershed lands to help facilitate public participation. Agendas are available one week prior to meetings, and meeting minutes are posted on the Stewardship Council public website approximately three weeks following those meetings.

EEL RIVER PLANNING UNIT PUBLIC OUTREACH

Highlighted below are the opportunities that have been, or are being, provided for public input on key documents and decisions concerning the subject planning unit and the land conservation and conveyance process.

I. PUBLIC REVIEW OF VOLUMES I AND II OF THE LCP

The Draft Land Conservation Plan Volumes I and II were released in June 2007 for a 60-day public comment period. During this time, the Stewardship Council held ten public meetings to publicize the availability of the Draft LCP and to encourage public comment. These meetings were advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to local newspapers, a paid advertisement in local papers, and a postcard sent to all landowners on record that reside within one mile of any PG&E parcel. Comments were received via email, the website, and hardcopy letters. The comments were reviewed, and responded to individually; and the text in the draft LCP was revised as appropriate.

During public review of Volumes I and II of the LCP, the Stewardship Council received several comments regarding the Eel River planning unit. Public comments emphasized the following regarding the future management of the property:

- The importance of preserving historical resources and existing recreational uses
- Conduct cultural resource studies
- Establish native plant gathering and demonstration areas using traditional ecological knowledge
- Support for lands available for donation within the Mendocino National Forest to be transferred to the US Forest Service to support the consolidation of in-holding within the forest
- Support for the lands available for donation in Mendocino County to be transferred to a land trust to preserve old growth trees.
- Investigate the future use and management of the currently closed River Road south of the Eel River
- Prevent unauthorized uses on the property, such as unauthorized OHV use, illegal dumping, squatters, and marijuana farming
- Cleanup trash and illegal dump sites and install trash receptacles
- Protect old growth forest areas
- Ensure public access is allowed along the shores of Lake Pillsbury and the Eel River

Appendix 1: Summary of Public Outreach

- No new roads
- Develop educational facilities in coordination with tribes.
- Review grazing leases to identify impacts to fish, wildlife, plants, water, and land
- Develop a fish hatchery to revitalize local fish populations

II. PUBLIC REVIEW OF VOLUMES I AND II OF THE LCP

In the fall of 2006 a postcard was distributed to the approximately 26,000 landowners located within one mile of the exterior boundary of all the parcels to notify and invite comment on Volume I and II of the LCP. A postcard was also sent to notify and invite all landowners located within one mile of the parcels within the Eel River planning unit to a Public Information Meeting that was held in Ukiah, California on April 27, 2011. In addition, simultaneous with the release of the proposed subject LCCP for public comment, adjacent landowners located within one mile of the subject parcels are noticed by mail 30 days before the Watershed Planning Committee considers forwarding the proposed subject LCCP to the board for final approval.

III. PUBLIC INFORMATION MEETING

A Public Information Meeting workshop for the Eel River planning unit was hosted by the Stewardship Council on April 27, 2011 in, Ukiah, California. Attendees at the workshop included a total of 15 individuals representing a wide variety of interests including local, federal, and tribal governments; and community organizations, and community members. The meeting was advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to the local newspaper, and a postcard sent to all landowners on record located within one mile of any PG&E parcel associated with the Eel River planning unit.

The purpose of the workshop was to: (1) provide an overview of the land conservation process; and, (2) solicit additional public input on future stewardship of the two planning units. Stations were set up with maps, other pertinent information, and easels with blank paper. Below is a summary of comments related to the Eel River planning unit that were recorded on the easels, provided on comment cards, or submitted in a letter subsequent to the meeting.

- Whitewater rafting studies are not as important as wildlife viewing and education facilities (there is some rafting on Trout Creek, but not whitewater)
- Support for the development of a cultural resource center or museum
- Protect the two Osprey nesting sites along the Eel River
- The old-growth forest along Trout Creek drainage (Parcels 744, 745 and 746) should be protected from any harvesting, even sustainable harvesting

IV. PUBLIC REVIEW OF LAND CONSERVATION PROGRAM POLICIES & GUIDELINES

Public comment was sought on policies and guidelines that helped inform the Stewardship Council's land conservation and conveyance process. These documents were provided to the public in advance of

Appendix 1: Summary of Public Outreach

being reviewed and endorsed by the Watershed Planning Committee or Fiduciary Committee and forwarded to the board for review and consideration.

Land Conservation Program Funding Policy

The Stewardship Council created a Land Conservation Program Funding Policy to help guide future planning and decision-making regarding funding of the long term management and stewardship of the watershed lands. In June and July, 2009, the draft policy was posted on the Stewardship Council's web site and made available for review and comment to a group of stakeholders consisting of all registered potential donees and representatives of the counties in which the watershed lands are located. Two comments were received during the 30-day review and comment period. Both comments were reviewed, and it was determined that neither comment necessitated a change in the draft policy. The Stewardship Council's Board of Directors adopted the policy at a public board meeting in Sonora, Calif. on September 17, 2009.

Guidelines for Achieving Property Tax Neutrality

The Stewardship Council created guidelines for achieving property tax neutrality to describe scenarios when the Stewardship Council will make property tax payments to affected counties as in lieu payments for property taxes that are lost due to the donation of PG&E watershed lands to an entity that is exempt from paying property taxes. The guidelines also defined a set of overarching assumptions regarding property tax neutrality payments. The draft guidelines were posted on the Stewardship Council's web site in December 2010. A notice inviting review and comment on the guidelines was sent to the Stewardship Council's stakeholder database. Additional targeted outreach was performed to inform the affected counties. Nine comments were received during the 60-day review and comment period. After consideration of public comments, the Stewardship Council Board adopted a set of guidelines at its public board meeting on March 30, 2011.

Proposed methodology for achieving tax neutrality

The proposed methodology for achieving tax neutrality on donated lands was e-mailed to all land stakeholders and posted on Stewardship Council's website for public review and comment on January 9, 2012. The deadline for submission of comments was March 9, 2012. The Stewardship Council received one request to extend this deadline, which was granted. By the new deadline March 30, 2012, six comments were received. Upon consideration of the comments received, the Stewardship Council board deferred adoption of the full methodology until the June 27, 2012 board meeting so that the affected counties could be notified of the proposed change to the capitalization rate. No comments were received on the revised capitalization rate. The revised methodology was adopted by the board at its June 27, 2012 meeting.

V. WATERSHED PLANNING COMMITTEE RECOMMENDATIONS OF FEE TITLE AND CONSERVATION EASEMENT DONEES

Staff recommendations for prospective fee title donees and conservation easement holders that are endorsed by the Watershed Planning Committee are posted on the Stewardship Council's website for public review and comment. The proposed board action is noticed via an e-mail sent to contacts in the

Appendix 1: Summary of Public Outreach

Stewardship Council's database. In addition, public board meetings are advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to local papers, and an advertisement placed in local newspapers in the area where a board or public meeting is taking place or in communities that may have an interest in a particular topic on an upcoming meeting agenda. The board action taken is also noted in the meeting minutes that are posted on the Stewardship Council's website following each meeting.

All public comments received by staff concerning the fee and conservation easement recommendation at the Eel River planning unit were provided to the board for consideration at the relevant public board meeting.

VI. PUBLIC REVIEW OF THE LAND CONSERVATION AND CONVEYANCE PLANS

The public is provided an opportunity to review and comment on the proposed Land Conservation and Conveyance Plans (LCCPs), and the comments received are shared with board members prior to the Watershed Planning Committee's forwarding the proposed LCCP to the board for its review and approval. The 30-day public review and comment periods are announced via an e-mail sent to contacts in the Stewardship Council's database, a posting on the Stewardship Council's web site, and an advertisement placed in local newspapers in communities that may have an interest in a particular planning unit. A notice inviting review and comment on the proposed LCCP is also sent to all landowners on record located within one mile of the subject PG&E parcels and to PG&E leaseholders. In addition, a notice is mailed to the board of supervisors of the affected county; each affected city, town, and water supply entity; and each affected tribe and/or co-licensee. After receiving public comment, the Watershed Planning Committee may make revisions to a proposed LCCP prior to forwarding a recommendation to the board.

VII. STEWARDSHIP COUNCIL BOARD OF DIRECTORS MEETINGS

Proposed LCCPs endorsed by the Watershed Planning Committee are posted on the Stewardship Council's website for additional public review and comment approximately 30 days prior to being considered by the board at a public board meeting. The posting of proposed LCCPs is advertised via an e-mail sent to contacts in the Stewardship Council's database. In addition, public board meetings are advertised via an e-mail sent to contacts in the Stewardship Council's database, an announcement posted on the Stewardship Council's web site, a press release issued to local papers, and an advertisement placed in local newspapers in the area where a board or public meeting is taking place or in communities that may have an interest in a particular topic on an upcoming meeting agenda. The board action taken is noted in the meeting minutes that are posted on the Stewardship Council's website following each meeting.

All public comments received will be provided to the board. There is also an additional opportunity for public comment at the public board meeting when the board considers approval of the proposed LCCP. Adoption of an LCCP by the board would be the final step in the Stewardship Council's process for selecting donees. The conservation easement donee is responsible for securing its own internal approvals prior to the transaction being completed. Transactions will be finalized upon LCCP review and transaction approval by the California Public Utilities Commission.

RECORDING REQUESTED BY PACIFIC GAS AND ELECTRIC COMPANY Land Department Attention: Paul Covielo 1850 Gateway Blvd, Room 7043C Concord, CA 94520	WHEN RECORDED MAIL TO PACIFIC GAS AND ELECTRIC COMPANY 245 Market Street, N10A, Room 1015 P.O. Box 770000 San Francisco, California 94177
The undersigned Grantor declares that the documentary transfer tax is \$-0- (R&T Code 11911 court-ordered conveyance or decree that is not pursuant to sale)	(Space Above this Line for Recorder's Use)

LD # _____

A.P.N. Lake County – 001-030-009 (Portion); 001-031-002 (Portion); 001-031-024 (Portion); 001-033-003 (Portion); 001-033-004 (Portion); 001-033-005 (Portion); 001-033-006; 001-034-002 (Portion); 001-034-007 (Portion); 001-035-003 (Portion); 001-035-004 (Portion); 001-035-035; 001-040-001

A.P.N. Mendocino County – 171-170-02; 171-180-04; 171-200-003; 171-200-11 (Portion); 171-210-03 (Portion); 171-210-10 (Portion); 171-230-20; 171-230-28; 171-240-08; 171-260-09; 172-290-02; 172-300-02 (Portion); 172-300-04; 173-030-02 (Portion); 173-030-03 (Portion); 173-130-23

Date: _____

DEED OF CONSERVATION EASEMENT AND AGREEMENT
(EEL RIVER PLANNING UNIT)

Between

PACIFIC GAS AND ELECTRIC COMPANY, a California corporation,
 as Grantor

and

MENDOCINO LAND TRUST INCORPORATED, a California nonprofit corporation,
 as Grantee

Note to the County Recorder: This is a conservation easement within the meaning given to such term in California Government Code §27255 and is to be included in the index developed and maintained pursuant to such section.

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**DEED OF CONSERVATION EASEMENT AND AGREEMENT
(EEL RIVER PLANNING UNIT)**

THIS DEED OF CONSERVATION EASEMENT AND AGREEMENT (this "**Easement**") is made and entered into this _____ day of _____, 20____ (the "**Effective Date**") by and between PACIFIC GAS AND ELECTRIC COMPANY, a California corporation ("**Grantor**"), and MENDOCINO LAND TRUST INCORPORATED, a California nonprofit corporation ("**Grantee**"), with reference to the following facts:

RECITALS

A. The Property. Grantor is the owner of approximately 5,660 acres of real property located in Lake and Mendocino Counties, State of California, as more particularly described in the attached Exhibit A (the "**Property**").

B. FPA and FERC Jurisdiction. The Property lies within the boundaries of one or more hydroelectric projects licensed to Grantor pursuant to Part I of the Federal Power Act, 16 U.S.C. §§792-823d ("**FPA**").

1. FPA and FERC Requirements. The FPA requires regulation of the construction, operation, and maintenance of non-federal hydroelectric power projects pursuant to licenses issued by the Federal Power Commission, or its successor, the Federal Energy Regulatory Commission ("**FERC**"). Each such license requires the licensee to undertake appropriate measures on behalf of both developmental and environmental public interest uses of a waterway, including as relevant fish and wildlife protection and enhancement, irrigation, flood control, water supply, and recreation, together with whatever other beneficial public uses the license identifies as a "Project Purpose." The license requires the licensee to acquire and retain all interests in non-federal lands and other property necessary or appropriate to carry out the Project Purposes.

2. FPA and FERC Non-Project Uses. The FPA provides FERC with authority to regulate the use of a licensed project's lands and waters not only by the licensee but also by any other entity. FERC refers to such third-party use as "non-project use of project lands and waters." Even where the third-party use may be compatible with and even promote a specified Project Purpose, such use is "non-project," because it is not in the license as a direct obligation of the licensee. As a FERC licensee for the Property which is the subject of this Easement, Grantor must (except for very minor matters) apply to FERC for approval to convey to a third party any easement over project lands. FERC approval requires conveyance instruments to contain recorded covenants providing that that the non-project use will not interfere with Project Purposes, and requires its licensees to enforce such covenants and protect the project values.

3. Removal of FERC Jurisdiction. FERC jurisdiction and authority over a licensed hydropower project is removed if and when (1) the project is

decommissioned and the project license is surrendered or otherwise terminated; or (2) FERC determines that the project does not require a license to continue to operate, and the license expires or is otherwise terminated. Neither FERC nor the hydropower project license can bestow, remove, or alter water or other property rights; therefore, the end of FERC jurisdiction over the project has no effect on existing property rights in project lands and waters, including any conservation easements on such lands.

C. Grantor Party to Settlement Agreement. Grantor is a party to that certain Settlement Agreement (the "**Settlement Agreement**") as modified and approved by the Public Utilities Commission of the State of California (the "**Commission**") in its Opinion and Order of December 18, 2003 (Decision 03-12-035).

D. Grantor Party to Stipulation. In furtherance of the Settlement Agreement, and to provide additional detail regarding the implementation of the "Land Conservation Commitment" (defined below), the parties to the Settlement Agreement and other interested parties entered into that certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (the "**Stipulation**").

E. Governing Documents and Beneficial Public Values. The Settlement Agreement and the Stipulation (collectively, the "**Governing Documents**") require Grantor to ensure that approximately 140,000 acres of watershed lands, all owned by Grantor (collectively, the "**Watershed Lands**"), including the Property, are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values. The obligations of Grantor to convey conservation easements and protect such beneficial public values on the Watershed Lands, as well as certain other obligations related thereto, are set forth in detail in Appendix E of the Settlement Agreement (as further explicated in Section 12 of the Stipulation), and are defined therein as the "**Land Conservation Commitment**."

F. Stewardship Council and Land Conservation Plan. Pursuant to the Governing Documents, the Pacific Forest and Watershed Lands Stewardship Council, a California non-profit public benefit corporation (the "**Stewardship Council**"), was created to oversee and carry out the Land Conservation Commitment. Pursuant to the Governing Documents, the Stewardship Council developed a plan for protection of the Watershed Lands for the benefit of the citizens of California (the "**Land Conservation Plan**" or "**LCP**"). The LCP includes, among other things, objectives to preserve and/or enhance the beneficial public values identified on each parcel of Watershed Lands.

G. California Civil Code §815. The Legislature of the State of California, as set forth in California Civil Code §815 *et seq.*, has found and declared it to be the public policy and in the public interest of this state to encourage the preservation of land in its predominantly natural, scenic, agricultural, historical, forested, or open-space condition, and that it is "the public policy and in the public interest of this state to encourage the voluntary conveyance of conservation easements to qualified nonprofit organizations."

H. Grantee Qualified Nonprofit Organization. Grantee is a tax-exempt nonprofit organization qualified under §501(c)(3) of the Internal Revenue Code and is eligible to acquire and hold a perpetual conservation easement pursuant to §815.3(a) of the California Civil Code.

I. Grantor's Continuing Hydro Project Activities. Grantor has used and continues to use the Property for the purposes related to the generation of electricity from hydropower facilities and related to the delivery, storage, and consumptive and nonconsumptive use of water as described more fully on attached Exhibit B (the "**Hydro Project Activities**"). In furtherance of the Hydro Project Activities, Grantor has improved portions of the Property with water- and power-related facilities, access roads, recreational facilities, buildings and other structures. The Governing Documents provide that "[c]onservation easements on Watershed Lands will include an express reservation of a right for continued operation and maintenance of hydroelectric facilities and associated water delivery facilities, including project replacements and improvements required to meet existing and future water delivery requirements for power generation and consumptive water use by existing users, compliance with any FERC license, FERC license renewal or other regulatory requirements."

J. Perpetual Protection of Beneficial Public Values. Grantee and Grantor intend through this Easement to ensure the perpetual protection of the beneficial public values on the Property as identified in the LCP, on and subject to the terms and conditions of this Easement. Specifically, the parties intend to assure that the beneficial public values identified in the LCP and set forth on Exhibit D (the "**Beneficial Public Values**") will be protected and preserved in perpetuity and that uses of the Property that are inconsistent with protecting and preserving these Beneficial Public Values will be restricted, all as set forth in this Easement; provided, however, that Grantor shall retain all interests not transferred to Grantee by this Easement, including, but not limited to Grantor's Hydro Reserved Rights described in Section 7 below.

AGREEMENT

In consideration of the above recitals and the mutual covenants, terms, conditions, and restrictions contained herein, and pursuant to California Civil Code §815 et seq., Grantor and Grantee further hereby agree as follows:

1. Grant of Easement. Grantor hereby grants to Grantee a perpetual "conservation easement" as defined by §815.1 of the Conservation Easement Act of 1979 (California Civil Code §815 et seq.) in gross, in, on, over and across the Property (the "**Conservation Easement**"), subject to and in accordance with the terms and conditions of this Easement.

2. Purpose. It is the purpose of this Easement to protect and preserve in perpetuity the Beneficial Public Values on the Property by restricting any use of the Property that will significantly impair the Beneficial Public Values, all subject to and in accordance with the terms and conditions of this Easement (the "**Purpose**"). As used in this Easement, the terms "impair" and "impairment" mean to diminish in quantity,

quality, value, strength or viability. As used in this Easement, the terms "significant" and "significantly," when used with "impair" and "impairment," respectively, mean a greater than negligible adverse impact, for more than a transient period. The parties agree that Grantor's retention of certain rights specified in this Easement, including the Hydro Reserved Rights, is consistent with the Purpose of this Easement.

3. Baseline Documentation Report. The parties acknowledge that certain existing conditions particularly relevant to the Property are documented in a baseline documentation report (the "**Baseline Documentation Report**"). Grantor and Grantee each have a copy of the signed Baseline Documentation Report, executed by both parties to acknowledge their approval and receipt of the Baseline Documentation Report. The parties agree that the Baseline Documentation Report contains an accurate representation of such existing conditions of the Property as of the Effective Date, and is intended to serve as an objective, though non-exclusive, information baseline for monitoring compliance with the terms of this Easement. The foregoing notwithstanding, if a dispute arises with respect to any of the conditions of the Property, the parties shall not be foreclosed from utilizing any and all other relevant documents, surveys, or other evidence or information to assist in the resolution of the dispute.

4. Commission and FERC. The terms and conditions of this Easement are subject to any conditions imposed by the Commission pursuant to **[Note: citation to decision/resolution to be inserted]** or by FERC pursuant to any hydroelectric project license for the Property or any applicable orders or regulations that FERC may issue from time to time. Notwithstanding anything to the contrary in this Easement, Grantor, its successors, and assigns have the right to perform any and all acts required by an order of FERC, or its successors, without the prior approval of Grantee or any other person. Grantor expressly reserves the right to comply with all FERC orders and regulations as they may be amended from time to time. In addition, Grantee shall comply with any information requests or reporting obligations required by the Commission or FERC, whether directly to the Commission or FERC, or through Grantor; provided that Grantor shall reimburse the reasonable costs and expenses incurred by Grantee in responding to such requests. Execution of this Easement by Grantor does not imply tacit Commission or FERC approval of a non-project use on the Property nor does it obligate Grantor to seek Commission or FERC approval for non-project uses proposed by Grantee.

5. Rights Conveyed to Grantee. Subject to the terms and conditions of this Easement, Grantor grants and conveys to Grantee the following affirmative rights:

5.1 Identification, Monitoring and Enforcement. The right to identify with Grantor the Beneficial Public Values of the Property, the right to monitor and enforce the protection and preservation of such Beneficial Public Values in accordance with the terms of this Easement, the right to enforce the terms of this Easement, the right to enjoin any activity on the Property or other use of the Property which violates the terms of this Easement, and the right to enforce the restoration of such areas or features of the Property as may hereafter be damaged in violation of this Easement.

5.2 Access. The right for Grantee and Grantee's directors, officers, partners, members, managers, employees, contractors, subcontractors, consultants, representatives, agents, permittees and invitees ("**Grantee's Representatives**") to enter onto the Property at reasonable times, during normal business hours, not more than twice per calendar year and upon not less than ten (10) business days' advance written notice in order to monitor and inspect the Property, to enforce the rights which are granted herein, to determine whether the activities conducted on the Property are in compliance with the terms of this Easement, and to enforce the restoration of such areas or features of the Property as may have been damaged in violation of this Easement, all in compliance with the provisions of Section 10. Grantee will limit the number of Grantee Representatives entering the Property to those who are reasonably necessary to undertake the inspections, and such entry will be for no more days than are reasonably necessary to carry out the inspections. Grantor's representatives shall have the right to accompany Grantee's Representatives during bi-annual monitoring visits or on any other visit permitted by this Section 5.2. Notwithstanding the foregoing, Grantee shall also have the right of entry upon the Property upon not less than twenty-four (24) hours' advance written notice where such entry is necessary to (i) prevent, terminate, or mitigate a violation of the terms of this Easement; or (ii) monitor actions taken pursuant to the bi-annual inspections contemplated by this Section 5.2. All access and entry allowed under this Section 5.2 will be made in a manner that will not unreasonably interfere with the permitted use(s) of the Property by Grantor, its successors in interest, and any occupant(s) or user(s) of the Property and shall comply with any entry and access guidelines established by Grantor and restrictions contained in any Third Party Use Agreements. Without limiting the preceding sentence, with respect to the Hydro Operating Zone (as defined in Section 7.2.5 below), Grantee shall comply with any and all of Grantor's on-site safety and security requirements and any other rules and regulations that may be implemented by Grantor. Grantee agrees to cooperate with Grantor and to abide by any and all orders or instructions issued by Grantor, its employees, agents or representatives. Upon request, if Grantee's employees or other representatives will be entering into restricted areas of the Property, Grantee shall have its employees who will be entering such areas attend PG&E safety presentations, so that such employees understand all safety precautions and protocols concerning high voltage transmission lines and the electrical substation.

5.3 Grantee Signs. Grantee shall have the right, but not the obligation, at its sole cost and expense, to erect, maintain, and/or remove, one or more reasonable, non-illuminated signs or other appropriate markers in locations on the Property visible from any public roads or other adjoining property, bearing information indicating (a) that the Property is protected by the Conservation Easement, and/or (b) the participation of Grantee and of any funder in the stewardship of the Conservation Easement, the wording, size, number, design, and location of which shall be decided upon by Grantee and Grantor, each exercising its reasonable discretion.

6. **Prohibited Uses.** Grantor will not engage in, or permit others to engage in, the prohibited uses set forth on Exhibit F hereto, except as otherwise provided therein (the "**Prohibited Uses**"), which Grantor and Grantee agree are inconsistent with the Purpose of this Easement.

7. **Grantor's Reserved Rights.**

7.1 **Hydro and Other Reserved Rights.** As provided in California Civil Code §815.4, all interests not expressly transferred and conveyed to Grantee by this Easement shall remain in Grantor, including the right to engage in and permit or invite others to engage in all uses of the Property not affected by this Easement nor prohibited by this Easement or by law. In compliance with §815.4, Grantor and Grantee acknowledge and agree that Grantor expressly reserves all rights accruing from the ownership of the Property and not expressly transferred and conveyed to Grantee by this Easement, including without limitation the right to engage in or permit or invite others to engage in all uses of the Property that do not significantly impair the Beneficial Public Values and are not expressly prohibited by this Easement. Without limiting the foregoing, Grantor shall have the right to engage in and permit or invite others to engage in the permitted uses set forth in Exhibit I (the "**Permitted Uses**"). In addition and notwithstanding any other provision of this Easement, Grantor expressly reserves the right to engage in or permit or invite others to engage in those uses set forth in Exhibit C ("**Hydro Reserved Rights**"), subject to the restrictions set forth in Sections 7.3 and 7.4 below.

7.2 **Definitions.** As used in this Section 7, the following defined terms shall have the meanings set forth below:

7.2.1 **Anticipated Significant Actions.** As used herein, "**Anticipated Significant Actions**" are (a) those Required Actions (which include Specified Required Actions pursuant to Section 7.2.3), that involve a Prohibited Use and/or that Grantor determines in Grantor's reasonable discretion exercised in good faith are likely to significantly impair one or more of the Beneficial Public Values, (b) Discretionary Actions that Grantor determines in Grantor's reasonable discretion exercised in good faith are likely to significantly impair one or more of the Beneficial Public Values, and (c) Permitted Uses that Grantor determines in Grantor's reasonable discretion exercised in good faith are likely to significantly impair one or more of the Beneficial Public Values. Except as provided in Section 7.3.1, no Grantee notification, consultation or consent shall be required for actions, activities or improvements that are not Anticipated Significant Actions.

7.2.2 **Required Actions.** As used herein, "**Required Actions**" are those intended actions, activities or improvements that Grantor determines in Grantor's sole discretion exercised in good faith are required on the Property by any one or more of the following: (a) the Commission, FERC, or any other governmental entity having jurisdiction over Grantor's use, ownership, operation, or management of the Property, including the Hydro Project Activities, or (b) any Applicable Law (as defined in Section 8), or (c) any Third Party Use Agreements, or (d) to comply with professional practices,

standards and/or policies governing the Hydro Project Activities. All references in this Agreement to "Required Actions" shall include Specified Required Actions (as defined below) unless otherwise noted.

7.2.3 Specified Required Actions. As used herein, "**Specified Required Actions**" are those Required Actions that require a specified action, activity or improvement on the Property, with respect to which Grantor has no material discretion over the specific details of implementation, including, without limitation, the manner, timing, and location of the Specified Required Action. Without limiting Grantor's notification obligations pursuant to Section 7.3.1 below, no Grantee consultation or consent shall be required with respect to any Specified Required Action.

7.2.4 Discretionary Action. As used herein, a "**Discretionary Action**" is an intended action, activity or improvement that is not a Required Action or a Permitted Use, and does not involve a Prohibited Use.

7.2.5 Hydro Operating Zone. As used herein, a "**Hydro Operating Zone**" is a spatially delineated area of the Property intended to primarily contain (or immediately adjacent to an area of the Property containing) Hydroelectric Facilities and Associated Water Delivery Facilities, as defined and described on Exhibit B hereto. The initial delineated Hydro Operating Zones are set forth on Exhibit G hereto; provided, however, that, subject to Sections 7.3 and 7.4 below, Grantor shall have the right, as a Discretionary Action governed by Sections 7.3 and 7.4 below, to expand, contract, add or remove Hydro Operating Zones from time to time.

7.3 Annual Work Plan Notification, Consultation and Consent Requirements.

7.3.1 Delivery and Contents of Annual Work Plan. No later than February 15th of each calendar year after the Effective Date, Grantor shall prepare and deliver to Grantee an annual work plan for the Property (an "**Annual Work Plan**"). In the Annual Work Plan, Grantor shall inform Grantee of the Anticipated Significant Actions Grantor anticipates undertaking on the Property during such calendar year. The Annual Work Plan shall include the following:

(a) a reasonably detailed description of the Anticipated Significant Actions Grantor intends to commence within such calendar year, together with a bullet point list of those actions Grantor intends to commence during such calendar year that Grantor determines do not constitute Anticipated Significant Actions;

(b) a bullet point list of all actions undertaken by Grantor during the immediately preceding calendar year that Grantor determined did not constitute Anticipated Significant Actions and were not described in a previous Annual Work Plan (or otherwise disclosed to Grantee);

(c) an indication of whether the Anticipated Significant Actions will occur within or outside of a Hydro Operating Zone;

(d) Grantor's determination of which Anticipated Significant Actions are Discretionary Actions;

(e) Grantor's determination of which Anticipated Significant Actions are Required Actions, including a reasonably detailed explanation of the basis for Grantor's determination;

(f) Grantor's determination of which Anticipated Significant Actions are Specified Required Actions, including a reasonably detailed explanation of the basis for Grantor's determination;

(g) Grantor's determination of which Anticipated Significant Actions are Permitted Uses, including a reasonably detailed explanation of the basis for Grantor's determination;

(h) Grantor's estimated timeline for commencement and completion of each of the Anticipated Significant Actions;

(i) a description of Grantor's anticipated efforts to avoid or minimize harm to or impairment of the Beneficial Public Values from the Anticipated Significant Actions;

(j) if and when available, Grantor shall use reasonable efforts to provide copies of any underlying filings (including filings, if any, under the California Environmental Quality Act), permits (e.g., burn permits, stream alteration permits, or timber harvest plans), orders or rulings associated with the Anticipated Significant Actions; and

(k) any Third Party Use Agreement renewals or replacements as contemplated by Section 9.1.2 below.

7.3.2 Review of Annual Work Plan. Grantor and Grantee shall meet (in person or electronically) within sixty (60) days after Grantee's receipt of the Annual Work Plan to review the Annual Work Plan. Grantee has the right to request reasonable additional information regarding actions identified in the Annual Work Plan. As part of the Annual Work Plan review process, Grantor and Grantee will consult on Express Third Party Uses as contemplated by Section 9.1 below and Informal Uses as contemplated by Section 9.2 below. Periodically, at such annual review meetings, the content requirements for the Annual Work Plan as set forth in Section 7.3.1 above may be modified, confirmed by mutual written agreement of the parties.

7.3.3 Anticipated Significant Actions within Hydro Operating Zones. Without limiting Grantor's notification obligations pursuant to Section 7.3.1 above, no Grantee consultation or consent shall be required with respect to any Anticipated Significant Actions within a Hydro Operating Zone.

7.3.4 Anticipated Significant Actions Outside Hydro Operating Zones. The following provisions shall apply with respect to Anticipated Significant Actions outside of a Hydro Operating Zone:

(a) **Specified Required Actions.** Without limiting Grantor's notification obligations pursuant to Section 7.3.1 above, no Grantee consultation or consent shall be required with respect to any Specified Required Actions outside of a Hydro Operating Zone.

(b) **Other Required Actions and Permitted Uses.** With respect to Required Actions and Permitted Uses disclosed in the Annual Work Plan that are not Specified Required Actions and are to be undertaken outside of a Hydro Operating Zone, Grantor and Grantee agree that, at or prior to the meeting to review the Annual Work Plan, Grantee may (but shall be under no obligation to) propose alternative methods and practices to avoid or minimize harm to or impairment of one or more Beneficial Public Values by such Anticipated Significant Actions ("**Proposed Methods and Practices**"). Grantor shall implement the Proposed Methods and Practices, to the extent Grantor determines in its sole discretion exercised in good faith that the Proposed Methods and Practices (i) may be implemented in a commercially reasonable manner balancing the harm to Beneficial Public Values with any increased cost or burden to Grantor, (ii) where applicable, will allow for the completion of a Required Action in a timely manner, and (iii) are reasonably likely to avoid potential harm to or impairment of one or more Beneficial Public Values. If Grantor determines that one or more of the foregoing conditions has not been satisfied, Grantor shall specify the reasons for this determination in detail, and Grantor and Grantee shall cooperate in good faith and with diligence to attempt to resolve Grantor's objections to Grantee's Proposed Methods and Practices consistent with this paragraph.

(c) **Discretionary Actions.** With respect to Discretionary Actions disclosed in the Annual Work Plan that are to be undertaken outside of a Hydro Operating Zone, such Discretionary Actions shall be subject to Grantee's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed by Grantee. If Grantee fails to grant or deny Grantor's request for consent within one hundred eighty (180) days following Grantee's receipt of Grantor's request for consent, Grantee shall be deemed to have consented to the particular Discretionary Action described in the request. If Grantee withholds its consent to such proposed Discretionary Action to be undertaken outside of a Hydro Operating Zone, Grantee shall specify its objections in detail and, wherever possible, propose commercially reasonable alternatives, methods and/or practices to avoid or mitigate harm to or impairment of the Beneficial Public Values while substantially achieving the purposes of Grantor's proposed Discretionary Action. Grantor and Grantee shall cooperate in good faith and with diligence to attempt to resolve Grantee's objections in a manner that sufficiently mitigates Grantee's objections to its reasonable satisfaction.

7.4 Anticipated Significant Actions Not Identified in Annual Work Plan.

If Grantor intends to undertake an Anticipated Significant Action not identified in an Annual Work Plan, Grantor shall notify Grantee (a "**Notice of Action**"), and include the

information required by Section 7.3.1 above. Additionally, Grantor and Grantee shall meet (in person or electronically) within sixty (60) days after Grantee's receipt of the Notice of Action to review Grantor's proposed Anticipated Significant Actions. Any Anticipated Significant Action (other than a Specified Required Action) identified in a Notice of Action which is proposed to occur outside of a Hydro Operating Zone shall be subject to Section 7.3.4 above. Where this Section 7.4 applies, references to the "Annual Work Plan" in Section 7.3.4 above shall be deemed to be references to the applicable Notice of Action except that Grantor shall not be required to provide the list of actions set forth in Section 7.3.1(b) above.

7.5 Emergency Actions. Notwithstanding any other provisions of this Section 7, in the case of an emergency or other exigent circumstance affecting the safety of persons and/or property, Grantor may exercise its Hydro Reserved Rights and take any other remedial actions in an unrestricted manner on all or any portion of the Property within or outside of a Hydro Operating Zone without consultation with Grantee and without Grantee's consent. Grantor shall provide copies of any required notifications to applicable regulatory agencies of the emergency action and shall notify Grantee of those emergency actions taken, such notice to be provided to Grantee as soon as practicable but in any event within thirty (30) days after the emergency action has occurred.

7.6 Water Rights. The Parties acknowledge that Grantor's exercise of water rights relating to water located or flowing on or under the Property, including those described in Exhibit C, are governed by this Section 7.

8. Responsibility for Operations. Nothing in this Easement shall be construed as giving any right or ability to Grantee to exercise physical or managerial control of the day-to-day operations of the Property or of Grantor's activities on the Property. Grantor shall have and retain all responsibility for, and shall bear all costs and liabilities of, the ownership of the Property. In connection with Grantor's use or occupancy of the Property, Grantor shall have and retain all responsibility for, and shall bear all costs and liabilities of, compliance with any present and future applicable laws, ordinances, rules, regulations, permits, licenses, authorizations, orders and requirements, whether or not in the current contemplation of the parties, which may affect or be applicable to the Property or any part of the Property (including, without limitation, any subsurface area), all consents or approvals required to be obtained from, and all rules and regulations of, and all building and zoning laws of, all federal, state, county and municipal governments, the departments, bureaus, agencies or commissions thereof, or any other governmental or quasi-governmental body or bodies exercising similar functions, having or acquiring jurisdiction of the Property (in each case, an "**Applicable Law**"), except as expressly stated otherwise in this Easement. Without placing any limitation on the foregoing sentence, the parties agree as follows:

8.1 Condition of Property. Grantee shall have no duty or responsibility for (a) the operation or maintenance of the Property except to the extent specifically undertaken by Grantee as permitted under this Easement, (b) the monitoring of any

hazardous conditions thereon, or (c) the protection of Grantor, the public, or any other person or entity from any risks relating to conditions on the Property.

8.2 Taxes. Grantee shall have no duty or responsibility for real property taxes and assessments levied on the Property.

8.3 Permits and Approvals. Grantor shall be solely responsible for obtaining any and all applicable governmental permits and approvals for, and otherwise complying with all Applicable Laws relating to, any activity or use of the Property by Grantor which is permitted by this Easement; provided, however, Grantor shall have no responsibility pursuant to this Easement for obtaining permits and approvals required on behalf of unrelated third parties who occupy or use the Property or for an unrelated third party's failure to comply with Applicable Laws. Grantee shall be solely responsible for obtaining any and all applicable governmental permits and approvals for, and otherwise complying with all Applicable Laws relating to, any activity or use of the Property by Grantee which is permitted by this Easement.

8.4 Limitation on Restoration Obligations. Nothing in this Easement shall require Grantor to take any action to restore the condition of the Property after (a) any Act of God, which includes, without limitation, fire, climate change, flood, storm, earth movement, or natural evolutionary changes in the condition of the Property from that described in the Baseline Documentation Report; (b) any prudent action taken by Grantor under emergency conditions to prevent, abate, or mitigate significant injury to the Property or to any person resulting from such causes; or (c) the non-permitted acts of unrelated third parties so long as Grantor has satisfied its obligations under Section 9.3.

9. Third Party Use of the Property.

9.1 Express Third Party Uses. Exhibit H hereto describes the existing third party uses of the Property permitted with the express agreement of Grantor ("**Express Third Party Uses**"). Subject to Section 7 above, Express Third Party Uses shall also include any future third party use implemented by Grantor as a Required Action or as a Discretionary Action approved by Grantee in accordance with Section 7. Grantor retains the right to maintain, renew, and replace all agreements memorializing the Express Third Party Uses ("**Third Party Use Agreements**") and to engage in all activities reasonably required to comply with Grantor's obligations with respect to the Express Third Party Uses, subject to the following conditions:

9.1.1 Increases in Intensity or Expansion of Location or Size or Change in Use. Any (i) increase in the intensity, or (ii) expansion of the location or size, or (iii) a change in the use, of an Express Third Party Use (whether through a new agreement or an amendment to an existing agreement), that Grantor determines in Grantor's reasonable discretion exercised in good faith is likely to significantly impair the Beneficial Public Values shall be subject to Grantee's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed by Grantee, except

if such change in Express Third Party Use constitutes a Required Action in which case the consultation provisions of Section 7 above shall apply.

9.1.2 Renewal or Replacement of Third Party Use Agreements.

All Third Party Use Agreements existing on the date hereof are identified on Exhibit H. As Third Party Use Agreements are renewed or replaced (either with the existing user or a new user), Grantor, in consultation with Grantee as part of the Annual Work Plan consultation in accordance with Section 7.3 above, shall include contractual provisions to bring the continuation of the Express Third Party Use and the preservation of the Beneficial Public Values into alignment to the fullest extent reasonably practicable.

9.1.3 Consultation on Express Third Party Uses. As part of the

Annual Work Plan review process under Section 7.3 above, Grantor and Grantee will consult on existing Express Third Party Uses, including recommendations, if any, on how to bring the Express Third Party Uses and the preservation of the Beneficial Public Values into alignment to the fullest extent reasonably practicable.

9.1.4 Enforcement of Third Party Use Agreements. If Grantor or

Grantee discovers any default under a Third Party Use Agreement that significantly impairs the Beneficial Public Values (and if Grantee makes such discovery, Grantee gives Grantor written notice thereof), Grantor shall use reasonable efforts to enforce such Third Party Use Agreement or otherwise remedy such violation, at Grantor's sole expense.

9.2 Informal Uses and Public Access. Grantor and Grantee recognize that the Property has been used by third parties for recreational, cultural, and other non-commercial or informal purposes without formal written agreements to conduct such activities (the "**Informal Uses**"). Grantor and Grantee further recognize that access is inherent or may be inherent in the enjoyment of the Beneficial Public Values and the Informal Uses. Consistent with the objectives articulated in the Governing Documents to provide continued reasonable access by the public to the Watershed Lands, Grantor shall allow public access to the Property (other than Hydro Operating Zones) that is substantially consistent with the public access existing on the Effective Date, subject to Section 7 and the following limitations:

9.2.1 Rules and Regulations. Grantor reserves the right to make reasonable rules and regulations to control, limit, or, as necessary, exclude Informal Uses and public access.

9.2.2 Liability Limitation. Grantor and Grantee claim all of the rights and immunities against liability for injury to the public to the fullest extent allowable by law.

9.2.3 Periodic Review of Informal Uses. As part of the Annual Work Plan review process under Section 7.3 above, Grantor and Grantee will consult on Informal Uses, including recommendations made by Grantor or Grantee, if any,

regarding the necessity of controlling, limiting or excluding the Informal Uses to ensure the preservation of the Beneficial Public Values.

9.3 Unauthorized Third-Party Uses. If Grantor or Grantee discovers any unauthorized third-party use or activity on the Property (not including any third party violation covered by Section 9.1.4 above) that violates the terms of this Easement (and if Grantee makes such discovery, Grantee gives Grantor written notice thereof), Grantor shall use reasonable efforts, in consultation with Grantee, to stop or prevent any such unauthorized use of the Property, at Grantor's sole expense; provided that in no event shall Grantor's obligations under this Section 9.3 require Grantor to pursue legal action or incur other substantial costs. If Grantee demonstrates that Grantor's efforts in compliance with this Section 9.3 have not prevented, or are unlikely to prevent, the unauthorized third-party use or activity on the Property that violates the terms of this Easement, Grantee may meet and confer with Grantor to propose additional efforts to prevent such use or activity which Grantee may undertake, at Grantee's sole expense. Grantor shall consider such proposal in good faith and, if Grantor permits Grantee to use such additional efforts, the scope and duration of such efforts shall be determined by Grantor, and Grantee shall comply with any requirements imposed by Grantor in connection with such efforts.

10. Enforcement and Remedies.

10.1 Procedures Upon Violation. If a party hereto (the "**Non-Breaching Party**") determines there is a breach of the terms of this Easement or that a breach is threatened, written notice of such breach (the "**Notice of Breach**") and a demand for corrective action sufficient to cure the breach shall be given by the Non-Breaching Party to the party allegedly breaching this Easement (the "**Breaching Party**"). Within fourteen (14) days after delivery of a Notice of Breach, Grantor and Grantee shall meet at a location in the County where the Property is located or as otherwise agreed to by the parties to discuss the circumstances of the alleged or threatened breach and to attempt to agree on appropriate corrective action. If the parties mutually determine that it is appropriate and desirable, a duly qualified expert in the subject matter of the alleged breach (the "**Consulting Expert**") shall attend the meeting. Grantor and Grantee shall each pay one-half of the costs of retaining the services of the Consulting Expert for such discussion; provided, however, that if Grantor and Grantee are unable to agree upon a Consulting Expert, each party may retain the services of an expert at its own expense. If Grantor and Grantee are unable to agree on appropriate corrective action (or if any such corrective action is required) within thirty (30) days after such meeting, then the Non-Breaching Party may, at its election, deliver a further written notice to the Breaching Party to demand reasonable, particular corrective action to cure the breach (the "**Notice of Easement Violation**"). If a violation is not cured within thirty (30) days after the delivery of the Notice of Easement Violation, or if the cure reasonably requires more than thirty (30) days to complete and there is failure to begin the cure within the 30-day period or failure to continue diligently to complete the cure, the Non-Breaching Party may commence litigation in accordance with Section 10.2 below.

10.2 Litigation. If the parties are not able to resolve a claim or dispute pursuant to Section 10.1 above, the Non-Breaching Party may bring an action at law or in equity in a court of competent jurisdiction to enforce compliance with the terms of this Easement, to recover any damages to which Non-Breaching Party may be entitled for violation of the terms of this Easement, or for any other legal or equitable relief available under California law, including, but not limited to, temporary or permanent injunctive relief, monetary damages and/or any other form of relief required to achieve the restoration of the Property to the condition in which it existed prior to any violation. To the extent that Grantee recovers any monetary damages for the cost of restoring any injury or damage to a portion of the Property that is caused by Grantor's breach of this Easement, all such damages recovered by Grantee (after appropriate costs of suit are reimbursed) shall be applied to the cost of undertaking any corrective action to the applicable portion of the Property. Notwithstanding anything to the contrary contained in this Easement, in no event shall the Breaching Party be liable to the Non-Breaching Party for, and the parties each hereby waive their right to, any indirect, special, punitive, or consequential damages resulting from the Breaching Party's breach of this Easement, whether foreseeable or unforeseeable.

10.3 Emergency Injunctive Relief. If circumstances require immediate action to prevent or mitigate a violation of this Easement and the Non-Breaching Party reasonably determines that irreparable harm would result if the Non-Breaching Party were required to complete the process set forth in Section 10.1, the Non-Breaching Party may proceed immediately to seek an injunction to stop the violation, temporarily or permanently.

10.4 Remedies Cumulative. The remedies described in this Section 10 shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity, including but not limited to, the remedies set forth in California Civil Code §815 *et seq.*, inclusive. The failure of a party to discover a violation or to take immediate legal action shall not bar taking such action at a later time.

10.5 Costs of Enforcement. All costs incurred in enforcing the terms of this Easement, including, but not limited to, costs of suit and reasonable attorneys' fees as set forth in Section 20.11, shall be borne by the Breaching Party, but only to the extent that a breach of this Easement is determined to have occurred. If, after the Non-Breaching Party delivers a Notice of Easement Violation, it is determined that there was no breach of this Easement by the Breaching Party, the Non-Breaching Party shall pay all of the Breaching Party's costs and expenses incurred in connection with the alleged breach.

10.6 No Waiver. Enforcement of this Easement against a party shall be at the discretion of the Non-Breaching Party, and any forbearance by the Non-Breaching Party to exercise its rights under this Easement in the event of any breach of any term of this Easement shall not be deemed or construed to be a waiver by the Non-Breaching Party of such term or of any subsequent breach of the same or any other term of this Easement or of any of such party's rights under this Easement. No delay or omission by the Non-Breaching Party in the exercise of any right or remedy shall impair

such right or remedy or be construed as a waiver. A party's permission to the other party to carry out, or failure to object to, any proposed use or activity by the other party shall not constitute consent to any subsequent use or activity of the same or different nature.

11. Indemnification and Insurance.

11.1 Indemnification by Grantee. Grantee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold harmless Grantor, its parent corporation, subsidiaries, affiliates, and their respective officers, managers, directors, representatives, agents, employees, transferees, successors and assigns (collectively, "**Grantor Indemnitees**") from and against all claims, losses, actions, demands, damages, costs, expenses (including, but not limited to, experts' fees and reasonable attorneys' fees and costs) and liabilities of whatever kind or nature (collectively, "**Claims**") arising out of or in connection with this Easement or the Property to the extent caused by the negligence or willful misconduct of the Grantee Indemnitees.

11.2 Indemnification by Grantor. Grantor shall, to the maximum extent permitted by law, indemnify, protect, defend and hold harmless Grantee, its parent corporation, subsidiaries, affiliates, and their respective officers, managers, directors, representatives, agents, employees, transferees, successors and assigns (collectively, "**Grantee Indemnitees**") from and against all Claims arising out of or in connection with this Easement or the Property except to the extent caused by the negligence or willful misconduct of the Grantee Indemnitees.

11.3 Release. Entry onto the Property by Grantee and Grantee's Representatives shall be at Grantee's sole risk and expense, and Grantee accepts all risk relating to the condition of the Property. Notwithstanding the provisions of Section 11.2, Grantor shall not be liable to Grantee for, and to the maximum extent permitted by law, Grantee hereby waives and releases Grantor and the other Grantor Indemnitees from, any and all liability, whether in contract, tort or on any other basis, for any injury, damage, or loss to Grantee and/or Grantee's Representatives resulting from or attributable to any occurrence relating to the condition of the Property, except if arising solely from Grantor's gross negligence or willful misconduct.

11.4 Insurance. Grantee shall procure, carry and maintain in effect during all access to the Property throughout the term of this Easement the insurance specified in Exhibit E hereto, provided that Grantor reserves the right to periodically review and reasonably modify the insurance requirements specified in Exhibit E in effect to be generally consistent with requirements of other prudent property owners allowing access to their properties by conservation easement holders. All insurance shall be written on forms and with insurance carriers acceptable to Grantor in its commercially reasonable judgment. Prior to Grantee's initial entry onto the Property, and thereafter at least thirty (30) days prior to the expiration date of any policy, Grantee shall provide Grantor with evidence of the insurance coverage, or continuing coverage, as applicable, satisfying the requirements of this Section 11.4 and Exhibit E. Grantee is also responsible for causing Grantee's agents and contractors entering the Property to

comply with the insurance requirements of this Easement at all relevant times, the insurance being specified in Exhibit E. Grantee shall, to the maximum extent permitted by law, indemnify, protect, defend and hold the Grantor Indemnitees harmless against claims, losses, costs (including attorneys' fees and costs), liabilities and damages resulting from the failure of Grantee, or any of Grantee's consultants, contractors or subcontractors, to comply with the insurance requirements set forth in this Section 11.4 and Exhibit E. Except for the right to access the Property under Section 5.2 above, which shall be conditioned upon carrying insurance required herein, no failure to carry such insurance or to provide a certificate thereof by any such deadline shall alter or affect in any manner any of the rights or obligations of the parties under or with respect to this Easement. The foregoing insurance requirements shall not apply in the event that the Grantee is a governmental agency with a self-insurance program reasonably acceptable to Grantor.

12. Grantee Transfer of Easement.

12.1 Voluntary Transfer.

12.1.1 If Grantee desires to assign its interest under this Easement, Grantee shall provide Grantor and the Sierra Nevada Conservancy ("SNC") with written notice of such intention to transfer to an assignee which is (a) qualified to hold a conservation easement under §815.3 of the California Civil Code; and (b) willing and with the financial capability (taking into account any stewardship funds to be transferred by Grantee with this Easement) and organizational experience to assume all of the responsibilities imposed on Grantee under this Easement; and (c) acceptable to Grantor in its reasonable discretion. Grantee shall allow the SNC, in consultation with Grantor, a period of not less than sixty (60) days within which to approve the proposed assignee, which approval shall not be unreasonably withheld and shall be based on whether the proposed assignee meets the designation criteria specified in this Section 12.1.1.

12.1.2 Grantee is responsible for identifying a suitable assignee pursuant to Section 12.1.1. However, if a suitable assignee is not identified, then SNC shall have sole discretion to elect to become the assignee of Grantee's interest hereunder.

12.1.3 As conditions to any assignment of Grantee's interest under this Easement, Grantee shall (a) require the assignee to expressly agree in writing to assume Grantee's obligations hereunder, and (b) ensure that such assignee has the resources to fulfill its obligations under this Easement. Notwithstanding anything in this Section 12.1 to the contrary, this Easement shall not be transferred by Grantee to any governmental entity, public agency or Native American tribe without the consent of the Grantor, which consent shall be in Grantor's sole discretion exercised in good faith.

12.2 Involuntary Transfer. If Grantee ever ceases to exist or no longer qualifies under §815.3 of the California Civil Code, the Stewardship Council (or its designee), or if the Stewardship Council (or its designee) shall cease to exist, the Attorney General of the State of California, shall petition a court of competent

jurisdiction to transfer this Easement to an organization that meets all of the designation criteria specified in Section 12.1.

13. Subsequent Property Transfers by Grantor.

13.1 Rights of Grantor. Subject to the provisions of Sections 7 and 9 above, this Section 13, Section 20.12 below, and Exhibit F, Paragraph 1 below, Grantor shall have the unrestricted right to sell, encumber, or otherwise transfer the Property or portions thereof to anyone Grantor chooses. Notwithstanding the foregoing, Grantor shall disclose the existence of this Easement (including reference to the recording information) in any deed or other legal instrument by which Grantor divests itself of a real property interest in all or a portion of the Property, including, without limitation, a leasehold interest, and all such conveyances shall be made expressly subject to the terms of this Easement. Grantor shall notify Grantee periodically of any contemplated grants by Grantor to any third party of any interest in any portion of the Property, whether such interest is a fee, easement, lease, mortgage or other interest. Grantor shall notify Grantee in writing not less than ninety (90) days in advance of any grant of fee interest in any portion of the Property by Grantor to any third party. Additionally, Grantor shall notify Grantee in writing not more than thirty (30) days after any grant by Grantor to any third party of any non-fee interest in any portion of the Property, whether such interest is an easement, lease, mortgage or other non-fee interest. The failure of Grantor to perform any act required by this Section 13 shall not impair the validity of this Easement or limit its enforcement in any way or create any obligation on the part of Grantee. Grantor recognizes that Grantee may incur direct and indirect costs for monitoring and administration of the Conservation Easement in the event fee title to the Property is transferred under this provision. Accordingly, upon Grantor's sale, transfer or conveyance of fee title of the Property, Grantor shall pay, or cause to be paid, to Grantee a one-time payment of a sum representing the increased cost of such Conservation Easement stewardship, as reasonably determined at such time by Grantee. Such one-time payment shall be made concurrently with the transfer of fee title and shall include Grantee's estimated additional cost associated with the proposed Removal of Project Dams, as described in Exhibit J of this Easement and in addition to any reimbursements required pursuant to Section 13.2.4 and Section 17.

13.2 Potential Release of Hydro Reserved Rights.

13.2.1 Conveyance of Entire Property. In the event:

(a) Grantor intends to transfer fee title to the entire Property to an unaffiliated third party;

(b) the Hydro Project Activities and any uses and facilities that are unrelated to the Hydro Project Activities but undertaken as a Required Action at the Property have been formally and permanently terminated by Grantor and, as appropriate, decommissioned pursuant to a regulatory proceeding; and

(c) no Hydroelectric Facilities and Associated Water Delivery Facilities, nor other facilities unrelated to Hydro Project Activities installed pursuant to a Required Action are located at the Property,

then, subject to any final orders or decommissioning requirements issued by the FERC and/or other agency(ies) with jurisdiction over the Hydro Project Activities and such other unrelated uses prior to said transfer of the entire Property, Grantor shall release, relinquish and forever terminate, in a manner that shall be binding upon all successors in interest to the Property, (i) all rights of Grantor described in Exhibit C, (ii) the exceptions to the Prohibited Uses for Required Actions and Specified Required Actions set forth in Exhibit F, (iii) the exceptions to the Prohibited Uses in Exhibit F relating to activities within the Hydro Operating Zone, and (iv) Permitted Uses, to the extent related to the Hydro Project Activities, as set forth in Exhibit I (items (i), (ii), (iii) and (iv) being referred to collectively as the "**Reservations**"). Following such release, relinquishment and termination of Reservations, all Anticipated Significant Actions (except for Prohibited Uses and continuing Permitted Uses) shall be subject to Grantee's consent as Discretionary Actions and the Easement shall be interpreted more restrictively in a manner recognizing the release of Reservations. Additionally, following such release, relinquishment and termination of Reservations, the forest management activities specified in Section 9 of Exhibit I shall continue as Permitted Uses, but shall be subject to Grantee's consent as Discretionary Actions.

13.2.2 Partial Conveyance. In the event:

(a) Grantor intends to transfer fee title to less than the entire Property (the "**Transferred Parcel**") to an unaffiliated third party;

(b) the Hydro Project Activities and any uses and facilities that are unrelated to the Hydro Project Activities but undertaken as a Required Action at the Transferred Parcel have been formally and permanently terminated by Grantor and, as appropriate, decommissioned pursuant to a regulatory proceeding; and

(c) no Hydroelectric Facilities and Associated Water Delivery Facilities, nor other facilities unrelated to Hydro Project Activities installed pursuant to a Required Action are located at the Transferred Parcel,

then, subject to any final orders or decommissioning requirements issued by the FERC and/or other agency(ies) with jurisdiction over the Hydro Project Activities and such other unrelated uses, prior to said transfer of the Transferred Parcel, Grantor shall release, relinquish and forever terminate, in a manner that shall be binding upon all successors in interest to the Transferred Parcel, the Reservations with respect to the Transferred Parcel. Following such release, relinquishment and termination of Reservations, all Anticipated Significant Actions (except for Prohibited Uses and continuing Permitted Uses) on the Transferred Parcel shall be subject to Grantee's consent as Discretionary Actions and the Easement shall be interpreted more restrictively in a manner recognizing the release of Reservations as to the Transferred Parcel. Additionally, following such release, relinquishment and termination of

Reservations, the forest management activities specified in Section 9 of Exhibit I on the Transferred Parcel shall continue as Permitted Uses, but shall be subject to Grantee's consent as Discretionary Actions.

13.2.3 Grantor's Continuing Reserved Rights. Nothing in Section 13.2.2 shall limit the rights of Grantor in this Easement with respect to the portion of the Property retained by Grantor.

13.2.4 Easement Amendment. In the event of a conveyance and release of Reservations pursuant to this Section 13.2, Grantor and Grantee may agree to amend this Easement, or to create a separate Easement for the Transferred Parcel and for the remaining portion of the Property in accordance with Section 17, to reflect the release of Reservations and, where appropriate, to reflect separate ownership of the Transferred Parcel and the remainder of the Property. In accordance with Section 17 below, Grantor shall reimburse Grantee for all reasonable costs incurred in connection with the drafting, review, negotiation, approval and recording of any amendment or separate Easement pursuant to this Section, including costs incurred in consideration of whether an amendment and/or new Easement(s) is/are necessary or appropriate.

13.2.5 Transfer Restrictions Remain Applicable. Nothing herein shall affect Grantor's obligations under Section 1 of Exhibit F.

14. Extinguishment and Condemnation.

14.1 Extinguishment. If circumstances arise in the future such as render the Purpose of this Easement impossible to accomplish, this Easement shall only be terminated or extinguished, whether in whole or in part, by judicial proceedings in a court of competent jurisdiction. Grantor's economic hardship shall not be a reason to extinguish this Easement.

14.2 Condemnation. If all or part of the Property is taken by the exercise of the power of eminent domain by a public, corporate, or other authority, whether permanent or temporary, including a private sale in lieu of eminent domain, so as to abrogate the restrictions imposed by the Conservation Easement, Grantor and Grantee shall join in appropriate actions at the time of such taking to recover the full value of the taking and all incidental or direct damages resulting from the taking. All compensation thereby awarded will belong and be paid to Grantor and Grantee in proportion to their respective interests in the Property as determined pursuant to Section 14.3, it being expressly agreed that the Conservation Easement constitutes a compensable property right. All expenses incurred by Grantor and Grantee in such action shall be paid out of the recovered proceeds. Grantor and Grantee acknowledge that any and all awards to Grantor and Grantee may be subject to the approval of the Commission and/or the FERC.

14.3 Proceeds. Pursuant to California Civil Code §815.2(a) this Easement constitutes a real property interest immediately vested in Grantee. It is acknowledged by the parties that the purposes of establishing the value of this

property right and enforcing the rights of Grantee with respect thereto is to prevent a private windfall and to protect the public investment which is involved in the conveyance of the Conservation Easement. That being the case, the parties stipulate that, for the purpose of determining the ratio for proportionate value of each party's respective interest in the Property at the time of termination or extinguishment of the Conservation Easement, the value of the Conservation Easement shall be the difference between (a) the current fair market value of the fee interest in the Property at the time of termination, as if unencumbered by the Conservation Easement, but taking into account all other existing restrictions on the improvement, construction, alteration, expansion, development, use, maintenance or operation of all or any portion of the Property (e.g., zoning laws, land use laws or other governmental laws, codes, regulations or ordinances, and private restrictions such as covenants, restrictions and agreements), and (b) the current fair market value of the Property at the time of termination, as encumbered by the Conservation Easement, but taking into account all other existing restrictions on the improvement, construction, alteration, expansion, development, use, maintenance or operation of all or any portion of the Property (e.g., zoning laws, land use laws or other governmental laws, codes, regulations or ordinances, and private restrictions such as covenants, restrictions and agreements). The values shall be determined by an appraisal prepared by a qualified appraiser familiar with appraising conservation easements jointly selected by Grantor and Grantee. The cost of the appraisal shall be paid out of proceeds in proportion to the recoveries of Grantor and Grantee. There shall be no restriction on Grantor's or Grantee's use of proceeds received pursuant to this Section 14.3.

15. Estoppel Certificates. Grantee shall, within thirty (30) days after receiving Grantor's written request therefor (not to exceed once during any twelve (12) month period), execute and deliver to Grantor a document certifying, to the actual knowledge of the person executing the document without any duty of investigation, that Grantor is in compliance with any obligation of Grantor contained in this Easement, or otherwise evidencing the status of such obligation to the extent of Grantee's actual knowledge thereof, as may be reasonably requested by Grantor.

16. Notices. [Confirm notice addresses are current for execution version.] Any notice or other communication required or permitted under this Easement shall be in writing and shall be either personally delivered or transmitted by registered or certified mail, return receipt requested, postage prepaid, or by a nationally recognized overnight courier, such as FedEx, UPS, or Airborne Express, addressed to the parties as follows:

If to Grantor:

If by registered or certified mail, return receipt requested:

Director, Land Management
Pacific Gas and Electric Company
P.O. Box 770000, Mail Code N10A
San Francisco, CA 94177
Re: Land Conservation Commitment

With a copy to:

Law Department
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120
Attn: Managing Counsel, Commercial and Transactions
(Real Estate)
Re: Land Conservation Commitment

If by personal delivery or overnight courier:

Director, Land Management
Pacific Gas and Electric Company
245 Market Street, Room 1051
San Francisco, CA 94105
Re: Land Conservation Commitment

With a copy to:

Law Department
Pacific Gas and Electric Company
77 Beale Street, Mail Code B30A
San Francisco, CA 94105
Attn: Managing Counsel, Commercial and Transactions
(Real Estate)
Re: Land Conservation Commitment

If to Grantee: Mendocino Land Trust Incorporated
330 N. Franklin St., Suite 7
Fort Bragg, CA 95437
Attn: Conservation Director

The date of any notice or communication shall be deemed to be the date of receipt if delivered personally, or the date of the receipt or refusal of delivery if transmitted by mail or overnight courier. Either party may change the address for notice by giving notice to the other party in accordance with this Section 16.

17. Amendment. This Easement may not be amended, except by written amendment executed by Grantor and Grantee or their respective successors and assigns and recorded in the official public records of the jurisdiction where the Property is located. If circumstances arise under which an amendment would be appropriate, any such amendment shall be consistent with Grantee's conservation easement amendment policy(ies), and the Purpose of this Easement, including continuing to protect and preserve the Beneficial Public Values, and shall not affect the perpetual duration of this Easement or the qualification of the Conservation Easement as a conservation easement under California Civil Code §815 *et seq.* (or successor thereto). Grantee shall promptly record the amendment in the official records of the County in

which the Property is located, and shall thereafter promptly provide a conformed copy of the recorded amendment to Grantor. The party requesting the amendment shall reimburse the non-requesting party for all reasonable costs incurred in connection with the drafting, review, negotiation, approval and recording of such amendment. Grantor shall be deemed to be the "party requesting the amendment" in connection with any amendment and/or new conservation easement(s) pursuant to Section 13 above and the "reasonable costs incurred" shall include consideration of whether an amendment and/or new conservation easement(s) is/are necessary or appropriate.

18. Hazardous Substances.

18.1 Definitions. The following terms have the meanings ascribed to them below for purposes of this Easement:

18.1.1 "Environmental Requirements" means all applicable present and future laws, statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, judicial, administrative and regulatory decrees, directives and judgments of all governmental agencies, departments, commissions and boards, relating to the protection of human health or safety, or regulating or relating to industrial hygiene or environmental conditions, or the protection of the environment, or pollution or contamination of the air, soil, surface water or groundwater, including, without limitation, all requirements and regulations pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of Hazardous Substances, whether solid, liquid or gaseous in nature, into the air, surface water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances, whether solid, liquid or gaseous in nature.

18.1.2 "Hazardous Substances" means any hazardous or toxic material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government under any Environmental Requirements, including, without limitation, any material or substance:

(a) now or hereafter defined as a "hazardous substance," "hazardous waste," "hazardous material," "extremely hazardous waste," "restricted hazardous waste" or "toxic substance" or words of similar import under any applicable local, state or federal law or under the regulations adopted or promulgated pursuant thereto; and all rules and regulations of the United States or California Environmental Protection Agency or any successor agency, or any other state or federal department, board or agency, or any other agency or governmental board or entity having jurisdiction, as any of the foregoing have been, or are hereafter amended from time to time; or

(b) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, and is now or hereafter regulated as a Hazardous Substance by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, any State of the United States or any political subdivision thereof; or which cause, or are listed by the

State of California as being known to the State of California to cause, cancer or reproductive toxicity; or

(c) the presence of which on the Property poses or threatens to pose a hazard to the health or safety of persons or to the environment; or

(d) which contains gasoline, diesel fuel or other petroleum hydrocarbons; or

(e) which contains lead-based paint or other lead contamination, polychlorinated biphenyls or asbestos or asbestos-containing materials or urea formaldehyde foam insulation; or

(f) which contains radon gas.

18.1.3 "Necessary Remediation" means Remediation required by any governmental agency which has jurisdiction over the Remediation pursuant to the Environmental Requirements.

18.1.4 "Remediation" refers to the process of, and all work and planning performed in connection with, the investigation, testing for, monitoring, remediation, containment, transportation, removal and disposal or recycling of Hazardous Substances from the Property and any other property to which Hazardous Substances originating on the Property have migrated or may migrate in the future, and the repair and restoration of the Property, and restoration and mitigation of affected natural resources, regardless of whether such actions are required by Environmental Requirements.

18.2 Allocation of Responsibility for Hazardous Substances.

18.2.1 Generally. Grantor shall (as between Grantor and Grantee) bear the cost for the Necessary Remediation of Hazardous Substances.

18.2.2 Environmental Reports. Grantor, as part of the Land Conservation Commitment has prepared certain environmental reports concerning the Property. Copies of these environmental reports have been provided to Grantee.

18.2.3 Grantor Responsibility for the Cost of Necessary Remediation. Grantor shall retain responsibility for the cost of Necessary Remediation of Hazardous Substance releases in soil and groundwater, whether occurring in the past or at any time in the future, which are present on the Property, provided that Grantee did not cause, in whole or in part, such Hazardous Substance contamination.

18.2.4 No Owner or Operator Liability. The parties do not intend this Easement to be, and this Easement shall not be, construed such that it creates in or gives to Grantee any of the following solely as the result of being a holder of the Conservation Easement:

- (a) The obligations or liability of an "owner" or "operator" or "arranger," as those terms are defined and used in Environmental Requirements;
- (b) The obligations or liabilities of a person described in 42 U.S.C. §9607(a)(3) or (4);
- (c) The obligations of a responsible person under any applicable Environmental Requirements;
- (d) The right to investigate and remediate any Hazardous Substances associated with the Property; or
- (e) Any control over Grantor's ability to investigate, remove, remediate or otherwise clean up any Hazardous Substances associated with the Property.

18.3 Hazardous Substances Indemnification.

18.3.1 By Grantor. Grantor agrees and covenants, at its sole cost and expense, to indemnify, protect, defend and hold Grantee harmless, from and against any and all losses (including diminution in the value of the Property and other consequential damages), costs, claims, demands, actions, suits, orders, causes of action, penalties, fines, taxes, obligations, controversies, debts, expenses, accounts, damages (including, without limitation, punitive damages), judgments and liabilities of whatever kind or nature, and by whomsoever asserted, in law, equity or otherwise, including, without limitation, the actual fees and expenses of experts, attorneys and others and the payment of "response costs" under CERCLA or any other Environmental Requirements, arising from or relating, in whole or in part, to Hazardous Substances present at the Property, alleged to be present there, or otherwise connected in any way to the Property, whether before, on, or after the date of this Easement (collectively, "**Environmental Claims**"), except to the extent caused, in whole or in part, by the negligent or intentional act of Grantee.

18.3.2 By Grantee. Grantee agrees and covenants, at its sole cost and expense, to indemnify, protect, defend and hold Grantor harmless, from and against any and all Environmental Claims, to the extent caused, in whole or in part, by the negligent or intentional act of Grantee.

19. Carbon Rights.

19.1 Promotion of Climate Stability. Grantor and Grantee anticipate that the protection and preservation of the Beneficial Public Values will promote climate stability, especially the ability of the forest to store atmospheric carbon as a means to mitigate global warming, which is recognized as being of public benefit by the 1993 United Nations Framework Convention on Climate Change, the federal Energy Policy Act of 2002, section 1605(a) and (b), the United States Climate Challenge Program, the 2007 reports of the International Panel on Climate Change, and California legislation such as that embodied in Fish and Game Code Section 1356.

19.2 Reservation of Carbon Rights. Grantor exclusively reserves to itself, and to its personal representatives, heirs, successors and assigns, any and all carbon rights and obligations appurtenant to or accruing from the Property as may exist as of the date of recordation of this Easement or as may be granted, discovered, created, declared or developed in the future, including, but not limited to, the right to (subject to and in accordance with Section 7 hereof) use, store, sequester, accumulate, and/or depreciate carbon within or on the Property and the right to trade, sell, transfer, or lease these rights. Grantor and Grantee acknowledge and agree that these carbon rights are consistent with the Beneficial Public Values, and this Easement shall not extinguish or otherwise impair the carbon rights and obligations appurtenant to or accruing from the Property.

19.3 Carbon Certification. In furtherance of Grantor's exercise of the carbon rights reserved hereunder, Grantor may elect to enter into an agreement not inconsistent with this Easement respecting such reserved rights as may be required by a third party that Grantor chooses ("Carbon Certification Party") in order to facilitate the sale, transfer or lease of the carbon rights and may record such agreement in the official records of any County where the Property is located. To the extent reasonably required by any Carbon Certification Party and requested by Grantor, Grantee, at Grantor's cost and expense, shall cooperate with Grantor by accommodating Grantor's establishment, verification or certification of the carbon rights in connection with the Property. Grantor agrees to notify Grantee at least thirty (30) days prior to any sale, transfer or lease of these carbon rights or the recording of an agreement with respect thereto, unless Grantor has previously notified Grantee in an Annual Work Plan.

20. General Provisions.

20.1 Governing Laws. This Easement shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

20.2 No Public Dedication. Nothing contained in this Easement shall be construed or deemed to be an express or implied dedication or gift of all or any portion of the Property for use or access by the general public nor shall this Easement or any of the rights granted hereunder be construed as an acknowledgement of any claim of prescriptive or other similar rights in or over the Property.

20.3 Liberal Construction. Any general rule of construction to the contrary notwithstanding, this Easement shall be liberally construed to effect the Purpose of this Easement and the policy and purpose of California Civil Code §815 et seq., while recognizing Grantor's reserved rights. If any provision in this Easement is found to be ambiguous, an interpretation consistent with the Purpose of this Easement, which recognizes Grantor's reserved rights and that would render the provision valid shall be favored over any interpretation that would render it invalid.

20.4 Further Assurances. Each party hereto agrees to execute and deliver to the other party such further documents or instruments as may be necessary

or appropriate in order to carry out the intentions of the parties as contained in this Easement.

20.5 Severability. If any provision of this Easement shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Easement, and to this end the provisions of this Easement are intended to be and shall be severable.

20.6 Entire Agreement. This Easement sets forth the entire agreement of the parties with respect to the Conservation Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Conservation Easement, all of which are merged herein.

20.7 No Forfeiture. Nothing contained herein will result in a forfeiture or reversion of Grantor's title in any respect.

20.8 Successors. The easement created by this instrument shall be a servitude running with the land in perpetuity. The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns and shall run with the Property. However, this Easement shall not create or bestow any lien or property right in any third party. Grantor and Grantee agree that no third party beneficiary to this Easement exists and that nothing contained herein shall be construed as giving any person third party beneficiary status or any right of enforcement hereunder.

20.9 Recordation. Grantee shall promptly record this Easement in the official records of the County in which the Property is located, and shall thereafter promptly provide to Grantor a copy hereof showing the recording information. Grantee may re-record this Easement at any time as may be required to preserve its rights in this Easement.

20.10 Termination of Rights and Obligations. A party's rights and obligations under this Easement shall terminate only upon transfer of the party's interest in all or portions of either the Conservation Easement or the Property, except that liability for acts or omissions occurring prior to transfer shall survive the transfer.

20.11 Attorneys' Fees. In the event that any party shall bring an action to enforce its rights under this Easement, or relating to the interpretation hereof, whether for declaratory, injunctive or other relief, the prevailing party in any such proceeding shall be entitled to recover from the other party reasonable attorneys' fees and all costs, expenses and disbursements that the prevailing party incurred in connection with such proceeding, including appeals, remands and any other subsequent proceeding (including, but not limited to, the reasonable costs of discovery, investigation, preparation for trial, professional or expert consultation and testimony). A party shall be deemed to have prevailed in any such action (without limiting the generality of the foregoing) if such action is dismissed upon the payment by the other party of the sums allegedly due or the performance of obligations allegedly not complied with, or if such

party obtains substantially the relief sought by it in the action, irrespective of whether such action is prosecuted to judgment. The non-prevailing party shall also pay the attorneys' fees and costs incurred by the prevailing party in any post-judgment proceedings to collect and enforce the judgment. Any such fees and costs incurred prior to judgment, award, or decree may be included in any judgment, award or decree entered in such proceeding in favor of the prevailing party. Any such fees, costs and expenses incurred by the prevailing party in enforcing a judgment, award or decree in its favor shall be recoverable separately from and in addition to any other amount included in such judgment, award or decree. This provision is separate and several and shall survive the merger of this Easement into any judgment on this Easement.

20.12 Mortgage Liens Subordinate. No provision of this Easement is to be construed as impairing the ability of Grantor to use the Property as collateral for any loan, provided that any lien securing such loan (a "**Mortgage Lien**"), regardless of date, shall be subordinate to the terms of this Easement and Grantee's rights under this Easement. Under no circumstances may Grantee's rights be extinguished or otherwise affected by the recording, foreclosure, or any other action taken concerning any Mortgage Lien.

20.13 Pre-Existing Water Rights. In accordance with Section 12(e) of the Stipulation, this Easement does not impact the authority of third-party holders of water rights to exercise those rights.

20.14 Table of Contents and Captions. The table of contents and captions in this Easement have been inserted solely for convenience of reference and are not a part of this Easement and shall have no effect upon construction or interpretation.

20.15 Incorporation of Recitals. All Recitals are incorporated herein by this reference.

20.16 List of Exhibits. The following exhibits are attached hereto and incorporated herein by this reference:

<u>Exhibit A</u>	Property Description
<u>Exhibit B</u>	Description of Hydro Project Activities and Hydroelectric Facilities and Associated Water Delivery Facilities
<u>Exhibit C</u>	Hydro Reserved Rights
<u>Exhibit D</u>	Beneficial Public Values
<u>Exhibit E</u>	Insurance Requirements
<u>Exhibit F</u>	Prohibited Uses
<u>Exhibit G</u>	Hydro Operating Zone(s)
<u>Exhibit H</u>	Express Third Party Uses and Third Party Use Agreements
<u>Exhibit I</u>	Expressly Permitted Uses

Exhibit J New FERC Project License – Potential Removal of Project Dams

20.17 Counterparts. This Easement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. In the event of a discrepancy between counterparts, the recorded Easement shall be controlling.

[Signature page follows]

IN WITNESS WHEREOF, Grantor has granted to Grantee, and Grantee has accepted, this Easement, and the parties mutually agree to the terms and covenants set forth above, as of the Effective Date.

GRANTOR:

PACIFIC GAS AND ELECTRIC COMPANY,
a California corporation

By: _____

Its: _____

GRANTEE:

MENDOCINO LAND TRUST
INCORPORATED,
a California nonprofit corporation

By: _____

Its: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, 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 _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of _____)

On _____, before me, _____, a Notary Public, personally appeared _____, 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 _____

EXHIBIT A

Legal Description of Property

[To Follow this page]
Stewardship Council note- PG&E to finalize this exhibit

EXHIBIT B

**Description of Hydro Project Activities
and
Hydroelectric Facilities and Associated Water Delivery Facilities**

As used in this Easement, "**Hydro Project Activities**" are those existing and future uses of the Property, and the existing and future Hydroelectric Facilities and Associated Water Delivery Facilities (as defined below) now or hereafter located on, above, or under the Property, associated with the operation of the Potter Valley hydroelectric project (FERC Project No. 77), located primarily on the Eel River, and shall include any future uses of the Property, and the existing and future Hydroelectric Facilities and Associated Water Delivery Facilities now or hereafter located on, above, or under the Property, associated with compliance with any future FERC License, FERC License renewal or other regulatory requirements.

As used in this Easement, "**Hydroelectric Facilities and Associated Water Delivery Facilities**" are those existing and future facilities, structures, buildings, and improvements now or hereafter located on, above, or under the Property, and associated with the operation of the Potter Valley hydroelectric project (FERC Project No. 77), including, but not limited to, the following existing and future improvements: Lake Pillsbury, Van Arsdale Reservoir, Scott Dam, Cape Horn Dam, Potter Valley Powerhouse, Powerhouse canal, penstocks, tunnels, staff gages, stream gauges, dams, bridges, canals, spillways, gage houses, aerial tramways, helipads, substations, electric transmission lines, electric distribution lines, communication lines, and associated infrastructure facilities; facilities necessary for the operation of powerhouses; improvements for existing and future water delivery and other requirements of power generation, transmission, distribution, and storage, for nonconsumptive and consumptive water use.

EXHIBIT C**Hydro Reserved Rights**

Grantor's reserved rights on the Property include the following, which are expressly excluded from the transfer and conveyance of the easement granted in this Easement and reserved to Grantor:

Subject to the provisions of Section 7, the right to conduct Hydro Project Activities on the Property, including construction, operation, repair, alteration, maintenance, removal, replacement and expansion of existing and future Hydroelectric Facilities and Associated Water Delivery Facilities, including project replacements and improvements required for existing and future water delivery and other requirements for power generation, transmission, distribution, and storage, for nonconsumptive and consumptive water, and for communications in connection with the foregoing and for compliance with any future FERC License, FERC License renewal or other regulatory requirements. In furtherance of and without in any way limiting the generality of the foregoing, the following rights are expressly reserved:

(1) The right to conduct any and all uses and activities now or at any time in the future deemed necessary or appropriate by Grantor in Grantor's sole discretion exercised in good faith in connection with the generation of hydroelectric energy, including, but not limited to the construction, operation, repair, alteration, maintenance, removal, replacement and expansion of existing Hydroelectric Facilities and Associated Water Delivery Facilities, and the construction, operation, repair, alteration, maintenance, removal, replacement and expansion of new Hydroelectric Facilities and Associated Water Delivery Facilities; and

(2) The right to use, maintain, establish, construct, alter, expand and improve water sources, courses, and bodies within the Property, and to take, divert, store, convey and appropriate water; and

(3) The right to increase or otherwise modify water diversion, storage and transmission capacities of Hydroelectric Facilities and Associated Water Delivery Facilities; and

(4) The right to exercise: all riparian water rights inherent in and part and parcel of the Property; all appropriative surface water rights (including, but not limited to, any appropriative surface water rights having a point of diversion, place of storage, or place of use on the Property); all prescriptive surface water rights; and all other right, title and interest of any nature whatsoever in and to the surface waters which are now or hereafter located or flowing on, under or abutting the Property; and

(5) The right to decommission all or any portion of existing and future Hydroelectric Facilities and Water Delivery Facilities in accordance with the applicable license issued by the FERC, or as otherwise allowed by Applicable Law; and

(6) The right to enlarge, improve, reconstruct, relocate and replace said Grantor's existing facilities and additional facilities with any other number, size, or type of transformers, poles, towers, or structures, or underground wires, cables, pipelines and conduits, or other devices and equipment either in the original location or at any location or locations within the Property; and

(7) The right to construct, operate, use, repair, alter, maintain, remove, replace and expand Grantor's existing and future facilities for transformation, transmission and distribution of electric energy and for communication purposes and also the rights to reconstruct, replace, remove, maintain and use the same as Grantor shall at any time and from time to time deem necessary in Grantor's sole discretion exercised in good faith, together with the rights to excavate for, construct, install, repair, reconstruct, replace, remove, maintain and use, at any time and from time to time, additional facilities for the transformation, transmission and distribution of electric energy and for communication purposes, consisting of such devices and equipment with suitable concrete pads and adequate protection therefore necessary for transforming electric energy, one or more lines of underground wires and cables (enclosed at Grantor's option within conduits), and one or more lines of towers, poles and/or other structures, wires and cables, including both underground and overhead ground wires, and all necessary and proper foundations, footings, cross arms and other appliances and fixtures for use in connection with said towers, poles and/or other structures, wires and cables.

EXHIBIT D**Beneficial Public Values**

The Purpose of the Conservation Easement for the Property is to protect the Beneficial Public Values of the Property, as summarized below and described in more detail in the Baseline Documentation Report:

- (a) Habitat for fish, wildlife, and plants that are native to the area, including species protected under the California Endangered Species Act and/or the federal Endangered Species Act. The term "habitat" includes vegetation along banks and shorelines that contribute to maintaining watershed health. The term "native" refers to plants and animals that occur naturally on the Property, and are defined as "native" by the California Department of Fish & Wildlife and its successors.
- (b) Forest resources on the Property. Forest resources are primarily classified as Douglas-fir and Montane hardwood. Trees on-site consist of mainly Douglas-fir, ponderosa pine, sugar pine, knobcone pine, black oak, white oak, coast live oak, big leaf maple and madrone with chaparral components of manzanita, deerbrush, coyote bush, and annual and perennial grasses.
- (c) The scenic viewshed of the Property in keeping with the surrounding environment, providing a contiguous forested landscape visible to passersby on the nearby roads and highways.
- (d) Outdoor recreation in the form of passive recreational pursuits such as hiking, fishing, hunting, birding, boating, and sightseeing.
- (e) Identified historical and cultural values, to the extent they are protected by state and federal law.
- (f) Agricultural values, such as limited grazing and limited row cropping.

EXHIBIT E**Grantee Insurance Requirements**

Grantee shall procure, carry and maintain the following insurance coverage:

A. Workers' Compensation and Employers' Liability

1. Workers' Compensation insurance or self-insurance indicating compliance with any applicable labor codes, acts, laws or statutes, state or federal.
2. Employers' Liability insurance shall not be less than One Hundred Thousand Dollars (\$100,000) for injury or death each accident.

B. Commercial General Liability

1. Coverage shall be at least as broad as the Insurance Services Office (ISO) Commercial General Liability Coverage "occurrence" form, with no coverage deletions.
2. The limit shall not be less than One Million Dollars (\$1,000,000) each occurrence/ Two Million Dollars (\$2,000,000) aggregate for bodily injury, property damage and personal injury. The foregoing coverage minimums shall include excess/"umbrella" coverage that are in force and that supplement underlying insurance coverage. In addition, such insurance shall insure the performance by Grantee of its indemnity and other contractual obligations under the Easement.
3. Coverage shall: a) By "Additional Insured" endorsement add as insureds Grantor, its directors, officers, agents and employees with respect to liability arising out of work performed by or for Grantee; b) Be endorsed to specify that Grantee's insurance is primary.

C. Business Auto

1. Coverage shall be at least as broad as the Insurance Services Office (ISO) Business Auto Coverage form covering Automobile Liability, code 1 "any auto."
2. The limit shall not be less than One Million Dollars (\$1,000,000) each accident for bodily injury and property damage.

D. Additional Insurance Provisions

1. Upon change in carrier or coverage, or otherwise upon Grantor's request, Grantee shall furnish Grantor with certificates of insurance and endorsements of all required insurance for Grantee.

2. The documentation shall state that coverage shall not be canceled except after thirty (30) days prior written notice has been given to Grantor.
3. The documentation must be signed by a person authorized by that insurer to bind coverage on its behalf and shall be submitted to:

Pacific Gas and Electric Company
Insurance Department - B24H
Post Office Box 770000
San Francisco, CA 94177

A copy of all such insurance documents shall be sent to Grantor's Land Agent as specified under Notices in the body of this Easement.

4. Upon request, not to exceed once annually, Grantee shall furnish Grantor complete copies of policies.
5. Upon request, not to exceed once annually, Grantee shall furnish Grantor the same evidence of insurance for Grantee's agents or contractors as Grantor requires of Grantee.

EXHIBIT F**Prohibited Uses**

As provided in Section 6 of this Easement, Grantor will not engage in, or permit others to engage in, the following Prohibited Uses:

1. Number of Fee Owners; Subdivision.

(a) Limit on Number of Fee Owners. Except for Specified Required Actions, notwithstanding the fact that the Property, at any time, might be comprised of more than two (2) separate legal parcels, fee title to the Property shall be held by no more than two (2) separate owners at any given time, provided, however, that the foregoing shall not prohibit undivided ownership of the Property by multiple owners (e.g. tenants in common), subject to the restrictions on the rights of undivided owners provided below, and the terms and conditions of this Easement shall perpetually apply to the Property as a whole. The existence of any separate legal parcels shall not be interpreted to permit any use or activity on an individual legal parcel that would not have been permitted on said parcel under the terms and conditions of this Easement as applied to the Property as a whole. This section only applies to conveyances of fee ownership and not to conveyances of any property interests other than fee ownership (e.g. leasehold interests). In respect to ownership of the Property or permitted separate legal parcels, as the case may be, ownership may be (among others) in the form of a partnership, limited partnership, limited liability company, corporation or other legal entity or as undivided interests such as tenants in common, whether by choice or by operation of any Applicable Laws, but no owner of an undivided interest shall thereby have (i) the right of exclusive occupancy or exclusive use of any separate portion of the Property (or permitted separate legal parcel), or (ii) any right to have the Property (or permitted separate legal parcel), partitioned in kind, whether pursuant to California Code of Civil Procedure §872.010 et seq. ("CCP") or any successor statute or otherwise. In the event that a partition action is brought and a court determines that the remedy of partition must be granted, Grantor, on behalf of itself and its successors and assigns hereby irrevocably agrees the remedy shall not be a physical subdivision of the Property (or permitted separate legal parcel), but instead may be a partition by appraisal pursuant to CCP §873.910 or any successor statute or a judicially supervised sale of Grantor's entire estate in the Property (or permitted separate legal parcel) pursuant to CCP §873.510 or any successor statute, subject, however, to this Easement, followed by a division of sales proceeds among the parties entitled thereto. Grantor recognizes that Grantee will incur direct and indirect costs for monitoring and administration of the Conservation Easement in the event fee title to a portion of the Property is transferred under this provision. Accordingly, upon Grantor's sale, transfer or conveyance of fee title to less than all of the Property in accordance with this subsection (a), Grantor shall pay, or cause to be paid, to Grantee a one-time payment of a sum representing the increased cost of such Conservation Easement stewardship, as reasonably determined at such time by Grantee. Such one-time payment shall be in addition to any reimbursements required pursuant to Section 13.2.4 or Section 17 of this Easement.

(b) Limit on Subdivision. Except for Specified Required Actions, Grantor shall not subdivide the Property with the result of frustrating the ownership restrictions set forth in subsection (a) above. For example, the following actions would not frustrate the ownership restrictions in subsection (a) above: (i) merger and reduction of the number of separate legal parcels comprising the Property; or (ii) reconfiguring by lot line adjustment the existing internal boundaries of legal parcels within the outer boundaries of the Property; or (iii) clarifying boundary lines with adjacent landowners; or (iv) subdivisions to facilitate Hydro Project Activities. Grantor shall (i) as part of the Annual Work Plan review in accordance with Section 7, or at least ninety (90) days prior to any Grantor subdivision activity (whether or not prohibited hereunder), furnish Grantee with the subdivision application or filings; and (ii) provide to Grantee reasonably sufficient information to identify the boundaries of each legal parcel. This information will become part of the Baseline Documentation Report. At the election of either party, the parties shall execute and record an amendment of this Easement to reflect any change to the legal description of the Property set forth in Exhibit A or any other changes and allocations resulting from permitted subdivision that are not established to the reasonable satisfaction of the parties by recordation in the Public Records of the plan of subdivision approved under Applicable Law.

2. Development Rights. Except for Specified Required Actions provided in Section 7, the development rights associated with all or any portion of the Property may not be transferred to, or used or exercised in connection with, any property other than the Property, such rights of transfer, use and exercise being hereby terminated and extinguished in perpetuity. The phrase "development rights" means any and all rights, however designated, now or hereafter associated with the Property or any portion thereof that may be used pursuant to applicable zoning laws, land use laws or other governmental laws or regulations, to compute permitted size, height, bulk, or number of structures, development density, lot yield, or any similar development variable on or pertaining to the Property or any other property.

3. Mining and Drilling. There shall be no mining, drilling, removing, fracking, or exploring for or extracting of minerals, oil, gas, coal, or other hydrocarbons, soils, sands, gravel, loam, rocks or any other material on, under, or at the Property. Notwithstanding the foregoing, the following shall not be Prohibited Uses:

- (a) Specified Required Actions provided in Section 7;
- (b) Drilling, removal and extraction of soils, sands, gravel, loam, rocks or any other material on, under, or at the Property in connection with studies and testing to the extent related to Grantor's exercise of the Hydro Reserved Rights;
- (c) Testing, drilling and operating groundwater wells, and construction or placement of any structures or improvements within the Hydro Operating Zone to the extent related to Grantor's exercise of the Hydro Reserved Rights; and
- (d) The use of soil, sand, gravel and other similar material located on the Property as appropriate for road maintenance, erosion control and in connection

with a Required Action subject to the following limitations: (i) such disturbance shall be kept to the minimum necessary to exercise such rights, (ii) any such soils, sands, and other materials shall not be removed from the Property, and (iii) all such utilization activities shall be conducted in a manner that minimizes to the greatest extent practicable impacts to the Beneficial Public Values.

4. Construction and Placement of Structures and Improvements. There shall be no construction or placement of any structures or improvements on the Property, including (but not limited to) residential, industrial, office, or other buildings, underground or aboveground tanks. Notwithstanding the foregoing, the following shall not be Prohibited Uses:

- (a) Required Actions provided in Section 7;
- (b) Permitted Uses under Exhibit I;
- (c) Construction or placement of any structures or improvements within the Hydro Operating Zone which Grantor has determined relate to Grantor's exercise of the Hydro Reserved Rights; and
- (d) Structures and improvements made in the course of prudent and customary land management activities and/or to protect, preserve, or enhance the Beneficial Public Values (including, for example, garbage enclosures, benches, interpretive kiosks, and appropriately located and sized caretaker structure).

5. Vehicles. Except for Required Actions provided in Section 7, or in the case of an emergency or other occurrence affecting the safety of persons and/or property, there shall be no use of any motorized vehicles off of existing roadways on the Property except vehicles used as necessary to carry out prudent and customary land management activities and/or to protect, preserve, or enhance the Beneficial Public Values. Motorized off-road recreational use shall not constitute an activity "related to the protection or preservation of the Beneficial Public Values" as provided in the preceding sentence.

6. Dumping or Salvage. Except for Required Actions provided in Section 7, there shall be no dumping, storage or other disposal on the Property of soil, trash or garbage except for (a) refuse generated on the Property which may be disposed of on the Property on a temporary basis prior to its removal from the Property in areas where the Beneficial Public Values of the Property are not significantly impaired, or (b) compostable refuse generated on the Property which may be disposed of on the Property in a responsible manner which does not significantly impair the Beneficial Public Values of the Property. Except for Required Actions provided in Section 7, there shall be no dumping, storage (other than on a temporary basis) or other disposal of ashes, sludge, Hazardous Substances, or other unsightly or dangerous materials outside of the Hydro Operating Zone. Except for Required Actions provided in Section 7, there shall be no storage or disassembly of inoperable automobiles, trucks, or other

vehicles or equipment for purposes of sale, or rental of space for that purpose outside of the Hydro Operating Zone.

7. Non-Native Animal Species. Except for Required Actions provided in Section 7, there shall be no release anywhere on the Property of non-native animal species other than livestock without Grantee's prior written approval in accordance with Section 7, as required.

8. Vegetation. Except for Required Actions provided in Section 7, there shall be no removal, cutting or destruction on the Property of native vegetation except (a) in an emergency and/or for purposes of disease or insect control or (b) to prevent property damage, personal injury, or flooding or (c) as permitted in Exhibit I, Sections 4 and 9, or (d) with Grantee's prior written approval in accordance with Section 7, as required.

9. Roads and Trails. Except for Required Actions provided in Section 7 or as required to implement a Required Action, or in the case of an emergency or other occurrence affecting the safety of persons and/or property, there shall be no construction of any new roads or trails on the Property; provided, however, the construction of new roads and trails (or the relocation of existing road and trails) on the Property to protect, preserve or enhance the Beneficial Public Values shall be permitted with Grantee's prior written approval in accordance with Section 7, as required. As used herein, the term "construction" shall not include the creation of roads or trails through repeated use, although such activities shall be governed by this Easement.

10. Commercial Uses. There shall be no office, industrial, or other commercial use on the Property that is likely to significantly impair Beneficial Public Values. Notwithstanding the foregoing, the following shall not be Prohibited Uses:

- (a) Required Actions provided in Section 7;
- (b) Uses permitted by Third Party Use Agreements; and
- (c) Office, industrial, or other commercial uses within the Hydro Operating Zone which Grantor has determined relate to Grantor's exercise of the Hydro Reserved Rights.

11. Alteration of Land or Excavation. Except for Required Actions provided in Section 7 or as otherwise explicitly permitted by the terms of this Easement, there shall be no filling, excavating, grading, draining or dredging outside of the Hydro Operating Zone, nor any change in the general topography of the Property; provided, however, such activities shall be permitted outside of the Hydro Operating Zone in the course of prudent and customary land management activities and/or to protect, preserve, or enhance the Beneficial Public Values.

12. Billboards. Except for Required Actions provided in Section 7 or permitted uses under Exhibit I or Grantee's signs permitted under Section 5.3, there shall be no placement of billboards or advertising facilities. The use of Grantor's logo and/or trade

style on a sign will not in and of itself constitute a billboard or advertising facility under this provision.

EXHIBIT G

Hydro Operating Zone

[To follow this page]

Stewardship Council note- PG&E to finalize this exhibit

EXHIBIT H

Express Third Party Uses and Third Party Use Agreements

1. Express Third Party Uses

The Express Third Party Uses on the Property are all uses permitted by and pursuant to the Third Party Use Agreements.

2. Third Party Use Agreements

The Third Party Use Agreements on the Property are those agreements and rights disclosed by the following:

- (a) Those agreements identified on Attachment 1 hereto.
- (b) Those agreements and rights disclosed by the following:
 1. RIGHTS OF THE PUBLIC AND OF THE COUNTY OF LAKE, AS TO THAT PORTION OF THE HEREIN DESCRIBED PROPERTY LYING WITHIN ANY PUBLIC ROADS.
 2. RIGHTS AND EASEMENTS, INCLUDING BUT NOT LIMITED TO, RECREATION, NAVIGATION AND FISHERIES, WHICH MAY EXIST OVER THAT PORTION OF SAID LAND LYING BENEATH THE WATERS OF ANY CREEK, SPRING, RIVER, RESERVOIR, CANAL OR LAKE.
 3. AN EASEMENT OVER SAID LAND FOR CONSTRUCTION, MAINTENANCE AND FULL FREE QUIET USE AND ENJOYMENT AND INCIDENTAL PURPOSES, AS GRANTED TO UNITED STATES OF AMERICA, IN DEED DATED MAY 13, 1926.

PGE# 2418-10-0080

AFFECTS A.P.N. 001-033-3 PORTION

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

4. AN EASEMENT OVER SAID LAND FOR TRANSMISSION OF ELECTRICITY, HEAT, POWER AND LIGHT, FOR TELEPHONE AND TELEGRAPH LINES AND A PERPETUAL RIGHT OF WAY TO TRAVEL WITH WHEELED VEHICLES AND ALL OTHER MODES OF CONVEYANCE AND TRANSPORTATION AND INCIDENTAL PURPOSES, AS GRANTED TO CALIFORNIA TELEPHONE AND LIGHT COMPANY, A CORPORATION, IN DEED RECORDED JULY 08, 1929, IN BOOK 42 PAGE 381 MENDOCINO COUNTY, OFFICIAL RECORDS.

PGE# 2417-11-0001

AFFECTS A.P.N. 173-030-2 AND 3, 173-130-23

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

5. AN EASEMENT OVER SAID LAND FOR THE CONSTRUCTION, MAINTENANCE AND USE OF A HIGHWAY AND INCIDENTAL PURPOSES, AS GRANTED TO COUNTY OF MENDOCINO, IN DEED DATED JANUARY 30, 1931

PGE# 2418-11-0082

AFFECTS: A.P.N. 171-230-19 AND 20; 171-200-011 AND 04; 001-031-02 AND 024

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

6. AN EASEMENT OVER SAID LAND FOR HIGHWAY PURPOSES, 60 FEET IN WIDTH AND INCIDENTAL PURPOSES, AS GRANTED TO COUNTY OF LAKE, IN DEED DATED JUNE 18, 1931, (NO RECORDING INFORMATION SHOWN).

PGE# 2418-11-0071

AFFECTS A.P.N. 001-030-009, 001-0361-11 AND 02

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

7. AN EASEMENT OVER SAID LAND FOR CONSTRUCTION, MAINTENANCE, AND USE OF PUBLIC HIGHWAY, 60 FEET IN WIDTH AND INCIDENTAL PURPOSES, AS GRANTED TO COUNTY OF LAKE, IN DEED DATED APRIL 24, 1936, (NO RECORDING INFORMATION SHOWN).

PGE# 2418-10-0037

AFFECTS A.P.N. 001-035-03, 02, 04 PORTION

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

8. AN EASEMENT OVER SAID LAND FOR CONSTRUCTION, MAINTENANCE AND USE OF A PUBLIC HIGHWAY, 60 FEET IN WIDTH AND INCIDENTAL PURPOSES, AS GRANTED TO UNITED STATES OF AMERICA, IN DEED DATED AUGUST 24, 1936, (NO RECORDING INFORMATION SHOWN)

PGE# 2418-10-0040

AFFECTS A.P.N. 001-035,04, 02 PORTION

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

9. AN EASEMENT OVER SAID LAND FOR THE CONSTRUCTION, MAINTENANCE AND USE OF A HIGHWAY AND INCIDENTAL PURPOSES, AS GRANTED TO COUNTY OF MENDOCINO, IN DEED DATED DECEMBER 12, 1939 (NO RECORDING INFORMATION SHOWN)

PGE# 2418-11-0010

AFFECTS: A.P.N. 171-170-02, 171-200-11

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

10. AN EASEMENT OVER SAID LAND FOR A BRIDGE AND INCIDENTAL PURPOSES, AS GRANTED TO COUNTY OF MENDOCINO, IN DEED RECORDED MARCH 12, 1956, IN BOOK 423 PAGE 546 MENDOCINO COUNTY, OFFICIAL RECORDS.

PGE# 2417-11-0034

AFFECTS A.P.N. 173-130-23

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

11. AN EASEMENT OVER SAID LAND FOR A PUBLIC ROAD AND INCIDENTAL PURPOSES, AS GRANTED TO UNITED STATES OF AMERICA, IN DEED RECORDED JANUARY 30, 1956, IN BOOK 260 PAGE 163 LAKE COUNTY, OFFICIAL RECORDS.

PGE# 2418-10-0075

AFFECTS A.P.N. 001-033-03 PORTION

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

12. AN EASEMENT OVER SAID LAND TO CONSTRUCT, RECONSTRUCT, MAINTAIN, AND USE A PUBLIC ROAD, 66 FEET IN WIDTH OR MORE, IF NECESSARY TO ACCOMMODATE CUTS AND FILLS AND INCIDENTAL PURPOSES, AS GRANTED TO UNITED STATES OF AMERICA, IN DEED RECORDED JUNE 08, 1956, IN BOOK 432 PAGE 580 MENDOCINO COUNTY, OFFICIAL RECORDS.

PGE# 2418-11-0146

AFFECTS A.P.N. 171-230-019, 020; 171-200-14 AND 04; 001-035-02, 04, 001-033-003

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

A CORRECTION DEED WAS RECORDED ON MARCH 6, 1958, IN BOOK 290 OF OFFICIAL RECORDS AT PAGE 145, LAKE COUNTY ROADS, AND FEBRUARY 20, 1958, IN BOOK 478 OF OFFICIAL RECORDS PAGE 491, MENDOCINO COUNTY RECORDS.

A PARTIAL QUITCLAIM DEED THEREUNDER RECORDED MARCH 31, 2009 AS INSTRUMENT NO. 2009-04380 OFFICIAL RECORDS OF MENDOCINO COUNTY AND INSTRUMENT NO. 2009004923 OFFICIAL RECORDS OF LAKE COUNTY.

PACIFIC GAS AND ELECTRIC COMPANY# 2418-11-0150

13. AN EASEMENT OVER SAID LAND TO CONSTRUCT, MAINTAIN AND USE A ROAD AND INCIDENTAL PURPOSES, AS GRANTED TO COUNTY OF LAKE, IN DEED

RECORDED MAY 29, 1964, IN BOOK 429 PAGE 317 LAKE COUNTY, OFFICIAL RECORDS.

PGE# 2418-10-0035

AFFECTS A.P.N. 001-037-01

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

14. AN EASEMENT OVER SAID LAND FOR RIGHT OF WAY FOR HIGHWAY AND INCIDENTAL PURPOSES, AS GRANTED TO COUNTY OF LAKE, IN DEED RECORDED MAY 12, 1966, IN BOOK 491 PAGE 504 LAKE COUNTY, OFFICIAL RECORDS.

PGE# 2418-11-0151

AFFECTS A.P.N. 001-030-09, 001-031-02

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

15. AN EASEMENT OVER SAID LAND TO MAINTAIN AND USE A ROAD AND INCIDENTAL PURPOSES, AS GRANTED TO ROBERT G. SEQUEIRA, ET AL, IN DEED RECORDED SEPTEMBER 01, 1966, IN BOOK 502 PAGE 577 LAKE COUNTY, OFFICIAL RECORDS.

PGE# 2418-10-0107

AFFECTS A.P.N. 001-035-003

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

16. AN EASEMENT OVER SAID LAND FOR CONSTRUCTION, MAINTENANCE AND USE OF A HIGHWAY AND INCIDENTAL PURPOSES, AS GRANTED TO COUNTY OF MENDOCINO, IN DEED RECORDED JUNE 19, 1967, IN BOOK 742 PAGE 220 MENDOCINO COUNTY, OFFICIAL RECORDS.

PGE# 2418-11-0153

AFFECTS A.P.N. 171-260-02

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

17. AN EASEMENT OVER SAID LAND TO CONSTRUCT, MAINTAIN, AND USE A ROAD AND INCIDENTAL PURPOSES, AS GRANTED TO ROBERT G. SEQUEIRA, ET UX, IN DEED RECORDED NOVEMBER 13, 1968, IN BOOK 571 PAGE 634 LAKE COUNTY, OFFICIAL RECORDS.

PGE# 2418-10-0110

AFFECTS A.P.N. 001-035-03

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

18. AN EASEMENT OVER SAID LAND TO RECONSTRUCT , MAINTAIN AND USE THE EXISTING ROAD AND INCIDENTAL PURPOSES, AS GRANTED TO DASHIELL STATION, A PARTNERSHIP, IN DEED RECORDED OCTOBER 14, 1975, IN BOOK 810 PAGE 31 LAKE COUNTY, OFFICIAL RECORDS.

PGE# 2418-11-0193

AFFECTS A.P.N. 001-030-009

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

19. AN EASEMENT OVER SAID LAND FOR NON-EXCLUSIVE 70 FEET IN WIDTH FOR INGRESS AND EGRESS OVER THE EXISTING ROAD AND INCIDENTAL PURPOSES, AS GRANTED TO WILMOT G. PRESLEY, IN DEED RECORDED JANUARY 04, 1978, IN BOOK 914 PAGE 270 LAKE COUNTY, OFFICIAL RECORDS.

PGE# NONE SHOWN

AFFECTS A.P.N. 001-031-24 WITH OTHER PROPERTY

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

20. AN EASEMENT OVER SAID LAND FOR PROMOTING AND PROTECTING WATER QUALITY, NATURAL STREAMS, FLOOD CONTROL, SOIL CONSERVATION, SCENIC CONSERVATION AND THE PRESERVATION OF NATURAL AMENITIES AND INCIDENTAL PURPOSES, AS GRANTED TO UNITED STATES OF AMERICA, IN DEED RECORDED OCTOBER 05, 1979, IN BOOK 1010 PAGE 265 LAKE COUNTY, OFFICIAL RECORDS.

PGE# 2418-10-0056

AFFECTS A.P.N. 001-033-03

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

21. AN EASEMENT OVER SAID LAND FOR RECREATION FACILITIES AND INCIDENTAL PURPOSES, AS GRANTED TO UNITED STATES OF AMERICA, IN DEED RECORDED OCTOBER 05, 1979, IN BOOK 1010 PAGE 270 LAKE COUNTY, OFFICIAL RECORDS.

AMENDED IN DOCUMENT RECORDED JULY 29, 1986 IN BOOK 1323 PAGE 113, LAKE COUNTY OFFICIAL RECORDS.

PGE# 2418-10-0055

AFFECTS A.P.N. 001-033-03

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

22. THE TERMS, CONDITIONS AND PROVISIONS AS CONTAINED IN THE INSTRUMENT ENTITLED "CONSENT AGREEMENT ", BY AND BETWEEN PACIFIC GAS AND ELECTRIC COMPANY , A CALIFORNIA CORPORATION, AND EUGENE J. M. MCFADDEN, RECORDED MAY 20, 1981, IN BOOK 1306 PAGE 303 MENDOCINO COUNTY, OFFICIAL RECORDS.

PGE# 2417-11-0187

AFFECTS A.P.N. 173-030-002, 003

23. AN EASEMENT OVER SAID LAND FOR NON-EXCLUSIVE EASEMENT AND RIGHT OF WAY FOR PUBLIC UTILITIES AND ROAD PURPOSES, 40 FEET IN WIDTH AND INCIDENTAL PURPOSES, AS GRANTED TO ROGER DIXON, ET AL, IN DEED RECORDED NOVEMBER 09, 1983, IN BOOK 1203 PAGE 200 LAKE COUNTY, OFFICIAL RECORDS.

PGE# NONE SHOWN

AFFECTS A.P.N. 001-031-024

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

24. AN EASEMENT OVER SAID LAND FOR CONSTRUCTING, RECONSTRUCTING , RELOCATING, OPERATING AND MAINTAINING ALL RECREATIONAL FACILITIES AND INCIDENTAL PURPOSES, AS GRANTED TO UNITED STATES OF AMERICA, IN DEED RECORDED JULY 29, 1986, IN BOOK 1323 PAGE 115 LAKE COUNTY, OFFICIAL RECORDS.

PGE# 2418-10-0170

AFFECTS A.P.N. 001-033-005

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

25. THE TERMS, CONDITIONS AND PROVISIONS AS CONTAINED IN THE INSTRUMENT ENTITLED "AGREEMENT GRANTING RECIPROCAL ROAD USE EASEMENTS", BY AND BETWEEN PACIFIC GAS AND ELECTRIC COMPANY, AND STATE OF CALIFORNIA, RECORDED AUGUST 15, 1987, IN BOOK 1640 PAGE 685 MENDOCINO COUNTY, OFFICIAL RECORDS.

PGE# 2418-11-0207

AFFECTS A.P.N. 171-250-013, 171-230-019, 171-260-002

26. AN EASEMENT OVER SAID LAND FOR COUNTY ROAD PURPOSES AND INCIDENTAL PURPOSES, AS GRANTED TO COUNTY OF MENDOCINO, IN DEED RECORDED DECEMBER 13, 1988, IN BOOK 1723 PAGE 698 MENDOCINO COUNTY, OFFICIAL RECORDS.

PGE# 2418-11-0209

AFFECTS A.P.N. 171-200-011

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

27. AN EASEMENT OVER SAID LAND FOR COUNTY ROAD PURPOSES AND INCIDENTAL PURPOSES, AS GRANTED TO COUNTY OF MENDOCINO, IN DEED RECORDED DECEMBER 13, 1988, IN BOOK 1723 PAGE 700 MENDOCINO COUNTY, OFFICIAL RECORDS.

PGE# 2418-11-0210

AFFECTS A.P.N. 171-200-011

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

28. AN EASEMENT OVER SAID LAND TO CONSTRUCT, MAINTAIN AND USE A ROAD AND INCIDENTAL PURPOSES, AS GRANTED TO DENNIS OLE WIK, ET UX, IN DEED RECORDED MAY 25, 1990, IN BOOK 1832 PAGE 001 MENDOCINO COUNTY, OFFICIAL RECORDS.

PGE# 2418-11-0229

AFFECTS A.P.N. 171-170-002

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

29. AN EASEMENT OVER SAID LAND FOR RECREATIONAL HIKING TRAIL 10 FEET IN WIDTH, MORE OR IF NECESSARY TO ACCOMMODATE CUTS AND FILLS AND INCIDENTAL PURPOSES, AS GRANTED TO UNITED STATES OF AMERICA, IN DEED RECORDED JULY 11, 1991, INSTRUMENT NO. 013932 LAKE COUNTY, OFFICIAL RECORDS.

PGE# 2418-10-0173

AFFECTS A.P.N. 001-033-034

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

30. AN EASEMENT OVER SAID LAND TO CONSTRUCT, RECONSTRUCT , MAINTAIN AND USE A PUBLIC ROAD 66 FEET IN WIDTH MORE IF NECESSARY TO ACCOMMODATE CUTS AND FILLS AND INCIDENTAL PURPOSES, AS GRANTED TO UNITED STATES OF

AMERICA, IN DEED RECORDED AUGUST 01, 1991, INSTRUMENT NO. 91-015537 LAKE COUNTY, OFFICIAL RECORDS.

PGE# 2418-10-0174

AFFECTS A.P.N. 001-035-003 AND 001-033-006

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

31. AN EASEMENT OVER SAID LAND FOR COMMUNICATION FACILITIES AND INCIDENTAL PURPOSES, AS GRANTED TO PACIFIC BELL, IN INSTRUMENT RECORDED MAY 11, 1999, IN INSTRUMENT NO. 99-007994, OFFICIAL RECORDS.

AFFECTS: APN 001-031-002

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT. REFERENCE IS MADE TO SAID DOCUMENT FOR FULL PARTICULARS.

32. AN EASEMENT OVER SAID LAND FOR PUBLIC ROADWAY AND INCIDENTAL PURPOSES, AS GRANTED TO COUNTY OF LAKE, IN DEED RECORDED AUGUST 06, 2001, INSTRUMENT NO. 01-015385 LAKE COUNTY, OFFICIAL RECORDS.

PGE# 2418-10-0204

AFFECTS: A.P.N. 001-035-004

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

33. AN EASEMENT OVER SAID LAND FOR PUBLIC ROADWAY AND INCIDENTAL PURPOSES, AS GRANTED TO COUNTY OF LAKE, IN DEED RECORDED AUGUST 06, 2001, INSTRUMENT NO. 01-15386 LAKE COUNTY, OFFICIAL RECORDS.

PGE# 2418-10-205

AFFECTS: A.P.N. 001-035-004

NO REPRESENTATION IS MADE AS TO THE CURRENT OWNERSHIP OF SAID EASEMENT.

[Subject to update]

ATTACHMENT 1
to
Exhibit H

1. Row Crop/Grazing License between Pacific Gas and Electric Company and Eugene J. McFadden, dated February 28, 1998.
2. License Agreement between Pacific Gas and Electric Company and the United States of America, Department of the Army, Corps of Engineers, dated October 12, 1995.
3. First Amendment to License Agreement between Pacific Gas and Electric Company and the United States of America, Department of the Army, Corps of Engineers, dated April 2, 2010.
4. Letter agreement between Pacific Gas and Electric Company and the State of California, Department of Natural Resources, Division of Fish and Game, dated August 3, 1938.
5. Letter Agreement between Pacific Gas and Electric Company and the State of California, Department of Forestry and Fire Protection, dated December 17, 1997.
6. Boat Dock Agreement between Pacific Gas and Electric Company and Duane D. Goebel, Jr. and Gina M. Goebel, dated August 7, 2013.
7. Boat dock agreement between Pacific Gas and Electric Company and Donald Chase and Karol Chase, dated September 4, 1998.
8. Boat dock agreement between Pacific Gas and Electric Company and Joel deSilva and Vicki deSilva, dated October 20, 1998.
9. Boat dock agreement between Pacific Gas and Electric Company and Danny L. Fish, Jr. and Randa L. Fish dated September 30, 1998.
10. Boat dock agreement between Pacific Gas and Electric Company and Dennis Fuller, Linda Fuller, Robert Luhrs, Cheryl Luhrs, Jolane Luhrs, Steven Luhrs, and Carolyn Luhrs, dated August 18, 1998.
11. Boat dock agreement between Pacific Gas and Electric Company and William Garringer and Deborah Garringer, dated August 18, 1998.
12. Boat Dock agreement between Pacific Gas and Electric Company and Alfonso C. Gomar, dated July 21, 1988.
13. Boat dock agreement between Pacific Gas and Electric Company and Kenneth L. Thompson Sally J. Thompson, Deborah L. Hanssen, Lawrence J. Thompson, and Nancy A. Horton, dated July 21, 1998.
14. Boat dock license agreement between Pacific Gas and Electric Company and Patrick Yount and Deborah Yount, dated August 21, 2006.
15. License Agreement (Boat Dock Facilities – Lake Pillsbury), between Pacific Gas and Electric Company and Patrick Yount and Deborah Yount, dated August 7, 2019.
16. Boat dock agreement between Pacific Gas and Electric Company and Loren G. Hardisty and Joanne Hardisty, dated July 21, 1998.

17. Boat dock agreement between Pacific Gas and Electric Company and William Healey and Mary J. Healey, dated July 27, 1998.
18. Boat dock license agreement between Pacific Gas and Electric Company and Kazuo Kunitani and Suzu Kunitani, dated July 27, 1998.
19. Boat dock agreement between Pacific Gas and Electric Company and Robert I. Lawrence, Jr. dated July 21, 1998.
20. Boat dock agreement between Pacific Gas and Electric Company and Orville A. Lowe and Bonnie A. Lowe, dated October 20, 1998.
21. License Agreement (Boat Dock Facilities – Lake Pillsbury), between Pacific Gas and Electric Company and Joseph H. Masciorini, Jr. and Matthew H. Masciorini, dated July 9, 2019.
22. License Agreement (Boat Dock Facilities – Lake Pillsbury), between Pacific Gas and Electric Company and Joseph H. Masciorini, Jr. and Matthew H. Masciorini, dated July 4, 2019.
23. Boat dock license agreement between Pacific Gas and Electric Company and Joseph H. Masciorini, Jr. and Debra J. Masciorini, dated January 2, 2008.
24. Boat dock agreement between Pacific Gas and Electric Company and Robert C. Meyer, Barbara A. Meyer and James D. Meyer, dated March 16, 1999.
25. Boat dock agreement between Pacific Gas and Electric Company and Shirley Blanche Stone, dated July 21, 1998.
26. Boat dock license agreement between Pacific Gas and Electric Company and Lake Pillsbury Homesite Association, dated May 1, 2013.
27. Boat ramp license between Pacific Gas and Electric Company and Lake Pillsbury Homesite Association, dated October 1, 2014.
28. Log boom license agreement between Pacific Gas and Electric Company and Lake Pillsbury Homesite Association, dated June 15, 2000.
29. First Amendment to License Agreement (For A Right of Entry For Use) between Pacific Gas and Electric Company and Lake Pillsbury Resort, Inc., dated March 29, 2017.
30. License agreement between Pacific Gas and Electric Company and Lake Pillsbury Resort, Inc., dated July 1, 2013.
31. Lease agreement between Pacific Gas and Electric Company and Westshore Campers Association, dated December 21, 1985.
32. License Agreement, to install and maintain a radio reporting weather station between Pacific Gas and Electric Company and United States of America, Department of the Army, Corps of Engineers, dated October 12, 1995, as amended by a First Amendment to License Agreement to install and maintain a radio reporting weather station between Pacific Gas and Electric Company and United States of America, Department of the Army, Corps of Engineers, dated May 1, 2009.
33. License Agreement to install and maintain a rain gauge between Pacific Gas and Electric Company and United States of America, Department of Commerce, dated December 8, 1964.
34. Permission agreement to install, maintain and use egg collecting station and an egg eyeing station for development and conservation of game fish between Pacific Gas and Electric

Appendix 2: Conservation Easement

Exhibit Version

5/11/21

Company and State of California, Department of Natural Resources, Division of Fish & Game,
dated August 3, 1938.

EXHIBIT I**Permitted Uses**

The following are Permitted Uses:

1. The Express Third Party Uses.
2. The uses and activities expressly permitted under Exhibit E.
3. Except as otherwise limited by this Easement, the right to sell, encumber, or otherwise transfer the Property, portions thereof, or interests therein, to anyone Grantor chooses.
4. The right to trim and cut down and clear away any and all trees, brush and vegetation (a) which constitute a hazard to persons or property, and/or (b) for purposes of fire management, disease or insect control or otherwise as necessary or appropriate for prudent land management (i.e., not motivated by commercial benefit), and/or (c) for other vegetation management operations, including but not limited to fuel reduction projects, thinning of tree stands and meadow restoration projects. The foregoing may include pesticide use to control vegetation (brush, grass, weeds, etc.) and/or insects.
5. Consistent with Section 9.2, the right to install, maintain, repair, replace and maintain gates and fences.
6. The right to perform all activities required to comply with any and all Applicable Laws.
7. The right to maintain, repair, restore, replace and reconstruct all structures and improvements now or hereafter located on the Property, provided any replacement structures or improvements shall be located in substantially the same location and within the same footprint as the structure or improvement being replaced, and shall be substantially the same height as the structure or improvement being replaced.
8. The right to install minor, temporary structures necessary or appropriate in connection with the performance of prudent and customary land management activities, Hydro Project Activities, or the protection, preservation, or enhancement of the Beneficial Public Values.
9. (a) The right to undertake commercial and/or non-commercial forest management activities on the Property for any of the following purposes: (1) to promote the health and sustainability of the Property's natural resources; (2) to protect and enhance the Property's riparian resources; (3) to maintain an ecologically appropriate species mix of overstory and understory vegetation allowing for a full and balanced range of stand ages and characteristics that is allowed to move across the landscape over time, including early-seral, mid-seral and late-seral forest conditions that provide adequate amounts of snags and cavity trees; (4) to protect and enhance wildlife habitat

for native species historically present on the Property; (5) to protect cultural resources on the Property; (6) to control invasive and non-native vegetation; and (7) to prevent, mitigate, and/or respond to any natural disaster (such as wildfire, significant insect and disease outbreak, or significant wind damage).

(b) Forest management activities for the purposes outlined in Paragraph (a) may include, but shall not be limited to, timber harvesting; salvage logging; conversion of vegetation types; prescribed fire; pre-commercial and commercial thinning of conifer and hardwood trees; fuels management; tree planting; control of undesirable vegetation and pests; habitat maintenance and enhancement; and road and watercourse crossing construction, maintenance, repair, and enhancement. Grantor shall carry out all such forest management activities in compliance with Applicable Law.

(c) Grantor shall provide to Grantee any existing or future forest management plan as part of the Annual Work Plan review process pursuant to Section 7.3 of this Easement. Grantor and Grantee shall review and discuss such plan (along with any proposals Grantee may have regarding this Permitted Use by Grantor pursuant to Section 7.3.4(b) of this Easement) periodically as part of such Annual Work Plan review process. Said forest management plan shall be updated periodically, as appropriate.

10. The right to maintain, repair, improve, replace and reconstruct, the existing cabins, camping facilities, boat docks, log booms and associated improvements on the Property in their existing location, within their existing footprints and without a substantial increase in height.

11. The right to construct, reconstruct, replace, remove, maintain and use the types of facilities and improvements described in paragraph (7) of Exhibit C that are unrelated to Hydro Project Activities and do not constitute a Required Action provided that such facilities shall be subject to Grantee's approval in the manner provided for Discretionary Actions.

12. In accordance with Applicable Laws, the right to control or eliminate noxious weeds and non-native plant species on the Property, and the right to control animals that (a) pose or threaten to pose a hazard to persons or property, including Hydroelectric Facilities and Associated Water Delivery Facilities, or (b) adversely impact or threaten to adversely impact (i) one or more of the Beneficial Public Values, (ii) Grantor's Hydro Reserved Rights or Hydro Project Activities, (iii) the Hydroelectric Facilities and Associated Water Delivery Facilities, or (iv) an Express Third Party Use.

13. The right to erect reasonably sized signs (illuminated and non-illuminated) to support and manage safety and permitted uses of the Property, including signs regarding authorized and unauthorized entry and uses or other appropriate markers in prominent locations on the Property, such as boundary fences, trails, and access roads.

EXHIBIT J**New FERC Project License – Potential Removal of Project Dams**

On January 28, 2019 Grantor withdrew its Notice of Intent (“**NOI**”) and Pre-Application Document (“**PAD**”) seeking renewal of its FERC license for the Potter Valley Project - FERC Project No. 77 (“**Project**”). On June 28, 2019, pursuant to 18 C.F.R. § 5.5 (2018) and the FERC March 1, 2019 “Notice Soliciting Applications,” Mendocino County Inland Water and Power Commission (“**Mendocino County IWPC**”), Sonoma County Water Agency (“**Sonoma Water**”), California Trout, Inc. (“**Cal Trout**”), and the County of Humboldt, California (collectively, “**NOI Parties**”) submitted their NOI to file an application for a new FERC project (“**New Project**”). The NOI Parties filed the NOI as proxies for a yet to be formed regional entity (“**Regional Entity**”) to serve as license applicant and future owner of the New Project. The NOI Parties and Regional Entity are hereinafter referred to collectively as the “**New License Applicant**” or “**New Licensee**.” As noted in Recital I and more definitively described in Exhibit B, Grantor continues to use the Property for Hydro Project Activities.

The New License Applicant anticipates the new license application, which is required to be submitted to FERC on or before April 14, 2022, will propose a modified New Project (including works and operations) as appropriate to achieve certain “shared objectives” of the NOI Parties. In furtherance of achieving such shared objectives, the New License Applicant is anticipated to evaluate a wide range of options for New Project facilities, including additions, modifications, and/or removal to achieve fish passage as appropriate for restoration of native anadromous fisheries in the Eel River Basin. The NOI Parties, as New License Applicant, have indicated an intent to evaluate facility modifications to achieve fish passage objectives, including the possibility for removal of Scott Dam and Van Arsdale Dam (“**Project Dams**”).

Although the outcome of the New License Applicant’s relicensing process is unknown as of the Effective Date, Grantor acknowledges that the issuance of a new FERC license authorizing or requiring the New Licensee to remove Project Dams could result in material changes to the baseline condition and use of the Property. Grantor further acknowledges that such material changes to the baseline condition and use of the Property resulting from the removal of Project Dams could increase the cost of Conservation Easement stewardship to Grantee or potentially cause an extinguishment of the Easement pursuant to Section 14.1 above.

As provided in Section 13.1 of this Easement, upon Grantor’s sale, transfer or conveyance of fee title of the Property, the one-time payment of a sum representing the increased cost of such Conservation Easement stewardship, determined at such time by Grantee, shall include an amount representing the increased costs associated with the New Project. Grantor and Grantee acknowledge that conveyance of fee title to the Property to the New Licensee could occur in advance of issuance of a new FERC license, and that impacts of the New Project on Grantee’s Conservation Easement stewardship may be uncertain at the time Grantor conveys fee title.

In recognition of the unique FERC relicensing circumstances associated with the Property as of the Effective Date, and in furtherance of the intent to ensure Grantee is reimbursed for incremental Conservation Stewardship costs resulting from Grantor's transfer of fee interest in the Property as described in Section 13.1, Grantor and Grantee agree to the following:

Upon receipt of the notice 90-day notice contemplated by Section 13.1 above, and in accordance with the provisions of Section 13.1, Grantee shall make a good faith effort, in consultation with Grantor and New Licensee, to determine the increased Conservation Easement stewardship costs that will be incurred by Grantee as a result of Grantor's sale, transfer or conveyance of fee title of the Property associated with the subsequent removal of Project Dams. Grantor's payment obligation pursuant to Section 13.1 above shall include the increased cost of such Conservation Easement stewardship associated with removal of Project Dams, as reasonably determined at such time by Grantee. Such one-time payment shall be made concurrently with the transfer of fee title and in addition to any reimbursements required pursuant to Section 13.2.4 and Section 17 of this Easement.

The provisions of this Exhibit J shall be limited to requirements of the FERC license issued to New Licensee as contemplated as of the Effective Date. Grantee shall not be entitled to reimbursement for increased costs of Conservation Easement stewardship for other provisions of said FERC license issued to New licensee or for the implementation of conditions of any future FERC license beyond reimbursements otherwise contemplated within this Easement.



Conservation Easement Funding Agreement
Eel River Planning Unit (PG&E Retained Lands)

This Conservation Easement Funding Agreement ("Agreement") is entered into as of the Effective Date (defined below) by and between the Pacific Forest and Watershed Lands Stewardship Council, a California nonprofit public benefit corporation (the "Stewardship Council") and the Mendocino Land Trust, a California nonprofit public benefit corporation ("Grantee") with reference to the following facts:

A. The Stewardship Council was created to oversee the "**Land Conservation Commitment**" described in (1) that certain Settlement Agreement among Pacific Gas and Electric Company ("PG&E"), PG&E Corporation, and the California Public Utilities Commission (the "**Commission**") as modified and approved by the Commission in its Opinion and Order of December 18, 2003 (Decision 03-12-035) (the "**Settlement Agreement**"); and (2) that certain Stipulation Resolving Issues Regarding the Land Conservation Commitment dated September 25, 2003 (the "**Stipulation**").

B. Pursuant to the Settlement and Stipulation, certain lands owned by PG&E at the time of the Settlement (the "**PG&E Watershed Lands**") are to be conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants; the preservation of open space; outdoor recreation by the general public; sustainable forestry; agricultural uses; and historic values. The Stewardship Council is charged with developing a Land Conservation Plan for the protection and enhancement of the PG&E Watershed Lands.

C. Grantee is a publicly-supported, tax exempt nonprofit organization, qualified under Section 501 (c)(3) of the Internal Revenue Code ("IRC"), whose primary purpose is to preserve, protect or enhance, land in its natural scenic, historical agricultural, forested or open space condition or use and conserve natural areas for aesthetic, scientific, charitable and educational purposes. Grantee is eligible to hold a conservation easement pursuant to California Civil Code Section 815.3.

D. In connection with the Land Conservation Commitment, Grantee has agreed to accept a perpetual conservation easement created pursuant to California Civil Code Section 815 *et seq.* (the "**Conservation Easement**") over a portion of the PG&E Watershed Lands that is being retained by PG&E consisting of approximately 5,660 acres of real property located in Mendocino and Lake counties, State of California, as more particularly described in **Exhibit A** attached hereto and incorporated herein by reference (the "**Property**").

E. In consideration of Grantee's agreement to accept the Conservation Easement and assume the duties and obligations of the easement holder, the Stewardship Council has agreed to provide funding to Grantee in the amounts and subject to the terms and conditions described below.

NOW, THEREFORE, the Stewardship Council and Grantee agree as follows:

1. **Effective Date.** This Agreement shall become effective upon the recording of the Conservation Easement in favor of Grantee in the Official Records of Mendocino County and

Lake County (the “**Effective Date**”). It is understood and agreed that if for any reason whatsoever the recording of the Conservation Easement does not occur on or before December 31, 2022, this Agreement shall be of no further force or effect and the parties shall thereupon be released from any obligations under this Agreement.

2. **Grant.** Upon the Effective Date, the Stewardship Council grants **Five Hundred Twenty Seven Thousand Six Hundred Sixteen Dollars (\$527,616)** (the “**Grant Funds**”) to Grantee to be used solely for the following purposes:

a. Five Hundred Seven Thousand Six Hundred Sixteen Dollars (\$507,616) of the Grant Funds shall be used to implement conservation easement monitoring as described in Sections 3 and 4 below (the “**Monitoring Funds**”).

b. Twenty Thousand Dollars (\$20,000) of the Grant Funds shall be used for conservation easement defense and enforcement costs as described in Section 5 below (the “**Defense and Enforcement Funds**”).

3. **Use of Grant Funds.** The Grant Funds shall be payable to Grantee within thirty (30) days of the Effective Date. Grantee will use the Grant Funds for the purposes described in this Agreement and for no other purpose without the prior written consent of the Stewardship Council. The Stewardship Council reserves the right to require the total or partial return of Grant Funds in the event Grantee fails to comply with the terms and conditions of this Agreement.

a. Grantee may “pool” the Monitoring Funds with other funds Grantee uses for monitoring of other conservation easements held by Grantee and Grantee may use the Monitoring Funds to monitor any of its conservation easements as long as Grantee meets its obligations as described in Section 4 below.

b. Within thirty (30) days of receipt of funds, Grantee will provide the Stewardship Council with evidence of deposit of the Monitoring Funds and the Defense and Enforcement Funds into an account which shall be restricted to the stewardship, monitoring, and legal defense or enforcement of the conservation easements held by the Grantee, including but not limited to the Conservation Easement on the Property. Notwithstanding the right of Grantee to deposit the Monitoring Funds and the Defense and Enforcement Funds into a single account, the use of each type of funds is restricted as provided in Section 2 above. The requirement to provide evidence of deposit will be satisfied when Grantee submits to the Stewardship Council the form attached as Exhibit B.

4. **Conservation Easement Monitoring.** From and after the Effective Date, Grantee agrees to conduct regular monitoring of the Property to ensure compliance with the terms of the Conservation Easement. Grantee shall conduct on-site monitoring of the Property not less than annually to assess compliance with the terms and conditions of the Conservation Easement and note any material changes to the Property compared to the baseline documentation report and prior monitoring reports. Upon written request, the Stewardship Council or its designee shall be permitted to accompany the Grantee on its monitoring visits and to receive a copy of any monitoring report prepared by Grantee. Permissible uses of Monitoring Funds shall include:

a. Regular on-site inspection and monitoring to ensure that the terms of Conservation Easement are being met;

b. Recordkeeping and preparation of reports, notices of violation, any written consent to be submitted to the fee title owner of the property which is subject to the easement, and other documentation related to the Conservation Easement and the Property;

c. Communications with the fee title owner of the property which is subject to the easement regarding the provisions of the Conservation Easement and planned or completed activities on the lands to be performed or allowed by the fee title owner or a licensee/lessee;

d. Responding to any inquiries or concerns raised by entities that have leases or licenses on the Property or other stakeholders who have an interest in ensuring the beneficial public values are protected.

5. **Defense and Enforcement Funds.** Grantee shall be permitted to use the Defense and Enforcement Funds for the following purposes:

a. To make direct expenditures of attorneys' fees, costs and disbursements incurred in connection with proceedings to enforce and/or defend the provisions of the Conservation Easement against legal challenge, including any claims by third parties;

b. To "pool" funds for legal expenses to enforce and/or defend against legal challenge conservation easements held by the Grantee, including without limitation the Conservation Easement on the Property;

c. To pay premiums into a Conservation Defense Insurance Program offered through the Land Trust Alliance, or other nationally-recognized conservation organization of which Grantee is a member for the enforcement and defense of conservation easements held by member organizations, or to cover deductibles related to such insurance.

6. **Grant Report.** Grantee agrees to submit to the Stewardship Council and/or its designee the following grant Status Reports pursuant to this Agreement. The initial Status Report shall be submitted to the Stewardship Council by the fourth quarter of the 2020 calendar year and include data up to the date of the initial Status Report. The final Status Report shall be submitted to the Stewardship Council or its designee on or before December 31, 2023. The due dates of the initial and final Status Reports can be changed by the Stewardship Council or its designee with at least 60 days written notice to Grantee. The Stewardship Council or its designee shall notify Grantee in a timely manner of the form and content of each Status Report, which shall include, at a minimum:

a. Copies of annual monitoring reports pertaining to the Conservation Easement for years selected by the Stewardship Council or its designee;

b. A statement as to whether any violations of the Conservation Easement were observed during the reporting period, and the outcome of any action taken to correct such violation;

c. A statement as to whether any amendments to the Conservation Easement were approved during the reporting period, with copies of any such amendments included in the Status Reports;

d. A statement as to whether fee title of the property was conveyed, the date of such conveyance, and the identity of the transferee; and

e. A report providing an accounting of how the Grant Funds have been invested or expended in furtherance of the purposes of this Agreement.

7. Records. Grantee will indicate the Grant Funds separately on its books of account, and maintain such records in accordance with generally accepted accounting principles. Grantee shall additionally maintain written records including the baseline documentation report, the Deed of Conservation Easement, any amendments to the Conservation Easement, other transaction documents, and copies of monitoring reports, notices to the landowner, and other communications pursuant to the Conservation Easement in accordance with the practices generally accepted in the land trust community.

8. Inspection. The Stewardship Council or its designee shall have the right to inspect the books and records of Grantee and evaluate Grantee's use of Grant Funds, so long as (i) such inspection or evaluation occurs during regular business hours; (ii) such inspection or evaluation does not unreasonably interfere with Grantee's regular operations; and (iii) the Stewardship Council or its designee provides at least three (3) days prior notice of any such inspection or evaluation.

9. Assignment and Transfer of Funds. Grantee shall not assign its interest under the Conservation Easement except in accordance with the provisions of the Conservation Easement relating to permitted assignments. In the event that Grantee assigns its interest under the Conservation Easement to a successor conservation easement holder ("Assignee"), Grantee shall transfer all Grant Funds in its possession to Assignee and require that Assignee assume all of Grantee's obligations under this agreement.

10. Publicity. The Stewardship Council may include information regarding this Agreement and Grantee in its periodic public reports, press releases, or other public communications.

11. Representations and Warranties. Grantee warrants and represents that it is a tax exempt organization under Section 501(c)(3) of the IRC, and is not a private foundation as defined in section 509(a) of the IRC or is an exempt operating foundation described in Section 4940(d)(2) of the IRC. Grantee further represents and warrants that it shall not use the Grant Funds to attempt to influence legislation or otherwise carry out lobbying activities within the meaning of Sections 501(h), 4911, 4945(d)(1) or 4945(e) of the IRC. No part of the Grant Funds may be used to attempt to influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drive. No part of the Grant Funds may be used for purposes other than charitable, scientific, literary, or educational purposes within the meaning of IRC Section 501 (c)(3).

Grantee does not knowingly employ individuals or contribute funds to organizations found on any terrorist-related list prepared by the U.S. Government, the United Nations, or the European Union, including the Department of Treasury's Office of Foreign Assets Control Specially Designated Nationals List, the Department of Justice's Terrorist Exclusion List, or the list attached to Executive Order 13224. Should any change occur with respect to the preceding sentence, Grantee will notify the Stewardship Council within 7 days of such change.

12. Indemnification. Grantee hereby agrees to indemnify, defend, and hold harmless the Stewardship Council, and the Stewardship Council's past, present and future officers,

directors, and employees, from and against any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies, including interest, penalties, and reasonable attorney fees and costs, that they may incur or suffer and that result from, or are related to, the receipt and use of the Grant Funds by Grantee.

13. Limit of Stewardship Council Obligations. The Stewardship Council's obligations under this Agreement shall under no circumstances exceed the Grant Funds amount set forth in Section 2 above.

14. Assignment. This Agreement may not be assigned by the Grantee in whole or in part except as provided in Section 9 above. The Stewardship Council may assign its rights and delegate its obligations under this Agreement to a third party at the Stewardship Council's sole discretion. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit and burden of the parties and their respective heirs, successors and assigns.

15. Amendment; Entire Agreement. This Agreement may not be amended or modified except by written instrument signed by both parties. This Agreement constitutes the entire understanding of the parties concerning the subject matter hereof, and supersedes any and all previous negotiations, agreements, or understandings, if any, regarding the matters contained herein.

16. Governing Law. This Agreement shall be governed by the laws of the State of California.

17. Counterparts. This Agreement may be executed in counterparts which together shall constitute a single agreement.

**Pacific Forest and Watershed Lands Stewardship Council,
a California Nonprofit Public Benefit Corporation**

By: _____

Title: _____

Date: _____

**Mendocino Land Trust,
a California Nonprofit Public Benefit Corporation**

By: _____

Title: _____

Date: _____

Exhibit A

THE LAND DESCRIBED HEREIN IS SITUATED IN THE STATE OF CALIFORNIA, COUNTIES OF LAKE AND MENDOCINO, UNINCORPORATED AREA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:
 00DW-CFX-00001
 SBE 135-23-1D-7
 LCP ID#0739

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 31, TOWNSHIP 18 NORTH, RANGE 11 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED MARCH 22, 1906 IN LIBER 99, PAGE 546 OF DEEDS OF THE COUNTY OF MENDOCINO, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE NORTHEAST ONE-QUARTER, THE NORTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER, AND THE SOUTHEAST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 31.
 A.P.N. 172-290-02, 172-300-04

PARCEL 2:
 00DW-CFX-00002
 SBE 135-17-7-2, 135-17-7A-1
 LCP ID#740

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTIONS 26 AND 35, TOWNSHIP 18 NORTH, RANGE 11 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED JUNE 6, 1921 IN BOOK 60, PAGE 531 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER, WEST ONE-HALF OF THE SOUTHEAST ONE-QUARTER, AND EAST ONE-HALF OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 26; AND THE NORTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 35.

LESS AND EXCEPT ALL THAT PORTION OF THE NORTHEAST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER OF THE SAID SECTION 26 LYING SOUTHEASTERLY OF THE CENTERLINE OF THE COUNTY ROAD LEADING FROM POTTER VALLEY TO GRAVELLY VALLEY, AS RECORDED IN INSTRUMENT 2002-22795, RECORDS OF SAID COUNTY.
 A.P. N. 001-031-002 PORTION, 001-031-024

PARCEL 3:
 00DW-CFX-00003
 SBE 135-17-7-2
 LCP ID#741

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 35, TOWNSHIP 18 NORTH, RANGE 11 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED MARCH 22, 1906 IN BOOK 36, PAGE 590 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER AND THE NORTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 35.
 A.P.N. 001-031-002 PORTION

PARCEL 4:
 00DW-CFX0-00004
 SBE 135-17-1-15, 135-17-1-2
 LCP ID# 742

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTIONS 13, 23, 24, 25, AND 26, TOWNSHIP 18 NORTH, RANGE 11 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED MARCH 22, 1906 IN BOOK 36, PAGE 590 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE EAST ONE-HALF OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 13;
 THE SOUTHEAST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 23;
 THE NORTH ONE-HALF OF THE NORTHEAST ONE-QUARTER, THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER, THE NORTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER, THE NORTH ONE-HALF OF THE SOUTHWEST ONE-QUARTER, AND THE SOUTHWEST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 24;
 THE NORTHWEST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 25;
 THE EAST ONE-HALF OF THE NORTHEAST ONE-QUARTER, THE NORTHEAST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER, AND ALSO ALL THAT PORTION OF THE NORTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER WHICH LIES EAST AND SOUTH OF A STRAIGHT LINE DRAWN FROM THE NORTHEAST CORNER OF SAID SUBDIVISION DIRECTLY TO THE SOUTHWEST QUARTER CORNER THEREOF, ALL OF SAID SECTION 26.
 A.P.N. 001-030-009, 001-031-002 PORTION

PARCEL 5:

00DW-CFX-00005
 SBE 135-17-1-9, 135-17-3-3, 135-17-1-10, 135-17-1-11, 135-17-1-13
 LCP ID# 743

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTIONS 16, 17, 20, 21, 22, 27 AND 28, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED FEBRUARY 28, 1924 IN BOOK 65, PAGE 448 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

SOUTH ONE-HALF AND SOUTHEAST ONE-QUARTER OF NORTHEAST ONE-QUARTER OF SAID SECTION 16;
 SOUTHEAST ONE-QUARTER, SOUTHWEST ONE-QUARTER OF NORTHEAST ONE-QUARTER, SOUTHEAST ONE-QUARTER OF NORTHWEST ONE-QUARTER AND NORTHEAST ONE-QUARTER OF SOUTHWEST ONE-QUARTER OF SAID SECTION 17;
 NORTHWEST ONE-QUARTER OF NORTHEAST ONE-QUARTER AND SOUTHEAST ONE-QUARTER OF SOUTHEAST ONE-QUARTER OF SAID SECTION 20;
 NORTH ONE-HALF OF NORTH ONE-HALF, SOUTHEAST ONE-QUARTER OF NORTHWEST ONE-QUARTER, SOUTHWEST ONE-QUARTER OF NORTHEAST ONE-QUARTER, SOUTHWEST ONE-QUARTER, WEST ONE-HALF OF SOUTHEAST ONE-QUARTER, AND SOUTHEAST ONE-QUARTER OF SOUTHEAST ONE-QUARTER OF SAID SECTION 21;
 NORTH ONE-HALF OF NORTHWEST ONE-QUARTER, SOUTHEAST ONE-QUARTER OF NORTHWEST ONE-QUARTER AND WEST ONE-HALF OF NORTHEAST ONE-QUARTER OF SAID SECTION 22;
 WEST ONE-HALF OF NORTHWEST ONE-QUARTER OF SAID SECTION 27;
 NORTHEAST ONE-QUARTER, EAST ONE-HALF OF NORTHWEST ONE-QUARTER AND NORTHWEST ONE-QUARTER OF SOUTHEAST ONE-QUARTER OF SAID SECTION 28;

EXCEPTING THEREFROM ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SAID SECTION 16, AS DESCRIBED IN THE UNRECORDED DEED FROM PACIFIC GAS AND ELECTRIC COMPANY TO GEORGE R. WINKLER, DATED MAY 11, 1945, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE SOUTHEAST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER, THE NORTH ONE-HALF OF THE SOUTHEAST ONE-QUARTER AND THE NORTHEAST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 16.
 A.P.N. 001-034-002, 001-034-007, 001-034-014, 001-035-004 PORTION, 001-036-003, 001-037-001

PARCEL 6:

00DW-CFX-00010
 SBE 135-17-1-11
 LCP ID# 0747

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 22, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED SEPTEMBER 2, 1907 IN BOOK 39, PAGE 585 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE EAST ONE-HALF OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 22.
 A.P.N. 001-035-004 PORTION

PARCEL 7:

XX77-CFX-00001

SBE 135-23-1D-1, 135-23-1F-2, 135-23-1D-3, 135-23-1D-5, 135-23-1D-8 AND 135-23-1F-1

LCP ID# 0748

ALL THOSE CERTAIN PARCELS OF LAND SITUATE IN SECTIONS 28, 29, 30, 32, 33, 34 AND 35, TOWNSHIP 18 NORTH, RANGE 11 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED MARCH 22, 1906 IN LIBER 99, PAGE 546 OF DEEDS OF THE COUNTY OF MENDOCINO, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE SOUTH ONE-HALF OF THE SOUTH ONE-HALF OF SAID SECTION 28;
 THE NORTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER; THE SOUTH ONE-HALF OF THE SOUTHEAST ONE-QUARTER; THE NORTHWEST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER; THE SOUTH ONE-HALF OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 29, LESS A PORTION OF THE NORTHWEST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 29 CONVEYED BY THE PARTY OF THE FIRST PART TO THOMAS D. ORR BY DEED DATED FEBRUARY 3RD, 1906;
 THE SOUTHEAST ONE-QUARTER, AND ALL THAT PORTION OF THE SOUTHEAST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 30 THAT LIES WEST AND SOUTH OF A STRAIGHT LINE DRAWN FROM THE NORTHWEST CORNER OF SAID SUBDIVISION DIRECTLY TO THE SOUTHEAST CORNER THEREOF;
 THE NORTH ONE-HALF OF THE NORTHWEST ONE-QUARTER, AND THE SOUTHWEST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER, OF SAID SECTION 32; ALSO ALL THAT PORTION OF THE NORTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 32 THAT LIES WEST AND NORTH OF THE COUNTY ROAD LEADING FROM POTTER VALLEY TO GRAVELLY VALLEY;
 THE NORTH ONE-HALF OF THE NORTHEAST ONE-QUARTER, AND THE SOUTHEAST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER, OF SAID SECTION THIRTY-THREE 33;
 THE NORTHEAST ONE-QUARTER, THE EAST HALF OF THE NORTHWEST ONE-QUARTER, THE SOUTHWEST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER, AND THE NORTHWEST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER, OF SAID SECTION 34;
 THE NORTHWEST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER; THE SOUTH ONE-HALF OF THE NORTHWEST ONE-QUARTER; THE NORTHEAST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER, THE NORTHEAST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER, OF SAID SECTION 35.

EXCEPTING THEREFROM ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SAID SECTIONS 29, 30 AND 32, AS RECORDED DECEMBER 21, 1989 IN BOOK 1797, PAGE 706 OF OFFICIAL RECORDS OF THE SAID COUNTY OF MENDOCINO, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 29, AND RUNNING THENCE

(A) SOUTH 89° 32' 43" WEST 1328.89 FEET ALONG THE SOUTH LINE OF SAID SECTION 29 TO THE EAST 1/16 CORNER COMMON TO SECTIONS 29 AND 32; THENCE

(B) NORTH 0° 06' 21" WEST 464.28 FEET LEAVING SAID SOUTH LINE AND RUNNING ALONG THE EAST 1/16 LINE OF SAID SECTION 29 TO THE TRUE POINT OF BEGINNING OF THE HEREINAFTER DESCRIBED PARCEL; THENCE LEAVING SAID EAST 1/16 LINE AND RUNNING ALONG A LINE WHICH LIES 30.00 FEET NORTHERLY OF AND PARALLEL TO THE EXISTING CENTERLINE OF EEL RIVER ROAD THE FOLLOWING COURSES:

- (1) FROM A TANGENT BEARING SOUTH 64° 36' 02" WEST ALONG A CURVE TO THE LEFT, WITH A RADIUS OF 930 FEET AND A CENTRAL ANGLE OF 6° 20' 27", AN ARC DISTANCE OF 102.92 FEET; THENCE
- (2) SOUTH 58° 15' 35" WEST 196.33 FEET; THENCE
- (3) ALONG A CURVE TO THE RIGHT, WITH A RADIUS OF 900 FEET AND A CENTRAL ANGLE OF 5° 19' 02", AN ARC DISTANCE OF 83.52 FEET; THENCE
- (4) SOUTH 63° 34' 37" WEST 491.36 FEET; THENCE
- (5) ALONG A CURVE TO THE LEFT, WITH A RADIUS OF 2030.00 FEET AND A CENTRAL ANGLE OF 5° 07' 25", AND ARC DISTANCE OF 181.53 FEET; THENCE
- (6) ALONG A CURVE TO THE LEFT, WITH A RADIUS OF 688.37 FEET AND A CENTRAL ANGLE OF 24° 39' 30", AN ARC DISTANCE OF 296.25 FEET; THENCE

(7) SOUTH 33° 47'43" WEST 142.07 FEET; THENCE
 (8) ALONG A CURVE TO THE LEFT, WITH A RADIUS OF 655.00 FEET AND A CENTRAL ANGLE OF 15° 48' 45", AN ARC DISTANCE OF 180.77 FEET; THENCE
 (9) SOUTH 17° 58' 58" WEST 125.57 FEET; THENCE
 (10) ALONG A CURVE TO THE RIGHT, WITH A RADIUS OF 70.00 FEET AND A CENTRAL ANGLE OF 25° 33' 52", AND ARC DISTANCE OF 31.23 FEET; THENCE
 (11) SOUTH 43° 32' 50" WEST 119.96 FEET; THENCE
 (12) ALONG A CURVE TO THE RIGHT, WITH A RADIUS OF 555.00 FEET AND A CENTRAL ANGLE OF 23° 56' 47", AN ARC DISTANCE OF 231.96 FEET; THENCE
 (13) SOUTH 67° 29' 38" WEST 212.11 FEET; THENCE
 (14) ALONG A CURVE TO THE RIGHT, WITH A RADIUS OF 970.00 FEET AND A CENTRAL ANGLE OF 7° 09' 58", AN ARC DISTANCE OF 121.32 FEET; THENCE
 (15) SOUTH 74° 39' 35" WEST 142.01 FEET; THENCE
 (16) ALONG A CURVE TO THE RIGHT, WITH A RADIUS OF 340.00 FEET AND A CENTRAL ANGLE OF 36° 48' 30", AND ARC DISTANCE OF 218.43 FEET; THENCE
 (17) NORTH 68° 31' 54" WEST 27.54 FEET; THENCE
 (18) ALONG A CURVE TO THE RIGHT, WITH A RADIUS OF 180.00 FEET AND A CENTRAL ANGLE OF 19° 15' 28", AN ARC DISTANCE OF 60.50 FEET; THENCE
 (19) NORTH 49° 16' 26" WEST 110.61 FEET; THENCE
 (20) ALONG A CURVE TO THE LEFT, WITH A RADIUS OF 1430.00 FEET AND A CENTRAL ANGLE OF 12° 55' 27", AN ARC DISTANCE OF 322.56 FEET; THENCE
 (21) NORTH 62° 11' 53" WEST 319.59 FEET; THENCE
 (22) ALONG A CURVE TO THE RIGHT, WITH A RADIUS OF 1520.00 FEET AND A CENTRAL ANGLE OF 15° 21' 15", AND ARC DISTANCE OF 407.33 FEET; THENCE
 (23) ALONG A CURVE TO THE LEFT, WITH A RADIUS OF 2503.90 FEET AND A CENTRAL ANGLE OF 9° 56' 29", AN ARC DISTANCE OF 434.35 FEET; THENCE
 (24) NORTH 56° 47' 07" WEST 197.80 FEET; THENCE
 (25) ALONG A CURVE TO THE LEFT, WITH A RADIUS OF 3030.00 FEET AND A CENTRAL ANGLE OF 3° 28' 25", AN ARC DISTANCE OF 183.69 FEET; THENCE
 (26) NORTH 60° 15' 32" WEST 137.84 FEET; THENCE
 (27) ALONG A CURVE TO THE RIGHT, WITH A RADIUS OF 820.00 FEET AND A CENTRAL ANGLE OF 13° 36' 46", AND ARC DISTANCE OF 194.82 FEET; THENCE
 (28) NORTH 46° 38' 46" WEST 111.74 FEET; THENCE
 (29) ALONG A CURVE TO THE LEFT, WITH A RADIUS OF 66.40 FEET AND A CENTRAL ANGLE OF 61° 27' 56", AN ARC DISTANCE OF 71.24 FEET TO A POINT ON A LINE LYING 30.00 FEET NORTHERLY OF AND PARALLEL TO THE EXISTING CENTERLINE OF VAN ARSDALE ROAD; THENCE ALONG SAID LINE 30.00 FEET NORTHERLY OF AND PARALLEL TO THE EXISTING CENTERLINE OF VAN ARSDALE ROAD THE FOLLOWING COURSES:
 (30) NORTH 41° 59' 43" WEST 458.05 FEET; THENCE
 (31) ALONG A CURVE TO THE RIGHT, WITH A RADIUS OF 200.00 FEET AND A CENTRAL ANGLE OF 21° 15' 18", AN ARC DISTANCE OF 74.19 FEET; THENCE
 (32) NORTH 20° 44' 24" WEST 60.58 FEET; THENCE
 (33) ALONG A CURVE TO THE LEFT, WITH A RADIUS OF 340.00 FEET AND A CENTRAL ANGLE OF 14° 28' 47", AND ARC DISTANCE OF 85.93 FEET; THENCE
 (34) NORTH 35° 13' 12" WEST 21.97 FEET; THENCE
 ALONG A CURVE TO THE RIGHT, WITH A RADIUS OF 220.00 FEET AND A CENTRAL ANGLE OF 14° 28' 20", AN ARC DISTANCE OF 55.57 FEET; THENCE
 (36) ALONG A CURVE TO THE LEFT, WITH A RADIUS OF 1030.93 FEET AND A CENTRAL ANGLE OF 7° 06' 07", AN ARC DISTANCE OF 127.79 FEET; THENCE
 (37) NORTH 27° 50' 59" WEST 10.23 FEET; THENCE
 (38) ALONG A CURVE TO THE RIGHT, WITH A RADIUS OF 220.00 FEET AND A CENTRAL ANGLE OF 18° 05' 03", AND ARC DISTANCE OF 69.44 FEET; THENCE
 (39) NORTH 9° 45' 56" WEST 51.74 FEET; THENCE
 (40) ALONG A CURVE TO THE LEFT, WITH A RADIUS OF 130.00 FEET AND A CENTRAL ANGLE OF 20° 37' 23", AN ARC DISTANCE OF 46.79 FEET; THENCE LEAVING SAID LINE LYING 30 FEET NORTHERLY OF AND PARALLEL TO THE EXISTING CENTERLINE OF VAN ARSDALE ROAD
 (41) NORTH 56° 27' 18" EAST 111.52 FEET; THENCE
 (42) NORTH 56° 27' 18" EAST 158.27 FEET; MORE OR LESS, TO THE CONTOUR LINE WITH AN ELEVATION OF 1495.3

FEET ON THE SOUTHERLY BANK OF THE VAN ARSDALE RESERVOIR (VERTICAL DATUM FROM U.S.C.&G.S. MONUMENTS N1062 AND S1062); THENCE ALONG SAID CONTOUR LINE FOLLOWING COURSES:

(43) SOUTH 63° 31' 11" EAST 93.74 FEET; THENCE
 (44) SOUTH 63° 31' 11" EAST 230.78 FEET; THENCE
 (45) SOUTH 67° 36' 39" EAST 197.20 FEET; THENCE
 (46) SOUTH 76° 05' 01" EAST 146.77 FEET; THENCE
 (47) SOUTH 64° 58' 08" EAST 240.15 FEET; THENCE
 (48) SOUTH 69° 07' 21" EAST 272.10 FEET; THENCE
 (49) SOUTH 53° 05' 56" EAST 428.51 FEET; THENCE
 (50) SOUTH 81° 13' 25" EAST 163.98 FEET; THENCE
 (51) NORTH 75° 28' 56" EAST 238.09 FEET; THENCE
 (52) NORTH 66° 32' 13" EAST 295.75 FEET; THENCE
 (53) NORTH 80° 26' 23" EAST 179.17 FEET; THENCE
 (54) NORTH 89° 59' 30" EAST 252.00 FEET; THENCE
 (55) SOUTH 88° 19' 48" EAST 240.24 FEET; THENCE
 (56) SOUTH 80° 01' 54" EAST 620.13 FEET; THENCE
 (57) NORTH 82° 14' 56" EAST 385.88 FEET; THENCE
 (58) SOUTH 74° 52' 58" EAST 317.77 FEET; THENCE
 (59) SOUTH 77° 48' 53" EAST 247.96 FEET; THENCE
 (60) SOUTH 74° 20' 34" EAST 403.33 FEET; THENCE
 (61) NORTH 88° 34' 46" EAST 46.05 FEET, MORE OR LESS, TO THE EAST 1/16 LINE OF SAID SECTION 29; THENCE
 (62) SOUTH 0° 06' 21" EAST 137.29 FEET LEAVING SAID CONTOUR LINE, AND RUNNING ALONG SAID EAST 1/16 LINE TO THE POINT OF BEGINNING.

A.P.N. 171-170-02, 171-180-04, 171-200-03, 171-200-09, 171-200-11 PORTION, 171-210-03 PORTION, 171-210-10 PORTION, 171-230-19, 171-170-02, 171-230-20, 171-240-02, 171-260-02, 171-260-04

PARCEL 8:

XX77-CFX-00002
 SBE 135-23-1F-3
 LCP ID# 0749

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 29, TOWNSHIP 18 NORTH, RANGE 11 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED JULY 21, 1910 IN BOOK 117, PAGE 118 OF DEEDS OF THE COUNTY OF MENDOCINO, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE SOUTH ONE-HALF OF THE NORTHEAST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 29.

A.P.N. 171-200-11

PARCEL 9:

XX77-CFX-00003
 SBE 135-23-1E-2, 135-23-1E-1
 LCP ID# 0750

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 31, TOWNSHIP 18 NORTH, RANGE 11 WEST, AND SECTION 6, TOWNSHIP 17 NORTH, RANGE 11 WEST, BOTH OF MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED MARCH 28, 1906 IN LIBER 99, PAGE 546 OF DEEDS OF THE COUNTY OF MENDOCINO, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

A STRIP OF LAND OF 100 FEET LYING 50 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE SOUTH LINE OF THE SOUTHEAST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 31, FROM WHICH POINT THE QUARTER SECTION CORNER ON THE WEST BOUNDARY OF SAID SECTION 31, BEARS WEST 2239.05 FEET DISTANT, SAID POINT OF BEGINNING BEING AT STATION 49 + 47 OF THE LOCATED CENTER LINE OF THE EEL RIVER POWER AND IRRIGATION COMPANY'S TUNNEL; THENCE SOUTH 22° 02' WEST 986.4 FEET ALONG THE CENTER LINE OF SAID TUNNEL TO STATION 0 + 00 OF THE PIPE LINE

LEADING AWAY FROM SAID TUNNEL; THENCE FOLLOWING THE CENTER LINE OF SAID PIPE LINE, AS FOLLOWS:

SOUTH 22° 02' WEST 396.4 FEET; THENCE
 SOUTHWESTERLY ON A CURVE TO THE RIGHT WITH A RADIUS 301.6 FEET AND AN ARC DISTANCE OF 103.5 FEET;
 THENCE
 SOUTH 41° 42' WEST 745.8 FEET; THENCE
 SOUTHERLY ON A CURVE TO THE LEFT WITH A RADIUS 301.6 FEET AND AN ARC DISTANCE OF 198.8 FEET; THENCE
 SOUTH 3° 57' WEST 532.54 FEET TO A POINT ON THE TOWNSHIP LINE BETWEEN SAID TOWNSHIPS 17 AND 18
 NORTH, RANGE 11 WEST, FROM WHICH THE QUARTER SECTION CORNER ON THE NORTH BOUNDARY OF SAID
 SECTION 6, BEARS EAST 1510.83 FEET; THENCE
 SOUTH 3° 57' WEST 1157.52 FEET CONTINUING TO A POINT DISTANT 150 FEET WEST OF THE NORTHEAST CORNER
 OF THE "POWER HOUSE TRACT", HEREINAFTER DESCRIBED, BEING A PART OF THE SOUTHWEST ONE-QUARTER
 OF SAID SECTION 31, AND A PART OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 6.

ALSO INCLUDING A PORTION OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 6, BEGINNING AT A POST
 MARKED "E" 150 FEET EAST OF THE SOUTH END OF THE FOREGOING DESCRIBED CENTER LINE, FROM WHICH THE
 QUARTER SECTION CORNER ON THE NORTH BOUNDARY OF SAID SECTION 6, BEARS NORTH 51° 17' EAST 1846.10
 FEET DISTANT; THENCE
 WEST 788.70 FEET TO A POST MARKED "F", FROM WHICH A WHITE OAK TREE 40 INCHES IN DIAMETER MARKED
 "F.B.T." BEARS SOUTH 2° 35' WEST AND IS DISTANT 90.10 FEET; THENCE
 SOUTH 400 FEET TO A POINT 50 FEET SOUTH OF A STAKE MARKED "A", FROM WHICH A BLACK OAK TREE 1 FOOT IN
 DIAMETER MARKED "ABT" BEARS NORTH 10° 00' EAST AND IS DISTANT 84.16 FEET; THENCE
 EAST 350 FEET TO A POINT 50 FEET SOUTH OF A STAKE MARKED "B", FROM WHICH A WHITE OAK TREE 3 FEET IN
 DIAMETER MARKED "BBT" BEARS NORTH 60° 00' WEST AND IS DISTANT 120.47 FEET; THENCE
 NORTH 125 FEET TO A STAKE MARKED "C"; THENCE
 EAST 438.70 FEET TO A STAKE MARKED "D"; THENCE
 NORTH 275 FEET TO THE POINT OF BEGINNING.
 A.P.N. 173-030-02, 172-300-02 PORTION, 173-030-03 PORTION

PARCEL 10:
 XX77-CFX-00004
 SBE 135-23-1E-2
 LCP ID# 0751

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN THE SOUTHWEST ONE-QUARTER OF SECTION 31, TOWNSHIP 18
 NORTH, RANGE 11 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED IN BOOK 114, PAGE 432 OF DEEDS
 OF THE COUNTY OF MENDOCINO, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

BEGINNING AT A POINT ON THE BOUNDARY OF THE PIPE LINE TRACT OF THE SNOW MOUNTAIN WATER & POWER
 COMPANY, FROM WHICH THE QUARTER SECTION CORNER OF THE WEST BOUNDARY OF SAID SECTION 31 BEARS
 NORTH 54° 36' WEST DISTANT 2177.20 FEET, AND WHICH POINT IS NORTH 67° 58' WEST 50 FEET DISTANT FROM A
 POINT ON THE CENTER LINE OF SAID TRACT, SOUTH 22° 02' WEST 1380.8 FEET DISTANT FROM THE POINT OF
 BEGINNING OF SAID CENTER LINE AS DESCRIBED IN THE ORIGINAL DEED AND IS THE POINT OF CURVATURE OF A
 19° CURVE RIGHT; THENCE
 ON A CURVE TO THE RIGHT WITH A RADIUS OF 252.94 FEET AND AN ARC DISTANCE OF 86.25 FEET ALONG SAID
 BOUNDARY OF SAID TRACT; THENCE
 SOUTH 41° 42' WEST 745.8 FEET CONTINUING ALONG SAID BOUNDARY; THENCE
 ON A CURVE TO THE LEFT WITH A RADIUS OF 352.94 FEET AND AN ARC DISTANCE OF 231.77 FEET CONTINUING ON
 SAID BOUNDARY; THENCE
 NORTH 3° 57' EAST 273.28 FEET; THENCE
 NORTH 48° 18' WEST 155 FEET; THENCE
 NORTH 41° 42' EAST 210 FEET; THENCE
 SOUTH 48° 18' EAST 130 FEET; THENCE
 NORTH 51° 11' EAST 629.52 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.
 A.P.N. 172-300-02 PORTION

PARCEL 11

XX77-CFX-00005
 SBE 135-23-1E-2
 LCP ID#0752

LL THAT CERTAIN PARCEL OF LAND SITUATE IN THE NORTHWEST ONE-QUARTER OF SECTION 6, TOWNSHIP 17 NORTH, RANGE 11 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED JUNE 14, 1909 IN BOOK 86, PAGE 548 OF DEEDS OF THE COUNTY OF MENDOCINO, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

TRACT NO. 1

BEGINNING AT AN IRON STAKE MARKED "E" FROM WHICH THE QUARTER SECTION CORNER ON THE NORTH BOUNDARY OF SAID SECTION 6 BEARS NORTH 51° 17' EAST 1846.10 FEET DISTANT; SAME BEING THE NORTHEAST CORNER OF THE POWER HOUSE TRACT; THENCE EAST 108.9 FEET TO A REDWOOD STAKE MARKED "I"; THENCE SOUTH 400 FEET TO A REDWOOD STAKE MARKED "H"; THENCE WEST 108.9 FEET TO A REDWOOD STAKE MARKED "G"; THENCE NORTH 400 FEET TO THE POINT OF BEGINNING.

TRACT NO. 3

ALSO BEGINNING AT AN IRON STAKE MARKED "D" BEING THE SOUTHEAST CORNER OF THE POWER HOUSE TRACT OF THE SNOW MOUNTAIN WATER AND POWER CO., AND FROM WHICH THE QUARTER SECTION CORNER ON THE NORTH BOUNDARY OF SAID SECTION 6 BEARS NORTH 45° 13' EAST 2029.46 FEET DISTANT; THENCE SOUTH 125 FEET TO A POINT MARKED "G"; THENCE WEST 438.7 FEET TO AN IRON STAKE MARKING A CORNER OF SAID POWER HOUSE TRACT; THENCE NORTH 125 FEET TO AN IRON STAKE MARKING A CORNER OF SAID POWER HOUSE TRACT; THENCE EAST 438.7 FEET TO THE POINT OF BEGINNING.

A.P.N. 173-030-03 PORTION

PARCEL 12
 XX77-CFX-00006
 SBE 135-23-1E-1, 135-23-1E-2
 LCP ID#0753

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN THE WEST ONE-HALF OF THE NORTHWEST ONE-QUARTER OF SECTION 6, TOWNSHIP 17 NORTH, RANGE 11 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED FEBRUARY 27, 2925 IN VOLUME 3, PAGE 109 OF OFFICIAL RECORDS OF THE COUNTY OF MENDOCINO, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

PARCEL NO. 1

BEGINNING AT THE NORTHWEST CORNER OF THE POWER HOUSE TRACT BELONGING TO THE SNOW MOUNTAIN WATER & POWER COMPANY, AND RUNNING THENCE WESTERLY 154.75 FEET TO THE TOWNSHIP LINE; THENCE SOUTH ALONG SAID TOWNSHIP LINE 400 FEET; THENCE EAST TO THE SOUTHWEST CORNER OF SAID POWER HOUSE TRACT; THENCE NORtherly ALONG SAID POWER HOUSE TRACT TO THE POINT OF BEGINNING.

PARCEL NO. 2

BEGINNING AT THE SOUTHEAST CORNER OF THE POWER HOUSE TRACT OF SNOW MOUNTAIN WATER & POWER COMPANY, BEING ALSO THE SOUTHEAST CORNER OF TRACT NO. 1 DESCRIBED IN THE DEED FROM OTTO R. HUGHES TO SNOW MOUNTAIN WATER AND POWER COMPANY DATED JUNE 12, 1909 AND RECORDED JUNE 14, 1909 IN BOOK 86 OF DEEDS AT PAGE 548, MENDOCINO COUNTY RECORDS, AND RUNNING THENCE SOUTH 300.8 FEET; THENCE WESTERLY PARALLEL TO THE SOUTH LINE OF SAID POWER HOUSE TRACT 1242.35 FEET TO THE TOWNSHIP LINE;

THENCE

NORTHERLY 300.8 FEET TO THE SOUTHWEST CORNER OF PARCEL NO. 1 ABOVE DESCRIBED; THENCE
 EASTERLY ALONG THE SOUTHERLY LINE OF SAID TRACT NO. 1 TO THE POINT OF BEGINNING.

A. P.N. 173-030-02 PORTION, 173-030-03 PORTION

PARCEL 13:

XX77-CFX-00007

SBE 135-23-1E-1

LCP ID#0754

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN THE NORTHWEST ONE-QUARTER OF SECTION 6, TOWNSHIP 17
 NORTH, RANGE 11 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED JUNE 14, 2909 IN BOOK 86, PAGE 548
 OF DEEDS OF THE COUNTY OF MENDOCINO, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS
 FOLLOWS:

TRACT NO. 2 BEGINNING AT AN IRON STAKE MARKED "A" FROM WHICH THE QUARTER SECTION CORNER ON THE
 NORTH BOUNDARY OF SAID SECTION 6 BEARS NORTH 43° 6 1/2' EAST 2676.55 FEET DISTANT, SAME BEING THE
 SOUTHWEST CORNER OF THE POWER HOUSE TRACT, THENCE
 WEST 190 FEET TO A REDWOOD STAKE MARKED "E"; THENCE
 NORTH 400 FEET TO A REDWOOD STAKE MARKED "J"; THENCE
 EAST 190 FEET TO AN IRON PIN MARKED "F"; THENCE
 SOUTH ALONG THE WEST BOUNDARY OF THE POWER HOUSE TRACT TO THE POINT OF BEGINNING.
 A.P.N. 173-030-02 PORTION

PARCEL 14:

XX77-CFX-00008

SBE 135-23-1F-4

LCP ID#0755

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 32, TOWNSHIP 18 NORTH, RANGE 11 WEST, MOUNT
 DIABLO BASE AND MERIDIAN, AS RECORDED DECEMBER 8, 1925 IN BOOK 10, PAGE 11 OF OFFICIAL RECORDS OF
 THE COUNTY OF MENDOCINO, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

ALL THAT PORTION OF THE SOUTHEAST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 32
 THAT LIES WESTERLY OF THE OLD COUNTY ROAD LEADING FROM POTTER VALLEY TO GRAVELLY VALLEY.

THIS DEED IS INTENDED TO CONVEY AND THE GRANTOR DOES HEREBY GRANT AND CONVEY TO THE GRANTEE
 ALL OF THE LAND IN WHICH THEY HAVE AN INTEREST IN THE SAID SOUTHEAST ONE-QUARTER OF NORTHWEST
 ONE-QUARTER OF SAID SECTION 32, WHETHER INCLUDED IN THE ABOVE DESCRIPTION OR NOT.

PGE# 2418-11-0151

A.P.N. 171-210-03 PORTION, 171-210-10 PORTION

PARCEL 15:

XX77-CFX-00009

SBE 135-17-3-2

LCP ID#0756

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 15, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT
 DIABLO BASE AND MERIDIAN, AS RECORDED FEBRUARY 28, 1924 IN BOOK 65, PAGE 448 OF DEEDS OF THE COUNTY
 OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE EAST ONE-HALF OF THE NORTHWEST ONE-QUARTER, THE SOUTHWEST ONE-QUARTER OF THE NORTHWEST
 ONE-QUARTER, AND THE SOUTH ONE-HALF OF SAID SECTION 15.
 EXCEPTING THEREFROM ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SAID SECTION 15, AS DESCRIBED IN THE
 UNRECORDED DEED FROM PACIFIC GAS AND ELECTRIC COMPANY TO GEORGE R. WINKLER DATED MAY 11 1945,

PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE NORTHEAST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER, THE SOUTH HALF OF THE NORTHWEST QUARTER, THE NORTH ONE-HALF OF THE SOUTHWEST QUARTER, AND THE NORTH ONE-HALF OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 15.

A.P.N. 001-035-004 PORTION

PARCEL 16:

XX77-CFX-00010
 SBE 135-17-1-12
 LCP ID#0757

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 23, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED SEPTEMBER 2, 1907 IN BOOK 39, PAGE 585 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE WEST ONE-HALF OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 23.

A.P.N. 001-035-003 PORTION

PARCEL 17:

XX77-CFX-00011
 SBE 135-17-1-12
 LCP ID#0758

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 23, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED MARCH 22, 1906 IN BOOK 36, PAGE 590 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE NORTHEAST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 23.

A.P.N. 001-035-003 PORTION

PARCEL 18:

XX77-CFX-00012
 SBE 135-17-1-12
 LCP ID# 0759

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 23, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED DECEMBER 21, 1928 IN BOOK 49, PAGE 208 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

1) THAT PORTION OF THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 23 BEGINNING AT A POINT ON THE NORTH LINE OF THE SAID SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SECTION 23 FROM WHICH THE NORTHEAST CORNER OF THE SAID SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SECTION 23, BEARS NORTH 89° 45' EAST 742.3 FEET, AND RUNS THENCE THE FOLLOWING COURSES AND DISTANCES:

SOUTH 39° 21' EAST 58.2 FEET
 SOUTH 13° 36' EAST 66.7 FEET
 SOUTH 11° 44' EAST 150.3 FEET
 SOUTH 16° 32' EAST 196.1 FEET
 SOUTH 18° 19' EAST 167.1 FEET
 SOUTH 4° 53' EAST 93.0 FEET
 SOUTH 60° 24' WEST 207.3 FEET
 SOUTH 26° 16' EAST 55.4 FEET
 NORTH 82° 11' EAST 118.5 FEET
 SOUTH 58° 18' EAST 131.2 FEET
 SOUTH 32° 46' EAST 116.7 FEET
 SOUTH 11° 26' EAST 110.6 FEET

SOUTH 18° 33' WEST 90.6 FEET
 NORTH 89° 39' EAST 60.9 FEET
 SOUTH 51° 57' EAST 42.2 FEET
 SOUTH 0° 18' EAST 96.2 FEET
 SOUTH 89° 58' EAST 335.4 FEET
 NORTH 0° 41' WEST 1330.3 FEET
 TO THE NORTHEAST CORNER OF THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 23; THENCE
 SOUTH 89° 54' WEST 742.3 FEET TO THE POINT OF BEGINNING.

2) THAT PORTION OF THE NORTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 23 BEGINNING AT A POINT ON THE NORTH LINE OF THE SAID NORTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SECTION 23 FROM WHICH THE NORTHEAST CORNER OF THE NORTHWEST ONE-QUARTER OF THE SOUTHEAST ONE-QUARTER OF SAID SECTION 23 BEARS SOUTH 89° 58' EAST 335.4 FEET, AND RUNNING THENCE THE FOLLOWING COURSES AND DISTANCES:

SOUTH 0° 18' EAST 23.9 FEET
 SOUTH 66° 40' EAST 70.7 FEET
 SOUTH 21° 57' EAST 137.1 FEET
 SOUTH 3° 41' EAST 200.9 FEET
 SOUTH 31° 49' WEST 190. 0 FEET
 SOUTH 2° 16' EAST 348.2 FEET
 SOUTH 47° 56' WEST 265.8 FEET
 SOUTH 31° 45' EAST 161.2 FEET
 NORTH 59° 19' EAST 248.0 FEET
 SOUTH 77° 13' EAST 38.7 FEET
 SOUTH 25° 41' EAST 98.3 FEET
 SOUTH 1° 26' WEST 150.8 FEET
 NORTH 71° 52' EAST 128.0 FEET
 SOUTH 63° 29' EAST 31.6 FEET
 NORTH 0° 41' WEST 1298.6 FEET
 TO THE NORTHEAST CORNER OF THE NORTHWEST ONE-QUARTER OF SOUTHEAST ONE-QUARTER OF SAID SECTION 23, THENCE
 NORTH 89° 58' WEST 335.4 FEET TO THE POINT OF BEGINNING.

A.P.N. 001-035-003 PORTION

PARCEL 19:
 XX77-CFX-00013
 SBE 135-17-1-12, 135-17-1-6
 LCP ID#0760

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTIONS 14 AND 23, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED MARCH 22, 1906 IN VOLUME 36, PAGE 588 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE WEST ONE-HALF OF SOUTHEAST ONE-QUARTER AND SOUTHEAST ONE-QUARTER OF SOUTHWEST ONE-QUARTER OF SAID SECTION 14; AND THE NORTHWEST ONE-QUARTER OF NORTHEAST ONE-QUARTER OF SAID SECTION 23.
 A.P.N. 001-035-003 PORTION

PARCEL 20:
 XX77-CFX-00014
 SBE 135-17-1-6
 LCP ID#0761

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 14, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED MARCH 22, 1906 IN BOOK 36, PAGE 590 OF DEEDS OF THE COUNTY OF

LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE SOUTHWEST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 14.
A.P.N. 001-035-035

PARCEL 21:
XX77-CFX-00015
SBE 135-17-1-6
LCP ID#0762

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 14, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED MARCH 22, 1906 IN BOOK 36, PAGE 590 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE NORTHEAST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 14.
A.P.N. 001-035-003 PORTION

PARCEL 22:
XX77-CFX-00016
SBE 135-17-1-5, 135-17-1-6
LCP ID#0763

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTIONS 12, 13 AND 14, TOWNSHIP 18 NORTH, RANGE 10 WEST; AND SECTIONS 7 AND 18, TOWNSHIP 18 NORTH, RANGE 9 WEST; ALL MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED MARCH 22, 1906 IN BOOK 36, PAGE 588 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE SOUTHEAST ONE-QUARTER OF NORTHEAST ONE-QUARTER, THE NORTH ONE-HALF OF SOUTHEAST ONE-QUARTER, AND THE SOUTHWEST ONE-QUARTER OF SOUTHEAST ONE-QUARTER OF SAID SECTION 12; THE SOUTHEAST ONE-QUARTER OF NORTHEAST ONE-QUARTER, THE WEST ONE-HALF OF NORTHEAST ONE-QUARTER, AND THE SOUTH ONE-HALF OF NORTHWEST ONE-QUARTER OF SAID SECTION 13; THE SOUTHEAST ONE-QUARTER OF NORTHEAST ONE-QUARTER OF SAID SECTION 14; AND THE SOUTHWEST ONE-QUARTER OF NORTHWEST ONE-QUARTER AND THE NORTH ONE-HALF OF SOUTHWEST ONE-QUARTER OF SAID SECTION 18.

ALSO INCLUDING ALL THAT PORTION OF THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 14, DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTER OF THE WELL LOCATED ABOUT 20 FEET WEST OF THE RESIDENCE FORMERLY OCCUPIED BY R. F. MCMATH, AND RUNNING THENCE
NORTH 25° WEST 86 FEET; THENCE
SOUTH 85° EAST 396 FEET TO THE WESTERN BOUNDARY LINE OF R. F. MCMATH'S PRE-EMPTION; THENCE
SOUTH 980 FEET ALONG SAID LINE OF THE LAND PRE-EMPTED BY THE SAID R. F. MCMATH; THENCE
WEST 242 FEET; THENCE
NORTH 25° WEST 978 FEET TO THE POINT OF BEGINNING.
A.P.N. 001-033-006, 001-035-003 PORTION, 001-040-001

PARCEL 23:
XX77-CFX-00017
SBE 135-17-1-6
LCP ID#0764

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 14, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED DECEMBER 1, 1996 IN BOOK 39, PAGE 262 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

SOUTHEAST ONE-QUARTER OF NORTHWEST ONE-QUARTER OF SECTION 14.
A.P.N. 001-035-003 PORTION

PARCEL 24:
XX77-CFX-00018
SBE 135-17-1-3, 135-17-1-6
LCP ID#0765

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTIONS 11 AND 14, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED JULY 16, 1908 IN BOOK 41, PAGE 316 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

SOUTHEAST ONE-QUARTER OF SAID SECTION 11; AND THE NORTH ONE-HALF OF THE NORTHEAST ONE-QUARTER AND THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 14.

LESS AND EXCEPT THAT PORTION OF THE SAID SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER, BEING 7 ACRES FORMERLY OWNED BY R. F. MCMATH AND NOW BELONGING TO SNOW MOUNTAIN WATER & POWER COMPANY.

A.P.N. 001-033-005 PORTION, 001-035-003 PORTION

PARCEL 25:
XX77-CFX-00019
SBE 135-17-1-2, 135-17-1-3
LCP ID#0766

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTIONS 2 AND 11, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED MARCH 22, 1906 IN BOOK 36, PAGE 590 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE WEST ONE-HALF OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 2; THE SOUTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER, THE NORTH ONE-HALF OF THE NORTHWEST ONE-QUARTER, THE SOUTHEAST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER, THE NORTHEAST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER; AND THE SOUTH ONE-HALF OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 11.
A.P.N. 001-033-003 PORTION, 001-033-004 PORTION, 001-033-005 PORTION

PARCEL 26:
XX77-CFX-00020
SBE 135-17-3-1, 135-17-1-3
LCP ID#0767

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTIONS 10 AND 11, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED AUGUST 13, 1906 IN BOOK 39, PAGE 95 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE EAST ONE-HALF OF THE NORTHEAST ONE-QUARTER OF SECTION 10; AND SOUTHWEST ONE-QUARTER OF NORTHWEST ONE-QUARTER AND NORTHWEST ONE-QUARTER OF SOUTHWEST ONE-QUARTER OF SECTION 11.
A.P.N. 001-033-004 PORTION

PARCEL 27:
XX77-CFX-00021
SBE 135-17-1-3, 135-17-1-4
LCP ID#0768

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTIONS 11 AND 12, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED DECEMBER 10, 1906 IN BOOK 39, PAGE 272 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE EAST ONE-HALF OF THE NORTHEAST ONE-QUARTER, AND THE NORTHWEST ONE-QUARTER OF THE NORTHEAST ONE-QUARTER OF SAID SECTION 11; AND THE NORTHWEST ONE-QUARTER OF THE NORTHWEST ONE-

QUARTER OF SAID SECTION 12.
A.P.N. 001-033-005 PORTION

PARCEL 28:
XX77-CFX-00022
SBE 135-17-3-1
LCP ID#0769

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 3, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED MAY 6, 1907 IN BOOK 39, PAGE 484 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

SOUTH ONE-HALF OF NORTHEAST ONE-QUARTER, SOUTHEAST ONE-QUARTER OF NORTHWEST ONE-QUARTER, NORTHEAST ONE-QUARTER OF SOUTHEAST ONE-QUARTER AND SOUTH ONE-HALF OF SOUTH ONE-HALF OF SAID SECTION 3.

EXCEPTING THEREFROM ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SAID SECTION 3, AS DESCRIBED IN AN UNRECORDED DEED FROM PACIFIC GAS AND ELECTRIC COMPANY TO GEORGE R. WINKLER, DATED MAY 11, 1945, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE SOUTH ONE-HALF OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 3.
A.P.N. 001-033-003 PORTION

PARCEL 29:
XX77-CFX-00023
SBE 135-17-1-2
LCP ID#0770

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 2, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED JULY 10, 1906 IN BOOK 39, PAGE 80 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

SOUTHEAST ONE-QUARTER OF THE SOUTHWEST ONE-QUARTER OF SAID SECTION 2.
A.P.N. 001-033-003 PORTION

PARCEL 30:
XX77-CFX-00024
SBE 135-17-1-2
LCP ID#0771

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTIONS 1 AND 2, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED JULY 16, 1908 IN BOOK 41, PAGE 316 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

SOUTHEAST ONE-QUARTER OF NORTHEAST ONE-QUARTER, EAST ONE-HALF OF SOUTHEAST ONE-QUARTER, AND SOUTHWEST ONE-QUARTER OF SOUTHEAST ONE-QUARTER OF SAID SECTION 2; AND 10 ACRES OFF THE WESTERLY SIDE OF THE SOUTHWEST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 1.
A.P. N. 001-033-003 PORTION

PARCEL 31:
XX77-CFX-00025
SBE 135-17-1-2
LCP ID#0772

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTIONS 1 AND 2, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED APRIL 12, 1996 IN BOOK 37, PAGE 623 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

LOT 4 AND THE EAST 30 ACRES OF THE SOUTHWEST ONE-QUARTER OF NORTHWEST ONE-QUARTER OF SAID SECTION 1, AND LOT 1 OF SAID SECTION 2.
A.P.N. 001-033-003

PARCEL 32:
XX77-CFX-00026
SBE 135-17-1-4
LCP ID#0773

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN SECTION 12, TOWNSHIP 18 NORTH, RANGE 10 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED JULY 16, 1908 IN BOOK 41, PAGE 316 OF DEEDS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

THE SOUTHWEST ONE-QUARTER OF THE NORTHWEST ONE-QUARTER OF SAID SECTION 12.
A.P.N. 001-033-005 PORTION

PARCEL 33:
XX77-CFX-00059
SBE 135-23-30-1
LCP ID#0774

ALL THAT CERTAIN PARCEL OF LAND SITUATE IN THE NORTH ONE-HALF OF THE NORTHWEST ONE-QUARTER OF SECTION 7, TOWNSHIP 17 NORTH, RANGE 11 WEST, MOUNT DIABLO BASE AND MERIDIAN, AS RECORDED APRIL 16, 1920 IN BOOK 161, PAGE 113 OF DEEDS OF THE COUNTY OF MENDOCINO, STATE OF CALIFORNIA, PARTICULARLY DESCRIBED THEREIN AS FOLLOWS:

A STRIP OF LAND TWENTY FIVE FEET WIDE THROUGH THE PREMISE OF THE FIRST PARTIES ALONG THE EASTERLY SIDE OF THE 100 FOOT STRIP DESCRIBED IN THAT CERTAIN CONVEYANCE FROM THE SAID FIRST PARTIES TO THE PARTY OF SECOND PART, DATED MAY 31, 1907 AND RECORDED IN BOOK 86, PAGE 251 OF DEEDS OF SAID COUNTY, SAID CONVEYANCE DESCRIBED AS FOLLOWS:

A STRIP OF LAND OF THE UNIFORM WIDTH OF 100 FEET WIDE, BEING 50 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT A POINT ON THE LINE BETWEEN SECTIONS 6 AND 7 OF SAID TOWNSHIP AND RANGE, FROM WHICH THE QUARTER SECTION CORNER BETWEEN SAID SECTIONS BEARS NORTH 88° 46' EAST AND IS DISTANT 857.75 FEET; THENCE

FROM SAID POINT OF BEGINNING SOUTHERLY ON A 5° CURVE TO THE LEFT, RADIUS 1146.01 FEET, A DISTANCE OF 273.75 FEET; THENCE

SOUTH 52° 33' EAST 758.07 FEET TO A POINT ON THE NORTH BOUNDARY LINE OF THE LAND OF HATTIE W. ENGLISH, SAID POINT BEING WEST 68.30 FEET OF THE SOUTHEAST CORNER OF GRANTOR'S LAND AS THE SAME IS AT PRESENT ESTABLISHED, FROM WHICH SOUTHEAST CORNER OF GRANTOR'S LAND THE QUARTER SECTION CORNER BETWEEN SAID SECTIONS 6 AND 7 BEARS NORTH 0° 43' WEST AND IS DISTANT 664.30 FEET.

A.P.N. 173-130-23

EXHIBIT B TO CONSERVATION EASEMENT FUNDING AGREEMENT
Evidence of Grant Fund Deposit and Restriction of Use Certification

Date:	Planning Unit/Property Title: Eel River (Retained)
Grantee Name: Mendocino Land Trust	Grantee Address:

*Date of Deposit of Grant Funds:	Amount Deposited:	
Bank Name:	Account Name:	Account #:
Certification of Deposit of Grant Funds and Restriction of Grant Funds		
I, hereby state that the above referenced information is true and accurate, and understand that the above information, if misrepresented, or incomplete, may be grounds for immediate repayment of grant funds. I also agree that account activity will be restricted to the permissible uses of Monitoring Funds and Defense and Enforcement Funds as set forth in Sections 2, 3, 4, and 5 of the Grant Agreement.		
Name:	Title:	
Signature:	Date:	

Please include bank statement referencing the above deposit.

Return to:

Stewardship Council
 3300 Douglas Boulevard, Suite 250
 Roseville, CA 95661
Phone: (916) 297-6660

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APPENDIX E
LAND CONSERVATION COMMITMENT

STATEMENT OF PURPOSE

PG&E shall ensure that the Watershed Lands it owns and Carizzo Plains are conserved for a broad range of beneficial public values, including the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values. PG&E will protect these beneficial public values associated with the Watershed Lands and Carizzo Plains from uses that would conflict with their conservation. PG&E recognizes that such lands are important to maintaining the quality of life of local communities and all the people of California in many ways, and it is PG&E's intention to protect and preserve the beneficial public values of these lands under the terms of any agreements concerning their future ownership or management.

PG&E Environmental Enhancement Corporation will develop a plan for protection of these lands for the benefit of the citizens of California. Protecting such lands will be accomplished through either (1) PG&E's donation of conservation easements to one or more public agencies or qualified conservation organizations consistent with these objectives, or (2) PG&E's donation of lands in fee to one or more public entities or qualified conservation organizations, whose ownership would be consistent with these conservation objectives.

COMMITMENTS

1. **PG&E Shall Place Permanent Conservation Easements on or Donate Watershed Lands:** The Watershed Lands and Carizzo Plains shall (1) be subject to permanent conservation easements restricting development of the lands so as to protect and preserve their beneficial public values, and/or (2) be donated in fee simple to one or more public entities or qualified non-profit conservation organizations, whose ownership will ensure the protection of these beneficial public values. PG&E will not be expected to make fee simple donations of Watershed Lands that contain PG&E's or a joint licensee's hydroelectric project features. In instances where PG&E has donated land in fee, some may be sold to private entities subject to conservation easements and others, without significant public interest value, may be sold to private entities with few or no restrictions.

The conservation easements shall provide for the preservation of land areas for the protection of the natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses, and historic values and, shall prevent any other uses that will significantly impair or interfere with those values. Conservation easements on the Watershed Lands will include an express reservation of a right for continued operation and maintenance of hydroelectric facilities and associated water delivery facilities, including project replacements and improvements required to meet existing and

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future water delivery requirements for power generation and consumptive water use by existing users, compliance with any FERC license, FERC license renewal or other regulatory requirements. In addition, easements will honor existing agreements for economic uses, including consumptive water deliveries. The conservation easements shall be donated to and managed by one or more non-profit conservation trustees, qualified conservation organizations or public agencies with the experience and expertise to fully and strictly implement the conservation easements.

2. Process For Development of the Conservation Easements and Land Donation Plan: PG&E will work with PG&E Environmental Enhancement Corporation and the Commission in the development and implementation of the conservation easements and land donation plan. PG&E Environmental Enhancement Corporation will recommend to PG&E (1) conservation objectives for the properties, including identification of conservation values, (2) criteria for ultimate disposition of the properties, (3) conservation easements guidelines, and (4) land disposition plans.
3. Reporting Responsibilities: PG&E Environmental Enhancement Corporation will prepare a report to the Commission within 18 months of the Effective Date describing the status of the conservation easement and land disposition plan. PG&E Environmental Enhancement Corporation will make the report available to the public upon request. Every two years following the first report, PG&E Environmental Enhancement Corporation will prepare a report to the Commission on the implementation of the conservation easement and land disposition plan.