

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

February 8, 2013

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 04OD-255

OAHU

Amend Prior Board Action of November 19, 2004, Item D-30, Grant of 55-Year Term, Non-Exclusive Easement and Construction Right-of-Entry to Chevrontexaco Products Company for Gas Pipeline Purposes, Kalihi-Kai, Honolulu, Oahu, Tax Map Key: (1) 1-2-025: Portions of 11 and 108. The Purpose of the Amendment is to Correct the Tax Map Key Number Referenced in the Prior Board Actions, Change the Grantee under the Easement to Chevron U.S.A. Inc., Expand the Character of Use Approved by the Board, and Approve the Use of Non-Standard Provisions in the Easement Instrument Relating to Term, Assignment, Abandonment, Termination, Insurance, Hazardous Materials, and Notices.

BACKGROUND:

At its meeting of November 19, 2004, Item D-30, the Board of Land and Natural Resources approved the issuance of 55-year term, non-exclusive easement to Chevrontexaco Products Company (CPC) for gas pipeline purposes in the Sand Island area of Honolulu. The Board additionally approved the issuance of an immediate construction right-of-entry to allow CPC to install its gas pipeline in the easement corridor. A copy of the approved Board submittal is attached as Exhibit 1.

One of the requirements under the Board approval was for CPC to conduct an environmental baseline assessment prior to the installation of the pipeline. CPC hired URS Corporation to perform the baseline assessment, which consisted of the taking of soil samples at 100-foot intervals along the easement corridor. Samples were taken in December 2004 and February 2005 during the excavation for the pipeline. The baseline assessment was completed in March 2005. CPC paid the appraised fair market value of the easement, \$43,700, in full on October 24, 2007.

The Department of the Attorney General (DAG) prepared the easement instrument and it was mailed to CPC for execution on January 16, 2008. To date, however, the document has not been signed due to CPC's request for changes to the standard terms of DAG's utility easement form. CPC has additionally requested that the name of the grantee under

the easement be changed to Chevron U.S.A. Inc. (Chevron).

REMARKS:

Staff has been working with Chevron’s counsel over the past few months to determine whether a compromise could be reached on the easement language. Many of the changes are technical but others are substantive. After consulting with DAG, staff is recommending that the requested changes be accepted. Attached as Exhibit 2 is a redlined version of the draft easement document showing additions proposed by Chevron to the standard easement form in double-underscored blue font, and deletions proposed by Chevron in red font with a strikethrough. The changes are summarized below.

On page 1, just below the recordation block, the easement document references Tax Map Key numbers (1) 1-2-025 Pors. 011 and 069. The latter number (parcel 069) should actually be 108.

Page 1, first paragraph, Chevron proposes to change the grantee as explained above, change the grantee’s address and make other technical amendments.

Page 1, third paragraph. The character of use approved by the Board in 2004 was:

Right, privilege, and authority to construct, use, maintain, repair, replace and remove gas pipeline.

Chevron initially wanted to expand this character of use to allow it to transport “jet fuel or other liquids, gases or substances” in the pipeline. Staff viewed this as too broad, so the parties looked to the applicable United States Code of Federal Regulations and came up with the following compromise language:

Right, privilege, and authority to construct, use, maintain, repair, replace ~~and remove gas pipeline~~, remove, survey, lay, inspect, change the size of, increase the number of, idle or operate pipelines (including all surface and subsurface improvements, equipment, facilities, components and appurtenances related thereto) for transporting those materials permitted by and compliant with the U.S. Code of Federal Regulations, Title 49, Transportation of Hazardous Materials by Pipeline, Parts 190-199, or successor regulations (collectively, “permitted use”), subject to the terms and conditions herein....

Chevron’s pipeline is subject to the Code of Federal Regulations Title 49, Part 195, “Transportation of Hazardous Liquids by Pipeline” (CFR), and the primary material that will be shipped in the pipeline is jet fuel. Staff believes that as long as utilization of the pipeline is in accordance with the requirements of the CFR, Chevron’s request to broaden the types of materials that can be transported is not problematic.

Page 2, first paragraph no. 1. Chevron proposes to establish the commencement date of the easement as November 19, 2004, which is the date of the Board action approving the grant of easement and the construction right-of-entry. Chevron additionally proposes to include a phrase whereby the State acknowledges receipt of the consideration paid for the easement. Staff has confirmed that the consideration was paid on October 24, 2007. The proposed revision to paragraph 1 reads as follows:

1. The term of this easement shall be fifty-five (55) years, commencing on the 19th day of November, 2004, up to and including the 18th day of November, 2059, unless sooner terminated as hereinafter provided, the Grantor reserving and the Grantee yielding and paying to the Grantor at the Office of the Department of Land and Natural Resources, Honolulu, Oahu, State of Hawaii, a one time payment, payable in advance, without notice or demand of FORTY THREE THOUSAND SEVEN HUNDRED AND NO/100 DOLLARS (\$43,700.00), the prior receipt of which is hereby acknowledged by Grantor.

Page 3, paragraph no. 5. DLNR's standard easement form does not have a provision that allows for assignment of easement rights and requires the grantee to obtain prior consent of the Chairperson to any mortgage, hypothecation, or pledge of premises, including any portion or other transfer of interest in the easement. Chevron has requested that language be added providing that consents to assignment will not be unreasonably withheld:

5. This easement or any rights granted herein shall not be sold, assigned, conveyed, granted, mortgaged, or otherwise transferred or disposed of, directly or by operation of law, except with the prior written consent of the Grantor, which shall not be unreasonably withheld, delayed or conditioned.

Page 4, paragraph no. 9. The standard easement provision regarding abandonment states that the easement will be automatically forfeited in the event of non-use or abandonment of the easement for a period of one year. Chevron is requesting modification of this language to require that the State give notice to Chevron of the forfeiture:

9. These easement rights shall cease and terminate, and the easement area shall automatically be forfeited to the Grantor, ~~without any action on the part of~~ upon 180 days' prior written notice by the Grantor, to the Grantee in the event of ~~non-~~ the Grantee's failure to exercise a permitted use or abandonment by the Grantee of the easement area, or any portion thereof, in each case for a consecutive period of one (1) year.

Page 4, paragraph no. 10. The standard surrender provision of the easement instrument

requires that the premises be restored to their original state upon removal of the improvements. Chevron seeks clarification that its obligations in this context only relate to alterations caused by Chevron's use of the premises.

10. The Grantee shall, at the end of the term or other sooner termination of this easement, peaceably deliver unto the Grantor possession of the premises, together with all improvements existing or constructed thereon or at the option of Grantor, Grantee shall remove such improvements and ~~shall~~ to the extent of any alteration of the premises caused by the Grantee's use, restore the premises to their original state, or as close thereto as possible, within a reasonable time and at the expense of the Grantee

....

Page 6, end of paragraph no. 11. Chevron seeks to include language in the liability insurance provision of the easement that its insurance obligations apply in the period from and after the Execution Date. Chevron cannot obtain after-the-fact insurance for the years that have elapsed since the installation of the pipeline but prior to the execution of the easement instrument.

It is agreed that the foregoing requirements of this paragraph 11 and the requirements of paragraph 12 of Section B apply to the period from and after the Execution Date.

Page 8, paragraph 17. This paragraph relates to hazardous materials and requires the grantee to obtain the State's consent prior to the storage and use of hazardous materials on the premises. In this case, a jet fuel pipeline is installed on the premises and hazardous materials are stored, used and transported on the premises on a daily basis. Chevron requested that the easement document be amended to allow for the storage and use of hazardous materials without the Board's consent. Staff believed it was more prudent for the Board to consent to the use and storage of jet fuel, but retain authority to approve other materials in the pipeline. Ultimately, staff and Chevron's counsel reached the following compromise that consents to the use and storage of materials permitted by the CFR, but the Board would retain authority to approve any other material:

17. The Grantee shall not cause or permit the escape, disposal or release of any hazardous materials except as permitted by law. Grantee shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be brought onto the easement area any such materials except to use in the ordinary course of Grantee's business, and then only after written notice is given to Grantor of the identity of such materials and upon Grantor's consent which consent may be withheld at Grantor's sole and absolute discretion. The parties acknowledge and agree that those materials permitted by and compliant with U.S. Code of Federal

Regulations, Title 49, Transportation of Hazardous Materials by Pipeline, Parts 190-199, or successor regulations, are approved to be stored, used and transported in the pipeline and appurtenant equipment installed in the easement area, subject to the applicable restrictions of this grant, and that such approval is deemed to be effective as of November 19, 2004. Grantee shall comply with the notice and consent provisions of this paragraph prior to transporting any other material in the pipeline.

Page 10, paragraph no. 26. This paragraph captures the requirement of the Board's original approval of the easement in 2004 that the applicant complete a baseline assessment prior to the installation of the pipeline. Chevron has requested an amendment of the DAG language to reflect that the baseline assessment was provided as required:

26. An environmental baseline assessment shall be completed prior to the installation of the pipelines. Grantor acknowledges that Grantee delivered a Final Letter Report, Summary of Jet Delivery Pipeline Baseline Assessment dated March 28, 2005 ("Baseline Assessment"), prepared by URS Corporation, to Grantor on August 3, 2012 in satisfaction of this requirement.

Page 13, paragraph no. (B) 7.¹ This paragraph requires Chevron to remediate any hazardous substance issues on the premises. Chevron requested a clarification that it would only be responsible for contamination of the easement area that Chevron caused. Staff believes this is the intent of the existing provisions and therefore does not object to the clarification. Chevron also wanted a method to determine whether any required clean-up was satisfactory. The staff and Chevron's counsel settled on the compromise language below that defers to the State Department of Health as to the sufficiency of clean-up efforts:

7. Remediation. In the event that any **h**Hazardous **s**Substance is used, stored, treated, disposed on the premises, handled, discharged, released, or determined to be present on the premises, or to have migrated from the premises, Grantee as a result of Grantee's use of the premises pursuant to this easement, Grantee shall, at its sole expense and cost, remediate the premises, or any location off the premises to which it is determined that the **h**Hazardous **s**Substance has migrated, of any **h**Hazardous **s**Substances. Said duty to remediate includes the removal and disposal of said **h**Hazardous **s**Substances in accordance with paragraph 5. This duty to remediate includes strictly complying with all environmental laws and directives to remediate said **h**Hazardous **s**Substance issued from the Grantor or any federal or State governmental authority charged with enforcing the environmental laws. This duty to remediate shall include replacement of

¹ The paragraph numbering begins at 1 again in a section of the easement document entitled ENVIRONMENTAL COMPLIANCE – GRANTEE'S DUTIES.

any materials, such as soils, removed with material that is satisfactory to the Grantor and governmental authority, as the case may be. Grantee shall be deemed to be in compliance with such duty to remediate to the extent Grantee has complied with the relevant orders, directives or standards of the State Department of Health (DOH) and DOH has acknowledged such compliance in writing. Grantee's obligations under this easement with respect to environmental conditions, including Hazardous Substances, apply only to the extent the environmental condition exists as a result of the Grantee's use of the premises.

Pages 13-14, paragraph no. (B) 9. Chevron requested the insertion of a reasonableness qualifier on its duty to pay for any costs that the State may have to incur on in the event it has to undertake Chevron's obligations under the grant of easement:

9. Grantor's Right to Act. In the event the Grantee fails for any reason to comply with any of its duties under this Grant of Non-Exclusive Easement or under any environmental laws within the time set for doing so, or within a reasonable time as determined by the Grantor, the Grantor shall have the right, but not the obligation, in its sole discretion, to perform those duties, or cause them to be performed. Grantee hereby grants access to the premises at all reasonable hours to the Grantor, its agents and anyone designated by the Grantor in order to perform said acts and duties. Any reasonable cost, expense or liability of any type that may be incurred by the Grantor in performing said acts or duties shall be the sole responsibility of the Grantee and Grantee hereby agrees to pay for those costs and expenses and indemnify the Grantor for any liability incurred. This obligation shall extend to any costs and expenses incident to enforcement of Grantor's right to act, including litigation costs, attorneys fees and the costs and fees for collection of said cost, expense or liability.

Page 14, paragraph no. (B) 10. Again, Chevron requested clarifying language that it is only responsible for any potential contamination of the easement premises pursuant to its use of the easement.

10. Release and Indemnity. Grantee hereby agrees to release the Grantor, its officers, agents, successors and assigns from any liability of any kind, including, but not limited to, any liability for any damages, penalties, fines, judgments or assessments that may be imposed or obtained by any person, agency or governmental authority against the Grantor and/or the Grantee by reason of any hazardous substance that may be present by whatever means on, in or under the premises as a result of Grantee's use of the premises pursuant to this easement. The Grantee hereby agrees to indemnify, defend with counsel suitable to the Grantor, and hold harmless

the Grantor from any liability that may arise in connection with, or by reason of, any occurrence involving any ~~h~~Hazardous ~~s~~Substance that may be alleged to be connected or related in any way with the premises, the Grantor's ownership of the premises, or this Grant of Non-Exclusive Easement, including the presence of any ~~h~~Hazardous ~~s~~Substance on the premises ~~-, in each case as a result of Grantee's use of the premises pursuant to this easement. Grantee shall not be responsible for any pre-existing contamination of the premises as established by the Baseline Assessment.~~ Grantee understands and agrees that any assessments, fines or penalties that may be assessed against the Grantee or the Grantor by reason of any environmental law violation concerning the premises shall be paid, complied with, and in every way satisfied by the Grantee and not the Grantor ~~-, to the extent resulting from Grantee's use of the premises pursuant to this easement.~~

Page 15, new paragraph (B) 13. Chevron requests the inclusion of a new notice paragraph specifying the addresses and fax numbers at which the parties are to contact each other regarding any issues under the easement. See Exhibit 2 attached, page 15.

Staff recommends below that the Board approve the requested changes to the easement so that it can finally be documented.

RECOMMENDATION: That the Board:

1. Amend its prior Board action of November 19, 2004, Item D-30 to:
 - a. set forth the correct TMK: (1) 1-2-025: Portions of 11 and 108 wherever TMKs are referenced in the submittal;
 - b. change the name of the applicant and easement holder to Chevron U.S.A. Inc.;
 - c. change the approved character of use to:

Right, privilege, and authority to construct, use, maintain, repair, replace, remove, survey, lay, inspect, change the size of, increase the number of, idle or operate pipelines (including all surface and subsurface improvements, equipment, facilities, components and appurtenances related thereto) for transporting those materials permitted by and compliant with the U.S. Code of Federal Regulations, Title 49, Transportation of Hazardous Materials by Pipeline, Parts 190-199, or successor regulations
 - d. revise recommendation C.1 to read as follows:

The standard terms and conditions of the most current term, non-exclusive easement document form, as may be amended from time to time; provided, however, that the Board approves the use of the non-standard terms indicated the Grant of Non-Exclusive Easement set forth in Exhibit 2 of the Board action of February 8, 2013.

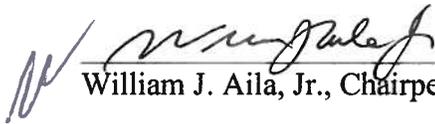
2. Except as modified by the foregoing amendment, all terms and conditions listed in its actions of November 19, 2004 shall remain the same.

Respectfully Submitted,



Kevin E. Moore
Assistant Administrator

APPROVED FOR SUBMITTAL:



William J. Aila, Jr., Chairperson

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

November 19, 2004

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 04OD-255

Oahu

Grant of 55-Year Term, Non-Exclusive Easement and
Construction Right-of-Entry to Chevrontexaco Products
Company for Gas Pipeline Purposes, Kalihi-Kai, Honolulu,
Oahu, Tax Map Keys: (1) 1-2-025:Portions 11 and 69.

APPLICANT:

Chevrontexaco Products Company, a corporation, whose business and
mailing address is 91-480 Malakole Street, Kapolei, Hawaii 96707-
1807.

LEGAL REFERENCE:

Section 171-13, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands situated at Sand Island, Kalihi-
kai, Honolulu, Oahu, identified by Tax Map Keys: (1) 1-2-
025:Portions 11 and 69, as shown on the attached map labeled
Exhibit A.

AREA:

3,900 square feet, more or less.

ZONING:

State Land Use District: Urban
County of Honolulu CZO: Industrial (I-3)

TRUST LAND STATUS:

Parcel 11 Section 5(a) lands of the Hawaii Admission Act.
(Non-ceded)

DHHL 30% entitlement lands pursuant to the Hawaii
State Constitution: YES _____ NO X

Parcel 69 Section 5(e) lands of the Hawaii Admission Act.

DHHL 30% entitlement lands pursuant to the Hawaii

APPROVED BY THE BOARD OF
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON
November 19, 2004 *KUK*

ITEM D-30
EXHIBIT 1

State Constitution: YES _____ NO X

CURRENT USE STATUS:

Parcel 11: Encumbered by Governor's Executive Order 3947 to the
Department of Transportation for Harbors Purposes.

Parcel 69: Unencumbered.

CHARACTER OF USE:

Right, privilege and authority to construct, use, maintain,
repair, replace and remove gas pipeline over, under and across
State-owned land.

COMMENCEMENT DATE:

To be determined by the Chairperson.

CONSIDERATION:

One-time payment to be determined by independent or staff
appraisal establishing fair market rent, subject to review and
approval by the Chairperson.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

The Final Environmental Assessment for the subject project was
published in the OEQC's Environmental Notice on September 23,
2004 with a finding of no significant impact (FONSI)..

DCCA VERIFICATION:

Place of business registration confirmed:	YES	<u> X </u>	NO	_____
Registered business name confirmed:	YES	<u> X </u>	NO	_____
Applicant in good standing confirmed:	YES	<u> X </u>	NO	_____

APPLICANT REQUIREMENTS:

Applicant shall be required to:

- 1) Pay for an appraisal to determine one-time payment;
- 2) Provide survey maps and descriptions according to State DAGS standards and at Applicant's own cost; and
- 3) Process and obtain subdivision at Applicant's own cost.

REMARKS:

By Land Office Deeds 27,913 and 28,451, the United States of
America conveyed portions of the former Kapalama Military
Reservation to the State, which included the subject parcels (11
and 69). By Governor's Executive Order (GEO) 3947, a portion of

parcel 11 was set aside to the Department of Transportation (DOT) for Harbor Purposes. Parcel 69 remains unencumbered.

The Applicant currently pumps fuel from their Campbell Industrial Park facility to both their Kapalama Tank Facility at Pier 38 in Kalihi, which is leased from the DOT-Harbor's Division, and their Pier 30 Facility located further East. The tank facility at Pier 38 is used to allow the fuel to settle before it is pumped to the Honolulu International Airport through an existing pipeline that runs in the Ewa direction along Auiki Street. DOT has requested for the Applicant to vacate the Pier 38 property because they intend to expand the Commercial Fishing Village.

To compensate, the Applicant is planning to have all of their fuel pumped to its Pier 30 facility and route some of it Westward through its pipeline on Auiki Street to store in tanks at the Honolulu Fueling Facility Corporation (HFFC) terminal located on the makai side of the Sand Island Access Road before the Bridge, at TMK (1) 1-2-025:020. The fuel will be allowed to settle at this site before it is directed back to their fuel lines on Auiki Street for delivery to the airport. To do this, the Applicant needs a three-foot (3') wide easement to install gas lines from a take-off facility at the corner of Auiki Street and Kapalama Military Access Road, through the subject parcels to deliver fuel to and from the HFFC terminal. Said pipelines will also have leak detection devices installed and internal inspection capabilities, whereas the existing system does not.

DOT-Harbors approved the request, subject to conditions for installing the pipelines and noted the redevelopment of the former Kapalama Military Reservation into a Container Handling Facility in the next 8 to 10 years. DOT's conditions included cross checking and meeting utility company clearances from existing utility lines, providing clearer and more descriptive maps of the proposed work, installing the pipelines either above ground, or below in a concrete trench, having a relocation clause in the easement document, and conducting an Environmental Baseline Assessment prior to installing the pipelines.

The Applicant has provided DOT a revised map as requested, located existing underground utility lines and have committed to follow each company's clearance standards, or if necessary, U.S. Department of Transportation's (D.O.T.) Office of Pipeline Safety, Code of Federal Regulations (CFR) Title 49 Part 195. The Applicant explained to DOT-Harbors the higher risk of surface pipes and the disapproval of the underground trench method by D.O.T. Instead, the Applicant suggests installing the pipeline underground with a cathodic protection system as required by D.O.T. (CFR) Title 49 Part 195 as with other underground gas pipelines installed in the area by the Applicant, HFFC and Tesoro. Meanwhile, the relocation clause is a standard part of the State's easement document, and the Applicant will submit an

Environmental Base-line Assessment.

As provided for in the Final EA, other government agencies solicited for comments did not object to the proposed easement, and the Applicant has already addressed concerns shared by private organizations located in the surrounding area.

The Applicant has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

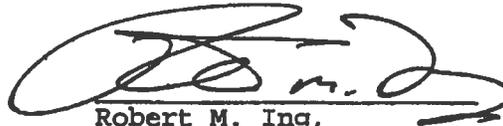
RECOMMENDATION: That the Board:

1. Subject to the Applicant fulfilling all of the Applicant requirements listed above, authorize the issuance of a 55-year term, non-exclusive easement to Chevrontexaco Products Company, covering the subject area for gas pipeline purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - A. The Applicant shall work with all applicable utility companies and comply with their clearance requirements when crossing or running parallel to their facilities. For utility companies without a requirement, the Applicant will use the standards provided in the D.O.T.(CFR) Title 49 Part 195.
 - B. The installation of the subject gas pipelines shall meet the guidelines and requirements provided in the D.O.T.(CFR) Title 49 Part 195.
 - C. An Environmental Baseline Assessment shall be completed prior to the installation of the pipelines.
 - D. The standard terms and conditions of the most current term, non-exclusive easement document form, as may be amended from time to time.
 - E. Review and approval by the Department of the Attorney General.
 - F. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State;
2. Authorize the issuance of a construction right-of-entry for the portions of subject lands, situated at (1)1-2-25:Portions 11 and 69 to Chevrontexaco Products Company and/or persons acting for or on its behalf. This right-of-

entry, under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:

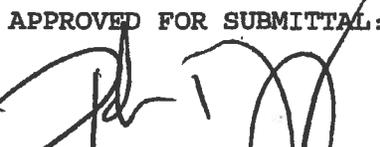
- A. The standard terms and conditions of the most current right-of-entry form, as may be amended from time to time;
- B. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,

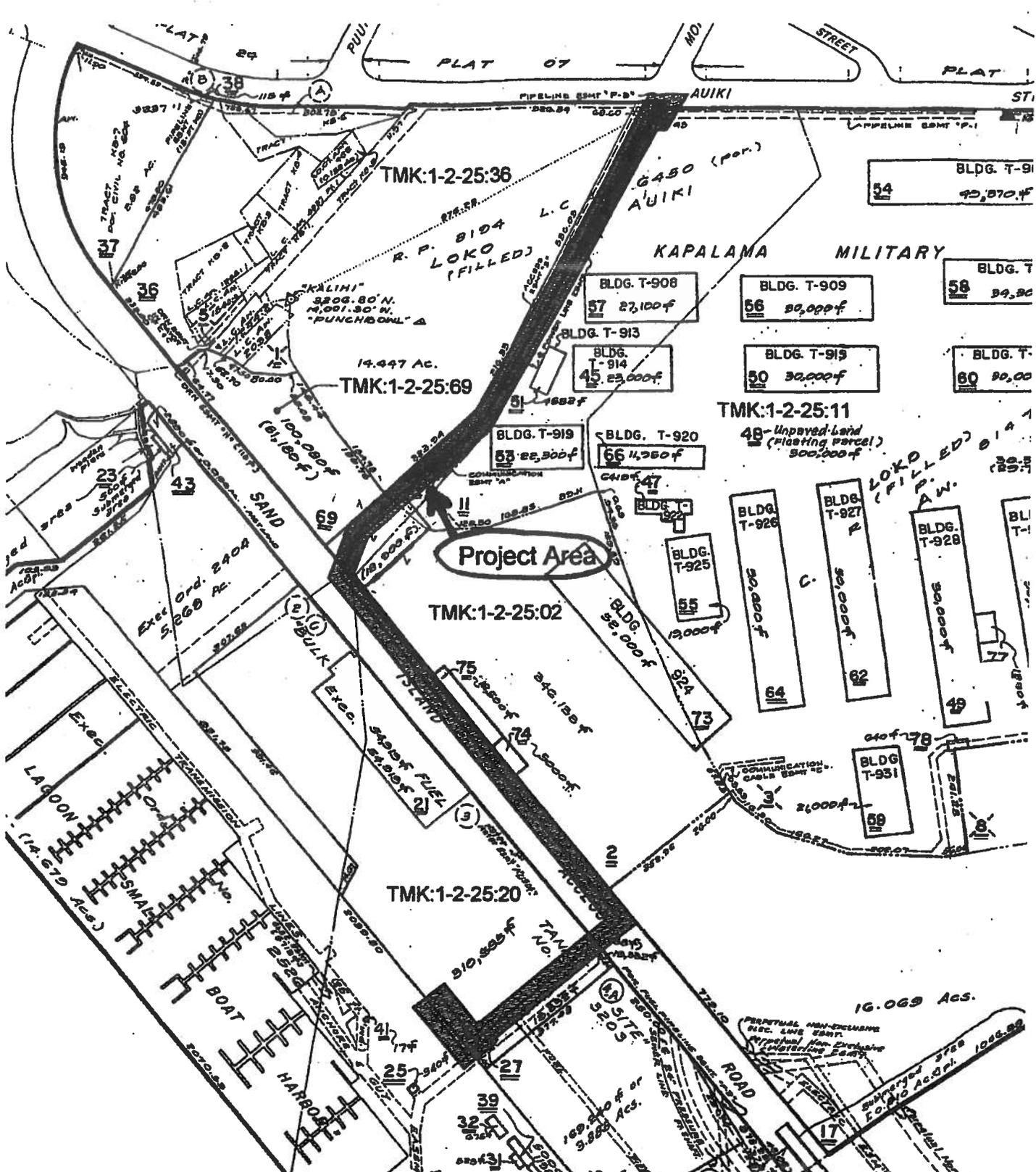


Robert M. Ing,
Land Agent

APPROVED FOR SUBMITTAL:



Peter T. Young, Chairperson



BLDG. T-91
54 42,870.4f

BLDG. T-908
57 27,100f

BLDG. T-909
56 30,000f

BLDG. T-913
45 23,000f

BLDG. T-919
50 30,000f

BLDG. T-919
53 22,300f

BLDG. T-920
66 14,350f

48 - Unpaved Land (Filling Parcel) 500,000f

BLDG. T-925
55 13,000f

BLDG. T-926
64 50,000f

BLDG. T-927
62 30,000f

BLDG. T-928
49 50,000f

TMK:1-2-25:02

TMK:1-2-25:20

16.069 Ac.

DEPARTMENT OF TAXATION
PROPERTY TECHNICAL OFFICE
TAX MAPS BRANCH
STATE OF HAWAII
TAX MAP

FIRST TAXATION DISTRICT		
ZONE	SEC.	PLAT
	2	25

SCALE 1 IN. = 200 FT.

Source: City & County of Honolulu Website

EXHIBIT A

Figure 2
Tax Map Key
Jet Delivery Project

Chevron Products Company
Kalani-Kai, Honolulu, Island of O
NORTH

LINEAL SCALE (FEET)

Gerald I
Utson Pl

permitted by and compliant with the U.S. Code of Federal Regulations, Title 49, Transportation of Hazardous Materials by Pipeline, Parts 190-199, or successor regulations (collectively, "permitted use"), subject to the terms and conditions herein,

in, over, under and across those certain parcels of land ("area"), also referred to as "premises," situate at Mokauea, Kalihi, Honolulu, Oahu, Hawaii, consisting of:

"Non-Exclusive Jet Fuel Delivery Take-Off Facility Easement," containing an area of 904 square feet, more particularly described in Exhibit "A" and delineated on Exhibit "B," both of which are attached hereto and made parts hereof, said exhibits being respectively, a survey description and survey map prepared by the Survey Division, Department of Accounting and General Services, State of Hawaii, designated C.S.F. No. 24,346 and dated September 19, 2006; and

"Non-Exclusive Fuel Pipeline Easement, Easement F-1," containing an area of 3,798 square feet, more particularly described in Exhibit "C" and delineated on Exhibit "D," both of which are attached hereto and made parts hereof, said exhibits being respectively, a survey description and survey map prepared by the Survey Division, Department of Accounting and General Services, State of Hawaii, designated C.S.F. No. 24,347 and dated September 19, 2006;

TOGETHER WITH the rights of ingress and egress to and from the easement area for all purposes in connection with the rights hereby granted.

TO HAVE AND TO HOLD the easement rights unto the Grantee, its successors and assigns, SUBJECT, HOWEVER, to the following terms, conditions and covenants:

~~1.~~ The term of this easement shall be fifty-five (55) years, commencing on the 19th day of November, 2004, up to and including the 18th day of November, 2059, unless sooner terminated as hereinafter provided, the Grantor reserving and the Grantee yielding and paying to the Grantor at the Office of the Department of Land and Natural Resources, Honolulu, Oahu, State of Hawaii, a one time payment, payable in advance, without notice or demand of FORTY THREE THOUSAND SEVEN HUNDRED AND NO/100 DOLLARS (\$43,700.00), the prior receipt of which is hereby acknowledged by Grantor.

THE GRANTEE COVENANTS AND AGREES WITH THE GRANTOR AS FOLLOWS:

1. The Grantee shall at all times with respect to the easement area use due care for public safety and agrees to

indemnify, defend, and hold the Grantor harmless from and against any claim or demand for loss, liability, or damage, including claims for bodily injury, wrongful death, or property damage, arising out of or resulting from: 1) any act or omission on the part of the Grantee relating to the Grantee's use, occupancy, maintenance, or enjoyment of the easement area; 2) any failure on the part of the Grantee to maintain the easement area and sidewalks, roadways, and parking areas adjacent thereto in the Grantee's use and control, and including any accident, fire or nuisance, growing out of or caused by any failure on the part of the Grantee to maintain the easement area in a safe condition; and 3) from and against all actions, suits, damages, and claims by whomsoever brought or made by reason of the Grantee's non-observance or non-performance of any of the terms, covenants, and conditions of this grant of non-exclusive easement or the rules, regulations, ordinances, and laws of the federal, state, municipal or county governments.

2. The Grantor reserves unto itself, its successors and assigns, the full use and enjoyment of the easement area and the right to grant to others rights and privileges for any and all purposes affecting the easement area, provided, however, that the rights herein reserved shall not be exercised by the Grantor and similar grantee(s) in any manner which interferes unreasonably with the Grantee in the use of the easement area for the purposes for which this easement is granted.

3. The placement of all improvements in or upon the easement area by the Grantee shall be done without cost or expense to the Grantor and shall remain the property of the Grantee and subject to the terms of paragraphs 10 and 14 may be removed or otherwise disposed of by the Grantee at any time; provided, that the removal shall be accomplished with minimum disturbance to the easement area which shall be restored to its original condition, or as close thereto as possible, within a reasonable time after removal.

4. Upon completion of any work performed in or upon the easement area, the Grantee shall remove therefrom all equipment and unused or surplus materials, if any, and shall leave the easement area in a clean and sanitary condition satisfactory to the Grantor.

5. This easement or any rights granted herein shall not be sold, assigned, conveyed, granted, mortgaged, or otherwise transferred or disposed of, directly or by operation of law, except with the prior written consent of the Grantor, which shall not be unreasonably withheld, delayed or conditioned.

6. The Grantee shall keep the easement area and the improvements thereon in a safe, clean, sanitary, and orderly condition, and shall not make, permit or suffer, any waste, strip,

spoil, nuisance or unlawful, improper, or offensive use of the easement area.

7. The Grantee covenants, for itself, its successors and assigns, that the use and enjoyment of the land herein granted shall not be in support of any policy which discriminates against anyone based upon race, creed, sex, color, national origin, religion, marital status, familial status, ancestry, physical handicap, disability, age or HIV (human immunodeficiency virus) infection.

8. The Grantee, in the exercise of the rights granted herein, shall comply with all of the requirements of the federal, state, and county authorities and shall observe all county ordinances and state and federal laws, rules and regulations, now in force or which may hereinafter be in force.

9. These easement rights shall cease and terminate, and the easement area shall automatically be forfeited to the Grantor, ~~without any action on the part of~~ upon 180 days' prior written notice by the Grantor ~~to the Grantee~~ in the event of ~~non-~~ the Grantee's failure to exercise a permitted use or abandonment by the Grantee of the easement area or any portion thereof, in each case for a consecutive period of one (1) year.

10. The Grantee shall, at the end of the term or other sooner termination of this easement, peaceably deliver unto the Grantor possession of the premises, together with all improvements existing or constructed thereon or, at the option of Grantor, Grantee shall remove such improvements and ~~shall,~~ to the extent of any alteration of the premises caused by the Grantee's use, restore the premises to their original state, or as close thereto as possible, within a reasonable time and at the expense of the Grantee. If the Grantee does not remove the improvements or restore the premises to the satisfaction of the Grantor, the Grantor may effect such action and the Grantee agrees to pay all costs and expenses for such action. Furthermore, upon the expiration, termination, or revocation of this easement, should the Grantee fail to remove any and all of Grantee's personal property from the premises, after notice thereof, the Grantor may remove any and all of Grantee's personal property from the premises, and either deem the property abandoned and dispose of the property or place the property in storage at the cost and expense of Grantee and the Grantee does agree to pay all costs and expenses for disposal, removal, or storage of the personal property. This provision shall survive the termination of the easement.

11. The Grantee shall procure and maintain, at its own cost and expense, in full force and effect throughout the term of this

easement, comprehensive general liability insurance, or its equivalent, with an insurance company or companies licensed or authorized to do business in the State of Hawaii with an AM Best rating of not less than "A-" or other comparable and equivalent industry rating, in an amount of at least \$1,000,000.00 for each occurrence and \$2,000,000.00 aggregate, and with coverage terms acceptable to the Chairperson of the Board of Land and Natural Resources. The policy or policies of insurance shall name the State of Hawaii as an additional insured and a copy shall be filed with the State of Hawaii, Department of Land and Natural Resources. The insurance shall cover the entire easement area, including all buildings, improvements, and grounds and all roadways or sidewalks on or adjacent to the easement in the use or control of the Grantee.

The Grantee, prior to entry and use of the easement area or within fifteen (15) days after the effective date of this easement, whichever is sooner, shall furnish the Grantor with a certificate(s) showing the policy(s) to be initially in force, keep the certificate(s) on deposit during the entire easement term, and furnish a like certificate(s) upon each renewal of the policy(s). This insurance shall not be cancelled, limited in scope of coverage, or nonrenewed until after thirty (30) days written notice has been given to the Grantor. The Grantor may at any time require the Grantee to provide Grantor with copies of the insurance policy(s) that are or were in effect during the easement period.

The Grantor shall retain the right at any time to review the coverage, form, and amount of the insurance required by this easement. If, in the opinion of the Grantor, the insurance provisions in this easement do not provide adequate protection for the Grantor, the Grantor may require Grantee to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. The Grantor's requirements shall be reasonable but shall be designed to assure protection for and against the kind and extent of the risks which exist at the time a change in insurance is required. The Grantor shall notify Grantee in writing of changes in the insurance requirements and Grantee shall deposit copies of acceptable insurance policy(s) or certificate(s) thereof, with the Grantor incorporating the changes within thirty (30) days after receipt of the notice.

The procuring of the required policy(s) of insurance shall not be construed to limit Grantee's liability under this easement nor to release or relieve the Grantee of the indemnification provisions and requirements of this easement. Notwithstanding the policy(s) of insurance, Grantee shall be obligated for the full and total amount of any damage, injury, or loss

caused by Grantee's negligence or neglect connected with this easement.

It is agreed that any insurance maintained by the Grantor will apply in excess of, and not contribute with, insurance provided by Grantee's policy.

It is agreed that the foregoing requirements of this paragraph 11 and the requirements of paragraph 12 of Section B apply to the period from and after the Execution Date.

12. Grantor reserves the right to withdraw the easement for public use or purposes, at any time during the term of this easement upon the giving of reasonable notice to Grantee. Upon withdrawal of the easement, Grantor shall return to Grantee a portion of the one-time payment described in paragraph 1. For purposes of determining the amount to be returned to the Grantee, the term "net payment" shall mean the one-time payment described in paragraph 1 reduced by any non-refundable portion of the one-time payment, if any, that Grantor was required by statute to pay to any other entity or body. The amount returned to Grantee shall be the net payment prorated for the unused term of the easement.

13. The Grantee shall not mortgage, hypothecate, or pledge the premises, any portion, or any interest in this easement without the prior written approval of the Chairperson of the Board of Land and Natural Resources and any mortgage, hypothecation, or pledge without the approval shall be null and void.

14. Time is of the essence in this agreement and if the Grantee shall fail to pay the rent, or any part, at the times and in the manner provided within thirty (30) calendar days after delivery by the Grantor of a written notice of breach or default, or if the Grantee shall become bankrupt, or shall abandon the premises, or if this easement and premises shall be attached or taken by operation of law, or if any assignment is made of the Grantee's property for the benefit of creditors, or if Grantee shall fail to observe and perform any of the covenants, terms, and conditions contained in this easement and on its part to be observed and performed, and this failure shall continue for a period of more than sixty (60) calendar days after delivery by the Grantor of a written notice of breach or default, by personal service, registered mail or certified mail to the Grantee at its last known address and to each mortgagee or holder of record having a security interest in the premises, the Grantor may, subject to the provisions of Section 171-21, Hawaii Revised Statutes, at once re-enter the premises, or any part, and upon or without the entry, at its option, terminate this easement without prejudice to any other remedy or right of action for arrears of rent or for any preceding or other breach of contract; and in the event of

termination, all improvements shall at the option of the Grantor remain and become the property of the Grantor at the option of the Grantor or shall be removed by Grantee; furthermore, the Grantor shall retain all rent paid in advance to be applied to any damages.

15. In the event the Grantor seeks to forfeit the privilege, interest, or estate created by this easement, each recorded holder of a security interest may, at its option, cure or remedy the default or breach of rent payment within thirty (30) calendar days or any other default or breach within sixty (60) calendar days, from the date of receipt of the Grantor's notice, or, within an additional period allowed by Grantor for good cause, and add the cost to the mortgage debt and the lien of the mortgage. Upon failure of the holder to exercise its option, the Grantor may: (a) pay to the holder from any moneys at its disposal, including the special land and development fund, the amount of the mortgage debt, together with interest and penalties, and secure an assignment of the debt and mortgage from the holder or if ownership of the privilege, interest, or estate shall have vested in the holder by way of foreclosure, or action in lieu thereof, the Grantor shall be entitled to the conveyance of the privilege, interest, or estate upon payment to the holder of the amount of the mortgage debt, including interest and penalties, and all reasonable expenses incurred by the holder in connection with the foreclosure and preservation of its security interest, less appropriate credits, including income received from the privilege, interest, or estate subsequent to the foreclosure; or (b) if the property cannot be reasonably reassigned without loss to the State, then terminate the outstanding privilege, interest, or estate without prejudice to any other right or remedy for arrears of rent or for any preceding or other breach or default and use its best efforts to redispense of the affected land to a qualified and responsible person free and clear of the mortgage and the debt secured; provided that a reasonable delay by the Grantor in instituting or prosecuting its rights or remedies shall not operate as a waiver of these rights or to deprive it of a remedy when it may still otherwise hope to resolve the problems created by the breach or default. The proceeds of any redispense shall be applied, first, to reimburse the Grantor for costs and expenses in connection with the redispense; second, to discharge in full any unpaid purchase price or other indebtedness owing the Grantor in connection with the privilege, interest, or estate terminated; third, to the mortgagee to the extent of the value received by the State upon redispense which exceeds the fair market grant value of the land as previously determined by the State's appraiser; and fourth, to the owner of the privilege, interest, or estate.

16. In case the Grantor shall, without any fault on its part, be made a party to any litigation commenced by or against the

Grantee as a result of this grant of non-exclusive easement (other than condemnation proceedings), the Grantee shall pay all costs, including reasonable attorney's fees and expenses incurred by or imposed on the Grantor; furthermore, the Grantee shall pay all costs, including reasonable attorney's fees and expenses, which may be incurred by or paid by the Grantor in enforcing the covenants and conditions of this grant of non-exclusive easement, or in the collection of delinquent rental, fees, taxes, and any and all other applicable charges attributed to said easement area.

17. The Grantee shall not cause or permit the escape, disposal or release of any hazardous materials except as permitted by law. Grantee shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be brought onto the easement area any such materials except to use in the ordinary course of Grantee's business, and then only after written notice is given to Grantor of the identity of such materials and upon Grantor's consent which consent may be withheld at Grantor's sole and absolute discretion. The parties acknowledge and agree that those materials permitted by and compliant with U.S. Code of Federal Regulations, Title 49, Transportation of Hazardous Materials by Pipeline, Parts 190-199, or successor regulations, are approved to be stored, used and transported in the pipeline and appurtenant equipment installed in the easement area, subject to the applicable restrictions of this grant, and that such approval is deemed to be effective as of November 19, 2004. Grantee shall comply with the notice and consent provisions of this paragraph prior to transporting any other material in the pipeline. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials by Grantee, then the Grantee shall be responsible for the reasonable costs thereof. In addition, Grantee shall execute affidavits, representations and the like from time to time at Grantor's request concerning Grantee's best knowledge and belief regarding the presence of hazardous materials on the easement area placed or released by Grantee.

The Grantee agrees to indemnify, defend, and hold Grantor harmless, from any damages and claims resulting from the release of hazardous materials on the easement area occurring while Grantee is in possession, or elsewhere, if caused by Grantee or persons acting under Grantee. These covenants shall survive the expiration or earlier termination of this easement.

For the purpose of this easement "hazardous material" shall mean any pollutant, toxic substance, hazardous waste, hazardous material, ~~h~~Hazardous ~~s~~Substance, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended,

the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, or any other federal, state, or local environmental law, regulation, ordinance, rule, or bylaw, whether existing as of the date hereof, previously enforced, or subsequently enacted.

18. The Grantee shall at all times during the term of this easement keep trim all vegetation growing within, over, or onto the easement area so that it does not present a threat to public safety by creating or contributing to roadway, waterway, or pedestrian obstruction, visual obstruction to operators of vehicles, fire hazards, or interference with or downing of power lines.

19. The Grantee shall not construct, place or maintain any building or structure over and upon the easement area, except for the purposes described in this grant.

20. Should future development necessitate a relocation of the easement granted herein, or any portion thereof, the relocation shall be accomplished at the Grantee's own cost and expense; provided, however, that if other lands of the Grantor are available, the Grantor will grant to the Grantee without payment of any money, a substitute easement of similar width within the reasonable vicinity of the original alignment, which substitute easement shall be subject to the same terms and conditions as that herein granted and as required by law.

21. The Grantee shall comply with all applicable federal and state environmental impact regulations.

22. The Grantee shall maintain and employ debris, pollution and contamination control measures, safeguards and techniques to prevent debris, pollution or contamination to the ocean waters, streams or waterways resulting from the Grantee's, its invitee's and its agent's use, maintenance, repair and operation of the easement area, and shall take immediate corrective action in the event of such pollution or contamination to immediately remove the cause of such pollution or contamination, and shall immediately clean the easement area and its surrounding waters of such pollutant or contaminant and restore to the Grantor's satisfaction the area affected by such pollution or contamination, all at the Grantee's own cost and expense.

23. The easement area is encumbered by Governor's Executive Order No. 3947 to the State of Hawaii, Department of Transportation, and therefore this grant of easement is subject to the State of Hawaii, Department of Transportation's approval. Said approval was obtained on September 7, 2004.

24. The Grantee shall work with all applicable utility companies and comply with their clearance requirements when crossing or running parallel to their facilities. For utility companies without a requirement, the Grantee will use the standards provided in the Department of Transportation, Code of Federal Regulations, Title 49 Part 195.

25. The installation of the gas pipelines shall meet the guidelines and requirements provided in the Department of Transportation Code of Federal Regulations, Title 49 Part 195.

26. An environmental baseline assessment shall be completed prior to the installation of the pipelines. Grantor acknowledges that Grantee delivered a Final Letter Report, Summary of Jet Delivery Pipeline Baseline Assessment dated March 28, 2005 ("Baseline Assessment"), prepared by URS Corporation, to Grantor on August 3, 2012 in satisfaction of this requirement.

27. ENVIRONMENTAL COMPLIANCE - GRANTEE'S DUTIES.

A. Definitions.

For purposes of this Grant of Non-Exclusive Easement, Grantee agrees and understands that the following terms shall have the following meanings:

"Environmental Laws" shall mean all federal, state and local laws of every nature including statutes, ordinances, rules, regulations, codes, notices, standards, directives of every kind, guidelines, permits, licenses, authorizations, approvals, interpretations of the foregoing by any court, legislative body, agency or official, judicial decisions, orders, rulings or judgments, or rules of common law which currently are in effect or which may come into effect through enactment, issuance, promulgation, adoption or otherwise, which in any way pertain to, relate to, or have any relevance to the environment, health or safety. These environmental laws include, but are not limited to, regulations and orders of the federal Environmental Protection Agency and of the State of Hawaii Department of Health.

"Hazardous Substance" shall mean and include any chemical, substance, organic or inorganic material, controlled substance, object, condition, waste, living organism, or combination thereof which is, may be, or has been determined by proper state or federal authority under any environmental law to be, hazardous to human health or safety or detrimental to the environment. This term shall include, but not be limited to, petroleum hydrocarbons, asbestos, radon, polychlorinated biphenyls (PCBs), methane, and other materials or substances that are regulated by state or federal authorities.

B. Grantee's Activities and Duties.

1. Compliance with Environmental Laws. Grantee agrees, at its sole expense and cost, to comply with all environmental laws that apply to the premises during the term of this Grant of Non-Exclusive Easement, and Grantee's occupancy of, and activities on, the premises. This duty shall survive the expiration or termination of this Grant of Non-Exclusive Easement which means that the Grantee's duty to comply with environmental laws shall include complying with all environmental laws, regulations and orders that may apply, or be determined to apply, to the occupancy and activities of the Grantee on the premises after the expiration or termination of this Grant of Non-Exclusive Easement. Failure of the Grantee to comply with any environmental laws shall constitute a breach of this Grant of Non-Exclusive Easement for which the Grantor shall be entitled, in its discretion, to terminate this Grant of Non-Exclusive Easement and take any other action at law or in equity it deems appropriate.

2. Hazardous Substances. Grantee shall not use, store, treat, dispose, discharge, release, generate, create, or otherwise handle any Hazardous Substance, or allow the same by any third person, on the premises without first obtaining the written consent of the Grantor and complying with all environmental laws, including giving all required notices, reporting to, and obtaining permits from, all appropriate authorities, and complying with all provisions of this Grant of Non-Exclusive Easement.

3. Notice to the Grantor. Grantee shall keep the Grantor fully informed at all times regarding all environmental law related matters affecting the Grantee or the premises. This duty shall include, without limit to the foregoing duty, providing the Grantor with a current and complete list and accounting of all ~~h~~Hazardous ~~s~~Substances of every kind which are present on or about the premises and with evidence that the Grantee has in effect all required and appropriate permits, licenses, registrations, approvals and other consents that may be required of or by federal and state authorities under all environmental laws. This duty shall also include providing immediate written notice of any investigation, enforcement action, remediation or other regulatory action, order of any type, or any legal action, initiated, issued, or any indication of an intent to do so, communicated in anyway to the Grantee by any federal or state authority or individual which relates in any way to any environmental law or any ~~h~~Hazardous ~~s~~Substance and the Grantee or the premises. This written notice to the Grantor shall include the Grantee immediately providing the Grantor with copies of all written communications from individuals or state and federal authorities, including copies of all correspondence, claims, complaints, warnings, reports, technical data and any other documents received or obtained by the Grantee. At least thirty (30) days prior to termination of this Grant of Non-Exclusive Easement, or termination

of the possession of the premises by Grantee, which ever shall first occur, Grantee shall provide the Grantor with written evidence satisfactory to the Grantor that Grantee has fully complied with all environmental laws, including any orders issued by any governmental authority to the Grantee that relate to the premises.

4. Notice to Authorities. Grantee shall provide written notice to the Environmental Protection Agency and the State of Hawaii Department of Health at least sixty (60) days prior to the termination of this Grant of Non-Exclusive Easement, or sixty (60) days prior to Grantee's termination of possession of the premises, whichever occurs first, the fact that Grantee intends to vacate the premises and terminate its operations on those premises. Grantee shall allow the agents or representatives of said authorities access to the premises at any and all reasonable times for the purpose of inspecting the premises and taking samples of any material for inspection or testing for compliance with any environmental laws. Grantee shall provide copies of said written notices to the Grantor at the time said notices are provided to said authorities.

5. Disposal/Removal. Except for materials that are lawfully sold in the ordinary course of the Grantee's business and for which the Grantee has obtained all required authorizations from appropriate authorities including the prior written permission of the Grantor to have said substance on the premises, Grantee shall cause any ~~h~~Hazardous ~~s~~Substances to be removed from the premises for disposal. This duty shall include the transportation of said ~~h~~Hazardous ~~s~~Substance from the premises solely by duly licensed ~~h~~Hazardous ~~s~~Substance transporters to duly licensed facilities for final disposal as required by all applicable environmental laws. Grantee shall provide the Grantor with copies of documentary proof, including manifests, receipts or bills of lading, which reflect that said ~~h~~Hazardous ~~s~~Substances have been properly removed and disposed of in accordance with all environmental laws.

6. Environmental Investigations and Assessments. The Grantee, at its sole cost and expense, shall cause to be conducted such investigations and assessments of the premises to determine the presence of any ~~h~~Hazardous ~~s~~Substance on, in, or under the premises as may be directed from time to time by the Grantor, in its sole discretion, or by any federal or state authority. The extent and number of any environmental investigations and assessments shall be determined by the Grantor or the federal or state authority directing said investigations and assessments to be conducted. Grantee shall retain a competent and qualified person or entity that is satisfactory to the Grantor or governmental authority, as the case may be, to conduct said investigations and assessments. Grantee shall direct said person or entity to provide the Grantor or governmental authority, if so requested, with testable portions of all samples of any soils, water, ground water or other material that may be obtained for testing and provide directly to the Grantor and the governmental authority at the sole expense of the Grantee

written results of all tests on said samples upon completion of said testing.

7. Remediation. In the event that any ~~H~~Hazardous ~~S~~Substance is used, stored, treated, disposed on the premises, handled, discharged, released, or determined to be present on the premises, or to have migrated from the premises, Grantee as a result of Grantee's use of the premises pursuant to this easement, Grantee shall, at its sole expense and cost, remediate the premises, or any location off the premises to which it is determined that the ~~H~~Hazardous ~~S~~Substance has migrated, of any ~~H~~Hazardous ~~S~~Substances. Said duty to remediate includes the removal and disposal of said ~~H~~Hazardous ~~S~~Substances in accordance with paragraph 5. This duty to remediate includes strictly complying with all environmental laws and directives to remediate said ~~H~~Hazardous ~~S~~Substance issued from the Grantor or any federal or State governmental authority charged with enforcing the environmental laws. This duty to remediate shall include replacement of any materials, such as soils, removed with material that is satisfactory to the Grantor and governmental authority, as the case may be. Grantee shall be deemed to be in compliance with such duty to remediate to the extent Grantee has complied with the relevant orders, directives or standards of the State Department of Health (DOH) and DOH has acknowledged such compliance in writing. Grantee's obligations under this easement with respect to environmental conditions, including Hazardous Substances, apply only to the extent the environmental condition exists as a result of the Grantee's use of the premises.

8. Restoration and Surrender of Premises. The Grantee hereby agrees to restore the premises, at its sole cost and expense, including the soil, water and structures on, in, or under the premises, to the same condition as the premises existed at the commencement of this Grant of Non-Exclusive Easement, fair wear and tear to the structures excepted. In the event Grantee does not restore the premises to the same condition as it existed at the commencement of the Grant of Non-Exclusive Easement, as determined by the Grantor, the Grantee understands and agrees that the Grantor may exercise its rights under the paragraph entitled Grantor's Right to Act, and until such time as the restoration is complete to the satisfaction of the Grantor, Grantee shall be liable for Grant of Non-Exclusive Easement in the same manner and amount as if the Grant of Non-Exclusive Easement had continued in effect during the period of restoration.

9. Grantor's Right to Act. In the event the Grantee fails for any reason to comply with any of its duties under this Grant of Non-Exclusive Easement or under any environmental laws within the time set for doing so, or within a reasonable time as determined by the Grantor, the Grantor shall have the right, but not the obligation, in its sole discretion, to perform those duties, or cause them to be performed. Grantee hereby grants access to the premises at all reasonable hours to the Grantor, its agents and

anyone designated by the Grantor in order to perform said acts and duties. Any reasonable cost, expense or liability of any type that may be incurred by the Grantor in performing said acts or duties shall be the sole responsibility of the Grantee and Grantee hereby agrees to pay for those costs and expenses and indemnify the Grantor for any liability incurred. This obligation shall extend to any costs and expenses incident to enforcement of Grantor's right to act, including litigation costs, attorneys fees and the costs and fees for collection of said cost, expense or liability.

10. Release and Indemnity. Grantee hereby agrees to release the Grantor, its officers, agents, successors and assigns from any liability of any kind, including, but not limited to, any liability for any damages, penalties, fines, judgments or assessments that may be imposed or obtained by any person, agency or governmental authority against the Grantor and/or the Grantee by reason of any ~~h~~Hazardous ~~s~~Substance that may be present by whatever means on, in or under the premises as a result of Grantee's use of the premises pursuant to this easement. The Grantee hereby agrees to indemnify, defend with counsel suitable to the Grantor, and hold harmless the Grantor from any liability that may arise in connection with, or by reason of, any occurrence involving any ~~h~~Hazardous ~~s~~Substance that may be alleged to be connected or related in any way with the premises, the Grantor's ownership of the premises, or this Grant of Non-Exclusive Easement, including the presence of any ~~h~~Hazardous ~~s~~Substance on the premises~~—~~, in each case as a result of Grantee's use of the premises pursuant to this easement. Grantee shall not be responsible for any pre-existing contamination of the premises as established by the Baseline Assessment. Grantee understands and agrees that any assessments, fines or penalties that may be assessed against the Grantee or the Grantor by reason of any environmental law violation concerning the premises shall be paid, complied with, and in every way satisfied by the Grantee and not the Grantor~~—~~, to the extent resulting from Grantee's use of the premises pursuant to this easement.

11. Surety/Performance Bond for Cleanup/Restoration. At its sole cost and expense, Grantee shall provide the Grantor with a Bond, or other security satisfactory to Grantor, in the amount of N / A to assure removal of any ~~h~~Hazardous ~~s~~Substances and the remediation and restoration of the premises during the term of, and at the conclusion of the Grant of Non-Exclusive Easement so as to comply with the terms of this Grant of Non-Exclusive Easement to the satisfaction of the Grantor and in order to comply with environmental laws. Grantee shall provide written evidence that said Bond or security has been secured by the Grantee which evidence shall indicate the term during which said Bond or other security shall irrevocably remain in effect.

12. Insurance. Effective at the commencement of this Grant of Non-Exclusive Easement, Grantee shall obtain and keep in

force a comprehensive liability and property damage policy of insurance issued by an insurer licensed to do business in the State of Hawaii with limits of indemnity coverage no less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. Said policy of insurance shall provide coverage for personal injury and damage to property caused by ~~h~~Hazardous ~~s~~Substances or any occurrence that may constitute a violation of any environmental law by the Grantee or the Grantor. Said policy of insurance shall name the Grantor as an additional insured. Grantee shall provide proof of said insurance satisfactory to the Grantor which shall include, at a minimum, the coverage provided and the term during which said policy shall be effective.

13. Notices. Any notices required to be made under this easement shall be made in writing to the address of the appropriate party as set forth below. All such notices shall be deemed to have been duly given and received upon hand delivery or delivery by facsimile or a nationally recognized courier. The parties may alter or modify their notice address by delivery of written notice. Notwithstanding the foregoing, any notices of breach or default provided for under paragraphs 14 and 15 above shall be delivered in accordance with the requirements of those paragraphs.

To Grantee:

Chevron U.S.A. Inc.
6001 Bollinger Canyon Road
San Ramon, California 94583
Attn.: VP & General Counsel, Downstream & Chemicals
Fax: 866-420-0335

To Grantor:

State of Hawaii
Department of Land and Natural Resources
Land Division
1151 Punchbowl Street, Room 220
Honolulu, Hawaii 96813
Attn.: State Lands Administrator
Fax: 808-587-0455

[Signature Page Follows]

IN WITNESS WHEREOF, the STATE OF HAWAII, by its Board of Land and Natural Resources, has caused the seal of the Department of Land and Natural Resources to be hereunto affixed and the parties hereto have caused this Indenture to be executed as of the day, month and year first above written.

STATE OF HAWAII

Approved by the Board of Land and Natural Resources at its meeting held on ~~November 19~~ _____, 2004~~12~~.

By _____
WILLIAM J. AILA, JR.
Chairperson
Board of Land and Natural Resources

GRANTOR

CHEVRON U.S.A. INC., a Pennsylvania Corporation, ~~dba Chevrontexaco Products Company~~

By _____

_____ Its _____

~~And By~~

Its _____

GRANTEE

APPROVED AS TO FORM:

COLIN J. LAU
Deputy Attorney General

Dated: _____

STATE OF HAWAII _____)
_____) SS.
_____ COUNTY OF _____)

On this _____ day of _____, 20_____,
before me appeared _____ and
_____, to me
personally known, who, being by me duly sworn, did say that they
are the _____ and
_____, respectively of CHEVRON U.S.A.
INC., a Pennsylvania corporation,
dba Chevrontexaco Products Company, and that said instrument was
signed in behalf of said corporation by authority of its Board of
Directors, and the said _____
and _____ acknowledged said
instrument to be the free act and deed of said corporation.

Notary Public, State of Hawaii

My commission expires: _____

State of California
County of Contra Costa

On _____ before me,
Date Insert Name & Title of Officer
personally appeared
Insert Name(s) of Signer(s)

who proved to me on the basis of
satisfactory evidence to be the person(s)
whose name(s) is/are subscribed to the
within instrument and acknowledged to me

that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

Place Notary Seal Above

Signature of Notary Public



STATE OF HAWAII

SURVEY DIVISION

**DEPT. OF ACCOUNTING AND GENERAL SERVICES
HONOLULU**

September 19, 2006

C.S.F. No. 24,346

**NON-EXCLUSIVE
JET FUEL DELIVERY TAKE-OFF FACILITY EASEMENT**

EASEMENT A-1

Mokauea, Kalihi, Honolulu, Oahu, Hawaii

Being a portion of Land Patent 8194 on a portion of Land Commission Award 6450, Apana 1 to Kaunuohua for W. L. Moehonua (Former Auiki Fish Pond) conveyed to the State of Hawaii by the United States of America by deed dated October 29, 1990 and recorded as Document Nos. 90-167346 and 91-178693 (Land Office Deed S-27913).

Being also a portion of Part 1 of Harbor and Light Industrial Complex, Governor's Executive Order 3947.

Beginning at the east corner of this easement and on the south side of Auiki Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUNCHBOWL" being 3428.18 feet North and 13,047.57 feet West, thence running by azimuths measured clockwise from True South:-

- 1. 44° 16' 33.67 feet along the remainder of Part 1 of Harbor and Light Industrial Complex, Governor's Executive Order 3947;
- 2. 101° 23' 30.53 feet along the remainder of Part 1 of Harbor and Light Industrial Complex, Governor's Executive Order 3947;



- 3. 221° 56' 34.17 feet along the remainder of Part 1 of Harbor and Light Industrial Complex, Governor's Executive Order 3947;
- 4. 283° 28' 30" 31.47 feet along the remainder of Part 1 of Harbor and Light Industrial Complex, Governor's Executive Order 3947 and the south side of Auiki Street to the point of beginning and containing an AREA OF 904 SQUARE FEET.

SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
STATE OF HAWAII

By: Glenn J. Kodani
Glenn J. Kodani
Land Surveyor ml

Compiled from map and desc. furn.
by ControlPoint Surveying, Inc. Said
map and desc. have been examined and
checked as to form and mathematical
correctness but not on the ground by the
Survey Division.



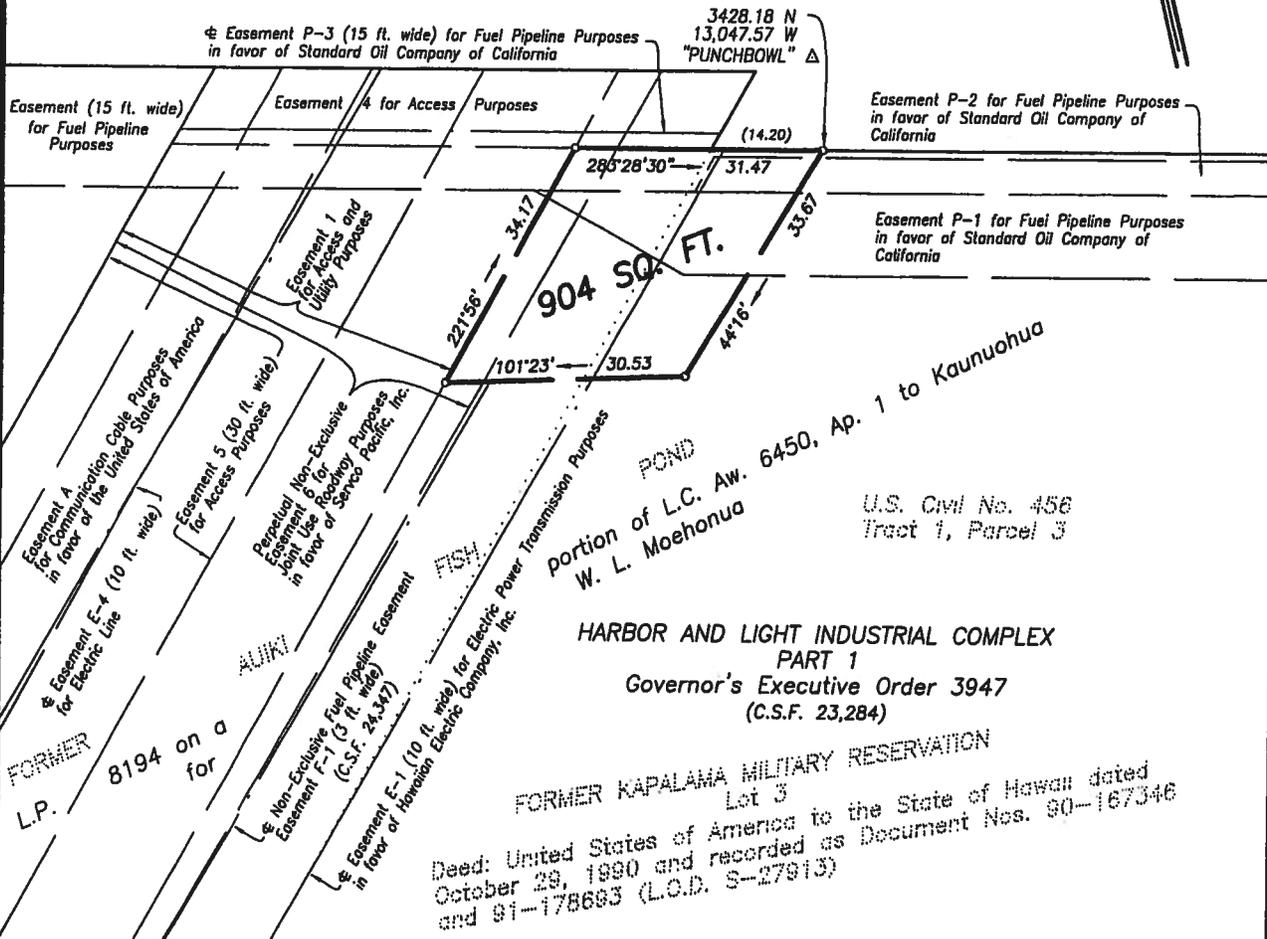
MOKAUEA STREET

PRELIM APPR'D.
Department of the
Attorney General

REDUCED NOT TO SCALE

AUIKI STREET

Scale: 1 in. = 20 ft.
TRUE NORTH



**NON-EXCLUSIVE
JET FUEL DELIVERY TAKE-OFF FACILITY EASEMENT
EASEMENT A-1**

JOB 0-358(06)

C. BK.

Mokauea, Kalihi, Honolulu, Oahu, Hawaii

EXHIBIT "B"

Scale: 1 inch = 20 feet

TAX MAP 1-2-25: Por. 11

SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
STATE OF HAWAII

C.S.F. NO. 24,346

JGL September 19, 2006



STATE OF HAWAII

SURVEY DIVISION

DEPT. OF ACCOUNTING AND GENERAL SERVICES

HONOLULU

C.B.F. No. 24,347

September 19, 2006

NON-EXCLUSIVE FUEL PIPELINE EASEMENT

EASEMENT F-1

Mokauea, Kalihi, Honolulu, Oahu, Hawaii

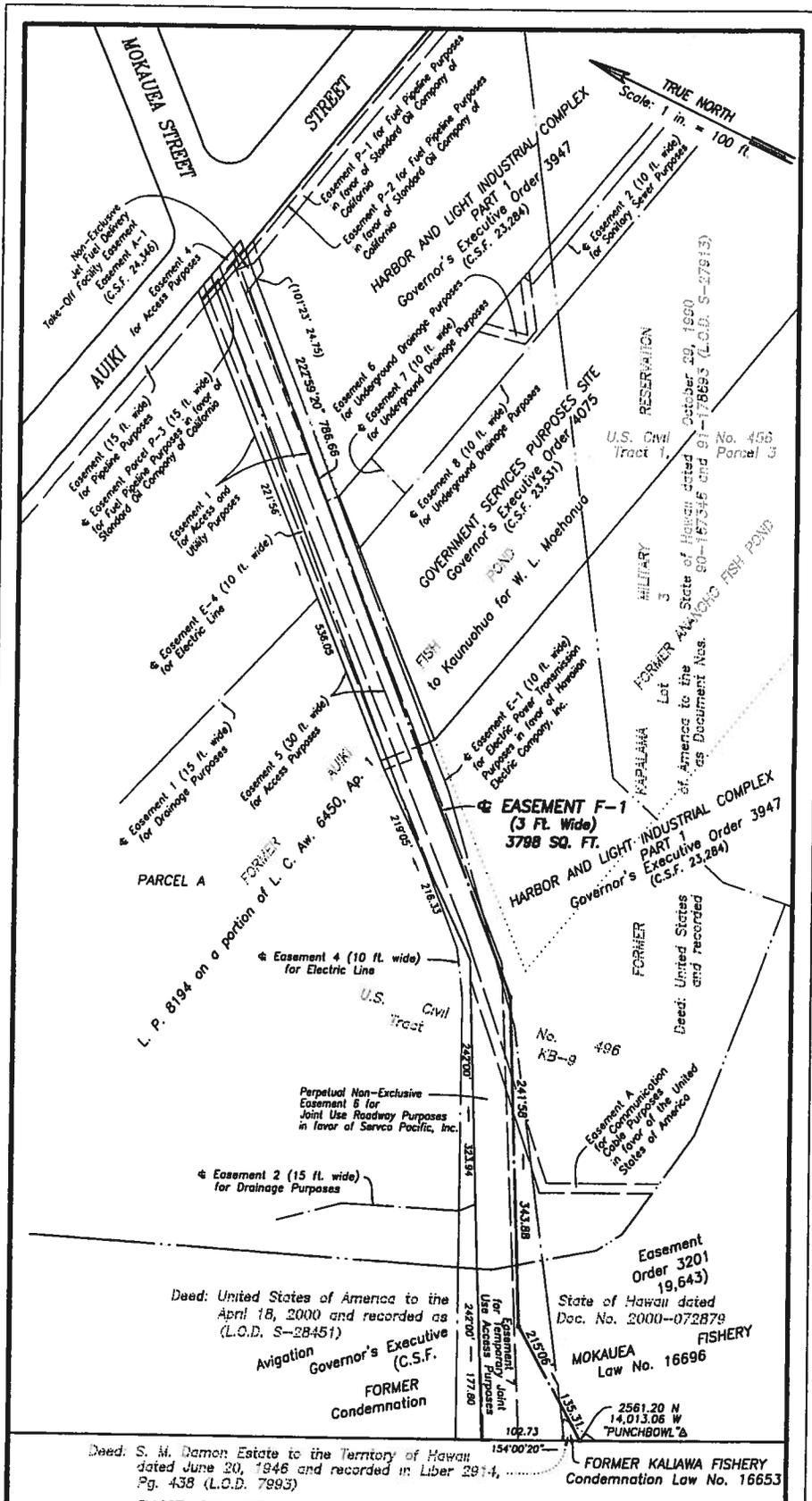
Comprised of the following:

1. Portion of Land Patent 8194 on a portion of Land Commission Award 6450, Apana 1 to Kaunuohua for W. L. Moehonua (Former Auiki Fish Pond) conveyed to the State of Hawaii by the United States of America by deed dated October 29, 1990 and recorded as Document Nos. 90-167346 and 91-178693 (Land Office Deed S-27913).
2. Portion of Former Mokauea Fishery conveyed to the State of Hawaii by the United States of America by deed dated April 18, 2000 and recorded as Document No. 2000-072879 (Land Office Deed S-28451).
3. Portion of Former Kaliawa Fishery conveyed to the Territory of Hawaii by S. M. Damon Estate by deed dated June 20, 1946 and recorded in Liber 2914, Page 438 (Land Office Deed 7993).

Being a strip of land three (3.00) feet wide and extending one and a half (1.50) feet on each side of the following described centerline:-



REDUCED NOT TO SCALE



SAND ISLAND ACCESS ROAD (Project No. 64A-02-82, Unit 2)

NON-EXCLUSIVE FUEL PIPELINE EASEMENT
EASEMENT F-1

Mokauea, Kalihi, Honolulu, Oahu, Hawaii

Scale: 1 inch = 100 feet

JOB 0-358(06)
C. BK.

--- denotes access permitted
--- denotes no vehicle access permitted



EXHIBIT "D"