SETTLEMENT AGREEMENT
AMONG
THE CALIFORNIA DEPARTMENT OF FISH AND GAME,
THE EAST BAY REGIONAL PARK DISTRICT
And
PIONEER SHIP MANAGEMENT SERVICES LLC, and
SOUTH HARMONY SHIPPING INC.

Regarding the Dubai Star Oil Spill

I. Introduction

The California Department of Fish and Game ("CDFG"), the East Bay Regional Park District (EBRPD), on the one hand, and Pioneer Ship Management Services LLC, South Harmony Shipping, and the M/T *Dubai Star* on the other (collectively referred to as the "Parties") enter into this Settlement Agreement to resolve, without litigation, matters covered by this settlement. "Matters Covered" are all claims by CDFG for damages, including claims for natural resource damages pursuant to Government Code section 8670.56.5 and California Fish and Game Code sections 2014 and 12016, and any and all response and/or natural resource damage assessment costs resulting from the release of approximately 400 gallons of bunker fuel oil from the M/T *Dubai Star* on or about October 30, 2009 during fueling operations (the "Incident"). Additionally, "Matters Covered" includes all claims by the EBRPD for damages, including but not limited to: claims for injury to real and personal property; claims for loss of use and enjoyment of natural resources, public beaches, and other public resources and facilities; and for any and all response and/or natural resource damage assessment (NRDA) costs resulting from the incident.

CDFG is the State trustee for fish, wildlife, and their habitats pursuant to California Fish and Game Code sections 711.7 and 1802, and has the authority to recover natural resource damages resulting from oil spills into marine water under the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act (Gov. Code § 8670.1, et seq.) and Fish and Game Code sections 2014 and 12016. EBRPD is a special district, organized and existing pursuant to Public Resources Code section 5500, et seq. EBRPD owns or manages those shoreline areas most heavily impacted by the Dubai Star Oil Spill (the "Spill").

South Harmony Shipping is the owner of the M/T *Dubai Star* and Pioneer Ship Management Services LLC, holds the State Certificate of Financial Responsibility for the M/T *Dubai Star* and is responsible for the vessel. Hereafter, South Harmony Shipping and Pioneer Ship Management Services LLC are collectively referred to as "Responsible Parties".

II. Parties Bound

The provisions of this Settlement Agreement shall be binding upon the Parties and all of their officers, directors, agents, servants, employees, predecessors in interest, successors in interest, assigns, and all persons, firms, insurers, subsidiaries, divisions, or corporations acting under or for them relating to the Incident.

III. Natural Resource Injuries

CDFG determined that the Spill impacted over 200 acres of rocky intertidal, sandy beach, marsh/mudflat and eelgrass habitat from Alameda Point to the Oakland Airport. Additionally, CDFG estimated that approximately 113 seabirds died, including grebes, brown pelicans and coots. CDFG also determined that the Spill resulted in recreational use losses, including loss of general beach use due to beach closures and warnings posted at Crown Beach and Crab Cove, and lost or diminished shore-based recreational fishing and marina boating.

The Natural Resource Trustees for the resources injured by the Spill included CDFG, the United States Department of the Interior, Fish and Wildlife Service (USFWS), and the Department of Commerce's National Oceanic and Atmospheric Administration (NOAA) (collectively referred to as the Trustees). In addition, the EBRPD served as a technical advisor to the Trustees. In consultation with the USFWS and NOAA, CDFG estimated the value of appropriate compensatory actions to restore natural resources for the Incident and lost recreational use to be approximately Seven Hundred Fifty Thousand Dollars ($750,000 USD).

IV. Settlement Payments

A. Within thirty (30) days after the effective date of this Settlement Agreement, the Responsible Parties shall cause the following sums to be paid in accordance with Section V (Distribution of Settlement Payments):

1. Seven Hundred Fifty Thousand Dollars ($750,000 USD) for wildlife and habitat projects at Elsie Roemer Bird Sanctuary and/or intertidal sites in and around Alameda or Bay Farm Island and recreational improvements at Crown Beach or nearby vicinities One Hundred Thousand Dollars ($100,000 USD) for administration and restoration project oversight.

2. Four Hundred Seventy-One Thousand Eight Hundred Seventy-Two dollars and Thirty-Five Cents ($471,872.35 USD) for CDFG's response through November 2010 and NRDA costs through May 2011.

3. Eighty-Six Thousand Two Hundred Sixty-Four Dollars and Twenty-One Cents ($86,264.21 USD) for EBRPD's response and NRDA costs.

B. Within sixty (60) days after the effective date of this Settlement Agreement, CDFG may submit invoices and supporting documentation to the Responsible Parties for any additional unreimbursed response and NRDA costs resulting from the Spill that were incurred through the effective date of this Settlement Agreement ("Additional Costs"). The Responsible Parties shall pay all uncontested Additional Costs within thirty (30) days after the Responsible Parties receive each invoice and its supporting documentation in accordance with the payment instructions described in Section V.

V. Distribution of Settlement Payment and Additional Costs

A. Within thirty (30) days after the effective date of this Settlement Agreement Responsible Parties shall cause to be paid the sum of Seven Hundred Six Thousand Dollars ($706,000 USD) to fund shoreline and bird habitat restoration projects and projects benefiting public recreation at or in the vicinity of Crown Beach and/or Elsie Roemer Marsh. The funds shall be managed in accordance with the attached Memorandum of Agreement. *(Attachment A)*. Payment is to be made by trust check, certified check, or money order payable to the East Bay Regional Park District. The check or money order shall be sent by certified mail to:

Carol R. Victor
Assistant District Counsel
East Bay Regional Park District
P.O. Box 5381
Oakland, California 94605

The check shall reference the Dubai Star Oil Spill. At the time of payment, Responsible Parties shall send a written notice of payment and a copy of any transmittal documentation to Katherine Verrue-Slater, at the address below.

B. Within thirty (30) days after the effective date of this Settlement Agreement Responsible Parties shall cause to be paid the sum of Forty-Four Thousand Dollars ($44,000 USD) to CDFG to fund fucus restoration in the vicinity of the affected shoreline habitats, to the extent feasible. Payment is to be made by trust check, certified check, or money order payable to the Department of Fish and Game. The check or money order shall be sent by certified mail to:

Katherine Verrue-Slater
Staff Counsel III
State of California
Department of Fish and Game
Office of Spill Prevention and Response
1700 K Street, Suite 250
Sacramento, California 95816-0362

The check shall reference the Dubai Star Oil Spill – Fucus Restoration, and reflect that it is a payment to the Oil Spill Response Trust Fund pursuant to Government Code section 8670.47.5.

C. Within thirty (30) days after the effective date of this Settlement Agreement, the Responsible Parties shall cause to be paid to CDFG the sum of One Hundred Thousand Dollars ($100,000 USD) for future costs associated with administration and oversight of restoration. Payment is to be made by trust check, certified check, or money order payable to the Department of Fish and Game. The check or money order shall be sent in accordance with the payment instructions in this Section (subsection B) above. The check shall reference the Dubai Star Oil Spill and reflect that it is a payment to the Oil Spill Response Trust Fund pursuant to Government Code section 8670.47.5.

D. Within thirty (30) days after the effective date of this Settlement Agreement, the Responsible Parties shall cause to be paid to CDFG the sum of Four Hundred Seventy-One Thousand Eight Hundred Seventy-Two Dollars and Thirty-Five Cents ($471,872.35 USD) for reimbursement of unpaid response through November 2010 and NRDA costs through May 2011. Payment is to be made by trust check, certified check, or money order payable to the Department of Fish and Game. The check or money order shall be sent in accordance with the payment instructions in this Section (subsection B) above. The check shall reference the Dubai Star Oil Spill and reflect that it is a payment to the Oil Spill Response Trust Fund pursuant to Government Code section 8670.47.5.

E. Within thirty (30) days after the effective date of this Settlement Agreement the Responsible Parties shall cause to be paid to the EBRPD the sum of Eighty-Six Thousand Two Hundred Sixty-Four Dollars and Twenty-One Cents ($86,264.21 USD) for reimbursement of unpaid response and NRDA costs. Payment is to be made by trust check, certified check, or money order payable to the East Bay Regional Park District. The check or money order shall be sent in accordance with the payment instructions in this Section (subsection A) above. The check shall reference the Dubai Star Oil Spill.

F. Within sixty (60) days following the effective date of this Settlement Agreement, CDFG may submit invoices and supporting documentation to the Responsible Parties for any unreimbursed response or NRDA costs resulting from the Spill that were incurred through the effective date of this Settlement Agreement. Responsible Parties shall pay all uncontested Additional Costs within thirty (30) days of the receipt of each invoice and its supporting documentation in accordance with the payment instructions described in this Section (subsection B) above.

G. Responsible Parties may object to Additional Costs if they claim CDFG made an accounting error or if they allege the Additional Costs are not a response or NRDA cost. Such objection shall be made in writing within sixty (60) days of receipt of the invoice and must be sent to CDFG pursuant to Section XI (Notices). Any such objection shall specifically identify the contested New Costs and the basis for the objection.

H. Such objection shall be, in the first instance, the subject of informal negotiations between CDFG and Responsible Parties. Such period of informal negotiations shall not extend beyond twenty (20) days after the date that written notice of an objection to New Costs is sent to CDFG, unless otherwise agreed to in writing by the Parties. If informal negotiations do not result in resolution of the objection, the Responsible Parties shall pay the New Costs that were subject to the objection within thirty (30) days of the conclusion of the informal negotiations, unless the Responsible Parties exercise their right to petition the San Francisco County Superior Court in accordance with this Paragraph and the Stipulated Judgment to be filed in connection with this matter with the Superior Court of California for the County of San Francisco. The Responsible Parties may petition the Court within thirty (30) days from the end of the informal negotiation period for resolution of the objection. Further briefing and argument on the petition will comply with the requirements of the Court.

I. Should Responsible Parties fail to cause any such payments to be made when due, they shall pay as stipulated penalties for each day or portion thereof that said payment is overdue until the cumulative accrued amount is paid in full, Two Hundred Fifty Dollars ($250 USD) to CDFG, or to EBRPD if said sums are payable to EBRPD, in the manner set forth in this Section (subsections A or B) above.

J. Responsible Parties shall be liable for attorneys' fees and costs incurred by CDFG and/or EBRPD to collect any amount due under this Settlement Agreement that is not timely paid.

VI. Scope of Settlement

Effective upon the Responsible Parties' full performance of their payment obligations set forth in Sections IV and V above, this settlement shall resolve any and all civil claims by CDFG and EBRPD for damages arising from the Dubai Star Oil Spill, including removal costs, response costs, and damages for injury to, destruction of, loss of, or loss of use of Natural Resources arising from the Spill, including natural resource damage assessment and restoration monitoring costs associated with the Spill. It does not resolve any other potential claims for civil penalties or injunctive relief which have been separately negotiated and resolved pursuant to a Stipulated Judgment to be filed in connection with this matter with the Superior Court of California for the County of San Francisco.

This Settlement Agreement does not limit or affect the rights of the Responsible Parties or CDFG and EBRPD against any third parties, not a party to this Agreement, nor does it limit the rights of third parties, not party to this Agreement against Responsible Parties, except as otherwise provided by law.

This Settlement Agreement shall not be construed to create rights in, or grant any cause of action to, any third party not party to this Agreement.

VII. Covenants Not to Sue and Reservation of Rights by CDFG

In consideration of the payments to be made by Responsible Parties, CDFG and the EBRPD covenant not to sue the M/T *Dubai Star*, Pioneer Ship Management Services LLC,

and/or South Harmony Shipping, their parents, affiliates, successors, or corporate officers, directors, or employees, acting in their capacities as such, for (i) damages for injury to, destruction of, loss of, or loss of use of, natural resources arising from the Spill, including natural resource damage assessment costs and restoration monitoring costs associated with the Spill; and (ii) other than as set forth in Section IV above, for costs, attorneys' fees, other fees, or expenses incurred by CDFG and/or the EBRPD to recover such natural resource damages in connection with the Incident. This covenant not to sue is not effective until, and is conditioned upon, payment by Responsible Parties of the amounts specified in Section IV of this Settlement Agreement, along with Additional Costs. Furthermore, this covenant not to sue does not apply to the Complaint and Stipulated Judgment to be filed in connection with this matter by the District Attorney of the City and County of San Francisco and the District Attorney of the County of Alameda on behalf of the People of the State of California resolving additional claims for civil penalties and injunctive relief.

VIII. Covenant Not to Sue by Responsible Parties

The M/T *Dubai Star*, Pioneer Ship Management Services LLC, and South Harmony Shipping hereby covenant not to sue and agree not to assert any claims or causes of action against the State of California, including any of its departments, agencies or instrumentalities, or its employees, agents, experts or contractors, for claims related to the Incident.

IX. Notices

Unless otherwise specified herein, whenever notifications or communications are required by this Consent Decree, they shall be made in writing and addressed as follows:

To CDFG:

Katherine Verrue-Slater
Staff Counsel III
Department of Fish and Game
Office of Spill Prevention and Response
1700 "K" Street, Suite 250
Sacramento, California 95811
Telephone: (916) 324-9813
Facsimile: (916) 324-5662
E-mail: kvslater@ospr.dfg.ca.gov

To EBRPD:

Carol R. Victor
Assistant District Counsel
East Bay Regional Park District
P.O. Box 5381
Oakland, California 94605
Telephone: (510) 544-2007
Facsimile: (510) 569-1417
E-mail: cvictor@ebparks.org

To Responsible Parties:

Mitchell S. Griffin, Esq.
Cox, Wootton, Griffin, Hansen & Poulos, LLP
190 The Embarcadero
San Francisco, California 94105
Telephone: (415) 438-4600
Facsimile: (415) 438-4601
E-mail: mgriffin@cwghp.com

X. Signatories

Each undersigned representative of the Responsible Parties, the Office of Spill Prevention and Response, California Department of Fish and Game, acting in its capacity as the State Trustee for the Incident, and the East Bay Regional Park District certifies that he or she is fully

authorized to enter into the terms and conditions of this Settlement Agreement and to execute and legally bind such party to this document.

XI. Modification

The terms of this Agreement may be modified only by a subsequent written agreement signed by the Parties.

XII. Execution/Effective Date

This Agreement may be executed in counterparts, each of which shall constitute an original, and all of which shall constitute one and the same instrument. The effective date of this agreement shall be the date of the last signature to this agreement.

FOR THE CALIFORNIA DEPARTMENT OF FISH AND GAME

Date: April 12, 2012

Scott D. Schaefer, Administrator (Acting)
Office of Spill Prevention and Response

FOR EAST BAY REGIONAL PARK DISTRICT

Date: ~~April~~ May 7, 2012

Robert E. Doyle, General Manager
East Bay Regional Park District

Approved as to Form:

District Counsel, EBRPD

FOR RESPONSIBLE PARTIES

Date: April 30, 2012

Mitchell S. Griffin, Partner
Cox, Wootton, Griffin, Hansen and Poulos, LLP