SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release ("Agreement") is entered into by and between Mountains Recreation and Conservation Authority ("MRCA"), Santa Monica Mountains Conservancy ("SMMC"), City of Whittier and the City Council of the City of Whittier (collectively, the "City") and Matrix Oil Corporation and Clayton Williams Energy, Inc. (collectively, "Matrix") (all together, the "Parties").

RECITALS

- A. On February 24, 2012, MRCA initiated a lawsuit entitled *Mountains Recreation* and Conservation Authority v. City of Whittier, et al., Los Angeles County Superior Court Case No. BS136211, and on August 3, 2012, MRCA filed a first amended petition for writ of mandate and complaint (the "MRCA Lawsuit").
- B. On August 6, 2012, SMMC initiated a lawsuit entitled Santa Monica Mountains Conservancy v. City of Whittier, et al., Los Angeles County Superior Court Case No. BS138796 (the "SMMC Lawsuit").
- C. Both the MRCA Lawsuit and the SMMC Lawsuit challenge a 2008 lease entered into between the City and Matrix for an oil and gas exploration and production project.
- D. On June 6, 2013, the Court (the Hon. James C. Chalfant) held a hearing on the merits of the MRCA Lawsuit and the SMMC Lawsuit. At the conclusion of this hearing, and as set forth in its written ruling, the Court found, among other things, that SMMC's action is untimely and therefore SMMC is not entitled to any relief.
- E. The Parties now wish to avoid the risk and expense of further litigation, and desire fully and finally to resolve any and all claims by and between them arising from or related to the SMMC Lawsuit.

SETTLEMENT AND MUTUAL RELEASE

NOW, THEREFORE, in consideration of the foregoing Recitals, all of which are incorporated by reference, and the following provisions and covenants, the Parties hereto agree to the following terms:

- 1. <u>Agreement Not to Appeal</u>: In the SMMC Lawsuit, SMMC agrees not to appeal the judgment that all parties anticipate will be entered against it.
- 2. <u>Attorneys' Fees and Costs</u>: MRCA shall pay SMMC \$100,000 towards its attorneys' fees and costs incurred in the prosecution of the SMMC Lawsuit. This payment is due upon MRCA's dismissal of the MRCA Lawsuit. Except as set forth above, SMMC waives any claim to attorneys' fees and costs against the City, Matrix, or the MRCA, and MRCA, the City, and Matrix waive any claim to attorneys' fees or costs against SMMC.

- 3. <u>Resolution of Dispute</u>: The Parties agree and understand that this Agreement resolves all disputes between them relating to the SMMC Lawsuit and that the terms of this Agreement shall in no way whatsoever be construed to be an admission of fault or liability.
- 4. Release and Discharge: In consideration of these mutually dependent promises and representations, and except for the obligations created by this Agreement, the Parties hereby fully release and forever discharge each other and each other's respective successors, assigns, boards, councils, officials, officers, directors, employees, agents, representatives, and attorneys from and against any and all claims, demands, actions, causes of action, proceedings, obligations, liabilities, damages, losses, costs, and expenses of any nature whatsoever, in law or in equity, known or unknown, foreseen or unforeseen, contingent or non-contingent, that the Parties now have or may at any time hold based upon or in any way arising out of or in connection with the matters set forth in the SMMC Lawsuit.
- 5. <u>Subsequent Discovery of Additional or Different Facts</u>: The Parties acknowledge that they are aware that they may hereafter discover facts different from or in addition to those they now know or believe to be true with respect to the claims, causes of action, rights, obligations, debts, liabilities, accounts, liens, damages, losses, and expenses herein released, and each agrees that the within release shall be and remain in effect in all respects as a complete and general release as to all matters released herein, notwithstanding any such different or additional facts.
- 6. <u>Civil Code § 1542</u>: The Parties recognize that the releases set forth in paragraphs 4 and 5 above, shall extend to claims whether known or unknown to them and that the release is made with the understanding that it shall include unknown claims contemplated by Civil Code § 1542, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

The waiver of Civil Code section 1542 shall only apply to the scope of the release described in this Agreement.

- 7. <u>Successors and Assigns</u>: This Agreement shall be binding upon and inure to the benefit of the Parties, and their respective officers, officials, employees, agents, attorneys, successors, devises, executors, administrators, assigns, and insurance carriers (the Successors and Assigns").
- 8. Parties in Interest: Nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or arising by reason of this Agreement on any persons other than the Parties to it and their respective successors and permitted assignees. Nothing in this Agreement is intended to relieve or discharge the obligation or liability of any third person to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over or against any party to this Agreement.

- 9. <u>Entire Agreement</u>: This Agreement constitutes the entire agreement between the Parties hereto. The Parties expressly understand that any prior written or oral negotiations not contained in this Agreement are of no force or effect whatsoever, and further expressly understand that this Agreement may not be altered, amended, modified, or otherwise changed in any respect except by a writing duly executed and authorized by each of the Parties.
- 10. <u>Interpretation</u>: The provisions of this Agreement shall be liberally construed to effectuate its purpose. The title headings of the respective paragraphs of this Agreement are inserted for convenience only, and shall not be deemed to be part of this Agreement or considered in construing this Agreement. In the event of any dispute concerning this Agreement, the prevailing party shall be entitled to recover its court costs and attorney's fees. The "prevailing party" means the party determined by the court to have most nearly prevailed, even if such party did not prevail in all matters, not necessarily the one in whose favor a judgment is rendered. If the court fails or refuses to make a determination of the prevailing party, the party who is awarded costs of suit shall also be deemed to be the prevailing party for purposes of awarding attorneys' fees.
- 11. <u>California Law</u>: This Agreement shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the Parties shall be governed by, and construed and enforced in accordance with, the laws of the State of California. The Parties agree that any legal proceedings regarding this Agreement shall only be instituted in the state courts of the State of California for Los Angeles County.
- 12. <u>Legal Representation</u>: Each Party acknowledges that it has been represented by counsel, or has had counsel available to them, throughout the pendency of the negotiations of this Agreement. The Parties each agree that they are to be considered mutual authors of this Agreement.
- 13. <u>Authority to Execute</u>: Each individual executing this Agreement represents and warrants that he or she is duly authorized to execute this Agreement and that it is binding in accordance with its terms. Each of the Parties warrants that they are the true holders of all rights and remedies which they purport to release, and that they have not assigned or transferred any of those rights or remedies to any other individuals and/or entities.
- 14. <u>Execution</u>: This Agreement may be executed in counterparts which, when taken together, shall constitute one original agreement. An electronic or facsimile signature shall be deemed the same as, and valid as if it were, an original signature.

DATED: August 13, 2013	MOUNTAINS RECREATION AND CONSERVATIO AUTHORITY
	By- Z-L
	Name: Lacrostone
•	Title: Charles DARCA
DATED: August, 2013	SANTA MONICA MOUNTAINS CONSERVANCY
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	Namez
· · · · · · · · · · · · · · · · · · ·	Title:
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DATED: August 2013	CITY OF WHITTIER AND CITY COUNCIL OF THI CITY OF WHITTIER
• •	Ву)
•	Name:
	Title:
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DATED: August, 2013	MATRIX OIL CORPORATION
•	By
V .	
	Name:Title:
DATED: August:, 2013	CLAYTON WILLIAMS ENERGY, INC.
	By:
	Name:
	Title:
**	

DATED: August, 2013	MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
	Ву:
	Name:
	Title
DATED: August _13_, 2013	SANTA MONICA MOUNTAINS CONSERVANCY
	By: MIThinton
	Name: Joseph T. Edmiston
	Title: Executive Director
DATED: August, 2013	CITY OF WHITTIER AND CITY COUNCIL OF THE CITY OF WHITTIER
	Ву:
	Name:
	Title:
DATED; August, 2013	MATRIX OIL CORPORATION
	Ву:
	Name:
	Title:
DATED: August, 2013	CLAYTON WILLIAMS ENERGY, INC.
	By:
	Name:
	Title:

DATED: August, 2013	MOUNTAINS RECREATION AND CONSERVATIO AUTHORITY
	By:
	Name:
	Title:
DATED: August, 2013	SANTA MONICA MOUNTAINS CONSERVANCY
	By:
	Name:
	Title:
DATED: August <u>/5</u> , 2013	CITY OF WHITTIER /
	By: Herseson
	Name: Bob Henderson
	Title: Mayor
DATED: August, 2013	MATRIX OIL CORPORATION
	By:
•	Name:
	Title:
	•
DATED: August, 2013	CLAYTON WILLIAMS ENERGY, INC.
	By:
	Name:
	Title:

DATED: August, 2013	MOUNTAINS REGREATION AND CONSERVATION AUTHORITY
	By:
	Name:
	Titles
DATED: August, 2013	SANTA MONICA MOUNTAINS CONSERVANCY
	Ву:
	Name:
	Title:
DATED: August, 2013	CITY OF WHITTIER AND CITY COUNCIL OF THE CITY OF WHITTIER
•	Ву
	Name:
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DATED: August 15, 2013	MATRIX OIL CORPORATION
÷	By: 19 Jala
	Name: Johnny Jordan
	Title: President
DATED: August 15, 2013	CLAYTON WILLIAMS ENERGY, INC.
	By A Week - Solle
	Name: T. Mark Tisdak
	Tide: Vice Perident & General Counsel

DATED: August 13, 2013	PIRCHER, NICHOLS & MEEKS
	By: JAMES L. GOLDMAN Attorneys for Petitioner/Plaintiff MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
DATED: August, 2013	KAMALA D. HARRIS ATTORNEY GENERAL OF CALIFORNIA
	By: CHRISTINA BULL ARNOT Supervising Deputy Attorney General Attorneys for Petitioner/Plaintiff SANTA MONICA MOUNTAINS CONSERVANCY
DATED: August, 2013	RICHARDS, WATSON & GERSHON A Professional Corporation
	By: JAMES L. MARKMAN Attorneys for Respondent/Defendant CITY OF WHITTIER and CITY COUNCIL OF THE CITY OF WHITTIER
DATED: August, 2013	LAW OFFICES OF WOOSLEY & PORTER
	By: JORDAN T. PORTER Attorneys for Real Party in Interest MATRIX OIL CORPORATION

DATED: August, 2013	PIRCHER, NICHOLS & MEEKS
	By: JAMES L. GOLDMAN Attorneys for Petitioner/Plaintiff MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
DATED: August 15, 2013	KAMALA D. HARRIS ATTORNEY GENERAL OF CALIFORNIA
	By: CHRISTINA BULL ARNDT Supervising Deputy Attorney General Attorneys for Petitioner/Plaintiff SANTA MONICA MOUNTAINS CONSERVANCY
DATED: August, 2013	RICHARDS, WATSON & GERSHON A Professional Corporation
	By: JAMES L. MARKMAN Attorneys for Respondent/Defendant CITY OF WHITTIER and CITY COUNCIL OF THE CITY OF WHITTIER
DATED: August, 2013	LAW OFFICES OF WOOSLEY & PORTER
	By: JORDAN T. PORTER Attorneys for Real Party in Interest MATRIX OIL CORPORATION

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·	By: JAMES L. GOLDMAN Attorneys for Petitioner/Plaintiff MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
DATED: August, 2013	KAMALA D. HARRIS ATTORNEY GENERAL OF CALIFORNIA
	By: CHRISTINA BULL ARNDT Supervising Deputy Attorney General Attorneys for Petitioner/Plaintiff SANTA MONICA MOUNTAINS CONSERVANCY
DATED: August <u>/5</u> , 2013	RICHARDS, WATSON & GERSHON A Professional Corporation
	By:
DATED: August, 2013	LAW OFFICES OF WOOSLEY & PORTER
	By: JORDAN T. PORTER Attorneys for Real Party in Interest MATRIX OIL CORPORATION

DATED: August, 2013	PIRCHER, NICHOLS & MEEKS
	By: JAMES L. GOLDMAN Attorneys for Petitioner/Plaintiff MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
DATED: August, 2013	KAMALA D. HARRIS ATTORNEY GENERAL OF CALIFORNIA
	By:
DATED: August, 2013	RICHARDS, WATSON & GERSHON A Professional Corporation
	By: JAMES L, MARKMAN Attorneys for Respondent/Defendant CITY OF WHITTIER and CITY COUNCIL OF THE CITY OF WHITTIER
DATED: August <u></u> , 2013	LAW OFFICES OF WOOSLEY & PORTER By: JORDAN T. PORTER
•	Attorneys for Real Party in Interest MATRIX OIL CORPORATION

DATED: August /5, 2013 LAW OFFICES OF WOOSLEY & PORTER

JORDAN T. PORTER

Attorneys for Real Party in Interest CLAYTON WILLIAMS ENERGY, INC.