APPENDIX V – Mineral Report and Remoteness Opinion: Liberty Farms Property, Cantrell & Associates, Inc., August 2017.

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MITCHELL CHADWICK

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September 14, 2017

VIA ELECTRONIC MAIL: DAVID@ECOSYSTEMPARTNERS.COM

David Urban
Ecosystem Investment Partners
2002 Clipper Park Rd, Suite 201
Baltimore, MD 21211

Re: Mineral Report and Remoteness Opinions: Liberty Farms Property

Dear Mr. Urban:

This letter responds to Ecosystem Investment Partners' ("EIP") request to assist with the preparation and review of a mineral report ("Mineral Report") for selected properties (the "Property") identified as APNs 0042-140-140, 0042-140-240, 0042-140-250, 0042-140-070, 0042-140-120, 0042-140-110, 0042-160-170, 0042-160-180 and 0042-160-190, also known as the Liberty Island property. We understand that this letter may be submitted in conjunction with the already submitted Request for Proposal Secondary Number 10127576, regarding habitat restoration within the Sacramento – San Joaquin Delta (Delta) and Suisun Marsh in the lower Sacramento River Basin. A mineral title examination was performed and a mineral report was prepared by a professional landman at Cantrell and Associates, Inc., which report traces the chain of title for severed mineral interests affecting the Property, and identifies the current mineral owners. Additionally, a remoteness opinion (collectively the "Remoteness Opinion") was prepared by Ross Grunwald, P.H.D., a California licensed geologist and certified hydrogeologist, which concluded that future mineral development on the Property was so remote as to be negligible. This letter summarizes the bottom-line conclusions of the attached Mineral Report and Remoteness Opinion.

I. MINERAL REPORT

The mineral rights for the Property are severed, and the current owners of those mineral rights have been identified in the attached Mineral Report. The ownership of the mineral estate for the Property, as determined in the Mineral Report prepared by Cantrell and Associates (August 15, 2017) is set forth below:

A. Mineral Report "A"

The Assessor's Parcel Numbers and their respective acreage for the subject property are:

0042-140-140	160.00
0042-140-230	334.19
0042-140-240	160.00
0042-140-250	160.00
A portion of 0042-140-070	307.50
A portion of 0042-140-120	27.50
	1,149.19

Description of Subject Property

Township 5 North, Range 2 East, M. D. B. & M.
Section 1:
The North Half (N/2);
The Southeast Quarter (SE/4);
The North Half of the North Half of the Southwest Quarter (N/2 N/2 SW/4);
The North Half of the Southwest Quarter of the Northwest Quarter of the Southwest Quarter (N/2 SW/4 NW/4 SW/4);
The Southeast Quarter of the Southwest Quarter of the Northwest Quarter of the Southwest Quarter (SE/4 SW/4 NW/4 SW/4);
The Southeast Quarter of the Northwest Quarter of the Southwest Quarter (SE/4 NW/4 SW/4);
The South Half of the Northeast Quarter of the Southwest Quarter (S/2 NE/4 SW/4);
The Southeast Quarter of the Southwest Quarter (SE/4 SW/4);
The Northeast Quarter of the Southwest Quarter of the Southwest Quarter (NE/4 SW/4 SW/4);
The Northeast Quarter of the Northwest Quarter of the Southwest Quarter of the Southwest Quarter (NE/4 NW/4 SW/4 SW/4); and
The Northeast Quarter of the Southeast Quarter of the Southwest Quarter of the Southwest Quarter (NE/4 SE/4 SW/4 SW/4)
Section 12:
The East Half of the East Half of the East half of the Northwest Quarter (E/2 E/2 E/2 NW/4);
The West Half of the Northeast Quarter of the Northeast Quarter of the Northwest Quarter (W/2 NE/4 NE/4 NW/4);
The Northeast Quarter (NE/4); and
The South Half (S/2)

Note: The above description is the remainder of Sections 1 and 12, after the 640 acres described in the Partial Quitclaim recorded September 25, 1972 in Book 1778; Page 100 is subtracted from the 800 acres described in the Oil and Lease Amendment recorded October 16, 1959 in Book

0996, Page 438; per the Mineral Deed recorded January 10, 1985 as Instrument #01029 and Page #001849

The Mineral Owners of Record:

		INTEREST	GROSS ACRES
1)	Estate of Louis B. Moresco, Deceased c/o 4545 Morada Place Stockton, CA 95215	25.00%	1,149.19
2)	Mark A. Moresco, Trustee of Trust "B" created under the Will of Evelyn L. Moresco dated April 3, 1980 4545 Morada Place Stockton, CA 95215	25.00%	
3)	Joanne Moresco 29 W. Banbury Place Stockton, CA 95207	50.00%	

Title acquired by:
1) Deed recorded July 3, 1973 in Book 1837, Page 240, and August 10, 1979 as Instrument #39371 and Page #067429, Solano County
Note: Neither the Order for the Estate of Louis B. Moresco, Deceased recorded August 18, 2008 as Instrument #08-067326, nor the Deed recorded November 5, 2008 as Instrument #08-088996 describe subject property.
2) Judgement for the Estate of Evelyn L. Moresco, Deceased recorded September 11, 1987 as Instrument #62198 and Page #125926 (by virtue of an Omnibus Clause); Solano County; and the Affidavit of Successor Trustee recorded June 22, 2007 as Instrument #07-116200, San Joaquin County
3) Deeds recorded July 3, 1973 in Book 1837, Page 240, and August 10, 1979 as Instrument #39371 and Page #067429, Solano County

Note:
Subject property is not conveyed to the Moresco 1983 Revocable Trust, and it is not conveyed from the Estate of Louis B. Moresco, Jr., Deceased, of record. The passing of Raymond Moresco is evidenced by the Affidavit - Death of Trustee recorded January 26, 2010 as

Instrument #10-011570, San Joaquin County. A Power of Attorney for Joanne Moresco is recorded November 6, 2008 as Instrument #08-175751, San Joaquin County.

B. Mineral Report "B"

The Assessor's Parcel Numbers and their respective acreage for the subject property are:

A portion of	0042-140-070	27.50
A portion of	0042-140-120	142.50
		160.00

Description of Subject Property

Township 5 North, Range 2 East, M. D. B. & M.
Section 1:
The Southwest Quarter of the Southwest Quarter of the Northwest Quarter of the Southwest Quarter (SW/4 SW/4 NW/4 SW/4);
The West Half of the Northwest Quarter of the Southwest Quarter of the Southwest Quarter (W/2 NW/4 SW/4 SW/4);
The Southeast Quarter of the Northwest Quarter of the Southwest Quarter of the Southwest Quarter (SE/4 NW/4 SW/4 SW/4);
The Southwest Quarter of the Southwest Quarter of the Southwest Quarter (SW/4 SW/4 SW/4);
The West Half of the Southeast Quarter of the Southwest Quarter of the Southwest Quarter (W/2 SE/4 SW/4 SW/4); and
The Southeast Quarter of the Southeast Quarter of the Southwest Quarter of the Southwest Quarter (SE/4 SE/4 SW/4 SW/4)

Section 12:
The West Half of the Northwest Quarter (W/2 NW/4);
The West Half of the Northwest Quarter of the Northeast Quarter of the Northwest Quarter (W/2 NW/4 NE/4 NW/4);
The Southeast Quarter of the Northwest Quarter of the Northeast Quarter of the Northwest Quarter (SE/4 NW/4 NE/4 NW/4);
The Southwest Quarter of the Northeast Quarter of the Northwest Quarter (SW/4 NE/4 NW/4);
The West Half of the Southeast Quarter of the Northeast Quarter of the Northwest Quarter (W/2 SE/4 NE/4 NW/4);
The West Half of the Southeast Quarter of the Northwest Quarter) (W/2 SE/4 NW/4); and
The West Half of the East Half of the Southeast Quarter of the Northwest Quarter (W/2 E/2 SE/4 NW/4)

Note: The above description is the 800 acres described in the Oil and Lease Amendment recorded October 16, 1959 in Book 0996, Page 438; LESS the 640 acres described in the Partial Quitclaim recorded September 25, 1972 in Book 1778; Page 100; per the Mineral Deed recorded January 10, 1985 as Instrument #01029 and Page #001849

The Mineral Owners of Record:

		INTEREST	GROSS ACRES
1)	Larry Moresco 3145 E. Mc Allen Road Stockton, CA 95205	12.50%	160.00
2)	Mark Moresco 4545 Morada Place Stockton, CA 95215	12.50%	
3)	Mark A. Moresco, Trustee of Trust "B" created under the Will of Evelyn L. Moresco dated April 3, 1980 4545 Morada Place Stockton, CA 95215	25.00%	
4)	Joanne Moresco and George Uccelli, as Co-Trustees under the Moresco 1983 Revocable Trust dated August 23, 1983 29 W. Banbury Place Stockton, CA 95207	50.00%	

Title acquired by:
1) Deed recorded November 5, 2008 as Instrument #08-088996, Solano County
2) Deed recorded November 5, 2008 as Instrument #08-088996, Solano County
3) Judgement for the Estate of Evelyn L. Moresco, Deceased recorded September 11, 1987 as Instrument #62198 and Page #125926 (by virtue of an Omnibus Clause); Solano County; and the Affidavit of Successor Trustee recorded June 22, 2007 as Instrument #07-116200, San Joaquin County
4) Deed recorded January 10, 1985 as Instrument #01029 and Page #001849, Solano County; and the Affidavit Change of Trustee recorded April 22, 2009 as Instrument #09-060968, the

Certification of Trust recorded April 22, 2009 as Instrument #09-060969, and the Affidavit - Death of Trustee recorded January 25, 2010 as Instrument #10-011570, San Joaquin County

C. Mineral Report "C"[1]

The Assessor's Parcel Numbers and their respective acreage for the subject property are:

0042-140-110	68.37
0042-160-170	151.08
0042-160-180	161.84
	381.29

Description of Subject Property

Township 5 North, Range 2 East, M. D. B. & M.
Sections 13, 14, and 24: Swamp and Overflowed Land Surveys # 323, 465, 600 and 625

Section 11: All of Swamp and Overflowed Land Survey #37
EXCEPTING therefrom the following two parcels:

Parcel 1:
Beginning at the southwesterly corner of land of Sullivan and Sullivan, Theodore J. Roche and the Wineman tract, so called the mean high water mark on the easterly bank of Hass Slough and running thence along the mean high water line on the easterly bank of said Hass Slough, southerly to the mean high water line of the northeasterly bank of Cache Slough, thence along the mean high water line of said Cache Slough, southerly to the mean high water line of the westerly bank of Lookout Slough, thence along the mean high water line on the westerly and northwesterly bank of Lookout Slough, northerly and northeasterly to the South line of the said Wineman tract; thence along the South line of said Wineman Tract westerly 2,650 feet, more or less to the point of beginning.

Parcel 2:
An Island further described as:
Commencing at an iron screw gate on the North base of the levee near the mouth of Lookout Slough; thence South 49° East 308 feet to a point located on the northwesterly bank of Lookout Island being the true point of beginning; thence along the meanders of the Slough bank of Lookout Island South 41° 10' West 120 feet; thence South 11° 20' East 209 feet; thence South 50° East 138 feet; thence South 59° East 177 feet to the extreme southerly point of Island; thence

[1] The attached Mineral Title Report inadvertently included APN 0042-160-190 in its analysis.

North 42° 10' East 168 feet to cut; thence along the West side of dredger cut North 03° 30' East 415 feet; thence North 04° 20' East 245 feet to the extreme North part of the Island; thence along the southerly bank of Lookout Slough South 82° West 140 feet; thence South 62° 10' West 174 feet; thence South 36° 30' West 225 feet to the true point of beginning.

The Mineral Owners of Record:

		INTEREST	GROSS ACRES
1)	Larry Moresco 3145 E. Mc Allen Road Stockton, CA 95205	12.50%	381.29
2)	Mark Moresco 4545 Morada Place Stockton, CA 95215	12.50%	
3)	Mark A. Moresco, Trustee of Trust "B" created under the Will of Evelyn L. Moresco dated April 3, 1980 4545 Morada Place Stockton, CA 95215	25.00%	
4)	Joanne Moresco 29 W. Banbury Place Stockton, CA 95207	50.00%	

Title acquired by:
1) Deed recorded November 5, 2008 as Instrument #08-088996, Solano County
2) Deed recorded November 5, 2008 as Instrument #08-088996, Solano County
Note: Neither the Order for the Estate of Louis B. Moresco, Deceased recorded August 18, 2008 as Instrument #08-067326, nor the Deed recorded November 5, 2008 as Instrument #08-088996 list Swamp & Overflowed Land Survey #465.
3) Judgement for the Estate of Evelyn L. Moresco, Deceased recorded September 11, 1987 as Instrument #62198 and Page #125926 (by virtue of an Omnibus Clause); Solano County; and the Affidavit of Successor Trustee recorded June 22, 2007 as Instrument #07-116200, San Joaquin County

4) Deeds recorded July 3, 1973 in Book 1837, Page 240, and August 10, 1979 as Instrument #39371 and Page #067429, Solano County

Note:
Subject property is not conveyed to the Moresco 1983 Revocable Trust. The passing of Raymond Moresco is evidenced by the Affidavit – Death of Trustee recorded January 26, 2010 as Instrument #10-011570, San Joaquin County. A Power of Attorney for Joanne Moresco is recorded November 6, 2008 as Instrument #08-175751, San Joaquin County.

D. Mineral Interest Disposition

For all mineral owners stated above:
"All oil, gas, casinghead gas, asphaltum, and other hydrocarbons and all chemicals, gas and other minerals found situate …";

As reserved in the Deed recorded August 10, 1979 as Instrument #79-039731
Instrument # 82-043378 and Deed recorded November 21, 2006 as Instrument #06-148173

E. Mineral/Pipeline Leases

In the course of title research, Cantrell and Associates Inc. identified several mineral leases relating to the Property. We expect that these leases are terminated due to longstanding non-production on the Property. The identified mineral leases are set forth in the attached Mineral Report.

F. Purchase of Severed Mineral Interests

The EIP team is in the process of negotiating the purchase of the severed mineral rights from the mineral estate owners.

II. REMOTENESS OPINION

A Remoteness Opinion was prepared for the Property by Ross Grunwald, P.H.D., licensed geologist, who is an expert in the field of evaluating properties' potential for mineral development. (Evaluation of Mineral and Petroleum Potential of Proposed Moresco Conservation Easement, GeoResource Management, September 12, 2017.) The western half of the property is at the southern end of a gas production field in which numerous natural gas wells were drilled. (Remoteness Opinion, p. 1.) All wells on the property have been plugged and abandoned. (Remoteness Opinion, p. 4.)

The Remoteness Opinion concludes that future oil & gas production on the property is so remote as to be negligible for the following reasons: (1) water injection no longer appeared to have any effect on increasing gas yield; (2) the volume of gas produced from the field has dropped off dramatically over the past decade, and no production has been recorded since 2010; (3) the gas producing zone was deep, at over 5,000 feet below the surface, which makes these relatively expensive wells to drill; (4) all wells in the property area have been plugged and abandoned; (5) all wells in the larger gas field have been plugged and abandoned with the exception of five, four of which are listed as idle by the California Department of Conservation, Division of Oil, Gas, & Geothermal Resources; (6) only one well, nearly 3 miles north of the property, is listed as active – however no production is shown at any well since 2009; and (7) development of future wells in the property area is unlikely due to the high cost of drilling wells and the limited yield of gas from the formations.

Sincerely,

MITCHELL CHADWICK LLP



G. Braiden Chadwick

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