This Settlement Agreement (Agreement) is entered into between the STATE OF CALIFORNIA AIR RESOURCES BOARD (ARB) and SELF SERVE PETROLEUM, INC. (the Company), 1045 Airport Boulevard, Suite 12, South San Francisco, California 94080.

RECITALS

1. The Global Warming Solutions Act of 2006 authorized ARB to adopt regulations requiring the reporting and verification of greenhouse gas emissions. (Health & Saf. Code §38530.) Pursuant to that authority, ARB adopted the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions (MRR), California Code of Regulations (CCR), title 17, §95100 et seq.

2. The MRR is crucial to the development of the greenhouse gas (GHG) inventory, and supports other regulatory programs, including the cap on GHG emissions established by CCR, title 17, §95801 et seq., known as the Cap-and-Trade Regulation. The MRR requires most reporting entities to submit, by April 10 of each year, an emissions data report containing emissions and product data that is certified to be complete and accurate within stated standards. (CCR, tit. 17, §95103.) The April 10 deadline is intended to precede other regulatory events later in the year, such as verification under the MRR, and the distribution of allowances and surrender of compliance instruments under the Cap-and-Trade Regulation.

3. Where a report required under the MRR is late or does not meet the regulation's standards for accuracy, completeness, or third-party verification, the MRR provides that each day a report remains unsubmitted, incomplete or inaccurate constitutes a separate violation. (CCR, tit. 17, §95107.)

4. California Health & Safety Code sections 38580 and 42402 provide that one who violates the MRR or related regulations is strictly liable for a penalty of up to $10,000 for each violation.

5. ARB contends that for the reporting period 2013 the Company failed to timely report the emissions associated with the transportation fuel it supplied, as required by the MRR. The report was ultimately submitted 195 days late.

6. In reaching this settlement, ARB considered a variety of circumstances, including the size and complexity of the violator's operations, the nature, magnitude, and duration of the violation, any harm to the environment or the regulatory program, efforts the violator took to prevent the violation and to correct it, and the financial burden to the violator.

7. In this matter, there were a number of mitigating factors, including that this is the first time ARB has noted the Company as being in violation, the Company did not profit from its violation in that the Company had no compliance obligation under the Cap-and-Trade regulation for the emissions that were reported late, and the Company's operations are modest.

8. To resolve these alleged violations, the Company has taken, or agreed to take, the actions enumerated below. ARB accepts this Agreement in termination and settlement of this matter.

9. In consideration of the foregoing, and of the promises and facts set forth herein, the parties desire to settle and resolve all claims, disputes, and obligations relating to the above-listed violations, and voluntarily agree to resolve this matter by means of this Agreement. Specifically, ARB and the Company agree as follows.

TERMS

10. On or before January 31, 2016, the Company shall deliver a cashier's check or money order in the sum of $165,000.00 made payable to the "Air Pollution Control Fund" together with the transmittal form, Attachment A hereto.

The check should note "Self Serve Petroleum 2013 MRR settlement" in the memo section. Please submit the signed settlement agreement, transmittal form, and check to:

Air Resources Board, Accounting Office
P.O. Box 1436
Sacramento, CA 95812-1436

Please send a copy of the settlement agreement and check to:

William Brieger
Air Resources Board
P.O. Box 2815
Sacramento, CA 95812-2815

11. It is further agreed that the penalties described in the prior paragraph are punitive in nature, rather than compensatory, and payable to a governmental unit. Therefore, it is agreed that these penalties imposed on the Company by ARB arising from the facts described in recital paragraphs 1 – 9 are non-dischargeable under 11 United States Code § 523 (a)(7).

12. The Company shall not violate the MRR, CCR title 17, section 95100 *et seq.*

13. The Company shall sign and return by December 15, 2015, the Acknowledgement of Continued Reporting Duty, Attachment B, hereto.

14. This Agreement shall apply to and be binding upon the Company, and its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations and upon ARB and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement.

15. This Agreement constitutes the entire agreement and understanding between ARB and the Company concerning the subject matter hereof, and supersedes all prior

negotiations and agreements between ARB and the Company concerning the subject matter hereof.

16. No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, is valid or enforceable unless it is in writing and signed by all parties to this Agreement.

17. Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement remains in full force and effect.

18. This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice-of-law rules.

19. This Agreement is deemed to have been drafted equally by the Parties; it will not be interpreted for or against either party on the ground that said party drafted it.

SB 1402 STATEMENT

20. Health & Safety Code section 39619.7 requires ARB to explain the manner in which the penalty was determined, the law on which it is based, and whether that law prohibits emissions at a specified level. The Company acknowledges that ARB has complied with section 39619.7 in investigating, prosecuting and settling this case. Specifically, ARB has considered all relevant facts, including those listed at Health & Safety Code section 42403, has explained the manner in which the penalty amount was calculated, has identified the provision of law under which the penalty is being assessed, which provision does not prohibit the emission of pollutants at a specified level. That information, some of which is also elsewhere in this settlement agreement, is summarized here.

The manner in which the penalty was determined, including any per-unit penalty. Penalties must be set at levels sufficient to deter violations. The penalties in this matter were determined based on all relevant circumstances, including the unique circumstances of this case, giving consideration to the eight factors specified in Health & Safety Code section 42403. Consideration was given to the reporting entity's size and complexity, the extent to which the reporting deviated from MRR requirements, the cause of any errors and omissions, and whether emissions were over reported or under reported. Those circumstances were considered together with the need to remove any economic benefit from noncompliance, the goal of deterring future violations and obtaining swift compliance, penalties sought in other cases, and the potential costs and risk associated with litigating these particular violations. Penalties in future cases might be smaller or larger.

In this matter the penalty equates to approximately $846 for each day that the report was late or inaccurate. The penalty was discounted based on the fact that the violation was a first time violation for this company, the Company did not benefit from its violation, and circumstances suggest that the reporting error may have resulted from a misunderstanding.

The legal provisions under which the penalty was assessed and why those provisions are appropriate. The penalty is based on Health & Safety Code section 42402 and CCR, title 17, section 95107, the provisions intended to govern MRR violations.

Whether the governing provisions prohibit emissions at a specified level. The MRR does not prohibit emissions above a stated level, but Health & Safety Code section 38580(b)(2) specifies that violations of any regulation under the Global Warming Solutions Act of 2006 shall be deemed to result in an emission for purposes of the governing penalty statutes.

21. The penalty was based on confidential settlement communications between ARB and the Company that ARB does not retain in the ordinary course of business. The penalty is the product of an arms length negotiation between ARB and the Company and reflects ARB's assessment of the relative strength of its case against the Company, the desire to avoid the uncertainty, burden and expense of litigation, obtain swift compliance with the law and remove any unfair advantage that the Company may have secured from its actions.

22. In consideration of the penalty payment and undertaking in paragraph 13, above, ARB hereby releases the Company and its officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations from any claims the ARB may have based on MRR violations preceding January 1, 2015, including the circumstances described in paragraph 5, above.

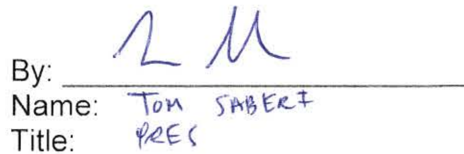
23. The undersigned represent that they have the authority to enter into this Agreement.

California Air Resources Board

By: ______________________
Richard Corey
Executive Officer

Date: 1/8/2016

Self Serve Petroleum, Inc.



By: ______________________
Name: TOM SABERI
Title: PRES

Date: 12/29/15

Acknowledgment of Continued Duty to Report

Under the Mandatory Greenhouse Gas Reporting Regulation (MRR)

For several years Self Serve Petroleum was a fuel supplier within the meaning of the California Code of Regulations, title 17, sections 95101(c) and 95102(a)(207). For the year 2014, Self Serve Petroleum reported emissions of zero. Nevertheless, Self Serve Petroleum is obligated to report for 2015 and 2016. MRR section 95101(h) provides in pertinent part:

(h) *Cessation of Reporting.* A facility operator or supplier who is not subject to the cap-and-trade regulation, whose emissions fall below the applicable emissions reporting thresholds of this article and who wishes to cease annual reporting must comply with the requirements specified in section 95101(h). A reporting entity that is subject to the cap-and-trade regulation must follow the requirements in section 95812 and continue to comply with all reporting requirements until there is no longer a compliance obligation. If the compliance obligation ceases, the reporting entity must still follow the requirements in section 95101(h) before ceasing to comply with the reporting requirements of this article. The operator or supplier must provide the letter notifications specified below to the address indicated in section 95103 of this article.

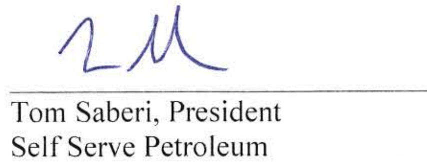
(1) For facilities with source categories in section 95101(a)(1)(A) that are subject to the requirements of this article regardless of emissions level, cessation of reporting provisions in section 95101(h)(1) apply, but the 2011 data year is the earliest year that criteria for cessation can be applied. If reported emissions are less than 10,000 metric tons of CO_2e per year for three consecutive years, then the owner, operator, or supplier may discontinue complying with this article provided that the owner, operator, or supplier submits a notification to ARB that announces the cessation of reporting and explains the reasons for the reduction in emissions. The notification must be submitted no later than March 31 of the year immediately following the third consecutive year in which emissions are less than 10,000 metric tons of CO_2e per year. The owner, operator, or supplier must maintain the corresponding records required under section 95103 for each of the three consecutive years and retain such records for five years following the year that reporting was discontinued. The owner, operator, or supplier must resume reporting if annual emissions in any future calendar year increase to 10,000 metric tons of CO_2e per year or more.

(2) If the operations of a facility or supplier are changed such that all applicable GHG-emitting processes and operations listed in paragraph (a)(1) of this section cease to operate or are permanently shut down, the owner, operator, or supplier must submit an emissions data report for the year in which a facility or supplier's GHG-emitting processes and operations ceased to operate, and for the first full year of non-operation that follows. The owner, operator, or supplier must submit a notification to ARB that announces the cessation of reporting and certifies to the closure of all GHG-emitting processes and operations no later than March 31 of the year following such

changes. Paragraph 95101(h)(2) does not apply to seasonal or other temporary cessation of operations. The owner, operator, or supplier must resume reporting for any future calendar year during which any of the GHG-emitting processes or operations resume operation and are subject to reporting pursuant to section 95101(a)(1).

I understand that Self Serve Petroleum is obligated to submit GHG emissions reports on or before April 10th in 2016 and 2017.

Dated: 12/29/15



Tom Saberi, President
Self Serve Petroleum