

EXHIBIT 1



County of Santa Barbara Planning and Development

Lisa Plowman, Director

Jeff Wilson, Assistant Director

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September 21, 2023

John Fowler
Pacific Pipeline Company
ExxonMobil Pipeline Company
22777 Springwoods Village Parkway
E3.5A.537
Spring, Texas 77389

BOARD OF SUPERVISORS
HEARING OF SEPTEMBER 19, 2023

**RE: Board Action Letter
for the Appeal of the Change of Ownership, Change of Guarantor, and Change of Operator
of the Las Flores Pipeline System (formerly AAPL Lines 901/903); 88-DPF-033 (RV01)z, 88-
CP-60 (RV01), 88-DPF-25cz, 85-DP-66cz, 83-DP-25cz
Case No. 23APL-00027**

Hearing on the request of A. Barry Cappello, Appellant, to consider the appeal, Case No. 23APL-00027, of the Planning Commission's June 14, 2023 approval of the Pacific Pipeline Company (PPC) and ExxonMobil Pipeline Company (EMPCo) County Code Chapter 25B Permit Amendment for Final Development Plan (FDP) Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01) (88-DPF-25cz; 85-DP-66cz; 83-DP-25cz) of the following:

- a) A Change of Ownership of the All American Pipeline L.P. (AAPL) 901 and 903 Pipeline System (Las Flores Canyon to Pentland) from Plains Pipeline L.P. (Plains) to PPC;
- b) A Change of Guarantor of AAPL Lines 901 and 903 from Plains to ExxonMobil Corporation; and
- c) A Change of Operator of AAPL Lines 901 and 903 from Plains to EMPCo.

The request involves a linear pipeline system crossing various Assessor Parcels within the First, Third, and Fourth Supervisorial Districts. Documents related to this request may be reviewed at the Planning and Development Department located at 123 East Anapamu Street, Santa Barbara, or on the County website at <https://www.countyofsb.org/3773/Plains-Pipeline-901903-Permit-Transfer>.

Dear Mr. Fowler:

On September 19, 2023, the Board of Supervisors took the following actions on Case No. 23APL-00027, which is an appeal of the Planning Commission's approval of the Change of Ownership, Change of Guarantor, and Change of Operator of the Las Flores Pipeline System (formerly AAPL Lines 901/903). Supervisor Nelson moved, seconded by Supervisor Lavagnino and carried by a vote of 4 to 0 (Hartman recused) to:

1. Deny the appeal, Case No. 23APL-00027;
2. Make the required findings for approval for the Change of Ownership, Change of Guarantor, and Change of Operator, including CEQA findings;
3. Determine that the request is not a project pursuant to CEQA Guidelines Section 15378(b)(5); and
4. Grant *de novo* approval of the Change of Ownership, Change of Guarantor, and Change of Operator for Final Development Plan Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz), subject to the Conditions of Approval.

The attached findings and conditions reflect the Board of Supervisors actions of September 19, 2023.

Sincerely,



Lisa Plowman
Director

cc: Case File: Jacquelynn Ybarra, Planner
Fire Department
County Planning Commission

**Attachments: Attachment A – Findings
 Attachment B – Conditions of Approval**

ATTACHMENT A: FINDINGS OF APPROVAL

1.0 CEQA FINDINGS

1.1 CEQA EXEMPTION

The Board of Supervisors finds that the proposed project is not subject to the requirements of the California Environmental Quality Act (CEQA), as it does not constitute a “project”, as defined by CEQA Guidelines Section 15378(b)(5). Please see Attachment C, Notice of Exemption.

2.0 ADMINISTRATIVE FINDINGS

The Board Agenda Letter dated September 19, 2023 for the Appeal of the Planning Commission Approval of the Change of Ownership, Change of Guarantor, and Change of Operator for the Las Flores Pipeline System (formerly Plains All American Lines 901/903), Final Development Plan (FDP) Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01) (88-DPF-25cz; 85-DP-66cz; 83-DP-25cz) is incorporated by reference herein.

2.1 CHANGE OF OWNER, OPERATOR, OR GUARANTOR FOR CERTAIN OIL AND GAS FACILITIES

2.1.1 Findings required for Change of Owner. *In compliance with Section 25B-9(a) of the County Code, prior to the approval of an application for a change of owner, the director shall make the following findings:*

(1) Fees and Exactions. All outstanding county required fees and exactions due for the facility have been paid.

The requirements of this finding are satisfied. Planning and Development has verified with Accounting staff that no outstanding payments are due for the facility, or related planning and compliance cases.

(2) Financial Guarantees. All necessary insurance, bonds or other instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance have been updated, if necessary, to reflect the new owner(s) and will remain in full effect following the ownership change.

The requirements of this finding are satisfied. Previously required bonds and endowments under the FDP Permit have been satisfied and none remain outstanding. The FDP Permit does not require the Owner, Guarantor, Operator to carry insurance or other financial responsibility (e.g. surety bond) to cover oil spills or other damages, or for the final abandonment of the pipelines. After final abandonment, the Owner will

continue to pay property taxes until site restoration is complete in accordance with FDP Permit Condition O-1.

(3) Acceptance of Permit. The proposed owner has provided a letter from a responsible official representing the proposed owner formally accepting all conditions and requirements of the permit.

The requirements of this finding are satisfied. PPC and EMPCo provided a signed and notarized Agreement to Comply with Conditions of Approval dated November 1, 2022 accepting all conditions and requirements of the permit. The Agreement was recorded with the County Clerk-Recorder's office on May 8, 2023 as an official record. The Agreement is provided in Attachment D of the Planning Commission Staff Report dated June 6, 2023, and is included herein by reference.

(4) Facility Safety Audit. The current owner or operator has provided a copy of the most recent county-conducted comprehensive safety audit of the physical facility, along with a description of the status of implementing its recommendations, to the new or proposed new owner(s). A safety inspection maintenance and quality assurance program (SIMQAP) audit approved by the appropriate county official shall satisfy this requirement.

The requirements of this finding are satisfied. The 1988 settlement agreement between the County and Celeron Pipeline Company/Getty Trading and Transportation Company determined that the County does not have the jurisdiction to regulate any aspect of the design, construction, or operation of the pipeline which was already covered by the federal Pipeline and Hazardous Materials Safety Administration (PHMSA) under 49 C.F.R. Part 195 (*Transportation of Hazardous Liquids by Pipeline*). The settlement agreement determined that this authority rests exclusively with PHMSA and now, the CAL FIRE Office of the State Fire Marshal (OSFM).

Title 49 §§ 195.450 and §§ 195.452 require that pipeline operators implement both internal (operator-conducted) and external (agency-conducted) audits. As PHMSA and OSFM conduct audits of the pipeline system, it is not subject to County-conducted safety audits. Consequently, there is no County-conducted audit available.

The existing owner (Plains) has satisfied the County's requirement to provide audit information to the pending owner (PPC). PPC confirmed that Plains provided copies of the most recent PHMSA and OSFM-conducted audits from at least 2018 through 2021. Planning and Development confirmed with OSFM that the audits took place. A summary of PHMSA and OSFM safety audits are presented in section 6.2 of the Planning Commission Staff Report dated June 6, 2023, included herein by reference.

(5) Compliance With Existing Requirements. As of the date that the application is deemed complete, the current owner(s) are in compliance with all requirements of the permit, including any requirement of a county-required safety audit, any notice of violation, and any county ordinance, or the current and proposed owner(s) have entered into a written agreement with the Director that specifies an enforceable schedule to come into compliance with such requirements.

The requirements of this finding are satisfied. Plains is in compliance with all requirements of the FDP Permit, including Condition P-2 which requires a Safety, Inspection, Maintenance, and Quality Assurance Program (SIMQAP) for the pump stations, valves, and pipelines. A draft SIMQAP was provided to the County on March 10, 2023, and was reviewed by the County's Systems Safety & Reliability Review Committee (SSRRC). A final SIMQAP was provided to the County on May 12, 2023, satisfying this condition. The final SIMQAP is included in Attachment F to the Planning Commission Staff Report dated June 6, 2023, and is included herein by reference. Plains is also in compliance with all other FDP Permit Conditions, including Conditions A-7 and A-20 regarding the project description, and Conditions J-5, J-7, J-10, and J-11 relating to pipeline easements, which were raised as public concerns.

2.1.2 Findings required for Change of Guarantor. *In compliance with Section 25B-9(e) of the County Code, prior to the approval of an application for a change of guarantor, the director shall make the following findings:*

(1) Financial Guarantees. The proposed guarantor has provided all necessary instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance.

ExxonMobil Corporation is the Guarantor for the Las Flores Pipeline facilities. The requirements of this finding are satisfied, as discussed under the similar finding for Change of Owner in Finding 2.1.1 (2).

2.1.3 Findings required for Change of Operator.

(a) In compliance with Section 25B-10 of the County Code, the planning commission shall approve an application for change of operator only if the planning commission makes the following findings.

(1) Fees and Exactions. All outstanding county required fees and exactions due for the facility have been paid.

ExxonMobil Pipeline Company (EMPCo) is the Operator of the Las Flores Pipeline facilities. The requirements of this finding are satisfied, as discussed under the similar finding for Change of Owner in Finding 2.1.1 (1).

(2) Financial Guarantees. All necessary insurance, bonds or other instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance have been updated, if necessary, to reflect the new operator and will remain in full effect following the operator change.

The requirements of this finding are satisfied, as discussed under the similar finding for Change of Owner in Finding 2.1.1 (2).

(3) Acceptance of Permit. The proposed operator has provided a letter from a responsible official representing the proposed operator formally accepting all conditions and requirements of the permit.

The requirements of this finding are satisfied, as discussed under the similar finding for Change of Owner in Finding 2.1.1 (3).

(4) Facility Safety Audit. The current owner or operator has provided a copy of the most recent county-conducted comprehensive safety audit of the physical facility, along with a description of the status of implementing its recommendations, to the proposed new operator. A safety inspection maintenance and quality assurance plan audit approved by the appropriate county official shall satisfy this requirement.

The requirements of this finding are satisfied, as discussed under the similar finding for Change of Owner in Finding 2.1.1 (4).

(5) Compliance with Existing Requirements. As of the date that the application is deemed complete, the current operator is in compliance with all requirements of the permit, including any requirements of a county-required safety audit, any notice of violation, and any county ordinance, or the owner and proposed operator have entered into a written agreement with the director that specifies an enforceable schedule to come into compliance with such requirements.

The requirements of this finding are satisfied, as discussed under the similar finding for Change of Owner in Finding 2.1.1 (5).

(6) Compliance Plans. The current owner and proposed operator have updated, where applicable, any existing, approved safety inspection maintenance and quality assurance program, emergency response plan, fire protection plan, and oil spill contingency plan, or equivalent approved plans, with current emergency contact information pertaining to the new operator. The current owner and

proposed operator have agreed in writing to revise all other plans required by the permit or any county ordinance, as necessary to reflect the change of operator, and to do so with sufficient diligence to obtain approval of the revised plans by the appropriate county official within six months after assuming operations.

The requirements of this finding are satisfied. County staff confirmed that all relevant compliance plans have been updated with the current emergency contact information pertaining to PPC, EMPCo and/or ExxonMobil as Owner, Operator, and Guarantor respectively. Compliance Plans are included as Attachment F to the Planning Commission Staff Report dated June 6, 2023 and are incorporated by reference.

(7) Transitional Plan. The current owner or operator and proposed operator have submitted a transitional plan that will demonstrate the proposed operator shall receive adequate training, including by means of cross training by the current operator, where feasible, and shall have a good working knowledge of the crucial compliance plans listed in Sec. 25B-10.1.f before assuming control of operations. The plan has been approved by the director. The planning commission may exempt the current owner and proposed operator from this requirement, or portions thereof, for good cause.

The requirements of this finding are satisfied. Plains and PPC submitted a comprehensive Transitional Plan describing the general strategy taken for the transition from Plains to PPC and EMPCo, a description of the pipeline system and general operating procedures, how the system is staffed and operated, and facility-specific transition and training activities. The Transitional Plan is included as Attachment E to the Planning Commission Staff Report dated June 6, 2023 and is incorporated by reference herein.

(8) Emergency Response Plan Drills. The proposed operator has adequately performed one or more county approved emergency response plan drills necessary to respond to emergency episodes that may occur at the facility.

The requirements of this finding are satisfied. PPC submitted an Incident Contingency Plan (ICP) that combines the once separate Emergency Response, Fire Protection, and Oil Spill Contingency plans for the Las Flores Pipeline system. PPC and EMPCo held a comprehensive ICP training exercise and emergency response drill on February 9, 2023 in coordination with the County Fire Department's Office of Emergency Services, the California Department of Fish and Wildlife's Office of Spill Prevention and Response (OSPR), OSFM, PHMSA, and the U.S. Environmental Protection Agency (EPA). Planning and Development confirmed with the County Fire Department in attendance that the emergency response drill was completed in accordance with County requirements, and that no outstanding issues were identified.

(9) Operator Capability. The proposed operator has the skills and training necessary to operate the permitted facility in compliance with the permit and all applicable county codes and has a good working knowledge of the crucial compliance plans listed in Sec. 25B-10.1.f. The director shall require relevant records of compliance, and corrective actions taken subsequent to any major incidents for facilities, if any, that are similar in nature to those that are the subject of the permit, as may be necessary to make findings. These records shall be used to provide sufficient assurance that the proposed operator does not reflect a record of non-compliant or unsafe operations systemic in nature for similar facilities to those being considered for operatorship.

The requirements of this finding are satisfied. EMPCo has been in operation since December 26, 1941. EMPCo operates similar pipelines and related facilities in other states, and operates over 1,000 miles of crude oil pipelines. EMPCo has had zero major incidents involving crude oil pipelines and facilities within the U.S. over the past five years (2018 – 2023).

The Las Flores Pipeline System has five full-time-equivalent EMPCo employees in addition to contracted personnel and specialists. EMPCo employees are trained under the ExxonMobil Operations Integrity Management System (OIMS), which is included in Attachment D of the Planning Commission Staff Report dated June 6, 2023. Las Flores Pipeline employees have also been trained on the site-specific Incident Contingency Plan and other facility-specific Compliance Plans, and participated in a February 2023 emergency response drill.

**LAS FLORES PIPELINE SYSTEM
FINAL DEVELOPMENT PLAN CONDITIONS**

**88-DPF-033 (RV01)z, 88-CP-60 (RV01)
(88-DPF-25cz; 85-DP-66cz; 83-DP-25cz)**

December 12, 1988 Modified May 2003

**(Modified on September 19, 2023 with the Change of Ownership, Change of Guarantor, and
Change of Operator for the Las Flores Pipeline System [Lines 901/903])**

Table of Contents

A. GENERAL	1
A-1. Acceptance of Permit Conditions	1
A-2. Grounds for Permit Modification or Revocation	1
A-3. Court Costs	1
A-4. Costs of Implementing and Enforcing Conditions	1
A-5. Civil Penalties	2
A-6. Access to Records and Facilities	2
A-7. Substantial Conformity	2
A-8. Authority for Curtailment	2
A-9. Conditions Separately Remain in Force	3
A-10. Conflicts Between Conditions	3
A-11. Injunctive Relief	4
A-12. Owner/Operator Liability	4
A-13. Facility Throughput and Source Limits	4
A-14. Pipeline Alignment	4
A-15. Permit Violations	4
A-16. Board of Supervisors Authority to Change County Department Responsible for Condition	5
A-17. Fees as Mitigation Measures	5
A-18. Payment of Attorney's Fees and Costs	5
A-19. Applicability of Conditions to Construction and Operation	5
A-20. Project Description	5
A-21	6
A-22	6
A-23	6
A-24	6
A-25	7
A-26	7
A-27	7
A-28	7
A-29	7
A-30	8
A-31	8
B. PERMIT REVIEW	8
B-1. System Safety and Reliability Review Committee (SSRRC) Review Prior to Construction	8
B-2. Imposition of New and Comprehensive Review of Conditions	8
B-3. Authority to Impose Feasible Mitigations	8
B-4. Coordination Plan for the Use of a Shared Pipeline Corridor	9
B-5. Resolution of Scheduling Conflicts Among Conditions of Approval	9
B-6. Cooperation with San Luis Obispo County for Pipeline Permitting	9
B-7. P&D Authorization Prior to Construction	9
B-8. P&D Authorization Prior to Start-Up	10
B-9. Adequacy of Submittals to be Determined by the Planning Commission	10
C. MANAGEMENT	10
C-1. Environmental Quality Assurance Program (EQAP)	10
C-2. 24-Hour Emergency Contact	12
C-3. Provide Copies of Permits to P&D	12
D. AIR QUALITY	12
D-1. Statement of Scope	12
D-2. Authority to Construct	12
D-3. Agreement to Implement All Air Pollution Control Procedures	12

D-4.	Emissions Mitigation	12
D-5.	Deleted.....	13
D-6.	Validation Information	13
D-7.	Discharge Limitations.....	13
D-8.	Mitigation Plan for Construction Air Quality Impacts.....	13
D-9.	.....	13
D-10.	.....	13
D-11.	.....	14
D-12.	.....	14
D-13.	.....	14
E.	GEOLOGY	14
E-1.	Geologic Investigation, Design and Mitigation Program.....	14
E-2.	Geologic Hazard Monitoring Program	15
E-3.	Inspection of Trench Prior to Pipeline Installation	16
E-4.	Isolation Valves at Active Fault Crossings	16
E-5.	Sisquoc Pump Station Grading and Erosion Control Plan	16
E-6.	Cooperation with San Luis Obispo County for Cuyama River Crossing.....	16
E-7.	South Coast Pump Stations Location	17
E-8.	Stockpiling of Earth Materials During Construction	17
E-9.	Storage of Pipe During Construction	17
E-10.	.....	17
E-11.	.....	17
E-12.	.....	17
E-13.	.....	18
F.	SURFACE AND GROUNDWATER	18
F-1.	Downstream Flows During Construction	18
F-2.	Sediment Retention Devices During Construction	18
F-3.	Stream and River Crossings During Construction	18
F-4.	Riparian Habitat Corridors During Construction	18
F-5.	Construction Contractors at Stream Crossings During Construction.....	18
F-6.	Deleted	19
F-7.	Isolation Valves at Perennial Stream and River Crossings	19
F-8.	Freshwater Source During Construction.....	19
F-9.	Hydrogeologic Investigations for Sensitive Areas.....	19
F-10.	Dam and Ditch Plugs in Pipeline Trenches by Aquifers.....	20
F-11.	SSRRC Approval for All Creek and River Crossing Plans	20
G.	AQUATIC BIOLOGY	20
G-1.	Oil Spill Response Plan	20
G-2.	.....	20
G-3.	.....	20
H.	TERRESTRIAL BIOLOGY.....	21
H-1.	Restoration, Erosion Control and Revegetation Plan.....	21
H-1(j)	modified 12/16/92	21
H-2.	Impact Survey One Year After Construction.....	22
H-3.	Sensitive Habitat Areas.....	22
H-4.	Additional Mitigation	22
H-5.	Deleted.....	22
H-6.	Herbicides During Construction	22
H-7.	Fish and Game Permit (1603).....	23
H-8.	Deleted.....	23
H-9.	Hoffman's Nightshade Plan	23
H-10.	Catalina Mariposa Lily Plan	23
H-11.	Refugio Manzanita Plan	23

H-12.	Restoration, Revegetation and Implementation Plan	24
H-13.	Pump Station Landscaping	24
H-14.	Landscaping and Revegetation Bonds.....	25
H-15.	Release of Landscaping and Revegetation Bonds	25
H-16.	California Endangered Species Inventory	25
H-17.	Raptor Nesting Habitat Survey	25
H-18.	Construction ROW Through Riparian Habitats.....	26
H-19.	Construction ROW Designed to Avoid Trees	26
H-20.	Suey Canyon Oak Woodland	26
H-21.	Los Alisos Creek Crossing	26
H-22.	Parish's Checkermallow Field Survey	26
H-23.	Gaviota Tarplant Plan.....	26
H-24.	Restoration of Construction Work Areas	26
H-25.	.....	27
H-26.	.....	27
I.	SOCIOECONOMICS	28
I-1.	Oil and Gas Industry-Wide Monitoring and Mitigation Program	28
I-2.	Housing for Temporary Construction Workers	29
I-3.	Construction During Peak Tourist Seasons	30
I-4.	Deleted.....	30
I-5.	Utilization of Local Labor	30
I-6.	Project-Related Utilities and Services.....	30
I-7.	Distributing Oil Related Revenues	30
J.	LAND USE AND RECREATION.....	31
J-1.	Property Owner Notification of Construction.....	31
J-2.	Mainline Pipeline Construction Time Lines	31
J-3.	Pipeline Construction Work Hours	31
J-4.	Privacy and Security of Property Owners During Construction	31
J-5.	Property Owner Notification of Construction Within 48 Hours	31
J-6.	Deleted.....	32
J-7.	Property Owner's Fences/Barriers During Construction	32
J-8.	Utility Lines and Services During Construction	32
J-9.	Compliance with All Applicable County Statutes, Etc.	32
J-10.	Proof of ROW Prior to Construction	32
J-11.	Restricted Use of ROW After Construction.....	33
J-12.	.....	33
K.	TRANSPORTATION	33
K-1.	Worker Transportation Program	33
K-2.	Permanent Parking Areas at the Pump Stations	33
K-3.	Engineering Plans for All Pipeline Crossings of County Roads	33
K-4.	Pipeline Construction Activity Limited to ROW.....	33
K-5.	Mitigation Plan for Impacted County Roads	34
K-6.	.....	34
K-7.	.....	34
L.	CULTURAL RESOURCES	34
L-1.	Cultural Resources Surveys Plan	34
L-2.	Cultural Resources Mitigation Plan	35
L-3.	Pre-Construction Workshop with Native Americans	35
L-4.	Archaeologist and Native American On-Site During Construction	35
L-5.	Ownership of Non-Burial Associated Cultural Resource Artifacts	35
L-6.	Burial Associated Artifacts Found During Construction	36
L-7.	Phase II Cultural Resource Guidelines	36
L-8.	.....	36

L-9	36
L-10	37
L-11	37
L-12	37
M. VISUAL RESOURCES	37
M-1. Board of Architectural Review Approval	37
M-2. Exterior Lighting	38
M-3. Pump Station Facilities Lighting	38
M-4. Painting of Pump Stations Prior to Pipeline Operation	38
M-5. Visibility of Above-Surface Structures	38
M-6. Determination of ROW in Gaviota State Park	38
M-7	38
N. NOISE	39
N-1. Noise Monitoring and Control Plan	39
N-2. Sound Levels During Operation	39
N-3. Project-Related Noise During Construction	39
N-4. Noise Generating Activities During Construction	39
N-5. Helicopter and Aircraft Noise	40
N-6. Operation-Related Equipment Noise	40
N-7	40
O. ABANDONMENT	40
O-1. Removal of Pipeline and Pump Stations Upon Permanent Shut Down	40
P. SYSTEMS SAFETY AND RELIABILITY	40
P-1. SSRRC Review of Diagrams	40
P-2. Safety Inspection, Maintenance and Quality Assurance Program	41
P-3. Emergency Response Plan	41
P-4. Funding the County Emergency Response Plan	41
P-5. Oil Spill Contingency Plan	42
P-6. Site Security Plan	42
P-7. Temporary County Fire Company	42
P-8. Cooperation with Chevron for Gaviota Area Fire Station	42
P-9. Fire Protection Plan for the Pump Stations	42
P-10. Transporting LPGs and NGLs Through Pipelines	43
P-11. Vista del Mar School Accommodation	43
P-12. Deleted	43
P-13. Communication at the Operations Control Center and Activated Valves	43
P-14. Compliance with the Watershed Fire Protection Plan	43
P-15. Compliance with the National Fire Protection Association Standards	44
P-16. Map of Finished Pipeline Route	44
P-17. Compliance with the 1982 Uniform Fire Code	44
P-18. Alternative Pipeline Corridor Alignments	44
P-19. PCB Contamination at Canada de la Huerta	44
P-20. Soil Tests at the Booster Pump Site	44
P-21. Texaco's Emergency Access Road	44
P-22	45
P-23	45
P-24	45
P-25	45
P-26	45
P-27	45
P-28	46
P-29	46
P-30	46

P-31	46
Q. FACILITY DESIGN	46
Q-1. Demonstration of Compliance	46
Q-2. Energy Conservation Techniques	46
Q-3. Common Carrier Pipeline	46
Q-4. Compliance with County Petroleum Ordinance No. 2795	47
Q-5. Power Transmission Lines	47

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December 12, 1988

Modified May 2003

**(Modified on September 19, 2023 with the Change of Ownership, Change of Guarantor, and
Change of Operator for the Las Flores Pipeline System [Lines 901/903])**

The current owner and operator of record for the Las Flores Pipeline System (previously the All American Pipeline) is Pacific Pipeline Company, referred to herein as PPC. ExxonMobil Pipeline Company (EMPCo) serves as the pipeline operator. ExxonMobil Corporation is identified as sole guarantor and carries in excess of \$100 million insurance coverage, as required by the Office of Oil Spill Prevention and Response. PPC is directly wholly owned by Mobil Pacific Pipeline Company, and indirectly wholly owned by Exxon Mobil Corporation. EMPCo is directly wholly owned by Exxon Pipeline Holdings LLC, and indirectly wholly owned by ExxonMobil Corporation.

A. GENERAL

A-1. Acceptance of Permit Conditions

Acceptance of this permit shall be deemed as acceptance of all final conditions of this permit, except that PPC reserves the right to pursue any remedy for any legal violations imposed directly or indirectly by these permit conditions.

A-2. Grounds for Permit Modification or Revocation

If the Planning Commission determines at a noticed public hearing that PPC is not in compliance with any permit condition(s), pursuant to the provisions of Sec. 35-185 of Article II and/or Sec. 35-330 of Article III of the Santa Barbara County Code, the Planning Commission is empowered, in addition to revoking the permit pursuant to said section, to amend, alter, delete, or add conditions to this permit. *(modified by the Planning Commission on September 6, 2000)*

A-3. Court Costs

PPC agrees as a condition of the issuance and use of this permit to defend at its sole expense any action brought against the County by a third party challenging either its decision to issue this permit or the manner in which the County is interpreting or enforcing the conditions of the permit. PPC will reimburse the County for any court costs and attorneys fees which the County may be required by a court to pay as a result of such action where PPC defended or had control of the defense of the suit. County may, at its sole discretion, participate in the defense of any such action, but such participation shall not relieve PPC of its obligation under this condition. County shall bear its own expenses for its participation in the action.

A-4. Costs of Implementing and Enforcing Conditions

The permittee shall make an initial deposit to a fund to permit the County to adequately implement and enforce the conditions imposed by this permit and applicable County ordinances and/or the conditions of this permit, if such a fund is established. If the Board of Supervisors determines that a reasonable enforcement fund is needed, the Director of the Planning and Development Department shall present to the Board of Supervisors and the permittee a plan for enforcement

within one year from the effective date of this permit. This plan shall set forth the staffing requirements and materials necessary for such enforcement and the estimated costs thereof. This plan shall provide that all reasonable expenses incurred by the County or County contractors, for permit condition implementation, reasonable studies, and emergency response directly and necessarily related to enforcement of these permit conditions shall be reimbursed by PPC within 30 days of invoicing by County.

A-5. Civil Penalties

In the event that PPC fails to comply with any order of the Administrative Officer or the Board of Supervisors issued hereunder or any injunction of the Superior Court, it shall be liable for a civil penalty for each violation to the extent imposition of such civil penalty is authorized by applicable laws, rules, or regulations.

Said civil penalty shall be in addition to PPC's obligation, if any, to reimburse the County of Santa Barbara (and others) for actual damages suffered as a result of PPC's failure to abide by the conditions of this permit or by the orders of the Administrative Officer, the Board of Supervisors, or any court of competent jurisdiction.

A-6. Access to Records and Facilities

As to any condition which requires for its effective enforcement the inspection of construction records or records pertaining to facility operations, or the facilities themselves by County or its duly authorized agents, PPC will make all necessary records available or provide access to such facilities upon reasonable notice from County. County agrees to keep such information confidential where permitted by law and requested by PPC in writing.

A-7. Substantial Conformity

The procedures, operating techniques, design, equipment and other descriptions (hereinafter procedures) described in 83-DP-25 cz, 83-CP-97 cz, and in subsequent clarifications and additions to that application and the Final Development Plan are incorporated herein as permit conditions and shall be required elements of the project. Since these procedures were part of the project description which received environmental analysis, a failure to include such procedures in the actual project could result in significant unanticipated environmental impacts. Therefore, modifications of these procedures will not be permitted without a determination of substantial conformity or a new or modified permit. The use of the property and the size, shape, arrangement and location of buildings, structures, walkways, parking areas and landscaped areas shall be in substantial conformity with the approved Final Development Plan.

A-8. Authority for Curtailment

In addition to the authority to enforce and secure compliance with the provisions of this permit under Division 12, Coastal Zoning Ordinance of the Santa Barbara County Code and Division 7, General Regulations, Article III Santa Barbara County Zoning Ordinance, the County Administrative Officer, or in his/her absence a designated appointee, may order that curtailment of activities which is required to protect the public health and safety. Said action may include, but is not limited to, ordering temporary, partial or total facility shutdown.

Such an order shall be made only in the event that the Administrative Officer has reasonable and probable cause to believe that continued unrestrained activities of permittee will likely result in or threaten to result in danger to public health, welfare, or safety, or in the environment and provided such violations can be expected to continue or recur unless operations are in whole or in part shut down or reduced pending the necessary corrections.

Before issuing any curtailment order, the County Administrative Officer shall set a time for hearing and shall give written notice of the time and place of the hearing and of the alleged violations. Such notice shall be received by the person in charge of the operation of the facility at least 24 hours before the hearing at which time there will be an opportunity for all concerned parties to present evidence regarding the alleged violations. The notice may be served in person or by certified mail.

In the event the Administrative Officer, or in his/her absence the designated appointee, determines that there is an imminent danger to the public health and safety resulting from violations, he/she may summarily order the necessary curtailment of activities without hearing and such order shall be obeyed upon notice of same, whether written or oral. At the same time that notice of the order is conveyed, the Administrative Officer shall set a date, time and place for a publicly noticed hearing and review of said order as soon as possible which date shall be no later than 24 hours after such order is issued or served. Said hearing shall be conducted in the same manner as a hearing on prior notice. After such hearing, the Administrative Officer may modify, revoke, or retain the emergency curtailment order.

Any order of the Administrative Officer may be appealed to the Board of Supervisors within three working days after such order is made.

If such appeal is not filed with the Board of Supervisors, the Administrative Officer's order becomes final. If there is an appeal, the order of the Administrative Officer shall remain in full force and effect until action is taken by the Board of Supervisors. The decision of the Board of Supervisors shall be a final Administrative Action. Such decision shall not preclude PPC from seeking judicial relief.

Once PPC has shown that the conditions of violation no longer exist and are not reasonably likely to recur, the Administrative Officer shall modify the curtailment order to account for such compliance and shall entirely dissolve the order when it is shown that all of the violations have been corrected and are not likely to recur.

A-9. Conditions Separately Remain in Force

In the event that any condition contained herein is determined to be invalid, then all remaining conditions shall remain in force.

A-10. Conflicts Between Conditions

In the event that any condition contained herein is determined to be in conflict with any other condition contained herein, then where principles of law do not provide to the contrary, the condition most protective of public health and safety and natural environmental resources shall prevail to the extent feasible.

A-11. Injunctive Relief

In addition to any administrative remedies or enforcement provided hereunder, the County may seek and obtain temporary, preliminary, and permanent injunctive relief to prohibit violation of the conditions set forth herein or to mandate compliance with the conditions herein.

All remedies and enforcement procedures set forth herein shall be in addition to any other legal or equitable remedies provided by law.

A-12. Owner/Operator Liability

The owner and the operator of the facility shall be jointly and severally liable without regard to fault for all legally compensable damages or injuries suffered by any property or person that result from or arise out of any oil, water spillage, fire, explosion, odor, or air pollution, in any way involving oil or gas or the impurities contained therein or removed therefrom and which arises out of construction or operation of PPC's facilities. For the purpose of this condition, the "facility" shall be deemed to include all facilities described and approved pursuant to 83-DP-25cz, 83-CP-97cz.

This condition shall not inure to the benefit of any of the owners of the pipeline, including the United States Government. This declaration of strict liability and the limitations upon it shall be governed by the applicable law of California on strict liability.

A-13. Facility Throughput and Source Limits

All facilities constructed under this permit shall be used only for the shipment of a maximum volume of heated crude oil demonstrated to be within the design parameters of the pipeline facilities as built. The subject volumes will be outer continental shelf (OCS) and other locally produced onshore and offshore petroleum from the Santa Barbara and Santa Maria Basins. PPC shall obtain a new or modified permit, or authority to continue operation under the existing permit prior to undertaking any of the following activities which may, in the judgment of the County, result in significant changes to the impacts on the County. Such changes could include but not be limited to: 1) major pipeline or pump station modifications; 2) major changes in pipeline throughput; 3) introduction of production to the pipeline from sources other than those described above; and 4) introduction of a different product from any source.

Other source volumes may be transported subject to a determination of substantial conformity by the Planning Commission and a finding of facts and determination that project impacts will not be increased by transporting and processing those other sources.

A-14. Pipeline Alignment

The permittee shall align the pipeline corridor from the coastal starting point to the County exit point in the western Cuyama valley according to the route approved by the County. The permittee shall locate and construct all isolation valves as identified by the final approved alignment.

A-15. Permit Violations

Any person, firm or corporation, whether as a principal, agent, employee, or otherwise, found to be in violation of any provisions or conditions of this ordinance or permits, shall be punishable as

set forth in the applicable section of the Coastal Zoning Ordinance, and Article III of the Santa Barbara County Code.

Each and every day during any portion of which any violation of this Article or the rules, regulations, orders, or permits issued thereunder, is committed, continued, or permitted by such person, firm or corporation shall be deemed a separate and distinct offense.

A-16. Board of Supervisors Authority to Change County Department Responsible for Condition

The Santa Barbara County Board of Supervisors in a noticed public hearing shall have the authority to specify or change the Santa Barbara County Department responsible for any conditions contained herein.

A-17. Fees as Mitigation Measures

Should circumstances, including legal or legislative action, cause the County to lose its authority or have its authority fundamentally reduced to assess fees as a method to mitigate project-related impacts, then other feasible mitigation measures shall be imposed which will substantially lessen the significant impact formerly mitigated by the imposition of fees. Within six months of the County's loss of such authority, feasible alternative mitigation measures shall be imposed as replacement permit conditions. Alternatively, the County in a noticed public hearing must find that no feasible mitigation measures are available and that the benefits of the project outweigh the significant environmental impacts.

A-18. Payment of Attorney's Fees and Costs

Should legal action be required by either party to enforce any rights in connection with this permit the prevailing party shall be entitled to reasonable attorney's fees and costs pursuant to Civil Code 1717.

A-19. Applicability of Conditions to Construction and Operation

Unless otherwise specified, these permit conditions are intended to apply during both the construction and the operation of the permitted facilities.

A-20 Project Description

The Development Plan Revision (88-DP-33) and Conditional Use Permit Revision (88-CP-60) are based upon and limited to compliance with the project description and conditions of approval adopted for the Gaviota Creek Pipeline Lowering and Relocation Project, as documented in 00-ND-21 and the September 6, 2000 staff report. Any deviations from the project description, exhibits or conditions must be reviewed and approved by the County for conformity with this approval. Deviations may require approved changes to the permit and/or further environmental review. Deviations without the above described approval will constitute a violation of permit approval. The project description is summarized as follows:

- Relocate the existing Gaviota Creek pipeline crossing by re-burying the 30" crude oil pipeline at least 10 feet into bedrock immediately upstream from the existing crossing;
- Remove the existing, exposed pipeline segment in Gaviota Creek;

- Restore and revegetate the disturbed area; and
- Monitor the crossing to ensure erosion control and revegetation efforts are successful.

The grading, development, use, and maintenance of the property, the size, shape, arrangement, and location of structures, parking areas and landscape areas, and the protection and preservation of resources shall conform to the project description and the associated hearing exhibits and conditions of approval. The property and any portions thereof shall be sold, leased or financed in compliance with this project description and the approved hearing exhibits and conditions of approval hereto. All plans must be submitted for review and approval and shall be implemented as approved by the County. *(adopted by the Planning Commission on September 6, 2000)*

A-21

Any use authorized Conditional Use Permit Revision (88-CP-060 RV01) shall immediately cease upon expiration or revocation of this Conditional Use Permit. Any Coastal Development issued pursuant to this Conditional Use Permit shall expire upon expiration or revocation of the Conditional Use Permit. Conditional Use Permit renewals must be applied for prior to expiration of the Conditional Use Permit. *(adopted by the Planning Commission on September 6, 2000)*

A-22

Within 18 months after the effective date of Conditional Use Permit Revision (88-CP-060 RV01), construction and/or the use shall commence. Construction or use cannot commence until a Coastal Development Permit has been issued. Failure to commence the construction and/or use pursuant to a valid Coastal Development Permit shall render the Conditional Use Permit null and void. All time limits may be extended by the Planning Commission for good cause shown, provided a written request, including a statement of reasons for the time limit extension request is filed with Planning and Development prior to the expiration date. *(adopted by the Planning Commission on September 6, 2000)*

A-23

Approval of the Final Development Plan Revision (88-DP-33 RV01) shall expire five (5) years after approval by the Planning Commission, unless prior to the expiration date, substantial physical construction has been completed on the development or a time extension has been applied for by the applicant. The decisionmaker with jurisdiction over the project may, upon good cause shown, grant a time extension for one year. *(adopted by the Planning Commission on September 6, 2000)*

A-24

Before using any land or structure, or commencing any work pertaining to the erection, moving, alteration, enlarging, or rebuilding of any building, structure, or improvement, the applicant shall obtain a Coastal Development and Building Permit from Planning and Development. These Permits are required by ordinance and are necessary to ensure implementation of the conditions required by the Planning Commission. Before any Permit will be issued by Planning and Development, the applicant must obtain written clearance from all departments having conditions; such clearance shall indicate that the applicant has satisfied all pre-construction conditions. A form for such clearance is available from Planning and Development. *(adopted by the Planning Commission on September 6, 2000)*

A-25

All applicable final conditions of approval shall be printed in their entirety on applicable pages of grading/construction or building plans submitted to P&D or Building and Safety Division. These shall be graphically illustrated where feasible. *(adopted by the Planning Commission on September 6, 2000)*

A-26

The applicant shall ensure that the project complies with all approved plans and all project conditions including those which must be monitored after the project is built and occupied. To accomplish this the applicant agrees to:

1. Contact the Energy Division as soon as possible after project approval to provide the name and phone number of the future contact person for the project and give estimated dates for future project activities.
2. Contact the Energy Division at least two weeks prior to commencement of construction activities to schedule an on-site pre-construction meeting with the owner, planner, and other agency personnel and with key construction personnel.
3. Contact the State Parks archaeologist one week prior to commencement of any project activities on the site, including pre-construction activities.
4. Pay fees to cover full costs of consultants and staff time and monitoring (EQAP program). In the event of a dispute, the decision of the Director of P&D shall be final. *(adopted by the Planning Commission on September 6, 2000)*

A-27

Developer shall defend, indemnify and hold harmless the County or its agents, officers and employees from any claim, action or proceeding against the County or its agents, officers or employees, to attack, set aside, void, or annul, in whole or in part, the County's approval of the Final Development Plan Revision (88-DP-33 RV01) and Conditional Use Permit Revision (88-CP-060 RV01). In the event that the County fails promptly to notify the applicant of any such claim, action or proceeding, or that the County fails to cooperate fully in the defense of said claim, this condition shall thereafter be of no further force or effect. *(adopted by the Planning Commission on September 6, 2000)*

A-28

In the event that any condition imposing a fee, exaction, dedication or other mitigation measure is challenged by the project sponsors in an action filed in a court of law or threatened to be filed therein which action is brought within the time period provided for by law, this approval shall be suspended pending dismissal of such action, the expiration of the limitation period applicable to such action, or final resolution of such action. If any condition is invalidated by a court of law, the entire project shall be reviewed by the County and substitute conditions may be imposed. *(adopted by the Planning Commission on September 6, 2000)*

A-29

Within 60 days of completion of the Gaviota Creek Pipeline Lowering and Relocation project, the permittee shall submit as-built drawings to the Energy and Building and Safety Divisions. *(adopted by the Planning Commission on September 6, 2000)*

A-30

Within 60 days of completion of the Gaviota Creek Pipeline Lowering and Relocation project, the permittee shall revise their Operations and Maintenance Manual to reflect the changes to the pipeline. Revisions shall be copied to the Energy and Building and Safety Divisions. *(adopted by the Planning Commission on September 6, 2000)*

A-31

The Gaviota Creek Pipeline Lowering and Relocation project is estimated to take a maximum of 5 weeks. If earthmoving work extends past November 1, the Energy Division shall convene a meeting between the permittee and all responsible agencies to decide on the appropriate action. If the Planning Director determines that work cannot continue due to impacts on sensitive resources (e.g., steelhead migration, red-legged frog breeding season), or the potential for increased sedimentation and erosion, work shall be suspended.

B. PERMIT REVIEW

B-1. System Safety and Reliability Review Committee (SSRRC) Review Prior to Construction

Prior to initiation of construction activity (such as ROW preparation, river crossings or pump station construction), the permittee shall submit to the System Safety and Reliability Review Committee (established by condition P-1) relevant construction drawings and supporting text demonstrating compliance with the appropriate conditions. Construction may not commence until County has reviewed and/or approved this submittal, consistent with the SSRRC review specified in Conditions P-1 and P-2. Within 15 days of submittal, County shall either give written notice to proceed with construction or indicate in writing conditions which have not been met. When such conditions have been met construction approval shall be granted.

B-2. Imposition of New and Comprehensive Review of Conditions

If at any time County determines that these permit conditions are inadequate to effectively mitigate significant environmental impacts caused by the project, or that recent proven technological advances could provide substantial additional mitigation, then additional reasonable conditions shall be imposed to further mitigate these impacts. Imposition of such conditions shall only be considered and imposed as part of the County's comprehensive review of the project conditions. County shall conduct a comprehensive review of the project conditions and consider adding reasonable conditions which incorporate proven technological advances three years after permit issuance and at appropriate intervals thereafter. A comprehensive review of conditions which are not effectively mitigating impacts may be conducted at any appropriate time. Upon written request of PPC, the Board of Supervisors shall determine whether the new condition required is reasonable considering the economic burdens imposed and environmental benefits to be derived.

B-3. Authority to Impose Feasible Mitigations

This permit is premised upon findings that where feasible, all significant environmental effects of the project identified in the EIR/EIS (State Clearinghouse No. 83110902), which occur in Santa Barbara County, will be substantially mitigated by the permit conditions. Prior to approval of the Final Development Plan, County shall review any findings that identified certain mitigation measures as being in the primary jurisdiction of another agency but are also within County's

jurisdiction. County shall thereupon determine either (1) that such mitigation has or is being implemented by such other agency or (2) that such other agency and County determine such mitigation to be infeasible. If County determines that no other agency is or may be implementing such feasible mitigation measures then County may impose those feasible measures within its jurisdiction to mitigate those environmental impacts in accordance with appropriate mitigation measures identified by the EIS/R.

B-4. Coordination Plan for the Use of a Shared Pipeline Corridor

Prior to approval of the Final Development Plan, the permittee shall develop and submit to the Planning and Development Department for approval a plan to co-ordinate the placement and timing of their pipeline with SCPS's pipeline (or other potential proposals for use of the same corridor for a pipeline). Any agreements between the permittee and SCPS (or other applicant) necessary to implement this plan shall be subject to review and verification by the Planning and Development Department to assure the purpose of the plan will be achieved. The expressed purpose of this co-ordination plan shall be:

- 1) arrangement of simultaneous construction where practical;
- 2) engineering of pipe placement within the ROW to minimize incremental widening of the initial construction corridor during subsequent pipeline projects;
- 3) identification of segments where incremental widening of the ROW is constrained and alternative engineering techniques which may allow construction of subsequent pipelines (and potential limitations of future pipeline use of the ROW); and
- 4) timing and design of revegetation plans to promote effective revegetation but minimize unnecessary duplication of efforts.

Should SCPS or any other applicant abandon their pipeline project, or fail to submit a Final Development Plan prior to pipeline construction, this condition may be modified to reflect the existing situation but maintain the intent of this condition.

B-5. Resolution of Scheduling Conflicts Among Conditions of Approval

In the event that scheduling requirements among or between conditions in this permit (or with this permit and conditions imposed by other agencies) conflict with respect to timing, the Planning and Development Department (in consultation with other agencies as appropriate) shall resolve such conflict.

B-6. Cooperation with San Luis Obispo County for Pipeline Permitting

Applicant shall cooperate as necessary with San Luis Obispo County in the permitting, design, and construction of those segments of the pipeline which could affect Santa Barbara County. The intent of this condition is to ensure that potential impacts to Santa Barbara County are mitigated to the maximum extent feasible by these permit conditions, regardless of the location of the source of the impact.

B-7. P&D Authorization Prior to Construction

Prior to commencing any construction activities in Santa Barbara County, the permittee shall obtain a letter from the Director of the Planning and Development Department indicating that all

conditions which require approval prior to construction, as specified by this permit, have been satisfied.

B-8. P&D Authorization Prior to Start-Up

Prior to start-up of the pipeline in Santa Barbara County, the permittee shall obtain a letter from the Director of the Planning and Development Department indicating that all conditions which require approval prior to start-up, as specified by this permit, have been satisfied.

B-9. Adequacy of Submittals to be Determined by the Planning Commission

In the event that PPC and staff cannot reach an agreement on the adequacy of any submittal required by these conditions, the matter will be brought before the Planning Commission for resolution at the earliest possible date.

C. MANAGEMENT

C-1. Environmental Quality Assurance Program (EQAP)

The permittee shall prepare an Environmental Quality Assurance Program (EQAP) for Resource Management Department approval prior to the Final Development Plan. This EQAP shall encompass both the construction and operation phases of the project, and shall describe the steps the permittee will take to assure compliance with these conditions. This plan is intended to provide a framework for all other programs and plans specified by these conditions as required prior to approval of the Final Development Plan. As such, it will become a comprehensive reference document for the County, other agencies, and the public regarding the project.

This plan shall provide for the submission to the Planning and Development Department semi-annual reports throughout construction and annual reports during operations. These reports shall describe:

- a) Project status, including but not necessarily limited to:
 - i) extent to which construction has been completed,
 - ii) the rate of production/throughput during operation,
 - iii) environmental planning and implementation efforts, and
 - iv) any revised time schedules or timetables of construction and operation that will occur in the next one year period.
- b) Permit condition compliance, including but not necessarily limited to the results of the specific mitigation requirements identified in these conditions.
- c) Results and analyses of all data collection efforts being conducted pursuant to these permit conditions.

The program shall include (or if separate plans exist, reference) all plans relevant to construction and operations of the pipeline facilities specified by these conditions.

Construction

The program shall include all plans relevant to construction activities such as the Restoration, Erosion Control and Revegetation Plan and the Cultural Resources Mitigation Plan.

The program shall include provisions for at least one managing environmental coordinator with overall responsibility, and if necessary, one onsite environmental coordinator per construction site during the construction phase. These coordinators shall be approved by and be responsible to the Planning and Development Department. PPC shall fund the coordinator(s). The number of coordinators necessary shall be determined according to the amount of simultaneous construction activity occurring in geographically separate areas. The responsibilities of the coordinator(s) are to include:

- a) on-site, day-to-day monitoring of construction activities;
- b) ensuring contractor knowledge of and compliance with all appropriate permit conditions;
- c) evaluating the adequacy of construction impact mitigations, and proposing improvements to the contractors, the permittee, and County;
- d) having the authority to require correction of activities observed to violate project environmental conditions or that represent unsafe or dangerous conditions, and having the ability and authority to secure compliance with the conditions or standards through the County Administrative Officer as described in condition A-8, if necessary;
- e) performing as contact for affected property owners and any other affected persons that wish to register observation of environmental permit violations and/or unsafe conditions, receiving any complaints, immediately contacting the permittee's onsite construction representative, verifying any such observations and developing any necessary corrective actions in consultation with the permittee's onsite construction representative;
- f) maintaining prompt and regular communication with the Planning and Development Department, Public Works Department, or other appropriate County agency, and with permittee personnel responsible for contractor performance and permit compliance.

In the event that resolution of disputes between the public and/or governmental agencies and the permittee over adherence to permit conditions is not achieved by the managing environmental coordinator, an arbitration system shall be utilized to resolve such disputes in a timely manner in order to minimize the need to halt construction activities as per conditions A-2 or A-8.

The coordinator(s) shall be thoroughly familiar with all plans and requirements set forth in the permit conditions. Prior to construction start-up, the managing coordinator shall discuss with other agency inspectors or monitoring personnel, inspection programs, areas of jurisdiction, responsibility, and define methods of avoiding disputes or construction delay due to agency disagreements.

Selection of the necessary coordinators shall be made, and the person(s) available, prior to issuance of the Coastal Development Permit and Land Use Permit.

Operations

The program shall include all plans related to operations, such as the Emergency Response Plan, Oil Spill Contingency Plan, and Landscaping Plan, as well as specific conditions not required in formal plans. It may also include any procedures not specified by these conditions but relevant to environmental protection and safety. Operational Compliance Plans shall be updated as necessary to reflect any approved change of operator within six months after assuming operations in accordance with County Code Section 25B-10(a)(6).

C-2. 24-Hour Emergency Contact

Prior to issuance of the Coastal Development Permit and Land Use Permit, the permittee shall provide to the Planning and Development Department and the Emergency Services Coordinator the current name and position, title, address, and 24-hour phone numbers of the field agent, person in charge of the facility, and other representatives who shall receive all orders and notices, as well as all communications regarding matters of condition and permit compliance at the site and who shall have authority to implement a facility shutdown pursuant to condition A-8 in this Ordinance.

There shall always be such a contact person(s) designated by the permittee. One contact person shall be available 24 hours a day during all phases of the project in order to respond to inquiries received from the County, or from anyone in case of an emergency.

If the address or phone number of the agent should change, or the responsibility be assigned to another person or position, PPC shall provide to the Planning and Development Department the new information within seven days.

C-3. Provide Copies of Permits to P&D

PPC shall furnish to the Planning and Development Department copies of all County permit applications relative to the project once submitted, and of permits within 30 days of receipt by PPC.

D. AIR QUALITY

D-1. Statement of Scope

Nothing contained herein shall be construed to permit a violation of any applicable air pollution law, rule, or regulation.

D-2. Authority to Construct

Prior to initiation of construction, including grading, of any facilities approved pursuant to this Development Plan, the permittee shall obtain an Authority to Construct permit from the County Air Pollution Control District.

D-3. Agreement to Implement All Air Pollution Control Procedures

PPC agrees to implement all air pollution control procedures as required by APCD and identified in the Final Development Plan (such as water sprays to reduce construction-related fugitive dust).

D-4. Emissions Mitigation

Emissions from any project component that contribute to ozone standard violations must be mitigated to the extent feasible. Effectiveness of mitigation will be confirmed by APCD.

D-5. Deleted.

D-6. Validation Information

Prior to approval of the Final Development Plan, the permittee shall submit to the Planning and Development Department updated estimates of the type and size of helicopters, or other aircraft, to be used during pipeline operations for the aerial surveys of the pipeline route. The information shall also include the estimated operating schedules, frequency and duration of airport calls and other reasonable information as required by APCD. The County may require validation and updating of this information as needed. Should this information reveal significant differences between the estimated air emissions and those analyzed in the EIR/EIS, the APCD may modify air quality permit conditions as necessary to assure consistency with the Air Quality Attainment Plan and Reasonable Further Progress goals.

D-7. Discharge Limitations

All facilities shall be designed, constructed, operated, and maintained, such that the facilities approved under this Development Plan shall not discharge quantities of air contaminants or other materials in violation of Section 41700 of the Health and Safety Code.

D-8. Mitigation Plan for Construction Air Quality Impacts

Prior to the approval of the Final Development Plan, the permittee shall submit to the Director of the Planning and Development Department a plan, approved by the APCD, which includes timing of construction, minimizing soil handling, and other measures to mitigate construction air quality impacts. The plan shall include APCD approved analysis which demonstrates that local, state and federal air quality standards will not be violated as a result of construction activities.

D-9

For the Gaviota Creek Pipeline Lowering and Relocation project, during clearing, grading, earth moving, excavation or transportation of cut or fill materials, water trucks or sprinkler systems are to be used to minimize dust leaving the site and to create a crust after each day's activities cease. During construction, water trucks or sprinkler systems shall be used to keep all areas of vehicle movement damp enough to prevent dust from leaving the site. At a minimum, this would include wetting down such areas in the later morning and after work is completed for the day and whenever wind exceeds 15 miles per hour. Soil stockpiled for more than two days shall be covered, kept moist or treated with soil binders to prevent dust generation. **Plan Requirements:** All requirements shall be shown on construction drawings. **Timing:** Condition shall be adhered to throughout all grading and construction periods. **MONITORING:** Planning and Development shall ensure measures are on plans. Planning and Development's EQAP monitor shall spot check and ensure compliance on-site. APCD inspectors shall respond to any nuisance complaints. *(Mitigation Measure A-1) (adopted by the Planning Commission on September 6, 2000)*

D-10

During construction of the Gaviota Creek Pipeline Lowering and Replacement project, use water trucks to keep all areas of vehicle movement damp enough to reduce dust from leaving the site. At a minimum, this should include wetting down such areas in the late morning and

after work is completed for the day. Increased watering frequency should be required whenever the wind speed exceeds 15 mph. Reclaimed water should be used whenever possible. **Plan Requirements:** This condition shall be printed on all construction drawings. **MONITORING:** EQAP monitor to spot check in the field. *(Mitigation Measure A-2) (adopted by the Planning Commission on September 6, 2000)*

D-11

During the Gaviota Creek Pipeline Lowering and Replacement project, ~~AAPLP~~ the permittee shall minimize the amount of disturbed area and ensure that on site vehicle speeds do not exceed 15 miles per hour. **Plan Requirements:** This condition shall be printed on all construction drawings. **MONITORING:** EQAP monitor to spot check in the field. *(Mitigation Measure A-3) (adopted by the Planning Commission on September 6, 2000)*

D-12

For the Gaviota Creek Pipeline Lowering and Replacement project, soil stockpiled for more than two days shall be covered, kept moist or treated with soil binders to prevent dust generation. Trucks transporting fill material to and from the site shall be tarped from the point of origin. **Plan Requirements:** This condition shall be printed on all construction plans. **MONITORING:** EQAP monitor to spot check in the field. *(Mitigation Measure A-4) (adopted by the Planning Commission on September 6, 2000)*

D-13

For the Gaviota Creek Pipeline Lowering and Replacement project, heavy-duty diesel-powered construction equipment manufactured after 1996 (with federally mandated "clean" diesel engines) shall be utilized wherever feasible. *(Mitigation Measure A-5) (adopted by the Planning Commission on September 6, 2000)*

- a. The engine size of construction equipment shall be the minimum practical size.
- b. The number of construction equipment operating simultaneously shall be minimized through efficient management practices to ensure that the smallest practical number are operating at any one time.
- c. Construction equipment shall be maintained in tune per the manufacturer's specifications.
- d. Construction equipment operating onsite shall be equipped with two to four degree engine timing retard or precombustion chamber engines.
- e. Catalytic converters shall be installed on gasoline-powered equipment, if feasible.
- f. Diesel catalytic converters shall be installed, if available.
- g. Diesel powered equipment should be replaced by electric equipment whenever feasible.
- h. Construction worker trips should be minimized by requiring carpooling and by providing for lunch onsite.

MONITORING: EQAP monitor to spot check in field. *(Mitigation Measure A-5) (adopted by the Planning Commission on September 6, 2000)*

E. GEOLOGY

E-1. Geologic Investigation, Design and Mitigation Program

Prior to the issuance of the Coastal Development Permit and Land Use Permit, the permittee will conduct a route-specific Geologic Investigation, Design, and Mitigation Program. This program

shall contain three basic components: 1) a detailed geologic investigation component which defines specific hazards, 2) an engineering design component which details specific engineering plans for each identified hazard along the route, and 3) a geohazards mitigation component which demonstrates how and to what extent each hazard is reduced.

- a) Detailed geologic investigation component:
Where specific hazards have been identified or may occur along the pipeline route or at pump station locations, the permittee will conduct appropriate detailed geologic, seismic, and geotechnical studies to further characterize the specific geologic hazard. These studies will be conducted under the direction of a State of California registered geologist or engineering geologist who will be mutually agreed to by the permittee, the Planning and Development, the Public Works Department, and the Flood Control District. These studies will include but not be limited to investigations of unstable slopes, erodable slopes, lurch/liquefaction susceptible substrate, surface rupture, and river scour characteristics (depth and lateral extent). Methods of investigation shall conform to appropriate geotechnical techniques applicable to each specific hazard. Draft results will be subject to review by County Public Works Department and Flood Control Agency as appropriate prior to finalization of the engineering design. The final report will be submitted with the final engineering design component.
- b) Engineering design component:
The permittee will demonstrate that appropriate geotechnical information from component a) and other applicable recommendations are incorporated into final engineering design of pipeline construction and facilities. This includes but is not restricted to: the development of appropriate ground motion parameters for use in seismic design of critical structures and equipment, unstable slope construction or avoidance techniques, burial depth at all major river crossings, modification of instrumentation, or use of the dual contingency level/operating level earthquake concept, or its equivalent. The designs will be subject to review by the Department of Public Works and third party technical review as specified in Condition P-1.
- c) Geohazards mitigation component:
Prior to issuance of the Coastal Development Permit and Land Use Permit, the permittee will submit to the Planning and Development Department a detailed geologic hazard mitigation report. The report will outline the hazards identified in part a) of this program and will address how engineering designs as detailed in part b) of this program reduce each specific hazard. This component will also be submitted to the Department of Public Works and Flood Control Agency and will be subject to third party review as specified in Condition P-1.

E-2. Geologic Hazard Monitoring Program

PPC will develop a Monitoring Program for the operations phase to be funded by PPC and staffed as necessary with at least one State of California registered engineer, or engineering geologist, in order to evaluate any hazards identified by routine monitoring. The program will be designed to verify adequate performance or condition of the project components in hazard areas such as river and active fault crossings, and will be subject to approval of the Planning and Development Department prior to issuance of the Coastal Development Permit and Land Use Permit. The monitoring program may in part be incorporated into routine aerial and ground reconnaissance. If the monitoring indicates a potential or actual hazard, appropriate action including, but not limited to, operations curtailment and repairs, will be taken by PPC to mitigate the hazard. PPC will report to the Emergency Services Coordinator any potentially hazardous situations discovered during monitoring. In the case of river crossings at the Santa Ynez, Sisquoc and Cuyama Rivers, a yearly

inspection of pipeline burial depth, subject to review by the Planning and Development Department and Flood Control Agency, shall be performed. At crossings of the Santa Ynez and Sisquoc Rivers where channel degradation has reduced the depth of cover to less than four feet below the 100-year scour depth, or other hazardous levels as determined by a professional engineer on the staff of or under supervision of the County Flood Control Agency, or US D.O.T. specifications, relocation or reburial of the pipeline to adequate depth will be required. At the crossing of the Cuyama River, if the inspections reveal that hazardous conditions exist, mitigations such as reconstruction or relocation of the crossing will be required as determined by a professional engineer on the staff of or under supervision of the County Flood Control Agency.

E-3. Inspection of Trench Prior to Pipeline Installation

Inspection of the pipeline trench or trench spoil to identify any potential geologic hazards shall be made by a professional geologist or soils engineer approved by the Planning and Development Department prior to installation of the pipeline. If hazards not previously accounted for in the pipeline design are encountered, appropriate mitigation measures will be developed and must be instigated prior to installation of the pipeline. The results of the inspection will be reported to the engineering geologist of the Public Works Department who will approve prior to, and the supervising environmental coordinator who will insure, application of the necessary mitigation measures. The timing of such inspections shall not result in any unreasonable delays in installation of the pipeline.

E-4. Isolation Valves at Active Fault Crossings

At all places where the pipeline crosses an active fault, according to the Department of Geology and Mining definitions, the permittee will place isolation valves on either side, or design and construct appropriate devices or measures which more effectively mitigate the hazard of the fault crossing. Location and nature of these designs must be approved prior to the issuance of the Coastal Development Permit and Land Use Permit.

E-5. Sisquoc Pump Station Grading and Erosion Control Plan

Prior to the issuance of the Coastal Development Permit and Land Use Permit, the permittee shall submit final Grading and Erosion Control Plans for the Sisquoc pump station approved by the Department of Public Works. These plans shall be consistent with or based on information contained in the geologic investigation required in Condition E-1. Prior to issuance of the Coastal Development Permit and Land Use Permit, the permittee shall either submit Grading and Erosion Control Plans for the Las Flores and Gaviota pump stations for approval by the Department of Public Works or show evidence that the plans are a part of the overall Grading and Erosion Control Plans for the consolidated processing facilities at those sites.

E-6. Cooperation with San Luis Obispo County for Cuyama River Crossing

The permittee shall cooperate as necessary with San Luis Obispo County in the permitting, design and construction of the Cuyama River crossing. Any pipeline crossing the Cuyama River shall be laid to a depth consistent with studies performed under Condition E-1 and subject to approval of the County Flood Control District.

E-7. South Coast Pump Stations Location

Prior to approval of the Final Development Plan, the permittee shall commit to the location of their south coast pump stations to the satisfaction of the Planning Commission. If these stations are not within the boundaries of the approved Exxon, Gaviota Terminal Company, or Chevron facilities, the permittee shall submit grading and erosion control plans pursuant to Condition E-5.

E-8. Stockpiling of Earth Materials During Construction

Stockpiling of large volumes of earth materials in temporary (for construction only) work space areas in excess of those volumes needed locally for construction shall not occur except as approved by the Planning and Development Department. The permittee shall not stockpile materials on landslide prone slopes during the rainy season.

E-9. Storage of Pipe During Construction

Storage of pipe in temporary (for construction only) extra work spaces shall not occur except as approved by the Planning and Development Department.

E-10

The permittee shall implement a project specific Restoration, Erosion Control and Revegetation Plan for the Gaviota Creek Pipeline Lowering and Replacement Project in order to minimize erosion. In addition, grading shall be minimized within the creek and along the creek bank and grading on slopes greater than 5:1 shall be designed to minimize surface water runoff. **Plan Requirements:** This requirement shall be noted on construction drawings prior to approval of CDP. The applicant shall notify the Energy Division at least 48 hours prior to commencement of grading. **MONITORING:** EQAP monitor shall inspect the site during grading work to verify that erosion control measures are properly implemented. *(Mitigation Measure G-1) (adopted by the Planning Commission on September 6, 2000)*

E-11

The permittee shall limit excavation and grading to the driest season of the year to avoid the breeding season for California red-legged frog, tidewater goby, and the Southern steelhead migration season (July 1 to November 1) for the Gaviota Creek Pipeline Lowering and Replacement project, unless granted permission by the Energy Division. All exposed graded surfaces shall be reseeded with ground cover vegetation to minimize erosion. **Plan Requirements:** This requirement shall be noted on construction drawings. **MONITORING:** EQAP monitor shall inspect the site during grading to monitor dust generation and after grading to verify reseeding. *(Mitigation Measure G-2) (adopted by the Planning Commission on September 6, 2000)*

E-12

At Gaviota Creek, the permittee shall perform an as-built profile survey of the pipeline and creek bed and develop a profile drawing showing the pipeline and creek bottom. For the first two years after installation of the new pipeline crossing, the creek bed shall be surveyed each year at the end of the rainy season. After the first two years, PPC shall re-survey after every significant flood event (i.e., 100-year event or more serious), but not less than every three years. After each creek bed profile survey, the creek bed profile shall be shown on the original as-built profile survey. **Plan Requirements:** PPC shall submit surveys to Planning and

Development's geologist for review and approval. **MONITORING:** Planning and Development shall review creek elevation records and site inspect as necessary. (*Mitigation Measure G-3) (adopted by the Planning Commission on September 6, 2000)*

E-13

At Gaviota Creek, the permittee shall visually inspect the status of restoration efforts and the erosion at the pipeline crossing at least quarterly, and as requested by State Parks or Planning and Development, after installation of the new pipeline crossing. (These surveys shall be conducted at ground level, not from the air.) **Plan Requirements:** Written inspection reports shall be submitted to the Energy Division within 30 days of the inspections and surveys. PPC shall take any necessary corrective actions required to stabilize disturbed areas, as approved by the Energy Division. **MONITORING:** EQAP monitor to periodically inspect the restoration effort. (*Mitigation Measure G-4) (adopted by the Planning Commission on September 6, 2000)*

F. SURFACE AND GROUNDWATER

F-1. Downstream Flows During Construction

During construction of the pipeline across all perennial stream crossings, stream flows, if any, shall be diverted around construction areas to maintain downstream flows. Baseline water flows shall be maintained in coastal streams in order to avoid adverse impacts to lagoon or other sensitive habitats.

F-2. Sediment Retention Devices During Construction

Sediment retention devices that allow continued streamflow shall be installed directly downstream of stream crossings during construction.

F-3. Stream and River Crossings During Construction

For pipeline crossings at the following stream or river crossings: Tajiguas; Refugio; Gaviota; Nojoqui; Zaca; San Antonio Creeks, all additional perennial streams which the pipeline crosses: Santa Ynez; Sisquoc; and Cuyama Rivers, the permittee shall construct the buried pipelines during the months of low historical streamflow, in order to minimize erosion loss downstream and protect surface water quality. In the event of low winter rainfall, earlier construction may be approved by the Planning and Development Department and County Flood Control Agency.

F-4. Riparian Habitat Corridors During Construction

No staging areas shall be permitted within riparian habitat corridors.

F-5. Construction Contractors at Stream Crossings During Construction

During pipeline construction at stream crossings, construction contractors will minimize time of disturbance, narrow the construction ROW to the extent feasible, stabilize the disturbed areas immediately following construction of the crossing, and divert runoff waters around construction areas to maintain downstream flows.

F-6. Deleted.

F-7. Isolation Valves at Perennial Stream and River Crossings

The permittee shall install isolation valves on either side of all perennial stream and river crossings, including the Cuyama River, and/or as required by the Coastal Zoning Ordinance, unless the applicant can demonstrate that alternative methods will further reduce the potential leak impacts at the crossing site. These locations shall be identified prior to the Final Development Plan.

F-8. Freshwater Source During Construction

Prior to approval of the Final Development Plan, the permittee shall identify the freshwater source considered for supplying pipeline and facility construction activities including hydrostatic test water, and shall estimate the total quantity required. Any water obtained from coastal or inland sources shall not significantly disrupt streamflows, groundwater resources, or habitat resources. Water conserving devices shall be used where feasible. Any water used during construction, (exclusive of hydrostatic test water), shall contain no more than 5,000 parts per million total dissolved solids. Disposal of hydrostatic test water within the County shall be according to a plan approved by the Regional Water Quality Control Board, or by the Flood Control Agency. This information shall be provided to and approved by the Planning and Development Department as part of the Final Development Plan.

F-9. Hydrogeologic Investigations for Sensitive Areas

Prior to approval of the Final Development Plan, the permittee will perform detailed hydrogeologic investigations for the sensitive areas identified in the EIR/EIS, (Table 3-14). These investigations will be conducted by a State of California registered geologist or engineer and will include but not be limited to:

- a) definition of groundwater depth, recharge sources, properties of overlying soils, hydraulic gradient, background water quality, and existing water uses.
- b) inventory of existing wells from State or County Flood Control Agency records in an area extending down-gradient from the pipeline in the aquifer equal to the distance groundwater would move in one year at a velocity calculated from the maximum hydraulic conductivity of the specific aquifer, hydraulic gradient, and porosity. The down-gradient sensitive area will be determined by a registered geologist.

This information will be reviewed by the Planning and Development Department and used by the permittee to formulate the Groundwater Contamination portion of an Oil Spill Contingency Plan, Condition P-5. This portion of the Plan will include;

- a) plans for monitoring and early detection of groundwater contamination, including aerial and ground surveys, pipeline pressure monitoring, and water sampling of strategic wells;
- b) plans for notification of affected groundwater users, and the Emergency Services Coordinator;
- c) clean-up response, reparations, restorations, and methods to determine and correct the contamination source; and

- d) identification of emergency alternate water supplies.

F-10. Dam and Ditch Plugs in Pipeline Trenches by Aquifers

At the base of slopes where the ROW approaches sensitive aquifers as identified in the EIR/S that are at risk from oil spills and leaks, a dam or ditch plug will be used in the pipeline trench. The sensitive areas are those where the ROW follows 1) topographic slopes toward basins with shallow depth to water, 2) high vertical permeabilities, and 3) a high degree of groundwater use as indicated by the hydrogeologic investigations required as per condition F-9. These areas shall be identified in the Final Development Plan.

F-11. SSRRC Approval for All Creek and River Crossing Plans

Prior to the approval of the Final Development Plan, the System Safety and Reliability Review Committee shall review and approve submitted plans of all creek and river crossings in Santa Barbara County. Permitted development shall not cause or contribute to flood hazards or lead to the expenditure of public funds for flood control works.

G. AQUATIC BIOLOGY

G-1. Oil Spill Response Plan

Fueling and lubrication of construction equipment will not occur within 0.25 miles of any flowing streams. No more than 2 barrels of fuel shall be kept at construction sites, exclusive of pipeline construction equipment fuel tanks, within 0.25 miles of all perennial creeks. As part of the oil spill response plan, the permittee will submit plans for clean-up and restoration of affected areas in the event of a construction fuel spill.

G-2

For the Gaviota Creek Pipeline Lowering and Relocation project, all construction and grading plans shall show the precise location of the environmentally sensitive habitats within the project vicinity. **Timing:** The ESH areas should be designated on all plans prior to CDP approval. **MONITORING:** Planning and Development staff to check plans. *(adopted by the Planning Commission on September 6, 2000)*

G-3

For the Gaviota Creek Pipeline Lowering and Relocation project, during construction, washing of concrete, paint or equipment shall occur only in areas where polluted water and materials can be contained for subsequent removal from the site. Washing shall not be allowed near sensitive biological resources. An area designated for washing functions shall be identified. **Plan Requirements:** The applicant shall designate a wash off area, acceptable to Planning and Development, on the construction drawings. **Timing:** The wash off area shall be designated on all plans prior to CDP. The washoff area shall be in place throughout construction. **MONITORING:** Planning and Development staff shall check plans prior to approval of CDP and the EQAP monitor shall site inspect throughout the construction period to ensure proper use. *(Mitigation Measure B-2) (adopted by the Planning Commission on September 6, 2000)*

H. TERRESTRIAL BIOLOGY

H-1. Restoration, Erosion Control and Revegetation Plan

H-1(j) modified 12/16/92

Prior to issuance of the Coastal Development Permit and Land Use Permit, the permittee shall submit a Restoration, Erosion Control, and Revegetation plan for the final proposed pipeline route and the pump station sites. The plan shall be submitted to the Planning and Development Department for approval. Once approved, the plan shall be implemented by the permittee. Success of the restoration and revegetation plans shall be monitored by a qualified independent biologist who is in addition to the managing environmental coordinator (Condition C-1). The plan shall contain, but not be limited to, the following:

- (a) Procedures for stockpiling and replacing topsoil, replacing and stabilizing backfill, such as at stream crossings, and steep or highly erodable slopes. Additionally, provisions shall be made for recontouring to approximate the original topography. Excess fill shall be disposed of off-site unless suitable arrangements are made with the property owner. Excess fill shall not be deposited in any drainage, or on any unstable slope.
- (b) Specific plans for control of erosion, gully formation, and sedimentation, including, but not limited to, sediment traps, check dams, diversion dikes, culverts and slope drains. Plan shall identify areas with high erosion potential and the specific control measures for these sites.
- (c) Procedures for containing sediment and allowing continued downstream flow at stream crossings, including scheduling construction activities during low-flow periods.
- (d) Procedures for re-establishment of vegetation that replicates or is functionally equivalent to indigenous and naturalized communities along the alignment. These shall include: measures preventing invasion and/or spread of undesired plant species; restoration of wildlife habitat value; and restoration of native plant species and communities. The permittee shall consult with the County Farm Advisor and appropriate Ranch operators when developing procedures for revegetating areas used for cattle grazing and other agricultural uses;
- (e) Procedures for restoration of riparian corridor stream and river banks and stream bed substrates and elevation;
- (f) Procedures for minimizing all tree removal or tree root and branch damage, such as, flagging the corridor, keeping all disturbance to no more than the 100-foot pipeline right-of-way, feathering the right-of-way edges, providing for onsite monitoring of construction by a qualified independent biologist. In addition, special procedures are required for oak woodlands since County policy requires that these trees must not be cut down if feasible. Special procedures for oaks include reducing the right-of-way to the minimum width possible and minimizing the impact to the root zone of these trees;
- (g) Procedures for replacement of native trees and large shrubs removed from the 100-foot temporary easement during construction across riparian and woodland, in particular oak woodland, habitat, with saplings of the same species propagated from materials obtained from the same area, including provision for supplemental irrigation as necessary and feasible to ensure establishment, and provisions for protection of saplings from grazing animals;
- (h) A soil conservation program, to be applied in areas of 20 percent or greater slopes along the pipeline corridor.

- (i) Procedures for incorporating landowner concerns in the plan. Any changes to the plan instigated by such concerns shall be approved by the Planning and Development Department.
- (j) The permittee shall provide an endowment in the amount of \$841,000 to fund implementation of the Alternative Oak Mitigation Program to reestablish oak savannahs and woodlands in Santa Barbara County. (Modified 12/16/92)
- (k) The segment of the plan pertaining to Gaviota State Park shall be prepared in cooperation with the State Department of Parks and Recreation.

H-2. Impact Survey One Year After Construction

One year after construction, a survey will be conducted, at the permittee's expense, to determine the actual impact caused by construction. This survey shall include aerial photography, and as appropriate color stereo and infrared photography and field studies. The report will identify areas with potential for further impact, e.g., high erosion areas that will require immediate remedial measures. The survey shall also contain an examination of previous mitigation measures and present a list of additional feasible mitigations based on the impacts during construction and potential impacts caused by operation. The permittee and the Planning and Development Department shall agree to additional feasible mitigations. This process shall be repeated as often as necessary by the Planning and Development Department, but not more than annually.

H-3. Sensitive Habitat Areas

In those areas where trees and other habitats such as riparian areas and oak woodlands are to be avoided within the approved corridor and temporary (for construction only) extra work spaces, the permittee shall assure contractor compliance with this condition by marking and/or fencing those resources. These areas include, but are not limited to, the sensitive resources identified by the permittee and depicted on the 1" = 400' color aerial print photographs provided by the permittee and the Environmentally Sensitive Habitat (ESH) areas identified by the Planning and Development Department. The permittee shall avoid disturbance to the tarplant restoration site established by Texaco on State Park property.

H-4. Additional Mitigation

Additional reasonable and feasible conditions of mitigation, consistent with condition H-1 and to the extent necessary, shall be identified and observed as developed during the archaeological mitigation program (conditions L-1, L-2, L-3, L-6), and as identified by the managing environmental coordinator in consultation with the permittee's Onsite Construction Representative (condition C-1).

H-5. Deleted.

H-6. Herbicides During Construction

The permittee shall not use herbicides in wetland and riparian areas, and along the rest of the pipeline corridor during construction.

H-7. Fish and Game Permit (1603)

Prior to issuance of the Coastal Development Permit and Land Use Permit, the permittee shall receive a permit (1603) as required from the California Department of Fish and Wildlife. This permit should include provisions to ensure that the proposed construction schedule will not interfere with reproductive activities of regionally rare or rare, threatened or endangered bird, amphibian, and fish species or other species of special concern, in those environmentally sensitive habitats identified in the EIR/EIS and shall submit this confirmation to the Planning and Development Department. If the Department of Fish and Wildlife determines that the construction schedule will have an impact then the permittee will adhere to directives of the Department of Fish and Wildlife with respect to their permit requirements.

H-8. Deleted.

H-9. Hoffman's Nightshade Plan

The permittee shall minimize impacts to the population of Hoffmann's nightshade (*Solanum xanti* var. *hoffmannii*) found in the Gaviota Pass area. The permittee shall submit plans to enhance the recovery of this population to the Planning and Development Department for approval prior to issuance of the Coastal Development Permit and Land Use Permit.

These plans shall include provisions for removing any individual plants that would be affected, place them in large tubs, and replant them as near as possible to the original location (exclusive of the operation Right-of-Way) after construction; and gathering seeds prior to issuance of the Coastal Development Permit and Land Use Permit from the population of Hoffmann's nightshade located in the Gaviota Pass area and planting them in and near the ROW after construction. This shall be done under the supervision of a biologist approved by the Planning and Development Department and in cooperation with the California Parks Department; this biologist may approve modifications to these techniques based on season of the year and state of dormancy.

H-10. Catalina Mariposa Lily Plan

The permittee shall minimize impacts to the population of Catalina Mariposa lily (*Calochortus catalinae*) found in the Gaviota Pass area. The permittee shall submit plans to enhance the recovery of this population to the Planning and Development Department for approval prior to issuance of the Coastal Development Permit and Land Use Permit. These plans shall include provisions for gathering of seeds from the population found in or near the ROW prior to construction, planting the seeds in or near the ROW after construction (exclusive of the operation ROW), conserving the upper 18-24 inches of heavy clay soil which contains the plant's bulb-like corms found in the vicinity of the plants prior to construction, and then, after construction, replacing this soil which holds the plant's bulb-like corms. This shall be done under the supervision of a biologist approved by the Planning and Development Department and in cooperation with the California Parks Department; this biologist may approve modifications to these techniques based on season of the year and state of dormancy.

H-11. Refugio Manzanita Plan

The permittee shall minimize impacts to the population of Refugio Manzanita (*Arctostaphylos refugioensis*) found in Gaviota Pass area and affected by the proposed construction activities. The permittee shall submit plans to enhance the recovery of this population to the Planning and

Development Department for approval prior to issuance of the Coastal Development Permit and Land Use Permit. These plans shall include provisions for gathering seeds and taking cuttings from the population of Refugio Manzanita found in and adjacent to the ROW prior to construction, and provisions for the planting of the seeds and plants propagated from cuttings in the final construction alignment (exclusive of the operation ROW) after construction. This shall be done under the supervision of a biologist approved by the Planning and Development Department and in cooperation with the California Parks Department; this biologist may approve modifications to these techniques based on season of the year and state of dormancy.

H-12. Restoration, Revegetation and Implementation Plan

The permittee shall prepare a Restoration, Revegetation and Implementation section as part of the Oil Spill Contingency Plan (P-5). The section shall be reviewed and accepted prior to start-up by the Planning and Development Department and a biologist approved by the Planning and Development Department. The section shall be submitted sufficiently prior to the permittee's projected start-up date so as to allow reasonable time for staff review. Reasonable costs of review shall be borne by the applicant. The section shall contain site-specific restoration information for all habitat types including stream crossings, wetlands/lagoons, oak woodlands, grasslands, riparian zones, and other environmentally sensitive habitats. The section shall be divided into three major areas: a) Coastal, b) Streams and Rivers and c) Terrestrial habitats. Each of these sub-sections shall discuss the various habitats in the categories listed above. Methods to achieve restoration of all affected areas to their prefill conditions shall be discussed.

H-13. Pump Station Landscaping

Prior to issuance of the Coastal Development Permit and Land Use Permit, the permittee shall submit to the County Board of Architectural Review, and the Planning and Development Department site-specific plans for landscaping of any pump station not within other required project vegetation screens. This plan shall, at the permittee's expense, be reviewed by a qualified landscape architect and a biologist approved by the Planning and Development Department to insure the proper plant materials and procedures identified in these conditions are implemented. These plans shall be developed in consultation with the property owner. The plan shall include:

- (a) The specifications of any potential seed mixtures to be utilized, including the plant species in the mixture and the pounds of seed per acre to be applied; type of mulch (fiber, chemical tackifier or straw); the type and amount of fertilizer; and any provisions for irrigation;
- (b) Confirmation that all native or non-native plant materials proposed in the revegetation plan are compatible with indigenous vegetation and that none of the plants used is known to be weedy or invasive. The plan shall provide for plantings that will screen facilities from view. This vegetation screening shall also be designed to reduce nighttime lighting and noise. Near chaparral or other high fire hazard areas, the seeds or seedlings will consist of native or non-native species, shown to contain fire retardant properties (such as toyon) and shown to be fast growing;
- (c) The specifications for native seeds and seedlings that will have wildlife habitat and food value. All perennial plants, and all woody plants are to be propagated from material obtained from the same area. Native plant material is to be obtained from a revegetation contractor. All native materials will be ordered from the contractor in advance of construction activities.

- (d) Confirmation that non-native material is to be confined to disturbed areas immediately adjacent to structures needing visual screening. Such screening is to include fast growing plants adequate to screen the facility from direct view;
- (e) A detailed irrigation plan if feasible for all revegetated areas requiring irrigation for establishment of plant materials;
- (f) The permittee's commitment for continual monitoring of the revegetation so that weeds will be minimized.

H-14. Landscaping and Revegetation Bonds

Prior to issuance of the Coastal Development Permit and Land Use Permit, the permittee shall post a bond or other security agreement approved by the County Counsel to ensure that all landscaping and revegetation programs are completed to the County's specifications.

H-15. Release of Landscaping and Revegetation Bonds

Prior to issuing a release from the bond or other security agreement, a biologist and landscape architect hired by the County, at the permittee's expense, shall conduct a field review of all revegetated and landscaped areas, to insure consistency with the intent and specifications of the revegetation and landscape plan. Necessary repairs or changes in landscaping or revegetation shall be made at the permittee's expense.

H-16. California Endangered Species Inventory

Prior to approval of the Final Development Plan, a qualified biologist approved by the Planning and Development Department will conduct site-specific field inventories for California state-listed species, as mandated by the intent and general provisions of Assembly Bill No. 3309, the California Endangered Species Act. The biologist will perform the surveys of the 100-foot ROW in areas suspected of having any of the species of special concern as identified in Appendix B Table B-6, DEIR/S, except for the peregrine falcon, least Bell's vireo, and Parish's sidalcea. Surveys for these species will be conducted prior to construction. The California Department of Fish and Game will be consulted concerning appropriate methods for survey as well as appropriate mitigation measures if these species are found on the ROW. Additional mitigation shall be developed and executed by the permittee-based on these surveys if determined necessary by the Planning and Development Department.

H-17. Raptor Nesting Habitat Survey

Prior to issuance of the Coastal Development Permit and Land Use Permit, a wildlife biologist approved by the Planning and Development Department will survey all potential raptor nesting habitats within 0.5 miles of the pipeline, to identify active and inactive nests and potential perch sites cleared by ridge-top construction. No construction will occur within 0.5 miles of active eyries during nesting season as determined by the biologist. Construction may be permitted by the Planning and Development Department in consultation with the biologist near inactive nests provided nest sites are not disturbed. Where deemed necessary by the California Department of Fish and Wildlife biologists, raptor perch or roost trees will be avoided and/or artificial roosts will be constructed on ridgelines to mitigate losses of such trees resulting from clearing the ROW on ridge tops.

H-18. Construction ROW Through Riparian Habitats

The permittee shall limit the width of the construction ROW through all riparian habitats to the extent feasible. The permittee shall submit a plan indicating the location and size of the construction ROW through all riparian habitats. These plans shall be approved by the Planning and Development Department prior to the Final Development Plan.

H-19. Construction ROW Designed to Avoid Trees

The construction ROW shall be routed to avoid trees to the maximum extent feasible. When this is not possible, dying or diseased trees shall be removed preferentially over healthy trees.

H-20. Suey Canyon Oak Woodland

The permittee shall minimize impacts to the oak woodland in the Suey Canyon area. This shall be done by using existing disturbed areas and by narrowing the construction corridor to the extent feasible by working on top of the spoils pile or selectively removing spoils, selectively removing trees (e.g. dying, or diseased trees) and revegetating to enhance re-establishment of oak saplings and/or similar mitigation.

H-21. Los Alisos Creek Crossing

The permittee shall align the pipeline route in the vicinity of the Los Alisos Creek crossing in order to minimize the amount of riparian habitat disrupted.

H-22. Parish's Checkermallow Field Survey

Prior to the issuance of the Land Use Permit, a qualified biologist approved by the Planning and Development Department shall conduct a site-specific field survey for the Parish's checkermallow along the approved right-of-way in potential habitat areas in the North County. Should any individuals be found along the right-of-way, the permittee shall employ mitigation measures approved by the Planning and Development Department to enhance the reestablishment of the species along the ROW (e.g., transplanting individuals).

H-23. Gaviota Tarplant Plan

The permittee shall minimize impacts to the population of Gaviota tarplant (*Hemizonia increscens* ssp. *villosa*) found in the Gaviota area. The permittee shall submit a plan to enhance the recovery of this population to the Planning and Development Department for approval prior to issuance of the Coastal Development Permit. This plan shall include provisions for ensuring the preservation of the current seed crop and seed stored in topsoil (seed bank) onsite. This shall be done under the supervision of a biologist approved by the Planning and Development Department.

H-24. Restoration of Construction Work Areas

Impacts to existing vegetation within the temporary (for construction only) extra work space areas shall be minimized to the extent feasible. All disturbed areas, including temporary extra work spaces, shall be restored and revegetated pursuant to the permittee's approved Restoration, Erosion Control, and Revegetation Plan (Condition H-1). Any grading of the temporary extra work space areas will require a separate Coastal Development Permit.

Use of the temporary (for construction only) extra work space areas on slopes greater than 30 percent shall be limited to spoil placement. Right-of-way restoration and revegetation on slopes greater than 30 percent shall be initiated immediately upon completion of pipeline installation.

H-25

The permittee shall implement a project specific revegetation and restoration plan for the Gaviota Creek Pipeline Lowering and Replacement project. The plan shall include, but not be limited to the following measures:

- Landscaping in the riparian corridor shall consist of native riparian species including willow (*Salix lasiolepis*, *S. laevigata*), mule fat (*Baccharis salicifolia*), wild blackberry (*Rubus ursinus*), California wild rose (*Rosa californica*) at a minimum density of 3 feet on-center. Planting stock shall be obtained from the Gaviota Creek drainage.
- The new plantings shall be irrigated as necessary to promote establishment.
- Plantings shall be fenced or otherwise protected from browsers as deemed necessary by the EQAP monitor.
- Non-native species including tree tobacco (*Nicotiana glauca*), castor bean (*Ricinus comunis*), mustard (*Brassica sp.*), star thistle (*Centaurea sp.*) shall be removed from the creek within the project area.
- Upland areas disturbed by construction shall be recontoured to pre-existing conditions (to the extent feasible) and revegetated consistent with the Restoration, Erosion Control and Revegetation Plan approved for the original pipeline project.

The plan shall include pre-established performance criteria to be used in final evaluation for bond release. **Plan Requirements:** Prior to CDP approval, the applicant shall submit the revegetation and restoration plan, prepared by a Planning and Development approved biologist, to Planning and Development for review and approval. The \$350,000 performance bond already in place for the original project shall cover performance security for the project. **Timing:** The plan must be approved prior to CDP approval. Revegetation and removal of non-natives shall be done so as to coincide with the onset of seasonal rainfall. **MONITORING:** Planning and Development staff shall site inspect for restoration. Maintenance shall be confirmed through site inspections. (*Mitigation Measure B- 1 and V-1*) (adopted by the Planning Commission on September 6, 2000)

H-26

The permittee shall comply with the mitigative provisions of the following documents:

- NMFS Biological Opinion, December 31, 1998
- USFWS Biological Opinion, January 15, 1999
- ACOE Nationwide Permit, February 22, 1999
- CDFW Streambed Alteration Agreement, March 26, 1999
- NMFS Biological Opinion, May 31, 2000

These permits and mitigation measures are considered part of the project description. **Plan Requirements:** These conditions shall be printed on all construction plans. **MONITORING:** P&D staff to ensure compliance with other agency permits. EQAP monitor to spot check in the field. (*Mitigation Measure B-3*) (adopted by the Planning Commission on September 6, 2000)

I. SOCIOECONOMICS

I-1. Oil and Gas Industry-Wide Monitoring and Mitigation Program

The cumulative impacts of oil and gas industry projects are expected to be significant to Santa Barbara County. Therefore the permittee shall participate in an oil and gas industry wide monitoring and mitigation program to address socioeconomic impacts identified as significant environmental impacts attributable to their project. For projects such as pipelines, only the construction phase is expected to cause significant impacts, and the permittee's participation in the program shall be limited to that phase. The criteria for allocating the costs of the monitoring and mitigation program and its mitigation requirements will be uniformly applied to all industry participants.

The intent of this program is to obtain realistic information regarding impacts identified in the EIR/EIS, and to allow impacted jurisdictions to require mitigation for project-related impacts. Mitigation of impacts through other planning programs, and/or through existing administrative infrastructure shall be taken into account. The scope of this program is detailed below. As subsequent details in the structure of the Program are developed by the County, such details shall supersede portions of this condition as appropriate.

The purpose of the Monitoring and Mitigation Program is to accurately assess the impacts of the permittee's proposed development, including those in the following socioeconomic areas:

- a. Temporary housing needs, particularly demand for state and other park campsites, recreational vehicle parks, motel-hotel rooms and rental housing;
- b. Longer term (more than one year) housing needs, particularly low and moderate income housing needs, and associated water demands, south coast Santa Barbara County;
- c. Public finance;
- d. Transportation of workers and materials to and from the site.

At any point when the Board of Supervisors determines that the monitoring program demonstrates that previous mitigation funds paid by the permittee exceed the valuation of the impacts at issue, the permittee shall be granted a credit against any other current or future mitigation fees imposed on the permittee for this permit by the County. The permittee shall be entitled to accrued interest at the prevailing legal rate which shall continue to accrue until the credit is used.

The Monitoring and Mitigation Program will be administered and staffed by the County of Santa Barbara, Department of Regional Programs. A Technical Advisory Committee will provide assistance and input in the documentation of significant adverse impacts and proposals to mitigate these significant impacts.

The Technical Advisory Committee will be composed of: two representatives from Santa Barbara's cities appointed by the Mayor's Select Committee and representing north and south county interests; one representative (each) from San Luis Obispo and Santa Barbara counties; and one representative from each affected oil and gas company (to the number of representatives agreed upon). The permittee will be included in the committee until the permittee submits its resignation.

In the event of unresolved technical issues in the area of methodology and calculation of socioeconomic impacts, there shall be a Technical Arbitration Group. The Technical Arbitration Group shall be composed of three individuals without ties to either the County or the permittee, one to be selected by the County Board of Supervisors, one selected by the oil and gas company representatives and the final member selected by the first two members. All Technical Arbitration Group decisions shall be appealable upon written request to the Board of Supervisors. Subsequent details on voting procedures and conflict resolution will be proposed by the Department of Regional Programs and reviewed by the Board of Supervisors in a noticed public hearing.

Prior to approval of the Final Development Plan for this project, the monitoring and mitigation program will be refined. Based on information in the EIR/EIS and on other data as appropriate, practical thresholds which trigger the necessity for mitigation will be developed and adopted by the Department of Regional Programs with input from the Technical Advisory Committee. These thresholds will recognize the normal growth incorporated in County plans, prior and existing industry activity, and the decline of the industry if no further permitting is allowed. Methodologies used to establish thresholds and impacts will be developed in consultation with the Technical Advisory Committee.

The need for mitigation will be determined when threshold levels are exceeded as shown by monitored activities and other data as appropriate. The Department of Regional Programs will recommend a mitigation action to the County Board of Supervisors. The Technical Advisory Committee will assist in making the assessment and recommendations. The monitoring and mitigation program will continue through all stages of construction.

The monitoring, impact and mitigation elements of the program would be equivalent to those described in the Chevron Gaviota Project conditions, but modified as appropriate for the nature of the pipeline project.

I-2. Housing for Temporary Construction Workers

Prior to approval of the Final Development Plan, the permittee shall submit to the County Department of Regional Programs a plan which details how they plan to house temporary construction workers for every month of construction. This plan, to be implemented by the permittee, shall demonstrate how the permittee plans to reduce the housing impacts identified as part of the plan; e.g. exactly how much housing is needed, where it is needed and for how long; but not limited to, the following examples:

- (a) Use of existing under-utilized hotel/motel space during the months of September through May to provide for temporary living quarters for direct construction workers by month; identification of incentives to all the direct construction workers such as rent subsidies and/or shuttle service to the site.
- (b) Use of any available housing outside the South Coast area for all workers associated with the project during the summer months when visitor-serving facilities in the South Coast area are at capacity. Incentives for workers shall be identified such as rent subsidies and shuttle service for all workers commuting to the job site.
- (c) Methods to limit worker use of public campgrounds as living quarters. If it cannot be shown that the impact will be reduced from the estimate, the permittee shall make a donation to the California State Parks or to Santa Barbara County Parks for the development of new campsites to offset their worker use of campsites. The donation shall

be made prior to receipt of the building permit and determined by multiplying the estimated cost per developed campsite times 15. If it is shown by the Regional Programs Department and the Technical Advisory Committee that there is significant impact, the above-mentioned groups shall propose mitigation.

At any point when the Board of Supervisors determines that the monitoring program demonstrates that previous mitigation funds paid by the permittee exceed the valuation of the impacts at issue, the permittee shall be granted a credit against any other current or future mitigation fees imposed on the permittee for this permit by the County. The permittee shall be entitled to accrued interest at the prevailing legal rate which shall continue to accrue until the credit is used.

I-3. Construction During Peak Tourist Seasons

The pipeline construction period will be scheduled so as not to coincide with peak tourist seasons within each construction area in Santa Barbara County, provided that this scheduling does not interfere with any other conditions in this permit with respect to timing, in particular requirements regarding construction during stream and river low-flow. If such a conflict is found, than additional measures must be taken to provide the temporary housing needs for construction workers.

I-4. Deleted.

I-5. Utilization of Local Labor

The permittee shall include provisions in its contractor agreements specifically to encourage and promote employment from local labor so as to reduce the impacts associated with the in-migration of workers.

I-6. Project-Related Utilities and Services

Except as otherwise provided herein, if the Socioeconomic Monitoring Program shows that project-related revenues will not compensate for needed capital or operating expenditures necessary to provide project-related utilities and services additional mitigation will be required.

I-7. Distributing Oil Related Revenues

In the event that state and/or federal revenue sharing legislation directed at distributing oil related revenues to state or local governments is approved or Santa Barbara County levies a tax (special or otherwise) on oil and/or gas processed or transported under this permit, then any condition herein requiring payments or other items of value by the permittee to Santa Barbara County or any political subdivision thereof shall automatically be suspended pending a review by the County to determine the extent, if any, which the tax, revenue sharing, or any of the fees imposed are duplicative or unwarranted either as to the level of government services provided or the level of burdens imposed on the public.

J. LAND USE AND RECREATION

J-1. Property Owner Notification of Construction

Prior to construction, the entire pipeline ROW corridor shall be prominently staked. All affected property owners along the pipeline route shall be notified in writing at least 30 days prior to the commencement of any pipeline construction on their property, and at least 15 days in advance of any deviation from the staked corridor which crosses their property.

J-2. Mainline Pipeline Construction Time Lines

All mainline pipeline construction activities except river, perennial coastal stream, and ESH area crossings as specified in condition H-7, once started, shall proceed in a diligent and expeditious manner and shall be completed within nine months after the starting date, subject to necessary and/or unanticipated time extensions approved by County, in consultation with affected property owners.

J-3. Pipeline Construction Work Hours

Pipeline construction activities shall be limited to the period between 7 a.m. and 7 p.m., Monday through Saturday. Except for emergency services, construction activities shall not take place on Sundays, the dates generally recognized for Memorial Day, July 4, Labor Day, or any other similarly recognized holiday, unless previous arrangements have been made with the affected property owners.

J-4. Privacy and Security of Property Owners During Construction

Prior to approval of the Final Development Plan, the permittee shall consult with affected property owners to develop reasonable and mutually satisfactory controls for maintaining the privacy and security of affected properties while construction is in progress.

J-5. Property Owner Notification of Construction Within 48 Hours

Unless easements have been obtained from affected property owners or unless otherwise agreed to by affected property owners, the permittee shall provide affected property owners written notice at least 48 hours prior to the start of construction on their property, which shall include:

- a) Description of vehicles using roads on the property, including type, size, identification, proposed times of entry and departure, destinations, and the intended route to the destination. (Fire, medical, or similar emergency vehicles can enter as necessary.) Significant changes in the schedule of construction-related vehicular traffic shall be allowed within the 48-hour advance noticing subject to direct communication (e.g. telephone, personal communication) by the permittee with the affected property owners;
- b) Description of estimated construction schedule across the property. Any blasting necessary during construction shall be noticed to all property owners within a one mile radius of the blasting area;
- c) Description of times of limited access through and across the property, such as road closures on the property, indicating specific location, time and duration of the limited

- access or closure. Road closure is considered to include partial road blockage or disturbance. Suitable vehicular by-pass shall be provided during all closures;
- d) Description of any probable hazard or other unsafe condition during the pipeline construction period, indicating the nature of the hazard, the area in which the condition will occur, and the time and duration of the activity. The permittee and its contractors shall take prompt and adequate action to correct any hazard or damage that does occur during construction, and shall provide appropriate noticing as per other parts of this condition;
 - e) Description of helicopter and/or vehicle reconnaissance schedules for pipeline maintenance, indicating times, stops, and duration. The permittee shall establish and enforce appropriate rules for its personnel and its contractors to assure that they will not be in the area except when necessary to carry out construction, inspection, repair and maintenance activities, or emergency services;
 - f) Description of schedule for cutting any fences or similar barriers during pipeline construction.

J-6. Deleted.

J-7. Property Owner's Fences/Barriers During Construction

Unless easements have been obtained from affected property owners or unless otherwise agreed to by affected property owners if and when fences or other similar barriers must be cut during pipeline construction, the permittee shall provide advance notice to the affected property owner, and shall replace the function of the cut fence before the cut is made to the satisfaction of the property owner, and the permittee and its contractors shall restore all fences that have been cut, moved, or damaged to at least their condition prior to pipeline construction, except that gates or similar structures may be added as approved to provide access.

J-8. Utility Lines and Services During Construction

Interruption of telephone, electrical power, water or other utility services shall be minimized to the extent feasible during the pipeline construction period. The permittee, or its contractors, shall contact each property owner or the appropriate utility regarding the location of utility lines, and all such utility line locations shall be staked by the permittee or its contractors prior to the start of construction on the affected property.

J-9. Compliance with All Applicable County Statutes, Etc.

During the pipeline construction period in the County, the permittee and its contractors shall comply fully with all applicable statutes, ordinances, rules and regulations, including traffic regulations, of the County.

J-10. Proof of ROW Prior to Construction

Prior to entering upon any parcel of property for purposes of commencing construction, the permittee shall demonstrate to the Planning and Development Department that it has obtained a right-of-way for such parcel or otherwise has obtained the right to enter the property for purposes of constructing the pipeline.

J-11. Restricted Use of ROW After Construction

Following installation of the pipeline, use of the right-of-way is restricted to operational maintenance of the pipeline except where expressly permitted by the easement or landowner and consistent with other regulations and conditions.

J-12

The permittee shall implement the sign plan approved by State Parks, and dated August 11, 2000, prior to beginning work on the Gaviota Creek Pipeline Lowering and Relocation project. **MONITORING:** EQAP monitor to check in field. *(adopted by the Planning Commission on September 6, 2000)*

K. TRANSPORTATION

K-1. Worker Transportation Program

Prior to issuance of the Coastal Development Permit and Land Use Permit, the permittee shall submit to the Planning and Development Department and the Department of Public Works, Road Division a worker transportation program designed to minimize traffic-related impacts. The plan shall identify on- and off-site parking areas, access routes, shuttle program to reduce number of working vehicles on and along pipeline construction corridor, measures to avoid traffic conflicts with residents using all roads affected, number of vehicles accessing the facilities sites and incentives for ride-pooling/van-pooling to the sites. Construction worker traffic and parking shall not interfere with normal and reasonable uses of private property or recreational areas. This Construction Traffic Mitigation Plan shall be submitted by the permittee and approved by County prior to initiation of construction. The program must consider both the permittee employees and contractors.

K-2. Permanent Parking Areas at the Pump Stations

Any new permanent parking areas at the pump stations shall be screened from public view pursuant to the landscape plan approved by the Board of Architectural Review.

K-3. Engineering Plans for All Pipeline Crossings of County Roads

The final engineering plans and procedures for all pipeline crossings of County roads must be approved prior to issuance of the Land Use Permit and Coastal Development Permit by the Department of Public Works. Notification of such approval must be submitted to the Planning and Development Department prior to construction at the site.

K-4. Pipeline Construction Activity Limited to ROW

All pipeline construction activity, except ingress and egress along routes approved by the Planning and Development Department and in consultation with affected property owners, shall be limited to the final staked right-of-way on the final approved pipeline route. Use of any private roads or other areas shall be allowed only after advance approval from the affected property owners.

K-5. Mitigation Plan for Impacted County Roads

Prior to the Final Development Plan, the permittee must submit to the Public Works Department for approval a plan to mitigate impacts to all County roads which will be used during construction. This plan will include the type of vehicles and machinery which will traverse the roads, the frequency of road use for each piece of equipment and vehicle, and the gross vehicle weights loaded and unloaded. This includes the above information for trucks carrying pipe, fuel, construction supplies, or construction crews through the County to the construction spreads. This plan shall include an agreement with the County to repair any obvious damage to the satisfaction of the Public Works Director and any reasonable fees associated with eventual reconstruction caused by project-related damages of the public roads. Prior to drafting this agreement, County shall coordinate with the permittee in compiling a list of County roads which will be used for construction of the pipeline. The permittee shall demonstrate property owner (or Court) approval of private road maintenance plans or terms on privately owned parcels to the Planning and Development and Public Works Department prior to entering upon said parcels for purposes of commencing construction.

K-6

If repairs are necessary to roads used by construction equipment for the Gaviota Creek Pipeline Lowering and Relocation project, the permittee shall either complete the repairs or provide funding as determined by State Parks, County Public Works or Caltrans. **MONITORING:** EQAP monitor to visually inspect roads before and after the construction period. *(adopted by the Planning Commission on September 6, 2000)*

K-7

The permittee shall provide workers at the access road gate and the work site to manage traffic by radio for the duration of the Gaviota Creek Pipeline Lowering and Relocation project. The permittee shall coordinate with PAPCO/PANGL and any subcontractor normally requiring access to the site. **MONITORING:** EQAP monitor to check in field. *(adopted by the Planning Commission on September 6, 2000)*

L. CULTURAL RESOURCES

L-1. Cultural Resources Surveys Plan

Prior to approval of the Final Development Plan, the permittee shall submit a plan detailing the methods for the Phase I (walkover) and Phase II (site importance assessment) cultural resources surveys. In addition, the permittee shall submit all Phase I cultural work completed to date. These reports shall be approved by the Planning and Development Department as part of the Final Development Plan. Prior to issuance of the Land Use Permit and Coastal Development Permit, the permittee shall complete Phase I and Phase II cultural resource surveys for the entire route. The results of these surveys shall be approved by the Planning and Development Department prior to issuance of said permits. The permittee shall avoid to the maximum extent feasible all known cultural resource sites along the pipeline route unless safety (e.g. seismic or engineering practices) considerations or sensitive biological habitats preclude avoidance.

L-2. Cultural Resources Mitigation Plan

Prior to issuance of the Coastal Development Permit and Land Use Permit, the permittee, in consultation with the Native American Community, shall commence the cultural resources mitigation plan, in accordance with CEQA Appendix K, County approved Prehistoric Archaeological Guidelines, and section 4.1.1.11, Cultural Resources, of the EIR/EIS. Implementation of the mitigation plan shall proceed on an expeditious and effective schedule in order to minimize or to avoid conflicts with other construction scheduling requirements delineated in other permit conditions. The main components of the mitigation plan shall include:

- a) Selection of a qualified archaeologist by the County Resource Management Department in consultation with Native American representatives. The archaeologist shall be available on an as-needed basis through the completion of pipeline construction. The archaeologist shall be funded by the permittee and shall be responsible to the County Planning and Development Department. Compensation shall cover all excavation, analysis, and report preparation for all areas investigated including those found during construction;
- b) Avoidance of known sites wherever feasible;
- c) Test excavations of known sites that cannot be avoided. These test excavations will assess the importance of each site according to CEQA Appendix K criteria or other requirements and will result in appropriate data recovery as a mitigation measure;
- d) Inclusion of Native American representatives in all field activities;
- e) Additional sub-surface sampling (use of shovel test pits) in defined sensitive areas which will be affected by project construction to confirm the presence/absence of previously unknown (undiscovered) sites. This will include surveying of proposed construction access road areas, once identified by the permittee. Any new sites found shall be treated as per condition L-2(b, c);
- f) Following the determination of site importance, the permittee shall inform the County of any additional plans for site avoidance. For those sites not avoided, the consulting archaeologist shall, in consultation with the Native American community, prepare site-specific mitigation (excavation/data recovery) plans; and
- g) Implementation and completion of the field work aspects of the site-specific mitigation plans prior to construction in the vicinity of the resource.

L-3. Pre-Construction Workshop with Native Americans

Prior to pipeline installation activities, the permittee shall sponsor a workshop for its pipeline contractors and Native American consultants to review and explain the mutual concerns and activities of the parties during pipeline installation work.

L-4. Archaeologist and Native American On-Site During Construction

During pipeline installation, a Planning and Development Department approved archaeologist and Native American consultant(s) will work with the contractor during trenching to insure continued avoidance. Adequate monitors shall be provided pursuant to an agreement between the Native American representatives and the permittee, and the archaeologist retained.

L-5. Ownership of Non-Burial Associated Cultural Resource Artifacts

If non-burial associated cultural resource artifacts are recovered during pipeline installation (the location of such artifacts being unknown prior to installation), ownership of such artifacts shall be

the option of either the permittee, the Native American Community, or the archaeological community. In recognizing the origin of the materials, the Native American Community shall have the first option for ownership. The disposition of the artifacts shall be carried out as per the approved County guidelines.

L-6. Burial Associated Artifacts Found During Construction

If burials or burial associated artifacts are found during installation (that were unknown prior to excavation), and cannot be avoided because of safety considerations, there shall be no further excavation or disturbance of the site. The permittee, in conjunction with the Native American representatives and the Planning and Development Department, shall adhere to the guidelines in CEQA Appendix K and the County Archaeological guidelines prior to continued construction activity in the site area.

L-7. Phase II Cultural Resource Guidelines

If the County cultural resource guidelines for Phase II are modified and approved prior to November 19, 1985, the permittee shall abide by the requirements set forth in the guidelines in place at the time of Final Development Plan approval.

L-8

For the Gaviota Creek Pipeline Lowering and Relocation project, construction envelopes shall be restricted to those areas shown on the site plans dated 8/4/99, in order to avoid impacts to the cultural resources. No construction, earth disturbance or construction equipment shall occur or operate outside of these areas. Subsurface structures including septic systems and utilities and accessways including roads, driveways and utilities shall not be placed outside the envelopes. Envelope boundaries shall be staked in the field. Prior to vegetation removal, the proposed easternmost staging area must be delineated and an archaeologist must verify that the staging area is not located over either of CA-SBA-2067/H's recorded historic adobe foundations or that adequate matting (as determined by the Gaviota State Park's archaeologist) is placed over the foundations. **Plan Requirements:** Construction envelopes shall be shown on all grading and building plans. This condition shall be noted on all final plans to describe the activities disallowed outside the approved envelopes. **Timing:** Construction drawings shall be submitted to Planning and Development prior to CDP. Envelopes shall be staked prior to start of grading or structural development. **MONITORING:** During plan check, the planner shall ensure that all construction is to occur within approved envelopes. Staking shall be checked during pre-construction meeting. Planning and Development's EQAP monitor and planners shall inspect and photo document during all construction phases to ensure development is confined to construction envelopes and that staking remains in place during site grading and construction. (*Mitigation Measure AR-1*) (adopted by the Planning Commission on September 6, 2000)

L-9

At the commencement of project construction for the Gaviota Creek Pipeline Lowering and Replacement Project, the archaeological monitor shall give all workers associated with earth-disturbing procedures an orientation regarding the possibility of exposing unexpected cultural remains and directions as to what steps are to be taken if such a find is encountered. **MONITORING:** EQAP monitor to verify orientation is conducted at meeting. (*Mitigation Measure AR-2*) (adopted by the Planning Commission on September 6, 2000)

L-10

For the Gaviota Creek Pipeline Lowering and Replacement project, all earth disturbances including scarification and placement of fill within the archaeological site area shall be monitored by a Planning and Development-qualified archaeologist and a Native American Consultant pursuant to County Archaeological Guidelines. **Plan Requirements and Timing:** Prior to commencing work, a contract or Letter of Commitment between the applicant and the archaeologist, consisting of a project description and scope of work, shall be prepared. The scope of work must be submitted to Planning and Development for review and comment. **MONITORING:** Planning and Development planners shall confirm monitoring by archaeologist and Planning and Development's EQAP monitor shall spot check field work. *(Mitigation Measure AR-3) (adopted by the Planning Commission on September 6, 2000)*

L-11

In the event archaeological remains are encountered during grading for the Gaviota Creek Pipeline Lowering and Replacement project, work shall be stopped immediately or redirected until a Planning and Development qualified archaeologist and Native American representative are retained by the applicant to evaluate the significance of the find pursuant to Phase 2 investigations of the County Archaeological Guidelines. If remains are found to be significant, they shall be subject to a Phase 3 mitigation program consistent with County Archaeological Guidelines and funded by the applicant. **Plan Requirements/Timing:** This condition shall be printed on construction drawings and submitted to Planning and Development prior to CDP. **MONITORING:** EQAP monitor shall spot check in the field. *(Mitigation Measure AR-4) (adopted by the Planning Commission on September 6, 2000)*

L-12

If human remains are unearthed during the Gaviota Creek Pipeline Lowering and Replacement project, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission (NAHC). The NAHC will then contact the most likely descendent of the deceased Native American. **Plan Requirements/Timing:** This condition shall be printed on construction drawings. **MONITORING:** EQAP monitor shall spot check in the field. *(Mitigation Measure AR-5) (adopted by the Planning Commission on September 6, 2000)*

M. VISUAL RESOURCES

M-1. Board of Architectural Review Approval

All facility design (e.g. pump stations, landscaping and signs), shall be in accordance with a plan approved by the County Board of Architectural Review (BAR) including the criteria outlined in the Coastal Zoning Ordinance Section 35-87.9 and Section 35-184. Prior to the issuance of the Land Use Permit and Coastal Development Permit, the permittee shall submit to the BAR and the Planning and Development Department and obtain their approval of a plan demonstrating that Conditions M-2 through M-5 are met. For visual screening of surface equipment along the pipeline route, the permittee shall consult with each affected property owner during development of the associated landscaping plan.

M-2. Exterior Lighting

No unobstructed or unshielded beam of exterior lighting shall be directed towards any area outside the exterior boundaries of PPC's property or easement. Any lighting along roadways within the project shall utilize low intensity, ground level, shielded fixtures. The plan shall demonstrate that all feasible measures have been taken to reduce obtrusive night lighting and glow from the pump stations.

M-3. Pump Station Facilities Lighting

To the extent feasible no glare or other radiation resulting from pump station facilities, other than lighting fixtures constructed pursuant to this Development Plan, shall be detectable at any point along or outside the required screening along exterior boundaries of the pump stations.

M-4. Painting of Pump Stations Prior to Pipeline Operation

Prior to the pipeline operation, the Gaviota pump station, visible from Highway 101 and the Gaviota Village, the Sisquoc pump station visible from public viewshed, and all above ground portions of the pipeline shall be painted to harmonize with the surrounding area.

M-5. Visibility of Above-Surface Structures

No above-surface structures except necessary pipeline markers, pump stations, cathodic test stations, necessary fencing, and block valves shall be visible along this route after the completion of pipeline construction. Signs shall not detract from scenic areas or views from public roads to the extent feasible.

M-6. Determination of ROW in Gaviota State Park

Prior to construction, the permittee will review the feasibility of implementing mitigation measures and/or realignments in the Gaviota State Park area to avoid blasting of ridgetops and alteration of topography in a scenic area. The permittee shall submit a plan to the Planning and Development Department, for review and approval, which identifies the feasibility of shifting the ROW alignment to the west, leaving the ridge profile undisturbed. The plan shall include an investigation of utilizing prefabricated pipeline bends to allow for alignment around ridgetops, the use of stepped benches in steep terrain, and the future use of such a corridor for additional pipelines.

M-7

Any exterior night lighting installed on the project site for the Gaviota Creek Pipeline Lowering and Replacement project shall be of low intensity, low glare design, and shall be hooded to direct light downward onto the project site and prevent spill-over onto adjacent areas, especially U.S. Highway 101. In addition, the permittee shall consult with Caltrans on the location and type of lighting to be used to ensure it does not present a traffic hazard. **Plan Requirements and Timing:** This requirement shall be printed on all construction drawings prior to issuance of Coastal Development Permit (CDP). The permittee shall provide Planning and Development with a letter documenting their coordination efforts with Caltrans prior to CDP. **MONITORING:** EQAP monitor to confirm no impacts from night lighting. *(Mitigation Measure V-2) (adopted by the Planning Commission on September 6, 2000)*

N. NOISE

N-1. Noise Monitoring and Control Plan

Prior to issuance of the Coastal Development Permit and Land Use Permit, the permittee shall file with the Planning and Development Department a Noise Monitoring and Control Plan which has been approved previously by the Department of Health Care Services and the Planning and Development Department. The plan shall describe the best efforts the permittee shall take to reduce the noise impacts of the project both during construction and operation of the project. The approved plan shall be implemented by the permittee and shall be followed until temporarily suspended or deemed no longer necessary by the Planning and Development Department. The plan shall include provisions to ensure that items N-2 through N-6 below are included.

N-2. Sound Levels During Operation

Except for motor vehicles and motorized construction equipment, all facilities shall be designed, constructed, operated and maintained such that sound levels during operation do not exceed 70 dbA at or beyond the property line or pipeline easement, as measured on the "A" weighted scale at slow response on approved sound level measuring instruments. Affected property owners along the pipeline route shall be notified by PPC at least 48 hours in advance of any planned testing or maintenance of the line which may exceed noise standards. The facility shall comply with all standards established in the Noise Element of the Comprehensive Plan and the Coastal Zoning Ordinance. No residents, teachers, students and staff at the Vista del Mar School shall be subjected to greater than a 9 dbA increment above the baseline ambient noise level, nor greater than a 3 dbA increase in day-night sound levels. The best available technology, including but not limited to muffling equipment, sound barriers, and landscaping measures shall be used to minimize operational noise impacts.

N-3. Project-Related Noise During Construction

During the construction and operation phases, project-related noise at the Gaviota State Park, Vista del Mar School, Buellton area, or other points which may be impacted (as determined by the Health Care Services Director), shall be minimized between the hours of 7:00 a.m. and 10:00 p.m. Prior to construction in the impacted areas, the permittee will notify all residents within 1200 feet of the pipeline that noise impacts may occur during specific construction periods. Noise shall be limited to 50 dbA between the hours of 10:00 p.m. and 7:00 a.m., consistent with the County Noise Element and the Coastal Zoning Ordinance. Blasting shall be limited to the hours between 7:00 a.m. and 7:00 p.m. and directional charges shall be used to minimize noise.

N-4. Noise Generating Activities During Construction

As determined by the Planning and Development Department, noise generating project activities (including delivery of construction equipment through residential areas) shall be restricted between the hours of 10:00 p.m. and 7:00 a.m. If complaints arise concerning activities occurring during these hours, the permittee shall take additional feasible steps to reduce the noise levels or further restrict the offending activity.

N-5. Helicopter and Aircraft Noise

Prior to approval of the Final Development Plan, the permittee shall submit to the Director of the Planning and Development Department procedures that the permittee will take to minimize noise impacts from helicopters, or other aircraft during the aerial surveys of pipeline. The procedures, to be approved by the Planning and Development Department, shall specify overflight routes to be taken to minimize noise impacts to the community and other feasible measures. The permittee shall direct its contractors to abide by the helicopter procedures and shall take reasonable corrective action if complaints arise concerning the use of helicopters. Subject to flight safety considerations, the permittee shall avoid helicopter flights over residential areas.

N-6. Operation-Related Equipment Noise

All construction and operation-related equipment shall be operated and maintained to minimize noise generation, ground vibration, and to avoid interference with radio or video communications.

N-7

For the Gaviota Creek Pipeline Lowering and Replacement project, construction activity for site preparation and for future development shall be limited to the hours between 7:00 a.m. and 5:00 p.m. No construction shall occur on State holidays (e.g. Thanksgiving, Labor Day). Construction equipment maintenance shall be limited to the same hours. Non-noise generating construction activities are not subject to these restrictions. For the final pipeline segment tie in activities, work may continue beyond these hours as authorized by State Parks. **Plan Requirements:** This condition shall be printed on construction drawings. **MONITORING:** EQAP monitor shall spot check and respond to complaints. *(Mitigation Measure N-1) (adopted by the Planning Commission on September 6, 2000)*

O. ABANDONMENT

O-1. Removal of Pipeline and Pump Stations Upon Permanent Shut Down

Immediately following permanent shut down of the pipeline, PPC shall remove abandoned pump stations and unburied portions of the pipeline within Santa Barbara County constructed under this permit, recontour the site and revegetate the site in accordance with a County approved revegetation plan within one year of permanent shut down. PPC shall post a performance bond to insure compliance, or continue to pay property taxes as assessed during project operation until site restoration is complete, as determined by the County.

P. SYSTEMS SAFETY AND RELIABILITY

P-1. SSRRC Review of Diagrams

The permittee shall submit all appropriate pump station, valve, and pipeline construction and process diagrams to a System Safety and Reliability Review Committee (SSRRC) who may employ a third-party technical review in order to evaluate pipeline design and help identify possible design hazards prior to construction. The System Safety and Reliability Review Committee shall consist of a representative from the County Public Works Department, the APCD, the County Fire Department, County Flood Control District and the Planning and Development Department. All reasonable costs associated with any County review shall be borne

by the permittee. The permittee shall be entitled to participate fully in the review process. If the review reveals a concern, the SSRRC shall share its findings with the permittee. If the permittee does not agree with the findings, the County's recourse is with the Department of Transportation, Office of Pipeline Safety for areas of pipeline construction under the jurisdiction of 49 CFR Part 195 (Transportation of Hazardous Liquids by Pipeline), with the exception of areas/issues agreed to by the permittee and the County.

P-2. Safety Inspection, Maintenance and Quality Assurance Program

The permittee shall submit a detailed Safety Inspection, Maintenance and Quality Assurance Program for the pump stations, valves, and the pipeline which shall be implemented during construction and operations. The Program shall include, but not be limited to, inspection of construction techniques, regular maintenance and safety inspections, periodic safety audits, corrosion monitoring and leak detection, inspections of all trucks carrying hazardous and/or flammable material.

The construction section of the Program shall be reviewed by the System Safety and Reliability Review Committee and/or its consultants prior to issuance of the Coastal Development Permit and Land Use Permit. The permittee shall fund a full-time U.S. Department of Transportation (or designated representative) pipeline inspector during pipeline construction phase activities. The operations section of the Program shall be reviewed by the System Safety and Reliability Review Committee and/or its consultants prior to start-up. The Program shall be submitted sufficiently prior to the permittee's projected start-up date so as to allow reasonable time for staff review. All costs associated with this review process shall be borne by the permittee. Should the Committee find fault with these submissions, it will indicate its concerns to the permittee. If the permittee decides not to modify its plans to meet these concerns, the County's recourse is with the Department of Transportation, Office of Pipeline Safety for all areas under the jurisdiction of 49 CFR Part 195 (Transportation of Hazardous Liquids by Pipeline). In such a case, County shall timely notify DOT of review findings. Permits may not be withheld or suspended due to County concerns which are under the jurisdiction of 49 CFR Part 195 (Transportation of Hazardous Liquids by Pipeline), with the exception of areas/issues agreed to by the permittee and the County.

P-3. Emergency Response Plan

The permittee shall submit an Emergency Response Plan detailing response procedures to be implemented by the permittee for accidental events affecting public safety and the environment. This plan shall be based on a comprehensive risk analysis reviewed by the System Safety and Reliability Committee (condition P-1). The plan shall be reviewed and approved by the County Emergency Services Coordinator, the Fire Department, and the Planning and Development Department prior to start-up. Approval of the Plan shall be based on its consistency with the County's Area-Wide Oil and Gas Emergency Response Plan. The Program shall be submitted sufficiently prior to the permittee projected start-up date so as to allow reasonable time for staff review. The permittee shall demonstrate the effectiveness of the Emergency Response Plan by responding to one emergency response drill prior to or immediately after start-up.

P-4. Funding the County Emergency Response Plan

In order to assure that County emergency response procedures adequately interface with the permittee's emergency response procedures, the permittee shall provide its reasonable pro-rata share of funds to the County, to develop and implement a feasible County Emergency Response

Plan for oil and gas industry related emergencies. As appropriate, the County shall request funds from other oil industry operators to aid in funding of the County Emergency Response Plan. When available, the Planning and Development Department shall provide the permittee with an estimate of the pro rata share of funds to be provided by the permittee and the method for allocating such costs among other operators.

P-5. Oil Spill Contingency Plan

The permittee shall submit an Oil Spill Contingency Plan detailing cleanup procedures and restoration procedures to be employed in the event of a spill. This plan shall be reviewed and approved by the Planning and Development Department and the County Emergency Services Coordinator prior to start-up. The Program shall be submitted sufficiently prior to the permittee projected start-up date so as to allow reasonable time for staff review. Procedures and techniques shall be selected to augment the Emergency Response Plan. The intent of the Oil Spill Contingency Plan is to detail spill site restoration subsequent to emergency response. The plan shall be approved based on its consistency with the intent of the condition "to detail site restoration subsequent to emergency response."

P-6. Site Security Plan

Prior to approval of the Final Development Plan, the permittee shall submit to the Santa Barbara County Sheriff's Department for review and approval a site security plan. The plan shall describe procedures to be implemented by the permittee which will prevent intentional damage to facilities which may result in environmental damage or public safety hazards.

P-7. Temporary County Fire Company

The permittee shall cooperate with Chevron as necessary to facilitate the establishment of a temporary County fire company until the completion of the fire station (as specified in Chevron condition P-9). Prior to issuance of the Coastal Development Permit and Land Use Permit, the County Emergency Response Coordinator and Fire Department must be satisfied that provisions have been made to establish an operational fire company in the project area.

P-8. Cooperation with Chevron for Gaviota Area Fire Station

Prior to approval of the Final Development Plan, the permittee shall agree to participate in a plan to be submitted to the County Fire Department by Chevron USA Inc., for the construction, manning and equipping of a fire station in the Gaviota area. The permittee shall contribute their pro rata share of the cost of implementing this plan. When available, the Planning and Development Department shall provide the permittee with an estimate of the pro rata share of funds to be provided by the permittee and the method for allocating such costs among other operators.

P-9. Fire Protection Plan for the Pump Stations

Prior to Final Development Plan, the permittee shall submit to and obtain conceptual approval from the Fire Department, a Fire Protection Plan for the pump station locations. Final approval shall be obtained prior to start-up. Criteria to be addressed shall be obtained from the County Fire Department.

P-10 Transporting LPGs and NGLs Through Pipelines

Prior to approval of the Final Development Plan, the permittee shall assess the feasibility of transporting liquefied petroleum gases and natural gas liquids, (LPGs and NGLs) through the proposed pipeline by blending and/or batching, considering industry-wide projected volumes and market destinations of the gas liquids. The permittee shall report to the Planning and Development Department the results of this assessment, and this information shall include all technological and safety constraints involved, amount and type of additional storage facilities needed, and the degree to which LPGs and NGLs produced in the area can be transported through the pipeline. PPC shall transport the NGLs through this pipeline, to the extent feasible within safety and legal constraints as identified by the report and as requested by the users. In addition, under the reporting provisions of Condition C-1, PPC shall inform the County of the types and amounts of gas liquids shipped in the pipeline during operations.

P-11. Vista del Mar School Accommodation

If the Vista del Mar School has not been relocated or is located at a site where it could be impacted by construction activities, prior to approval of the Final Development Plan, the permittee and the Board Trustees of the Vista Del Mar School District shall develop a reasonable and mutually agreeable construction plan for the pump station site and pipelines adjacent to the site that will minimize construction-related noise, air pollution, and visual disturbance to the School during school hours. Said construction plan shall include the following: Pipeline construction noise near the School shall be held to ambient noise levels or construction shall occur only when school is not in session; to prevent exceedance of the California one-hour NO₂ standard, construction schedules must be modified to minimize overlapping of equipment emissions; and, during construction of the pipeline, activities nearest the school shall be scheduled when school is not in session in accordance with Condition B-5 and temporary barriers shall be erected around noisiest activities. No grading for the Gaviota pump station shall occur during School session hours.

In the event that any agreements contained herein cannot be reached on the construction plan, the Board of Supervisors shall arbitrate any dispute.

P-12. Deleted.

P-13. Communication at the Operations Control Center and Activated Valves

The permittee will design the pipeline such that the entire pipeline will have effective control communication between the operations control center and all remotely activated valves. Any break, rupture, and/or damage to the pipeline shall result in the orderly shutdown of the pumping operations, and will activate the shut off valves, if appropriate, in a manner which will minimize environmental damage.

P-14. Compliance with the Watershed Fire Protection Plan

During construction of the pipeline in fire sensitive areas, the permittee shall meet or exceed applicable guidelines and requirements set forth in a Watershed Fire Protection Plan provided by the combined local fire protection agencies, Santa Barbara County Fire, U.S. Forest Service, and the California Department of Forestry. This shall include, but not be limited to: modifications of welding operations, required fire patrolman position(s), firefighting equipment, and construction restrictions due to extreme fire weather.

P-15. Compliance with the National Fire Protection Association Standards

All facilities, construction activities and equipment shall comply with National Fire Protection Association standards.

P-16. Map of Finished Pipeline Route

Upon completion of pipeline construction, the permittee shall provide all jurisdictional agencies (S.B. County Fire, USFWS, CDFW) with at least two copies of maps showing the finished pipeline route and shall include locations accessible by fire department emergency response vehicles. Said maps shall be 7 1/2 minute quadrangle scale, (one inch equals 24,000 inches), and shall represent topographical features.

P-17. Compliance with the 1982 Uniform Fire Code

The permittee shall be subject to required fire department inspections during and after construction as set forth by the 1982 Uniform Fire Code and these conditions.

P-18. Alternative Pipeline Corridor Alignments

Prior to approval of the Final Development Plan, the permittee shall designate alternative pipeline corridor alignments which avoid the two potentially impacted, proposed alternative permanent relocation school sites now under study by the Vista del Mar Union School District. These proposed alternative locations are the State Park at Las Cruces, and the Tajiguas Ranch property. County shall review and approve said alternative alignments as part of the Final Development Plan and the permittee shall implement the appropriate alternative alignment depending on the permanent school relocation site chosen by the Vista del Mar School District.

P-19. PCB Contamination at Canada de la Huerta

Prior to initiation of any pipeline construction at Canada de la Huerta, the permittee shall demonstrate to the satisfaction of Environmental Health Services that either: (1) no PCB contamination exists in the road and fill area across which the pipeline alignment is proposed; or, (2) that any PCB contamination detected has been adequately remediated. The permittee shall submit verification of Environmental Health Services' approval for construction to the Planning and Development Department prior to issuance of the Coastal Development Permit for pipeline construction in the Canada de la Huerta area.

P-20. Soil Tests at the Booster Pump Site

To determine the potential for hazardous materials contamination, AAPLP the permittee shall conduct soil tests at the booster pump site prior to construction, in coordination with the County Environmental Health Services Division.

P-21. Texaco's Emergency Access Road

The permittee shall not operate construction equipment on Texaco's emergency access road except to gain access to and from the construction site.

P-22

The permittee shall coordinate with PAPCO/PANGL to stake their pipelines prior to any excavation work for the Gaviota Creek Pipeline Lowering and Relocation project. Also, the permittee shall stake their existing 30" crude oil line prior to any excavation work. **Plan Requirements:** This condition shall be printed on construction drawings. **MONITORING:** The EQAP monitor shall verify that the pipelines have been staked prior to construction. *(Mitigation Measure R-2) (adopted by the Planning Commission on September 6, 2000)*

P-23

For the Gaviota Creek Pipeline Lowering and Relocation project, if necessary, equipment needed within the creekbed should access the site from the west side so as not to cross the existing oil and gas lines. **Plan Requirements:** This condition shall be printed on construction drawings. **MONITORING:** EQAP monitor to verify compliance in the field. *(Mitigation Measure R-3)(adopted by the Planning Commission on September 6, 2000)*

P-24

If any discolored or contaminated soil is encountered during construction of the Gaviota Creek Pipeline Lowering and Relocation project, the permittee shall suspend work activities in the immediate area and report to Protection Services Division (PSD) and the Energy Division immediately. PSD shall inspect the site with the permittee and shall determine the extent of the contamination. The permittee shall proceed as directed by PSD and the Energy Division should contamination be found. Such direction may include preparation of a Site Assessment and Work Plan, and site remediation if deemed necessary. **Plan Requirements:** This condition shall be printed on construction drawings. **MONITORING:** EQAP monitor to verify compliance in the field. *(Mitigation Measure R-4) (adopted by the Planning Commission on September 6, 2000)*

P-25

Portable catch basins shall be placed beneath cut points prior to and for the duration of cutting activities for the Gaviota Creek Pipeline Lowering and Relocation project. A vacuum truck shall be onsite until all pipeline drainage and repair operations are completed. **Plan Requirements:** These requirements shall be printed on construction drawings. **MONITORING:** EQAP monitor to verify compliance in the field. *(Mitigation Measure R-5) (adopted by the Planning Commission on September 6, 2000)*

P-26

Following installation of the new pipeline segment at Gaviota Creek, use of the right-of-way shall be restricted to the pipeline easement. **MONITORING:** EQAP monitor to spot check in the field. *(adopted by the Planning Commission on September 6, 2000)*

P-27

The permittee shall, at all times during construction of the new pipeline segment at Gaviota Creek, provide onsite fire protection (water tanker, shovels and fire extinguishers). **Plan Requirements:** This condition shall be printed on construction drawings. **MONITORING:** EQAP monitor to spot check in the field. *(Mitigation Measure F-1) (adopted by the Planning Commission on September 6, 2000)*

P-28

For the Gaviota Creek Pipeline Lowering and Replacement project, a fire watch shall be maintained for at least one half hour after completion of cutting or welding operations to detect and extinguish smoldering fires if operations occur within 10 feet of combustibles. Hot work permits and fire watch operations shall be coordinated through County Fire. **Plan Requirements:** This condition shall be printed on construction drawings. **MONITORING:** EQAP monitor to monitor in the field. *(Mitigation Measure F-2) (adopted by the Planning Commission on September 6, 2000)*

P-29

If welding trucks are used for the Gaviota Creek Pipeline Lowering and Replacement project, the vehicles shall be inspected and a permit issued at Fire Station 18. This would ensure that all hoses are adequate, a fire extinguisher is available, and a spark arrester is installed on any motor. **Plan Requirements:** The permittee to acquire a permit from Station 18. **MONITORING:** EQAP monitor to verify permit received prior to construction. *(Mitigation Measure F-3) (adopted by the Planning Commission on September 6, 2000)*

P-30

The permittee shall notify the Fire Department at least 48 hours before construction may begin for the Gaviota Creek Pipeline Lowering and Replacement project. **Plan Requirements:** This condition shall be printed on construction drawings. **MONITORING:** EQAP monitor to verify prior to construction. *(Mitigation Measure F-4) (adopted by the Planning Commission on September 6, 2000)*

P-31

The permittee shall clear vegetation 10 feet on each side of the PAPCO/PANGL vault access road, staging areas, and along access portions of the pipeline right-of-way to 6 inches prior to construction of the Gaviota Creek Pipeline Lowering and Replacement Project. Vegetation near the cultural site at the Road 28 gate shall be hand cut to avoid adverse impacts to the site. **Plan Requirements:** This condition shall be printed on construction drawings. **MONITORING:** EQAP monitor to field check prior to construction. *(Mitigation Measure F-5) (adopted by the Planning Commission on September 6, 2000)*

Q. FACILITY DESIGN

Q-1. Demonstration of Compliance

The Final Development Plan shall demonstrate compliance with Santa Barbara County Coastal Zoning Ordinance, and other applicable County Ordinances to the extent required by this permit.

Q-2. Energy Conservation Techniques

Cost effective energy conservation techniques shall be incorporated into project design.

Q-3. Common Carrier Pipeline

PPC's facilities will be operated as a common carrier pipeline with access for use available on a nondiscriminatory basis. County retains the right to verify that the use of the facilities is conforming with County policies on consolidation and to impose additional reasonable permit

conditions where necessary to assure these policies are being fulfilled to the extent feasible. The intent of this condition is to ensure the multi-company access of oil transportation facilities.

Q-4. Compliance with County Petroleum Ordinance No. 2795

PPC shall comply with all applicable policies in Section 25 of the Santa Barbara County Petroleum Ordinance No. 2795.

Q-5. Power Transmission Lines

The permittee shall fund a pro-rata share of the costs to bury power transmission lines or of using environmentally and aesthetically preferred poles between the Goleta Substation and Gaviota in areas where the County and SCE determine it is not feasible to bury the lines. The permittee's pro-rata share shall be based upon an equitable cost-sharing formula applied to all users of the grid power consistent with PUC rate setting and applicable regulations.

EXHIBIT 2

SANTA BARBARA COUNTY PLANNING COMMISSION

Staff Report for a Change of Owner, Operator, and Guarantor for the Santa Ynez Unit, POPCO Gas Plant, and Las Flores Pipeline System Final Development Plan Permits

Hearing Date: October 30, 2024
Staff Report Date: October 22, 2024
Environmental Document: CEQA Exemption
Section 15378(b)(5)

Deputy Director: Errin Briggs
Division: Energy, Minerals & Compliance
Supervising Planner: NA
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Location of the Santa Ynez Unit and POPCO Gas Plant in Las Flores Canyon (above) and the Las Flores Pipeline System (below) in the First, Third, and Fourth Supervisorial Districts.

1.0 REQUEST

Hearing on the request of Sable Offshore Corporation (Sable) to consider the approval of a change of Owner, Operator, and/or Guarantor for the following oil and gas facilities per Chapter 25B of the County Code:

- Santa Ynez Unit (SYU) Final Development Plan (FDP) Permit No. 87-DP-32cz (RV06) from ExxonMobil Corporation to Sable (Owner, Operator, and Guarantor);
- Pacific Offshore Pipeline Company (POPCO) Gas Plant FDP Permit No. 93-FDP-015 (AM03) from ExxonMobil Corporation to Sable (Operator and Guarantor); and
- Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz) from ExxonMobil Pipeline Company (EMPCo) to Sable (Operator), and ExxonMobil Corporation to Sable (Guarantor).

The applications for a Change of Owner, Operator, and Guarantor involve oil and gas facilities located in Las Flores Canyon along the Gaviota Coast within Assessor Parcel Numbers (APNs) 081-220-002, 081-220-014, 081-230-019, 081-230-025, and a linear pipeline system crossing various APNs spanning from Santa Barbara County to Kern County within Santa Barbara County's First, Third, and Fourth Supervisorial Districts. Documents related to this request may be reviewed at the Planning and Development Department located at 123 East Anapamu Street, Santa Barbara, and on the County's website at <https://www.countyofsb.org/4189/SYU-POPCO-Gas-Plant-Las-Flores-Pipelines>.

2.0 RECOMMENDATION AND PROCEDURES

Your Commission's motion should include the following:

1. Make the required findings for approval of the Change of Owner, Change of Operator, and Change of Guarantor as specified in Attachment A of this staff report, including CEQA findings;
2. Determine the requests are not a project pursuant to CEQA Guidelines Section 15378(b)(5), as included in Attachment C; and

3. Approve the Change of Owner, Operator, and Guarantor for the respective SYU, POPCO Gas Plant, and Las Flores Pipeline System FDP Permits, subject to the conditions included as Attachments B-1 through B-3.

Refer back to staff if the County Planning Commission takes other than the recommended action for appropriate findings and conditions.

3.0 JURISDICTION

The requests consist of three FDP permit transfers pursuant to County Code Chapter 25B, which governs the process to transfer a County permit from an existing Owner, Operator, and/or Guarantor to a new person(s) for certain oil and gas facilities located in the unincorporated areas of the County (herein referred to as a 25B Permit Amendment). Chapter 25B is applicable to these requests because the subject facilities are involved in the exploration, production, processing, storage and/or transportation of oil and gas extracted from offshore reserves, as provided by Sec. 25B-2. Pursuant to Sec. 25B-8, the review authority for a Change of Owner and a Change of a Guarantor is the Planning and Development (P&D) Director, and the review authority for a Change of Operator is the Planning Commission. Applications that include components under both jurisdictions may be processed with a combined application and decided on by the Planning Commission in accordance with Sec. 25B-8(C).

4.0 ISSUE SUMMARY

The SYU and POPCO Gas Plant (herein referred to as the Las Flores Canyon Facilities) are existing permitted facilities that produce and treat crude oil and natural gas from offshore Platforms Hondo, Harmony, and Heritage in the Santa Barbara Channel. The SYU is permitted under County FDP Permit No. 87-DP-32cz (RV06), and the POPCO Gas Plant is permitted under County FDP Permit No. 93-FDP-015 (RV02). Oil produced from the SYU is normally transported via the common-carrier Las Flores Pipeline System to the Pentland Station in Kern County (formerly known as the Plains All American Pipeline). The pipeline system is permitted under FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01) (88-DPF-25cz; 85-DP-66cz; 83-DP-25cz). In 2015, a section of the Las Flores Pipeline System (then the Plains All American Line 901) ruptured, resulting in the shutdown of both the Las Flores Canyon Facilities and the pipeline system. Although no oil is being processed or transported from the Las Flores Canyon Facilities or Las Flores Pipeline System, the County permits remain active. Preservation activities continue to be conducted on the systems in order to maintain integrity, including preventative and corrective maintenance and various inspection programs under federal, state, and local laws and permits.

On February 14, 2024, Sable acquired the SYU, as well as POPCO and Pacific Pipeline Company (PPC), the owners of the Gas Plant and the Las Flores Pipeline System, respectively. The County was notified of the sales on March 11, 2024, and Sable submitted 25B Permit Amendment applications on March 14, 2024. Chapter 25B requires that all applicable County laws and permits be maintained during and after all changes of Owner, Operator, and/or Guarantor for certain oil and gas facilities. Staff determined the applications to be complete on July 30, 2024, and the requests are now together before the Planning Commission for consideration. These application requests are to transfer existing County permits to a new Owner, Operator, and/or Guarantor, and not for the actual transfer of the underlying assets themselves.

5.0 PROJECT INFORMATION

5.1 Site Information

Site Information	
Ordinance, Zone	Chapter 25B of the County Code governs a Change of Owner, Operator, and Guarantor for the SYU, POPCO Gas Plant, and Las Flores Pipeline System. The facilities are also subject to Article II for coastal portions and the LUDC for inland portions.
Site Size	Las Flores Canyon Facilities: 1,476.67 acres Las Flores Pipeline System: 122 linear miles
Present Use & Development	Las Flores Canyon Facilities: Onshore consolidated oil and gas processing and storage facilities. Since 2015, facilities have been shut-in, isolated, and placed in a “preserved” state with ongoing maintenance activities conducted to maintain facility integrity. Facilities remain in this preserved state. Las Flores Pipeline System: The system is classified by the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA) and the CAL FIRE Office of the State Fire Marshal (OSFM) Pipeline Safety Division as “Active”, but remains out-of-service since 2015.
Access	The Las Flores Canyon Facilities are located at 12000 Calle Real and accessed from U.S. Highway 101 along the Gaviota Coast. Regional access to the Las Flores Pipeline System is provided via Highway 101, Highway 1, Highway 246, and Highway 166. Various local public and private roadways are used to access the pipeline right-of-way and associated metering and regulating stations (pump stations).

Site Information	
Public Services	<p>Water Supply: Private groundwater system</p> <p>Sewage: Private septic system</p> <p>Fire: Stations 38 (Gaviota); 31 (Buellton); 24 (Los Alamos); 21 (Orcutt); 26 and 23 (Santa Maria Valley), and 27 (Cuyama)</p> <p>Police Services: County Sherriff</p>

5.2 Background Information

Santa Ynez Unit - Las Flores Canyon Facilities. Exxon began producing oil from Platform Hondo in 1981. At that time, crude oil was loaded onto marine tankers from an offshore storage and treatment vessel and transported to refining destinations. In 1983, the POPCO Gas Plant was completed and began processing natural gas for sale to the local market. In 1987, the County approved the consolidation of onshore oil and gas processing, and sanctioned oil transportation and sales via an onshore pipeline. In May 1993, offshore platforms Harmony and Heritage were constructed and additional onshore components were completed. The Las Flores Canyon Facilities separate oil, propane, butane, sulfur products, and fuel quality natural gas. Since late 1993, production from Platforms Hondo, Harmony, and Heritage has been processed at Las Flores Canyon and transported via the independently owned and operated Las Flores Pipeline System (formerly the Plains Line 901 and 903 pipeline system).

Las Flores Pipeline System. The Las Flores Pipeline system is a common carrier pipeline system consisting of 122 linear miles of pipeline segments, mainline valves, pipeline markers, cathodic protection test stations, and three metering and regulating stations (Las Flores Canyon Station, Gaviota Station, and Sisquoc Station) running from Santa Barbara County to the Pentland Delivery Station in Kern County. The pipeline is categorized into two parts, identified as CA-324 (formerly Line 901), and CA-325 (formerly Line 903). CA-324 is a 24-inch diameter pipeline designed to transport crude oil approximately 10.9 miles from the Las Flores Station to the Gaviota Station along the Gaviota Coast. CA-325 is a 30-inch diameter pipeline designed to transport crude oil approximately 61.7 miles from the Gaviota Station to the Sisquoc Station, through the Cuyama Valley to the Pentland Station. Pipeline construction occurred from 1988 to 1991, and the system became operational in 1994 under Celeron/All American. Plains acquired Lines 901 and 903 from Celeron/All American in 1998. PPC acquired the pipeline system from Plains in 2022.

2015 Oil Spill and Las Flores Canyon Facility Preservation. On May 19, 2015, a section of CA-324 (then Plains Line 901) ruptured and released oil on land, beaches, and into the Pacific Ocean near Refugio State Beach (herein referred to as the 2015 Refugio Incident). As a result of the oil spill,

the pipelines were shut down, purged, and isolated under the authority and review of PHMSA. Various clean-up and monitoring activities continued into 2016 and were overseen by the U.S. Coast Guard and the U.S. Environmental Protection Agency (EPA). Following the 2015 Refugio Incident, the safety oversight of the pipeline system was transferred from PHMSA to the OSFM under the State Program Certification Agreement pursuant to Title 49 U.S. Code § 61015. OSFM now has the exclusive safety regulatory and enforcement authority over the pipelines. Maintenance activities continue to date in order to maintain pipeline integrity, including “smart pig” tests and other structural testing, pipeline anomaly inspections and repairs, and external audits overseen by the OSFM.

The 2015 Refugio Incident also resulted in the shutdown of the Las Flores Canyon Facilities, as the pipelines were the only permitted transportation option for SYU oil. At the time of the 2015 Refugio Incident, oil production from SYU was about 27,500 barrels per day (bpd). Following the spill, production was curtailed and stored onsite. The stored oil was de-inventoried in February 2016 after production was fully ceased. De-inventory involved trucking approximately 400,000 barrels of crude oil to the Phillips 66 Santa Maria Pump Station in Santa Barbara County, and the Plains Pentland Terminal in Kern County under an Emergency Permit issued by the County of Santa Barbara. Following the de-inventory, a preservation plan for the Las Flores Canyon Facilities was implemented. Offshore platforms were shut-in and isolated, and onshore equipment was purged of hydrocarbons and filled with nitrogen. Though the SYU is not currently producing, routine operational activities are conducted to maintain facility integrity, including preventative and corrective maintenance, and various inspection programs overseen by PHMSA, EPA, the Occupational Safety and Health Administration (OSHA), the Bureau of Safety and Environmental Enforcement (BSEE), the Santa Barbara County Environmental Health Services Certified Unified Program Agency (CUPA), the Santa Barbara County Fire Department, the Santa Barbara County Air Pollution Control District (APCD), the Santa Barbara County P&D, and the Santa Barbara County Systems Safety & Reliability Review Committee (SSRRC).

Change of Owner/Operator/Guarantor. Transfer of County permits to a new Owner, Operator, or Guarantor are subject to 25B Permit Amendments in accordance with Sec. 25B-4. In accordance with Sec. 25B-7, the County shall list any existing Owner, Operator, or Guarantor and remove any previous Owner, Operator, or Guarantor on the appropriate County permits upon finding that such person has submitted and complied with all information required by County Code. Sable submitted 25B Permit Amendment applications for the SYU, the POPCO Gas Plant, and the Las Flores Pipeline System in March 2024. Applications were determined to be complete on July 30, 2024. In accordance with the noticing requirements outlined in the County’s Land Use and Development Code Section 35.106.020, and Coastal Zoning Ordinance Section 35-181, a

Notice of Submittal of Complete Application was distributed to P&D's Energy Division Oil and Gas Interested Parties List and published in local newspapers in lieu of mailed notices to surrounding property owners (due to the regional size of the facilities). Sable also posted required notices at the entrance to Las Flores Canyon at 12000 Calle Real. Information has also been posted to the County webpage at:

<https://www.countyofsb.org/4189/SYU-POPCO-Gas-Plant-Las-Flores-Pipelines>.

5.3 Project Description

Sable acquired the SYU, as well as POPCO and PPC on March 14, 2024. Sable is requesting County permit transfers under Chapter 25B of the County's Code of Ordinances that governs the change of Owner, Operator, or Guarantor for certain oil and gas facilities. For the respective County FDP permits, Sable is the proposed Owner, Guarantor, and Operator for the SYU, and the proposed Guarantor and Operator for both the POPCO Gas Plant and the Las Flores Pipeline System. POPCO remains the Owner of the POPCO Gas Plant, and PPC remains the Owner of the Las Flores Pipeline System. Sable is a Delaware corporation, and was formed on October 16, 2020 for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, reorganization, or other similar business combination with one of more business entities.

6.0 PROJECT ANALYSIS

6.1 Environmental Review

The 25B Permit Amendments are not subject to the requirements of CEQA, as they do not constitute a "project", as defined by CEQA Guidelines Section 15378(a), which states in part:

"'Project' means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment..."

Section 15378(b)(5) specifically exempts "organizational or administrative activities of governments that will not result in direct or indirect physical changes to the environment" from this definition. A County Chapter 25B Permit Amendment is an administrative action that would not result in any direct or indirect physical changes to the environment. Under the proposed project, the Owner, Guarantor, and Operator of the SYU would change from ExxonMobil Corporation to Sable, the Guarantor and Operator of the POPCO Gas Plant would change from ExxonMobil Corporation to Sable, and the Guarantor and Operator of the Las Flores Pipeline

System would change from ExxonMobil Corporation and EMPCo to Sable. No physical changes to the Las Flores Canyon Facilities or the Las Flores Pipeline System are proposed under this request.

Further, the County has historically considered all previously processed 25B Permit Amendments to not constitute as a “project”, including the previous 2023 Change of Owner, Operator, and Guarantor for the Las Flores Pipeline System from Plains to PPC, EMPCo, and ExxonMobil, respectively. The CEQA Notice of Exemption is included as Attachment C to this Staff Report.

6.2 Consistency with Chapter 25B

Staff’s consistency analysis with Chapter 25B is provided in Table 1 for the SYU, Table 2 for the POPCO Gas Plant, and Table 3 for the Las Flores Pipeline System. Findings are included as Attachment A.

6.2.1 SYU

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
Change of Owner	
Sec. 25B-9 Director approval: findings. (a) Change of Owner. The Director shall approve an application for a change of owner only if the director makes the following findings: (1) Fees and Exactions. All outstanding county required fees and exactions due for the facility have been paid.	Consistent. Staff has verified with the P&D Accounting Department that no outstanding payments are due for the facility, or for any related planning and compliance cases.
(2) Financial Guarantees. All necessary insurance, bonds or other instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance have	

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
<p>been updated, if necessary, to reflect the new owner(s) and will remain in full effect following the ownership change.</p>	<p>financial capabilities to operate the SYU are described further below in Table 1, Section 25B-10(a)(9) <i>Operator Capability</i>.</p> <ul style="list-style-type: none"> ➤ Previously required bonds under the FDP Permit were limited to post-construction landscaping and revegetation of the site. These bonds were put in place prior to the issuance of the original land use permits, and were released back to Exxon following construction of the SYU. These bonds are considered closed, and no further action is required. ➤ FDP Permit Condition XXX-1 requires the permittee to be responsible for the proper abandonment of the facility, and that a performance bond be in place, or that the permittee continue to pay property taxes until abandonment is complete. There is no bond for the abandonment of the SYU. Instead, Sable would continue to pay property taxes until full abandonment and site restoration is complete. According to Sable’s financial statements and exhibits filed with the Securities and Exchange Commission (SEC) through June 2024 (Form 8-K)¹, Sable has \$112.1 million dollars in cash and cash equivalents, and is valued over \$1.35 billion dollars,

¹ Sable SEC filings available online at: [Sable Offshore Corp. - Financials - SEC Filings](#)

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
	<p>including debts and equities. According to the County’s Assessor office², the 2023 property taxes for the Las Flores Canyon Facilities totaled \$77,681.90. Therefore, Sable’s current cash funds are sufficient to cover the continued payment of property taxes for the proper abandonment of the facilities.</p> <p>➤ FDP Permit Condition XI-2.w. requires that the permittee be responsible for the cleanup and successful restoration of all affected areas and resources in the event of an oil spill or gas leak at the SYU. To demonstrate financial capability for this condition, Sable provided copies of their Property Insurance, which protects the Las Flores Canyon Facilities against loss or damage to tangible property (caused by fire, theft, natural disasters, etc.), as well as copies of their Liability Insurance, which protects Sable against financial loss from any legal claims made against the policyholder. The documents show that Sable’s offshore property damage limits total \$1.23 billion dollars, and that the onshore property damage limits total \$1.3 billion dollars. Sable’s Certificate of Liability Insurance, which was first submitted in June 2024 and increased in</p>

² County Tax summaries available online at: <https://sbcassessor.com/assessor/AssessorParcelMap.aspx>

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
	<p>October 2024, demonstrates \$401 million dollars in liability insurance for all of Sable’s assets (the Las Flores Canyon Facilities and the Las Flores Pipeline System) to cover oil spills, seepage, and pollution, as well as general liability coverage, auto liability, and workers compensation coverage. Sable’s insurance certificates are provided in Attachment G.</p> <p>➤ Condition XI-2.w. also requires the permittee to provide the County with a copy of its Certificate of Financial Responsibility (COFR) for its offshore Santa Barbara operations. The CDFW Office of Spill Prevention and Response (OSPR) issues COFRs to facilities, vessels, and pipelines operating in a location where a spill could impact California marine waters after applicants demonstrate they have the financial resources to cover the costs of response for a “worst-case scenario” spill. Sable provided the COFR for the offshore crude oil & water emulsion pipeline (portion in state waters) dated September 3, 2024 that reflected a worst-case scenario of the SYU not producing. The COFR was then re-issued by OSPR on October 3, 2024 to reflect a worst-case scenario for the restart of production. The October</p>

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
	2024 COFR (Certificate No. 2-2623-00-001) is included as Attachment H.
<p>(3) Acceptance of Permit. The proposed owner has provided a letter from a responsible official representing the proposed owner formally accepting all, conditions and requirements of the permit.</p>	<p>Consistent. Sable provided a signed Agreement to Comply with Conditions of Approval of the FDP Permits as part of their application materials (Attachment D). The Agreement outlines Sable’s acceptance of all conditions and requirements of the permit. The Agreement was recorded with the County Clerk-Recorder’s Office as an official document on September 13, 2024 to establish the permanent record of the transaction.</p>
<p>(4) Facility Safety Audit. The current owner or operator has provided a copy of the most recent county-conducted comprehensive safety audit of the physical facility, along with a description of the status of implementing its recommendations, to the new or proposed new owner(s). A safety inspection maintenance and quality assurance program (SIMQAP) audit approved by the appropriate county official shall satisfy this requirement.</p>	<p>Consistent.</p> <ul style="list-style-type: none"> ➤ The SYU is subject to County SSRRC audits through its approved SIMQAP. The SIMQAP covers the SYU and POPCO Gas Plant, and is used during operation of the facilities to ensure all equipment, instrumentation, and safety systems function as designed. The most recent County-conducted safety audit of the Las Flores Canyon Facilities was conducted on July 16 -17, 2014 and consisted of a facility walk-through, records review, equipment inspections, alarm checks, procedure and training updates, and maintenance activities among other tasks. The 2014 audit observed 62 items that needed to be addressed. Audit items

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
	<p>are ranked from very minor housekeeping items, to items that would cause a low, moderate, or significant potential for serious personal injury, negative environmental impact, property damage, or hazardous material release. Only minor housekeeping and low potential items were observed during the 2014 audit. All items were addressed by September 11, 2015, except for minor repairs required on an evaporative cooler and a crude oil emulsion heater.</p> <p>➤ Following the 2014 SIMQAP audit, operations at the Las Flores Canyon Facilities were suspended due to the 2015 Refugio Incident, and the facilities were placed into a preserved state to manage the site over the long term. On July 9, 2015, the SSRRC approved the deferral of annual SIMQAP audits until the Las Flores Canyon Facilities resume production. Though annual SIMQAP audits are currently deferred, routine maintenance reports are still submitted to the SSRRC by the permittee monthly. Sable has submitted monthly maintenance reports beginning in February 2024, which continue to date. There are no current outstanding SSRRC recommendations on the monthly</p>

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
	<p>maintenance reports that need to be addressed.</p> <p>➤ In addition, the County Fire Department and the County APCD continue to conduct routine inspections of the facility under their respective jurisdictions.</p>
<p>(5) Compliance With Existing Requirements. As of the date that the application is deemed complete, the current owner(s) are in compliance with all requirements of the permit, including any requirement of a county-required safety audit, any notice of violation, and any county ordinance, or the current and proposed owner(s) have entered into a written agreement with the Director that specifies an enforceable schedule to come into compliance with such requirements.</p>	<p>Consistent. At the date of application completeness (July 30, 2024), ExxonMobil was in compliance with all requirements of the FDP Permit. No notice of violations have been issued to any permittee regarding the facility.</p>
CHANGE OF GUARANTOR	
<p>Sec. 25B-9 Director approval: findings. (e) Change of Guarantor. The Director shall approve an application to modify a permit pursuant to Sec.25B-8.1.a.iii for a change of guarantor only if the director makes the following findings:</p> <p>(1) Financial Guarantees. The proposed guarantor has provided all necessary instruments or methods of financial responsibility approved by the county</p>	<p>Consistent. The analysis of this finding is discussed in the similar finding listed above in Table 1, Section 25B-9(a)(2).</p>

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
and necessary to comply with the permit and any county ordinance.	
CHANGE OF OPERATOR	
<p>Sec. 25B-10 Planning Commission approval: findings.</p> <p>(a) The planning commission shall approve an application for change of operator only if the planning commission makes the following findings:</p> <p>(1) Fees and Exactions. All outstanding fees and exactions due for the facility have been paid.</p>	<p>Consistent. The analysis of this finding is discussed in the similar finding listed above in Table 1, Section 25B-9(a)(1).</p>
<p>(2) Financial Guarantees. All necessary insurance, bonds or other instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance have been updated, if necessary, to reflect the new operator and will remain in full effect following the operator change.</p>	<p>Consistent. The analysis of this finding is discussed in the similar finding listed above in Table 1, Section 25B-9(a)(2).</p>
<p>(3) Acceptance of Permit. The proposed operator has provided a letter from a responsible official representing the proposed operator formally accepting all conditions and requirements of the permit.</p>	<p>Consistent. The analysis of this finding is discussed in the similar finding listed above in Table 1, Section 25B-9(a)(3).</p>
<p>(4) Facility Safety Audit. The current owner or operator has provided a copy of the most recent county-conducted comprehensive safety audit of the physical facility, along with</p>	<p>Consistent. The analysis of this finding is discussed in the similar finding listed above in Table 1, Section 25B-9(a)(4).</p>

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
<p>a description of the status of implementing its recommendations, to the proposed new operator. A safety inspection maintenance and quality assurance plan audit approved by the appropriate county official shall satisfy this requirement.</p>	
<p>(5) Compliance with Existing Requirements. As of the date that the application is deemed complete, the current operator is in compliance with all requirements of the permit, including any requirements of a county-required safety audit, any notice of violation, and any county ordinance, or the owner and proposed operator have entered into a written agreement with the director that specifies an enforceable schedule to come into compliance with such requirements.</p>	<p>Consistent. The analysis of this finding is discussed in the similar finding listed above in Table 1, Section 25B-9(a)(5).</p>
<p>(6) Compliance Plans. The current owner and proposed operator have updated, where applicable, any existing, approved safety inspection maintenance and quality assurance program, emergency response plan, fire protection plan, and oil spill contingency plan, or equivalent approved plans, with current emergency contact information pertaining to the new operator. The current owner and proposed operator have agreed in writing to revise all other plans required by the permit or any county</p>	<p>Consistent.</p> <ul style="list-style-type: none"> ➤ Sable submitted all major Compliance Plans (e.g. Fire Protection Plan, Emergency Response Plan) with the current emergency contact information pertaining to the new operator by July 30, 2024 (the date of application completeness determination), and submitted all other updated compliance plans by August 14, 2024 (within six months of assuming operations). Plans are listed in Table 1.1 below. Most SYU

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
<p>ordinance, as necessary to reflect the change of operator, and to do so with sufficient diligence to obtain approval of the revised plans by the appropriate county official within six months after assuming operations.</p>	<p>plans are integrated with POPCO Gas Plant plans. All plans were reviewed and approved by the P&D planner to confirm emergency contact information was updated as required by 25B-10(a)(6).</p> <ul style="list-style-type: none"> ➤ Though not required by Chapter 25B, plans were also reviewed for technical accuracy by the SSRRC, the County Fire Department’s Office of Emergency Management (OEM), and P&D Energy Division’s (EMC) petroleum engineering consultant where appropriate. Some plans also require formal approval from other regulatory agencies outside of the County’s Change of Operator process. ➤ A link to all publicly-available (redacted) Compliance Plans submitted as part of this application is included as Attachment F. Plans that only relate to the original construction of the Las Flores Canyon Facilities are considered satisfied and are not included.

Table 1.1 SYU/POPCO Compliance Plans			
Plan Name	SYU FDP Condition	POPCO FDP Condition	Reviewing Department
Emergency Response Plan	XI-2.c.	P-3	P&D / OEM / EMC
Fire Protection Plan	X1-2.i.	N-3	P&D / OEM / EMC
Groundwater Management Plan	XVI-1	-	P&D
Integrated Noise Monitoring Plan	XV-1	L-2	P&D
NGL Inventory Management Plan	VI	P-6	P&D
Preservation Plan	-	-	P&D / EMC
Santa Barbara Harbor Use Plan	X-19	-	P&D
Site Security Plan	XI-2.h.	-	P&D
SIMQAP	XI-2.a.	P-2	P&D / SSRRC
Surface Water Monitoring Plan	XVII-1	H-1	P&D

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)			
REQUIREMENT	DISCUSSION		
Transportation Risk Management and Prevention Program (TRMPP)	VI	P-7	P&D
<p>(7) Transitional Plan. The current owner or operator and proposed operator have submitted a transitional plan that will demonstrate the proposed operator shall receive adequate training, including by means of cross training by the current operator, where feasible, and shall have a good working knowledge of the crucial compliance plans listed in Sec. 25B-10.1.f before assuming control of operations. The plan has been approved by the director. The planning commission may exempt the current owner and proposed operator from this requirement, or portions thereof, for good cause.</p>	<p>Consistent. Sable submitted a comprehensive Transition Plan for the Las Flores Canyon Facilities as part of their application materials. The Plan describes the background of the facilities, the general approach to the transition from Exxon and Sable, details on the facility staffing and support employees, and asset-specific training and general training conducted. The plan demonstrates that the majority of Sable’s onsite management team have stayed employed at the Las Flores Canyon Facilities by transitioning into the same or similar roles from Exxon. These positions include production and maintenance managers, health and safety supervisors, regulatory supervisors, construction managers, superintendents and foremans, as well as operators and technicians that cover day-to-day shifts. This demonstrates cohesiveness of the facility teams and the ability to continue operations with limited staffing and training disruptions. The plan was reviewed and approved by P&D as part of the application completeness determination process. A publicly-available (redacted) version of the SYU/POPCO Transition Plan is included as Attachment E-1.</p>		

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
<p>(8) Emergency Response Plan Drills. The proposed operator has adequately performed one or more county approved emergency response plan drills necessary to respond to emergency episodes that may occur at the facility.</p>	<p>Consistent. Sable submitted an updated Emergency Response Plan (Attachment F) and staffing details for their Incident Management Team (IMT) who run the response drills as part of their application materials (Attachment D). Documents demonstrate that the IMP has maintained consistent personnel with very limited changes from Exxon to Sable. Almost all of the IMT members who participated in previous emergency response drills under Exxon (last conducted in 2023), continue to serve in the same or similar roles with Sable. The IMT under Sable held a comprehensive emergency response drill on September 19, 2024. P&D confirmed with OEM Captain, Mr. Tim Gailey, that the 2024 emergency response drill was completed in accordance with County requirements, and that no outstanding issues were identified.</p>
<p>(9) Operator Capability. The proposed operator has the skills, training, and resources necessary to operate the permitted facility in compliance with the permit and all applicable county codes and has demonstrated the ability to comply with compliance plans listed in section 25B-10.1.f. The director shall require relevant records of compliance, and corrective actions taken subsequent to any major incidents for</p>	<p>Consistent. Sable was formed in October 2020 as an independent oil and gas company headquartered in Houston Texas as a special purpose acquisition company. The bullet items below describe the technical and financial capabilities of Sable’s management and operating teams, as well as previous safety and operating records.</p>

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
<p>facilities, if any, that are similar in nature to those that are the subject of the permit, as may be necessary to make findings. These records shall be used to provide sufficient assurance that the proposed operator does not reflect a record of non-compliant or unsafe operations systemic in nature for similar facilities to those being considered for operatorship.</p>	<p><i>Technical Capabilities and Staffing</i></p> <ul style="list-style-type: none"> ➤ Sable’s Executive Management Team consists of Mr. Jim Flores as CEO, and Mr. Gregory Patrinely as Executive Vice President and CFO. Mr. Flores and Mr. Patrinely have managed oil and gas exploration and production businesses in the Pacific Ocean, the Gulf of Mexico, and onshore California (including Santa Barbara County) together for more than 30 years. Operations previously executively managed by Mr. Flores and Mr. Patrinely in Santa Barbara County include Platform Irene and the associated Lompoc Oil & Gas Plant and Point Pedernales Pipelines (together Point Pedernales Facilities), and Platforms Harvest, Hidalgo, Hermosa and the associated Gaviota Oil & Gas Plant and Point Arguello Pipelines (together Point Arguello Facilities) while managing Plains Exploration and Production Company (PXP) and Freeport-McMoRan, Inc (FMOG). Mr. Flores and Mr. Patrinely have also executively managed oil and gas facilities in the Permian and Delaware Basins in Texas while managing Sable Permian Resources (now Permian Resources). Information on Sable’ Executive Management Team was

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
	<p>provided in the application materials, included as Attachment D.</p> <ul style="list-style-type: none"> ➤ Sable’s Upper Management Team, including the Vice President of Operations, the Vice President of Environmental & Regulatory Affairs, the Director of Facilities, and the Director of Operations have all carried over from similar leadership roles at PXP/FMOG, and have extensive previous experience managing the Point Pedernales and Point Arguello Facilities. These key leadership employees have an average of 31 years of experience operating Santa Barbara County-specific oil and gas facilities. Information on Sable’s Operative Management Team was provided in the SYU/POPCO Transition Plan; however, employee details are considered confidential information not available to the public. A publicly-available version of the plan is provided as Attachment E-1. ➤ Sable’s Onsite Middle Management Team, including the Construction Manager, the Senior Regulatory and Compliance Supervisor, the Senior Health, Safety & Environment Supervisor, the Production & Maintenance Manager, the Plant Superintendent, and the Plant Foremen have all transferred over from the same or similar leadership roles at

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
	<p>the Las Flores Canyon Facilities under Exxon. These key onsite employees have an average of 23 years of experience in the oil and gas industry, and an average of 21 years of service working at the Las Flores Canyon Facilities themselves. Information on Sable’s Onsite Middle Management Team was provided in the SYU/POPCO Transition Plan (Attachment E-1).</p> <ul style="list-style-type: none"> ➤ Approximately 64 percent of the onsite facility employees (e.g. technicians and operators) have also transferred over in their same or similar capacity from Exxon. The average SYU employee has over 18 years of oil and gas experience. Information on facility employees was provided in the SYU/POPCO Transition Plan (Attachment E-1). ➤ All Las Flores Canyon Facility employees have had training on the facility-specific Compliance Plans, as demonstrated on a signed confirmation statement attached to the Transition Plan (Attachment E-1). New employees would train on facility-specific Compliance Plans during onboarding activities. ➤ Sable has also continued contracts with third-party contractors who have historically served the Las Flores Canyon Facilities for maintenance, landscaping,

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
	<p>security, material handling, inventory management, integrity testing, inspections, evaluations, and restoration.</p> <p><i>Safety and Compliance Records</i></p> <p>To satisfy the required records of compliance needed for this finding, P&D directed Sable to include compliance records for any major incidents, as defined in Sec. 25B-3, for Sable management-affiliate companies from the past 5 years the management team operated those companies. This included Sable Permian Resources from 2017 – 2021, FMOG from 2013 – 2017, and PXP from 2009 – 2013. A reporting period of five years was requested, as it is sufficiently long enough for environmental assessments and legal ramifications to be complete in most cases, and long enough to observe recent trends and demonstrate how measures are taken to prevent future accidents. Based on the information provided, Sable’s management team has had zero major incidents involving oil and gas facilities over the requested timeframes. To further demonstrate safe and responsible operatorship while managing PXP, FMOG, and Sable Permian Resources, Sable also provided a list of awards received from Santa Barbara County, the National Safety Council, the California Department of</p>

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
	<p>Conservation, and the U.S. Bureau of Land Management (Attachment D).</p> <p><i>Financial Capabilities</i></p> <ul style="list-style-type: none"> ➤ Financial highlights outlined in Sable’s SEC Quarterly Report (Form 10-Q, page 6) dated August 13, 2024, states that Sable has experienced financial losses from its operations, and has a current cash flow of \$112.1 million dollars and an accumulated deficit of \$426.6 million dollars. Sable currently has investment agreements totaling \$440 million dollars. Sable states that it has sufficient remaining capital to maintain operations at the current financial loss, complete necessary repairs, and obtain regulatory approvals to restart production under its current cash flow and investment amounts. ➤ For the purposes of the 25B Permit Amendment, the County’s review and findings are limited to only assessing the financial guarantees required by County permits or by County ordinance. In this case, the SYU does not have any current required bonds or assurances under the County’s jurisdiction as described in Table 1, Section 25B-9(a)(2). Sable has existing insurance coverages of \$1.23 billion for offshore property damage, \$1.3 billion for

Table 1 Consistency with Chapter 25B Change of Owner, Guarantor, and Operator for the Santa Ynez Unit FDP Permit No. 87-DP-32cz (RV06)	
REQUIREMENT	DISCUSSION
	onshore property damage, and \$401 million dollars in liability insurance. ➤ Chapter 25B does not give the County discretion to increase the amount of guarantees or require assurances for purposes not otherwise already required.
(b) Upon making the findings listed in Sec. 25B-10.1, the planning commission shall approve the change of operator. The planning commission may impose additional conditions on the permit in order to ensure that any insurance or other financial guarantees that were submitted to and relied on by the planning commission as a basis to make any finding required by this chapter are maintained.	The Planning Commission has the authority to impose additional conditions on the FDP Permit in order to maintain any existing insurance or financial bonds. However, as Staff determined consistency with financial guarantees as described in Table 1, Section 25B-9(a)(2), no additional conditions are recommended.

6.2.2 POPCO Gas Plant

Table 2 Consistency with Chapter 25B Change of Guarantor and Operator for the POPCO Gas Plant FDP Permit No. 93-FDP-015 (AM03)	
REQUIREMENT	DISCUSSION
CHANGE OF GUARANTOR	
Sec. 25B-9 Director approval: findings. (e) Change of Guarantor. The Director shall approve an application to modify a permit	Consistent. No current County-required bonds are in place for the POPCO Gas Plant. A discussion of financial guarantees as they

Table 2 Consistency with Chapter 25B Change of Guarantor and Operator for the POPCO Gas Plant FDP Permit No. 93-FDP-015 (AM03)	
REQUIREMENT	DISCUSSION
<p>pursuant to Sec.25B-8.1.a.iii for a change of guarantor only if the director makes the following findings:</p> <p>(1) Financial Guarantees. The proposed guarantor has provided all necessary instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance.</p>	<p>relate to the FDP Permit Conditions are described in the bullets below. A discussion of Sable’s financial capabilities to operate the POPCO Gas Plant are described further below in Table 2, Section 25B-10(a)(9) <i>Operator Capability</i>.</p> <p>➤ FDP Permit Condition Q-2 requires the permittee to be responsible for the proper abandonment of the facility, and that a performance bond or other security device be in place immediately following the permanent shutdown of the facility. A performance bond, or other security device would posted by Sable following permanent shut down of the facilities in accordance with an approved abandonment and restoration plan in effect at that time. Therefore, no current financial guarantee is needed.</p>
CHANGE OF OPERATOR	
<p>Sec. 25B-10 Planning Commission approval: findings.</p> <p>(a) The planning commission shall approve an application for change of operator only if the planning commission makes the following findings:</p> <p>(1) Fees and Exactions. All outstanding fees and exactions due for the facility have been paid.</p>	<p>Consistent. Staff has verified with the P&D Accounting Department that no outstanding payments are due for the facility, or for any related planning and compliance cases.</p>

Table 2 Consistency with Chapter 25B Change of Guarantor and Operator for the POPCO Gas Plant FDP Permit No. 93-FDP-015 (AM03)	
REQUIREMENT	DISCUSSION
<p>(2) Financial Guarantees. All necessary insurance, bonds or other instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance have been updated, if necessary, to reflect the new operator and will remain in full effect following the operator change.</p>	<p>Consistent. The analysis of this finding is discussed in the similar finding listed above in Table 2, Section 25B-9(e)(1).</p>
<p>(3) Acceptance of Permit. The proposed operator has provided a letter from a responsible official representing the proposed operator formally accepting all conditions and requirements of the permit.</p>	<p>Consistent. Sable provided a signed Agreement to Comply with Conditions of Approval of the FDP Permits as part of their application materials (Attachment D). The Agreement outlines Sable’s acceptance of all conditions and requirements of the permit. The Agreement was recorded with the County Clerk-Recorder’s Office in September 2024 as an official record to establish the permanent record of the transaction.</p>
<p>(4) Facility Safety Audit. The current owner or operator has provided a copy of the most recent county-conducted comprehensive safety audit of the physical facility, along with a description of the status of implementing its recommendations, to the proposed new operator. A safety inspection maintenance and quality assurance plan audit approved by the appropriate county official shall satisfy this requirement.</p>	<p>Consistent. The POPCO Gas Plant is subject to County SSRRC audits through its approved SIMQAP. The SIMQAP covers the SYU and the POPCO Gas Plant. The analysis of this finding is discussed in the similar finding for the SYU, listed in Table 1, Section 25B-9(a)(4).</p>

Table 2 Consistency with Chapter 25B Change of Guarantor and Operator for the POPCO Gas Plant FDP Permit No. 93-FDP-015 (AM03)	
REQUIREMENT	DISCUSSION
<p>(5) Compliance with Existing Requirements. As of the date that the application is deemed complete, the current operator is in compliance with all requirements of the permit, including any requirements of a county-required safety audit, any notice of violation, and any county ordinance, or the owner and proposed operator have entered into a written agreement with the director that specifies an enforceable schedule to come into compliance with such requirements.</p>	<p>Consistent. At the date of application completeness, ExxonMobil Corporation was in compliance with all requirements of the FDP Permit. No notice of violations have been issued to any permittee regarding the facility.</p>
<p>(6) Compliance Plans. The current owner and proposed operator have updated, where applicable, any existing, approved safety inspection maintenance and quality assurance program, emergency response plan, fire protection plan, and oil spill contingency plan, or equivalent approved plans, with current emergency contact information pertaining to the new operator. The current owner and proposed operator have agreed in writing to revise all other plans required by the permit or any county ordinance, as necessary to reflect the change of operator, and to do so with sufficient diligence to obtain approval of the revised plans by the appropriate county official within six months after assuming operations.</p>	<p>Consistent. POPCO and Sable submitted all major Compliance Plans to P&D with updated emergency contact information by July 30, 2024 (the date of application completeness determination), and submitted all other compliance plans by August 14, 2024 (within six months of assuming operations). All POPCO Compliance Plans are integrated with the SYU Compliance Plans. The analysis of this finding and a list of plans is detailed in the similar finding for the SYU, listed in Table 1, Section 25B-10(a)(6).</p>

Table 2 Consistency with Chapter 25B Change of Guarantor and Operator for the POPCO Gas Plant FDP Permit No. 93-FDP-015 (AM03)	
REQUIREMENT	DISCUSSION
<p>(7) Transitional Plan. The current owner or operator and proposed operator have submitted a transitional plan that will demonstrate the proposed operator shall receive adequate training, including by means of cross training by the current operator, where feasible, and shall have a good working knowledge of the crucial compliance plans listed in Sec. 25B-10.1.f before assuming control of operations. The plan has been approved by the director. The planning commission may exempt the current owner and proposed operator from this requirement, or portions thereof, for good cause.</p>	<p>Consistent. Sable submitted a comprehensive Transition Plan for the SYU and POPCO Gas Plant as part of their application materials. The analysis of this finding is discussed in the similar finding for the SYU, listed in Table 1, Section 25B-10(a)(7). A publicly-available version of the Transition Plan is included as Attachment E-1.</p>
<p>(8) Emergency Response Plan Drills. The proposed operator has adequately performed one or more county approved emergency response plan drills necessary to respond to emergency episodes that may occur at the facility.</p>	<p>Consistent. The Emergency Response Plan Drill for the POPCO Gas Plant was integrated into the emergency response drill conducted for the SYU on September 19, 2024. The analysis of this finding is discussed in the similar finding for the SYU, listed in Table 1, Section 25B-10(a)(8).</p>
<p>(9) Operator Capability. The proposed operator has the skills, training, and resources necessary to operate the permitted facility in compliance with the permit and all applicable county codes and has demonstrated the ability to comply with compliance plans listed in section 25B-10.1.f. The director shall require relevant records of</p>	<p>Consistent. The skills, training, and resources necessary to operate the POPCO Gas Plant are integrated into the skills, training, and resources necessary to operate the SYU. The analysis of this finding is discussed in the similar finding for the SYU, listed in Table 1, Section 25B-10(a)(9).</p>

Table 2 Consistency with Chapter 25B Change of Guarantor and Operator for the POPCO Gas Plant FDP Permit No. 93-FDP-015 (AM03)	
REQUIREMENT	DISCUSSION
<p>compliance, and corrective actions taken subsequent to any major incidents for facilities, if any, that are similar in nature to those that are the subject of the permit, as may be necessary to make findings. These records shall be used to provide sufficient assurance that the proposed operator does not reflect a record of non-compliant or unsafe operations systemic in nature for similar facilities to those being considered for operatorship.</p>	
<p>(b) Upon making the findings listed in See. 25B-10.1, the planning commission shall approve the change of operator. The planning commission may impose additional conditions on the permit in order to ensure that any insurance or other financial guarantees that were submitted to and relied on by the planning commission as a basis to make any finding required by this chapter are maintained.</p>	<p>The Planning Commission has the authority to impose additional conditions on the FDP Permit in order to maintain any existing insurance or financial bonds. However, as Staff determined consistency with financial guarantees as described in Table 2, Section 25B-9(b)(2), no additional conditions are recommended.</p>

6.2.3 Las Flores Pipeline

Table 3 Consistency with Chapter 25B Change of Guarantor and Operator for the Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)	
REQUIREMENT	DISCUSSION
CHANGE OF GUARANTOR	
<p>Sec. 25B-9 Director approval: findings.</p> <p>(e) Change of Guarantor. The Director shall approve an application to modify a permit pursuant to Sec.25B-8.1.a.iii for a change of guarantor only if the director makes the following findings:</p> <p>(1) Financial Guarantees. The proposed guarantor has provided all necessary instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance.</p>	<p>Consistent. No current County-required bonds are in place for the Las Flores Pipeline System. A discussion of financial guarantees as they relate to the FDP Permit conditions are described in the bullets below. A discussion of Sable’s overall financial capabilities to operate the Las Flores Pipeline System are described further below in Table 3, Section 25B-10(a)(9) <i>Operator Capability</i>.</p> <ul style="list-style-type: none"> ➤ Previously required bonds under the FDP Permit were limited to conditions relating to habitat restoration. These restoration bonds were put in place at the time of pipeline construction and were previously released back to the former owner/operator. ➤ FDP Permit Condition O-1 requires the permittee to continue to pay property taxes until site restoration is complete, but does not require a financial bond to be in place. Sable currently has \$112.1 million dollars in cash and cash equivalents, which is sufficient to cover the continued payment of property taxes for the proper abandonment of the pipelines. ➤ Neither the FDP Permit, Chapter 25B, or other County ordinance requires the permittee to carry insurance or surety bonds

Table 3 Consistency with Chapter 25B Change of Guarantor and Operator for the Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)	
REQUIREMENT	DISCUSSION
	<p>to cover oil spills or other damages for the pipeline system.</p> <p>➤ Though not required for the County’s Change of Guarantor, to support demonstration of other financial guarantees Sable/PPC submitted COFRs for the Las Flores Pipeline segments CA-324 and CA-325 (Certificate Nos. 2-2624-00-001 and 4-2624-00-001). The Las Flores Pipeline COFRs are included as Attachment H.</p>
CHANGE OF OPERATOR	
<p>Sec. 25B-10 Planning Commission approval: findings.</p> <p>(a) The planning commission shall approve an application for change of operator only if the planning commission makes the following findings:</p> <p>(1) Fees and Exactions. All outstanding fees and exactions due for the facility have been paid.</p>	<p>Consistent. Staff has verified with the P&D Accounting Department that no outstanding payments are due for the pipeline system, or for any related planning and compliance cases.</p>
<p>(2) Financial Guarantees. All necessary insurance, bonds or other instruments or methods of financial responsibility approved by the county and necessary to comply with the permit and any county ordinance have been updated, if necessary, to reflect the new operator and will remain in full effect following the operator change.</p>	<p>Consistent. The analysis of this finding is discussed in the similar finding listed above in Table 3, Section 25B-9(e)(1).</p>

Table 3 Consistency with Chapter 25B Change of Guarantor and Operator for the Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)	
REQUIREMENT	DISCUSSION
<p>(3) Acceptance of Permit. The proposed operator has provided a letter from a responsible official representing the proposed operator formally accepting all conditions and requirements of the permit.</p>	<p>Consistent. Sable provided a signed Agreement to Comply with Conditions of Approval of the FDP Permit as part of their application materials. The Agreement outlines Sable’s acceptance of all conditions and requirements of the permit. The Agreement was recorded by County Clerk-Recorder’s Office on September 13, 2024 as an official record. A copy of the Agreement is included in Attachment D.</p>
<p>(4) Facility Safety Audit. The current owner or operator has provided a copy of the most recent county-conducted comprehensive safety audit of the physical facility, along with a description of the status of implementing its recommendations, to the proposed new operator. A safety inspection maintenance and quality assurance plan audit approved by the appropriate county official shall satisfy this requirement.</p>	<p>Consistent.</p> <ul style="list-style-type: none"> ➤ Due to the 1988 Settlement Agreement between the County and Celeron/All American, there is no County-conducted audit available for the Las Flores Pipeline System. The Settlement Agreement determined that the County does not have the jurisdiction to regulate any aspect of the design, construction, or operation of the pipeline that is already covered under the Code of Federal Regulations (CFR) Title 49 Part 195 <i>Transportation of Hazardous Liquids by Pipeline</i>. This precludes the County from overseeing pipeline activities such as inspection and repairs, SIMQAP audits through the County’s SSRRC, certain design and operation modifications, and other activities already covered under Title 49 Part 195. The Settlement Agreement runs with the pipeline and any subsequent owner/operators of the system.

Table 3				
Consistency with Chapter 25B				
Change of Guarantor and Operator for the Las Flores Pipeline System				
FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)				
REQUIREMENT		DISCUSSION		
		<ul style="list-style-type: none"> ➤ Title 49 §§ 195.450 and §§ 195.452 require that pipeline operators implement both internal (operator-conducted) and external (agency-conducted) audits. Therefore, because PHMSA and now OSFM conduct audits of the pipeline system, it is not subject to County-conducted audits. ➤ PPC has satisfied the County’s requirement to provide audit information to Sable. In their application documents, Sable provided certain details of previous PHMSA and OSFM audits from October 2018 – July 2023 (Attachment D). A summary table of the audits conducted is provided below. Information indicates that there are no preliminary findings or concerns. 		
Table 3.1				
Las Flores Pipeline System Audits				
Agency	Date	Audit #	Audit Type	Status
OSFM	6/19/23 – 7/7/23	-	HQ OME and PAPEE Inspection	No unsatisfactory results/No preliminary concerns
OSFM	4/17/23 – 4/19/23	-	Standard Annual Pipeline Inspection	No unsatisfactory results/No preliminary concerns
OSFM	3/4/23 - 4/14/23	-	Field inspection	No unsatisfactory results/No preliminary concerns
OSFM	11/17/22	-	Annual records/field inspection	No unsatisfactory results/No preliminary concerns
OSFM	7/12/21	2021-64	Annual records/field inspection	Closed
PMSA	6/16/21	2021-58	Document inspection	Closed
OSFM	1/19/21	2021-3	Field inspection	Closed
OSFM	6/22/20	2020-72	Annual records/field inspection	Closed
OSFM	10/20/19	2019-118	Annual records/field inspection	Closed
OSFM	10/15/18	2018-98	Standards inspection	Closed

Table 3 Consistency with Chapter 25B Change of Guarantor and Operator for the Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)	
REQUIREMENT	DISCUSSION
<p>(5) Compliance with Existing Requirements. As of the date that the application is deemed complete, the current operator is in compliance with all requirements of the permit, including any requirements of a county-required safety audit, any notice of violation, and any county ordinance, or the owner and proposed operator have entered into a written agreement with the director that specifies an enforceable schedule to come into compliance with such requirements.</p>	<p>Consistent. At the date of application completeness, EMPCo and PPC were in compliance with all requirements of the FDP Permit. No notice of violations have been issued to any permittee regarding the pipeline system.</p>
<p>(6) Compliance Plans. The current owner and proposed operator have updated, where applicable, any existing, approved safety inspection maintenance and quality assurance program, emergency response plan, fire protection plan, and oil spill contingency plan, or equivalent approved plans, with current emergency contact information pertaining to the new operator. The current owner and proposed operator have agreed in writing to revise all other plans required by the permit or any county ordinance, as necessary to reflect the change of operator, and to do so with sufficient diligence to obtain approval of the revised plans by the appropriate county official within six months after assuming operations.</p>	<p>Consistent.</p> <ul style="list-style-type: none"> ➤ PPC and Sable submitted all major Compliance Plans with updated emergency contact information by July 30, 2024 (the date of application completeness determination), and submitted all other compliance plans by August 14, 2024 (within six months of assuming operations). Plans are listed in Table 3.2 below. All plans were reviewed for updated information and approved by the P&D planner. ➤ Although not required under Chapter 25B, plans were also reviewed for technical accuracy by the SSRRC, OEM, and EMC’s petroleum engineering consultant where appropriate. Some plans also require formal approval from other regulatory agencies

Table 3 Consistency with Chapter 25B Change of Guarantor and Operator for the Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)																			
REQUIREMENT	DISCUSSION																		
	<p>outside of the County’s Change of Operator process.</p> <p>➤ A link to all publicly-available (redacted) Compliance Plans submitted for this application is included as Attachment F. Plans that only relate to the original construction of the pipeline system are considered satisfied and are not included.</p>																		
Table 3.2 Las Flores Pipeline System Compliance Plans																			
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Plan Name</th> <th style="text-align: center;">FDP Condition</th> <th style="text-align: center;">Reviewing Department</th> </tr> </thead> <tbody> <tr> <td>Integrated Contingency Plan</td> <td>G-1, P-3, P-5, P-9, P-14</td> <td>P&D / OEM / EMC</td> </tr> <tr> <td>Noise Monitoring Plan</td> <td>N-1</td> <td>P&D</td> </tr> <tr> <td>Pump Station Fire Protection Plan</td> <td>P-9</td> <td>P&D / OEM / EMC</td> </tr> <tr> <td>SIMQAP</td> <td>P-2</td> <td>P&D / SSRRC</td> </tr> <tr> <td>Site Security Plan</td> <td>P-6</td> <td>P&D</td> </tr> </tbody> </table>		Plan Name	FDP Condition	Reviewing Department	Integrated Contingency Plan	G-1, P-3, P-5, P-9, P-14	P&D / OEM / EMC	Noise Monitoring Plan	N-1	P&D	Pump Station Fire Protection Plan	P-9	P&D / OEM / EMC	SIMQAP	P-2	P&D / SSRRC	Site Security Plan	P-6	P&D
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SIMQAP	P-2	P&D / SSRRC																	
Site Security Plan	P-6	P&D																	
<p>(7) Transitional Plan. The current owner or operator and proposed operator have submitted a transitional plan that will demonstrate the proposed operator shall receive adequate training, including by means of cross training by the current operator, where feasible, and shall have a good working knowledge of the crucial compliance plans listed in Sec. 25B-10.1.f before assuming control of operations. The plan has been approved by the director. The planning commission may exempt the current owner and proposed operator from</p>	<p>Consistent. Sable and PPC submitted a comprehensive Transition Plan for the Las Flores Pipeline System as part of their application materials. The Plan describes the background of the pipeline system, the general approach to the transition (PPC remains the legal Owner of the pipeline with Sable as Operator), details on staffing, and asset-specific training and general training conducted. The plan outlines that there are five full-time employees managing the pipeline operations in addition to contracted field personnel. Though the Operations Middle Management Team is</p>																		

Table 3 Consistency with Chapter 25B Change of Guarantor and Operator for the Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)	
REQUIREMENT	DISCUSSION
<p>this requirement, or portions thereof, for good cause.</p>	<p>new (e.g. not former Plains employees), each leadership role, including the Director of Pipeline Operations, the Marketing and Scheduling Manager, the Pipeline Operations Manager, and the Facilities, ROW & Projects Manager have extensive experience in upstream and midstream pipeline operations for both onshore and offshore pipelines with reputable companies such as Phillips 66. The average years' experience of the pipeline operating team is 23 years. These combined years of similar experience demonstrate the ability to continue operations with limited staffing and training disruptions, and with a qualified new team not previously responsible for operations when the 2015 Refugio Incident occurred. The plan was reviewed and approved by P&D as part of the application completeness determination process. A publicly-available (redacted) version of the Transition Plan is included as Attachment E-2.</p>
<p>(8) Emergency Response Plan Drills. The proposed operator has adequately performed one or more county approved emergency response plan drills necessary to respond to emergency episodes that may occur at the facility.</p>	<p>Consistent. PPC and Sable submitted an updated Incident Contingency Plan (ICP) as part of their application materials. The ICP combines the previously separate Emergency Response, Fire Protection, and Oil Spill Contingency Plans (see Table 3.2 and Attachment F). Sable held a comprehensive ICP training exercise and emergency response drill on July 25, 2024. P&D Staff confirmed with OEM Captain, Mr. Tim</p>

Table 3 Consistency with Chapter 25B Change of Guarantor and Operator for the Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)	
REQUIREMENT	DISCUSSION
	<p>Gailey, that the 2024 emergency response drill was completed in accordance with County requirements, and that no outstanding issues were identified.</p>
<p>(9) Operator Capability. The proposed operator has the skills, training, and resources necessary to operate the permitted facility in compliance with the permit and all applicable county codes and has demonstrated the ability to comply with compliance plans listed in section 25B-10.1.f. The director shall require relevant records of compliance, and corrective actions taken subsequent to any major incidents for facilities, if any, that are similar in nature to those that are the subject of the permit, as may be necessary to make findings. These records shall be used to provide sufficient assurance that the proposed operator does not reflect a record of non-compliant or unsafe operations systemic in nature for similar facilities to those being considered for operatorship.</p>	<p>Consistent. Sable’s technical capabilities are described in the discussion for the Transition Plan finding in Table 3, Section 25B-10(a)(7) above. Sable’s safety and compliance records and overall financial capabilities are described in the similar finding for the Las Flores Canyon Facilities in Table 1, Sec. 25B-10(a)(9).</p>
<p>(b) Upon making the findings listed in Sec. 25B-10.1, the planning commission shall approve the change of operator. The planning commission may impose additional conditions on the permit in order to ensure that any insurance or other</p>	<p>The Planning Commission has the authority to impose additional conditions on the FDP Permit in order to maintain any existing insurance or financial bonds. However, as Staff determined consistency with financial guarantees as</p>

Table 3 Consistency with Chapter 25B Change of Guarantor and Operator for the Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)	
REQUIREMENT	DISCUSSION
financial guarantees that were submitted to and relied on by the planning commission as a basis to make any finding required by this chapter are maintained.	described in Table 3, Section 25B-9(b)(2), no additional conditions are recommended.

6.3 Conditions of Approval

Conditions of Approval for each FPD Permit are included as Attachments B1 – B3. In accordance with Sec. 25B-7, conditions were revised to remove and replace the former permittee with Sable where appropriate. The term “permittee” was used for conditions that have already been satisfied (such as those relating to the construction of the facilities and pipelines) in order to maintain the complete record of the permits.

7.0 APPEALS PROCEDURE

The action of the Planning Commission may be appealed to the Board of Supervisors within 10 calendar days of said action. For Energy Division projects, no appeal fee is required.

ATTACHMENTS

- A. Findings
- B. Conditions of Approval
 - B-1. SYU FDP Permit No. 87-DP-32cz (RV06)
 - B-2. POPCO Gas Plant FDP Permit No. 93-FDP-015 (AM03)
 - B-3. Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz)
- C. CEQA Notice of Exemption
- D. 25B Permit Amendment Applications
 - D-1. SYU
 - D-2. POPCO
 - D-3. Las Flores Pipeline System

- E. Transition Plans
 - E-1. SYU/POPCO
 - E-2. Las Flores Pipeline System
- F. Compliance Plans
 - F-1. Las Flores Pipelines Integrated Contingency Plan
 - F-2. Las Flores Pipelines Noise Monitoring and Control Plan
 - F-3. Las Flores Pipelines Pump Station Fire Protection Plan
 - F-4. Las Flores Pipelines SIMQAP
 - F-5. Las Flores Pipelines Site Security Plan
 - F-6. Santa Barbara Harbor Use Plan
 - F-7. SYU/POPCO Emergency Response Plan
 - F-8. SYU/POPCO Fire Protection Plan
 - F-9. SYU/POPCO Groundwater Management Plan
 - F-10. SYU/POPCO Integrated Noise Monitoring Plan
 - F-11. SYU/POPCO NGL Inventory Management Plan
 - F-12. SYU/POPCO Preservation Plan
 - F-13. SYU/POPCO Security Control Plan
 - F-14. SYU/POPCO SIMQAP
 - F-15. SYU/POPCO Transportation Risk Management and Prevention Program (TRMPP)
- G. Certificates of Insurance
- H. Certificates of Financial Responsibility

ATTACHMENT A - FINDINGS

ATTACHMENT B-1
CONDITIONS OF APPROVAL
SYU FDP PERMIT NO. 87-DP-32cz (RV06)

ATTACHMENT B-2
CONDITIONS OF APPROVAL
POPCO GAS PLANT FDP PERMIT NO. 93-FDP-015 (AM03)

ATTACHMENT B-3

CONDITIONS OF APPROVAL

LAS FLORES PIPELINE SYSTEM FDP PERMIT NO. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz; 85-DP-66cz; 83-DP-25cz)

ATTACHMENT C – NOTICE OF EXEMPTION

ATTACHMENT D-1
25B PERMIT AMENDMENT APPLICATION
SYU

**ATTACHMENT D-2
25B PERMIT AMENDMENT APPLICATION
POPCO GAS PLANT**

ATTACHMENT D-3
25B PERMIT AMENDMENT APPLICATION
LAS FLORES PIPELINE SYSTEM

**ATTACHMENT E-1
TRANSITION PLAN
SYU/POPCO GAS PLANT**

**ATTACHMENT E-2
TRANSITION PLAN
LAS FLORES PIPELINE SYSTEM**

ATTACHMENT F – COMPLIANCE PLANS

Plans are available online at:

<https://cosantabarbara.box.com/s/wzk06i8dw18ow6f32xz1bznrf3v0teid>

ATTACHMENT G –CERTIFICATES OF INSURANCE

ATTACHMENT H –CERTIFICATES OF FINANICAL RESPONSIBLITLY

EXHIBIT 3

SETTLEMENT AGREEMENT

BETWEEN

CELERON PIPELINE COMPANY OF CALIFORNIA

AND THE

COUNTY OF SANTA BARBARA

FEBRUARY 8, 1988

SETTLEMENT AGREEMENT

This Agreement is entered into this 8th day of February 1988 between the County of Santa Barbara and Santa Barbara County Flood Control District hereinafter referred to collectively as "COUNTY" and Celeron Pipeline Company of California hereinafter referred to as "CELERON".

I. RECITATIONS

Whereas, Celeron, as part of the All American Pipeline Project, has constructed a 30" diameter pipeline which extends from Gaviota to Emidio, California. The portion of Celeron's pipeline in Santa Barbara County is shown in the attached Exhibit A. Exhibit A also sets forth the planned additions, feeder lines and pump stations in Santa Barbara County to this pipeline system.

Whereas, Celeron has received construction permits from the County and has constructed the completed portion of the pipeline. The attachment marked as Exhibit B sets forth those permits and conditions in effect during the time of Celeron's construction.

Whereas, Celeron objected to some of the permit conditions claiming that the conditions were outside of the jurisdiction of the County to enforce and represented an exaction upon Celeron. Celeron filed Notice of Objection and Protest of the fees and exactions. Failing to resolve this matter by negotiation, Celeron filed its action in the United States District Court, Central District of California in April, 1987, Case Number CV-87 02088, styled "Celeron Pipeline Company of California, a Delaware Corporation, versus County of Santa Barbara" (Federal Action). Celeron's Complaint in the Federal Action sought injunctive and declaratory relief and a refund for impositions of fees and exactions previously paid.

Whereas, previous to the objections raised by Celeron, the County established a process for a third party review and inspection which is now a subject of litigation. The Federal Action is based in part on Celeron's contention that the County has no jurisdiction to require this process by reason of the Federal preemption under the Hazardous Liquids Pipeline Safety Act and the regulations thereunder in 49 CFR 195 (Part 195). The Parties through this Agreement intend to resolve the review and inspection role of the County.

Whereas, the parties have disagreed as to the scope of the County's jurisdiction over interstate pipelines. As to areas covered by Part 195, the County is generally without jurisdiction. There are some environmental aspects of construction which are under County jurisdiction and these are some areas that need greater clarification.

Whereas, the County through County Counsel and Department Heads along with representatives of Celeron have met and negotiated this Agreement to settle the issues arising from litigation. The attached Exhibit C is the proposed Order to be signed by the Court establishing the jurisdictional issues raised in the case and approving and incorporating this Settlement Agreement as appropriate.

Whereas, Celeron has received modifications of some of the conditions affecting Celeron's right to design, construct and operate this pipeline. Some of the conditions are purely environmental, others are matters that are jurisdictional with the U.S. Department of Transportation and others perhaps are mixed. The modified Conditions are attached as part of Exhibit D.

Whereas, Celeron has performed its audit in part on the County and certain of its contractors. The result of this audit is contained in the attachment marked Exhibit E.

Whereas, Celeron may have need of a pipeline easement over some property owned by the County Flood Control District on Celeron's proposed Interconnect Line from Shell's proposed processing facility near Santa Maria to Celeron's Sisquoc Pump Station. The requested form of the Option of Easement together with a brief description of the land under consideration is set forth in the attached Exhibit F.

Whereas, the County will adopt a Resolution supporting the Celeron Pipeline as it extends from Gaviota to Las Flores. Attached to this Agreement is Exhibit G which sets forth this Resolution.

Whereas, the County has previously filed a Complaint with the United States Department of Transportation (D.O.T.) which has now been reviewed. The D.O.T. found that the pipeline, as now constructed, is constructed in conformance with all federal standards. These reports are attached as Exhibit H.

Whereas, the Part 195 federal regulations covering Celeron's interstate pipeline are attached and marked Exhibit I. The attached letters from Frank Breckenridge, Building Official of the Division of Building and Safety, Department of Public Works for the County attached as Exhibit J and Exhibit K are an accurate description of how future pipeline construction will be reviewed and approved by Public Works.

WHEREAS, IN CONSIDERATION OF THE MUTUAL PROMISES, UNDERSTANDINGS AND DOLLAR CONSIDERATIONS HEREINAFTER SET FORTH, THE PARTIES AGREE AS FOLLOWS:

II. JURISDICTION OF COUNTY OVER INTERSTATE PIPELINE

- 2.1 The County and Celeron agree that the jurisdiction of the County over an interstate pipeline is limited and partially preempted by the provisions of the federal Hazardous Liquids Pipeline Safety Act and 49 CFR Part 195 which are set forth in full in Exhibit I. This issue was specifically addressed to the Court in the Federal Action on October 14, 1987 and again at the December 14, 1987 hearings.
- 2.2 The County shall have no authority over the design, construction and operation of Celeron's interstate pipeline except as might be set forth under this Agreement including the attached Exhibit D, J, and K or as the County may be required to assert under a mandatory and enforceable state or federal law or regulation. This means clearly that the County will not require any permit to construct or operate Celeron's pipeline except as specifically set forth in this Agreement including the attached Exhibits D, J, and K. In the event Exhibit D is modified with the express written consent of Parties, such modified Exhibit D will be controlling under the terms of this Agreement.
- 2.3 Should Celeron seek to construct a new interstate pipeline project which requires from the County a new Preliminary and/or Final Development Plan, the County and Celeron will work together to satisfy environmental concerns. All Preliminary/Final Development Plan conditions required to satisfy County's concerns must be compatible and not inconsistent with this Agreement unless mutual written agreement is reached between Celeron and the County.
- 2.4 The Parties will request the Federal Court in the Federal Action to sign the proposed Order marked as Exhibit C. Any right either Party has to appeal the Order entered by the Court is specifically waived.

2.5 It is mutually understood and acknowledged by Celeron and the County that if Celeron is forced to stop work during pipeline construction and/or operation by reason of some action of the County, the cost to Celeron could be extremely high depending on the activity stopped or delayed. Prior to exercising any stop work authority, the County and Celeron agree to exercise their best efforts through their senior personnel to resolve the issues involved. It is for this reason that the Parties seek to clarify the areas where the County can issue a stop work order without resort to a judicial action and areas where the County would be required to seek judicial relief.

2.5.1 Celeron will comply with all relevant design, construction and operating standards in 49 CFR 195; however, it is agreed that the County's stop work authority in those areas covered by Part 195 shall be limited to those cases where there is clear and convincing evidence that Celeron's activity, unless stopped, would:

- o Pose a present and imminent threat to life or property;
- o Violate the terms of this Agreement with the Exhibits attached hereto, and result in irreparable injury; or,
- o Violate a provision of the Environmental Quality Assurance Program which sets forth its own means and method for work activity stoppage.

2.5.2 The County agrees that, if it uses its lawful stop work authority, work stoppage shall be limited to the particular work that is objectionable and not to any other work being done by Celeron.

- 2.5.3 If after execution of this Agreement, the County is taking or contemplating the taking of any action which involve Part 195 areas and is not authorized under 2.5.1 above, including suspending or withholding ministerial permits, and which will stop or delay Celeron's construction and/or operation, the County shall immediately cease such action or contemplated action upon receipt of a written notice from Celeron stating its objection. In such case, County's action or proposed action may resume or commence only upon the County obtaining judicial sanction by order of a State or Federal Court.
- 2.5.4 Except as specifically limited by this Agreement, the County shall retain its right to apply review, approval or enforcement procedures pursuant to law covering Celeron's actions in violation of this Agreement or in violation of the terms and conditions of Celeron's permits which have been issued and approved by Celeron or in violation of statutes, ordinances and regulations which are not preempted and which lawfully pertain to the Celeron project.
- 2.5.5 Either Party at any time shall have the ability to file an action in either Federal or State Court claiming a breach of this Settlement Agreement. Nothing contained in this Agreement is intended to preclude either Party from filing such an action.
- 2.6 To the best knowledge and information and belief of the County there are no actions intended of a civil or criminal nature against Celeron or any of its employees. The County agrees to drop its appeal of the Planning Commission's decision to modifying Exhibit D. The County agrees that no further action will be taken to require Celeron to modify any of its presently constructed pipeline in areas covered by Part 195. The only exception would be for future activities involving the presently constructed pipeline that represent an imminent threat to persons or property under the County's police power.

III. PRESUMPTIONS OF PREEMPTION

- 3.1 For an aid in determining what is preempted by Part 195 and what is a valid area for the County to enter based upon the terms of this Agreement it shall be presumed that the County is preempted:
 - 3.1.1 If the activity to be performed is covered by Part 195.
 - 3.1.2 If the activity to be performed is impliedly but not expressly specified by Part 195 and it deals with design, construction or operation of an interstate pipeline. The activities of Public Works and Flood Control, which are specifically covered in Exhibits J and K are excepted from this presumption.
 - 3.1.3 If the activity to be performed is one foot or more below the surface of the ground. The activities of Public Works and Flood Control below one foot below the surface which are not covered by this presumption are set forth in Exhibits J and K.
- 3.2 The presumption of preemption can only be rebutted by clear language granting jurisdictional rights to the County under the terms of this Agreement including Exhibit D or by law binding upon the County and Celeron.
- 3.3 Notwithstanding the provisions of Paragraphs 3.1 and 3.2, the County shall retain its police powers as necessary to prevent present and imminent danger to persons or property.

IV. FUTURE REVIEW, APPROVAL AND MONITORING

4.1 In the areas that are covered by the D.O.T. under Part 195, the County and Celeron will comply with Exhibit D as amplified and clarified below:

4.1.1 Exhibits J, and K set forth the specific power and rights of the County to review, approve and monitor construction. For purpose of pre-construction review, Celeron shall be required to submit only the documents listed in Exhibit K. Celeron shall not be required to develop for the County any document relating to Part 195 areas unless such document is specifically listed in Exhibit K.

4.1.2 Celeron shall bear the cost of this review process and consultation which shall not exceed \$1,250.00 per mile of pipeline construction or \$4,000.00 per pump station. Should such costs be higher than these amounts such costs shall be borne entirely by the County. The County has completed its review of the Sisquoc Pump Station and Alignment Sheet #2 of the Las Flores extension. Celeron agrees to pay the entire cost of this review.

4.1.3 The cost of the County's Public Works designee during construction will not exceed 500.00 dollars per day. The total cost for the County designee on the segment from Gaviota to Las Flores will not be greater than \$12,000. Any costs above these amounts shall be borne entirely by the County.

V. RIVER CROSSINGS

- 5.1 Celeron and County agree that the scour depth of the future pipeline crossings at the Santa Maria and Sisquoc Rivers will be a minimum of twenty feet below the thalweg (flow line) unless a lesser depth is approved by both parties.

VI. ENVIRONMENTAL AREAS

6.1 There are a number of environmental areas where the County has jurisdiction to place conditions upon Celeron. One of the major concerns that Celeron has relative to these conditions is the area of environmental monitoring costs. Specifically, Celeron is concerned that successful revegetation is being frustrated by reason of the grazing cattle and other animals on the right-of-way.

In recognition of potential revegetation problems due to grazing, the County will apply the following evaluation procedures to specific locations determined by the County, in consultation with Celeron, to have severe grazing problems:

6.1.1 After initial seeding efforts, locations subject to grazing will be assessed for absolute percentage cover of the specified plant species. This assessment shall be accomplished by the County revegetation monitor.

6.1.2 Should the absolute percentage cover value fall below 40 per cent, Celeron shall reseed the area according to the Revegetation Plan (Condition H-1), implementing appropriate additional measures in the Plan which have been developed to improve the likelihood of successful revegetation. Application of these additional measures shall be acceptable to the County, Celeron, and landowner on a site-specific basis.

6.1.3 At an appropriate time of the year, (winter to early spring, beginning in the Spring of 1988) the County as part of the Revegetation Monitoring Program, shall reassess the reseeded location for absolute cover. Should absolute cover fall between 40 to 70 per cent, the County shall re-evaluate the location for relative percentage cover, as described in 6.1.4 below.

6.1.4 Relative percentage cover shall be determined by comparing the "on-right-of-way" (on-ROW) location to vegetative cover off the ROW. This assessment shall be made by the County, in consultation with Celeron. The grazed location may be released from further revegetation treatment if this assessment reveals that vegetative cover on the ROW is at least 90% of cover off-ROW. Celeron will use its best efforts to obtain a landowner release for the County for these specific locations. The intent of this relative cover assessment is to evaluate revegetation of specific grazed locations along the ROW relative to adjacent vegetative and other environmental conditions.

6.2 In order to place some quantifiable measure of exposure to Celeron on revegetation and the cost of long-term revegetation monitoring of completed construction, it is agreed that future annual revegetation monitoring costs shall be based on unreleased miles* and competitive annual revegetation monitoring bids. The County will base monitoring costs for the year 6/1/88 to 6/1/89 on a revegetation survey to be performed prior to May 1 1988 and timed so as to observe maximum revegetation success. Subsequent revegetation monitoring contracts will be based on similar surveys. The contract for the constructed pipeline should not exceed \$1,500 per unreleased mile.

The future long-term revegetation monitoring contract for the as yet unbuilt coastal pipeline segment has not been developed. However, the County agrees that long-term revegetation monitoring of grassland portions should not exceed \$3,000 per mile for the first year and \$1,500 per unreleased mile thereafter. Celeron recognizes that the costs of long-term monitoring of riparian zones will be higher.

* "Unreleased mile" refers to sections of the right of way not released from Celeron's revegetation bond coverage.

Based on the currently proposed project, current costs, and the County's understanding of the project, future long-term revegetation monitoring contract for the Interconnect pipeline should not exceed \$1500 per unreleased mile for the first year and each succeeding year.

- 6.3 Celeron shall be entitled to full and timely consultation during the development of the long-term revegetation monitoring proposal, including the selection and scoping process, to assure that long-term revegetation monitoring is occurring in the most cost effective manner possible, with the ultimate goal of phasing out long-term revegetation monitoring in an efficient and timely way. This consultation includes the development and implementation of methodologies on the existing ROW and any future areas constructed.

VII. OPTION FOR EASEMENT

7.1 The County agrees to grant to Celeron upon execution of this Agreement an Option to acquire an Easement over property owned by County for Celeron's proposed interconnect pipeline. The terms and conditions of the Option are described in Exhibit F. The promises contained in this Agreement will serve as consideration for this Option. The Option may be exercised within a period of five years from date of this Agreement. Celeron may record the Option in the public records. The County may impose reasonable conditions in the Easement that protect the existing adjacent flood control levee. In any event the final form of the Easement shall provide:

A 50 foot permanent easement will be granted by the County with an additional 50 feet of working space unless less area is needed by Celeron.

The Easement price will be based upon 60% of the agricultural value of the permanent easement area acquired by Celeron from the County.

Celeron shall have the right to modify the location of its Easement based upon changes made in the routing of the Interconnect.

VIII. COSTS

- 8.1 The County has agreed to modify its billing for previous charges made to Celeron to eliminate all County charges arising from its D.O.T. Complaint, the inquiry by the County Sheriff's Office or District Attorney's Office for potential criminal complaints, the Federal Action including time charges for staff and all other costs incurred by County including the cost of Public Hearing required by the County to reach this Settlement Agreement. The computation for these charges is set forth in Exhibit L and represents all the charges made to Celeron for which Celeron should receive a credit or refund.
- 8.2 Celeron will not bear any costs associated with the development of a future Complaint to the D.O.T. In the event the County decides to file a Complaint with the D.O.T. and that Complaint is dismissed or otherwise determined by the D.O.T. to be ill-founded, the County will bear all of its own costs associated with the filing of the Complaint. The County agrees that it will give Celeron 10 days written notice before filing a complaint with D.O.T. unless there is an imminent danger to person or property that prohibits a 10 day notification. The County agrees that it will not directly or indirectly file a D.O.T. complaint unless it has concrete verifiable evidence of a significant D.O.T. violation by Celeron.
- 8.3 Celeron shall pay Native American monitors selected by Celeron up to the hourly rate of its normal archeological staff person unless Celeron is satisfied the particular monitor has greater qualification and is therefore entitled to greater compensation. This means that Celeron may pay the particular Native American monitor selected to monitor for cultural concerns at the rate of a field hand or, depending upon his or her qualifications, at a rate comparable to other archeological personnel based upon their technical expertise.

- 8.4 Celeron and County representatives will meet to review Exhibit E. If the County and Celeron agree on the overcharges made by the County Contractors, County will use its best efforts, short of litigation, to collect such overcharges. If Celeron believes that litigation is required, the County will transfer to Celeron all of its rights to enforce the terms of its contract with the consultants and will cooperate with Celeron as appropriate in the litigation brought by Celeron.

IX. FIRE STATION

- 9.1 Celeron has previously committed itself to fund a portion of a fire station under provisions of the Final Development Plan P-7 and P-8 Conditions. The fire risk of Celeron's facilities is minimal due to the nature of its operation and the crude oil it will carry. The method of determining Celeron's liability shall take into account the relative risk of fire associated with Celeron's facility and the service radius of the fire station contemplated by such Conditions. County shall require full participation by other projects occurring in the area which the fire station may serve together with future projects served by the proposed station.

X. EMERGENCY RESPONSE PLAN

- 10.1 The County-wide Emergency Response Plan requires participation by Celeron. The cost burden upon Celeron shall be shared with present and future projects included in the plan based upon a risk analysis.

XI. AUDIT

- 11.1 The attached audit reports marked Exhibit E will be the basis for the County's inquiry into charges made by its Consultants to the Celeron Project. If the County determines that there are overcharges, it will use its best efforts, not including litigation, to obtain adjustments for any overcharges made by the County's consultants and give Celeron credit for such adjustments. If the County and Celeron do not agree on the appropriate adjustments, County will assign its contractual rights to Celeron in order to enable Celeron to pursue its collection efforts.

XII. CULTURAL PROCEDURES

- 12.1 The County and Celeron will in good faith discuss ways to maximize consistency between currently approved FDP Conditions concerning cultural resources and Celeron's approved Memorandum of Agreement between the U.S. Bureau of Land Management, affected State Historic Preservation Officers, and the Advisory Council on Historic Preservation for all future construction activities by Celeron.

XIII. GENERAL

- 13.1 In the event of any action or proceeding required to be filed to interpret and/or enforce any provisions of this Agreement, the prevailing Party shall be entitled to receive from the other Party all damages and as costs all of its attorney fees and other costs reasonably incurred.
- 13.2 The Exhibits which are attached are made a part of this Agreement as if fully set forth herein. Should there be a conflict between the terms of this Agreement and the attached Exhibits the text of this Agreement will control.
- 13.3 Celeron shall have the right to assign all or any part of the rights under this Agreement to third parties at its discretion.
- 13.4 The duration of this Agreement shall extend for the period that Celeron or its successors or assigns is designing, constructing or operating its interstate pipeline facilities in Santa Barbara County.
- 13.5 Nothing in this Agreement shall be construed to restrict County's authority derived from future changes to state or federal laws, except as set forth in this paragraph. To the extent that such changes do not deal with police powers as defined herein and are not mandatory upon the County, the parties shall meet and discuss implementation. To the extent that County and Celeron are not able to reach agreement on the implementation and in case of conflict with this Agreement, this Agreement shall control. If

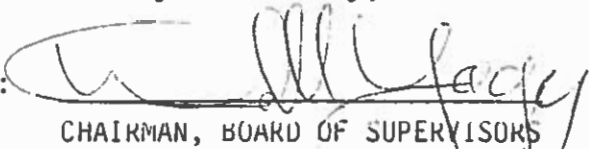
the DOT gives up some or all of its jurisdiction over the design, construction and/or operation of Celeron's pipeline and DOT delegates such authority to the County then, notwithstanding the foregoing, the County shall have the right to exercise such authority without restriction under this Agreement.


13.6 Nothing in this Agreement is intended to diminish federal authority or jurisdiction over Celeron including federal power given to the State Fire Marshal.

This Agreement represents the full agreement between Celeron and the County and, subject to compliance of this Agreement, disposes of all issues raised in Celeron's Complaint against the County and any action or contemplated action by the County against Celeron. This Agreement can only be modified or amended in writing subscribed to by the respective Parties. The terms and conditions of this Agreement will be binding upon the County and upon Celeron, its successors and assignees.

Dated the 8th day of February, 1988

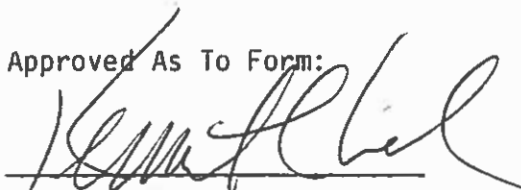
Signed:


CHAIRMAN, BOARD OF SUPERVISORS

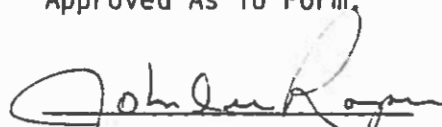

CELERON PIPELINE COMPANY
OF CALIFORNIA

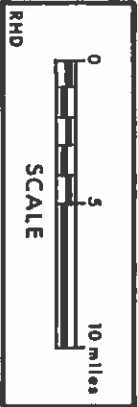

SANTA BARBARA COUNTY
FLOOD CONTROL DISTRICT

Approved As To Form:


Kenneth Nelson
County Counsel

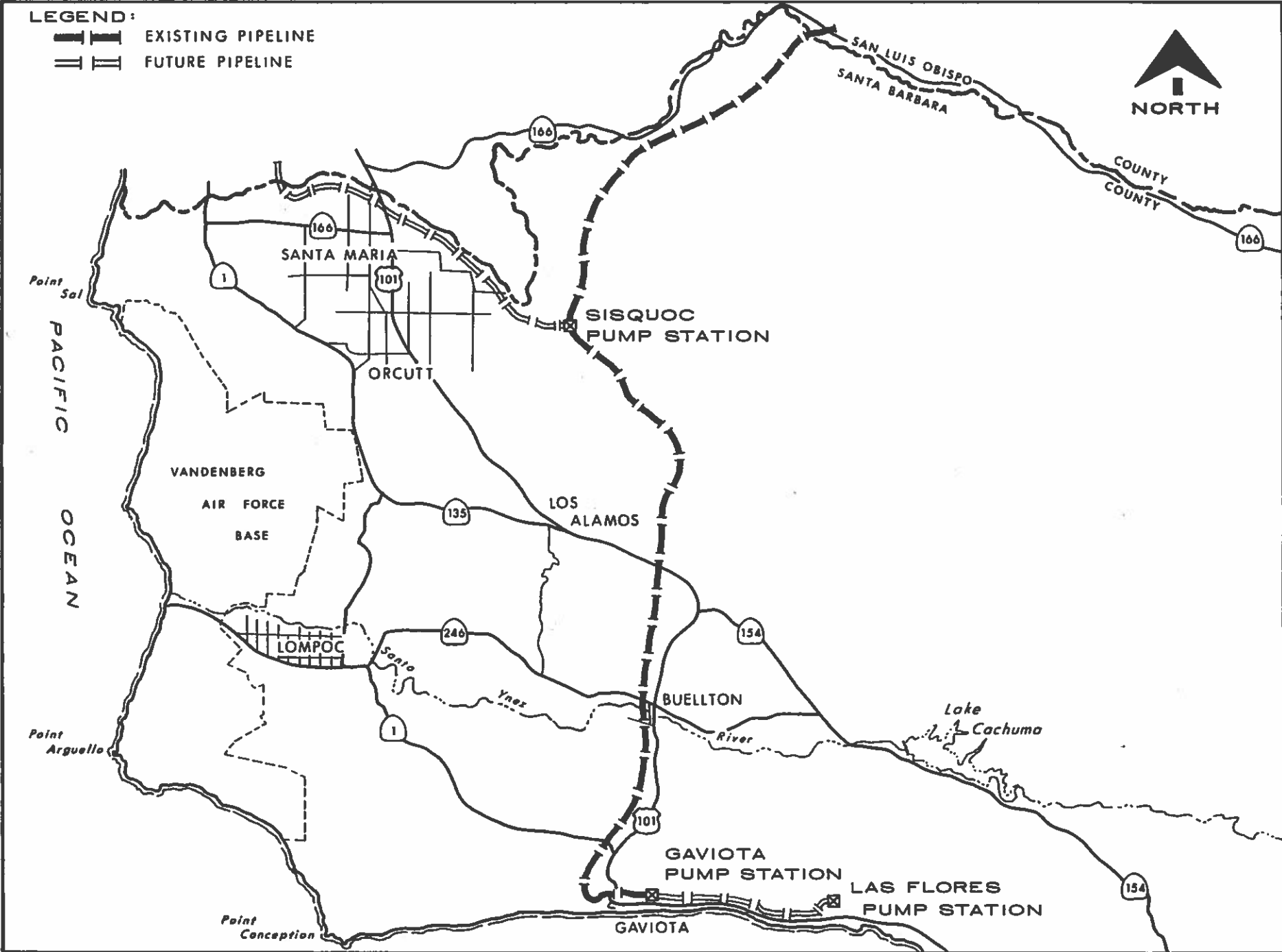
Approved As To Form:


John Dee Roper
Celeron Counsel



PIPELINE ROUTE
SANTA BARBARA COUNTY

CELERON
PIPELINE COMPANY
OF CALIFORNIA



CELERON/ALL AMERICAN PIPELINE PROJECT
PLANNING COMMISSION ACTIONS

FINAL DEVELOPMENT PLAN
CONDITIONAL USE PERMIT

March 3, 1986

Santa Barbara County
Resource Management Department
Energy Division

CELERON/ALL AMERICAN PIPELINE PROJECT
FINAL DEVELOPMENT PLAN
PLANNING COMMISSION ACTIONS

Table of Contents

1. Permit Information Summary	1
2. Project Description	2
3. Planning Commission Action	2
4. Appeals Process	6
5. Permit Conditions	8
A. General	8
B. Permit Review	12
C. Management	14
D. Air Quality	17
E. Geology	18
F. Surface and Groundwater	21
G. Aquatic Biology	23
H. Terrestrial Biology	23
I. Socioeconomics	29
J. Land Use and Recreation	32
K. Transportation	35
L. Cultural Resources	36
M. Visual Resources	38
N. Noise	39
O. Abandonment	40
P. Systems Safety and Reliability	40
Q. Facility Design	44
6. Findings	46
County Zoning Ordinances	46
CEQA	50
Statement of Overriding Considerations	55
Additional Findings	56
Impact Summary Tables	57

CELERON/ALL AMERICAN PIPELINE PROJECT
FINAL DEVELOPMENT PLAN
PLANNING COMMISSION ACTIONS

The Santa Barbara County Planning Commission made a final decision to approve the Celeron/All American Pipeline Project Final Development Plan on February 18, 1986. On February 28, 1986 the Board of Supervisors appeals period expired without any appeals filed. Therefore the Planning Commission's action on this Final Development Plan and Conditional Use Permit is final. This package details the Commission's actions.

1. PERMIT INFORMATION SUMMARY

1.1 Applicant Information

Project Title: Celeron/All American Pipeline Project

Project Location: Las Flores Canyon, California to Emidio, California

Supervisory Districts: Third, fourth, fifth

Applicant: Celeron Pipeline Company of California

Applicant Representative: Mr. Ron Hinn, Vice President
Celeron Pipeline Company of California
4213 State St., P.O. Box 31029
Santa Barbara, CA 93130
805/683-5627

1.2 Case Processing Information

Celeron has filed, and the Planning Commission has acted upon, the following permit applications:

Final Development Plan (Case # 85-DP-66cz)

County permit for allowable projects which, because of the type, scale, or location of the development, require comprehensive review. This permit covers all aspects of the project proposal.

Major Conditional Use Permit (Case # 83-CP-97cz)

County permit for permissible projects which, because of certain aspects of the proposal or of the proposed project location, require special consideration. This permit is required because the proposed pipeline crosses Environmentally Sensitive Habitat areas.

2. PROJECT DESCRIPTION

Celeron proposes to construct a 30-inch diameter, insulated welded steel pipeline designed to transport up to a maximum of 425,000 barrels per day (BPD) with an optimal throughput of 300,00 BPD, of Outer Continental Shelf and other locally produced crude oils. The pipeline would extend approximately 135 miles from Las Flores Canyon to the Emidio pump station in the southern San Joaquin Valley. Three pump stations would be constructed, one at Las Flores Canyon, one at Gaviota, and one near the Sisquoc River in northern Santa Barbara County. The pipeline would be buried to a minimum cover depth of three feet throughout its length according to Department of Transportation specifications, with increased cover depth in selected areas.

The pipeline will require a 100-foot wide construction corridor and a 50-foot wide permanent easement. The proposed route parallels Highway 101 from Las Flores to Gaviota, turns north at Gaviota State Park west of Highway 101 and continues to the Sisquoc River. From the Sisquoc River the route follows Santa Maria then Suey Canyons north toward the Cuyama River. It crosses the river in the Western Cuyama Valley, and exits the County.

3. FINAL PLANNING COMMISSION ACTIONS

<u>Motion maker/Second</u>	<u>Vote</u>	<u>Action</u>
February 13, 1986		
1. Wells/Hamister	5-0	Conceptual approval of Realignment 1, as presented in the February 6, 1986 Staff Report, including avoidance of the landslide.
2. Wells/Stillman	5-0	Conceptual approval of Realignment 2, as presented in the February 6, 1986 Staff Report, with the understanding that staff will work with the applicants to reduce the visual impacts along the corridor.
3. Sherman/Wells	5-0	Continue discussion of Realignment 3 until Tuesday February 18, 1986.
4. Wells/Hamister	5-0	Conceptual approval of a realignment near Realignment 4, as depicted on Page CE 004 of the January 1986 Realignment Request sheets, which follows the yellow line coming from the southern section of the map, and going across the top of the Giorgi property, and Moonshine Creek, and coming down the northern property line of

Planning Commission Actions
Celeron Pipeline Final Development Plan

Page 3
March 3, 1986

Giorgi, to meet the original pipeline route, from whence it will meet Realignment 5, with the understanding that if there are any problems biologically with any minor adjustments to those corridors, or if there is any conflict between staff and Celeron on that segment, that it be brought back to the Commission for a final decision.

5. Wells/Sherman 5-0 Conceptual approval of Realignment 5, with the understanding that any landslides or environmental constraints will be mitigated by the applicant, to the satisfaction of staff.
6. Sherman/Wells 5-0 Conceptual approval of Realignment 6, as presented in the February 6, 1986 Staff Report.
7. Stillman/Hamister 5-0 Conceptual approval of Realignment 7, as presented in the February 6, 1986 Staff Report.
8. Stillman/Hamister 5-0 Conceptual approval of Realignment 8, as presented in the February 6, 1986 Staff Report.
9. Johnson/Stillman 5-0 Conceptual approval of Realignments 9 and 10, as presented in the February 6, 1986 Staff Report.
10. Johnson/Wells 5-0 Conceptual approval of Realignment 11, as presented in the February 6, 1986 Staff Report.
11. Johnson/Stillman 5-0 Conceptual approval of Realignment 12, as presented in the February 6, 1986 Staff Report, with the understanding that when the Forest Service chooses a route, the other alternative will fall away.
12. Johnson/Stillman 5-0 Conceptual approval of Realignment 13, as presented in the February 6, 1986 Staff Report.
13. Wells/Sherman 5-0 Approve the route changes conceptually approved in this hearing, with the exception of Realignment 3, and as part of the Final Development Plan approval, with the understanding that staff has discretion within the corridor analyzed in the EIR, and so long as no greater impacts arise from the alignment than the one originally approved by the Commission.
14. Sherman/Wells 5-0 Continue discussion of H-12, P-2, P-3, and P-5 until February 18, 1986.

15. Johnson/Wells 4-0 That Condition H-1 and County policy requires replacement of all trees removed, and that Celeron will provide more detailed information regarding the offsite tree-planting prior to land use clearance. ABSENT: Sherman
16. Wells/Hamister 4-0 That Condition H-1 be modified, and that staff return on February 18 with wording to allow the revegetation plan for Gaviota State Park to be done prior to the issuance of the Coastal Development Permit, in cooperation with the State Parks Department.

February 18, 1986 (Sherman absent)

17. Wells/Stillman 4-0 Conceptual approval of new condition M-6 as presented by staff with the unwritten understanding that any problems with that condition can be brought before the Commission for arbitration.
18. Wells/Hamister 4-0 Conceptual approval of new conditions B-7 and B-8 as presented by staff.
19. Wells/Stillman 4-0 Conceptual approval of the February 18 revisions to conditions H-12, P-2, P-3, and P-5, with the understanding that language will be added to each of the conditions to allow adequate time for staff review.
20. Wells/Hamister 4-0 Conceptual approval of Condition C-1 with the understanding that the criteria for shut down come back to the Commission for review, and that during construction monthly EQAP reports are given to the County, and for the first three months of operation, monthly reports will be given to the County, with annual reports thereafter.
- 21 - 37. These motions all gave conceptual approval to the various conditions, wording changes, and submittals as recommended by staff in the February 18 staff memo (motions 21 to 28, 38), and the February 6 Staff Report (motions 29 to 37). All votes were unanimous, 4-0. The motion makers, seconds and appropriate conditions are listed below.

Planning Commission Actions
Celeron Pipeline Final Development Plan

Page 5
March 3, 1986

- | | | |
|-----------------------|---|--|
| 21. Wells/Hamister | E-1 | |
| 22. Hamister/Stillman | F-1 | |
| 23. Stillman/Hamister | F-5 | |
| 24. Stillman/Hamister | F-8 | |
| 25. Hamister/Stillman | F-11 | |
| 26. Wells/Hamister | H-1; modify paragraph (j), replacing "plant" with "reestablish," and approve four points in staff memo. | |
| 27. Wells/Hamister | I-2 | |
| 28. Hamister/Stillman | P-9 | |
| 29. Hamister/Stillman | E-4 | |
| 30. Wells/Hamister | E-5 | |
| 31. Wells/Stillman | E-6 | |
| 32. Wells/Hamister | E-7 | |
| 33. Hamister/Stillman | F-2 | |
| 34. Stillman/Hamister | F-3 | |
| 35. Hamister/Stillman | F-4 | |
| 36. Stillman/Hamister | F-7 | |
| 37. Wells/Hamister | All remaining conditions except L-1, P-10, P-11 | |
| 38. Wells/Hamister | L-1 | |

<u>Motion maker/Second</u>	<u>Vote</u>	<u>Action</u>
39. Wells/Stillman	4-0	Conceptual approval of Condition P-11, including the addition of Condition P-18, and the approval of the submittal for P-18, as outlined in the February 6 Staff Report.
40. Wells/Stillman	5-0	Conceptual approval of Condition P-10, as modified in the discussions, including adding wording regarding the reporting provisions under C-1.
41. Wells/Hamister	5-0	Adopt new condition B-9, as presented on the February 18 staff memo.
42. Wells/Hamister	4-0-1	Approve the Final Development Plan as modified with the conceptual motions, and any of those items which were not specifically addressed would be as per the staff presentation; any changes not specifically made to the Preliminary Development Plan remain as originally passed. Approve the Findings and Overriding Considerations as per the February 18 memo, including the additional finding regarding "prior to start-up" condition timing. ABSTENTION: Sherman.
43. Wells/Stillman	4-0-1	Approve the Conditional Use Permit and Findings for the Environmentally Sensitive Habitat areas. ABSTENTION: Sherman.

4. APPEALS PROCESS

The following text is taken from the Santa Barbara County Coastal Zoning Ordinance, Section 35-182: Appeals.

Sec. 35-182. Appeals.

Sec. 35-182.1. Purpose and Intent.

The purpose of this section is to provide procedures for appeals to the Planning Commission and the Board of Supervisors and to establish the criteria for those developments that may be appealed to the State Coastal Commission.

Sec. 35-182.2. Appeals to the Planning Commission.

(Not applicable)

Sec. 35-182.3. Appeals to the Board of Supervisors.

(Not applicable)

Sec. 35-182.4. Appeals to the Coastal Commission.

1. For developments which are subject to the appeals jurisdiction of the Coastal Commission under PRC Sec. 30603, appeal of an action on a Coastal Development Permit may be filed with the Coastal Commission provided, however, that local appeals have been exhausted on the County's action on the project permits (i.e., Development Plan, C.U.P., Special Use Permit, Oil and Gas Plan).
2. In accordance with Public Resources Code Sec. 30603(a), an action taken by the County of Santa Barbara on a Coastal Development Permit application for any of the following may be appealed to the Coastal Commission.
 - a. Developments approved by the County between the sea and the first public road paralleling the sea or within 300 feet of the inland extent of any beach or of the mean high tide line of the sea where there is no beach, whichever is the greater distance, as indicated on the official County appeals zone maps.
 - b. Developments approved by the County not included within paragraph (a) of this section located on tidelands, submerged lands, public trust lands, within 100 feet of any wetland, estuary, stream, or within 300 feet of the top of the seaward face of any coastal bluff, as indicated on the official County appeals zone map or as determined by the State Lands Commission.

- c. Developments approved by the County that require a Conditional Use Permit (CUP).
 - d. Any development which constitutes a major public works project or a major energy facility. The phrase, "major public works project or a major energy facility," as used in Public Resources Code Sec. 30603(a) (5) and this Article shall mean any proposed public works project or energy facility exceeding \$50,000 in estimated cost of construction.
3. Grounds of Appeal.
- a. The grounds of appeal for any development appealable under 2.a., of this Section shall be limited to one or more of the following:
 - 1) The development fails to provide adequate physical access or public or private commercial use or interferes with such uses.
 - 2) The development fails to provide public views from any road or from a recreation area to, and along, the coast.
 - 3) The development is not compatible with the established physical scale of the area.
 - 4) The development may significantly alter existing natural landforms.
 - 5) The development does not comply with shoreline erosion and geologic setback requirements.
 - 6) The development is not in conformity with the Local Coastal Program.
 - b. The grounds of appeal for any development appealable under 2.b., c., and d. of this section shall be limited to whether development is in conformity with the Local Coastal Program.

5. CELERON FINAL DEVELOPMENT PLAN CONDITIONS

A. GENERAL

- A-1. Acceptance of this permit shall be deemed as acceptance of all final conditions of this permit, except that Celeron reserves the right to pursue any remedy for any legal violations imposed directly or indirectly by these permit conditions.
- A-2. Substantial failure to abide by and faithfully comply with any conditions for the granting of this permit shall constitute grounds for the modification or revocation of this permit.
- A-3. Celeron agrees as a condition of the issuance and use of this permit to defend at its sole expense any action brought against the County by a third party challenging either its decision to issue this permit or the manner in which the County is interpreting or enforcing the conditions of the permit. Celeron will reimburse the County for any court costs and attorneys fees which the County may be required by a court to pay as a result of such action where Celeron defended or had control of the defense of the suit. County may, at its sole discretion, participate in the defense of any such action, but such participation shall not relieve Celeron of its obligation under this condition. County shall bear its own expenses for its participation in the action.
- A-4. Celeron shall make an initial deposit to a fund to permit the County to adequately implement and enforce the conditions imposed on Celeron by applicable County ordinances and/or the conditions of this permit, if such a fund is established. If the Board of Supervisors determines that a reasonable enforcement fund is needed, the Director of the Resource Management Department shall present to the Board of Supervisors and Celeron a plan for enforcement within one year from the effective date of this permit. This plan shall set forth the staffing requirements and materials necessary for such enforcement and the estimated costs thereof. This plan shall provide that all reasonable expenses incurred by the County or County contractors, for permit condition implementation, reasonable studies, and emergency response directly and necessarily related to enforcement of these permit conditions shall be reimbursed by Celeron within 30 days of invoicing by County.
- A-5. In the event that Celeron fails to comply with any order of the Administrative Officer or the Board of Supervisors issued hereunder or any injunction of the Superior Court, it shall be liable for a civil penalty for each violation to the extent imposition of such civil penalty is authorized by applicable laws, rules, or regulations.

Said civil penalty shall be in addition to Celeron's obligation, if any, to reimburse the County of Santa Barbara (and others) for actual damages suffered as a result of Celeron's failure to abide by the conditions of this permit, or by the orders of the Administrative Officer, the Board of Supervisors, or any court of competent jurisdiction.

- A-6. As to any condition which requires for its effective enforcement the inspection of construction records or records pertaining to facility operations, or the facilities themselves by County or its duly authorized agents, Celeron will make all necessary records available or provide access to such facilities upon reasonable notice from County. County agrees to keep such information confidential where permitted by law and requested by Celeron in writing.
- A-7. The procedures, operating techniques, design, equipment and other descriptions (hereinafter procedures) described by Celeron in its application to the County 83-DP-25 cz, 83-CP-97 cz, and in subsequent clarifications and additions to that application and the Final Development Plan are incorporated herein as permit conditions and shall be required elements of the project. Since these procedures were part of the project description which received environmental analysis, a failure to include such procedures in the actual project could result in significant unanticipated environmental impacts. Therefore, modifications of these procedures will not be permitted without a determination of substantial conformity on a new or modified permit. The use of the property and the size, shape, arrangement and location of buildings, structures, rail ways, parking areas and landscaped areas shall be in substantial conformity with the approved Final Development Plan.
- A-8. In addition to the authority to enforce and secure compliance with the provisions of this permit under Division 12, Coastal Zoning Ordinance of the Santa Barbara County Code, Division 7, General Regulations, Article III Santa Barbara County Zoning Ordinance, the County Administrative Officer, or in his/her absence a designated appointee, may order that curtailment of activities which is required to protect the public health and safety. Said action may include, but is not limited to, ordering temporary, partial or total facility shutdown.

Such an order shall be made only in the event that the Administrative Officer has reasonable and probable cause to believe that continued unrestrained activities of permittee will likely result in or threaten to result in danger to public health, welfare, or safety, or in the environment and provided such violations can be expected to continue or recur unless operations are in whole or in part shut down or reduced pending the necessary corrections.

Before issuing any curtailment order, the County Administrative Officer shall set a time for hearing and shall give written notice of the time and place of the hearing and of the alleged violations. Such notice shall be received by the person in charge of the operation of the facility at least 24 hours before the hearing at which time there will be an opportunity for all concerned parties to present evidence regarding the alleged violations. The notice may be served in person or by certified mail.

In the event the Administrative Officer, or in his/her absence the designated appointee, determines that there is an imminent danger to the public health and safety resulting from violations, he/she may summarily order the necessary curtailment of activities without hearing and such order shall be obeyed upon notice of same, whether written or oral. At the same time that notice of the order is conveyed, the Administrative Officer shall set a date, time and place for a publically noticed hearing and review of said order as soon as possible which date shall be no later than 24 hours after such order is issued or served. Said hearing shall be conducted in the same manner as a hearing on prior notice. After such hearing, the Administrative Officer may modify, revoke, or retain the emergency curtailment order.

Any order of the Administrative Officer may be appealed to the Board of Supervisors within three working days after such order is made.

If such appeal is not filed with the Board of Supervisors, the Administrative Officer's order becomes final. If there is an appeal, the order of the Administrative Officer shall remain in full force and effect until action is taken by the Board of Supervisors. The decision of the Board of Supervisors shall be a final Administrative action. Such decision shall not be subject to Celeron from seeking judicial relief.

Once Celeron has shown that the conditions of violation no longer exist and are not reasonably likely to recur, the Administrative Officer shall modify the curtailment order to account for such compliance and shall entirely dissolve the order when it is shown that all of the violations have been corrected and are not likely to recur.

A-9. In the event that any condition contained herein is determined to be invalid, then all remaining conditions shall remain in force.

A-10. In the event that any condition contained herein is determined to be in conflict with any other condition contained herein, then where prior laws do not provide to the contrary, the condition most protective of public health and safety and natural environmental resources shall prevail to the extent feasible.

In addition to any administrative remedies or enforcement provided hereunder, the County may seek and obtain temporary, preliminary, and permanent injunctive relief to prohibit violation of the conditions set forth herein or to mandate compliance with the conditions herein.

All remedies and enforcement procedures set forth herein shall be in addition to any other legal or equitable remedies provided by law.

A-12. The owner and the operator of the facility shall be jointly and severally liable without regard to fault for all legally compensable damages or injuries suffered by any property or person that result from or arise out of any oil, water spillage, fire, explosion, odor, or air pollution, in any way involving oil or gas or the impurities contained therein or removed therefrom and which arises out of construction or operation of Celeron's facilities. For the purpose of this condition, the "facility" shall be deemed to include all facilities described and approved pursuant to 83-DP-25cz, 83-CP-97cz. This condition shall not inure to the benefit of any of the owners of the pipeline, including the United States Government. This declaration of strict liability and the limitations upon it shall be governed by the applicable law of California on strict liability.

A-13. All facilities constructed under this permit shall be used only for the shipment of a maximum volume of heated crude oil demonstrated to be within the design parameters of the pipeline facilities as built. The subject volumes will be outer continental shelf (OCS) and other locally produced onshore and offshore petroleum from the Santa Barbara and Santa Maria Basins. Celeron shall obtain a new or modified permit, or authority to continue operation under the existing permit prior to undertaking any of the following activities which may, in the judgement of the County, result in significant changes to the impacts on the County. Such changes could include but not be limited to: 1) major pipeline or pump station modifications; 2) major changes in pipeline throughput; 3) introduction of production to the pipeline from sources other than those described above; and 4) introduction of a different product from any source.

Other source volumes may be transported subject to a determination of substantial conformity by the Planning Commission and a finding of facts and determination that project impacts will not be increased by transporting and processing those other sources.

A-14. Celeron shall align the pipeline corridor from the coastal starting point to the County exit point in the western Cuyama valley according to the route approved by the County. Celeron shall locate and construct all isolation valves as identified by the final approved alignment.

A-15. Any person, firm or corporation, whether as a principal, agent, employee, or otherwise, found to be in violation of any provisions or conditions of this ordinance or permits, shall be punishable as set forth in the applicable section of the Coastal Zoning Ordinance, and Article III of the Santa Barbara County Code.

Each and every day during any portion of which any violation of this Article or the rules, regulations, orders, or permits issued thereunder, is committed, continued, or permitted by such person, firm or corporation shall be deemed a separate and distinct offense.

- A-16. The Santa Barbara County Board of Supervisors in a noticed public hearing shall have the authority to specify or change the Santa Barbara County Department responsible for any conditions contained herein.
- A-17. Should circumstances, including legal or legislative action, cause the County to lose its authority or have its authority fundamentally reduced to assess fees as a method to mitigate project-related impacts, then other feasible mitigation measures shall be imposed which will substantially lessen the significant impact formerly mitigated by the imposition of fees. Within six months of the County's loss of such authority, feasible alternative mitigation measures shall be imposed as replacement permit conditions. Alternatively, the County in a noticed public hearing must find that no feasible mitigation measures are available and that the benefits of the project outweigh the significant environmental impacts.
- A-18. Should legal action be required by either party to enforce any rights in connection with this permit the prevailing party shall be entitled to reasonable attorney's fees and costs pursuant to Civil Code 1717.
- A-19. Unless otherwise specified, these permit conditions are intended to apply to Celeron during both the construction and the operation of the permitted facilities.

B. PERMIT REVIEW

- B-1. Prior to initiation of construction activity (such as ROW preparation, river crossings or pump station construction), Celeron shall submit to the System Safety and Reliability Review Committee (established by condition P-1) relevant construction drawings and supporting text demonstrating compliance with the appropriate conditions. Construction may not commence until County has approved this submittal. Within 15 days of submittal, County shall either give written notice to proceed with construction or indicate in writing conditions which have not been met. When such conditions have been met construction approval shall be granted.
- B-2. If at any time County determines that these permit conditions are inadequate to effectively mitigate significant environmental impacts caused by the project, or that recent proven technological advances could provide substantial additional mitigation, then additional reasonable conditions shall be imposed to further mitigate these impacts. Imposition of such conditions shall only be considered and imposed as part of the County's comprehensive review of the project conditions. County shall conduct a comprehensive review of the project conditions and consider adding reasonable conditions which incorporate proven technological advances three years after permit issuance and at

appropriate intervals thereafter. A comprehensive review of conditions which are not effectively mitigating impacts may be conducted at any appropriate time. Upon written request of Celeron, the Board of Supervisors shall determine whether the new condition required is reasonable considering the economic burdens imposed and environmental benefits to be derived.

- 8-3. This permit is premised upon findings that where feasible, all significant environmental effects of the project identified in the EIR/EIS (State Clearinghouse No. 83110902), which occur in Santa Barbara County, will be substantially mitigated by the permit conditions. Prior to approval of the Final Development Plan, County shall review any findings that identified certain mitigation measures as being in the primary jurisdiction of another agency but are also within County's jurisdiction. County shall thereupon determine either (1) that such mitigation has or is being implemented by such other agency or (2) that such other agency and County determine such mitigation to be infeasible. If County determines that no other agency is or may be implementing such feasible mitigation measures then County may impose those feasible measures within its jurisdiction to mitigate those environmental impacts in accordance with appropriate mitigation measures identified by the EIS/R.
- 8-4. Prior to approval of the Final Development Plan, Celeron shall develop and submit to the Resource Management Department for approval a plan to co-ordinate the placement and timing of their pipeline with SCPS's pipeline (or other potential proposals for use of the same corridor for a pipeline). Any agreements between Celeron and SCPS (or other applicant) necessary to implement this plan shall be subject to review and verification by the Resource Management Department to assure the purpose of the plan will be achieved. The expressed purpose of this co-ordination plan shall be:
- 1) arrangement of simultaneous construction where practical;
 - 2) engineering of pipe placement within the ROW to minimize incremental widening of the initial construction corridor during subsequent pipeline projects;
 - 3) identification of segments where incremental widening of the ROW is constrained and alternative engineering techniques which may allow construction of subsequent pipelines (and potential limitations of future pipeline use of the ROW); and
 - 4) timing and design of revegetation plans to promote effective revegetation but minimize unnecessary duplication of efforts.

Should SCPS or any other applicant abandon their pipeline project, or fail to submit a Final Development Plan prior to Celeron pipeline construction, this condition may be modified to reflect the existing situation but maintain the intent of this condition.

- B-5. In the event that scheduling requirements among or between conditions in this permit (or with this permit and conditions imposed by other agencies) conflict with respect to timing, the Resource Management Department (in consultation with other agencies as appropriate) shall resolve such conflict.
- B-6. Applicant shall cooperate as necessary with San Luis Obispo County in the permitting, design, and construction of those segments of the pipeline which could affect Santa Barbara County. The intent of this condition is to ensure that potential impacts to Santa Barbara County are mitigated to the maximum extent feasible by these permit conditions, regardless of the location of the source of the impact.
- B-7. Prior to commencing any construction activities in Santa Barbara County, Celeron shall obtain a letter from the Director of the Resource Management Department indicating that all conditions which require approval prior to construction, as specified by this permit, have been satisfied.
- B-8. Prior to start-up of the pipeline in Santa Barbara County, Celeron shall obtain a letter from the Director of the Resource Management Department indicating that all conditions which require approval prior to start-up, as specified by this permit, have been satisfied.
- B-9. In the event that Celeron and staff cannot reach an agreement on the adequacy of any submittal required by these conditions, the matter will be brought before the Planning Commission for resolution at the earliest possible date.

C. MANAGEMENT

- C-1. Celeron shall prepare an Environmental Quality Assurance Program (EQAP) for Resource Management Department approval prior to the Final Development Plan. This EQAP shall encompass both the construction and operation phases of the project, and shall describe the steps Celeron will take to assure compliance with these conditions. This plan is intended to provide a framework for all other programs and plans specified by these conditions as required prior to approval of the Final Development Plan. As such, it will become a comprehensive reference document for the County, other agencies, and the public regarding the Celeron project.

This plan shall provide for the submission to the Resource Management Department semi-annual reports throughout construction and annual reports during operations. These reports shall describe:

- a) Project status, including but not necessarily limited to:
 - i) extent to which construction has been completed,
 - ii) the rate of production/throughput during operation,
 - iii) environmental planning and implementation efforts, and
 - iv) any revised time schedules or timetables of construction and operation that will occur in the next one year period.
- b) Permit condition compliance, including but not necessarily limited to the results of the specific mitigation requirements identified in these conditions.
- c) Results and analyses of all data collection efforts being conducted by Celeron pursuant to these permit conditions.

The program shall include (or if separate plans exist, reference) all plans relevant to construction and operations of the pipeline facilities specified by these conditions.

Construction

The program shall include all plans relevant to construction activities such as the Restoration, Erosion Control and Revegetation Plan and the Cultural Resources Mitigation Plan.

The program shall include provisions for at least one managing environmental coordinator with overall responsibility, and if necessary, one onsite environmental coordinator per construction site during the construction phase. These coordinators shall be approved by and be responsible to the Resource Management Department. Celeron shall fund the coordinator(s). The number of coordinators necessary shall be determined according to the amount of simultaneous construction activity occurring in geographically separate areas. The responsibilities of the coordinator(s) are to include:

- a) on-site, day-to-day monitoring of construction activities;
- b) ensuring contractor knowledge of and compliance with all appropriate permit conditions;
- c) evaluating the adequacy of construction impact mitigations, and proposing improvements to the contractors, Celeron, and County;
- d) having the authority to require correction of activities observed to violate project environmental conditions or that represent unsafe or dangerous conditions, and having the ability and authority to secure compliance with the conditions or standards through the County Administrative Officer as described in condition A-8, if necessary;

- e) performing as contact for affected property owners and any other affected persons that wish to register observation of environmental permit violations and/or unsafe conditions, receiving any complaints, immediately contacting Celeron's onsite construction representative, verifying any such observations and developing any necessary corrective actions in consultation with Celeron's onsite construction representative;
- f) maintaining prompt and regular communication with the Resource Management Department, Public Works Department, or other appropriate County agency, and with Celeron personnel responsible for contractor performance and permit compliance.

In the event that resolution of disputes between the public and/or governmental agencies and Celeron over adherence to permit conditions is not achieved by the managing environmental coordinator, an arbitration system shall be utilized to resolve such disputes in a timely manner in order to minimize the need to halt construction activities as per conditions A-2 or A-8.

The coordinator(s) shall be thoroughly familiar with all plans and requirements set forth in the permit conditions. Prior to construction start-up, the managing coordinator shall discuss with other agency inspectors or monitoring personnel, inspection programs, areas of jurisdiction, responsibility, and define methods of avoiding disputes or construction delay due to agency disagreements.

Selection of the necessary coordinators shall be made, and the person(s) available, prior to issuance of the Coastal Development Permit and Land Use Permit.

Operations

The program shall include all plans related to operations, such as the Emergency Response Plan, Oil Spill Contingency Plan, and Landscaping Plan, as well as specific conditions not required in formal plans. It may also include any procedures not specified by these conditions but relevant to environmental protection and safety.

- C-2. Prior to issuance of the Coastal Development Permit and Land Use Permit Celeron shall provide to the Resource Management Department and the Emergency Services Coordinator the current name and position, title, address, and 24-hour phone numbers of the field agent, person in charge of the facility, and other representatives who shall receive all orders and notices, as well as all communications regarding matters of condition and permit compliance at the site and who shall have authority to implement a facility shutdown pursuant to condition A-8 in this Ordinance. There shall always be such a contact person(s) designated by the permittee. One contact person shall be available 24 hours a day during all phases of the project in order to respond to inquiries received from the County, or from anyone in case of an emergency.

If the address or phone number of Celeron's agent should change, or the responsibility be assigned to another person or position, Celeron shall provide to the Resource Management Department the new information within seven days.

- C-3. Celeron shall furnish to the Resource Management Department copies of all County permit applications relative to the project once submitted, and of permits within 30 days of receipt by Celeron.

D. AIR QUALITY

- D-1. Nothing contained herein shall be construed to permit a violation of any applicable air pollution law, rule, or regulation.
- D-2. Prior to initiation of construction, including grading, of any facilities approved pursuant to this Development Plan, Celeron shall obtain an Authority to Construct permit from the County Air Pollution Control District.
- D-3. Celeron agrees to implement all air pollution control procedures as required by APCD and identified in the Final Development Plan (such as water sprays to reduce construction-related fugitive dust).
- D-4. Emissions from any project component that contribute to ozone standard violations must be mitigated to the extent feasible. Effectiveness of mitigation will be confirmed by APCD.
- D-5. Deleted.
- D-6. Prior to approval of the Final Development Plan, Celeron shall submit to the Resource Management Department updated estimates of the type and size of helicopters, or other aircraft, to be used during pipeline operations for the aerial surveys of the pipeline route. The information shall also include the estimated operating schedules, frequency and duration of airport calls and other reasonable information as required by APCD. The County may require validation and updating of this information as needed. Should this information reveal significant differences between the estimated air emissions and those analyzed in the EIR/EIS, the APCD may modify air quality permit conditions as necessary to assure consistency with the Air Quality Attainment Plan and Reasonable Further Progress goals.
- D-7. All facilities shall be designed, constructed, operated, and maintained, such that the facilities approved under this Development Plan shall not discharge quantities of air contaminants or other materials in violation of Section 41700 of the Health and Safety Code.

- D-8 Prior to the approval of the Final Development Plan, Celeron shall submit to the Director of the Resource Management Department a plan, approved by the APCD, which includes timing of construction, minimizing soil handling, and other measures to mitigate construction air quality impacts. The plan shall include APCD approved analysis which demonstrates that local, state and federal air quality standards will not be violated as a result of construction activities.

E. GEOLOGY

- E-1. Prior to the issuance of the Coastal Development Permit and Land Use Permit, Celeron will conduct a route-specific Geologic Investigation, Design, and Mitigation Program. This program shall contain three basic components: 1) a detailed geologic investigation component which defines specific hazards, 2) an engineering design component which details specific engineering plans for each identified hazard along the route, and 3) a geohazards mitigation component which demonstrates how and to what extent each hazard is reduced.

a) Detailed geologic investigation component:

Where specific hazards have been identified or may occur along the pipeline route or at pump station locations, Celeron will conduct appropriate detailed geologic, seismic, and geotechnical studies to further characterize the specific geologic hazard. These studies will be conducted under the direction of a State of California registered geologist or engineering geologist and will be subject to approval by the Resource Management Department and Public Works Department. These studies will include but not be limited to investigations of unstable slopes, erodible slopes, lurch/liquefaction susceptible substrate, surface rupture, and river scour characteristics (depth and lateral extent). Methods of investigation shall conform to appropriate geotechnical techniques applicable to each specific hazard. Draft results will be subject to review by County Public Works Department and Flood Control Agency as appropriate prior to finalization of the engineering design. The final report will be submitted with the final engineering design component.

b) Engineering design component:

Celeron shall incorporate appropriate geotechnical information from component a) and other applicable recommendations into final engineering design of pipeline construction and facilities. This includes but is not restricted to: the development of appropriate ground motion parameters for use in seismic design of

critical structures and equipment, unstable slope construction or avoidance techniques, burial depth at all major river crossings, modification of instrumentation, or use of the dual contingency level/operating level earthquake concept, or its equivalent. The designs will be subject to review by the Department of Public Works and third party technical review as specified in Condition P-1. The final engineering design shall be approved by County Public Works and Flood Control Agency prior to the issuance of the Coastal Development Permit and Land Use Permit.

c) Geohazards mitigation component:

Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron will submit to the Resource Management Department a detailed geologic hazard mitigation report. The report will outline the hazards identified in part a) of this program and will address how engineering designs as detailed in part b) of this program reduce each specific hazard. This component will also be submitted to the Department of Public Works and Flood Control Agency and will be subject to third party review as specified in Condition P-1.

- E-2. Celeron will develop a Monitoring Program for the operations phase to be funded by Celeron and staffed as necessary with at least one State of California registered engineer, or engineering geologist, in order to evaluate any hazards identified by routine monitoring. The program will be designed to verify adequate performance or condition of the project components in hazard areas such as river and active fault crossings, and will be subject to approval of the Resource Management Department prior to issuance of the Coastal Development Permit and Land Use Permit. The monitoring program may in part be incorporated into routine aerial and ground reconnaissance.

If the monitoring indicates a potential or actual hazard, appropriate action including, but not limited to, operations curtailment and repairs, will be taken by Celeron to mitigate the hazard. Celeron will report to the Emergency Services Coordinator any potentially hazardous situations discovered during monitoring.

In the case of river crossings at the Santa Ynez, Sisquoc and Cuyama Rivers, a yearly inspection of pipeline burial depth, subject to review by the Resource Management Department and Flood Control Agency, shall be performed. At crossing of the Santa Ynez and Sisquoc Rivers where channel degradation has reduced the depth of cover to less than four feet below the 100-year scour depth, or other hazardous levels as determined by a professional engineer on the staff of or under supervision of the County Flood Control Agency, or US D.O.T. specifications, relocation or reburial of the pipeline to adequate depth will be required. At the crossing of the Cuyama River, if the inspections reveal that hazardous conditions exist, mitigations such as reconstruction or relocation of the crossing will be required as determined by a professional engineer on the staff of or under supervision of the County Flood Control Agency.

E-3. Inspection of the pipeline trench or trench spoil to identify any potential geologic hazards shall be made by a professional geologist or soils engineer approved by the Resource Management Department prior to installation of the pipeline. If hazards not previously accounted for in the pipeline design are encountered, appropriate mitigation measures will be developed and must be instigated prior to installation of the pipeline. The results of the inspection will be reported to the engineering geologist of the Public Works Department who will approve prior to, and the supervising environmental coordinator who will insure, application of the necessary mitigation measures. The timing of such inspections shall not result in any unreasonable delays in installation of the pipeline.

E-4. At all places where the pipeline crosses an active fault, according to the Department of Geology and Mining definitions, Celeron will place isolation valves on either side, or design and construct appropriate devices or measures which more effectively mitigate the hazard of the fault crossing. Location and nature of these designs must be approved prior to the issuance of the Coastal Development Permit and Land Use Permit.

E-5. Prior to the issuance of the Coastal Development Permit and Land Use Permit Celeron shall submit final Grading and Erosion Control Plans for the Sisquoc pump station approved by the Department of Public Works. These plans shall be consistent with or based on information contained in the geologic investigation required in Condition E-1.

Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron shall either submit Grading Erosion Control Plans for the Las Flores and Gaviota pump stations for approval by the Department of Public Works or show evidence that the plans are a part of the overall Grading and Erosion Control Plans for the consolidated processing facilities at those sites.

E-6. Celeron shall cooperate as necessary with San Luis Obispo County in the permitting, design and construction of the Cuyama River crossing.

Any pipeline crossing the Cuyama River shall be laid to a depth consistent with studies performed under Condition E-1 and subject to approval of the County Flood Control District.

E-7. Prior to approval of the Final Development Plan, Celeron shall commit to the location of their south coast pump stations to the satisfaction of the Planning Commission. If these stations are not within the boundaries of the approved Exxon, Gaviota Terminal Company, or Chevron facilities, Celeron shall submit grading and erosion control plans pursuant to Condition E-5.

F. SURFACE AND GROUNDWATER

- F-1. During construction of the pipeline across all perennial stream crossings, stream flows, if any, shall be diverted around construction areas to maintain downstream flows. Baseline water flows shall be maintained in coastal streams in order to avoid adverse impacts to lagoon or other sensitive habitats.
- F-2. Sediment retention devices that allow continued streamflow shall be installed directly downstream of stream crossings during construction.
- F-3. For pipeline crossings at the following stream or river crossings: Tajiguas; Refugio; Gaviota; Nojoqui; Zaca; San Antonio Creeks, all additional perennial streams which the pipeline crosses: Santa Ynez; Sisquoc; and Cuyama Rivers, Celeron shall construct the buried pipelines during the months of low historical streamflow, in order to minimize erosion loss downstream and protect surface water quality. In the event of low winter rainfall, earlier construction may be approved by Resource Management Department and County Flood Control Agency.
- F-4. No staging areas shall be permitted within riparian habitat corridors.
- F-5. During pipeline construction at stream crossings, construction contractors will minimize time of disturbance, narrow the construction ROW to the extent feasible, stabilize the disturbed areas immediately following construction of the crossing, and divert runoff waters around construction areas to maintain downstream flows.
- F-6. Deleted.
- F-7. Celeron shall install isolation valves on either side of all perennial stream and river crossings, including the Cuyama River, and/or as required by the Coastal Zoning Ordinance, unless the applicant can demonstrate that alternative methods will further reduce the potential leak impacts at the crossing site. These locations shall be identified prior to the Final Development Plan.
- F-8. Prior to approval of the Final Development Plan, Celeron shall identify the freshwater source considered for supplying pipeline and facility construction activities including hydrostatic test water, and shall estimate the total quantity required. Any water obtained from coastal or inland sources shall not significantly disrupt streamflows, groundwater resources, or habitat resources. Water conserving devices shall be used where feasible. Any water used during construction, (exclusive of hydrostatic test water), shall contain no more than 5,000 parts per million total dissolved solids. Disposal of hydrostatic test water within the County shall be according to a plan approved by the Regional Water Quality Control Board, or by the Flood Control Agency. This information shall be provided to and approved by the Resource Management Department as part of the Final Development Plan.

F-9. Prior to approval of the Final Development Plan, Celeron will perform detailed hydrogeologic investigations for the sensitive areas identified in the the EIR/EIS, (Table 3-14). These investigations will be conducted by a State of California registered geologist or engineer and will include but not be limited to:

- a) definition of groundwater depth, recharge sources, properties of overlying soils, hydraulic gradient, background water quality, and existing water uses.
- b) inventory of existing wells from State or County Flood Control Agency records in an area extending down-gradient from the pipeline in the aquifer equal to the distance groundwater would move in one year at a velocity calculated from the maximum hydraulic conductivity of the specific aquifer, hydraulic gradient, and porosity. The down-gradient sensitive area will be determined by a registered geologist.

This information will be reviewed by the Resource Management Department and used by Celeron to formulate the Groundwater Contamination portion of an Oil Spill Contingency Plan, Condition P-5. This portion of the Plan will include:

- a) plans for monitoring and early detection of groundwater contamination, including aerial and ground surveys, pipeline pressure monitoring, and water sampling of strategic wells;
- b) plans for notification of affected groundwater users, and the Emergency Services Coordinator;
- c) clean-up response, reparations, restorations, and methods to determine and correct the contamination source; and
- d) identification of emergency alternate water supplies.

F-10. At the base of slopes where the ROW approaches sensitive aquifers as identified in the EIR/S that are at risk from oil spills and leaks, a dam or ditch plug will be used in the pipeline trench. The sensitive areas are those where the ROW follows 1) topographic slopes toward basins with shallow depth to water, 2) high vertical permeabilities, and 3) a high degree of groundwater use as indicated by the hydrogeologic investigations required as per condition F-9. These areas shall be identified in the Final Development Plan.

F-11. Prior to the approval of the Final Development Plan, the System Safety and Reliability Committee shall review and approve submitted plans of all Creek and River crossings in Santa Barbara County. Permitted development shall not cause or contribute to flood hazards or lead to the expenditure of public funds for flood control works.

G. AQUATIC BIOLOGY

- G-1 Fueling and lubrication of construction equipment will not occur within 0.25 miles of any flowing streams. No more than 2 barrels of fuel shall be kept at construction sites, exclusive of pipeline construction equipment fuel tanks, within 0.25 miles of all perennial creeks. As part of the oil spill response plan, Celeron will submit plans for clean-up and restoration of affected areas in the event of a construction fuel spill.

H. TERRESTRIAL BIOLOGY

- H-1. Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron shall submit a Restoration, Erosion Control, and Revegetation plan for the final proposed pipeline route and the pump station sites. The plan shall be submitted to the Resource Management Department for approval. Once approved, the plan shall be implemented by Celeron. Success of the restoration and revegetation plans shall be monitored by a qualified independent biologist who is in addition to the managing environmental coordinator (Condition C-1). The plan shall contain, but not be limited to, the following:
- (a) Procedures for stockpiling and replacing topsoil, replacing and stabilizing backfill, such as at stream crossings, and steep or highly erodible slopes. Additionally, provisions shall be made for recontouring to approximate the original topography. Excess fill shall be disposed of off-site unless suitable arrangements are made with the property owner. Excess fill shall not be deposited in any drainage, or on any unstable slope.
 - (b) Specific plans for control of erosion, gully formation, and sedimentation, including, but not limited to, sediment traps, check dams, diversion dikes, culverts and slope drains. Plan shall identify areas with high erosion potential and the specific control measures for these sites.
 - (c) Procedures for containing sediment and allowing continued downstream flow at stream crossings, including scheduling construction activities during low-flow periods.
 - (d) Procedures for re-establishment of vegetation that replicates or is functionally equivalent to indigenous and naturalized communities along the alignment. These shall include: measures preventing invasion and/or spread of undesired plant species; restoration of wildlife habitat value; and restoration of native plant species and communities. Celeron shall consult with the County Farm Advisor and appropriate Ranch operators when developing procedures for revegetating areas used for cattle grazing and other agricultural uses;

- (e) Procedures for restoration of riparian corridor stream and river banks and stream bed substrates and elevation;
- (f) Procedures for minimizing all tree removal or tree root and branch damage, such as, flagging the corridor, keeping all disturbance to no more than the 100-foot pipeline right-of-way, feathering the right-of-way edges, providing for onsite monitoring of construction by a qualified independent biologist. In addition, special procedures are required for oak woodlands since County policy requires that these trees must not be cut down if feasible. Special procedures for oaks include reducing the right-of-way to the minimum width possible and minimizing the impact to the root zone of these trees;
- (g) Procedures for replacement of native trees and large shrubs removed from the 100-foot temporary easement during construction across riparian and woodland, in particular oak woodland, habitat, with saplings of the same species propagated from materials obtained from the same area, including provision for supplemental irrigation as necessary and feasible to ensure establishment, and provisions for protection of saplings from grazing animals;
- (h) A soil conservation program, to be applied in areas of 20 percent or greater slopes along the pipeline corridor.
- (i) Procedures for incorporating landowner concerns in the plan. Any changes to the plan instigated by such concerns shall be approved by the Resource Management Department.
- (j) A plan for offsite re-establishment of oaks to mitigate impacts to oak savannahs and woodlands along the route.

The segment of the plan pertaining to Gaviota State Park shall be prepared in cooperation with the State Department of Parks and Recreation.

- H-2. One year after construction, a survey will be conducted, at Celeron's expense, to determine the actual impact caused by construction. This survey shall include aerial photography, and as appropriate color stereo and infrared photography and field studies. The report will identify areas with potential for further impact, e.g., high erosion areas, that will require immediate remedial measures. The survey shall also contain an examination of previous mitigation measures and present a list of additional feasible mitigations based on the impacts during construction and potential impacts caused by operation. Celeron and the Resource Management Department shall agree to additional feasible mitigations. This process shall be repeated as often as necessary by the Resource Management Department, but not more than annually.

- H-3. In those areas where trees and other habitats such as riparian areas and oak woodlands are to be avoided within the approved corridor, Celeron shall assure contractor compliance with this condition by marking and/or fencing those habitats.
- H-4. Additional reasonable and feasible conditions of mitigation, consistent with condition H-1 and to the extent necessary, shall be identified and observed as developed during the archaeological mitigation program (conditions L-1, L-2, L-3, L-6), and as identified by the managing environmental coordinator in consultation with Celeron's Onsite Construction Representative (condition C-1).
- H-5. Deleted.
- H-6. Celeron shall not use herbicides in wetland and riparian areas, and along the rest of the pipeline corridor during construction.
- H-7. Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron shall receive a permit (1603) as required from the California Department of Fish and Game. This permit should include provisions to ensure that the proposed construction schedule will not interfere with reproductive activities of regionally rare or rare, threatened or endangered bird, amphibian, and fish species or other species of special concern, in those environmentally sensitive habitats identified in the EIR/EIS and shall submit this confirmation to the Resource Management Department. If the Department of Fish and Game determines that the construction schedule will have an impact then Celeron will adhere to directives of the Department of Fish and Game with respect to their permit requirements.
- H-8. Deleted.
- H-9. Celeron shall minimize impacts to the population of Hoffmann's nightshade (*Solanum xanthi* var. *hoffmannii*) found in the Gaviota Pass area. Celeron shall submit plans to enhance the recovery of this population to the Resource Management Department for approval prior to issuance of the Coastal Development Permit and Land Use Permit. These plans shall include provisions for removing any individual plants that would be affected, place them in large tubs, and replant them as near as possible to the original location (exclusive of the operation Right-of-Way) after construction; and gathering seeds prior to issuance of the Coastal Development Permit and Land Use Permit from the population of Hoffmann's nightshade located in the Gaviota Pass area and planting them in and near the ROW after construction. This shall be done under the supervision of a biologist approved by the Resource Management Department and in cooperation with the California Parks Department; this biologist may approve modifications to these techniques based on season of the year and state of dormancy.

- H-10. Celeron shall minimize impacts to the population of Catalina Mariposa lily (*Calochortus catalinae*) found in the Gaviota Pass area. Celeron shall submit plans to enhance the recovery of this population to the Resource Management Department for approval prior to issuance of the Coastal Development Permit and Land Use Permit. These plans shall include provisions for gathering of seeds from the population found in or near the ROW prior to construction, planting the seeds in or near the ROW after construction (exclusive of the operation ROW), conserving the upper 18-24 inches of heavy clay soil which contains the plant's bulb-like corms found in the vicinity of the plants prior to construction, and then, after construction, replacing this soil which holds the plants bulb-like corms. This shall be done under the supervision of a biologist approved by the Resource Management Department and in cooperation with the California Parks Department; this biologist may approve modifications to these techniques based on season of the year and state of dormancy.
- H-11. Celeron shall minimize impacts to the population of Refugio Manzanita (*Arceuthobium refugioensis*) found in Gaviota Pass area and affected by the proposed construction activities. Celeron shall submit plans to enhance the recovery of this population to the Resource Management Department for approval prior to issuance of the Coastal Development Permit and Land Use Permit. These plans shall include provisions for gathering seeds and taking cuttings from the population of Refugio Manzanita found in and adjacent to the ROW prior to construction, and provisions for the planting of the seeds and plants propagated from cuttings in the final construction alignment (exclusive of the operation ROW) after construction. This shall be done under the supervision of a biologist approved by the Resource Management Department and in cooperation with the California Parks Department; this biologist may approve modifications to these techniques based on season of the year and state of dormancy.
- H-12. Celeron shall prepare a Restoration, Revegetation and Implementation section as part of the Oil Spill Contingency Plan (P-5). The section shall be reviewed and accepted prior to start-up by the Resource Management Department and a biologist approved by the Resource Management Department. The section shall be submitted sufficiently prior to Celeron's projected start-up date so as to allow reasonable time for staff review. Reasonable costs of review shall be borne by the applicant. The section shall contain site-specific restoration information for all habitat types including stream crossings, wetlands/lagoons, oak woodlands, grasslands, riparian zones, and other environmentally sensitive habitats. The section shall be divided into three major areas: a) Coastal, b) Streams and Rivers and c) Terrestrial habitats. Each of these sub-sections shall discuss the various habitats in the categories listed above. Methods to achieve restoration of all affected areas to their pre-spill conditions shall be discussed.

- H-13. Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron shall submit to the County Board of Architectural Review, and the Resource Management Department site-specific plans for landscaping of any pump station not within other required project vegetation screens. This plan shall, at Celeron's expense, be reviewed by a qualified landscape architect and a biologist approved by the Resource Management Department to insure the proper plant materials and procedures identified in these conditions are implemented. These plans shall be developed in consultation with the property owner. The plan shall include:
- (a) The specifications of any potential seed mixtures to be utilized, including the plant species in the mixture and the pounds of seed per acre to be applied; type of mulch (fiber, chemical tackifier or straw); the type and amount of fertilizer; and any provisions for irrigation;
 - (b) Confirmation that all native or non-native plant materials proposed in the revegetation plan are compatible with indigenous vegetation and that none of the plants used is known to be weedy or invasive. The plan shall provide for plantings that will screen facilities from view. This vegetation screening shall also be designed to reduce nighttime lighting and noise. Near chaparral or other high fire hazard areas, the seeds or seedlings will consist of native or non-native species, shown to contain fire retardant properties (such as toyon) and shown to be fast growing;
 - (c) The specifications for native seeds and seedlings that will have wildlife habitat and food value. All perennial plants, and all woody plants are to be propagated from material obtained from the same area. Native plant material is to be obtained from a revegetation contractor. All native materials will be ordered from the contractor in advance of construction activities.
 - (d) Confirmation that non-native material is to be confined to disturbed areas immediately adjacent to structures needing visual screening. Such screening is to include fast growing plants adequate to screen the facility from direct view;
 - (e) A detailed irrigation plan if feasible for all revegetated areas requiring irrigation for establishment of plant materials;
 - (f) Celeron's commitment for continual monitoring of the revegetation so that weeds will be minimized.
- H-14. Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron shall post a bond or other security agreement approved by the County Counsel to ensure that all landscaping and revegetation programs are completed to the County's specifications.

- H-15. Prior to issuing a release from the bond or other security agreement, a biologist and landscape architect hired by the County, at Celeron's expense, shall conduct a field review of all revegetated and landscaped areas, to insure consistency with the intent and specifications of the revegetation and landscape plan. Necessary repairs or changes in landscaping or revegetation shall be made at Celeron's expense.
- H-16. Prior to approval of the Final Development Plan, a qualified biologist approved by the Resource Management Department will conduct site-specific field inventories for California state-listed species, as mandated by the intent and general provisions of Assembly Bill No. 3309, the California Endangered Species Act. The biologist will perform the surveys of the 100-foot ROW in areas suspected of having any of the species of special concern as identified in Appendix B Table B-6, DEIR/S, except for the peregrine falcon, least Bell's vireo, and Parish's sidalcea. Surveys for these species will be conducted prior to construction. The California Department of Fish and Game will be consulted concerning appropriate methods for survey as well as appropriate mitigation measures if these species are found on the ROW. Additional mitigation shall be developed and executed by Celeron based on these surveys if determined necessary by the Resource Management Department.
- H-17. Prior to issuance of the Coastal Development Permit and Land Use Permit, a wildlife biologist approved by the Resource Management Department will survey all potential raptor nesting habitats within 0.5 miles of the pipeline, to identify active and inactive nests and potential perch sites cleared by ridge-top construction. No construction will occur within 0.5 miles of active eyries during nesting season as determined by the biologist. Construction may be permitted by the Resource Management Department in consultation with the biologist near inactive nests provided nest sites are not disturbed. Where deemed necessary by the California Department of Fish and Game biologists, raptor perch or roost trees will be avoided and/or artificial roosts will be constructed on ridgelines to mitigate losses of such trees resulting from clearing the ROW on ridge tops.
- H-18. Celeron shall limit the width of the construction ROW through all riparian habitats to the extent feasible. Celeron shall submit a plan indicating the location and size of the construction ROW through all riparian habitats. These plans shall be approved by the Resource Management Department prior to the Final Development Plan.
- H-19. The construction ROW shall be routed to avoid trees to the maximum extent feasible. When this is not possible, dying or diseased trees shall be removed preferentially over healthy trees.

- H-20. Celeron shall minimize impacts to the oak woodland in the Suey Canyon area. This shall be done by using existing disturbed areas and by narrowing the construction corridor to the extent feasible by working on top of the spoils pile or selectively removing spoils, selectively removing trees (e.g. dying, or diseased trees) and revegetating to enhance re-establishment of oak saplings and/or similar mitigation.
- H-21. Celeron shall align the pipeline route in the vicinity of the Los Alisos Creek crossing in order to minimize the amount of riparian habitat disrupted.

I. SOCIOECONOMICS

- I-1. The cumulative impacts of oil and gas industry projects are expected to be significant to Santa Barbara County. Therefore Celeron shall participate in an oil and gas industry wide monitoring and mitigation program to address socioeconomic impacts indentified as significant environmental impacts attributable to their project. For projects such as pipelines, only the construction phase is expected to cause significant impacts, and Celeron's participation in the program shall be limited to that phase. The criteria for allocating the costs of the monitoring and mitigation program and its mitigation requirements will be uniformly applied to all industry participants.

The intent of this program is to obtain realistic information regarding impacts identified in the EIR/EIS, and to allow impacted jurisdictions to require mitigation for project-related impacts. Mitigation of impacts through other planning programs, and/or through existing administrative infrastructure shall be taken into account. The scope of this program is detailed below. As subsequent details in the structure of the Program are developed by the County, such details shall supersede portions of this condition as appropriate.

The purpose of the Monitoring and Mitigation Program is to accurately assess the impacts of the Celeron's proposed development, including those in the following socioeconomic areas:

- a. Temporary housing needs, particularly demand for state and other park campsites, recreational vehicle parks, motel-hotel rooms and rental housing;
- b. Longer term (more than one year) housing needs, particularly low moderate income housing needs, and associated water demands, south coast Santa Barbara County;
- c. Public finance;
- d. Transportation of workers and materials to and from the site.

At any point when the Board of Supervisors determines that the monitoring program demonstrates that previous mitigation funds paid by Celeron exceed the valuation of the impacts at issue, Celeron shall be granted a credit against any other current or future mitigation fees imposed on Celeron for this permit by the County. Celeron shall be entitled to accrued interest at the prevailing legal rate which shall continue to accrue until the credit is used.

The Monitoring and Mitigation Program will be administered and staffed by the County of Santa Barbara, Department of Regional Programs. A Technical Advisory Committee will provide assistance and input in the documentation of significant adverse impacts and proposals to mitigate these significant impacts.

The Technical Advisory Committee will be composed of: two representatives from Santa Barbara's cities appointed by the Mayor's Select Committee and representing north and south county interests; one representative (each) from San Luis Obispo and Santa Barbara counties; and one representative from each affected oil and gas company (to the number of representatives agreed upon). Celeron will be included in the committee until Celeron submits its resignation.

In the event of unresolved technical issues in the area of methodology and calculation of socioeconomic impacts, there shall be a Technical Arbitration Group. The Technical Arbitration Group shall be composed of three individuals without ties to either the County or Celeron, one to be selected by the County Board of Supervisors, one selected by the oil and gas company representatives and the final member selected by the first two members. All Technical Arbitration Group decisions shall be appealable upon written request to the Board of Supervisors. Subsequent details on voting procedures and conflict resolution will be proposed by the Department of Regional Programs and reviewed by the Board of Supervisors in a noticed public hearing.

Prior to approval of the Final Development Plan for this project the monitoring and mitigation program will be refined. Based on information in the EIR/EIS and on other data as appropriate, practical thresholds which trigger the necessity for mitigation will be developed and adopted by the Department of Regional Programs with input from the Technical Advisory Committee. These thresholds will recognize the normal growth incorporated in county plans, prior and existing industry activity, and the decline of the industry if no further permitting is allowed. Methodologies used to establish thresholds and impacts will be developed in consultation with the Technical Advisory Committee.

The need for mitigation will be determined when threshold levels are exceeded as shown by monitored activities and other data as appropriate. The Department of Regional Programs will recommend a mitigation action to the County Board of Supervisors. The Technical Advisory Committee will assist in making the assessment and recommendations. The monitoring and mitigation program will continue through all stages of construction.

The monitoring, impact and mitigation elements of the program would be equivalent to those described in the Chevron Gaviota Project conditions, but modified as appropriate for the nature of the pipeline project.

- I-2. Prior to approval of the Final Development Plan, Celeron shall submit to the County Department of Regional Programs a plan which details how they plan to house temporary construction workers for every month of construction. This plan, to be implemented by Celeron, shall demonstrate how Celeron plans to reduce the housing impacts identified as part of the plan; e.g. exactly how much housing is needed, where it is needed and for how long; but not limited to, the following examples:
- (a) Use of existing under-utilized hotel/motel space during the months of September through May to provide for temporary living quarters for direct construction workers by month; identification of incentives to all the direct construction workers such as rent subsidies and/or shuttle service to the site.
 - (b) Use of any available housing outside the South Coast area for all workers associated with the project during the summer months when visitor-serving facilities in the South Coast area are at capacity. Incentives for workers shall be identified such as rent subsidies and shuttle service for all workers commuting to the job site.
 - (c) Methods to limit worker use of public campgrounds as living quarters. If it cannot be shown that the impact will be reduced from the estimate, Celeron shall make a donation to the California State Parks or to Santa Barbara County Parks for the development of new campsites to offset their worker use of campsites. The donation shall be made prior to receipt of the building permit and determined by multiplying the estimated cost per developed campsite times 15. If it is shown by the Regional Program Department and the Technical Advisory Committee that there is significant impact, the above-mentioned groups shall propose mitigation. At any point when the Board of Supervisors determines that the monitoring program demonstrates that previous mitigation funds paid by Celeron exceed the valuation of the impacts at issue, Celeron shall be granted a credit against any other current or future mitigation fees imposed on Celeron for this permit by the County. Celeron shall be entitled to accrued interest at the prevailing legal rate which shall continue to accrue until the credit is used.

- I-3. The pipeline construction period will be scheduled so as not to coincide with peak tourist seasons within each construction area in Santa Barbara County, provided that this scheduling does not interfere with any other conditions in this permit with respect to timing, in particular requirements regarding construction during stream and river low-flow. If such a conflict is found, than additional measures must be taken to provide the temporary housing needs for construction workers.
- I-4. Deleted.
- I-5. Celeron shall include provisions in its contractor agreements specifically to encourage and promote employment from local labor so as to reduce the impacts associated with the in-migration of workers.
- I-6. Except as otherwise provided herein, if the Socioeconomic Monitoring Program shows that project related revenues will not compensate for needed capital or operating expenditures necessary to provide project-related utilities and services additional mitigation will be required.
- I-7. In the event that state and/or federal revenue sharing legislation directed at distributing oil related revenues to state or local governments is approved or Santa Barbara County levies a tax (special or otherwise) on oil and/or gas processed or transported under this permit, then any condition herein requiring payments or other items of value by Celeron to Santa Barbara County or any political subdivision thereof shall automatically be suspended pending a review by the County to determine the extent, if any, which the tax, revenue sharing, or any of the fees imposed are duplicative or unwarranted either as to the level of government services provided or the level of burdens imposed on the public.

J. LAND USE AND RECREATION

- J-1. Prior to construction, the entire pipeline ROW corridor shall be prominently staked. All affected property owners along the pipeline route shall be notified in writing at least 30 days prior to the commencement of any pipeline construction on their property, and at least 15 days in advance of any deviation from the staked corridor which crosses their property.
- J-2. All mainline pipeline construction activities except river, perennial coastal stream, and ESH area crossings as specified in condition H-7, once started, shall proceed in a diligent and expeditious manner and shall be completed within nine months after the starting date, subject to necessary and/or unanticipated time extensions approved by County, in consultation with affected property owners.

- J-3. Pipeline construction activities shall be limited to the period between 7 a.m. and 7 p.m., Monday through Saturday. Except for emergency services, construction activities shall not take place on Sundays, the dates generally recognized for Memorial Day, July 4, Labor Day, or any other similarly recognized holiday, unless previous arrangements have been made with the affected property owners.
- J-4. Prior to approval of the Final Development Plan, Celeron shall consult with affected property owners to develop reasonable and mutually satisfactory controls for maintaining the privacy and security of affected properties while construction is in progress.
- J-5. Unless easements have been obtained from affected property owners or unless otherwise agreed to by affected property owners, Celeron shall provide affected property owners written notice at least 48 hours prior to the start of construction on their property, which shall include:
- a) Description of vehicles using roads on the property, including type, size, identification, proposed times of entry and departure, destinations, and the intended route to the destination. (Fire, medical, or similar emergency vehicles can enter as necessary.) Significant changes in the schedule of construction-related vehicular traffic shall be allowed within the 48-hour advance noticing subject to direct communication (e.g. telephone, personal communication) by Celeron with the affected property owners;
 - b) Description of estimated construction schedule across the property. Any blasting necessary during construction shall be noticed to all property owners within a one mile radius of the blasting area;
 - c) Description of times of limited access through and across the property, such as road closures on the property, indicating specific location, time and duration of the limited access or closure. Road closure is considered to include partial road blockage or disturbance. Suitable vehicular by-pass shall be provided during all closures;
 - d) Description of any probably hazard or other unsafe condition during the pipeline construction period, indicating the nature of the hazard, the area in which the condition will occur, and the time and duration of the activity. Celeron and its contractors shall take prompt and adequate action to correct any hazard or damage that does occur during construction, and shall provide appropriate noticing as per other parts of this condition;

- e) Description of helicopter and/or vehicle reconnaissance schedules for pipeline maintenance, indicating times, stops, and duration. Celeron shall establish and enforce appropriate rules for its personnel and its contractors to assure that they will not be in the area except when necessary to carry out construction, inspection, repair and maintenance activities, or emergency services;
- f) Description of schedule for cutting any fences or similar barriers during pipeline construction.

J-6. Deleted.

J-7. Unless easements have been obtained from affected property owners or unless otherwise agreed to by affected property owners if and when fences or other similar barriers must be cut during pipeline construction, Celeron shall provide advance notice to the affected property owner, and shall replace the function of the cut fence before the cut is made to the satisfaction of the property owner, and Celeron and its contractors shall restore all fences that have been cut, moved, or damaged to at least their condition prior to pipeline construction, except that gates or similar structures may be added as approved to provide access.

J-8. Interruption of telephone, electrical power, water or other utility services shall be minimized to the extent feasible during the pipeline construction period. Celeron, or its contractors, shall contact each property owner or the appropriate utility regarding the location of utility lines, and all such utility line locations shall be staked by Celeron or its contractors prior to the start of construction on the affected property.

J-9. During the pipeline construction period in the County, Celeron and its contractors shall comply fully with all applicable statutes, ordinances, rules and regulations, including traffic regulations, of the County.

J-10. Prior to entering upon any parcel of property for purposes of commencing construction, Celeron shall demonstrate to the Resource Management Department that it has obtained a right-of-way for such parcel or otherwise has obtained the right to enter the property for purposes of constructing the pipeline.

J-11. Following installation of the pipeline, use of the right-of-way is restricted to operational maintenance of the pipeline except where expressly permitted by the easement or landowner and consistent with other regulations and conditions.

K. TRANSPORTATION

- K-1. Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron shall submit to the Resource Management Department and the Department of Public Works, Road Division a worker transportation program designed to minimize traffic-related impacts. The plan shall identify on- and off-site parking areas, access routes, shuttle program to reduce number of working vehicles on and along pipeline construction corridor, measures to avoid traffic conflicts with residents using all roads affected, number of vehicles accessing the facilities sites and incentives for ride-pooling/van-pooling to the sites. Construction worker traffic and parking shall not interfere with normal and reasonable uses of private property or recreational areas. This Construction Traffic Mitigation Plan shall be submitted by Celeron and approved by County prior to initiation of construction. The program must consider both Celeron's employees and contractors.
- K-2. Any new permanent parking areas at the pump stations shall be screened from public view pursuant to the landscape plan approved by the Board of Architectural Review.
- K-3. The final engineering plans and procedures for all pipeline crossings of County roads must be approved prior to issuance of the Land Use Permit and Coastal Development Permit by the Department of Public Works. Notification of such approval must be submitted to the Resource Management Department prior to construction at the site.
- K-4. All pipeline construction activity, except ingress and egress along routes approved by the Resource Management Department and in consultation with affected property owners, shall be limited to the final staked right-of-way on the final approved pipeline route. Use of any private roads or other areas shall be allowed only after advance approval from the affected property owners.
- K-5. Prior to the Final Development Plan, Celeron must submit to the Public Works Department for approval a plan to mitigate impacts to all County roads which will be used during construction. This plan will include the type of vehicles and machinery which will traverse the roads, the frequency of road use for each piece of equipment and vehicle, and the gross vehicle weights loaded and unloaded. This includes the above information for trucks carrying pipe, fuel, construction supplies, or construction crews through the County to the construction spreads. This plan shall include an agreement with the County to repair any obvious damage to the satisfaction of the Public Works Director and any reasonable fees associated with eventual reconstruction caused by project-related damages of the public roads. Prior to drafting this agreement, County shall coordinate with Celeron in compiling a list of County roads which will be used for construction of the pipeline. Celeron shall demonstrate property owner (or Court) approval of private road maintenance plans or terms on privately owned parcels to the Resource Management and Public Works Department prior to entering upon said parcels for purposes of commencing construction.

L. CULTURAL RESOURCES

- L-1. Prior to approval of the Final Development Plan, Celeron shall submit a plan detailing the methods for the Phase I (walkover) and Phase II (site importance assessment) cultural resources surveys. In addition, Celeron shall submit all Phase I cultural work completed to date. These reports shall be approved by the Resource Management Department as part of the Final Development Plan.

Prior to issuance of the Land Use Permit and Coastal Development Permit, Celeron shall complete Phase I and Phase II cultural resource surveys for the entire route. The results of these surveys shall be approved by the Resource Management Department prior to issuance of said permits. Celeron shall avoid to the maximum extent feasible all known cultural resource sites along the pipeline route unless safety (e.g. seismic or engineering practices) considerations or sensitive biological habitats preclude avoidance.

- L-2. Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron, in consultation with the Native American Community, shall commence the cultural resources mitigation plan, in accordance with CERA Appendix K, County approved Prehistoric Archaeological Guidelines, and section 4.1.1.11, Cultural Resources, of the EIR/EIS. Implementation of the mitigation plan shall proceed on an expeditious and effective schedule in order to minimize or to avoid conflicts with other construction scheduling requirements delineated in other permit conditions. The main components of the mitigation plan shall include:

- a) Selection of a qualified archaeologist by the County Resource Management Department in consultation with Native American representatives. The archaeologist shall be available on an as-needed basis through the completion of pipeline construction. The archaeologist shall be funded by Celeron and shall be responsible to the County Resource Management Department. Compensation shall cover all excavation, analysis, and report preparation for all areas investigated including those found during construction;
- b) Avoidance of known sites wherever feasible;
- c) Test excavations of known sites that cannot be avoided. These test excavations will assess the importance of each site according to CERA Appendix K criteria or other requirements and will result in appropriate data recovery as a mitigation measure;
- d) Inclusion of Native American representatives in all field activities.

- e) Additional sub-surface sampling (use of shovel test pits) in defined sensitive areas which will be affected by project construction to confirm the presence/absence of previously unknown (undiscovered) sites. This will include surveying of proposed construction access road areas, once identified by Celeron. Any new sites found shall be treated as per condition L-2(b,c);
 - f) Following the determination of site importance, Celeron shall inform the County of any additional plans for site avoidance. For those sites not avoided, the consulting archaeologist shall, in consultation with the Native American community, prepare site-specific mitigation (excavation/data recovery) plans; and
 - g) Implementation and completion of the field work aspects of the site-specific mitigation plans prior to construction in the vicinity of the resource.
- L-3. Prior to pipeline installation activities, Celeron shall sponsor a workshop for its pipeline contractors and Native American consultants to review and explain the mutual concerns and activities of the parties during pipeline installation work.
- L-4. During pipeline installation, a Resource Management Department approved archaeologist and Native American consultant(s) will work with the contractor during trenching to insure continued avoidance. Adequate monitors shall be provided pursuant to an agreement between the Native American representatives and Celeron, and the archaeologist retained.
- L-5. If non-burial associated cultural resource artifacts are recovered during pipeline installation (the location of such artifacts being unknown prior to installation), ownership of such artifacts shall be the option of either Celeron, the Native American Community, or the archaeological community. In recognizing the origin of the materials, the Native American Community shall have the first option for ownership. The disposition of the artifacts shall be carried out as per the approved County guidelines.
- L-6. If burials or burial associated artifacts are found during installation (that were unknown prior to excavation), and cannot be avoided because of safety considerations, there shall be no further excavation or disturbance of the site. Celeron, in conjunction with the Native American representatives and the Resource Management Department, shall adhere to the guidelines in CEQA Appendix K and the County Archaeological guidelines prior to continued construction activity in the site area.
- L-7. If the County cultural resource guidelines for Phase II are modified and approved prior to November 19, 1985, Celeron shall abide by the requirements set forth in the guidelines in place at the time of Final Development Plan approval.

M. VISUAL RESOURCES

- M-1. All facility design (e.g. pump stations, landscaping and signs), shall be in accordance with a plan approved by the County Board of Architectural Review (BAR) including the criteria outlined in the Coastal Zoning Ordinance Section 35-87.9 and Section 35-184. Prior to the issuance of the Land Use Permit and Coastal Development Permit, Celeron shall submit to the BAR and the Resource Management Department and obtain their approval of a plan demonstrating that Conditions M-2 through M-5 are met. For visual screening of surface equipment along the pipeline route, Celeron shall consult with each affected property owner during development of the associated landscaping plan.
- M-2. No unobstructed or unshielded beam of exterior lighting shall be directed towards any area outside the exterior boundaries of the Celeron's property or easement. Any lighting along roadways within the project shall utilize low intensity, ground level, shielded fixtures. The plan shall demonstrate that all feasible measures have been taken to reduce obtrusive night lighting and glow from the pump stations.
- M-3. To the extent feasible no glare or other radiation resulting from pump station facilities, other than lighting fixtures constructed pursuant to this Development Plan shall be detectable at any point along or outside the required screening along exterior boundaries of the pump stations.
- M-4. Prior to the pipeline operation, the Gaviota pump station, visible from Highway 101 and the Gaviota Village, the Sisquoc pump station visible from public viewshed, and all above ground portions of the pipeline shall be painted to harmonize with the surrounding area.
- M-5. No above-surface structures except necessary pipeline markers, pump stations, cathodic test stations, necessary fencing, and block valves shall be visible along this route after the completion of pipeline construction. Signs shall not detract from scenic areas or views from public roads to the extent feasible.
- M-6. Prior to construction, Celeron will review the feasibility of implementing mitigation measures and/or realignments in the Gaviota State Park area to avoid blasting of ridgetops and alteration of topography in a scenic area. Celeron shall submit a plan to the Resource Management Department, for review and approval, which identifies the feasibility of shifting the ROW alignment to the west, leaving the ridge profile undisturbed. The plan shall include an investigation of utilizing prefabricated pipeline bends to allow for alignment around ridgetops, the use of stepped benches in steep terrain, and the future use of such a corridor for additional pipelines.

N. NOISE

- N-1. Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron shall file with the Resource Management Department a Noise Monitoring and Control Plan which has been approved previously by the the Department of Health Care Services and the Resource Management Department. The plan shall describe the best efforts Celeron shall take to reduce the noise impacts of the project both during construction and operation of the project. The approved plan shall be implemented by Celeron and shall be followed until temporarily suspended or deemed no longer necessary by the Resource Management Department. The plan shall include provisions to ensure that items N-2 through N-6 below are included.
- N-2. Except for motor vehicles and motorized construction equipment, all facilities shall be designed, constructed, operated and maintained such that sound levels during operation do not exceed 70 dbA at or beyond the property line or pipeline easement, as measured on the "A" weighted scale at slow response on approved sound level measuring instruments. Affected property owners along the pipeline route shall be notified by Celeron at least 48 hours in advance of any planned testing or maintenance of the line which may exceed noise standards. The facility shall comply with all standards established in the Noise Element of the Comprehensive Plan and the Coastal Zoning Ordinance. No residents, teachers, students and staff at the Vista del Mar School, shall be subjected to greater than a 9 dbA increment above the baseline ambient noise level, nor greater than a 3 dbA increase in day-night sound levels. The best available technology, including but not limited to muffling equipment, sound barriers, and landscaping measures shall be used to minimize operational noise impacts.
- N-3. During the construction and operation phases, project related noise at the Gaviota State Park, Vista del Mar School, Buellton area, or other points which may be impacted (as determined by the Health Care Services Director), shall be limited to 65 dbA between the hours of 7:00 a.m. and 10:00 p.m., and 50 dbA between the hours of 10:00 p.m. and 7:00 a.m., consistent with the County Noise Element and the Coastal Zoning Ordinance. Blasting shall be limited to the hours between 7:00 a.m. and 7:00 p.m. and directional charges shall be used to minimize noise.
- N-4. As determined by the Resource Management Department, noise generating project activities (including delivery of construction equipment through residential areas) shall be restricted between the hours of 10:00 p.m. and 7:00 a.m. If complaints arise concerning activities occurring during these hours, Celeron shall take additional feasible steps to reduce the noise levels or further restrict the offending activity.

- N-5. Prior to approval of the Final Development Plan, Celeron shall submit to the Director of the Resource Management Department procedures that Celeron will take to minimize noise impacts from helicopters, or other aircraft during the aerial surveys of pipeline. The procedures, to be approved by the Resource Management Department, shall specify overflight routes to be taken to minimize noise impacts to the community and other feasible measures. Celeron shall direct its contractors to abide by the helicopter procedures and shall take reasonable corrective action if complaints arise concerning the use of helicopters. Subject to flight safety considerations, Celeron shall avoid helicopter flights over residential areas.
- N-6. All construction and operation-related equipment shall be operated and maintained to minimize noise generation, ground vibration, and to avoid interference with radio or video communications.

O. ABANDONMENT

- O-1. Immediately following permanent shut down of the pipeline, Celeron shall remove abandoned pump stations and unburied portions of the pipeline within Santa Barbara County constructed under this permit, recontour the site and revegetate the site in accordance with a County approved revegetation plan within one year of permanent shut down. Celeron shall post a performance bond to insure compliance, or continue to pay property taxes as assessed during project operation until site restoration is complete, as determined by the County.

P. SYSTEMS SAFETY AND RELIABILITY

- P-1. Celeron shall submit all appropriate pump station, valve, and pipeline construction and process diagrams to a System Safety and Reliability Committee who may employ a third-party technical review in order to help identify and correct possible design hazards prior to construction. This review shall evaluate the pipeline design and its implementation of System Safety and Reliability Conditions. The System Safety and Reliability Review Committee shall consist of a representative from the County Public Works Department, Building and Safety Division, the AFCD, the County Fire Department, County Flood Control District and the Resource Management Department. Design recommendations resulting from the third party review shall be incorporated into the approved Final Development Plan. All reasonable costs associated with any review shall be borne by Celeron. Celeron shall be entitled to participate fully in the review process.

- P-2. Celeron shall submit a detailed safety Inspection, Maintenance and Quality Assurance Program for the pump stations, valves, and the pipeline which shall be implemented during construction and operations. The Program shall include, but not be limited to, inspection of construction techniques, regular maintenance and safety inspections, periodic safety audits, corrosion monitoring and leak detection, inspections of all trucks carrying hazardous and/or flammable material. The construction section of the Program shall be reviewed and approved by the System Safety and Reliability Review Committee and/or its consultants prior to issuance of the Coastal Development Permit and Land Use Permit. The operations section of the Program shall be reviewed and approved by the System Safety and Reliability Review Committee and/or its consultants prior to start-up. The Program shall be submitted sufficiently prior to Celeron's projected start-up date so as to allow reasonable time for staff review. Celeron shall implement the approved program and shall provide for involvement of the managing environmental coordinator (condition C-1), County staff or its consultants' involvement in the program. All costs associated with this review process shall be borne by Celeron.
- P-3. Celeron shall submit an Emergency Response Plan detailing response procedures to be implemented by Celeron for accidental events affecting public safety and the environment. This plan shall be based on a comprehensive risk analysis reviewed and approved by the System Safety and Reliability Committee (condition P-1). The plan shall be reviewed and approved by the County Emergency Services Coordinator, the Fire Department, and the Resource Management Department prior to start-up. The Program shall be submitted sufficiently prior to Celeron's projected start-up date so as to allow reasonable time for staff review. Celeron shall demonstrate the effectiveness of the Emergency Response Plan by responding to not more than one surprise drill each year which may be called by the County on the pump station property, along the pipeline route or along Highway 101. If critical operations are underway, Celeron need not respond but shall explain the nature of the critical operations and why response is not possible. Celeron shall demonstrate oil spill response capability by responding to not more than one surprise oil spill drill each year.
- P-4. In order to assure that County emergency response procedures adequately interface with the Celeron emergency response procedures, Celeron shall provide its reasonable pro-rata share of funds to the County, to develop and implement a feasible County Emergency Response Plan for oil and gas industry related emergencies. As appropriate, the County shall request funds from other oil industry operators to aid in funding of the County Emergency Response Plan. When available, the Resource Management Department shall provide Celeron with an estimate of the pro rata share of funds to be provided by Celeron and the method for allocating such costs among other operators.

- P-5. Celeron shall submit an Oil Spill Contingency Plan detailing cleanup procedures and restoration procedures to be employed in the event of a spill. This plan shall be reviewed and approved by the Resource Management Department and the County Emergency Services Coordinator prior to start-up. The Program shall be submitted sufficiently prior to Celeron's projected start-up date so as to allow reasonable time for staff review. Procedures and techniques shall be selected to augment the Emergency Response Plan. The intent of the Oil Spill Contingency Plan is to detail spill site restoration subsequent to emergency response which may be called by the County on the pump station property or along the pipeline route. If critical operations are underway, Celeron need not respond but shall explain the nature of the critical operations and why response is not possible.
- P-6. Prior to approval of the Final Development Plan, Celeron shall submit to the Santa Barbara County Sheriff's Department for review and approval a site security plan. The plan shall describe procedures to be implemented by Celeron which will prevent intentional damage to facilities which may result in environmental damage or public safety hazards.
- P-7. Celeron shall cooperate with Chevron as necessary to facilitate the establishment of a temporary County fire company until the completion of the fire station (as specified in Chevron condition P-9). Prior to issuance of the Coastal Development Permit and Land Use Permit, the County Emergency Response Coordinator and Fire Department must be satisfied that provisions have been made to establish an operational fire company in the project area.
- P-8. Prior to approval of the Final Development Plan, Celeron shall agree to participate in a plan to be submitted to the County Fire Department by Chevron USA Inc., for the construction, manning and equipping of a fire station in the Gaviota area. Celeron shall contribute their pro rata share of the cost of implementing this plan. When available, the Resource Management Department shall provide Celeron with an estimate of the pro rata share of funds to be provided by Celeron and the method for allocating such costs among other operators.
- P-9. Prior to Final Development Plan, Celeron shall submit to and obtain conceptual approval from the Fire Department, a Fire Protection Plan for the pump station locations. Final approval shall be obtained prior to start-up. Criteria to be addressed shall be obtained from the County Fire Department.

- P-10. Prior to approval of the Final Development Plan, Celeron shall assess the feasibility of transporting liquefied petroleum gases and natural gas liquids, (LPGs and NGLs) through the proposed pipeline by blending and/or batching, considering industry-wide projected volumes and market destinations of the gas liquids. Celeron shall report to the Resource Management Department the results of this assessment, and this information shall include all technological and safety constraints involved, amount and type of additional storage facilities needed, and the degree to which LPGs and NGLs produced in the area can be transported through Celeron's pipeline.

Celeron shall transport the NGLs through this pipeline, to the extent feasible within safety and legal constraints as identified by the report and as requested by the users. In addition, under the reporting provisions of Condition C-1, Celeron shall inform the County of the types and amounts of gas liquids shipped in the pipeline during operations.

- P-11. If the Vista del Mar School has not been relocated or is located at a site where it could be impacted by construction activities, prior to approval of the Final Development Plan, Celeron and the Board Trustees of the Vista Del Mar School District shall develop a reasonable and mutually agreeable construction plan for the pump station site and pipelines adjacent to the site that will minimize construction-related noise, air pollution, and visual disturbances to the School during school hours. Said construction plan shall include the following:

Pipeline construction noise near the School shall be held to ambient noise levels or construction shall occur only when school is not in session; to prevent exceedance of the California one-hour NO

2

standard, construction schedules must be modified to minimize overlapping of equipment emissions; and, during construction of the pipeline, activities nearest the school shall be scheduled when school is not in session in accordance with Condition B-5 and temporary barriers shall be erected around noisiest activities. No grading for the Gaviota pump station shall occur during School session hours.

In the event that any agreements contained herein cannot be reached on the construction plan, the Board of Supervisors shall arbitrate any dispute.

- P-12. Deleted.

- P-13. Celeron will design the pipeline such that entire pipeline will have effective control communication between the operations control center and all remotely activated valves. Any break, rupture, and/or damage to the pipeline shall result in the orderly shutdown of the pumping operations, and will activate the shut off valves, if appropriate, in a manner which will minimize environmental damage.

- P-14. During construction of the pipeline in fire sensitive areas, Celeron shall meet or exceed applicable guidelines and requirements set forth in a Watershed Fire Protection Plan provided by the combined local fire protection agencies, Santa Barbara County Fire, U.S. Forest Service, and the California Department of Forestry. This shall include, but not be limited to: modifications of welding operations, required fire patrolman position(s), firefighting equipment, and construction restrictions due to extreme fire weather.
- P-15. All facilities, construction activities and equipment shall comply with National Fire Protection Association standards.
- P-16. Upon completion of pipeline construction, Celeron shall provide all jurisdictional agencies (S.B. County Fire, USFS, CDF) with at least two copies of maps showing the finished pipeline route and shall include locations accessible by fire department emergency response vehicles. Said maps shall be 7 1/2 minute quadrangle scale, (one inch equals 24,000 inches), and shall represent topographical features.
- P-17. Celeron shall be subject to required fire department inspections during and after construction as set forth by the 1982 Uniform Fire Code and these conditions.
- P-18. Prior to approval of the Final Development Plan, Celeron shall designate alternative pipeline corridor alignments which avoid the two potentially impacted, proposed alternative permanent relocation school sites now under study by the Vista del Mar Union School District. These proposed alternative locations are the State Park at Las Cruces, and the Tajiguas Ranch property. County shall review and approve said alternative alignments as part of the Final Development Plan and Celeron shall implement the appropriate alternative alignment depending on the permanent school relocation site chosen by the Vista del Mar School District.

Q. FACILITY DESIGN

- Q-1. The Final Development Plan shall demonstrate compliance with Santa Barbara County Coastal Zoning Ordinance, and other applicable County Ordinances to the extent required by this permit.
- Q-2. Cost effective energy conservation techniques shall be incorporated into project design.
- Q-3. Celeron's facilities will be operated as a common carrier pipeline with access for use available on a nondiscriminatory basis. County retains the right to verify that the use of the facilities is conforming with County policies on consolidation and to impose additional reasonable permit conditions where necessary to assure these policies are being fulfilled to the extent feasible. The intent of this condition is to ensure the multi-company access of oil transportation facilities.

Planning Commission Actions
Celeron Pipeline Final Development Plan

Page 45
March 3, 1986

- Q-4. Celeron shall comply with all applicable policies in Section 25 of the Santa Barbara County Petroleum Ordinance No. 2795.
- Q-5. Celeron shall fund a pro-rata share of the costs to bury power transmission lines or of using environmentally and aesthetically preferred poles between the Goleta Substation and Gaviota in areas where the County and SCE determine it is not feasible to bury the lines. Celeron's pro-rata share shall be based upon an equitable cost-sharing formula applied to all users of the grid power consistent with PAC rate setting and applicable regulations.

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CELERON FINAL DEVELOPMENT PLAN
FINDINGS REQUIRED FOR APPROVAL

Upon approving the Preliminary Development Plan and Conditional Use Permit, the Planning Commission and Board of Supervisors adopted certain findings of approval pursuant to the County zoning ordinances and the California Environmental Quality Act. As the project has undergone no major changes since those findings were adopted, they are largely applicable to the Final Development Plan approval. The findings in this section have been modified to reflect new information and the nature of the Final Development Plan approval.

1. Article III, County Zoning Ordinance

The Santa Barbara County Zoning Ordinance, Article III, requires that certain findings of approval be made for all development plans, and that additional findings be made specifically for pipeline development.

1.1 Findings Required for Approval of a Development Plan - General

A Preliminary or Final Development Plan shall be approved only if all of the following findings can be made:

- a) That the site for the project is adequate in size, shape, location, and physical characteristics to accommodate the density and intensity of development proposed.

The project "site" is in fact a 100-foot wide construction, 50-foot wide operations corridor covering approximately 70 miles in Santa Barbara County. The route is logical and appropriate for the transport of offshore processed crude to refineries outside of the County. The pipeline begins at Las Flores Canyon, where it will acquire processed crude from a consolidated oil processing facility, pass through the Gaviota consolidated processing facility, and traverse the environmentally preferred route out of the County. While the 100-foot construction right-of-way does encroach upon sensitive resources, the route was chosen and the project conditioned to minimize the disturbance of sensitive habitats and to restore all disturbance to the maximum feasible extent. The line will not displace any residents or structures.

The chosen route can accommodate multiple pipelines, and has been designed to minimize the impacts of future construction in the corridor. The Celeron line will be a common-carrier, offering equitable access to all shippers.

- b) That adverse impacts are mitigated to the maximum extent feasible.

The construction and operation of this pipeline will have certain adverse impacts on Santa Barbara County. The California Environmental Quality Act requires that those impacts which can be feasibly lessened to a level of insignificance must be so mitigated. As detailed on the Class II Impact Summary Table, project conditions have been imposed to implement the mitigations. There are also impacts which cannot be mitigated to a level of insignificance. As required by CEQA, these impacts have also been mitigated to the maximum extent feasible by the implementation of

conditions, as noted on the Class I Impact Summary Table. In addition, mitigation measures which alleviate adverse but not significant impacts have been incorporated as suggested by the environmental document.

c) That streets and highways are adequate and properly designed.

While pipeline construction will require the use of many County roads by heavy trucks and to a lesser degree, machinery, these roads should be able to accommodate this temporary increase in traffic and use without any decrease in service. Furthermore, condition K-5 requires Celeron to mitigate impacts to all County roads used during construction and to repair any obvious damage.

d) That there are adequate public services, including but not limited to, fire protection, water supply, sewage disposal, and police protection to serve the project.

The project Environmental Impact Report does not identify any significant adverse impacts to public services due to the project. In order to help offset cumulative impacts on public services anticipated due to the increased offshore development, Celeron is required to participate in the establishment of a new County fire station in the Gaviota area (conditions P-7,8). Celeron must also adhere to the site security plan approved by the County Sheriff's Department (P-6). In addition, if project-related taxes do not compensate for needed capital or operating expenses necessary to provide for project-related utilities and services, additional mitigation will be required through the Socioeconomic Monitoring and Mitigation Program (I-1).

e) That the project will not be detrimental to the health, safety, comfort, convenience, and general welfare of the neighborhood and will not be incompatible with the surrounding areas.

During construction, the project may inconvenience a small number of residents near Buellton and in the Gaviota area due to increased noise levels. The project has been conditioned to limit construction activities to between the hours of 7:00 a.m. and 7:00 p.m., and will only impact any given area for approximately one week. The duration of this potential inconvenience is therefore limited, and the project has been conditioned to mitigate noise impacts to the extent feasible. Although processed oil is flammable, and therefore hazardous to transport, the risks of fire and spillage have been minimized through project conditions. Therefore, neither the elevated noise level nor the risk of an accident will be detrimental to the health, safety, comfort, convenience and general welfare of the neighborhood.

Pipelines are a permitted use in all zoning districts outside of the Coastal Zone, and are compatible with surrounding areas because there are very few above-ground facilities once construction is complete. The pump stations at Sisquoc is above ground, but will not conflict with the agricultural uses which surround it. The pump station at Las Flores Canyon is compatible with the other oil and gas facilities at the site.

hearings do not create any new adverse impacts. Although there may be segments where a different alternative is less environmentally damaging, these isolated segments are infeasible because the pipeline must be continuous; each chosen segment must join to form the pipeline corridor. Overall, the route chosen is environmentally preferable to any complete alternative route, so that there are no feasible alternative routes which are less environmentally damaging.

2.0 County Coastal Zoning Ordinance

The Coastal Zoning Ordinance applies to all segments of the pipeline within the Coastal Zone as indicated on County maps. The CZO requires identical findings for Development Plans and pipelines as Article III, as well as findings for a Conditional Use Permit. As many of the findings for this section duplicate those for Article III, additional findings will be made here only where the facilities in the Coastal Zone pose special concerns or problems not applicable to the route as a whole.

2.1 Findings Required for Approval of a Development Plan - General

- e) That the project will not be detrimental to the health, safety, comfort, convenience, and general welfare of the neighborhood and will not be incompatible with the surrounding area.

During construction, the project may inconvenience a small number of residents along the south coast due to increased noise levels. The project has been conditioned to limit construction activities to between the hours of 7:00 a.m. and 7:00 p.m., and will only impact any given area for approximately one week. The duration of this potential inconvenience is therefore limited, and the project has been conditioned to mitigate noise impacts to the extent feasible. Conditions N-2 and P-11 require the use of best available muffling technology to limit noise impacts to Vista del Mar school. Although processed oil is flammable, and therefore hazardous to transport, the risks of fire and spillage have been minimized through project conditions.

- f) That the project is in conformance with the applicable provisions of the Coastal Zoning Ordinance and the Coastal Land Use Plan.

As conditioned, the project is in conformance with the applicable provisions of the Coastal Zoning Ordinance and the Coastal Land Use Plan.

- g) That in designated rural areas the use is compatible with and subordinate to the scenic, agricultural and rural character of the area.

As mentioned above, the Gaviota pump station is surrounded by other oil and gas industry facilities. Because the station is sited adjacent to the approved Chevron facility, it will not add to the detracting from the scenic, agricultural and rural character of the area. The pipeline itself will be buried, so it will be compatible with the character of the area.

2.2 Findings Required for Approval of a Development Plan - Pipelines

Identical to those for Article III.

2.3 Findings Required for Approval of a Conditional Use Permit

Findings numbered 1 through 8 in this ordinance are identical to those for Development Plans in the Coastal Zone and in Article III.

- 9) That the proposed use is not inconsistent with the intent of the zone district.

Pipelines are permitted in every zoning district, but require a Major Conditional Use Permit if Environmentally Sensitive Habitats are crossed. The line is therefore consistent with all applicable zoning districts.

3.0 California Environmental Quality Act Findings

The California Environmental Quality Act requires that any agency which approves a project with significant environmental effects identified in an EIR must make one or more findings for each of those significant effects, accompanied by a brief rationale for each finding. The Class I Impact Summary Table describes each of the adverse significant impacts identified in the project EIR/S which are either unavoidable because no known mitigation measures or project alternatives exist, or which are only partially mitigated after implementation of the identified mitigation measures. The Class II Impact Summary Table describes the adverse impacts which can be eliminated or reduced to a level of not significant by the implementation of mitigation measures. The impacts, proposed mitigation measures and permit conditions are described more specifically in the Preliminary Development Plan Staff Report and are incorporated herein by reference.

Upon consideration of the evidence in the EIR/S, the evidence presented at the hearings conducted before the Planning Commission, and the Staff Reports prepared by the County Energy Division, the Planning Commission makes the following findings:

3.1 Class I Impacts

CEQA FINDING #1 :Certain impacts cannot be substantially lessened or avoided.

There are certain unavoidable significant adverse impacts associated with approval of the project. The benefits of the project, described elsewhere in these findings, outweigh the unavoidable environmental risks.

The following findings refer to specific impacts listed in the Class I Impact Summary Table; the number in the "CEQA Findings" column on the table corresponds to the numbers below.

1A. Oil Spill Impacts

Oil spill-related impacts may still occur even after successful implementation of the identified mitigation measures, due to natural events and technical limitations that can hinder effective cleanup and containment. The risks of an unlikely oil spill, combined with the risks of incomplete spill cleanup, are considered acceptable because only denying the project would assure complete mitigation of oil spill impacts. The identified mitigation measures represent the best feasible techniques currently available.

1B. Channel Degradation

Although the pipelines are to be buried a minimum of four feet below the maximum storm scour depth below stream channels, or other engineering measures used, degradation of these channels may result in increased scour depth which could expose or seriously damage pipelines. The applicants have been required to conduct detailed geotechnical studies prior to issuance of the Land Use Permit and Coastal Development Permit in order to create acceptable mitigations to decrease the risk of such an occurrence. In addition, the County has coordinated a rigorous review of the final engineering plans for the major river crossings. The residual risk is considered acceptable due to the level of mitigation imposed and the need for the pipeline to cross major rivers.

1C. Clearing of vegetation

Numerous sensitive plants will be removed to clear a 100-foot right-of-way for construction vehicles; fifty feet of this right-of-way will remain clear of larger vegetation during operations for maintenance purposes. The majority of the vegetation removed will be recultivated after construction is complete. Although it will take many years for certain types of vegetation to regain their previous stature, this impact is nevertheless temporary, and limited to the 100-foot ROW. The residual impact is considered acceptable due to the projects need for clear construction and operation ROWs.

1D. Disturbance of Cultural Resources

The approved pipeline route is conditioned to avoid to the extent feasible all known archaeological sites. Where specific sites or sensitive resources are unavoidable, the pipeline corridor will be narrowed to minimize impacts. In addition, conditions in the L section provide for the participation of Native American representatives and the proper recording of all sites to be disturbed. The residual disturbance impacts, while significant to the Native Americans, are considered acceptable since all feasible mitigations have been employed.

1E. Visual - Sisquoc Pump Station

The Sisquoc pump station will cover approximately 5 1/2 acres on a grassy plain on private lands near the town of Sisquoc. The facility will be visible from Foxen Canyon Road and a nearby ranch house. Conditions M-1 and M-4 have been included to assure adequate screening of the facility. The residual impact results primarily from the contrast between the existing flat grassy plain and the height of the necessary screening; it is acceptable because of the project's need for the pump station.

1F. Construction-related noise impacts

Some residents along the route will experience noise levels of more than 60 dBA during construction. While such levels exceed County standards, the duration of the elevated noise levels will be approximately one to two weeks at any given location. In addition, construction activities will be limited to the hours of 7 a.m. to 7 p.m. The impacts are therefore considered acceptable because they are temporary and local in nature.

1G. Cumulative Housing Impacts

The identified impact has been mitigated by the specified conditions to the extent that the project contributes to the impact. Many of these conditions have been placed on other oil and gas industry projects approved by Santa Barbara County, and require pro-rata participation. The residual impact is considered acceptable since denying these projects would have a worse overall effect, as stated in each project's Statements of Overriding Considerations.

1H. Impacts Outside County Jurisdiction

Mitigation of these anticipated impacts is wholly within the responsibility and jurisdiction of the permitting agency(ies) identified in the Class I Impact Summary Table, and is not within the permit jurisdiction of the County. Mitigation measures should be included as permit conditions in the appropriate agency's permit which will follow County action on this project. Implementation of the mitigation measures must reduce the impact to the maximum feasible extent.

3.2 Class II Impacts

The numbers in the CEQA Findings column on the Class II Impact Summary Table refer to findings in this section.

CEQA FINDINGS #2 - 8: Impacts identified as Class II have been eliminated or substantially lessened where feasible.

The impacts identified have been eliminated or substantially lessened to a level of insignificance through the incorporation of feasible mitigation measures. These measures have been incorporated as mandatory permit conditions.

CEQA FINDING #9: Certain impacts identified as Class II can be eliminated or substantially lessened by other agencies with jurisdiction outside the County.

Mitigation of these anticipated impacts is wholly or partially within the responsibility and jurisdiction of the permitting agency(ies) identified in the Class II Impact Summary Table, and is not within the permit jurisdiction of the County. The identified mitigation measure should be included as a permit condition in the appropriate agency's permit which will follow County action on this project. Implementation of the mitigation measure will eliminate and reduce the impact to a level of insignificance.

If the permitting agency with authority to require the suggested mitigation measure does not incorporate the measure as a permit condition, or if the mitigation measure is determined to be infeasible by the permitting agency, then the impact will remain significant. The County shall reexamine these conditions after consultation with the permitting agencies prior to final action on the permit, and will modify the mitigation measures or CEQA Findings as necessary.

Those impacts which are partially within the jurisdiction of Santa Barbara County have been mitigated to the maximum extent feasible by the County.

3.3 Project Alternatives

The EIR/S studied a number of different route segments which could be combined to form a pipeline to the desired destination. Two routes were studied as proposed projects (one for each applicant) and numerous others were studied on a project-alternative level. This section addresses all routes examined in the EIR which were not chosen.

CEQA FINDING #10: The project alternatives not chosen are either not feasible, not environmentally preferable or not as beneficial as the proposed project.

(a) No-Project Alternative

The impacts presented for the Celeron proposal would be avoided by the no-project alternative, in which no pipeline is constructed. However, implementation of this alternative would cause additional

impacts as a result of the expanded marine tanker traffic which would necessarily occur without a pipeline. Current County policy allows the use of marine tankers to transport crude to destinations not served by pipeline or until such a pipeline is operational. Under the no-project alternative, virtually no destinations would be served by pipeline, so the vast majority of locally produced crude would be transported by tanker.

Tanker transport would have many adverse impacts, primarily in the areas of air quality, socioeconomics and oil spill risk. These impacts are discussed more fully in the Getty Gaviota Consolidated Coastal Facility FEIR (ERT, 1985), the Santa Ynez Unit/Las Flores Canyon Development and Production Plan (SAI 1984) and the Oil Transportation Plan EIR (ADL, WCC, 1984).

County policy favors pipelines as the primary means for transporting crude oil, based on the relative impacts of pipelines and marine tankering. The environmental benefits of pipeline use outweigh the environmental risks associated with the lack of a pipeline.

(b) Segment alternatives

The approved pipeline right-of-way can be divided into five segments for which alternatives were studied. Chapter 5 of the staff report includes a point-by-point comparison of the preferred and alternative routes for each of these segments; that discussion is incorporated herein by reference. In addition, much shorter alternatives were considered during the course of the hearings, and the discussion of those alternatives is included in the record and in the EIR/S addendum. Although there may be segments where a different alternative is less environmentally damaging, these isolated segments are infeasible because the pipeline must be continuous; each closed segment must join to form the pipeline corridor. Overall, the route chosen is environmentally preferable to any complete alternative route.

(c) Buellton Alternatives

Two alternative corridors through the Buellton area were considered, but not chosen. These are the eastern route (existing easement) and the McMurray Road route. Construction of a pipeline along either of these corridors would involve extensive disruption of commercial areas, and would greatly inconvenience local residents. In the case of an accidental oil spill on either of these two routes, contamination of the Buellton area water supply is more likely than if a spill occurred on the westerly approved route. In addition, the habitats which will be disturbed on the western route are not particularly sensitive. The Commission therefore finds that the two eastern routes through Buellton are more environmentally damaging than the western route.

3.4 Benefits of the Project

The primary benefit of the project is that it will provide a means of transporting crude oil out of Santa Barbara County which is environmentally preferable to marine tankering. This preference is supported in three recently certified environmental documents (OTP; Exxon SYU FEIR/S; Texaco (Getty) CCF FEIR), and the documentation is incorporated herein by reference. In addition, the Overriding Considerations described in Section 3.5 below identify benefits of the project.

3.5 Statement of Overriding Considerations

CEQA FINDING 11: The unavoidable significant impacts of the project are found to be acceptable due to overriding considerations.

We recognize the adverse significant impacts of the project represent important concerns and that they have the potential to substantially degrade the quality of the human and physical environment in parts of Santa Barbara County unless substantial mitigation measures can be implemented. In particular, the project will cause: the loss of many mature oaks and riparian vegetation; loss of Hoffman's Nightshade, Refugio Manzanita and Catalina Mariposa lillies; visual impacts at the Sisquoc pump station and in the Los Padres National Forest; potential disturbance to at least eight cultural resource sites; exceedances of County noise standards during construction; potential oil spills impacts; and a contribution to the housing shortage anticipated due to the cumulative effect of development.

Although mitigation measures cannot completely eliminate the above mentioned impacts, many conditions have been attached to approval to ensure that they are mitigated as completely as possible.

The County recognizes that Federal policy regarding the leasing of offshore oil requires action on the part of the County in order to minimize the adverse impacts of that leasing on the County. In its Oil Transportation Plan, the County studied alternative methods of moving locally produced crude oil from Santa Barbara County to various refinery destinations. The study concluded that pipelines should be the preferred means of transporting crude oil. The primary alternative to pipelines is marine tankering. Expanded marine transport would cause adverse significant, long-term impacts to the County in the areas of air quality, socioeconomics and oil spill risk (OTP, Exxon, SYU FEIS/R, Texaco GCCF FEIR). The County therefore amended and changed its coastal policies to encourage the use of pipelines in an effort to minimize the overall impacts of federal offshore leasing.

It is therefore the County's desire to permit pipelines which will serve local producers' refineries, thereby diverting oil from marine tankers to pipelines. The proposed project does serve appropriate refineries located in Texas. The Planning Commission finds that permitting the project will help minimize the adverse impacts of offshore production.

The Planning Commission has considered the unavoidable significant effects of the project described in Sections 3.1 and 3.2 above, and the benefits of the project described in Section 3.4 above.

The Commission finds that in balancing the projects benefits against its unavoidable environmental risks, the benefits outweigh the environmental risks. Upon due reflection and consideration we find the substantial benefits provided by the project outweigh the significant environmental impacts. In particular, we note that the pipeline will reduce the need for marine tankering of locally produced crude oil, thus satisfying County policies which favor the use of pipelines.

4.0 ADDITIONAL FINDINGS

The Planning Commission realizes that there are unique construction timing constraints associated with the Celeron pipeline project. In approving this Final Development Plan, several conditions with prior to start-up compliance timing were approved. The Planning Commission finds that the timing of these conditions is acceptable only because of these unique timing considerations.

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**SANTA BARBARA COUNTY
SUMMARY OF LAND USE PERMITS, COASTAL DEVELOPMENT
PERMITS, AND PUBLIC WORKS PERMITS**

1. Land Use Permit #1
(References 5-8-86 letter from R.L. Hinn to Dianne Guzman)
2. Land Use Permit #2
(References 6-6-86 letter from Richard Shogren to Jim Norris; attached to PW Permit No. 113563)
3. Land Use Permit #3
4. Land Use Permit #4
5. Land Use Permit #5
6. Land Use Permit #6
(References 6-20-86 letter from Richard Shogren to Jim Norris; attached to PW Permit No. 113841)
7. Land Use Permit #7
8. Land Use Permit #8
9. Land Use Permit #9
(Note: References several letters and contains conditions recommended by Richard Shogren. Activities subject to this permit were abandoned since river could not be directionally drilled. Subsequent work on Santa Ynez River was approved by RMD under Land Use permit #11)
10. Land Use permit #10
11. Land Use Permit #11
(References 9-26-86 letter from Tim Cohen to Mary Ann Scott)
12. Coastal Development Permit 86-CDP-205
13. Coastal Development Permit 86-CDP-189
14. Public Works Permit No. 113563
(References 6-6-86 letter from Richard Shogren to Jim Norris)
 - a. Authority to Construct (ATC) letter, 8-5-86
 - b. ATC letter, 8-11-86
(References 8-8-86 letter from Richard Shogren to Jim Norris)

SANTA BARBARA COUNTY
SUMMARY OF LAND USE PERMITS, COASTAL DEVELOPMENT
PERMITS, AND PUBLIC WORKS PERMITS

Page Two

- c. ATC letter, 8-28-86
(References 8-28-86 letter from Richard Shogren to Jim Norris. Note: letter actually dated 8-27-86)
 - d. ATC letter, 9-3-86
(References 9-1-86 letter from Richard Shogren to Jim Norris)
 - e. ATC letter, 11-4-86
15. Public Works Permit No. 113841
(References 6-19-86, 6-20-86, and 7-11-86 letters from Richard Shogren to Jim Norris)
- a. ATC letter, 8-5-86
16. Public Works Permit No. 114386
(References 7-28-86 letter from Richard Shogren to Jim Norris)
- a. ATC letter, 8-5-86
 - b. ATC letter, 10-3-86
(References 10-1-86 letter from Richard Shogren to Jim Norris)
 - c. ATC letter, 11-4-86
 - d. ATC letter, 12-1-86
 - e. ATC letter 12-9-86
17. Public Works Permit No. 115310
(References 9-9-86 and 9-19-86 letters from Richard Shogren to Jim Norris)
- a. ATC letter, 11-12-86
18. Public Works Permit No. 115445
(References 10-6-86 letter from RS to JN)
19. Public Works Permit No. 115496
(References 10-6-86 letter from RS to JN)
20. Public Works Permit No. 113591
21. ATC letter, 11-14-86



County of Santa Barbara

RESOURCE MANAGEMENT DEPARTMENT

Dianne Guzman, AICP, Director
Dev Vrat, Assistant Director

CELERON LAND USE PERMIT #1

This permit is hereby issued to Celeron Pipeline Company of California for certain aspects of the Celeron Pipeline Project, as described below:

1. The project description, pipeline route, conditions, and plans required pursuant to those conditions described by the approved Final Development Plan 85-DP-66cz, and the letter from Celeron to Dianne Guzman dated May 8, 1986, are incorporated herein by reference as terms of this permit.
2. This permit is applicable to the pipeline route from the County line at the Cuyama River to the north side of the northernmost U.S. Highway 101 crossing, excluding the area of the geologic feature immediately south of the Sisquoc River, and to no other portion of the route.
3. This permit allows clearing, grading, and trenching activities.
4. This permit allows stockpiling of pipe on the Sisquoc River site approved by the Planning Commission on April 22, 1986.
5. This permit excludes all activities relating to pump stations, river crossings, pipe stringing, welding, and any other activities not normally performed by the clearing, grading and trenching construction crews.

Approval:

Dianne Guzman May 9, 1986
Dianne Guzman, Director Date

Acceptance of terms of permit:

for Timothy Cohen May 9, 1986
for R.L. Hinn Date
Celeron Pipeline Company of California

RESOURCE MANAGEMENT DEPARTMENT
COUNTY OF SANTA BARBARA

APPROVED

for the following proposed use:

see above.

DATE May 9, 1986 BY Dianne Guzman

The signing of this plan and specifications SHALL NOT be held to permit or to be an approval of any violations of provisions of any County Ordinance or State Law. This permit shall expire ONE YEAR from the date of issuance if the use of structure for which the permit was issued has not been established or commenced.

ADDRESS: Not Applicable

APN: Not Applicable

-WARNING-

THE ISSUANCE OF THIS LAND USE PERMIT IS SUBJECT TO APPEAL TO THE PLANNING COMMISSION/BOARD OF SUPERVISORS BY ANY INTERESTED PERSON ADVERSELY AFFECTED BY THE DECISION FOR A PERIOD OF TEN (10) CALENDAR DAYS FOLLOWING THE ISSUANCE OF THIS PERMIT. ANY CONSTRUCTION OR OTHER USE OF THIS PERMIT IS AT THE SOLE RISK AND EXPENSE OF THE APPLICANT. IN THE EVENT THAT AN APPEAL OR LAWSUIT ULTIMATELY RESULTS IN DENIAL OR RECONDITION OF THE PROJECT.

**ALL AMERICAN
PIPELINE COMPANY**

May 8, 1986

Dianne Guzman, Director
Resource Management Department
COUNTY OF SANTA BARBARA
123 East Anapamu Street
Santa Barbara, CA 93101

RE: REQUEST FOR CONDITIONAL LAND USE PERMIT BY MAY 9, 1986

Dear Ms. Guzman:

Celeron Pipeline Company of California hereby requests issuance of a conditional Land Use Permit for clearing, grading, and trenching from the Cuyama River to the north side of the northernmost Highway 101 crossing, excluding the area of the geologic feature immediately south of the Sisquoc River Crossing, subject to the following:


- 1) Celeron agrees to comply with all Final Development Plan conditions, and implement all plans prepared pursuant to those conditions, in an orderly and timely manner.
- 2) Celeron agrees to comply with all conditions relating to mainline construction outside the Coastal Zone prior to the issuance of other Land Use Permits for the mainline outside the Coastal Zone, excluding the area of the geologic feature immediately south of the Sisquoc River Crossing.
- 3) The issuance of this Land Use Permit shall not imply Resource Management Department recognition of compliance with conditions relating to the pump stations, river crossings, and Coastal Zone, nor shall it imply complete satisfaction of Condition P-1, (Design Review), P-2, M-6 (Gaviota State Park ridgeline), or complete satisfaction of E-1, E-4, F-7, F-8 or F-11.
- 4) Celeron agrees to comply with information requests of the Systems Safety and Reliability Review Committee in a timely manner, and to comply with the recommendations of the Committee pursuant to Condition P-1, providing they do not pre-empt U.S. Department of Transportation standards Part 195 regarding pipeline construction, including any activity modification associated with this permit. Celeron understands that the Committee will review our submittals in as expeditious a time frame as possible.

Dianne Guzman, Director
May 8, 1986
Page Two

- 5) Celeron agrees to relinquish any vested rights to the construction of the pipeline in Santa Barbara County which would otherwise be obtained through the activities included in this conditional Land Use Permit.
- 6) If Celeron does not commence pipelaying activities within six weeks of the date of issuance of this first Land Use Permit, the Director of the Resource Management Department shall determine the reason and further determine whether restoration should take place or what additional measures can mitigate the disturbance. Celeron agrees that the bonds posted pursuant to Condition H-14 may be used to insure compliance until restoration is complete.

Thank you for your consideration.

Sincerely,


for R.L. Hinn
President

RLH/TC:jb



County of Santa Barbara

RESOURCE MANAGEMENT DEPARTMENT

Dianne Guzman, AICP, Director
Dev Vrat, Assistant Director

CELERON LAND USE PERMIT #2

This permit is hereby issued to Celeron Pipeline Company of California for certain aspects of the Celeron Pipeline Project, as described below:

1. The project description, pipeline route, conditions, and plans required pursuant to those conditions described by the approved Final Development Plan 85-DP-66cz are incorporated herein by reference as terms of this permit.
2. This permit is applicable to the pipeline route from the County line at the Cuyama River to an area approximately 4,000 feet south of the Foxen Canyon Road crossing (as shown on alignment sheets 014 through 009).
3. This permit allows for the remainder of all pipeline construction activities in this segment except for those areas and those activities listed in the June 6, 1986, letter from Richard Shogren to Jim Norris regarding Celeron pipeline review - U.S. Highway 101 to Cuyama River crossing.
4. This permit excludes all activities relating to pump stations, river crossings, and all activities on other parts of the pipeline route in Santa Barbara County.

RESOURCE MANAGEMENT DEPARTMENT	
COUNTY OF SANTA BARBARA	
APPROVED	
for the following proposed use:	
<u>see above</u>	
DATE <u>6-9-86</u>	BY <u>Dianne Guzman</u>
The stamping of the plan and specifications SHALL NOT be held to constitute approval of any violation of provisions of any County Ordinance or State Law. This permit shall expire ONE YEAR from the date of issuance if the use of structure for which the permit was issued has not been established or commenced.	
ADDRESS: <u>NA</u>	
APN: <u>NA</u>	

Approval:

Dianne Guzman June 9, 1986
Dianne Guzman, Director Date
Resource Management Department

Acceptance of terms of permit:

Timothy Cohen June 9, 1986
Timothy Cohen Date
Celeron Pipeline Company of California

-WARNING-
THE ISSUANCE OF THIS LAND USE PERMIT IS SUBJECT TO APPEAL TO THE PLANNING COMMISSION/BOARD OF SUPERVISORS BY ANY INTERESTED PERSON ADVERSELY AFFECTED BY THE DECISION FOR A PERIOD OF TEN (10) CALENDAR DAYS FOLLOWING THE ISSUANCE OF THIS PERMIT. ANY CONSTRUCTION OR OTHER USE OF THIS PERMIT IS AT THE SOLE RISK AND EXPENSE OF THE APPLICANT. IN THE EVENT THAT AN APPEAL OR LAWSUIT ULTIMATELY RESULTS IN DENIAL OR RECONDITION OF THE PROJECT.



County of Santa Barbara

RESOURCE MANAGEMENT DEPARTMENT

Dianne Guzman, AICP, Director
Dev Vrat, Assistant Director

CELERON LAND USE PERMIT #3

This permit is hereby issued to Celeron Pipeline Company of California for certain aspects of the Celeron Pipeline Project, as described below:

1. The project description, pipeline route, conditions, and plans required pursuant to those conditions described by the approved Final Development Plan 85-DP-66cz are incorporated herein by reference as terms of this permit.
2. This permit is applicable to the Sisquoc Pump Station site as shown on alignment sheet CE 010.
3. This permit allows for grading of the Sisquoc Pump Station site pursuant to approved plans on file at the Public Works Department, Division of Building and Safety.

Approval:

Dianne Guzman June 10, 1986
Dianne Guzman, Director Date
Resource Management Department

Acceptance of terms of permit:

Timothy Cohen June 10, 1986
Timothy Cohen Date
Celeron Pipeline Company of California

RESOURCE MANAGEMENT DEPARTMENT
COUNTY OF SANTA BARBARA

APPROVED

for the following proposed use:

see above

DATE June 10, 1986 BY Dianne Guzman

The stamping of this plan and specifications SHALL NOT be held to permit or to be an approval of any violations or provisions of any County Ordinance or State Law. This permit shall expire ONE YEAR from the date of issuance if the use of structure for which the permit was issued has not been established or commenced.

ADDRESS: N/A

APN: N/A

-WARNING-

THE ISSUANCE OF THIS LAND USE PERMIT IS SUBJECT TO APPEAL TO THE PLANNING COMMISSION/BOARD OF SUPERVISORS BY ANY INTERESTED PERSON ADVERSELY AFFECTED BY THE DECISION FOR A PERIOD OF TEN (10) CALENDAR DAYS FOLLOWING THE ISSUANCE OF THIS PERMIT. ANY CONSTRUCTION OR OTHER USE OF THIS PERMIT IS AT THE SOLE RISK AND EXPENSE OF THE APPLICANT, IN THE EVENT THAT AN APPEAL OR LAWSUIT ULTIMATELY RESULTS IN DENIAL OR RECONDITION OF THE PROJECT.



County of Santa Barbara

RESOURCE MANAGEMENT DEPARTMENT

Dianne Guzman, AICP, Director
Dev Vrat, Assistant Director

CELERON LAND USE PERMIT #4

This permit is hereby issued to Celeron Pipeline Company of California for certain aspects of the Celeron Pipeline Project, as described below:

1. The project description, pipeline route, conditions, and plans required pursuant to those conditions described by the approved Final Development Plan 85-DP-66cz are incorporated herein by reference as terms of this permit.
2. This permit is applicable to the pipeline route from the northern Highway 101 crossing to a point approximately 500 feet north of Highway 1 (alignment sheets CE 007 to 003).
3. This permit allows clearing, grading, and trenching activities in the segment of the pipeline route identified above.
4. This permit excludes all activities relating to pump stations, river crossings, pipe stringing, welding, and any other activity not normally performed by the clearing, grading, and trenching construction crews.

Approval:

Dianne Guzman June 11, 1986
Dianne Guzman, Director Date
Resource Management Department

Acceptance of terms of permit:

Timothy Cohen June 11, 1986
Timothy Cohen Date
Celeron Pipeline Company of California

RESOURCE MANAGEMENT DEPARTMENT
COUNTY OF SANTA BARBARA

APPROVED

for the following proposed use:

see above

DATE June 11, 1986 BY Dianne Guzman

The signing of this plan and specifications SHALL NOT be held to permit or as an approval of any violation or provisions of any County Ordinance or State Law. This permit shall expire ONE YEAR from the date of issuance if the use of structure for which the permit was issued has not been established or commenced.

ADDRESS: N/A

APN: N/A

-WARNING-

THE ISSUANCE OF THIS LAND USE PERMIT IS SUBJECT TO APPEAL TO THE PLANNING COMMISSION/BOARD OF SUPERVISORS BY ANY INTERESTED PERSON ADVERSELY AFFECTED BY THE DECISION FOR A PERIOD OF TEN (10) CALENDAR DAYS FOLLOWING THE ISSUANCE OF THIS PERMIT. ANY CONSTRUCTION OR OTHER USE OF THIS PERMIT IS AT THE SOLE RISK AND EXPENSE OF THE APPLICANT. IN THE EVENT THAT AN APPEAL OR LAWSUIT ULTIMATELY RESULTS IN DENIAL OR RECONDITION OF THE PROJECT.



County of Santa Barbara

RESOURCE MANAGEMENT DEPARTMENT

Dianne Guzman, AICP, Director
Dev Vrat, Assistant Director

CELERON LAND USE PERMIT #5

This permit is hereby issued to Celeron Pipeline Company of California for certain aspect of the Celeron Pipeline Project, as described below:

1. The project description, pipeline route, conditions, and plans required pursuant to those conditions described by the approved Final Development Plan 85-DP-66cz are incorporated herein by reference as terms of this permit.
2. This permit is applicable to the Cuyama River and Sisquoc River crossings.
3. This permit allows for removal of overburden necessary to facilitate and prepare for final ditching activities, including activities outside the 100-foot construction right-of-way.
4. This permit excludes trenching, pipelaying, and welding at the Sisquoc and Cuyama Rivers, and all activities associated with the Santa Ynez River crossing.

Approval:

 7/3/86
 Dianne Guzman, Director Date
 Resource Management Department

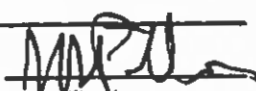
Acceptance of terms of permit:

 July 3, 1986
 Timothy Cohen Date
 Celeron Pipeline Company of California

RESOURCE MANAGEMENT DEPARTMENT
 COUNTY OF SANTA BARBARA

APPROVED

for the following proposed use:
see above

DATE 7/3/86 BY 

The stamping of this plan and specifications SHALL NOT be held to permit or to be an approval of any violations of provisions of any County Ordinance or State Law. This permit shall expire ONE YEAR from the date of issuance if the use of structure for which the permit was issued has not been established or commenced.

ADDRESS: N/A

APN: N/A

-WARNING-

THE ISSUANCE OF THIS LAND USE PERMIT IS SUBJECT TO APPEAL TO THE PLANNING COMMISSION/BOARD OF SUPERVISORS BY ANY INTERESTED PERSON ADVERSELY AFFECTED BY THE DECISION FOR A PERIOD OF TEN (10) CALENDAR DAYS FOLLOWING THE ISSUANCE OF THIS PERMIT. ANY CONSTRUCTION OR OTHER USE OF THIS PERMIT IS AT THE SOLE RISK AND EXPENSE OF THE APPLICANT. IN THE EVENT THAT AN APPEAL OR LAWSUIT ULTIMATELY RESULTS IN DENIAL OR RECONDITION OF THE PROJECT.



County of Santa Barbara

RESOURCE MANAGEMENT DEPARTMENT

Dianne Guzman, AICP, Director
Dev Vrat, Assistant Director

CELERON LAND USE PERMIT #6

This permit is hereby issued to Celeron Pipeline Company of California for certain aspects of the Celeron Pipeline Project, as described below:

1. The project description, pipeline route, conditions, and plans required pursuant to those conditions described by the approved Final Development Plan 85-DP-66cz are incorporated herein by reference as terms of this permit.
2. This permit is applicable to the pipeline route from the northern matchline on alignment sheet CE 008 (north of the Foxen Canyon Road crossing) to the southern matchline on alignment sheet CE 004.
3. This permit allows for the remainder of all pipeline construction activities in this segment except for the area of the Los Alamos fault, as noted in the June 20, 1986 letter from Dick Shogren to Jim Norris regarding alignment sheet CE 007.
4. This permit excludes all activities relating to pump stations, river crossings, and all activities on other parts of the pipeline route in Santa Barbara County not previously covered by a Land Use Permit.

Approval:

Dianne Guzman July 14, 1986
 Dianne Guzman, Director Date
 Resource Management Department

Acceptance of terms of permit:

William S. Bennett 7/15/86
 Timothy Cohen Date
 Celeron Pipeline Company of California

RESOURCE MANAGEMENT DEPARTMENT
 COUNTY OF SANTA BARBARA

APPROVED

for the following proposed use:
see above

DATE 7/15/86 BY Dianne Guzman

The stamping of this plan and specifications SHALL NOT be held to permit or to be an approval of any violations of provisions of any County Ordinance or State Law. This permit shall expire ONE YEAR from the date of issuance if the use of structure for which the permit was issued has not been established or commenced.

ADDRESS: N/A

APN: N/A

-WARNING-

THE ISSUANCE OF THIS LAND USE PERMIT IS SUBJECT TO APPEAL TO THE PLANNING COMMISSION/BOARD OF SUPERVISORS BY ANY INTERESTED PERSON ADVERSELY AFFECTED BY THE DECISION FOR A PERIOD OF TEN (10) CALENDAR DAYS FOLLOWING THE ISSUANCE OF THIS PERMIT. ANY CONSTRUCTION OR OTHER USE OF THIS PERMIT IS AT THE SOLE RISK AND EXPENSE OF THE APPLICANT, IN THE EVENT THAT AN APPEAL OR LAWSUIT ULTIMATELY RESULTS IN DENIAL OR RECONDITION OF THE PROJECT.



EXHIBIT B

County of Santa Barbara

RESOURCE MANAGEMENT DEPARTMENT

Dianne Guzman, AICP, Director
Dev Vrat, Assistant Director

CELERON LAND USE PERMIT #7

This permit is hereby issued to Celeron Pipeline Company of California for certain aspects of the Celeron Pipeline Project, as described below:

1. The project description, pipeline route, conditions, and plans required pursuant to those conditions described by the approved Final Development Plan 85-DP-66cz are incorporated herein by reference as terms of this permit.
2. This permit allows for the remainder of all pipeline construction activities at the Cuyama River crossing.

Approval:

Dianne Guzman July 18, 1986
Dianne Guzman, Director Date
Resource Management Department

Acceptance of terms of permit:

William S. Bennett 7/18/86
for Timothy Cohen Date
Celeron Pipeline Company of California

RESOURCE MANAGEMENT DEPARTMENT
COUNTY OF SANTA BARBARA

APPROVED

for the following proposed use:
See above

DATE July 18, 1986 BY Dianne Guzman

The stamping of this plan and specifications SHALL NOT be held to constitute an approval of any violations of provisions of any County Ordinance or State Law. This permit shall expire ONE YEAR from the date of issuance if the use of structure for which the permit was issued has not been established or commenced.

ADDRESS: *N/A*

PH: *N/A*

-WARNING-

THE ISSUANCE OF THIS LAND USE PERMIT IS SUBJECT TO APPEAL TO THE PLANNING COMMISSION/BOARD OF SUPERVISORS BY ANY INTERESTED PERSON ADVERSELY AFFECTED BY THE DECISION FOR A PERIOD OF TEN (10) CALENDAR DAYS FOLLOWING THE ISSUANCE OF THIS PERMIT. ANY CONSTRUCTION OR OTHER USE OF THIS PERMIT IS AT THE SOLE RISK AND EXPENSE OF THE APPLICANT. IN THE EVENT THAT AN APPEAL OR LAWSUIT ULTIMATELY RESULTS IN DENIAL OR RECONDITION OF THE PROJECT.



County of Santa Barbara

RESOURCE MANAGEMENT DEPARTMENT

Dianne Guzman, AICP, Director
Dev Vrat, Assistant Director

Energy Division

CELERON LAND USE PERMIT #8

This permit is hereby issued to Celeron Pipeline Company of California for certain aspects of the Celeron Pipeline Project, as described below:

1. The project description, pipeline route, conditions, and plans required pursuant to those conditions described by the approved Final Development Plan 85-DP-66cz are incorporated herein by reference as terms of this permit.
2. This permit allows for clearing, grading, and trenching from a point 500' north of Hwy. 1 to the Coastal Zone Boundary.
3. This permit also allows for the remainder of all construction activity from the southern matchline of sheet CE 004 to the Coastal Zone Boundary.

Approval:

Dianne Guzman Aug 4, 1986
Dianne Guzman, Director Date
Resource Management Department

Acceptance of terms of permit:

William Bennett 8/4/86
Timothy Cohen Date
Celeron Pipeline Company of California

RESOURCE MANAGEMENT DEPARTMENT
COUNTY OF SANTA BARBARA

APPROVED

for the following proposed use:
see above

DATE 8/4/86 BY M. S. Guzman

The granting of this plan and conditions SHALL NOT be held to constitute an approval of any violation of provisions of any County Ordinance or State Law. This permit shall expire ONE YEAR from the date of issuance if the use of structures for which the permit was issued has not been established or commenced.

ADDRESS: W/A

APN: W/A

-WARNING-

THE ISSUANCE OF THIS LAND USE PERMIT IS SUBJECT TO APPEAL TO THE PLANNING COMMISSION/BOARD OF SUPERVISORS BY ANY INTERESTED PERSON ADVERSELY AFFECTED BY THE DECISION FOR A PERIOD OF TEN (10) CALENDAR DAYS FOLLOWING THE ISSUANCE OF THIS PERMIT. ANY CONSTRUCTION OR OTHER USE OF THIS PERMIT IS AT THE SOLE RISK AND EXPENSE OF THE APPLICANT, IN THE EVENT THAT AN APPEAL OR LAWSUIT ULTIMATELY RESULTS IN DENIAL OR RECONDITION OF THE PROJECT.



County of Santa Barbara

RESOURCE MANAGEMENT DEPARTMENT

Dianne Guzman, AICP, Director

Energy Division

CELERON LAND USE PERMIT #9

This permit is hereby issued to Celeron Pipeline Company of California for certain aspects of the Celeron Pipeline Project, as described below:

1. The project description, pipeline route, conditions, and plans required pursuant to those conditions described by the approved Final Development Plan 85-DP-66cz are incorporated herein by reference as terms of this permit.
2. This permit allows for directional drilling of the Santa Ynez River as described in 1) the Environmental Assessment for Proposed Directional Drilling Operations at the Santa Ynez River Crossing, (prepared by Celeron Pipeline Company); 2) the August 22, 1986 letter from Timothy Cohen to Mary Ann Scott, and; 3) the August 27, 1986 letter from Timothy Cohen to to Mary Ann Scott, as modified by the following conditions.
3. This permit excludes trenching of the Santa Ynez River bed.
4. All activities associated with excavation or stream disruption shall be done in a manner approved by the DOEC.
5. No additives are to be added to the bentonite drilling mud without prior written approval from the County.
6. Celeron shall obtain written County approval for the method and location of drilling mud disposal prior to any such disposal.
7. Water needed for drilling or reaming operations shall only be drawn from existing wells.
8. The July 7, 1986 Santa Ynez River Lagoon mitigation plan (memo to Tim Cohen from Germaine Reyes-French) shall be revised to the satisfaction of the County prior to September 2, 1986. All construction techniques and restoration procedures identified in the revised lagoon mitigation plan shall be implemented. These techniques and procedures shall not require any portion of the lagoon to be drained.

Approval:

Dianne Guzman (for) 8/20/86
 Dianne Guzman, Director Date
 Resource Management Department

Acceptance of terms of permit:

William S. Bennett (for) 8/20/86
 Timothy Cohen Date
 Celeron Pipeline Company of California



County of Santa Barbara

RESOURCE MANAGEMENT DEPARTMENT

Dianne Guzman, AICP, Director

Energy Division

CELERON LAND USE PERMIT #10

This permit is hereby issued to Celeron Pipeline Company of California for certain aspects of the Celeron Pipeline Project, as described below:

1. The project description, pipeline route, conditions, and plans required pursuant to those conditions described by the approved Final Development Plan 85-DP-66cz are incorporated herein by reference as terms of this permit.
2. This permit allows for all remaining construction activities at the Sisquoc River crossing, subject to the following conditions.
3. Celeron shall conduct a yearly inspection of pipeline burial depth, subject to review by the Resource Management Department and Flood Control Agency.
4. Mining operations for sand, rock and gravel have, and will continue to be, conducted in the Sisquoc and Santa Maria River beds, both upstream and downstream from the pipeline crossing. If channel degradation at the Sisquoc River, including these mining operations, reduces pipeline cover to less than four feet below the 100-year scour depth, or other hazardous levels as determined by a professional engineer on the staff or under the supervision of the County Flood Control or U.S.D.O.T. specifications, Celeron will, at its expense, acquire sufficient additional material to protect its pipeline or in the alternative will relocate or rebury the pipeline to an adequate depth to protect the pipeline.
5. Celeron shall defend, indemnify and hold harmless County and its officers, agents, and employees from and against any and all active and passive liability claims, suits, actions, damages and/or causes of action arising from this permit out of any personal injury, bodily injury, loss of life or damage to property, violation of any Federal, State or municipal law or ordinance or other cause in connection with the activities of Celeron, its employees or agents or on account of the performance of character of the work, unforeseen difficulties, accidents, occurrences or other causes, and from and against all costs, counsel fees, expenses incurred in obtaining expert testimony and the attendance of witness, expenses and liability incurred in and about any such claims, the investigation thereof or the defense of any action or proceedings brought thereon, and from and against any orders, judgments or decrees which may be entered therein. Approval of the insurance coverage does not relieve Celeron of liability under this indemnification clause.

Approval:

Dianne Guzman 10-8-88
 Dianne Guzman, Director Date
 Resource Management Department

Acceptance of terms of permit:

Timothy Cohen
 Timothy Cohen Date
 Celeron Pipeline Company of California



County of Santa Barbara

RESOURCE MANAGEMENT DEPARTMENT

Dianne Guzman, AICP, Director

Energy Division

CELERON LAND USE PERMIT #11

This permit is hereby issued to Celeron Pipeline Company of California for certain aspects of the Celeron Pipeline Project, as described below:

1. The project description, pipeline route, conditions, and plans required pursuant to those conditions described by the approved Final Development Plan 85-DP-66cz are incorporated herein by reference as terms of this permit.
2. This permit allows for wet trenching construction activities at the Santa Ynez River crossing, subject to the following conditions.
3. The September 26, 1986 letter from Timothy Cohen to Mary Ann Scott and the accompanying environmental assessment are incorporated as terms of this permit.

Approval:

Dianne D. Guzman for 10/15/86
 Dianne Guzman, Director Date
 Resource Management Department

Acceptance of terms of permit:

Timothy Cohen for
 Timothy Cohen Date
 Celeron Pipeline Company of California

RESOURCE MANAGEMENT DEPARTMENT
 COUNTY OF SANTA BARBARA

APPROVED

DATE: 10/15/86

ADDRESS:

APN:

-WARNING-
 THE ISSUANCE OF THIS LAND USE PERMIT IS SUBJECT TO APPEAL TO THE PLANNING COMMISSION/BOARD OF SUPERVISORS BY ANY INTERESTED PERSON ADVERSELY AFFECTED BY THE DECISION FOR A PERIOD OF TEN (10) CALENDAR DAYS FOLLOWING THE ISSUANCE OF THIS PERMIT. ANY CONSTRUCTION OR OTHER USE OF THIS PERMIT IS AT THE SOLE RISK AND EXPENSE OF THE APPLICANT. IN THE EVENT THAT AN APPEAL OR LAWSUIT ULTIMATELY RESULTS IN DENIAL OR RECONDITION OF THE PROJECT.

**CELERON PIPELINE COMPANY
OF CALIFORNIA**

September 26, 1986

Mary Ann Scott
Resource Management Department
Energy Division
COUNTY OF SANTA BARBARA
1226 Anacapa Street
Santa Barbara, CA 93102

RE: SANTA YNEZ RIVER CROSSING

Dear Mary Ann:

Celeron Pipeline Company's current contractor for the Santa Ynez River Crossing, Reading and Bates, is unable to directionally drill the Santa Ynez River. Therefore, Celeron requests a Land Use Permit for crossing the Santa Ynez River using conventional wet-trenching techniques.

Wet trenching will require an extension of the construction window specified in Condition F-3. This extension has been discussed and verbally approved by Santa Barbara County Flood Control. Celeron requests an extension of the window from November 1 to December 30, 1986.

Enclosed please find Environmental Assessment of wet-trenching construction including Celeron's proposed mitigation measures. A new stream bed profile and alignment sheet is currently being prepared and will be forwarded to you early next week.

Please call Germaine French or Mike Madden if you need additional information regarding the crossing.

Thank you for your continued patience and assistance regarding the Santa Ynez River crossing.

Sincerely,


Timothy Cohen
Manager, Santa Barbara Area

cc: James Stubchaer
Chris Patin
Germaine Reyes-French

TC/GRF:pmb

September 26, 1986

**ENVIRONMENTAL ASSESSMENT
FOR WET TRENCHING OF THE SANTA YNEZ RIVER
CELERON PIPELINE PROJECT
SANTA BARBARA COUNTY, CALIFORNIA**

PROJECT DESCRIPTION

Reading and Bates, Inc., Celeron Pipeline Company of California's contractor, is unable to complete the proposed directional drilling of the Santa Ynez River. An extensive layer of boulders and cobbles encountered during drilling has made guiding the drill bit infeasible. Because directional drilling was abandoned September 18, 1986, Celeron is now proposing to complete the river crossing using conventional wet trenching techniques. The project will be competitively bid and project work plans are expected soon from Pentzien Inc., Omaha, Nebraska and Gregory and Cook, Houston, Texas.

The stream crossing will be excavated to the required burial depth (20 feet) using draglines, dozers, track-hoes and backhoes. Because of the amount of overburden that must be moved to lay the pipe at an elevation 20 feet below the lowest point in the existing main channel (see Attachment 1), a large area will be required to maintain the trench and spoil area. It is anticipated that an area 1850' x 600' encompassing about 25 acres, will need to be cleared for construction.

Construction will require about 60 to 70 days to complete. This is from "Notice to Proceed" to final clean-up. Excavation of the trench will require approximately 50 days using two draglines working two 10-hour shifts. Equipment maintenance and refueling will be conducted in the 2 hours following each 10 hour shift. Twenty-four hour construction, 7 days a week, is requested. Twenty-four hour construction will be necessary in order to maintain the trench walls from sloughing and requiring additional excavation. Some pumping may be necessary to limit water in the upper layers of the trench. However because the Santa Ynez aquifer has been recharged by recent releases of water from Lake Cachuma, extensive pumping is not expected to significantly lower the water level and is not proposed. The crossing will be a wet crossing not a dry crossing as originally proposed in early July 1986. The presence of water in the ditch will enhance the excavations as it will serve to reduce ditchwall sloughing.

Twenty-four hour construction will necessitate the use of lights and generate some noise. Celeron has already obtained permission for 24-hour construction from the appropriate local landowners.

Fixed lighting will be directed away from the populated areas north of the river crossing. Lighting on equipment will be directed from the front and top of equipment onto the working area.

ENVIRONMENTAL ASSESSMENT
PAGE TWO
SEPTEMBER 26, 1986

An area immediately north of the crossing about 50 feet wide and about 700 feet in length (0.8 acres) will be required to stage welded and coated (concrete) pipe to be pulled across the river upon completion of the excavations.

EXISTING ENVIRONMENT AND LAND USE

As indicated the river crossing will encompass about 25 acres, being about 500 to 600 feet (east/west) by 1800 feet (north/south). This will include the ditch which will be about 130 feet wide at the top and will allow for about 180 feet on each side of the ditch for spoil materials. Vegetation within the river crossing which will be removed includes, but is not limited to, immature and mature cottonwood and willow and a variety of grasses and weedy annuals. That area beyond the north top bank of the river, where it will be necessary to stage the welded pipe, is currently planted in tomatoes. That area south of the crossing consists of the tree-lined top bank of the river (cottonwood, willow) and bean field.

The proposed river crossing has been re-aligned to the east of the initially approved centerline to avoid a significant riparian habitat which borders a perennial pond or lagoon. This lagoon is within the main (current) river channel and is about 200 feet west of the proposed crossing. It is reported to support a variety of mammals, fishes, crustaceans, reptiles, amphibians and avian species. The realignment will provide a buffer zone for the lagoon, and damming of the lagoon will not be instituted unless the water level in the lagoon should fluctuate significantly (greater than 1 foot). The water level will be monitored and the County notified if additional mitigation measures appear necessary to protect the lagoon.

It is unlikely that significant cultural sites would occur at the crossing between the top banks of the river. Similar adjacent areas have been examined before, during and after pipeline construction by Celeron's archeologists. To date, no cultural sites have been documented in the vicinity of the proposed crossing.

HYDROLOGICAL CONSIDERATIONS

As stated in Celeron's E.Q.A.P. Permit Condition F-3, which was revised in February 1986, a July through October construction window was acceptable for construction of the Santa Ynez River. However, in the event of low winter rainfall and with approval of Resource Management Department and County Flood Control, an extension beyond October was an option. In an effort to substantially reduce impacts to biological resources, Celeron attempted to directionally drill beneath the river as opposed to ditching. Because of this, valuable time within the

ENVIRONMENTAL ASSESSMENT
PAGE THREE
SEPTEMBER 26, 1986

approved window has lapsed. Thus, time constraints imposed by F-3 cannot be met and a request for an extension of the construction window has been made to the Resource Management Department, Energy Division and County Flood Control.

Through conversations with the Bureau of Reclamation at Lake Cachuma, and with County Flood Control, it has been determined that:

- There will be no scheduled controlled releases of water from Lake Cachuma before January 1987 and possibly not until March 1987;
- Spills from Lake Cachuma Dam would happen only if the Cachuma watershed experiences 14 inches of rainfall over a relatively short period of time;
- Average rainfall in Santa Barbara for the months October through December is about 5.27 inches; and
- The earliest spill from Lake Cachuma was December 25, 1969 during one of the heaviest precipitation events in recent local history.

Although the weather is unpredictable, Celeron and its contractors believe the crossing can be completed before a major high volume flow in the Santa Ynez River occurs if construction can begin by the second week of October, 1986.

MITIGATION MEASURES

1. The pipeline centerline has been realigned east of the initially approved centerline and is further away from the lagoon.
2. A buffer zone will be established around the eastern and southeastern margins of the lagoon where no spoil material will be stockpiled.
3. A two strand barbed wire fence has been installed around the north, east and south edges of the lagoon, and instructions have been given not to encroach beyond the fence.
4. The water level in the pond will be monitored to ensure significant dewatering does not occur. [if substantial dewatering (lowered water level) is observed, clean water will be circulated back into the pond (see Contingency Plans below)]

ENVIRONMENTAL ASSESSMENT
PAGE FOUR
SEPTEMBER 26, 1986

5. Prior to construction, all areas of disturbance will be subject to a tree count by Celeron's revegetation specialist and one of the Counties E.Q.A.P. monitors, pursuant to Conditions H-1 and H-3.
6. All areas of disturbance will be systematically examined by qualified archeologists for the presence of significant cultural remains. Native American representatives will be present during these investigations.
7. Initial phases of construction will be closely monitored by qualified archeologist(s) and Native American Monitors.
8. All fixed lighting to be used will be directed away from the populated areas north of the crossing.
9. Straw bales will be strategically anchored around the perimeter of all spoil piles downstream of the ditchline.
10. A series of filter fences and/or anchored straw bales will be installed in the active river channel between the ditchline and the lagoon. These sediment control devices will be monitored periodically and cleaned, as necessary to reduce siltation in the lagoon.
11. If necessary to control sediment, settling ponds or sump ponds will be constructed and turbid water from the construction site will be directed into the settling ponds before the water enters the lagoon. Because the ditchline is perpendicular to the river channel it will serve as a large sump pond for disturbed sediments to settle out before re-entering the river channel. It is likely that increased volumes in the river channel would require sump or settling ponds. When required these would be strategically located to maintain flow directly into the lagoon or around the lagoon to re-enter the river channel further downstream. In any event, the method of excavation and rechanneling as well as the locations of these sump or settling ponds would be determined on-site with input from County, Celeron and Celeron's contractor.
12. Although extensive water pumping is not anticipated, there may be circumstances where it will be necessary to pump water to ensure adequate ditching. If pumping of water does occur, the noise level generated by the pumps should not be significant given the location of the pumping site relative to residential areas. If noise from pumping becomes a problem (e.g. complaints are received) steps will be taken to muffle or shield disturbing sounds.

CONTINGENCY MITIGATION MEASURES

At the present time the primary concern regarding the river crossing is the unanticipated occurrence of substantial and uncharacteristic precipitation. As previously stated, about 14 inches of rain over a short period of time would be required within the Santa Ynez River watershed could result in an uncontrolled spill at Lake Cachuma. Obviously, if this happened, Celeron and its contractor would have to reevaluate the situation possibly modifying plans or in the worst case event, abandon the crossing. If abandonment becomes necessary, Celeron will follow a similar approach for the Santa Ynez River as described in the "Cuyama River Rain Contingency Plan" dated September 19, 1986.

A more probable event would consist of occasional thunder storms accompanied by locally heavy rains. Moderate amounts of rain which would raise the volume of flow in the river would not necessarily stop construction. It is possible, however, that construction activities would be reduced and contingency plans initiated.

In summary, the crossing will be completed with as little disturbance as is absolutely necessary. Celeron and its contractor, will work very closely with County staff at the Energy Division, Public Works and Flood Control and with the Bureau of Reclamation at Lake Cachuma to ensure the crossing is installed expeditiously and will make every effort feasible to limit impacts to the environment.

RICHARD K. SHOGREN, P.E.
Consulting Civil Engineer
(714) 636-1620

June 6, 1986

COPY

File No. 0606170

Mr. Jim Norris
Santa Barbara County
DPW - Division of Building & Safety
123 East Anapamu Street
Santa Barbara, CA 93101

Re: Celeron Pipeline Review - U.S. Highway 101 to Cuyama River Crossing

Dear Jim:

We have completed our review of Celeron's submittal for that portion of pipeline construction from the Cuyama River Crossing (Alignment Sheet 014) south to U.S. Highway 101 Crossing (Alignment Sheet 008). Trenching for the pipeline in this segment had been approved earlier, and this report and recommendation applies to pipe stringing and lowering in.

Mr. Ray Coudray, the County Geologist, and our associate, Mr. Doug Schwantes, the Geotechnical Engineering Consultant, reviewed trenching activities on site June 3, 1986, and after extensive consultation we recommend that Celeron be authorized to commence pipe stringing activities in the noted areas subject to the following conditions:

1. Alignment Sheet 014 and associated pipeline construction is placed on hold until Celeron provides engineering design and analysis for the crossing of the Cuyama Fault Zone, which segment runs approximately from the Cuyama River crossing matchline to the top of the ridge (Sta. 100 + 00).
2. Pipeline Construction (particularly lowering and backfill) shall not proceed from the Sisquoc River to Sta. 270 + 00 until slide area and Foxen Canyon Fault crossing hazard potential has been resolved to the mutual satisfaction of the County Geologist and the reviewers. (Alignment Sheet 009).

COPY

3. In addition to the foregoing, the following segments are of specific interest to the County Geologist and consultants and trenching will be closely inspected and approved before pipeline lowering:
 - o Alignment Sheet 013 - between M.P. 64 and the township line
 - o Alignment Sheet 013 - the Rinconada Fault Zone between M.P. 66 and the north boundary of Section 26
 - o Alignment Sheet 010 - the Suez Fault Zone between Sta. 1107 + 00 and Sta. 1107 + 95 (approximately).
4. Celeron shall notify the County Geologist immediately of any unusual or significant geological feature disclosed during trenching and no pipeline lowering or backfill shall proceed until such area is inspected and approved by the County Geologist or his designee.
5. Because of the incomplete status of Alignment Sheet 008 (copy on hand is marked "Preliminary"), approval for pipeline construction between Sta. 270 + 00 and Sta. 516 + 00 is reserved until an "Issue for Construction" copy has been reviewed.
6. We recommend that matchlines on Geohazards plans be provided to expedite future reviews; coordination between the two sets of plans is difficult and time-consuming without adequate common reference.

Approved Alignment Sheets are:

Alignment Sheet	009	Except as noted
	010	All - See Note 4 (above)
	011	All
	012	All
	013	Except as noted
	014	" " "


File No. 0606170

CO

Page 3

The stamped copies of approved alignment sheets are enclosed; the third set is for the County Geologist, Mr. Coudray.

Yours very truly,


Richard K. Shogren P.E.
Principal

cc: F. Breckenridge
R. Coudray

D. Schwantes

M. Scott

T. Cohen/Celeron



PUBLIC WORKS
BUILDING & GRADING DIVISION
COUNTY OF SANTA BARBARA

PERMIT NO.
113563

VALIDATION
EXHIBIT B

SANTA BARBARA
963-7116

LOMPOC
738-5621

SOLVANG
688-5544

SANTA MARIA
937-6325

Date of Application **6-5-86** WHEN PROPERLY VALIDATED THIS IS YOUR PERMIT

PROJECT ADDRESS: **Cayena River** *THE T. S. QUINN TRACT* ASSESSOR PARCEL NO. Refer to Pipeline Alignment Sheets

APPLICANT: OWNER: CONTRACTOR AUTHORIZED AGENT LEASEE **SEE REMARKS BELOW**

OWNER'S NAME: **Celaron Pipeline Company of California** PHONE _____

ADDRESS: **4213 State Street** CITY **S. Barbara** ZIP **93130**

CONTRACTOR'S NAME: **Gregory & Cook** PHONE **(805) 928-9494**

ADDRESS: **5625 S. Union St.** CITY **Bakersfield** ZIP _____ STATE LIC. NO. **452153**

ARCHITECT/DESIGNER OR ENGINEER: **Harmac** PHONE **(714)** STATE LIC. NO. **282668**

ADDRESS: **6415 Katella Ave.** CITY **Cypress** ZIP **90630**

LENDER: _____

CLASS OF WORK: NEW ALTERATION ADDITION MOVE DEMOLITION REPAIR Pipeline

USE OF BLDG: RETAIL OFFICE RESTAURANT OTHER **Commercial**

S.F. DWG. DUPLEX APARTMENT

ISSUED BY: **Jr** **FEE WAIVED**

High Fire Area	Fire Sprinklers Req. Yes | No	Type of Const.	Occup. Group	No. of Bedrms.	No. of Stories	No. of Units	AREA	VALUATION
							Sq. ft.	Bui
							Sq. ft.	Pat
							Sq. ft.	Gas
							Sq. ft.	Car
							Sq. ft.	Por
							Sq. ft.	

REMARKS **This permit is not valid for the installation of pipeline in certain areas. Refer to approved alignment sheets and Richard K. Shogren's letter dated June 6, 1986 for specifics. (ALIGNMENT SHEETS # 014 THROUGH 019)**

NOTICE (Please check appropriate box in each paragraph)

THIS PERMIT BECOMES NULL AND VOID if work or construction authorized is not commenced within 180 days from date of issuance, or work is suspended or abandoned for a period of 180 days any time after work is commenced.

(1a) I certify that I am licensed under the State Contractor's License Law and my contractor's license is in full force and effect; or

(1b) I certify that I am exempt from Business and Professions Code #7031.5 under: #7044—Owner/builder, #7048—Price of labor and material less than \$200, or Other _____

AND

(2a) I certify that I have on file with the County of Santa Barbara—Building & Safety a certificate of workers' compensation insurance: Insurer **W.C. on file** Policy # _____, Expiration date _____, or a Certificate of Consent to self-insure by the Director of Industrial Relations; or

(2b) I certify that I am exempt under Labor Code #3800 because: the permit is for work of \$100 or less, or that in the performance of the work for which this permit is issued, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California.

AND

I certify that I have read this application and declare under penalty of perjury that the information contained herein is true, correct and complete. I agree to comply with all county ordinances and state laws relating to building construction, and hereby authorize representatives of this county to enter with the owner's full knowledge and consent.

Executed at County of Santa Barbara on **June 9, 1986** **Timothy Cohen**
Owner or Contractor

APPROVALS	DATE APPROVED	APPROVED BY	REMARKS	PLAN CHECK DATE REC'D/FEE P
TRANSPORTATION				
HEALTH DEPT.				
ER DISTRICT				
FIRE DEPT.				
SANITARY DISTRICT				PLANS APPROVED BY
LAND USE			85-DA-66 C2; LUP #2	VALUATION:
FLOOD CONTROL				

Coastal Devel. Permit No. 86-CDP-205
Building Permit No. # 114386

COASTAL DEVELOPMENT PERMIT

On August 5, 1986, The Resource Management Department of the County of Santa Barbara granted to Celeron Pipeline Company of California this permit, VALID FOR ONE YEAR, for the development described below, subject to the attached standard conditions, and the listed special conditions, if any.

Approved project: Remainder of all construction activities for the Celeron Pipeline project as approved by 85-DP-66cz, in the area described below.

Parcel # and Project Address: Gaviota State Park (survey station #1725+40) to the Gaviota pump station.

Special conditions: The project description, pipeline route, conditions and plans required pursuant to those conditions described by the approved Final Development Plan 85-DP-66cz are incorporated herein by reference as terms of this permit.

No construction activities are allowed in the area of the Refugio Manzanita until an approved revegetation plan is obtained.

Note:

1. The approval of this project shall not be held to permit or to be an approval of a violation of any provision of any County Ordinance or State Law.

see over

2. Action of the Resource Management Department on this Coastal Development Permit shall become final after ten (10) calendar days of the approval date during which time an appeal may be filed in accordance with Sec. 35-182.2 (Appeals) of the Coastal Zoning Ordinance.

IMPORTANT: THIS PERMIT IS NOT VALID UNLESS AND UNTIL WHITE COPY OF THE PERMIT WITH THE SIGNED ACKNOWLEDGEMENT HAS BEEN RETURNED TO RESOURCE MANAGEMENT. PINK COPY MUST BE POSTED IN A PROMINENT PLACE ON THE SUBJECT PROPERTY

Approved By:

[Signature]
(Signature)

August 5, 1986
(Date)

Acknowledgement: The undersigned permittee acknowledges receipt of this permit and agrees to abide by all terms and conditions thereof.

William Bennett
(Signature)

8/5/86
(Date)

RESOURCE MANAGEMENT DEPARTMENT 123 E. ANAPAMU ST. SANTA BARBARA 93101
8146R 963-7135

White-return Yellow-applicant copy Pink-post on property Goldenrod-file copy

STANDARD CONDITIONS

1. Notice of Receipt and Acknowledgement: The permit is not valid and construction shall not commence until a copy of the permit, signed by the permittee or authorized agent, acknowledging receipt of the permit and acceptance of the terms and conditions, is returned to the Resource Management Department.
2. Expiration: If construction has not commenced, the permit will expire one year from the date on which the Resource Management Department issued the permit. Construction shall be pursued in a diligent manner and completed in a reasonable period of time. Application for extension of the permit must be made prior to the expiration date.
3. Compliance: All construction must occur in strict compliance with the proposal set forth in the application for permit, subject to any special conditions as listed. Any deviation from the approved plans must be reviewed and approved by the staff.
4. Interpretation: Any question of intent or interpretation of any condition will be resolved by the Director of Resource Management. The permit may be assigned to any qualified person provided assignee files with the Resource Management Department an affidavit accepting all terms and conditions of the permit.
5. Terms and Conditions Run with the Land: These terms and conditions shall be perpetual, and it is the intention of the Resource Management Department and the permittee to bind all future owners and possessors of the subject property to the terms and conditions.

-WARNING-

THE ISSUANCE OF THIS LAND USE PERMIT IS SUBJECT TO APPEAL TO THE PLANNING COMMISSION/BOARD OF SUPERVISORS BY ANY INTERESTED PERSON ADVERSELY AFFECTED BY THE DECISION FOR A PERIOD OF TEN (10) CALENDAR DAYS FOLLOWING THE ISSUANCE OF THIS PERMIT. ANY CONSTRUCTION OR OTHER USE OF THIS PERMIT IS AT THE SOLE RISK AND EXPENSE OF THE APPLICANT, IN THE EVENT THAT AN APPEAL OR LAWSUIT ULTIMATELY RESULTS IN DENIAL OR RECONDITION OF THE PROJECT.

Coastal Devel. Permit No. 85-CP-187
Building Permit No. 851458

COASTAL DEVELOPMENT PERMIT

On July 29, 1985 The Resource Management Department of the County of Santa Barbara granted to Caloron Pipeline Company of California this permit, VALID FOR ONE YEAR, for the development described below, subject to the attached standard conditions, and the listed special conditions. Approved project: clearing, grading and trenching activities for Caloron Project as approved by 85-DP-66cs, in the area described below. Parcel # and Project Address: Navioia State Park (survey station #1725-30) to pump station.

Special conditions: 1. The project description, pipeline route, conditions and plans required pursuant to these conditions described by the approved Final Development Plan 85-DP-66cs are incorporated herein by reference as terms of this permit.

2. This permit excludes all activities relating to pumpstations, river crossings, pipe stringing, welding, and any other activity not normally performed by the clearing, grading and trenching construction crew.

Note:

1. The approval of this project shall not be held to permit or to be an approval of a violation of any provision of any County Ordinance or State Law.

see OK

2. Action of the Resource Management Department on this Coastal Development Permit shall become final after ten (10) calendar days of the approval date during which time an appeal may be filed in accordance with Section 35-182.2 (Appeals) of the Coastal Zoning Ordinance.

IMPORTANT: THIS PERMIT IS NOT VALID UNLESS AND UNTIL WHITE COPY OF THE PERMIT WITH THE SIGNED ACKNOWLEDGEMENT HAS BEEN RETURNED TO RESOURCE MANAGEMENT. THE COPY MUST BE POSTED IN A PROMINENT PLACE ON THE SUBJECT PROPERTY.

Approved By:

Deanne Gignan
(Signature)

7/27/86
(Date)

Acknowledgement: The undersigned permittee acknowledges receipt of this permit and agrees to abide by all terms and conditions thereof.

William Kenneth
(Signature)

7/27/86
(Date)

RESOURCE MANAGEMENT DEPARTMENT 123 E. ANAPAMU ST. SANTA BARBARA 93101
8146R 963-7135

White-return Yellow-file copy Pink-post on property Goldenrod-applicant copy

STANDARD CONDITIONS

1. **Notice of Receipt and Acknowledgment:** The permit is not valid and construction shall not commence until a copy of the permit, signed by the permittee or authorized agent, acknowledging receipt of the permit and acceptance of the terms and conditions, is returned to the Resource Management Department.
2. **Expiration:** If construction has not commenced, the permit will expire one year from the date on which the Resource Management Department issued the permit. Construction shall be pursued in a diligent manner and completed in a reasonable period of time. Application for extension of the permit must be made prior to the expiration date.
3. **Compliance:** All construction must occur in strict compliance with the proposal set forth in the application for permit, subject to any special conditions as listed. Any deviation from the approved plans must be reviewed and approved by the staff.
4. **Interpretation:** Any question of intent or interpretation of any condition will be resolved by the Director of Resource Management. The permit may be assigned to any qualified person provided assignee files with the Resource Management Department an affidavit accepting all terms and conditions of the permit.
5. **Terms and Conditions Run with the Land:** These terms and conditions shall be perpetual, and it is the intention of the Resource Management Department and the permittee to bind all future owners and possessors of the subject property to the terms and conditions.

WARNING

THE ISSUANCE OF THIS LAND USE PERMIT IS SUBJECT TO APPEAL TO THE PLANNING COMMISSION/BOARD OF SUPERVISORS BY ANY INTERESTED PERSON ADVERSELY AFFECTED BY THE DECISION FOR A PERIOD OF TEN (10) CALENDAR DAYS FOLLOWING THE ISSUANCE OF THIS PERMIT. ANY CONSTRUCTION OR OTHER USE OF THIS PERMIT IS AT THE SOLE RISK AND EXPENSE OF THE APPLICANT, IN THE EVENT THAT AN APPEAL OR LAWSUIT ULTIMATELY RESULTS IN DENIAL OR RECONDITION OF THE PROJECT.

10129 29402AS

EXHIBIT B



COURT HOUSE

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY

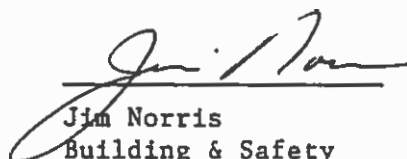
123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101

August 5, 1986

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL
963-7116, EXT. 7582

CELERON PIPELINE
AUTHORITY TO CONSTRUCT

This letter is valid for the remainder of all construction activities applicable to the crossing of the South Cuyama Fault Crossing indicated on alignment sheet CE-014, Building Permit #113563. Effective: August 5, 1986.


Jim Norris
Building & Safety



COURT HOUSE

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY

123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101

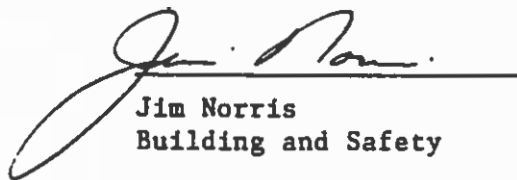
August 11, 1986

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL
963-7116, EXT. 7582

CELERON PIPELINE
AUTHORITY TO CONSTRUCT

This letter is valid for Pipeline Construction from the Sisquoc River to Sta. 270+00. (Sisquoc Slide area) It is our opinion that the Pipeline may traverse the area without undue hazard if trenched, laid and backfilled in accordance with approved plans. (See Attached Richard Shogren letter dated August 8, 1986)

Effective: August 11, 1986
Permit #: 113563
Drawing: CE 009


Jim Norris
Building and Safety

RICHARD K. SHOGREN, P.E.
Consulting Civil Engineer
(714) 636-1620

August 8, 1986

File No. L0808170

COPY

Mr. Jim Norris
Santa Barbara County
DPW - Division of Building & Safety
123 East Anapamu Street
Santa Barbara, CA 93101

Re: Sisquoc Slide Area

Dear Jim:

We have completed our review of additional documentation provided to aid assessment of the Sisquoc Slide area, and it is our opinion that the pipeline may traverse this area without undue hazard if trenched, laid and backfilled in accordance with approved plans.

Our opinion is based on the following:

1. Careful scrutiny of the area using 1:1000 scale stereo pairs provided by County Flood Control.
2. Examination of 1:400 scale aerial photographs.
3. Handwritten commentary by T.W. Dibblee Jr. dated Aug. 6, 1986.

It is our opinion, in which the County Geologist concurs, that the area in question is composed of deposits which can be reasonably considered as at least moderately stable.

We further concur, based on the evidence at hand, that the Foxen Canyon Fault in the immediate vicinity to the east of the pipeline right-of-way is inactive and does not present a significant hazard to the pipeline.

We therefore recommend that the "HOLD" on pipeline construction activities in this area be removed, and the applicant be authorized to proceed without further delay.

Yours very truly,


Richard K. Shogren P.E.
Principal

COPY

cc: F. Breckenridge
R. Coudray
M. Scott

B. Cilweck
J. Hobbs
D. Schwantes

T. Cohen - Celeron
D. Bennett - "

EXHIBIT B



COURT HOUSE

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY

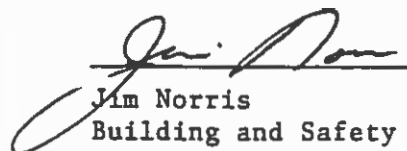
123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101

August 28, 1986

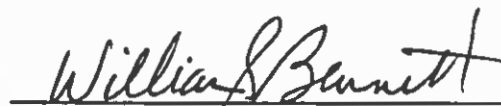
FRANK L. BRECKENRIDGE
BUILDING OFFICIAL
963-7116, EXT. 7582

This Authority to Construct Letter is valid for pipeline construction (horizontal boring) activities associated with the Santa Ynez River Crossing. All conditions apply to this approval per Richard Shogren's attached letter dated August 28, 1986.

Effective: August 28, 1986
Permit #: 113563
Drawing: CED-10
(Geohazards Mark-up)



Jim Norris
Building and Safety



Authorized Representative

RICHARD K. SHOGREN, P.E.
Consulting Civil Engineer
(714) 636-1620

August 27, 1986

File No. L0827170

Mr. Jim Norris
Santa Barbara County
DPW - Division of Building & Safety
123 East Anapamu Street
Santa Barbara, CA 93101

Re: Celeron/AAPL Horizontal Boring - Santa Ynez River Crossing

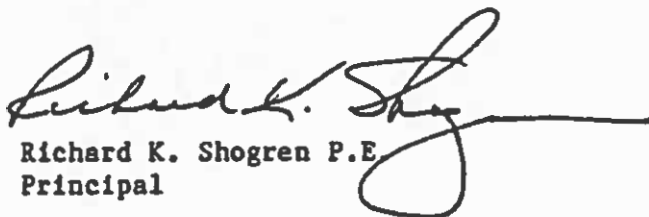
Dear Jim:

This will confirm our telephone discussion regarding our general approval of Celeron's proposal to change the pipeline crossing of the Santa Ynez River from ditching to a horizontal boring operation. To aid in our decision, we were supplied with a markup of Geohazards CED-10, which indicated the new alignment and location of the drill pits. Celeron also furnished a handwritten report of test well data by Stang Hydronics, as well as a copy of the Environmental Assessment prepared by Celeron. We find that these documents reasonably reflect the conditions expected and the approach to construction, and we recommend approval with the following conditions:

1. No additives are to be used in the drilling mud without prior written approval by Resource Management with concurrence, also in writing, by the technical consultants and staff of Building & Safety.
2. Drilling pressures shall not be so high as to generate seeps, sand boils, mud flows or other disturbance to the environment.
3. Construction monitoring by County staff and consultants to be unrestricted.
4. Construction & restoration plans to be acceptable to RMD.

If you have any further questions, please contact me at your convenience.

Yours very truly,



Richard K. Shogren P.E.
Principal

cc: F. Breckenridge
M. Scott

B. Cilweck
J. Hobbs
D. Schwantes

J. Stahl - Celeron



COURT HOUSE

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY

123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101

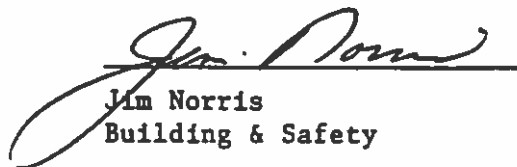
September 3, 1986

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL
963-7116, EXT. 7582

AUTHORITY TO CONSTRUCT

This Authority to Construct Letter is valid for pipeline construction activities associated with the "Unnamed" Fault Crossing. All conditions apply to this approval per Richard Shogren's attached letter dated September 1, 1986. (L0901170)

Effective: September 3, 1986
Permit #: 113563


Jim Norris
Building & Safety


Authorized Representative

RICHARD K. SHOGREN, P.E.
Consulting Civil Engineer
(714) 836-1620

September 1, 1986

File No. L0901170

Mr. Jim Norris
Santa Barbara County
DPW - Division of Building & Safety
123 East Anapamu Street
Santa Barbara, CA 93101

Re: Geotechnical Report for Unnamed Fault Crossing

Dear Jim:

We are in receipt of, and have completed our review of GTC's report concerning the observations made in the pipe trench stations approximately 1689+ to 1762+, which extends from the southern end of Las Cruces Ranch into Gaviota State Park. Ray Coudray and Blase Cilweck have inspected the trench, and their findings and opinions agree in general with those presented by GTC.

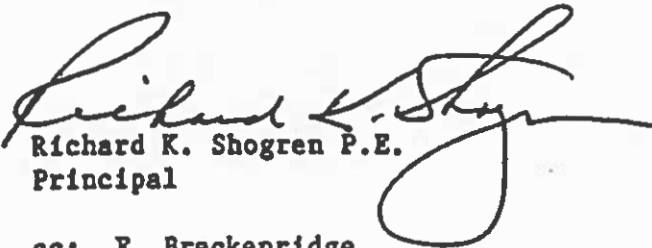
It is our opinion then that the report fairly represents the conditions which exist and that the fault activity potential is nonexistent to very slight, and that no special mitigative measures are necessary other than as described in the report for the section from Survey Station 1702+ to the creek bed at Survey Station 1698+, wherein it is recommended that the pipe be buried below the weathered zone of Sacate shale.

We therefore recommend that the HOLD be removed from this portion of the pipeline and Celeron be permitted to proceed with their pipe laying and backfill.

We recommend that special inspection by County representatives be given to the deeper trench prior to placement of the pipe and backfill in this segment.

If there are any questions, please call us at your convenience.

Yours very truly,



Richard K. Shogren P.E.
Principal

cc: F. Breckenridge
M. Scott

B. Gilweck
J. Hobbs
D. Schwantes

T. Cohen - Celeron
J. Stahl - "



COURT HOUSE

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY

123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101

November 4, 1986

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL
963-7116, EXT. 7582

ALL AMERICAN PIPELINE CO.

AUTHORITY TO CONSTRUCT

Cuyama Fault Crossing

This Authority to Construct Letter is valid for Phase I work, which includes installation of select backfill and 18 inches of native material. All other construction activities will remain on HOLD until appropriate plans are submitted and approved by the County of Santa Barbara and the U.S. Forestry Service.

Effective: November 3, 1986
Permit #: 113563


Jim Norris
Building & Safety


Authorized Representative



PUBLIC WORKS
BUILDING & GRADING DIVISION
COUNTY OF SANTA BARBARA

PERMIT NO.
113841

VALIDATION
EXHIBIT B

SANTA BARBARA 963-7116

LOMPOC 736-5621

SOLVANG 688-5544

SANTA MARIA 937-6325

Date of Application **6-5-86**

WHEN PROPERLY VALIDATED THIS IS YOUR PERMIT

PROJECT ADDRESS <i>NORTH OF FRENCH CANYON RD ON MOUNTAIN ROAD PASS - NEEA - SEE MAP</i>		ASSESSOR PARCEL NO. Refer to Pipeline Alignment Sheets
APPLICANT: <input type="checkbox"/> OWNER: <input type="checkbox"/> CONTRACTOR <input type="checkbox"/> AUTHORIZED AGENT <input type="checkbox"/> LEASEE		
OWNER'S NAME: Caleron Pipeline Company of California		PHONE: 683-5627
ADDRESS: 4213 State Street	CITY: S. Barbara	ZIP: 93130
CONTRACTOR'S NAME: Gregory & Cook		PHONE: (805) 9289494
ADDRESS: 5624 S. Union St.	CITY: Bakersfield	STATE LIC. NO.: 452155
ARCHITECT/DESIGNER OR ENGINEER: MARK MAL		PHONE: 714
ADDRESS: 6415 Katella Ave.	CITY: Cypress	STATE LIC. NO.: 90630
LENDER:		
CLASS OF WORK:	<input type="checkbox"/> NEW <input type="checkbox"/> ALTERATION <input type="checkbox"/> ADDITION <input type="checkbox"/> MOVE <input type="checkbox"/> DEMOLITION <input type="checkbox"/> REPAIR	<input type="checkbox"/> PIPELINE
USE OF BLDG:	<input type="checkbox"/> RETAIL <input type="checkbox"/> OFFICE <input type="checkbox"/> RESTAURANT <input type="checkbox"/> OTHER	<input type="checkbox"/> S.F. DWG. <input type="checkbox"/> DUPLEX <input type="checkbox"/> APARTMENT <input type="checkbox"/> CONDOMINIUM Commercial
ISSUED BY: JN		

High Fire Area	Fire Sprinklers Req. Yes No	Type of Const.	Occup. Group	No. of Bedrms.	No. of Stores	No. of Units	AREA	VALUATION
ELECTRICAL	PLUMBING	MECHANICAL	GRADING				Sq. ft.	B
Temp. Service	Traps	Sq. Ft. Dwg.	Cubic Yards Earth				Sq. ft.	P
Service	Water Heater	Heating Appl.	Fill				Sq. ft.	G
Sq. Ft. Building	Water Piping	Appl. Vents	Excavation				Sq. ft.	C
Sq. Ft. Garage	Septic System	Cooling Appl.	Grading				Sq. ft.	P
	Gas Outlets	Incid. Gas					Sq. ft.	

REMARKS
Alignment Sheets 8, 6, 5, and 4 are permitted for stringing and laying. (refer Richard Shogren letter dated June 19th and July 11) Alignment Sheet CE-007 is approved solely per Richard Shogren letter dated June 20, 1986 which is attached and made part of this construction permit.

NOTICE (Please check appropriate box in each paragraph) **tion permit.**
THIS PERMIT BECOMES NULL AND VOID if work or construction authorized is not commenced within 180 days from date of issuance, or work is suspended or abandoned for a period of 180 days any time after work is commenced.

(1a) I certify that I am licensed under the State Contractor's License Law and my contractor's license is in full force and effect; or
 (1b) I certify that I am exempt from Business and Professions Code #7031.5 under: #7044—Owner/builder, #7048—Price of labor and material less than \$200, or Other _____

AND
 (2a) I certify that I have on file with the County of Santa Barbara—Building & Safety a certificate of workers' compensation insurance: Insurer **W.C. on file** Policy # _____, Expiration date _____, or a Certificate of Consent to self-insure by the Director of Industrial Relations; or

(2b) I certify that I am exempt under Labor Code #3800 because the permit is for work of \$100 or less or that in the performance of the work for which this permit is issued, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California.

AND
I certify that I have read this application and declare under penalty of perjury that the information contained herein is true, correct and complete. I agree to comply with all county ordinances and state laws relating to building construction, and hereby authorize representatives of this county to enter with the owner's full knowledge and consent.

Executed at County of Santa Barbara on 7/15/86 William Bennett
Owner or Contractor

DEPARTMENT USE ONLY				
APPROVALS	DATE APPROVED	APPROVED BY	REMARKS	PLAN CHECK DATE REC'D/FEE
TRANSPORTATION				
HEALTH DEPT.				
WATER DISTRICT				
FIRE DEPT.				
SANITARY DISTRICT				PLANS APPROVED BY
LAND USE				VALUATION:
FLOOD CONTROL				

RICHARD K. SHOGREN, P.E.
Consulting Civil Engineer
(714) 636-1620

June 19, 1986

File No. L0619170

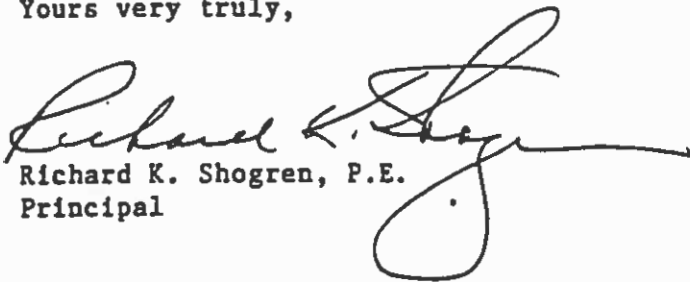
Mr. Jim Norris
Santa Barbara County
DPW - Division of Building & Safety
123 East Anapamu Street
Santa Barbara, CA 93101

Re: Review of Celeron Alignment Sheet CE-008

Dear Jim:

We have received and completed our review of Celeron's alignment sheet CE-008 Revision 0, issued for construction and find that this is in accordance with the current agreements. We have no particular reservations on this alignment sheet and recommend that Celeron be authorized to proceed with their pipe stringing and laying activities in this segment. Four approved copies of this alignment sheet are enclosed.

Yours very truly,


Richard K. Shogren, P.E.
Principal

cc:/(w/o enclosures)
F. Breckenridge
M. Scott

D. Schwantes

D. Bennett - Celeron
T. Cohen - Celeron

JOB COPY OF PLANS
SHEET NO. 27 OF 31 SHEETS
THESE PLANS TO BE ON JOB
AT ALL TIMES.
COUNTY OF SANTA BARBARA
Building Department

EXHIBIT B

RICHARD K. SHOGREN, P.E.
Consulting Civil Engineer
(714) 636-1620

July 11, 1986

File No. L0711170

Mr. Jim Norris
Santa Barbara County
DPW - Division of Building & Safety
123 East Anapamu Street
Santa Barbara, CA 93101

Re: Celeron/AAPL Alignment Sheets 4, 5 & 6

Dear Jim:

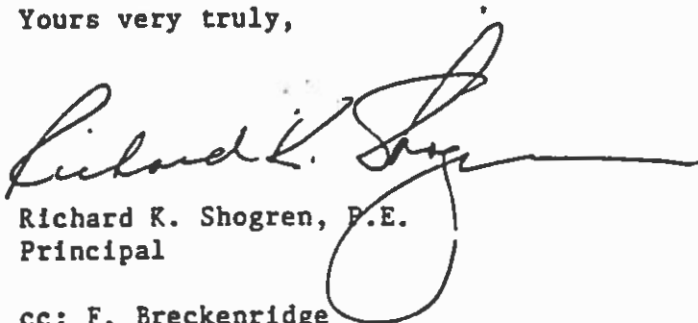
We have completed our review of the following Celeron Alignment Sheets:

<u>DRAWING NO.</u>	<u>REV.</u>
CE 004	0
CE 005	0
CE 006	1

We find that they are in conformance with accepted engineering practice and applicable County ordinances and recommend granting of authorization to proceed with pipeline trenching, stringing, laying, and backfilling activities, there being no identified geohazards for these segments.

Please call me if you have any questions or comments regarding this recommendation.

Yours very truly,



Richard K. Shogren, P.E.
Principal

cc: F. Breckenridge
M. Meissner
M. A. Scott
J. Hobbs
D. Schwantes
T. Cohen - Celeron

JOB COPY OF PLANS
"ATTACHED" TO
Plan Sheets 4, 5 & 6
SHEET NO. OF
THESE PLANS TO BE ON JOB
AT ALL TIMES.
COUNTY OF SANTA BARBARA
Building Department

EXHIBIT B

RICHARD K. SHOGREN, P.E.
Consulting Civil Engineer
(714) 636-1620

June 20, 1986

File No. L0620170

Mr. Jim Norris
Santa Barbara County
DPW - Division of Building & Safety
123 East Anapamu Street
Santa Barbara, CA 93101

Re: Celeron Pipeline - Alignment Sheet CE-007

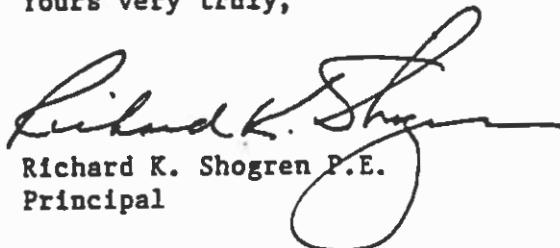
Mr. Jim:

We have received this date, and completed our review of Alignment Sheet CE-007 Rev. 0 covering that portion of the pipeline between M.P. 30 and M.P. 36 (approximately).

We recommend that Celeron be authorized to proceed with clearing and trenching to Sta. 845 + 00 (the southerly matchline), and pipe stringing and lowering-in to no farther south than U.S. Highway 101 (Sta. 802 + 92) until the Los Alamos Fault Zone (from the highway to about Sta. 817 + 00) has been thoroughly reviewed and approved by the County Geologist, Mr. Coudray, and our geotechnical consultant, Mr. Schwantes.

Four copies of Alignment Sheet CE 007 Rev. 0 are enclosed with "HOLD" marked on the fault zone.

Yours very truly,



Richard K. Shogren P.E.
Principal

cc: F. Breckenridge
R. Coudray

M. Scott

D. Schwantes
J. Hobbs

T. Cohen - Celeron

JOB COPY OF PLANS

SHEET NO. 50 OF _____ SHEETS

THESE PLANS TO BE ON JOB
AT ALL TIMES.

COUNTY OF SANTA BARBARA
Building Department



COURT HOUSE

COURTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY

123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101

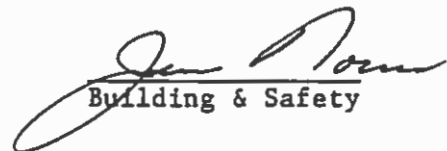
August 5, 1986

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL
963-7116, EXT. 7582

CÉLERON PIPELINE
AUTHORITY TO CONSTRUCT

This letter is valid for the remainder of all construction activities applicable to the crossing of the Los Alamos Fault indicated on alignment sheet CE-007, Building Permit #113841. Effective: August 5, 1986.

Jim Norris
Building & Safety


Building & Safety



**PUBLIC WORKS
BUILDING & GRADING DIVISION
COUNTY OF SANTA BARBARA**

**PERMIT NO.
114386**

VALIDATIC

EXHIBIT B

SANTA BARBARA
983-7118

LOMPOC
736-5621

SOLVANG
688-5544

SANTA MARIA
937-8325

Date of Application 6-27-86

WHEN PROPERLY VALIDATED THIS IS YOUR PERMIT

PROJECT ADDRESS Caviota State Park to Seyrey Station 1520+00 (see Remarks)		ASSESSOR PARCEL NO. Refer to Pipeline Alignment Sheets	
APPLICANT: <input checked="" type="checkbox"/> OWNER <input type="checkbox"/> CONTRACTOR <input type="checkbox"/> AUTHORIZED AGENT <input type="checkbox"/> LEASEE		with extension to Caviota Pump Station	
OWNER'S NAME: Celoron Pipeline Company of California		PHONE: 683-5627	
ADDRESS: 4213 State Street		CITY: S. Barbara ZIP: 93130	
CONTRACTOR'S NAME: Gregory and Cook, Inc.		PHONE: (805) 922-1793	
ADDRESS: 1565-E East Betteravia Rd.		CITY: Santa Maria ZIP: 93454 STATE LIC. NO. 452155	
ARCHITECT/DESIGNER OR ENGINEER: Harmac		PHONE: (714) 220-3200 STATE LIC. NO. 282668	
ADDRESS: 6415 Katella Ave.		CITY: Cypress ZIP: 90630	
LENDER:		9503 01 1 07/29	
CLASS OF WORK: <input type="checkbox"/> NEW <input type="checkbox"/> ALTERATION <input type="checkbox"/> ADDITION		USE OF BLDG: <input type="checkbox"/> RETAIL <input type="checkbox"/> S.F. DWG. <input type="checkbox"/> CONDOMINIUM	
<input type="checkbox"/> MOVE <input type="checkbox"/> DEMOLITION <input type="checkbox"/> REPAIR		<input type="checkbox"/> OFFICE <input type="checkbox"/> DUPLEX <input type="checkbox"/> APARTMENT	
<input checked="" type="checkbox"/> Grading - Pipeline		<input type="checkbox"/> RESTAURANT <input type="checkbox"/> OTHER Commercial	
ISSUED BY: JH			

High Fire Area	Fire Sprinklers Req. Yes No	Type of Const.	Occup. Group	No. of Bedrms.	No. of Stories	No. of Units	AREA	VALUATION
ELECTRICAL		PLUMBING		MECHANICAL		GRADING	Sq. ft.	BI
Temp. Service		Traps		Sq. Ft. Dwg.		Cubic Yards Earth		Pa
Service		Water Heater		Heating Appl.	21150	Fill		G
Sq. Ft. Building		Water Piping		Appl. Vents	21950	Excavation		C
Sq. Ft. Garage		Septic System		Cooling Appl.	21950	Grading		Pa
		Gas Outlets		Incid. Gas				

REMARKS This Permit Valid for Clearing, Grading and Trenching Only with "Hold" areas as indicated per Richard Shogren's attached letter dated July 28, 1986. \$ 10,000. Single - Excavation Bond. Bond No. 28100260224. Approved areas indicated on Drawing CE 003-0. Permit covers from survey station 1725+40 to 1520+00 with extension to Caviota Pump Station with Authority to Construct Letter.

NOTICE (Please check appropriate box in each paragraph)
THIS PERMIT BECOMES NULL AND VOID IF WORK OR CONSTRUCTION AUTHORIZED IS NOT COMMENCED WITHIN 180 DAYS FROM DATE OF ISSUANCE, OR WORK IS SUSPENDED OR ABANDONED FOR A PERIOD OF 180 DAYS ANY TIME AFTER WORK IS COMMENCED.

- (1a) I certify that I am licensed under the State Contractor's License Law and my contractor's license is in full force and effect; or
- (1b) I certify that I am exempt from Business and Professions Code #7031.5 under: #7044—Owner/builder, #7048—Price of labor and material less than \$200, or Other _____

AND

(2a) I certify that I have on file with the County of Santa Barbara—Building & Safety a certificate of workers' compensation insurance: Insurer **W.C/ on file**, Policy # _____, Expiration date _____, or a Certificate of Consent to self-insure by the Director of Industrial Relations, or

(2b) I certify that I am exempt under Labor Code #3800 because: the permit is for work of \$100 or less, or that in the performance of the work for which this permit is issued, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California

AND

I certify that I have read this application and declare under penalty of perjury that the information contained herein is true, correct and complete. I agree to comply with all county ordinances and state laws relating to building construction, and hereby authorize representatives of this county to enter with the owner's full knowledge and consent.

Executed at County of Santa Barbara on _____

Owner or Contractor

DEPARTMENT USE ONLY

APPROVALS	DATE APPROVED	APPROVED BY	REMARKS	PLAN CHECK DATE REC'D/FEE
TRANSPORTATION				
HEALTH DEPT.				
WATER DISTRICT				
FIRE DEPT.				
SANITARY DISTRICT				PLANS APPROVED BY
LAND USE	<i>Erin Craig</i>	<i>7/29/86</i>	<i>86-CDP-189</i>	VALUATION:
FLOOD CONTROL				\$ 43,900.

RICHARD K. SHOGREN, P.E.
Consulting Civil Engineer
(714) 636-1620

MADE PART OF
PERMIT #114386

PERMIT #114386

File No. L0728170

July 28, 1986

THIS APPROVAL LETTER ~~APPLIES~~
APPLIES ONLY TO CLEARING,
GRADING & TRENCHING ACTIVITIES.
AUTHORITY TO CONSTRUCT LATTER WILL
FOLLOW TO APPROVE ADDITIONAL
CONSTRUCTION ACTIVITIES.

Mr. Jim Norris
Santa Barbara County
DPW - Division of Building & Safety
123 East Anapamu Street
Santa Barbara, CA 93101

JIM NORRIS
7/29/86

Re: Celeron/AAPL Alignment Sheet CE-003 Revision 0

Dear Jim:

We have completed our review of Celeron Alignment Sheet CE-003, Revision 0, and its accompanying Right-of-Way Supplemental Sheet 03A. In the course of our review, we identified several areas which required additional information, and which were discussed with Duke Bennett and Tim Cohen of Celeron:

1. The pipeline crosses a Southern California Gas pipeline at approximately Mile Post 14, and again a short distance past Mile Post 13, between Mile Post 12 and Mile Post 13. No detail is shown on the plan for the depth-of-burial, nor have any instructions been furnished indicating the coordination required between Southern California Gas Company and Celeron/AAPL pipeline personnel. Celeron stated that they will furnish us with depth-of-burial and construction coordination instructions for these crossings.
2. The pipeline now crosses Highway 1, in the cased mode, which we approve and believe appropriate for this location.
3. No special design has been provided for the crossing of the South Branch of the Santa Ynez Fault. Celeron agrees that this is an active fault and advised special crossing design will be furnished to us shortly. Pending receipt and review, we recommend that the activities between Mile Post 11 and Mile Post 12 be placed on "HOLD".

TRENCHING O.K.
BUT RKS WANTS TO
O.K. DESIGN PRIOR
TO LAYING OF
PIPE.

J. NORRIS
7/29/86

JOB COPY OF PLANS

part of permit #114386

SHEET NO. _____ OF _____ SHEETS

THESE PLANS TO BE ON JOB
AT ALL TIMES.

COUNTY OF SANTA BARBARA

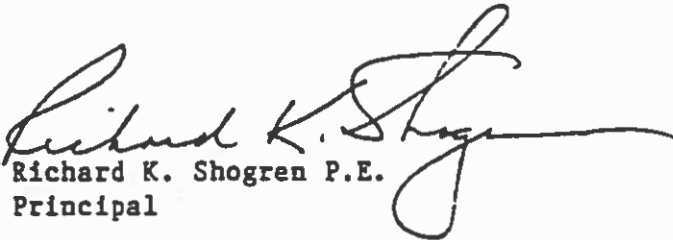
Building Department

We otherwise approve the alignment sheet as presented and recommend that Celeron be permitted to commence their pipe laying activities as defined on this sheet with the exceptions noted. These HOLDS will be removed when the the requested information has been reviewed and approved.

Enclosed are five approved Alignment Sheets CE-003, and Supplemental Sheets 03A.

Please call me if you have any questions.

Yours very truly,



Richard K. Shogren P.E.
Principal

cc: F. Breckenridge
R. Coudray

M. Scott
E. Craig

B. Cilweck
J. Hobbs
D. Schwantes

D. Bennett - Celeron
T. Cohen - "

EXHIBIT B



COURT HOUSE

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY

123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101

August 5, 1986

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL
963-7116, EXT. 7582

CELERON PIPELINE
AUTHORITY TO CONSTRUCT

This letter is valid for the remainder of all construction activities from Gaviota State Park to Gaviota Pump Station. (Excluding the crossing of the Santa Ynez Fault). Effective: August 5, 1986.
Permit #114386

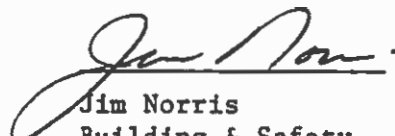

Jim Norris
Building & Safety

EXHIBIT B

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY

123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101

October 3, 1986

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL
963-7116, EXT. 7582

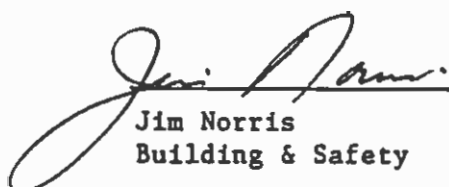


COURT HOUSE

AUTHORITY TO CONSTRUCT

This letter is valid for the remainder of all construction activities associated with the Santa Ynez Fault Crossing on Celeron alignment sheet CE-003. (See attached Richard Shogren letter dated October 1, 1986.)

Effective: October 3, 1986
Permit Number: 114386


Jim Norris
Building & Safety


Authorized Representative

RICHARD K. SHOGREN, P.E.
Consulting Civil Engineer
(714) 638-1620

October 1, 1986

File No. L1001170

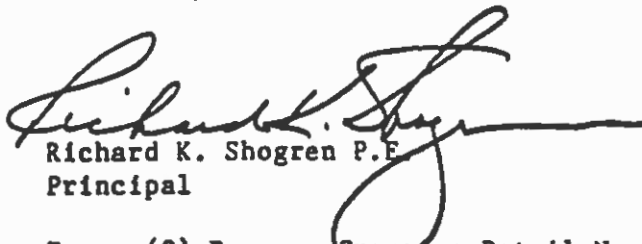
Mr. Jim Norris
Building and Safety
Oil and Gas Projects
1311 Anacapa St., Suite 32
Santa Barbara, CA 93101

Re: Celeron/AAPL Santa Ynez Fault Crossing Detail No. 213

Dear Jim:

We have reviewed the Celeron/AAPL Fault Crossing Detail No. 213, Revision 2, issued for the south branch of the Santa Ynez Fault. We have not seen this detail before, although we had discussed it with Celeron and Marmac personnel. We believe that the design shown should prove satisfactory for the fault crossing, and we recommend approval of this plan and incorporation into the construction without further qualification.

Yours very truly,



Richard K. Shogren P.E.
Principal

Enc: (2) Dwgs. - Crossing Detail No. 213, Rev. 2

cc: F. Breckeneridge (w/o enclosure)

M. Scott "

R. Coudray "

B. Cilweck - (1 Dwg. Detail 213, Rev. 2)

J. Hobbs - (1 Dwg. Detail 213, Rev. 2)

D. Schwantes - (1 Dwg. Detail 213, Rev. 2)

T. Cohen - Celeron (w/o enclosure)

L. Hager - Marmac (w/o enclosure)

EXHIBIT B

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY



COURT HOUSE

123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101

November 4, 1986

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL
963-7116, EXT. 7582

ALL AMERICAN PIPELINE CO.

AUTHORITY TO CONSTRUCT

Santa Ynez Fault Crossing

This Authority to Construct Letter is valid for raising of pipe as necessary below right of way grade and compacting of fill under the pipe. Foaming and backfill will remain on Hold.

Appropriate plans will be submitted and approved by Richard Shogren.

Effective: November 4, 1986
Permit #: 114386


Jim Norris
Building & Safety


Authorized Representative



COURT HOUSE

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY

123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101

December 1, 1986

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL
963-7116, EXT. 7582

ALL AMERICAN PIPELINE COMPANY

AUTHORITY TO CONSTRUCT

Addendum to Santa Ynez Fault Crossing Design

This letter is valid for placement of foam at Santa Ynez Fault Crossing pursuant to general notes as approved by Richard K. Shogren on November 6, 1986 (Attached).

Further work involving movement of excess spoil to a predetermined site in order to achieve the approved fault design will require submittal of a written plan.

Effective: December 2, 1986
Permit #: 114386

David Inger
Building & Safety

Authorized Representative



COURT HOUSE

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY

123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101

December 9, 1986

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL
963-7116, EXT. 7582

ALL AMERICAN PIPELINE COMPANY

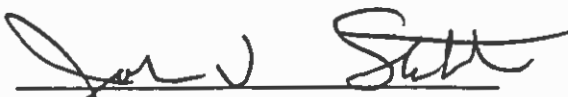
AUTHORITY TO CONSTRUCT

Santa Ynez Fault Crossing

This Authority to Construct letter will serve as final release for construction work on the Santa Ynez Fault. This release is subject to the following conditions:

1. Spoil may be placed in the ditch to shorten the width of foam to that shown on the previously approved drawing. Spoil does not need to be compacted.
2. On slopes of 5:1 or greater at 100 foot intervals, the foam should be extended across the width of the ditch to form a foam ditch plug. These ditch plugs should be at least 24 inches thick and should be no higher than the foam along the pipe.
3. All excess spoil shall be moved to the spoil disposal site approved by State Parks. Soil will be compacted to 80% on slopes of 4:1 or less and to 85% on slopes greater than 4:1. The disposal area shall be re-vegetated to the satisfaction of the State Department of Parks and Recreation.

Effective: December 9, 1986
Permit # : 114386



Authorized Representative
All American Pipeline Co.



Jim Norris
Building and Safety



**PUBLIC WORKS
BUILDING & GRADING DIVISION
COUNTY OF SANTA BARBARA**

**PERMIT NO.
115310**

VALIDATION
EXHIBIT 3

SANTA BARBARA
963-7116

LOMPOC
736-5621

SOLVANG
688-5544

SANTA MARIA
937-6325

Date of Application 6-5-86

WHEN PROPERLY VALIDATED THIS IS YOUR PERMIT

PROJECT ADDRESS Cayama River Crossing - Pipeline		ASSESSOR PARCEL NO. Refer to Pipeline Alignment Sheets
APPLICANT: <input checked="" type="checkbox"/> OWNER: <input type="checkbox"/> CONTRACTOR <input type="checkbox"/> AUTHORIZED AGENT <input type="checkbox"/> LEASEE		
OWNER'S NAME: Caleron Pipeline Company of California PHONE 683-5627		
ADDRESS: 4213 State Street	CITY: S. Barbara	ZIP: 93130
CONTRACTOR'S NAME: Pantzien Construction PHONE (402) 397-7800		
ADDRESS: 4251 West Batteravia	CITY: Santa Maria	ZIP: 93454 STATE LIC. NO. 319774
ARCHITECT/DESIGNER OR ENGINEER: Marnac	PHONE: (714) 220-3200	STATE LIC. NO. 282668
ADDRESS: 6415 Katella	CITY: Cypress	ZIP: 90630
LENDER:		
CLASS OF WORK: <input checked="" type="checkbox"/> NEW <input type="checkbox"/> ALTERATION <input type="checkbox"/> ADDITION <input type="checkbox"/> MOVE <input type="checkbox"/> DEMOLITION <input type="checkbox"/> REPAIR <input checked="" type="checkbox"/> Pipeline - River Crossing	USE OF BLDG: <input type="checkbox"/> RETAIL <input type="checkbox"/> OFFICE <input type="checkbox"/> RESTAURANT <input type="checkbox"/> OTHER	<input type="checkbox"/> S.F. DWG. <input type="checkbox"/> DUPLEX <input type="checkbox"/> CONDOMINIUM <input type="checkbox"/> APARTMENT

Permit Fee \$
ISSUED BY **Jim Morris**

High Fire Area	Fire Sprinklers Req. Yes No	Type of Const	Occup Group	No. of Bedrms	No. of Stores	No. of Units	AREA	VALUATION
ELECTRICAL		PLUMBING		MECHANICAL		GRADING	_____ Sq. ft.	_____ Bul
_____ Temp. Service		_____ Traps		_____ Sq. Ft. Dwg.		Cubic Yards Earth	_____ Sq. ft.	_____ Pat
_____ Service		_____ Water Heater		_____ Heating Appl.		_____ Fill	_____ Sq. ft.	_____ Gar
_____ Sq. Ft. Building		_____ Water Piping		_____ Appl. Vents		_____ Excavation	_____ Sq. ft.	_____ Car
_____ Sq. Ft. Garage		_____ Septic System		_____ Cooling Appl.		_____ Grading	_____ Sq. ft.	_____ Por
		_____ Gas Outlets		_____ Incid. Gas			_____ Sq. ft.	

REMARKS Attached letters written by Richard Shogren dated September 9 & 19, 1986 are hereby made part of this permit. Any unexpected conditions encountered by County's field geologist shall be addressed and resolved by Caleron subject to County approval.

NOTICE (Please check appropriate box in each paragraph)

THIS PERMIT BECOMES NULL AND VOID if work or construction authorized is not commenced within 180 days from date of issuance, or work is suspended or abandoned for a period of 180 days any time after work is commenced.

- (1a) I certify that I am licensed under the State Contractor's License Law and my contractor's license is in full force and effect, or
- (1b) I certify that I am exempt from Business and Professions Code #7031.5 under: #7044—Owner/builder, #7048—Price of labor and material less than \$200, or Other _____

AND

(2a) I certify that I have on file with the County of Santa Barbara—Building & Safety a certificate of workers' compensation insurance: Insurer **W.C. on file**, Policy # _____, Expiration date _____, or a Certificate of Consent to self-insure by the Director of Industrial Relations; or

(2b) I certify that I am exempt under Labor Code #3800 because: the permit is for work of \$100 or less, or that in the performance of the work for which this permit is issued, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California.

AND

I certify that I have read this application and declare under penalty of perjury that the information contained herein is true, correct and complete. I agree to comply with all county ordinances and state laws relating to building construction, and hereby authorize representatives of this county to enter with the owner's full knowledge and consent.

Executed at County of Santa Barbara on 1/2 1/86 William Smith
Owner or Contractor

DEPARTMENT USE ONLY

APPROVALS	DATE APPROVED	APPROVED BY	REMARKS	PLAN CHECK DATE REC'D/FEE
TRANSPORTATION				
HEALTH DEPT.				
WATER DISTRICT				
FIRE DEPT.				
SANITARY DISTRICT				PLANS APPROVED BY
LAND USE	<u>9/23/86</u>	<u>Erin Craig</u>	<u>Caleron LUP #7</u>	VALUATION:
FLOOD CONTROL				

RICHARD K. SHOGREN, P.E.
 Consulting Civil Engineer
 (714) 636-1620

September 19, 1986

FILE NO. DM 91919
JOB COPY OF PLANS
TO REMAIN W/ ATTACHED

SHEET NO. _____ OF _____ SHEETS
DRAWINGS ISSUED ON 9/23/86
THESE PLANS TO BE ON JOB
AT ALL TIMES.

Mr. Jim Norris
 Santa Barbara County - Bldg. & Safety
 123 East Anapamu Street
 Santa Barbara, CA 93101

COUNTY OF SANTA BARBARA

Building Department

Re: Celeron/AAPL Crossing of Cuyama River - Revised Plans

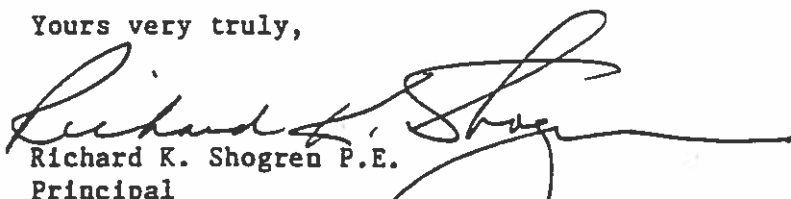
Dear Jim:

We have reviewed the latest revisions to Celeron's pipeline crossing of the Cuyama River as shown on Crossing Detail No. 208-A, Revision 4 and Crossing Detail No. 208-B, Revision 6. In essence, these changes add a general note calling for a "pup" at each transition point in accordance with Note 2 of our letter of September 9 on the same subject. All conditions of our earlier letter are still valid, and we recommend observance by Celeron/AAPL.

We believe that the current issues of the plans are in accord with all of our agreements and discussions, and we recommend approval and resumption of pipeline activities in this area.

Please call us if you have any questions on this item.

Yours very truly,


 Richard K. Shogren P.E.
 Principal

Enc: (4) Sets Drwgs. 208-A, Rev. 4
 208-B, Rev. 6

cc: F. Breckenridge
 M. Scott

B. Cilweck
 J. Hobbs
 D. Scwhantes

T. Cohen - Celeron
 J. Stahl - "
 L. Hager - Marmac

RICHARD K. SHOGREN, P.E.
 Consulting Civil Engineer
 (714) 636-1620

September 9, 1986

File No. L0909194

**JOB COPY OF PLANS
 TO REMAIN W/ ATTACHED**

SHEET NO. ~~OF~~ **DRAWINGS** OF SHEETS **ISSUED ON 9/23/86**
 THESE PLANS TO BE ON JOB
 AT ALL TIMES.

Mr. Jim Norris
 Santa Barbara County
 DPW - Division of Building & Safety
 123 East Anapamu Street
 Santa Barbara, CA 93101

COUNTY OF SANTA BARBARA
 Building Department

Re: Proposed Pipe Change - Celeron/AAPL Crossing of Cuyama River

Dear Jim:

We have reviewed Celeron's proposal to increase pipe wall thickness to 0.750" API5LX (Grade 60) for the crossing of the Cuyama River, and it is our recommendation that this change be approved subject to the following conditions:

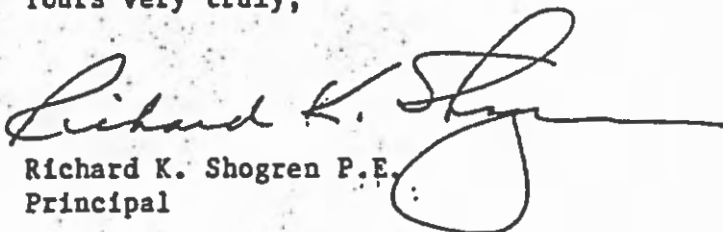
1. Pipe manufacture, welding and laying to be in accordance with approved plans and specifications.
2. We have been advised that a 0.625" wall transition piece ("pup") will be installed between the 0.750" W.T. pipe and the 0.438" W.T. line pipe. This is proper, but maximum allowable burial depths for each wall thickness should be confirmed and tie-in stations shown on the alignment sheets. Additional analysis will not be required if the pup is short and tie-in is at stations currently shown for 0.438"/0.500".
3. Pipe ovaling should be checked by a caliper-type pig after hydrotest, and again just before placing the pipe in service, and no less frequently than annually thereafter. Certified reports should be filed with Building & Safety.

This letter is an interim recommendation to permit the applicant to place orders for the required pipe. Construction authorization will be recommended only after satisfactory review of revised plans.

A separate commentary on the pipeline analysis prepared for this request will be included with our review of the revised plans.

Please call us if there are questions or comments.

Yours very truly,



Richard K. Shogren P.E.
Principal

cc: F. Breckenridge
L. McManis
M. Scott

D. Schwantes
B. Cilweck
J. Hobbs

T. Cohen - AAPL
L. Rager - Marmac



COURT HOUSE

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY

123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101

November 12, 1986

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL
963-7116, EXT. 7582

CELERON PIPELINE CO. OF CALIFORNIA


AUTHORITY TO CONSTRUCT

Cuyama River Crossing

This Authority to Construct letter is valid for backfilling and remaining activities in regards to the Cuyama River Crossing.

Effective: November 12, 1986
Permit #: 115310


Jim Norris
Building & Safety


Authorized Representative
Celeron Pipeline Co. of California



PUBLIC WORKS
BUILDING & GRADING DIVISION
COUNTY OF SANTA BARBARA

PERMIT NO.

115445

VALIDATION

EXHIBIT

SANTA BARBARA
963-7116

LOMPOC
736-5621

SOLVANG
688-5544

SANTA MARIA
937-6325

Date of Application 10/9/86

WHEN PROPERLY VALIDATED THIS IS YOUR PERMIT

PROJECT ADDRESS Sisquoc River Crossing	ASSESSOR PARCEL NO. Refer to Pipeline Alignment Sheets
--	--

APPLICANT: OWNER CONTRACTOR AUTHORIZED AGENT LEASEE

OWNER'S NAME: **Calaron Pipeline Company of California** PHONE **683-5627**

ADDRESS: **4213 State Street** CITY **Santa Barbara** ZIP **93130**

CONTRACTOR'S NAME: **Pentstien Construction** PHONE **(402) 397-7800**

ADDRESS: **225 West Bataravia** CITY **Santa Maria** ZIP **92454** STATE LIC. NO. **319774**

ARCHITECT/DESIGNER OR ENGINEER: **Marnac** PHONE **(714) 2203200** STATE LIC. NO. **282668**

ADDRESS: **6415 Katella** CITY **Cypress** ZIP **90630**

LENDER

CLASS OF WORK: NEW ALTERATION ADDITION MOVE DEMOLITION REPAIR
g Pipeline-River Crossing

USE OF BLDG: RETAIL S.F. DWG. CONDOMINIUM OFFICE DUPLEX APARTMENT RESTAURANT OTHER **Commercial**

Permit Fee Wa
ISSUED BY **Jim Horr**

High Fire Area	Fire Sprinklers Req. Yes No	Type of Const.	Occup. Group	No of Bedrms	No of Stories	No. of Units	AREA	VALUATION
ELECTRICAL		PLUMBING		MECHANICAL		GRADING	_____ Sq. Ft.	_____ Bu
_____ Temp. Service		_____ Traps		_____ Sq. Ft. Dwg.		Cubic Yards Earth	_____ Sq. Ft.	_____ Pa
_____ Service		_____ Water Heater		_____ Heating Appl.		_____ Fill	_____ Sq. Ft.	_____ Ga
_____ Sq. Ft. Building		_____ Water Piping		_____ Appl. Vents		_____ Excavation	_____ Sq. Ft.	_____ Ca
_____ Sq. Ft. Garage		_____ Septic System		_____ Cooling Appl.		_____ Grading	_____ Sq. Ft.	_____ Po
		_____ Gas Outlets		_____ Incid. Gas			_____ Sq. Ft.	

REMARKS **Attached Richard K. Shogren letter dated October 6, 1986 is hereby made part of this permit.**
Any unexpected conditions encountered by County's field geologist shall be addressed and resolved by Calaron subject to County approval.

NOTICE (Please check appropriate box in each paragraph)
THIS PERMIT BECOMES NULL AND VOID if work or construction authorized is not commenced within 180 days from date of issuance, or work is suspended or abandoned for a period of 180 days any time after work is commenced.

- (1a) I certify that I am licensed under the State Contractor's License Law and my contractor's license is in full force and effect; or
- (1b) I certify that I am exempt from Business and Professions Code #7031.5 under: #7044—Owner/builder, #7048—Price of labor and material less than \$200, or Other _____

AND
 (2a) I certify that I have on file with the County of Santa Barbara—Building & Safety a certificate of workers' compensation insurance:
Insurer **WELLS-C. on file** Policy # _____, Expiration date _____, or a Certificate of Consent to self-insure by the Director of Industrial Relations; or

(2b) I certify that I am exempt under Labor Code #3800 because: the permit is for work of \$100 or less, or that in the performance of the work for which this permit is issued, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California.

AND
I certify that I have read this application and declare under penalty of perjury that the information contained herein is true, correct and complete. I agree to comply with all county ordinances and state laws relating to building construction, and hereby authorize representatives of the county to enter with the owner's full knowledge and consent.

Executed at County of Santa Barbara on 10/9/86 [Signature]
Owner or Contractor

DEPARTMENT USE ONLY				
APPROVALS	DATE APPROVED	APPROVED BY	REMARKS	PLAN CHECK DATE REC'D/FEE
TRANSPORTATION				
HEALTH DEPT.				
WATER DISTRICT				
FIRE DEPT.				
SANITARY DISTRICT				
LAND USE	<u>10/11/86</u>	<u>[Signature]</u>	<u>Calaron LUP #10</u>	VALUATION:
FLOOD CONTROL				

RICHARD K. SHOGREN, P.E.
 Consulting Civil Engineer
 (714) 636-1620

OCT 07 1986

October 6, 1986

L1006194a

Mr. Jim Norris
 Building and Safety
 Oil and Gas Projects
 1311 Anacapa St., Suite 32
 Santa Barbara, CA 93101

JOB COPY OF PLANS
To remain w/ attached
 SHEET NO. *drawings* OF *issued* SHEETS *on 10/9/86*
 THESE PLANS TO BE ON JOB
 AT ALL TIMES.

COUNTY OF SANTA BARBARA
 Building Department

Re: Celeron/AAPL Sisquoc River Crossing

Dear Jim:

We have reviewed Celeron's latest submittal for the Sisquoc River Crossing as shown on Crossing Details 204-A (Revision 4), 204-B (Revision 5), and 204-C (Revision 5). Changes, essentially consist of deep burial in the mining zone, as discussed previously, and an increase in pipe wall thickness. As part of this letter, Celeron has also submitted copies of recent letters addressed to RMD by various interested parties. These letters include the following:

- o Letter from Flood Ranch Company dated September 30, 1986
- o Letter from Coast Rock Products dated September 29, 1986
- o Letter from Bissell & Karn, Inc. addressed to Coast Rock and dated September 19, 1986

The key points of the new design are as follows:

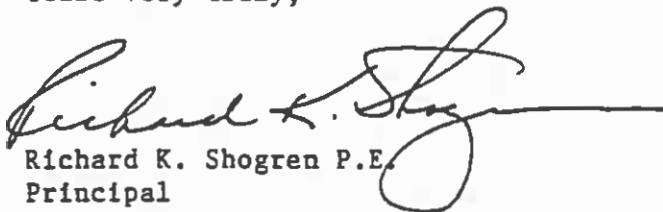
1. Maximum cover to the top of the pipe of 45 feet.
2. Increase in wall thickness of deep-buried pipe to 0.75 inches.

The design changes and the letters provided satisfy our concerns regarding maximum stresses in the pipe, as well as protecting the pipe from mining operations current and planned. We believe that Celeron has provided a technically acceptable basis for this crossing as well as complying with our requests regarding documentation of agreements with other interested parties. Having complied with these various points, we recommend approval without further qualification.

We noted on the drawing that transition pieces (pup) were not provided at the joint where wall changes from .75" to .50". This of course, is acceptable under the Code; however, the joint shall be made per ANSI B31.4 Paragraph 434.8.6 (a), which requires an inside taper as shown in Figure 434.8.6 (a)-B.

We are enclosing two copies of Crossing Detail No. 204-A (Rev. 4), 204-B & C, (Rev. 5).

Yours very truly,



Richard K. Shogren P.E.
Principal

Enclosed (2) Drwg. 204-A, Revision 4
205-B, Revision 5
206-C, Revision 5

cc: F. Breckenridge
M. Scott
P. Demery - Flood Control

B. Cilweck
J. Hobbs
D. Schwantes

T. Cohen - Celeron
J. Stahl - Celeron



**PUBLIC WORKS
BUILDING & GRADING DIVISION
COUNTY OF SANTA BARBARA**

**PERMIT NO.
115496**

VALIDATION

EXHIBIT

SANTA BARBARA
963-7118

LOMPOC
736-5621

SOLVANG
688-5544

SANTA MARIA
937-6325

Date of Application 10/15/86 WHEN PROPERLY VALIDATED THIS IS YOUR PERMIT

PROJECT ADDRESS Santa Ynez River Crossing		ASSESSOR PARCEL NO. Various - See Pipeline Alignment Maps
APPLICANT: <input checked="" type="checkbox"/> OWNER <input type="checkbox"/> CONTRACTOR <input type="checkbox"/> AUTHORIZED AGENT <input type="checkbox"/> LEASEE		
OWNER'S NAME: Caleron Pipelines Company of CA PHONE: 683-5627		
ADDRESS: 4213 State Street CITY: Santa Barbara ZIP: 93130		
CONTRACTOR'S NAME: Pentzian Construction PHONE: (402)397-7800		
ADDRESS: 2251 West Betteravia CITY: Santa Maria ZIP: 93454 STATE LIC. NO. 319774		
ARCHITECT/DESIGNER OR ENGINEER: Harnac PHONE: (714)2203200 STATE LIC. NO. 282668		
ADDRESS: 6415 Katella CITY: Cypress ZIP: 90630		

LENDER	CLASS OF WORK:	<input checked="" type="checkbox"/> NEW <input type="checkbox"/> ALTERATION <input type="checkbox"/> ADDITION <input type="checkbox"/> MOVE <input type="checkbox"/> DEMOLITION <input type="checkbox"/> REPAIR <input checked="" type="checkbox"/> Pipeline-River Crossing	USE OF BLDG:	<input type="checkbox"/> RETAIL <input type="checkbox"/> S.F. DWG. <input type="checkbox"/> CONDOMINIUM <input type="checkbox"/> OFFICE <input type="checkbox"/> DUPLEX <input type="checkbox"/> APARTMENT New () Existing () <input type="checkbox"/> RESTAURANT <input checked="" type="checkbox"/> OTHER Commercial	Permit Fee Waived ISSUED BY Jim Morr

High Fire Area	Fire Sprinklers Req. Yes No	Type of Const.	Occup. Group	No. of Bedrms.	No. of Stories	No. of Units	AREA	VALUATION
ELECTRICAL		PLUMBING		MECHANICAL		GRADING		
Temp. Service		Traps		Sq. Ft. Dwg.		Cubic Yards Earth	Sq. ft.	Build
Service		Water Heater		Heating Appl.		Fill	Sq. ft.	Pati
Sq. Ft. Building		Water Piping		Appl. Vents		Excavation	Sq. ft.	Gar.
Sq. Ft. Garage		Septic System		Cooling Appl.		Grading	Sq. ft.	Carp
		Gas Outlets		Incid. Gas			Sq. ft.	Porc

REMARKS Attached letter written by Richard Shogren dated October 6, 1986 is hereby made part of this permit. Any unexpected conditions encountered by County's field geologist shall be addressed and resolved by Caleron subject to County approval.

NOTICE (Please check appropriate box in each paragraph)

THIS PERMIT BECOMES NULL AND VOID if work or construction authorized is not commenced within 180 days from date of issuance, or work is suspended or abandoned for a period of 180 days any time after work is commenced.

(1a) I certify that I am licensed under the State Contractor's License Law and my contractor's license is in full force and effect, or

(1b) I certify that I am exempt from Business and Professions Code #7031.5 under: #7044—Owner/builder. #7048—Price of labor and material less than \$200, or Other _____

AND

(2a) I certify that I have on file with the County of Santa Barbara—Building & Safety a certificate of workers' compensation insurance: Insurer **W.C. on file** Policy # _____ Expiration date _____, or a Certificate of Consent to self-insure by the Director of Industrial Relations; or

(2b) I certify that I am exempt under Labor Code #3800 because the permit is for work of \$100 or less, or that in the performance of the work for which this permit is issued, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California

AND

I certify that I have read this application and declare under penalty of perjury that the information contained herein is true, correct and complete. I agree to comply with all county ordinances and state laws relating to building construction, and hereby authorize representatives of this county to enter with the owner's full knowledge and consent

Executed at County of Santa Barbara on 10/15/86 William Blum
Owner or Contractor

DEPARTMENT USE ONLY				PLAN CHECK DATE REC'D/FEE P
APPROVALS	DATE APPROVED	APPROVED BY	REMARKS	
TRANSPORTATION				
HEALTH DEPT.				
WATER DISTRICT				
FIRE DEPT.				
SANITARY DISTRICT				PLANS APPROVED BY
LAND USE				VALUATION:
FLOOD CONTROL				

RICHARD K. SHOGREN, P.E.
Consulting Civil Engineer
(714) 636-1620

October 6, 1986

File No. L1006194

JOB COPY OF PLANS
To remain w/ attached 10/15/86
SHEET NO. drawings OF issued on SHEETS

Mr. Jim Norris
Building and Safety
Oil and Gas Projects
1311 Anacapa St., Suite 32
Santa Barbara, CA 93101

THESE PLANS TO BE ON JOB
AT ALL TIMES.

COUNTY OF SANTA BARBARA
Building Department

Re: Celeron/AAPL Crossing of Santa Ynez River

Dear Jim:

We have completed our review of Celeron/AAPL revised design for crossing the Santa Ynez River near Buellton as shown on their Crossing Detail No. 203, Revision 3. This latest change relocates the pipeline about 300 feet west of its earlier alignment in order to provide clearance with respect to an area earlier identified as environmentally sensitive. This revision also confirms the abandonment of the horizontal boring method for this crossing and goes back to the open trench type of construction with the added limitation of 24 feet of maximum cover above the top of the pipe, which is located at elevation 280.

Special note: The design calculations submitted with this package for overburden pressure contained several errors regarding the unit weights of saturated and submerged soils. Our check calculations, which incorporated values, conforming to standard references, indicated that these discrepancies had only minor effects on combined pipe stresses, and we believe that no further change is required other than making note on the file copy.

We are enclosing 3 copies of the approved Crossing Detail No. 203 Rev. 3.

Yours very truly,


Richard K. Shogren P.E.
Principal

Enc: (3) Dwg. Detail 203, Revision 3

cc: F. Breckenridge
M. Meissner
R. Coudray
M. Scott

B. Cilweck - (1) Dwg. Detail 203, Rev. 3
J. Hobbs - (1) Dwg. Detail 203, Rev. 3
D. Schwantes - (1) Dwg. Detail 203, Rev. 3

J. Stahl - Celeron
T. Cohen - Celeron



PUBLIC WORKS
BUILDING & GRADING DIVISION
COUNTY OF SANTA BARBARA

PERMIT NO.
113591

SANTA BARBARA
983-7118

LOMPOC
736-5821

SOLVANG
688-5544

SANTA MARIA
937-6325

VALIDATION

EXHIBIT B

113591

1530

300

GRAD 356.00
SM 356.00
LUP 356.00
CING 0.00

23 01 1 06/12/86

Date of Application **5-28-86**

WHEN PROPERLY VALIDATED THIS IS YOUR PERMIT

PROJECT ADDRESS Sisquoc Pump Station - off off Santa Maria Mesa Road		ASSESSOR PARCEL NO. 129-260-29
APPLICANT: <input checked="" type="checkbox"/> OWNER: <input type="checkbox"/> CONTRACTOR <input type="checkbox"/> AUTHORIZED AGENT <input type="checkbox"/> LEASEE		
OWNER'S NAME: Caloron Pipeline Company of California		PHONE: 683-5627
ADDRESS: 4213 State Street	CITY: S. Barbara	ZIP: 93130
CONTRACTOR'S NAME: Leonard Pipeline Contractors		PHONE: (602) 991-5287
ADDRESS: 7835 7385 E. Redfield Road	CITY: Scottsdale, AZ	ZIP: 85260 STATE LIC. NO.
ARCHITECT/DESIGNER OR ENGINEER: Marnac	PHONE: (714) 220-3200	STATE LIC. NO. 282668
ADDRESS: 6415 Katella Ave.	CITY: Cypress, CA	ZIP: 90630
LENDER:		
CLASS OF WORK: <input checked="" type="checkbox"/> NEW <input type="checkbox"/> ALTERATION <input type="checkbox"/> ADDITION <input type="checkbox"/> MOVE <input type="checkbox"/> DEMOLITION <input type="checkbox"/> REPAIR		USE OF BLDG: <input type="checkbox"/> RETAIL <input type="checkbox"/> S.F. DWG. <input type="checkbox"/> CONDOMINIUM <input type="checkbox"/> OFFICE <input type="checkbox"/> DUPLEX <input type="checkbox"/> APARTMENT <input checked="" type="checkbox"/> RESTAURANT <input type="checkbox"/> OTHER Commercial

ISSUED BY **Jim Morris**

High Fire Area	Fire Sprinklers Req. Yes No	Type of Const.	Occup. Group	No. of Bedrms.	No. of Stories	No. of Units	AREA	VALUATION
							Sq. ft.	Built
							Sq. ft.	Patio
							Sq. ft.	Gare
							Sq. ft.	Carp
							Sq. ft.	Porc
							Sq. ft.	

REMARKS **Work Intended: Grading Only for the Sisquoc Pump Station. \$ 10,000. Single-Excavation Bond. Bond No. 28100215764.**

NOTICE (Please check appropriate box in each paragraph)

THIS PERMIT BECOMES NULL AND VOID if work or construction authorized is not commenced within 180 days from date of issuance, or work is suspended or abandoned for a period of 180 days any time after work is commenced.

(1a) I certify that I am licensed under the State Contractor's License Law and my contractor's license is in full force and effect; or

(1b) I certify that I am exempt from Business and Professions Code #7031.5 under: #7044—Owner/builder, #7048—Price of labor and material less than \$200, or Other _____

AND

(2a) I certify that I have on file with the County of Santa Barbara—Building & Safety a certificate of workers' compensation insurance: Insurer **U.C. on file**, Policy # _____, Expiration date _____, or a Certificate of Consent to self-insure by the Director of Industrial Relations; or

(2b) I certify that I am exempt under Labor Code #3800 because: the permit is for work of \$100 or less, or that in the performance of the work for which this permit is issued, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California.

AND

I certify that I have read this application and declare under penalty of perjury that the information contained herein is true, correct and complete. I agree to comply with all county ordinances and state laws relating to building construction, and hereby authorize representatives of this county to enter with the owner's full knowledge and consent.

Executed at County of Santa Barbara on 1/12/1 Mike Bennett
Owner or Contractor

DEPARTMENT USE ONLY				PLAN CHECK
APPROVALS	DATE APPROVED	APPROVED BY	REMARKS	DATE REC'D/FEE PAID
TRANSPORTATION				
HEALTH DEPT.				
PLANNING DISTRICT				
FIRE DEPT.				
SANITARY DISTRICT				PLANS APPROVED BY
LAND USE	6/10/86	E.P. Craig	85-DP-6002 LUP #3	VALUATION:
FLOOD CONTROL				\$ 20,000.



COURT HOUSE

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY

123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL
963-7116, EXT. 7582

November 14, 1986

ALL AMERICAN PIPELINE CO

AUTHORITY TO CONSTRUCT

This Authority to Construct Letter is valid for backfilling of dig-outs between Buellton and Sisquoc River. You are requested to notify Mike O'Farrell, DDEC, and the Santa Barbara County Building and Safety Division 48 hours prior to the start of backfilling.

The purpose for granting this approval is to protect the dig-outs from the possibility of erosion. It shall be noted that this Authority to Construct Letter does not imply approval by the County of those portions of the pipeline covered by these backfill operations.

Effective: November 14, 1986



Jim Norris
Building & Safety



Authorized Representative

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FILED
FEB 22 1988
CLERK, U.S. DISTRICT COU
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CELERON PIPELINE COMPANY)
OF CALIFORNIA, a Delaware)
corporation,)
)
Plaintiff,)
)
vs.)
)
COUNTY OF SANTA BARBARA,)
)
Defendant.)

Case No. CV 87-02188 SVW (Kx)

ORDER APPROVING SETTLEMENT
AGREEMENT AND DISMISSING
ACTION WITH PREJUDICE

The Court orders as follows, for good cause shown:

1. The parties' Settlement Agreement, filed herewith is incorporated herein and merged into this Order, and is hereby approved in all respects. Each party is ordered to perform the executory terms of the attached Settlement Agreement as part of this Order.

2. This action is hereby dismissed with prejudice, each side to bear its own costs and attorneys' fees.

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3. Pursuant to the provisions of the Settlement Agreement, any right either party has to appeal this Order is specifically waived.

22 FEB 1988

Dated: _____

~~STEPHEN V. WILSON~~
United States District Judge



EXHIBIT D

FILE COPY

County of Santa Barbara

RESOURCE MANAGEMENT DEPARTMENT

Dianne Guzman, AICP, Director

November 23, 1987

Timothy J. Cohen
Celeron Pipeline Company of California
P.O. Box 31029
Santa Barbara, CA 93130

RE: Planning Commission Actions at November 23, 1987 Hearing

Dear Mr. Cohen:

At the Planning Commission hearing on November 23, 1987, the Commission approved revisions to Conditions B-1, E-1, P-1, P-2, P-3, and P-5 of Celeron's Final Development Plan (85-DP-66cz); revisions to Celeron's Environmental Quality Assurance Plan (EQAP) and to the Restoration, Erosion Control, and Revegetation Plan (including the Suey Canyon Revegetation Plan and the Offsite Oak Mitigation Plan); and a determination of substantial conformity for pipe storage on the Sisquoc Ranch until November 1989. Specific Planning Commission actions are summarized below:

1. Motionmaker/Second: Johnson/Stillman

Vote: 4-1 to approve, No: Commissioner Wack

Action: Motion to approve modifications to Celeron's Final Development Plan conditions B-1, E-1, P-1, P-2, P-3, and P-5 as presented in the staff report dated November 20, 1987 and as discussed at the public hearing, with any amendments made during the hearing.

2. Motionmaker/Second: Johnson/Maschke

Vote: 4-1 to approve, No: Commissioner Wack

Action: Motion to approve modifications to: the Environmental Quality Assurance Plan required by Final Development Plan Condition C-1; the Restoration, Erosion Control, and Revegetation Plan; the Suey Canyon Revegetation Plan; and the Offsite Oak Mitigation Plan required by Final Development Plan Condition H-1, as presented in the November 6 staff report, as discussed in Attachment 1 to the November 20 supplemental staff report, and as amended during the November 23, 1987 hearing.

Letter to Tim Cohen
November 23, 1987
Page 2

3. Motionmaker/Second: Johnson/Stillman

Vote: 5-0 to approve

Action: Motion to approve the request for a determination of substantial conformity for pipe storage at the existing pipe storage area on the Sisquoc Ranch, adjacent to the Sisquoc River for a period of two years, with the understanding that Celeron will provide a letter acceptable to County Counsel specifying that Celeron will (a) retrieve any pipe, should it be washed away in a flood event; and, (b) repair any damage that may be caused by such "renegade" pipe.

4. Motionmaker/Second: Johnson/Wack

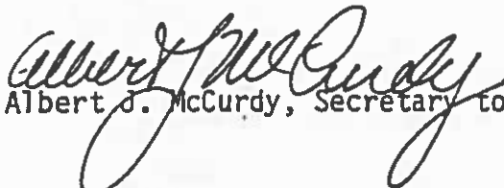
Vote: 5-0 to approve

Action: Motion to adopt the findings for approval of the Final Development Plan modifications, including Compliance Plan modifications, and the substantial conformity determination for temporary pipe storage as presented in the supplemental staff report dated November 20, 1987.

These actions by the Planning Commission are final unless appealed in writing to the Santa Barbara County Board of Supervisors within ten (10) calendar days of the date (November 23, 1987) of the actions by the Planning Commission.

If any portion of these actions are appealed, a filing fee of \$403.00 must be delivered to the Clerk of the Board. To file an appeal, this letter should be taken to the Clerk of the Board of Supervisors in order to determine that the appeal is filed within the allowed appeals period and to collect the required appeal fee.

Sincerely,



Albert J. McCurdy, Secretary to the Planning Commission

AJM:NLM:4102E

cc: Energy Division (Permanent File: 85-DP-66cz)
Ken Nelson, County Counsel
Glenn Odell, County Fire Dept.
Phil Demery, County Flood Control District
Peggy O'Halloran, Environmental Health Services
Frank Breckenridge, County Public Works Dept.
Jim Norris, County Public Works Dept.
Jeff Harris, Division of Environmental Review

CELERON PIPELINE PROJECT
FINAL DEVELOPMENT PLAN CONDITIONS
November 23, 1987

A. GENERAL

- A-1. Acceptance of this permit shall be deemed as acceptance of all final conditions of this permit, except that Celeron reserves the right to pursue any remedy for any legal violations imposed directly or indirectly by these permit conditions.
- A-2. Substantial failure to abide by and faithfully comply with any conditions for the granting of this permit shall constitute grounds for the modification or revocation of this permit.
- A-3. Celeron agrees as a condition of the issuance and use of this permit to defend at its sole expense any action brought against the County by a third party challenging either its decision to issue this permit or the manner in which the County is interpreting or enforcing the conditions of the permit. Celeron will reimburse the County for any court costs and attorneys fees which the County may be required by a court to pay as a result of such action where Celeron defended or had control of the defense of the suit. County may, at its sole discretion, participate in the defense of any such action, but such participation shall not relieve Celeron of its obligation under this condition. County shall bear its own expenses for its participation in the action.
- A-4. Celeron shall make an initial deposit to a fund to permit the County to adequately implement and enforce the conditions imposed on Celeron by applicable County ordinances and/or the conditions of this permit, if such a fund is established. If the Board of Supervisors determines that a reasonable enforcement fund is needed, the Director of the Resource Management Department shall present to the Board of Supervisors and Celeron a plan for enforcement within one year from the effective date of this permit. This plan shall set forth the staffing requirements and materials necessary for such enforcement and the estimated costs thereof. This plan shall provide that all reasonable expenses incurred by the County or County contactors, for permit condition implementation, reasonable studies, and emergency response directly and necessarily related to enforcement of these permit conditions shall be reimbursed by Celeron within 30 days of invoicing by County.
- A-5. In the event that Celeron fails to comply with any order of the Administrative Officer or the Board of Supervisors issued hereunder or any injunction of the Superior Court, it shall be liable for a civil penalty for each violation to the extent imposition of such civil penalty is authorized by applicable laws, rules, or regulations.

Said civil penalty shall be in addition to Celeron's obligation, if any, to reimburse the County of Santa Barbara (and others) for actual

damages suffered as a result of Celeron's failure to abide by the conditions of this permit or by the orders of the Administrative Officer, the Board of Supervisors, or any court of competent jurisdiction.

- A-6. As to any condition which requires for its effective enforcement the inspection of construction records or records pertaining to facility operations, or the facilities themselves by County or its duly authorized agents, Celeron will make all necessary records available or provide access to such facilities upon reasonable notice from County. County agrees to keep such information confidential where permitted by law and requested by Celeron in writing.
- A-7. The procedures, operating techniques, design, equipment and other descriptions (hereinafter procedures) described by Celeron in its application to the County 83-DP-25 cz, 83-CP-97 cz, and in subsequent clarifications and additions to that application and the Final Development Plan are incorporated herein as permit conditions and shall be required elements of the project. Since these procedures were part of the project description which received environmental analysis, a failure to include such procedures in the actual project could result in significant unanticipated environmental impacts. Therefore, modifications of these procedures will not be permitted without a determination of substantial conformity or a new or modified permit. The use of the property and the size, shape, arrangement and location of buildings, structures, walkways, parking areas and landscaped areas shall be in substantial conformity with the approved Final Development Plan.
- A-8. In addition to the authority to enforce and secure compliance with the provisions of this permit under Division 12, Coastal Zoning Ordinance of the Santa Barbara County Code, Division 7, General Regulations, Article III Santa Barbara County Zoning Ordinance, the County Administrative Officer, or in his/her absence a designated appointee, may order that curtailment of activities which is required to protect the public health and safety. Said action may include, but is not limited to, ordering temporary, partial or total facility shutdown.

Such an order shall be made only in the event that the Administrative Officer has reasonable and probable cause to believe that continued unrestrained activities of permittee will likely result in or threaten to result in danger to public health, welfare, or safety, or in the environment and provided such violations can be expected to continue or recur unless operations are in whole or in part shut down or reduced pending the necessary corrections.

Before issuing any curtailment order, the County Administrative Officer shall set a time for hearing and shall give written notice of the time and place of the hearing and of the alleged violations.

Such notice shall be received by the person in charge of the operation of the facility at least 24 hours before the hearing at which time there will be an opportunity for all concerned parties to present evidence regarding the alleged violations. The notice may be served in person or by certified mail.

In the event the Administrative Officer, or in his/her absence the designated appointee, determines that there is an imminent danger to the public health and safety resulting from violations, he/she may summarily order the necessary curtailment of activities without hearing and such order shall be obeyed upon notice of same, whether written or oral. At the same time that notice of the order is conveyed, the Administrative Officer shall set a date, time and place for a publically noticed hearing and review of said order as soon as possible which date shall be no later than 24 hours after such order is issued or served. Said hearing shall be conducted in the same manner as a hearing on prior notice. After such hearing, the Administrative Officer may modify, revoke, or retain the emergency curtailment order.

Any order of the Administrative Officer may be appealed to the Board of Supervisors within three working days after such order is made.

If such appeal is not filed with the Board of Supervisors, the Administrative Officer's order becomes final. If there is an appeal, the order of the Administrative Officer shall remain in full force and effect until action is taken by the Board of Supervisors. The decision of the Board of Supervisors shall be a final Administrative Action. Such decision shall not preclude Celeron from seeking judicial relief.

Once Celeron has shown that the conditions of violation no longer exist and are not reasonably likely to recur, the Administrative Officer shall modify the curtailment order to account for such compliance and shall entirely dissolve the order when it is shown that all of the violations have been corrected and are not likely to recur.

- A-9. In the event that any condition contained herein is determined to be invalid, then all remaining conditions shall remain in force.
- A-10. In the event that any condition contained herein is determined to be in conflict with any other condition contained herein, then where principles of law do not provide to the contrary, the condition most protective of public health and safety and natural environmental resources shall prevail to the extent feasible.
- A-11. In addition to any administrative remedies or enforcement provided hereunder, the County may seek and obtain temporary, preliminary, and

permanent injunctive relief to prohibit violation of the conditions set forth herein or to mandate compliance with the conditions herein.

All remedies and enforcement procedures set forth herein shall be in addition to any other legal or equitable remedies provided by law.

- A-12. The owner and the operator of the facility shall be jointly and severally liable without regard to fault for all legally compensable damages or injuries suffered by any property or person that result from or arise out of any oil, water spillage, fire, explosion, odor, or air pollution, in any way involving oil or gas or the impurities contained therein or removed therefrom and which arises out of construction or operation of Celeron's facilities. For the purpose of this condition, the "facility" shall be deemed to include all facilities described and approved pursuant to 83-DP-25cz, 83-CP-97cz. This condition shall not inure to the benefit of any of the owners of the pipeline, including the United States Government. This declaration of strict liability and the limitations upon it shall be governed by the applicable law of California on strict liability.
- A-13. All facilities constructed under this permit shall be used only for the shipment of a maximum volume of heated crude oil demonstrated to be within the design parameters of the pipeline facilities as built. The subject volumes will be outer continental shelf (OCS) and other locally produced onshore and offshore petroleum from the Santa Barbara and Santa Maria Basins. Celeron shall obtain a new or modified permit, or authority to continue operation under the existing permit prior to undertaking any of the following activities which may, in the judgment of the County, result in significant changes to the impacts on the County. Such changes could include but not be limited to: 1) major pipeline or pump station modifications; 2) major changes in pipeline throughput; 3) introduction of production to the pipeline from sources other than those described above; and 4) introduction of a different product from any source.
- Other source volumes may be transported subject to a determination of substantial conformity by the Planning Commission and a finding of facts and determination that project impacts will not be increased by transporting and processing those other sources.
- A-14. Celeron shall align the pipeline corridor from the coastal starting point to the County exit point in the western Guyama valley according to the route approved by the County. Celeron shall locate and construct all isolation valves as identified by the final approved alignment.
- A-15. Any person, firm or corporation, whether as a principal, agent, employee, or otherwise, found to be in violation of any provisions or

conditions of this ordinance or permits, shall be punishable as set forth in the applicable section of the Coastal Zoning Ordinance, and Article III of the Santa Barbara County Code.

Each and every day during any portion of which any violation of this Article or the rules, regulations, orders, or permits issued thereunder, is committed, continued, or permitted by such person, firm or corporation shall be deemed a separate and distinct offense.

- A-16. The Santa Barbara County Board of Supervisors in a noticed public hearing shall have the authority to specify or change the Santa Barbara County Department responsible for any conditions contained herein.
- A-17. Should circumstances, including legal or legislative action, cause the County to lose its authority or have its authority fundamentally reduced to assess fees as a method to mitigate project-related impacts, then other feasible mitigation measures shall be imposed which will substantially lessen the significant impact formerly mitigated by the imposition of fees. Within six months of the County's loss of such authority, feasible alternative mitigation measures shall be imposed as replacement permit conditions. Alternatively, the County in a noticed public hearing must find that no feasible mitigation measures are available and that the benefits of the project outweigh the significant environmental impacts.
- A-18. Should legal action be required by either party to enforce any rights in connection with this permit the prevailing party shall be entitled to reasonable attorney's fees and costs pursuant to Civil Code 1717.
- A-19. Unless otherwise specified, these permit conditions are intended to apply to Celeron during both the construction and the operation of the permitted facilities.

B. PERMIT REVIEW

- B-1. Prior to initiation of construction activity (such as ROW preparation, river crossings or pump station construction), Celeron shall submit to the System Safety and Reliability Review Committee (established by condition P-1) relevant construction drawings and supporting text demonstrating compliance with the appropriate conditions. Construction may not commence until County has reviewed and/or approved this submittal, consistent with the SSRRC review specified in Conditions P-1 and P-2. Within 15 days of submittal, County shall either give written notice to proceed with construction or indicate in writing conditions which have not been met. When such conditions have been met construction approval shall be granted.

- B-2. If at any time County determines that these permit conditions are inadequate to effectively mitigate significant environmental impacts caused by the project, or that recent proven technological advances could provide substantial additional mitigation, then additional reasonable conditions shall be imposed to further mitigate these impacts. Imposition of such conditions shall only be considered and imposed as part of the County's comprehensive review of the project conditions. County shall conduct a comprehensive review of the project conditions and consider adding reasonable conditions which incorporate proven technological advances three years after permit issuance and at appropriate intervals thereafter. A comprehensive review of conditions which are not effectively mitigating impacts may be conducted at any appropriate time. Upon written request of Celeron, the Board of Supervisors shall determine whether the new condition required is reasonable considering the economic burdens imposed and environmental benefits to be derived.
- B-3. This permit is premised upon findings that where feasible, all significant environmental effects of the project identified in the EIR/EIS (State Clearinghouse No. 83110902), which occur in Santa Barbara County, will be substantially mitigated by the permit conditions. Prior to approval of the Final Development Plan, County shall review any findings that identified certain mitigation measures as being in the primary jurisdiction of another agency but are also within County's jurisdiction. County shall thereupon determine either (1) that such mitigation has or is being implemented by such other agency or (2) that such other agency and County determine such mitigation to be infeasible. If County determines that no other agency is or may be implementing such feasible mitigation measures then County may impose those feasible measures within its jurisdiction to mitigate those environmental impacts in accordance with appropriate mitigation measures identified by the EIS/R.
- B-4. Prior to approval of the Final Development Plan, Celeron shall develop and submit to the Resource Management Department for approval a plan to co-ordinate the placement and timing of their pipeline with SCPS's pipeline (or other potential proposals for use of the same corridor for a pipeline). Any agreements between Celeron and SCPS (or other applicant) necessary to implement this plan shall be subject to review and verification by the Resource Management Department to assure the purpose of the plan will be achieved. The expressed purpose of this co-ordination plan shall be:
- 1) arrangement of simultaneous construction where practical;
 - 2) engineering of pipe placement within the ROW to minimize incremental widening of the initial construction corridor during subsequent pipeline projects;

- 3) identification of segments where incremental widening of the ROW is constrained and alternative engineering techniques which may allow construction of subsequent pipelines (and potential limitations of future pipeline use of the ROW); and
- 4) timing and design of revegetation plans to promote effective revegetation but minimize unnecessary duplication of efforts.

Should SCPS or any other applicant abandon their pipeline project, or fail to submit a Final Development Plan prior to Celeron pipeline construction, this condition may be modified to reflect the existing situation but maintain the intent of this condition.

- B-5. In the event that scheduling requirements among or between conditions in this permit (or with this permit and conditions imposed by other agencies) conflict with respect to timing, the Resource Management Department (in consultation with other agencies as appropriate) shall resolve such conflict.
- B-6. Applicant shall cooperate as necessary with San Luis Obispo County in the permitting, design, and construction of those segments of the pipeline which could affect Santa Barbara County. The intent of this condition is to ensure that potential impacts to Santa Barbara County are mitigated to the maximum extent feasible by these permit conditions, regardless of the location of the source of the impact.
- B-7. Prior to commencing any construction activities in Santa Barbara County, Celeron shall obtain a letter from the Director of the Resource Management Department indicating that all conditions which require approval prior to construction, as specified by this permit, have been satisfied.
- B-8. Prior to start-up of the pipeline in Santa Barbara County, Celeron shall obtain a letter from the Director of the Resource Management Department indicating that all conditions which require approval prior to start-up, as specified by this permit, have been satisfied.
- B-9. In the event that Celeron and staff cannot reach an agreement on the adequacy of any submittal required by these conditions, the matter will be brought before the Planning Commission for resolution at the earliest possible date.

C. MANAGEMENT

- C-1. Celeron shall prepare an Environmental Quality Assurance Program (EQAP) for Resource Management Department approval prior to the Final Development Plan. This EQAP shall encompass both the construction and operation phases of the project, and shall describe the steps

Celeron will take to assure compliance with these conditions. This plan is intended to provide a framework for all other programs and plans specified by these conditions as required prior to approval of the Final Development Plan. As such, it will become a comprehensive reference document for the County, other agencies, and the public regarding the Celeron project.

This plan shall provide for the submission to the Resource Management Department semi-annual reports throughout construction and annual reports during operations. These reports shall describe:

- a) Project status, including but not necessarily limited to:
 - i) extent to which construction has been completed,
 - ii) the rate of production/throughput during operation,
 - iii) environmental planning and implementation efforts, and
 - iv) any revised time schedules or timetables of construction and operation that will occur in the next one year period.
- b) Permit condition compliance, including but not necessarily limited to the results of the specific mitigation requirements identified in these conditions.
- c) Results and analyses of all data collection efforts being conducted by Celeron pursuant to these permit conditions.

The program shall include (or if separate plans exist, reference) all plans relevant to construction and operations of the pipeline facilities specified by these conditions.

Construction

The program shall include all plans relevant to construction activities such as the Restoration, Erosion Control and Revegetation Plan and the Cultural Resources Mitigation Plan.

The program shall include provisions for at least one managing environmental coordinator with overall responsibility, and if necessary, one onsite environmental coordinator per construction site during the construction phase. These coordinators shall be approved by and be responsible to the Resource Management Department. Celeron shall fund the coordinator(s). The number of coordinators necessary shall be determined according to the amount of simultaneous construction activity occurring in geographically separate areas. The responsibilities of the coordinator(s) are to include:

- a) on-site, day-to-day monitoring of construction activities;
- b) ensuring contractor knowledge of and compliance with all appropriate permit conditions;

- c) evaluating the adequacy of construction impact mitigations, and proposing improvements to the contractors, Celeron, and County;
- d) having the authority to require correction of activities observed to violate project environmental conditions or that represent unsafe or dangerous conditions, and having the ability and authority to secure compliance with the conditions or standards through the County Administrative Officer as described in condition A-8, if necessary;
- e) performing as contact for affected property owners and any other affected persons that wish to register observation of environmental permit violations and/or unsafe conditions, receiving any complaints, immediately contacting Celeron's onsite construction representative, verifying any such observations and developing any necessary corrective actions in consultation with Celeron's onsite construction representative;
- f) maintaining prompt and regular communication with the Resource Management Department, Public Works Department, or other appropriate County agency, and with Celeron personnel responsible for contractor performance and permit compliance.

In the event that resolution of disputes between the public and/or governmental agencies and Celeron over adherence to permit conditions is not achieved by the managing environmental coordinator, an arbitration system shall be utilized to resolve such disputes in a timely manner in order to minimize the need to halt construction activities as per conditions A-2 or A-8.

The coordinator(s) shall be thoroughly familiar with all plans and requirements set forth in the permit conditions. Prior to construction start-up, the managing coordinator shall discuss with other agency inspectors or monitoring personnel, inspection programs, areas of jurisdiction, responsibility, and define methods of avoiding disputes or construction delay due to agency disagreements.

Selection of the necessary coordinators shall be made, and the person(s) available, prior to issuance of the Coastal Development Permit and Land Use Permit.

Operations

The program shall include all plans related to operations, such as the Emergency Response Plan, Oil Spill Contingency Plan, and Landscaping Plan, as well as specific conditions not required in formal plans. It may also include any procedures not specified by these conditions but relevant to environmental protection and safety.

- C-2. Prior to issuance of the Coastal Development Permit and Land Use Permit Celeron shall provide to the Resource Management Department and the Emergency Services Coordinator the current name and position, title, address, and 24-hour phone numbers of the field agent, person in charge of the facility, and other representatives who shall receive all orders and notices, as well as all communications regarding matters of condition and permit compliance at the site and who shall have authority to implement a facility shutdown pursuant to condition A-8 in this Ordinance. There shall always be such a contact person(s) designated by the permittee. One contact person shall be available 24 hours a day during all phases of the project in order to respond to inquiries received from the County, or from anyone in case of an emergency.

If the address or phone number of Celeron's agent should change, or the responsibility be assigned to another person or position, Celeron shall provide to the Resource Management Department the new information within seven days.

- C-3. Celeron shall furnish to the Resource Management Department copies of all County permit applications relative to the project once submitted, and of permits within 30 days of receipt by Celeron.

D. AIR QUALITY

- D-1. Nothing contained herein shall be construed to permit a violation of any applicable air pollution law, rule, or regulation.
- D-2. Prior to initiation of construction, including grading, of any facilities approved pursuant to this Development Plan, Celeron shall obtain an Authority to Construct permit from the County Air Pollution Control District.
- D-3. Celeron agrees to implement all air pollution control procedures as required by APCD and identified in the Final Development Plan (such as water sprays to reduce construction-related fugitive dust).
- D-4. Emissions from any project component that contribute to ozone standard violations must be mitigated to the extent feasible. Effectiveness of mitigation will be confirmed by APCD.
- D-5. Deleted.
- D-6. Prior to approval of the Final Development Plan, Celeron shall submit to the Resource Management Department updated estimates of the type and size of helicopters, or other aircraft, to be used during pipeline operations for the aerial surveys of the pipeline route. The information shall also include the estimated operating schedules,

frequency and duration of airport calls and other reasonable information as required by APCD. The County may require validation and updating of this information as needed. Should this information reveal significant differences between the estimated air emissions and those analyzed in the EIR/EIS, the APCD may modify air quality permit conditions as necessary to assure consistency with the Air Quality Attainment Plan and Reasonable Further Progress goals.

- D-7. All facilities shall be designed, constructed, operated, and maintained, such that the facilities approved under this Development Plan shall not discharge quantities of air contaminants or other materials in violation of Section 41700 of the Health and Safety Code.
- D-8. Prior to the approval of the Final Development Plan, Celeron shall submit to the Director of the Resource Management Department a plan, approved by the APCD, which includes timing of construction, minimizing soil handling, and other measures to mitigate construction air quality impacts. The plan shall include APCD approved analysis which demonstrates that local, state and federal air quality standards will not be violated as a result of construction activities.

E. GEOLOGY

- E-1. Prior to the issuance of the Coastal Development Permit and Land Use Permit, Celeron will conduct a route-specific Geologic Investigation, Design, and Mitigation Program. This program shall contain three basic components: 1) a detailed geologic investigation component which defines specific hazards, 2) an engineering design component which details specific engineering plans for each identified hazard along the route, and 3) a geohazards mitigation component which demonstrates how and to what extent each hazard is reduced.

a) Detailed geologic investigation component:

Where specific hazards have been identified or may occur along the pipeline route or at pump station locations, Celeron will conduct appropriate detailed geologic, seismic, and geotechnical studies to further characterize the specific geologic hazard. These studies will be conducted under the direction of a State of California registered geologist or engineering geologist who will be mutually agreed to by Celeron, the Resource Management Department, the Public Works Department, and the Flood Control District. These studies will include but not be limited to investigations of unstable slopes, erodible slopes, lurch/liquefaction susceptible substrate, surface rupture, and river scour characteristics (depth and lateral extent). Methods of investigation shall conform to appropriate geotechnical techniques applicable to each specific hazard. Draft results

will be subject to review by County Public Works Department and Flood Control Agency as appropriate prior to finalization of the engineering design. The final report will be submitted with the final engineering design component.

b) Engineering design component:

Celeron will demonstrate that appropriate geotechnical information from component a) and other applicable recommendations are incorporated into final engineering design of pipeline construction and facilities. This includes but is not restricted to: the development of appropriate ground motion parameters for use in seismic design of critical structures and equipment, unstable slope construction or avoidance techniques, burial depth at all major river crossings, modification of instrumentation, or use of the dual contingency level/operating level earthquake concept, or its equivalent. The designs will be subject to review by the Department of Public Works and third party technical review as specified in Condition P-1.

c) Geohazards mitigation component:

Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron will submit to the Resource Management Department a detailed geologic hazard mitigation report. The report will outline the hazards identified in part a) of this program and will address how engineering designs as detailed in part b) of this program reduce each specific hazard. This component will also be submitted to the Department of Public Works and Flood Control Agency and will be subject to third party review as specified in Condition P-1.

E-2. Celeron will develop a Monitoring Program for the operations phase to be funded by Celeron and staffed as necessary with at least one State of California registered engineer, or engineering geologist, in order to evaluate any hazards identified by routine monitoring. The program will be designed to verify adequate performance or condition of the project components in hazard areas such as river and active fault crossings, and will be subject to approval of the Resource Management Department prior to issuance of the Coastal Development Permit and Land Use Permit. The monitoring program may in part be incorporated into routine aerial and ground reconnaissance.

If the monitoring indicates a potential or actual hazard, appropriate action including, but not limited to, operations curtailment and repairs, will be taken by Celeron to mitigate the hazard. Celeron will report to the Emergency Services Coordinator any potentially hazardous situations discovered during monitoring.

In the case of river crossings at the Santa Ynez, Sisquoc and Cuyama Rivers, a yearly inspection of pipeline burial depth, subject to review by the Resource Management Department and Flood Control Agency, shall be performed. At crossings of the Santa Ynez and Sisquoc Rivers where channel degradation has reduced the depth of cover to less than four feet below the 100-year scour depth, or other hazardous levels as determined by a professional engineer on the staff of or under supervision of the County Flood Control Agency, or US D.O.T. specifications, relocation or reburial of the pipeline to adequate depth will be required. At the crossing of the Cuyama River, if the inspections reveal that hazardous conditions exist, mitigations such as reconstruction or relocation of the crossing will be required as determined by a professional engineer on the staff of or under supervision of the County Flood Control Agency.

- E-3. Inspection of the pipeline trench or trench spoil to identify any potential geologic hazards shall be made by a professional geologist or soils engineer approved by the Resource Management Department prior to installation of the pipeline. If hazards not previously accounted for in the pipeline design are encountered, appropriate mitigation measures will be developed and must be instigated prior to installation of the pipeline. The results of the inspection will be reported to the engineering geologist of the Public Works Department who will approve prior to, and the supervising environmental coordinator who will insure, application of the necessary mitigation measures. The timing of such inspections shall not result in any unreasonable delays in installation of the pipeline.
- E-4. At all places where the pipeline crosses an active fault, according to the Department of Geology and Mining definitions, Celeron will place isolation valves on either side, or design and construct appropriate devices or measures which more effectively mitigate the hazard of the fault crossing. Location and nature of these designs must be approved prior to the issuance of the Coastal Development Permit and Land Use Permit.
- E-5. Prior to the issuance of the Coastal Development Permit and Land Use Permit, Celeron shall submit final Grading and Erosion Control Plans for the Sisquoc pump station approved by the Department of Public Works. These plans shall be consistent with or based on information contained in the geologic investigation required in Condition E-1.

Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron shall either submit Grading and Erosion Control Plans for the Las Flores and Gaviota pump stations for approval by the Department of Public Works or show evidence that the plans are a part of the overall Grading and Erosion Control Plans for the consolidated processing facilities at those sites.

- E-6. Celeron shall cooperate as necessary with San Luis Obispo County in the permitting, design and construction of the Cuyama River crossing.

Any pipeline crossing the Cuyama River shall be laid to a depth consistent with studies performed under Condition E-1 and subject to approval of the County Flood Control District.

- E-7. Prior to approval of the Final Development Plan, Celeron shall commit to the location of their south coast pump stations to the satisfaction of the Planning Commission. If these stations are not within the boundaries of the approved Exxon, Gaviota Terminal Company, or Chevron facilities, Celeron shall submit grading and erosion control plans pursuant to Condition E-5.

F. SURFACE AND GROUNDWATER

- F-1. During construction of the pipeline across all perennial stream crossings, stream flows, if any, shall be diverted around construction areas to maintain downstream flows. Baseline water flows shall be maintained in coastal streams in order to avoid adverse impacts to lagoon or other sensitive habitats.
- F-2. Sediment retention devices that allow continued streamflow shall be installed directly downstream of stream crossings during construction.
- F-3. For pipeline crossings at the following stream or river crossings: Tajiguas; Refugio; Gaviota; Nojoqui; Zaca; San Antonio Creeks, all additional perennial streams which the pipeline crosses: Santa Ynez; Sisquoc; and Cuyama Rivers, Celeron shall construct the buried pipelines during the months of low historical streamflow, in order to minimize erosion loss downstream and protect surface water quality. In the event of low winter rainfall, earlier construction may be approved by Resource Management Department and County Flood Control Agency.
- F-4. No staging areas shall be permitted within riparian habitat corridors.
- F-5. During pipeline construction at stream crossings, construction contractors will minimize time of disturbance, narrow the construction ROW to the extent feasible, stabilize the disturbed areas immediately following construction of the crossing, and divert runoff waters around construction areas to maintain downstream flows.
- F-6. Deleted.
- F-7. Celeron shall install isolation valves on either side of all perennial stream and river crossings, including the Cuyama River,

and/or as required by the Coastal Zoning Ordinance, unless the applicant can demonstrate that alternative methods will further reduce the potential leak impacts at the crossing site. These locations shall be identified prior to the Final Development Plan.

F-8. Prior to approval of the Final Development Plan, Celeron shall identify the freshwater source considered for supplying pipeline and facility construction activities including hydrostatic test water, and shall estimate the total quantity required. Any water obtained from coastal or inland sources shall not significantly disrupt streamflows, groundwater resources, or habitat resources. Water conserving devices shall be used where feasible. Any water used during construction, (exclusive of hydrostatic test water), shall contain no more than 5,000 parts per million total dissolved solids. Disposal of hydrostatic test water within the County shall be according to a plan approved by the Regional Water Quality Control Board, or by the Flood Control Agency. This information shall be provided to and approved by the Resource Management Department as part of the Final Development Plan.

F-9. Prior to approval of the Final Development Plan, Celeron will perform detailed hydrogeologic investigations for the sensitive areas identified in the the EIR/EIS, (Table 3-14). These investigations will be conducted by a State of California registered geologist or engineer and will include but not be limited to:

- a) definition of groundwater depth, recharge sources, properties of overlying soils, hydraulic gradient, background water quality, and existing water uses.
- b) inventory of existing wells from State or County Flood Control Agency records in an area extending down-gradient from the pipeline in the aquifer equal to the distance groundwater would move in one year at a velocity calculated from the maximum hydraulic conductivity of the specific aquifer, hydraulic gradient, and porosity. The down-gradient sensitive area will be determined by a registered geologist.

This information will be reviewed by the Resource Management Department and used by Celeron to formulate the Groundwater Contamination portion of an Oil Spill Contingency Plan, Condition P-5. This portion of the Plan will include;

- a) plans for monitoring and early detection of groundwater contamination, including aerial and ground surveys, pipeline pressure monitoring, and water sampling of strategic wells;
- b) plans for notification of affected groundwater users, and the Emergency Services Coordinator;

- c) clean-up response, reparations, restorations, and methods to determine and correct the contamination source; and
- d) identification of emergency alternate water supplies.

- F-10. At the base of slopes where the ROW approaches sensitive aquifers as identified in the EIR/S that are at risk from oil spills and leaks, a dam or ditch plug will be used in the pipeline trench. The sensitive areas are those where the ROW follows 1) topographic slopes toward basins with shallow depth to water, 2) high vertical permeabilities, and 3) a high degree of groundwater use as indicated by the hydrogeologic investigations required as per condition F-9. These areas shall be identified in the Final Development Plan.
- F-11. Prior to the approval of the Final Development Plan, the System Safety and Reliability Committee shall review and approve submitted plans of all Creek and River crossings in Santa Barbara County. Permitted development shall not cause or contribute to flood hazards or lead to the expenditure of public funds for flood control works.

G. AQUATIC BIOLOGY

- G-1. Fueling and lubrication of construction equipment will not occur within 0.25 miles of any flowing streams. No more than 2 barrels of fuel shall be kept at construction sites, exclusive of pipeline construction equipment fuel tanks, within 0.25 miles of all perennial creeks. As part of the oil spill response plan, Celeron will submit plans for clean-up and restoration of affected areas in the event of a construction fuel spill.

H. TERRESTRIAL BIOLOGY

- H-1. Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron shall submit a Restoration, Erosion Control, and Revegetation plan for the final proposed pipeline route and the pump station sites. The plan shall be submitted to the Resource Management Department for approval. Once approved, the plan shall be implemented by Celeron. Success of the restoration and revegetation plans shall be monitored by a qualified independent biologist who is in addition to the managing environmental coordinator (Condition C-1). The plan shall contain, but not be limited to, the following:
- (a) Procedures for stockpiling and replacing topsoil, replacing and stabilizing backfill, such as at stream crossings, and steep or highly erodible slopes. Additionally, provisions shall be made for recontouring to approximate the original topography. Excess fill shall be disposed of off-site unless suitable arrangements are made with the property owner. Excess fill shall not be deposited in any drainage, or on any unstable slope.

- (b) Specific plans for control of erosion, gully formation, and sedimentation, including, but not limited to, sediment traps, check dams, diversion dikes, culverts and slope drains. Plan shall identify areas with high erosion potential and the specific control measures for these sites.
- (c) Procedures for containing sediment and allowing continued downstream flow at stream crossings, including scheduling construction activities during low-flow periods.
- (d) Procedures for re-establishment of vegetation that replicates or is functionally equivalent to indigenous and naturalized communities along the alignment. These shall include: measures preventing invasion and/or spread of undesired plant species; restoration of wildlife habitat value; and restoration of native plant species and communities. Celeron shall consult with the County Farm Advisor and appropriate Ranch operators when developing procedures for revegetating areas used for cattle grazing and other agricultural uses;
- (e) Procedures for restoration of riparian corridor stream and river banks and stream bed substrates and elevation;
- (f) Procedures for minimizing all tree removal or tree root and branch damage, such as, flagging the corridor, keeping all disturbance to no more than the 100-foot pipeline right-of-way, feathering the right-of-way edges, providing for onsite monitoring of construction by a qualified independent biologist. In addition, special procedures are required for oak woodlands since County policy requires that these trees must not be cut down if feasible. Special procedures for oaks include reducing the right-of-way to the minimum width possible and minimizing the impact to the root zone of these trees;
- (g) Procedures for replacement of native trees and large shrubs removed from the 100-foot temporary easement during construction across riparian and woodland, in particular oak woodland, habitat, with saplings of the same species propagated from materials obtained from the same area, including provision for supplemental irrigation as necessary and feasible to ensure establishment, and provisions for protection of saplings from grazing animals;
- (h) A soil conservation program, to be applied in areas of 20 percent or greater slopes along the pipeline corridor.
- (i) Procedures for incorporating landowner concerns in the plan. Any changes to the plan instigated by such concerns shall be approved by the Resource Management Department.

- (j) A plan for offsite re-establishment of oaks to mitigate impacts to oak savannahs and woodlands along the route.

The segment of the plan pertaining to Gaviota State Park shall be prepared in cooperation with the State Department of Parks and Recreation.

- H-2. One year after construction, a survey will be conducted, at Celeron's expense, to determine the actual impact caused by construction. This survey shall include aerial photography, and as appropriate color stereo and infrared photography and field studies. The report will identify areas with potential for further impact, e.g., high erosion areas, that will require immediate remedial measures. The survey shall also contain an examination of previous mitigation measures and present a list of additional feasible mitigations based on the impacts during construction and potential impacts caused by operation. Celeron and the Resource Management Department shall agree to additional feasible mitigations. This process shall be repeated as often as necessary by the Resource Management Department, but not more than annually.
- H-3. In those areas where trees and other habitats such as riparian areas and oak woodlands are to be avoided within the approved corridor, Celeron shall assure contractor compliance with this condition by marking and/or fencing those habitats.
- H-4. Additional reasonable and feasible conditions of mitigation, consistent with condition H-1 and to the extent necessary, shall be identified and observed as developed during the archaeological mitigation program (conditions L-1, L-2, L-3, L-6), and as identified by the managing environmental coordinator in consultation with Celeron's Onsite Construction Representative (condition C-1).
- H-5. Deleted.
- H-6. Celeron shall not use herbicides in wetland and riparian areas, and along the rest of the pipeline corridor during construction.
- H-7. Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron shall receive a permit (1603) as required from the California Department of Fish and Game. This permit should include provisions to ensure that the proposed construction schedule will not interfere with reproductive activities of regionally rare or rare, threatened or endangered bird, amphibian, and fish species or other species of special concern, in those environmentally sensitive habitats identified in the EIR/EIS and shall submit this confirmation to the Resource Management Department. If the Department of Fish and Game determines that the construction schedule will have an impact then Celeron will adhere to directives of the Department of Fish and Game with respect to their permit requirements.

- H-8. Deleted.
- H-9. Celeron shall minimize impacts to the population of Hoffmann's nightshade (Solanum xanti var. hoffmannii) found in the Gaviota Pass area. Celeron shall submit plans to enhance the recovery of this population to the Resource Management Department for approval prior to issuance of the Coastal Development Permit and Land Use Permit. These plans shall include provisions for removing any individual plants that would be affected, place them in large tubs, and replant them as near as possible to the original location (exclusive of the operation Right-of-Way) after construction; and gathering seeds prior to issuance of the Coastal Development Permit and Land Use Permit from the population of Hoffmann's nightshade located in the Gaviota Pass area and planting them in and near the ROW after construction. This shall be done under the supervision of a biologist approved by the Resource Management Department and in cooperation with the California Parks Department; this biologist may approve modifications to these techniques based on season of the year and state of dormancy.
- H-10. Celeron shall minimize impacts to the population of Catalina Mariposa lily (Calochortus catalinae) found in the Gaviota Pass area. Celeron shall submit plans to enhance the recovery of this population to the Resource Management Department for approval prior to issuance of the Coastal Development Permit and Land Use Permit. These plans shall include provisions for gathering of seeds from the population found in or near the ROW prior to construction, planting the seeds in or near the ROW after construction (exclusive of the operation ROW), conserving the upper 18-24 inches of heavy clay soil which contains the plant's bulb-like corms found in the vicinity of the plants prior to construction, and then, after construction, replacing this soil which holds the plants bulb-like corms. This shall be done under the supervision of a biologist approved by the Resource Management Department and in cooperation with the California Parks Department; this biologist may approve modifications to these techniques based on season of the year and state of dormancy.
- H-11. Celeron shall minimize impacts to the population of Refugio Manzanita (Arctostaphylos refugioensis) found in Gaviota Pass area and affected by the proposed construction activities. Celeron shall submit plans to enhance the recovery of this population to the Resource Management Department for approval prior to issuance of the Coastal Development Permit and Land Use Permit. These plans shall include provisions for gathering seeds and taking cuttings from the population of Refugio Manzanita found in and adjacent to the ROW prior to construction, and provisions for the planting of the seeds and plants propagated from cuttings in the final construction alignment (exclusive of the operation ROW) after construction. This shall be done under the supervision of a biologist approved by the Resource Management Department and in cooperation with the California Parks Department;

this biologist may approve modifications to these techniques based on season of the year and state of dormancy.

- H-12. Celeron shall prepare a Restoration, Revegetation and Implementation section as part of the Oil Spill Contingency Plan (P-5). The section shall be reviewed and accepted prior to start-up by the Resource Management Department and a biologist approved by the Resource Management Department. The section shall be submitted sufficiently prior to Celeron's projected start-up date so as to allow reasonable time for staff review. Reasonable costs of review shall be borne by the applicant. The section shall contain site-specific restoration information for all habitat types including stream crossings, wetlands/lagoons, oak woodlands, grasslands, riparian zones, and other environmentally sensitive habitats. The section shall be divided into three major areas: a) Coastal, b) Streams and Rivers and c) Terrestrial habitats. Each of these sub-sections shall discuss the various habitats in the categories listed above. Methods to achieve restoration of all affected areas to their prespill conditions shall be discussed.
- H-13. Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron shall submit to the County Board of Architectural Review, and the Resource Management Department site-specific plans for landscaping of any pump station not within other required project vegetation screens. This plan shall, at Celeron's expense, be reviewed by a qualified landscape architect and a biologist approved by the Resource Management Department to insure the proper plant materials and procedures identified in these conditions are implemented. These plans shall be developed in consultation with the property owner. The plan shall include:
- (a) The specifications of any potential seed mixtures to be utilized, including the plant species in the mixture and the pounds of seed per acre to be applied; type of mulch (fiber, chemical tackifier or straw); the type and amount of fertilizer; and any provisions for irrigation;
 - (b) Confirmation that all native or non-native plant materials proposed in the revegetation plan are compatible with indigenous vegetation and that none of the plants used is known to be weedy or invasive. The plan shall provide for plantings that will screen facilities from view. This vegetation screening shall also be designed to reduce nighttime lighting and noise. Near chaparral or other high fire hazard areas, the seeds or seedlings will consist of native or non-native species, shown to contain fire retardant properties (such as toyon) and shown to be fast growing;

- (c) The specifications for native seeds and seedlings that will have wildlife habitat and food value. All perennial plants, and all woody plants are to be propagated from material obtained from the same area. Native plant material is to be obtained from a revegetation contractor. All native materials will be ordered from the contractor in advance of construction activities.
 - (d) Confirmation that non-native material is to be confined to disturbed areas immediately adjacent to structures needing visual screening. Such screening is to include fast growing plants adequate to screen the facility from direct view;
 - (e) A detailed irrigation plan if feasible for all revegetated areas requiring irrigation for establishment of plant materials;
 - (f) Celeron's commitment for continual monitoring of the revegetation so that weeds will be minimized.
- H-14. Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron shall post a bond or other security agreement approved by the County Counsel to ensure that all landscaping and revegetation programs are completed to the County's specifications.
- H-15. Prior to issuing a release from the bond or other security agreement, a biologist and landscape architect hired by the County, at Celeron's expense, shall conduct a field review of all revegetated and landscaped areas, to insure consistency with the intent and specifications of the revegetation and landscape plan. Necessary repairs or changes in landscaping or revegetation shall be made at Celeron's expense.
- H-16. Prior to approval of the Final Development Plan, a qualified biologist approved by the Resource Management Department will conduct site-specific field inventories for California state-listed species, as mandated by the intent and general provisions of Assembly Bill No. 3309, the California Endangered Species Act. The biologist will perform the surveys of the 100-foot ROW in areas suspected of having any of the species of special concern as identified in Appendix B Table B-6, DEIR/S, except for the peregrine falcon, least Bell's vireo, and Parish's sidalcea. Surveys for these species will be conducted prior to construction. The California Department of Fish and Game will be consulted concerning appropriate methods for survey as well as appropriate mitigation measures if these species are found on the ROW. Additional mitigation shall be developed and executed by Celeron based on these surveys if determined necessary by the Resource Management Department.
- H-17. Prior to issuance of the Coastal Development Permit and Land Use Permit, a wildlife biologist approved by the Resource Management

Department will survey all potential raptor nesting habitats within 0.5 miles of the pipeline, to identify active and inactive nests and potential perch sites cleared by ridge-top construction. No construction will occur within 0.5 miles of active eyries during nesting season as determined by the biologist. Construction may be permitted by the Resource Management Department in consultation with the biologist near inactive nests provided nest sites are not disturbed. Where deemed necessary by the California Department of Fish and Game biologists, raptor perch or roost trees will be avoided and/or artificial roosts will be constructed on ridgelines to mitigate losses of such trees resulting from clearing the ROW on ridge tops.

- H-18. Celeron shall limit the width of the construction ROW through all riparian habitats to the extent feasible. Celeron shall submit a plan indicating the location and size of the construction ROW through all riparian habitats. These plans shall be approved by the Resource Management Department prior to the Final Development Plan.
- H-19. The construction ROW shall be routed to avoid trees to the maximum extent feasible. When this is not possible, dying or diseased trees shall be removed preferentially over healthy trees.
- H-20. Celeron shall minimize impacts to the oak woodland in the Suey Canyon area. This shall be done by using existing disturbed areas and by narrowing the construction corridor to the extent feasible by working on top of the spoils pile or selectively removing spoils, selectively removing trees (e.g. dying, or diseased trees) and revegetating to enhance re-establishment of oak saplings and/or similar mitigation.
- H-21. Celeron shall align the pipeline route in the vicinity of the Los Alisos Creek crossing in order to minimize the amount of riparian habitat disrupted.
- H-22. Prior to the issuance of the Land Use Permit, a qualified biologist approved by the Resource Management Department shall conduct a site-specific field survey for the Parish's checkermallow along the approved right-of-way in potential habitat areas in the North County. Should any individuals be found along the right-of-way, Celeron shall employ mitigation measures approved by the Resource Management Department to enhance the reestablishment of the species along the ROW (e.g., transplanting individuals).

I. SOCIOECONOMICS

- I-1. The cumulative impacts of oil and gas industry projects are expected to be significant to Santa Barbara County. Therefore Celeron shall participate in an oil and gas industry wide monitoring and mitigation program to address socioeconomic impacts indentified as significant

environmental impacts attributable to their project. For projects such as pipelines, only the construction phase is expected to cause significant impacts, and Celeron's participation in the program shall be limited to that phase. The criteria for allocating the costs of the monitoring and mitigation program and its mitigation requirements will be uniformly applied to all industry participants.

The intent of this program is to obtain realistic information regarding impacts identified in the EIR/EIS, and to allow impacted jurisdictions to require mitigation for project-related impacts. Mitigation of impacts through other planning programs, and/or through existing administrative infrastructure shall be taken into account. The scope of this program is detailed below. As subsequent details in the structure of the Program are developed by the County, such details shall supersede portions of this condition as appropriate.

The purpose of the Monitoring and Mitigation Program is to accurately assess the impacts of the Celeron's proposed development, including those in the following socioeconomic areas:

- a. Temporary housing needs, particularly demand for state and other park campsites, recreational vehicle parks, motel-hotel rooms and rental housing;
- b. Longer term (more than one year) housing needs, particularly low and moderate income housing needs, and associated water demands, south coast Santa Barbara County;
- c. Public finance;
- d. Transportation of workers and materials to and from the site.

At any point when the Board of Supervisors determines that the monitoring program demonstrates that previous mitigation funds paid by Celeron exceed the valuation of the impacts at issue, Celeron shall be granted a credit against any other current or future mitigation fees imposed on Celeron for this permit by the County. Celeron shall be entitled to accrued interest at the prevailing legal rate which shall continue to accrue until the credit is used.

The Monitoring and Mitigation Program will be administered and staffed by the County of Santa Barbara, Department of Regional Programs. A Technical Advisory Committee will provide assistance and input in the documentation of significant adverse impacts and proposals to mitigate these significant impacts.

The Technical Advisory Committee will be composed of: two representatives from Santa Barbara's cities appointed by the Mayor's Select Committee and representing north and south county interests;

one representative (each) from San Luis Obispo and Santa Barbara counties; and one representative from each affected oil and gas company (to the number of representatives agreed upon). Celeron will be included in the committee until Celeron submits its resignation.

In the event of unresolved technical issues in the area of methodology and calculation of socioeconomic impacts, there shall be a Technical Arbitration Group. The Technical Arbitration Group shall be composed of three individuals without ties to either the County or Celeron, one to be selected by the County Board of Supervisors, one selected by the oil and gas company representatives and the final member selected by the first two members. All Technical Arbitration Group decisions shall be appealable upon written request to the Board of Supervisors. Subsequent details on voting procedures and conflict resolution will be proposed by the Department of Regional Programs and reviewed by the Board of Supervisors in a noticed public hearing.

Prior to approval of the Final Development Plan for this project, the monitoring and mitigation program will be refined. Based on information in the EIR/EIS and on other data as appropriate, practical thresholds which trigger the necessity for mitigation will be developed and adopted by the Department of Regional Programs with input from the Technical Advisory Committee. These thresholds will recognize the normal growth incorporated in county plans, prior and existing industry activity, and the decline of the industry if no further permitting is allowed. Methodologies used to establish thresholds and impacts will be developed in consultation with the Technical Advisory Committee.

The need for mitigation will be determined when threshold levels are exceeded as shown by monitored activities and other data as appropriate. The Department of Regional Programs will recommend a mitigation action to the County Board of Supervisors. The Technical Advisory Committee will assist in making the assessment and recommendations. The monitoring and mitigation program will continue through all stages of construction.

The monitoring, impact and mitigation elements of the program would be equivalent to those described in the Chevron Gaviota Project conditions, but modified as appropriate for the nature of the pipeline project.

- I-2. Prior to approval of the Final Development Plan, Celeron shall submit to the County Department of Regional Programs a plan which details how they plan to house temporary construction workers for every month of construction. This plan, to be implemented by Celeron, shall demonstrate how Celeron plans to reduce the housing impacts identified as part of the plan; e.g. exactly how much housing is needed, where it is needed and for how long; but not limited to, the following examples:

- (a) Use of existing under-utilized hotel/motel space during the months of September through May to provide for temporary living quarters for direct construction workers by month; identification of incentives to all the direct construction workers such as rent subsidies and/or shuttle service to the site.
 - (b) Use of any available housing outside the South Coast area for all workers associated with the project during the summer months when visitor-serving facilities in the South Coast area are at capacity. Incentives for workers shall be identified such as rent subsidies and shuttle service for all workers commuting to the job site.
 - (c) Methods to limit worker use of public campgrounds as living quarters. If it cannot be shown that the impact will be reduced from the estimate, Celeron shall make a donation to the California State Parks or to Santa Barbara County Parks for the development of new campsites to offset their worker use of campsites. The donation shall be made prior to receipt of the building permit and determined by multiplying the estimated cost per developed campsite times 15. If it is shown by the Regional Programs Department and the Technical Advisory Committee that there is significant impact, the above-mentioned groups shall propose mitigation. At any point when the Board of Supervisors determines that the monitoring program demonstrates that previous mitigation funds paid by Celeron exceed the valuation of the impacts at issue, Celeron shall be granted a credit against any other current or future mitigation fees imposed on Celeron for this permit by the County. Celeron shall be entitled to accrued interest at the prevailing legal rate which shall continue to accrue until the credit is used.
- I-3. The pipeline construction period will be scheduled so as not to coincide with peak tourist seasons within each construction area in Santa Barbara County, provided that this scheduling does not interfere with any other conditions in this permit with respect to timing, in particular requirements regarding construction during stream and river low-flow. If such a conflict is found, than additional measures must be taken to provide the temporary housing needs for construction workers.
- I-4. Deleted.
- I-5. Celeron shall include provisions in its contractor agreements specifically to encourage and promote employment from local labor so as to reduce the impacts associated with the in-migration of workers.
- I-6. Except as otherwise provided herein, if the Socioeconomic Monitoring Program shows that project related revenues will not compensate for needed capital or operating expenditures necessary to provide project-related utilities and services additional mitigation will be required.

- I-7. In the event that state and/or federal revenue sharing legislation directed at distributing oil related revenues to state or local governments is approved or Santa Barbara County levies a tax (special or otherwise) on oil and/or gas processed or transported under this permit, then any condition herein requiring payments or other items of value by Celeron to Santa Barbara County or any political subdivision thereof shall automatically be suspended pending a review by the County to determine the extent, if any, which the tax, revenue sharing, or any of the fees imposed are duplicative or unwarranted either as to the level of government services provided or the level of burdens imposed on the public.

J. LAND USE AND RECREATION

- J-1. Prior to construction, the entire pipeline ROW corridor shall be prominently staked. All affected property owners along the pipeline route shall be notified in writing at least 30 days prior to the commencement of any pipeline construction on their property, and at least 15 days in advance of any deviation from the staked corridor which crosses their property.
- J-2. All mainline pipeline construction activities except river, perennial coastal stream, and ESH area crossings as specified in condition H-7, once started, shall proceed in a diligent and expeditious manner and shall be completed within nine months after the starting date, subject to necessary and/or unanticipated time extensions approved by County, in consultation with affected property owners.
- J-3. Pipeline construction activities shall be limited to the period between 7 a.m. and 7 p.m., Monday through Saturday. Except for emergency services, construction activities shall not take place on Sundays, the dates generally recognized for Memorial Day, July 4, Labor Day, or any other similarly recognized holiday, unless previous arrangements have been made with the affected property owners.
- J-4. Prior to approval of the Final Development Plan, Celeron shall consult with affected property owners to develop reasonable and mutually satisfactory controls for maintaining the privacy and security of affected properties while construction is in progress.
- J-5. Unless easements have been obtained from affected property owners or unless otherwise agreed to by affected property owners, Celeron shall provide affected property owners written notice at least 48 hours prior to the start of construction on their property, which shall include:
- a) Description of vehicles using roads on the property, including type, size, identification, proposed times of entry and

departure, destinations, and the intended route to the destination. (Fire, medical, or similar emergency vehicles can enter as necessary.) Significant changes in the schedule of construction-related vehicular traffic shall be allowed within the 48-hour advance noticing subject to direct communication (e.g. telephone, personal communication) by Celeron with the affected property owners;

- b) Description of estimated construction schedule across the property. Any blasting necessary during construction shall be noticed to all property owners within a one mile radius of the blasting area;
- c) Description of times of limited access through and across the property, such as road closures on the property, indicating specific location, time and duration of the limited access or closure. Road closure is considered to include partial road blockage or disturbance. Suitable vehicular by-pass shall be provided during all closures;
- d) Description of any probably hazard or other unsafe condition during the pipeline construction period, indicating the nature of the hazard, the area in which the condition will occur, and the time and duration of the activity. Celeron and its contractors shall take prompt and adequate action to correct any hazard or damage that does occur during construction, and shall provide appropriate noticing as per other parts of this condition;
- e) Description of helicopter and/or vehicle reconnaissance schedules for pipeline maintenance, indicating times, stops, and duration. Celeron shall establish and enforce appropriate rules for its personnel and its contractors to assure that they will not be in the area except when necessary to carry out construction, inspection, repair and maintenance activities, or emergency services;
- f) Description of schedule for cutting any fences or similar barriers during pipeline construction.

J-6. Deleted.

J-7. Unless easements have been obtained from affected property owners or unless otherwise agreed to by affected property owners if and when fences or other similar barriers must be cut during pipeline construction, Celeron shall provide advance notice to the affected property owner, and shall replace the function of the cut fence before the cut is made to the satisfaction of the property owner, and Celeron and its contractors shall restore all fences that have been cut, moved, or damaged to at least their condition prior to pipeline construction, except that gates or similar structures may be added as approved to provide access.

- J-8. Interruption of telephone, electrical power, water or other utility services shall be minimized to the extent feasible during the pipeline construction period. Celeron, or its contractors, shall contact each property owner or the appropriate utility regarding the location of utility lines, and all such utility line locations shall be staked by Celeron or its contractors prior to the start of construction on the affected property.
- J-9. During the pipeline construction period in the County, Celeron and its contractors shall comply fully with all applicable statutes, ordinances, rules and regulations, including traffic regulations, of the County.
- J-10. Prior to entering upon any parcel of property for purposes of commencing construction, Celeron shall demonstrate to the Resource Management Department that it has obtained a right-of-way for such parcel or otherwise has obtained the right to enter the property for purposes of constructing the pipeline.
- J-11. Following installation of the pipeline, use of the right-of-way is restricted to operational maintenance of the pipeline except where expressly permitted by the easement or landowner and consistent with other regulations and conditions.

K. TRANSPORTATION

- K-1. Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron shall submit to the Resource Management Department and the Department of Public Works, Road Division a worker transportation program designed to minimize traffic-related impacts. The plan shall identify on- and off-site parking areas, access routes, shuttle program to reduce number of working vehicles on and along pipeline construction corridor, measures to avoid traffic conflicts with residents using all roads affected, number of vehicles accessing the facilities sites and incentives for ride-pooling/van-pooling to the sites. Construction worker traffic and parking shall not interfere with normal and reasonable uses of private property or recreational areas. This Construction Traffic Mitigation Plan shall be submitted by Celeron and approved by County prior to initiation of construction. The program must consider both Celeron's employees and contractors.
- K-2. Any new permanent parking areas at the pump stations shall be screened from public view pursuant to the landscape plan approved by the Board of Architectural Review.
- K-3. The final engineering plans and procedures for all pipeline crossings of County roads must be approved prior to issuance of the Land Use

Permit and Coastal Development Permit by the Department of Public Works. Notification of such approval must be submitted to the Resource Management Department prior to construction at the site.

- K-4. All pipeline construction activity, except ingress and egress along routes approved by the Resource Management Department and in consultation with affected property owners, shall be limited to the final staked right-of-way on the final approved pipeline route. Use of any private roads or other areas shall be allowed only after advance approval from the affected property owners.
- K-5. Prior to the Final Development Plan, Celeron must submit to the Public Works Department for approval a plan to mitigate impacts to all County roads which will be used during construction. This plan will include the type of vehicles and machinery which will traverse the roads, the frequency of road use for each piece of equipment and vehicle, and the gross vehicle weights loaded and unloaded. This includes the above information for trucks carrying pipe, fuel, construction supplies, or construction crews through the County to the construction spreads. This plan shall include an agreement with the County to repair any obvious damage to the satisfaction of the Public Works Director and any reasonable fees associated with eventual reconstruction caused by project-related damages of the public roads. Prior to drafting this agreement, County shall coordinate with Celeron in compiling a list of County roads which will be used for construction of the pipeline. Celeron shall demonstrate property owner (or Court) approval of private road maintenance plans or terms on privately owned parcels to the Resource Management and Public Works Department prior to entering upon said parcels for purposes of commencing construction.

L. CULTURAL RESOURCES

- L-1. Prior to approval of the Final Development Plan, Celeron shall submit a plan detailing the methods for the Phase I (walkover) and Phase II (site importance assessment) cultural resources surveys. In addition, Celeron shall submit all Phase I cultural work completed to date. These reports shall be approved by the Resource Management Department as part of the Final Development Plan.

Prior to issuance of the Land Use Permit and Coastal Development Permit, Celeron shall complete Phase I and Phase II cultural resource surveys for the entire route. The results of these surveys shall be approved by the Resource Management Department prior to issuance of said permits. Celeron shall avoid to the maximum extent feasible all known cultural resource sites along the pipeline route unless safety (e.g. seismic or engineering practices) considerations or sensitive biological habitats preclude avoidance.

- L-2. Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron, in consultation with the Native American Community, shall commence the cultural resources mitigation plan, in accordance with CEQA Appendix K, County approved Prehistoric Archaeological Guidelines, and section 4.1.1.11, Cultural Resources, of the EIR/EIS. Implementation of the mitigation plan shall proceed on an expeditious and effective schedule in order to minimize or to avoid conflicts with other construction scheduling requirements delineated in other permit conditions. The main components of the mitigation plan shall include:
- a) Selection of a qualified archaeologist by the County Resource Management Department in consultation with Native American representatives. The archaeologist shall be available on an as-needed basis through the completion of pipeline construction. The archaeologist shall be funded by Celeron and shall be responsible to the County Resource Management Department. Compensation shall cover all excavation, analysis, and report preparation for all areas investigated including those found during construction;
 - b) Avoidance of known sites wherever feasible;
 - c) Test excavations of known sites that cannot be avoided. These test excavations will assess the importance of each site according to CEQA Appendix K criteria or other requirements and will result in appropriate data recovery as a mitigation measure;
 - d) Inclusion of Native American representatives in all field activities.
 - e) Additional sub-surface sampling (use of shovel test pits) in defined sensitive areas which will be affected by project construction to confirm the presence/absence of previously unknown (undiscovered) sites. This will include surveying of proposed construction access road areas, once identified by Celeron. Any new sites found shall be treated as per condition L-2(b, c);
 - f) Following the determination of site importance, Celeron shall inform the County of any additional plans for site avoidance. For those sites not avoided, the consulting archaeologist shall, in consultation with the Native American community, prepare site-specific mitigation (excavation/data recovery) plans; and
 - g) Implementation and completion of the field work aspects of the site-specific mitigation plans prior to construction in the vicinity of the resource.

- L-3. Prior to pipeline installation activities, Celeron shall sponsor a workshop for its pipeline contractors and Native American consultants to review and explain the mutual concerns and activities of the parties during pipeline installation work.
- L-4. During pipeline installation, a Resource Management Department approved archaeologist and Native American consultant(s) will work with the contractor during trenching to insure continued avoidance. Adequate monitors shall be provided pursuant to an agreement between the Native American representatives and Celeron, and the archaeologist retained.
- L-5. If non-burial associated cultural resource artifacts are recovered during pipeline installation (the location of such artifacts being unknown prior to installation), ownership of such artifacts shall be the option of either Celeron, the Native American Community, or the archaeological community. In recognizing the origin of the materials, the Native American Community shall have the first option for ownership. The disposition of the artifacts shall be carried out as per the approved County guidelines.
- L-6. If burials or burial associated artifacts are found during installation (that were unknown prior to excavation), and cannot be avoided because of safety considerations, there shall be no further excavation or disturbance of the site. Celeron, in conjunction with the Native American representatives and the Resource Management Department, shall adhere to the guidelines in CEQA Appendix K and the County Archaeological guidelines prior to continued construction activity in the site area.
- L-7. If the County cultural resource guidelines for Phase II are modified and approved prior to November 19, 1985, Celeron shall abide by the requirements set forth in the guidelines in place at the time of Final Development Plan approval.

M. VISUAL RESOURCES

- M-1. All facility design (e.g. pump stations, landscaping and signs), shall be in accordance with a plan approved by the County Board of Architectural Review (BAR) including the criteria outlined in the Coastal Zoning Ordinance Section 35-87.9 and Section 35-184. Prior to the issuance of the Land Use Permit and Coastal Development Permit, Celeron shall submit to the BAR and the Resource Management Department and obtain their approval of a plan demonstrating that Conditions M-2 through M-5 are met. For visual screening of surface equipment along the pipeline route, Celeron shall consult with each affected property owner during development of the associated landscaping plan.

- M-2. No unobstructed or unshielded beam of exterior lighting shall be directed towards any area outside the exterior boundaries of Celeron's property or easement. Any lighting along roadways within the project shall utilize low intensity, ground level, shielded fixtures. The plan shall demonstrate that all feasible measures have been taken to reduce obtrusive night lighting and glow from the pump stations.
- M-3. To the extent feasible no glare or other radiation resulting from pump station facilities, other than lighting fixtures constructed pursuant to this Development Plan shall be detectable at any point along or outside the required screening along exterior boundaries of the pump stations.
- M-4. Prior to the pipeline operation, the Gaviota pump station, visible from Highway 101 and the Gaviota Village, the Sisquoc pump station visible from public viewshed, and all above ground portions of the pipeline shall be painted to harmonize with the surrounding area.
- M-5. No above-surface structures except necessary pipeline markers, pump stations, cathodic test stations, necessary fencing, and block valves shall be visible along this route after the completion of pipeline construction. Signs shall not detract from scenic areas or views from public roads to the extent feasible.
- M-6. Prior to construction, Celeron will review the feasibility of implementing mitigation measures and/or realignments in the Gaviota State Park area to avoid blasting of ridgetops and alteration of topography in a scenic area. Celeron shall submit a plan to the Resource Management Department, for review and approval, which identifies the feasibility of shifting the ROW alignment to the west, leaving the ridge profile undisturbed. The plan shall include an investigation of utilizing prefabricated pipeline bends to allow for alignment around ridgetops, the use of stepped benches in steep terrain, and the future use of such a corridor for additional pipelines.

N. NOISE

- N-1. Prior to issuance of the Coastal Development Permit and Land Use Permit, Celeron shall file with the Resource Management Department a Noise Monitoring and Control Plan which has been approved previously by the the Department of Health Care Services and the Resource Management Department. The plan shall describe the best efforts Celeron shall take to reduce the noise impacts of the project both during construction and operation of the project. The approved plan shall be implemented by Celeron and shall be followed until

temporarily suspended or deemed no longer necessary by the Resource Management Department. The plan shall include provisions to ensure that items N-2 through N-6 below are included.

- N-2. Except for motor vehicles and motorized construction equipment, all facilities shall be designed, constructed, operated and maintained such that sound levels during operation do not exceed 70 dbA at or beyond the property line or pipeline easement, as measured on the "A" weighted scale at slow response on approved sound level measuring instruments. Affected property owners along the pipeline route shall be notified by Celeron at least 48 hours in advance of any planned testing or maintenance of the line which may exceed noise standards. The facility shall comply with all standards established in the Noise Element of the Comprehensive Plan and the Coastal Zoning Ordinance. No residents, teachers, students and staff at the Vista del Mar School shall be subjected to greater than a 9 dbA increment above the baseline ambient noise level, nor greater than a 3 dbA increase in day-night sound levels. The best available technology, including but not limited to muffling equipment, sound barriers, and landscaping measures shall be used to minimize operational noise impacts.
- N-3. During the construction and operation phases, project-related noise at the Gaviota State Park, Vista del Mar School, Buellton area, or other points which may be impacted (as determined by the Health Care Services Director), shall be minimized between the hours of 7:00 a.m. and 10:00 p.m. Prior to construction in the impacted areas, Celeron will notify all residents within 1200 feet of the pipeline that noise impacts may occur during specific construction periods. Noise shall be limited to 50 dbA between the hours of 10:00 p.m. and 7:00 a.m., consistent with the County Noise Element and the Coastal Zoning Ordinance. Blasting shall be limited to the hours between 7:00 a.m. and 7:00 p.m. and directional charges shall be used to minimize noise.
- N-4. As determined by the Resource Management Department, noise generating project activities (including delivery of construction equipment through residential areas) shall be restricted between the hours of 10:00 p.m. and 7:00 a.m. If complaints arise concerning activities occurring during these hours, Celeron shall take additional feasible steps to reduce the noise levels or further restrict the offending activity.
- N-5. Prior to approval of the Final Development Plan, Celeron shall submit to the Director of the Resource Management Department procedures that Celeron will take to minimize noise impacts from helicopters, or other aircraft during the aerial surveys of pipeline. The procedures, to be approved by the Resource Management Department, shall specify overflight routes to be taken to minimize noise impacts to the community and other feasible measures. Celeron shall direct its contractors to abide by the helicopter procedures and shall take

reasonable corrective action if complaints arise concerning the use of helicopters. Subject to flight safety considerations, Celeron shall avoid helicopter flights over residential areas.

- N-6. All construction and operation-related equipment shall be operated and maintained to minimize noise generation, ground vibration, and to avoid interference with radio or video communications.

O. ABANDONMENT

- O-1. Immediately following permanent shut down of the pipeline, Celeron shall remove abandoned pump stations and unburied portions of the pipeline within Santa Barbara County constructed under this permit, recontour the site and revegetate the site in accordance with a County approved revegetation plan within one year of permanent shut down. Celeron shall post a performance bond to insure compliance, or continue to pay property taxes as assessed during project operation until site restoration is complete, as determined by the County.

P. SYSTEMS SAFETY AND RELIABILITY

- P-1. Celeron shall submit all appropriate pump station, valve, and pipeline construction and process diagrams to a System Safety and Reliability Review Committee (SSRRC) who may employ a third-party technical review in order to evaluate pipeline design and help identify possible design hazards prior to construction. The System Safety and Reliability Review Committee shall consist of a representative from the County Public Works Department, the APCD, the County Fire Department, County Flood Control District and the Resource Management Department. All reasonable costs associated with any County review shall be borne by Celeron. Celeron shall be entitled to participate fully in the review process. If the review reveals a concern, the SSRRC shall share its findings with Celeron. If Celeron does not agree with the findings, the County's recourse is with the Department of Transportation, Office of Pipeline Safety for areas of pipeline construction under the jurisdiction of 49 CFR Part 195 (Transportation of Hazardous Liquids by Pipeline), with the exception of areas/issues agreed to by Celeron and the County.
- P-2. Celeron shall submit a detailed Safety Inspection, Maintenance and Quality Assurance Program for the pump stations, valves, and the pipeline which shall be implemented during construction and operations. The Program shall include, but not be limited to, inspection of construction techniques, regular maintenance and safety inspections, periodic safety audits, corrosion monitoring and leak detection, inspections of all trucks carrying hazardous and/or flammable material. The construction section of the Program shall be

reviewed by the System Safety and Reliability Review Committee and/or its consultants prior to issuance of the Coastal Development Permit and Land Use Permit. Celeron shall fund a full-time U.S. Department of Transportation (or designated representative) pipeline inspector during pipeline construction phase activities. The operations section of the Program shall be reviewed by the System Safety and Reliability Review Committee and/or its consultants prior to start-up. The Program shall be submitted sufficiently prior to Celeron's projected start-up date so as to allow reasonable time for staff review. All costs associated with this review process shall be borne by Celeron. Should the Committee find fault with these submissions, it will indicate its concerns to Celeron. If Celeron decides not to modify its plans to meet these concerns, the County's recourse is with the Department of Transportation, Office of Pipeline Safety for all areas under the jurisdiction of 49 CFR Part 195 (Transportation of Hazardous Liquids by Pipeline). In such a case, County shall timely notify DOT of review findings. Permits may not be withheld or suspended due to County concerns which are under the jurisdiction of 49 CFR Part 195 (Transportation of Hazardous Liquids by Pipeline), with the exception of areas/issues agreed to by Celeron and the County.

- P-3. Celeron shall submit an Emergency Response Plan detailing response procedures to be implemented by Celeron for accidental events affecting public safety and the environment. This plan shall be based on a comprehensive risk analysis reviewed by the System Safety and Reliability Committee (condition P-1). The plan shall be reviewed and approved by the County Emergency Services Coordinator, the Fire Department, and the Resource Management Department prior to start-up. Approval of the Plan shall be based on its consistency with the County's Area-Wide Oil and Gas Emergency Response Plan. The Program shall be submitted sufficiently prior to Celeron's projected start-up date so as to allow reasonable time for staff review. Celeron shall demonstrate the effectiveness of the Emergency Response Plan by responding to one emergency response drill prior to or immediately after start-up.
- P-4. In order to assure that County emergency response procedures adequately interface with the Celeron emergency response procedures, Celeron shall provide its reasonable pro-rata share of funds to the County, to develop and implement a feasible County Emergency Response Plan for oil and gas industry related emergencies. As appropriate, the County shall request funds from other oil industry operators to aid in funding of the County Emergency Response Plan. When available, the Resource Management Department shall provide Celeron with an estimate of the pro rata share of funds to be provided by Celeron and the method for allocating such costs among other operators.

- P-5. Celeron shall submit an Oil Spill Contingency Plan detailing cleanup procedures and restoration procedures to be employed in the event of a spill. This plan shall be reviewed and approved by the Resource Management Department and the County Emergency Services Coordinator prior to start-up. The Program shall be submitted sufficiently prior to Celeron's projected start-up date so as to allow reasonable time for staff review. Procedures and techniques shall be selected to augment the Emergency Response Plan. The intent of the Oil Spill Contingency Plan is to detail spill site restoration subsequent to emergency response. The plan shall be approved based on its consistency with the intent of the condition "to detail site restoration subsequent to emergency response."
- P-6. Prior to approval of the Final Development Plan, Celeron shall submit to the Santa Barbara County Sheriff's Department for review and approval a site security plan. The plan shall describe procedures to be implemented by Celeron which will prevent intentional damage to facilities which may result in environmental damage or public safety hazards.
- P-7. Celeron shall cooperate with Chevron as necessary to facilitate the establishment of a temporary County fire company until the completion of the fire station (as specified in Chevron condition P-9). Prior to issuance of the Coastal Development Permit and Land Use Permit, the County Emergency Response Coordinator and Fire Department must be satisfied that provisions have been made to establish an operational fire company in the project area.
- P-8. Prior to approval of the Final Development Plan, Celeron shall agree to participate in a plan to be submitted to the County Fire Department by Chevron USA Inc., for the construction, manning and equipping of a fire station in the Gaviota area. Celeron shall contribute their pro rata share of the cost of implementing this plan. When available, the Resource Management Department shall provide Celeron with an estimate of the pro rata share of funds to be provided by Celeron and the method for allocating such costs among other operators.
- P-9. Prior to Final Development Plan, Celeron shall submit to and obtain conceptual approval from the Fire Department, a Fire Protection Plan for the pump station locations. Final approval shall be obtained prior to start-up. Criteria to be addressed shall be obtained from the County Fire Department.
- P-10. Prior to approval of the Final Development Plan, Celeron shall assess the feasibility of transporting liquefied petroleum gases and natural gas liquids, (LPGs and NGLs) through the proposed pipeline by blending and/or batching, considering industry-wide projected volumes and market destinations of the gas liquids. Celeron shall report to

the Resource Management Department the results of this assessment, and this information shall include all technological and safety constraints involved, amount and type of additional storage facilities needed, and the degree to which LPGs and NGLs produced in the area can be transported through Celeron's pipeline.

Celeron shall transport the NGLs through this pipeline, to the extent feasible within safety and legal constraints as identified by the report and as requested by the users. In addition, under the reporting provisions of Condition C-1, Celeron shall inform the County of the types and amounts of gas liquids shipped in the pipeline during operations.

- P-11. If the Vista del Mar School has not been relocated or is located at a site where it could be impacted by construction activities, prior to approval of the Final Development Plan, Celeron and the Board Trustees of the Vista Del Mar School District shall develop a reasonable and mutually agreeable construction plan for the pump station site and pipelines adjacent to the site that will minimize construction-related noise, air pollution, and visual disturbance to the School during school hours. Said construction plan shall include the following:

Pipeline construction noise near the School shall be held to ambient noise levels or construction shall occur only when school is not in session; to prevent exceedance of the California one-hour NO₂ standard, construction schedules must be modified to minimize overlapping of equipment emissions; and, during construction of the pipeline, activities nearest the school shall be scheduled when school is not in session in accordance with Condition B-5 and temporary barriers shall be erected around noisiest activities. No grading for the Gaviota pump station shall occur during School session hours.

In the event that any agreements contained herein cannot be reached on the construction plan, the Board of Supervisors shall arbitrate any dispute.

- P-12. Deleted.
- P-13. Celeron will design the pipeline such that the entire pipeline will have effective control communication between the operations control center and all remotely activated valves. Any break, rupture, and/or damage to the pipeline shall result in the orderly shutdown of the pumping operations, and will activate the shut off valves, if appropriate, in a manner which will minimize environmental damage.
- P-14. During construction of the pipeline in fire sensitive areas, Celeron shall meet or exceed applicable guidelines and requirements set forth

in a Watershed Fire Protection Plan provided by the combined local fire protection agencies, Santa Barbara County Fire, U.S. Forest Service, and the California Department of Forestry. This shall include, but not be limited to: modifications of welding operations, required fire patrolman position(s), firefighting equipment, and construction restrictions due to extreme fire weather.

- P-15. All facilities, construction activities and equipment shall comply with National Fire Protection Association standards.
- P-16. Upon completion of pipeline construction, Celeron shall provide all jurisdictional agencies (S.B. County Fire, USFS, CDF) with at least two copies of maps showing the finished pipeline route and shall include locations accessible by fire department emergency response vehicles. Said maps shall be 7 1/2 minute quadrangle scale, (one inch equals 24,000 inches), and shall represent topographical features.
- P-17. Celeron shall be subject to required fire department inspections during and after construction as set forth by the 1982 Uniform Fire Code and these conditions.
- P-18. Prior to approval of the Final Development Plan, Celeron shall designate alternative pipeline corridor alignments which avoid the two potentially impacted, proposed alternative permanent relocation school sites now under study by the Vista del Mar Union School District. These proposed alternative locations are the State Park at Las Cruces, and the Tajiguas Ranch property. County shall review and approve said alternative alignments as part of the Final Development Plan and Celeron shall implement the appropriate alternative alignment depending on the permanent school relocation site chosen by the Vista del Mar School District.

Q. FACILITY DESIGN

- Q-1. The Final Development Plan shall demonstrate compliance with Santa Barbara County Coastal Zoning Ordinance, and other applicable County Ordinances to the extent required by this permit.
- Q-2. Cost effective energy conservation techniques shall be incorporated into project design.
- Q-3. Celeron's facilities will be operated as a common carrier pipeline with access for use available on a nondiscriminatory basis. County retains the right to verify that the use of the facilities is conforming with County policies on consolidation and to impose additional reasonable permit conditions where necessary to assure these policies are being fulfilled to the extent feasible. The intent of this condition is to ensure the multi-company access of oil transportation facilities.

- Q-4. Celeron shall comply with all applicable policies in Section 25 of the Santa Barbara County Petroleum Ordinance No. 2795.
- Q-5. Celeron shall fund a pro-rata share of the costs to bury power transmission lines or of using environmentally and aesthetically preferred poles between the Goleta Substation and Gaviota in areas where the County and SCE determine it is not feasible to bury the lines. Celeron's pro-rata share shall be based upon an equitable cost-sharing formula applied to all users of the grid power consistent with PUC rate setting and applicable regulations.

4150E

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**ALL AMERICAN
PIPELINE COMPANY**

Subsidiary of The Goodyear Tire & Rubber Company

January 19, 1988

Mr. Tim Cohen
Manager of the Santa Barbara Office
All American Pipeline Company
111 West Micheltorena
Santa Barbara, Ca. 93101

Re: County of Santa Barbara, Examination of Records

Dear Tim:

Attached is a copy of the Price Waterhouse report requested by John Roper which was sent to you December 7, 1987.

The following additional comments are to be included in a supplemental report which will be developed by us as soon as the data is available.

1. Allocations and charges by the County of Santa Barbara. While the amount may need to be extropolated, the methodology is also being questioned. At this time the County has refused to let AAPL personnel review this data which is a composite of many departments.
2. Insufficient detail to support time charged by Consultants. The amount for both Shogren and Westec charges will be developed. Timesheets of each company have no support data. Field notes are incomplete and the County was negligent in reviewing work performed. Multiple diciplines are also being questioned.
3. Work performed outside the scope of the consultant agreements, to the extent possible, is being developed.
4. Insurance. Insurance requirements were incorrectly assigned. Professional liability insurance should be required.
5. Taxes. Taxes generally are not the responsibility of the County or AAPL. Shogren consulting has violated State and Federal tax codes.

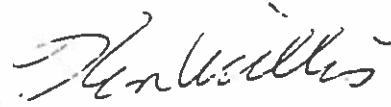
1011 Highway 6, South
Suite 120
Houston, Texas 77077
(713) 496-6800
Telecopy (713) 496-2711

January 19, 1988
Page 2

6. Consultant agreements with the County of Santa Barbara were not specific as to the exact task to be performed and exceeded the budgeted amount approved.

It is our understanding that the County of Santa Barbara will pursue the collection of the amounts due AAPL. However, in the event that the County fails to follow up on the collection, the County will assign us their rights.

Sincerely yours,



Ken Willis

KW/gb

**ALL AMERICAN
PIPELINE COMPANY**

Subsidiary of The Goodyear Tire & Rubber Company

December 7, 1987

Mr. Tim Cohen
Manager of the Santa Barbara Office
111 West Micheltorena
Santa Barbara, Ca. 93101

Reference: County of Santa Barbara, Examination of Records

Dear Tim:

Attached is a copy of the Price Waterhouse report requested by John Roper.

Ron Hinn has requested that we write our report as a supplemental to the Price Waterhouse report which will show deficiencies in the following areas:

Allocations and charges by the County of Santa Barbara.

Insufficient detail to support time charged by Consultants.

Work performed outside the scope of Consultant Agreements.

Insurance.

Taxes.

Consultant Agreements with the County of Santa Barbara.

We have delayed preparing the supplemental pending discussions between All American and the County.

If we can be of further assistance, please do not hesitate to let us know.

Sincerely,



Ken Willis

cc:Ron Hinn

1011 Highway 6, South
Suite 120
Houston, Texas 77077
(713) 496-6800

EXHIBIT E

Price Waterhouse



October 9, 1987

Mr. Ken Willis
Manager of Contract Administration
All American Pipeline Company
P.O. Box 31029
Santa Barbara, California 93130

Dear Ken:

This letter is to confirm the discussions between Steve Johnson, Jamie Arnold and you.

Price Waterhouse - New Orleans (PW-NO) has completed the testing of detailed records, as outlined in the letter dated September 28, 1987, for Richard K. Shogren, PE (Shogren), Westec Services, Inc. (Westec) and Santa Barbara County (County). We forwarded to you, by telecopy, a draft of our findings, a copy of which is attached hereto. The following points are noted for your additional information.

- 1) Paragraph (7) of the agreement between the County and Shogren (Agreement) states: "Neither the ENGINEER nor the COUNTY shall assign, sublet or transfer their interest in this Agreement, or any part thereof, without the prior written consent of the other."

Per our conversations with Shogren, we understand that he did not receive written consent to sublet a portion of his interest in this contract and therefore charges to AAPC arising from subletting his interest to Associates do not appear properly billable under the terms of the contract. We have used the information on Page 2 of Exhibit I to quantify the magnitude of the exception. Of the ten associates listed on Page 2 of Exhibit I, two, Janice Whitaker and Margaret Young, represent office clerical help which, under Paragraph (4) of the agreement (discussed at 2 below) are properly billable at cost.

October 9, 1987
 Mr. Ken Willis
 Page 2



Total Billed Value of Associates		\$111,900
Less: Billed Value for Billable Associates		
Janice Whitaker	6,600	
Margaret Young	<u>2,425</u>	<u>9,425</u>
Plus: Excess Billed on Billable Associates		
Janice Whitaker	3,080	
Margaret Young	<u>1,271</u>	<u>4,351</u>
Total Billed Outside the Terms of the Agreement		<u>\$106,826</u>

- 2) If it were found that, contrary to what is stated in Paragraph (7) of the Agreement (discussed at 1 above), the Associates' costs are billable to the County and rebillable to AAPC, Paragraph (4) of the Agreement would still appear applicable. Paragraph (4) of the Agreement states: "COUNTY shall reimburse ENGINEER for all other necessary job-related expenses such as office, clerical, and travel expense (exclusive of residence costs) at ENGINEER's cost".

We tested the rebilling of Associates' costs and charges by Shogren and find that regardless of the issue discussed in (1) above, \$27,815 has been overbilled.

- 3) The scope of our testing did not include tying the payroll records to the field notes prepared by All-American Pipeline Company (AAPC) employees and/or other independent contractors. We understand that Bob Ustin is making copies of field notes for a one-month test period, and AAPC will evaluate whether the field notes will provide additional corroborative evidence and whether it will prove cost beneficial to perform further work thereon. AAPC will contact PW-NO if our further involvement is required.
- 4) During the week beginning October 12, PW-NO will assess the project cost accounting records maintained by AAPC in Lafayette, Louisiana to provide an estimate of time required to support and/or calculate a claim of excess costs attributable to unauthorized contractors and/or the County exceeding Department of Transportation (DOT) regulations.

October 9, 1987
Mr. Ken Willis
Page 3



- 5) Ken Willis will meet with Ron Hinn, President of AAPC during the week beginning October 12 and will provide further instructions for PW-NO if additional work is required. These instructions might run to preparation of a formal report, review of the calculation of \$7 million claim submitted by AAPC and/or preparation of a revised claim, and preparation for and participation in litigation as an expert witness.

I hope this expresses your understanding of our conversation. We appreciate the opportunity to have been of service and look forward to receiving additional instructions from you.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Daniel V. Dooley". The signature is written over a circular stamp or logo.

Daniel V. Dooley

DVD/nrb

EXHIBIT E

* Proprietary, confidential, prepared for the exclusive use of
All-American Pipeline Company

ALL-AMERICAN PIPELINE COMPANY/COUNTY OF SANTA BARBARA

RICHARD K. SHOGREN, P.E.

SUMMARY OF ERRORS AND EXCESS BILLINGS

^

Total excess billings of associate time	\$27,815
Total overbillings of associate time	<u>6,742</u>
Total excess cost to the County of Santa Barbara and thus All-American Pipeline Company on invoices tested	<u>\$34,557</u>

Note: All bills during the period 1/1/86 to 3/31/87 were examined in their entirety. Billings outside this period approximate \$17,000 which were partially examined and consist mainly of RKS time and expense. Including \$37,000 of RKS billing value, double billings, summarized time of associates, 91% of total Shogren time billings to the County of Santa Barbara relating to Celeron projects were tested. Of the \$15,000 in expense charges, approximately 80% were agreed to supporting documentation (i.e., mileage on time sheets, invoices, etc.).

DRAFT

EXHIBIT E

* Proprietary, confidential, prepared for the exclusive use of
All-American Pipeline Company

ALL-AMERICAN PIPELINE COMPANY/COUNTY OF SANTA BARBARA

RICHARD K. SHOGREN, P.E.

SUMMARY OF EXCESS BILLINGS BY ASSOCIATE

<u>Person</u>	<u>Period Examined</u>	<u>Billed Value</u>	<u>Cost to Shogren</u>	<u>Excess Billed</u>
Blase Cilweck	7/86 through 3/87	\$ 25,320	\$19,125	\$ 6,195
Jim Hobbs	4/86 through 3/87	31,600	25,280	6,320
Ruth Karp	4/86 through 12/86	700	420	280
E. Douglas Schwantes	12/85 through 1/87	19,745	18,453	1,292
Robert Brown & Assoc.	11/85 through 5/86	2,315	1,475	840
Robert Troncoso	6/86 through 1/87	4,520	2,825	1,695
Carl L. Ward	10/86 through 1/87	15,730	9,466	6,264
Janice K. Whitaker	4/86 through 1/87	6,600	3,520	3,080
Margaret Young	1/86 through 2/87	2,425	1,154	1,271
Power Engineering Services	5/86 through 9/86	<u>2,945</u>	<u>2,367</u>	<u>578</u>
Totals		<u>\$111,900</u>	<u>\$84,085</u>	<u>\$27,815</u>

DRAFT

EXHIBIT E

DRAFT

* Proprietary, confidential, prepared for the exclusive use of
 All-American Pipeline Company

ALL-AMERICAN PIPELINE COMPANY/COUNTY OF SANTA BARBARARICHARD K. SHOGREN, P.E.SUMMARY OF OVERBILLING ERRORS DETECTED

<u>Bill No</u>	<u>Date</u>	<u>Description of Error</u>	<u>Amount</u>
468	2/1/86	2 Hrs. RKS time double billed - 1/28/86	\$ 110
527	3/28/86	6 Hrs. RKS time billed - 5 Hrs. on time sheet - 3/4/86	55
527	3/28/86	8 Hrs. EDS time double billed - 3/4/86	440
527	3/28/86	EDS Expenses double billed - 3/4/86	95
614	5/31/86	3 Hrs. RKS time billed - 2 Hrs. on time sheet - 5/13/86	55
585	6/28/86	2 Hrs. EDS time billed - 1 Hr. on time sheet - 6/5/86	55
843	8/31/86	4 Hrs. BC time billed - 2 Hrs. on time sheet - 8/22/86	110
843	8/31/86	\$70 RJH auto expense billed, \$60 incurred - 8/28/86	10
939	9/29/86	1 Hr. RKS time billed, not on time sheet - 9/23/86	65
1025	10/25/86	2 Hrs. RKS time billed, 1 Hr. on time sheet - 10/25/86	65
1045	10/25/86	2 Hrs. JKW time billed, 1 Hr. on time sheet - 10/22/86	30
1212	12/27/86	Includes invoice 1160 charges - billed twice - 12/1 to 12/13	3,579
1235	12/27/86	Includes invoice 1181 charges - billed twice - 12/1 to 12/13	1,165
236	12/27/86	Includes invoice 1182 charges - billed twice - 12/1 to 12/13	<u>908</u>
Total Overbillings			<u>\$6,742</u>

EXHIBIT E

* Proprietary, confidential, prepared for the exclusive use of All-American Pipeline Company

ALL-AMERICAN PIPELINE COMPANY/COUNTY OF SANTA BARBARA

RICHARD K. SHOGREN, P.E.

SUMMARY OF UNDERBILLING ERRORS DETECTED

<u>Date</u>	<u>Description of Error</u>	<u>Amount</u>
5/10/86	EDS time sheet not billed 16 Hrs. @ \$55	\$880
4/28/86	RT 1 Hr. @ \$40	40
4/28/86	JW 3 Hrs. @ \$25	<u>75</u>
Total Underbilled		<u>\$995</u>

Note: For purposes of calculating excess billings by person these amounts were excluded from "billed value" but included in "cost to Shogren", therefore the effect of these underbillings stated in terms of cost is included in the total of excess billings by associate.

INDACT

EXHIBIT E

Price Waterhouse



September 28, 1987

Mr. Ronald Hinn
President
All American Pipeline Company
P.O. Box 91259
Santa Barbara, California 93190

Dear Ron:

This letter is to confirm our understanding as to: (a) our review of the procedures and methodologies employed by Santa Barbara County Resource Management Department Energy Division, Santa Barbara County Department of Public Works (collectively referred to as the County), Westec Services, Inc. (Westec), and Richard K. Shogren, PE (Shogren) to bill the All American Pipeline Company (AAPC) for charges incurred in monitoring the construction of the western-most leg of the interstate pipeline in Santa Barbara County, California and (b) our review of the billings rendered by the above named parties.

We understand that during construction of this western-most leg of the pipeline, AAPC entered into certain agreements with the County. Additionally, we understand the County simultaneously entered into contracts with two third-parties, Westec and Shogren, to assist them in monitoring the construction of the pipeline in Santa Barbara County. The costs of these contracts were to be passed through to AAPC along with a prorated share of charges for several departments of Santa Barbara County which provided assistance in the monitoring process.

Through negotiation and contractual provisions, AAPC has received and retains the rights to audit all costs and charges associated with the monitoring of the construction of the pipeline. AAPC has requested that Price Waterhouse, as independent auditors, review the billings and review the procedures and methodologies utilized to produce and account for the billings. The agreed upon procedures with respect to this special work will include:

EXHIBIT E

September 28, 1987
Mr. Ronald Hinn
Page 2



1. Review payments by AAPC to the County and the County's accounting therefore.
2. Review procedures and methodologies surrounding the allocation and/or proration of charges from the various departments of Santa Barbara County involved in the monitoring process and review the billings of such charges to AAPC by the County.
3. Review the contractors' cost accumulation and billing procedures and methodologies and review the specific billings from the two contractors employed by the County, Westec and Shogren to determine: (a) that the work performed by these contractors was within the scope of work approved by the County; (b) that billings were in accordance with terms of the contracts; (c) that billings were supported by the records and books of the respective contractors; and (d) that the contractors' accounting of payments received from the County were in agreement with the records of the County and AAPC.

Our special work will result in a report addressed to you which documents the results of the above agreed upon procedures. This report will include oral presentations and a written report as deemed appropriate. The reports, data, worksheets, or other documents we prepare in connection with this engagement will be submitted only to you, unless you or a court directs us to do otherwise. Any reports or workpapers that we prepare in connection with this engagement are to be used only for this engagement, and no other use, disclosure or dissemination of them is to be made.

We will bill you for our actual time incurred at our normal billing rates plus out-of-pocket expenses. We estimate our fees for this project to be approximately \$20,000 plus out-of-pocket expenses.

EXHIBIT E

September 28, 1987
Mr. Ronald Hinn
Page 3



If you require additional information, please contact Jamie Arnold or me. If the above terms are acceptable to you, please sign and return the enclosed copy of this letter.

Very truly yours,


Daniel V. Dooley

DVD/nrb

Enclosure

Agreed and accepted this ____ day of _____, 1987

Mr. Ronald Hinn

F

EXHIBIT F

Assessor's Parcel No.

Recorded at the request of and return
to: County of Santa Barbara,
Public Works Dept.-Real Property
123 East Anapamu Street
Santa Barbara, California 93101

Folio:
Project:
Agent:

RIGHT OF ENTRY AND OPTION AGREEMENT

The County of Santa Barbara and the Santa Barbara County Flood Control and Water Conservation District, both political subdivisions of the State of California, hereinafter referred to collectively as the "County", and the Celeron Pipeline Company of California, hereinafter referred to as "Celeron", do hereby agree and transfer and convey, for and in partial consideration of the settlement of Case No. CV 87-02188 SVW (Kx), now pending in the United States District Court for the Central District of California, entitled, Celeron Pipeline Company of California, a Delaware corporation, Plaintiff vs. County of Santa Barbara, Defendant, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as follows:

RIGHT OF ENTRY

County hereby grants to Celeron, its authorized agents, employees and contractors, the right to enter upon that certain real property owned by the County that is more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference, which property is hereinafter referred to as the "premises", for the purposes of surveying; utility planning; conducting field surveys to obtain elevations, soils and water analyses, and engineering references; conducting archaeological, biological, ecological, and geological investigations; placing temporary aerial survey panels as ground control for aerial photographs; preliminary design work; and for such other purposes as may be incidental thereto, subject to the following provisions, requirements and restrictions:

- a. County assumes no liability for loss or damage to property of Celeron, or injury to or death of any agent, employee, or contractor of Celeron, occasioned by the exercise of this right of entry,

EXHIBIT F

unless said loss, damage, injury, or death is as a result, in part or wholly, of the County's negligence.

b. Reasonable notice of all investigation and/or work which may affect flood control improvements upon or near the premises shall be given, at least five (5) days before commencement of that phase of work or investigation, to the County Flood Control Engineer.

c. Celeron agrees to defend, indemnify, and hold County, their officers, agents and employees, harmless from any claims or damages caused by Celeron's use of the premises, unless said claims or damages are as a result, in part or wholly, of the County's negligence.

d. Celeron agrees to exercise reasonable precautions to avoid damage to persons or property while exercising its rights hereunder.

e. Celeron agrees, as soon as reasonably possible and to the extent reasonably possible, to replace all material moved or removed, restore all improvements, and restore the premises to the condition enjoyed by County before exercise of the entry, free of any injury by reason of the exercise of the right of entry.

f. There shall be no construction, clearing or demolition permitted for any permanent improvement for Celeron under this right of entry.

g. This right of entry shall terminate on February 28, 1993.

OPTION AGREEMENT

Subject to the terms and conditions set forth below, the County does hereby grant and convey to Celeron the exclusive right and option to purchase the following:

a. A permanent right-of-way and easement up to fifty (50) feet in width, with the right of ingress and egress, on, over, through, under and across that certain portion of the premises to be selected by Celeron for the following purposes:

(1) to survey, lay, maintain, operate, repair, replace, alter, change the size of, and remove one pipeline and appurtenances thereto for the transportation of oil, gas, water and other substances, including but not limited to devices for controlling electrolysis for use in connection with said pipeline, and to lay, construct,

EXHIBIT F

maintain, operate, repair, replace, alter and remove telephone and power lines and appurtenances thereto; and

(2) to survey, lay, maintain, operate, repair, replace, alter, change the size of, and remove a communications cable, associated equipment and appurtenances thereto for telecommunications transmissions, including but not limited to voice, data, and information transmissions;

b. A right to temporary access for construction, installation and storage, with the right of ingress and egress, on, over, through, under and across an additional portion of said premises to be selected by Celeron that is adjacent to either side or both sides of the permanent right-of-way and easement. The width of said temporary access can itself be up to fifty (50) feet in width added to the width of the permanent right-of-way and easement for the length of that permanent right-of-way and easement, the exact configuration to be determined by Celeron, except at critical locations, such as, but not limited to, washes, rivers, steep slopes, and roads, where additional reasonable adjacent space as deemed necessary by Celeron may be used; and

c. The County shall have the right to approve the portions of the premises selected by Celeron for both the permanent right-of-way and easement and the temporary access pursuant to Paragraph 5(a) below. Should the County determine that the portions of the premises so selected by Celeron would endanger public installations pursuant to Paragraph 5(a) below, Celeron shall have the right to change its selection to meet the County's concerns.

This Option is subject to the following terms and conditions:

1. The term of this Option shall commence on February 1, 1988, and it shall remain in effect until February 28, 1993, at which time all option rights to purchase shall thereafter cease and terminate.

2. This Option may be exercised by Celeron by delivery of a written "Notice of Intent to Exercise", describing the portion of the premises selected by Celeron for the permanent right-of-way and easement and for the temporary access area, to the Clerk of the Board of Supervisors, County Administration Building, Santa Barbara County, within

EXHIBIT F

the term of this Option, as described above. If Celeron shall fail to exercise this Option within the option period, and in accord with its terms, then this Option and the rights of Celeron hereunder shall automatically and immediately terminate without notice. In that event, Celeron shall properly execute, acknowledge and deliver to the County, within 180 days of request therefor, a release, quitclaim deed or other instrument required by the County to document the termination of this Option.

3. Celeron may assign this Option upon the condition that the assignment is approved by the Santa Barbara County Board of Supervisors by resolution or minute order, which approval shall not be unreasonably withheld.

4. The purchase price for the rights set forth in Paragraphs a. and b. above of this Option Agreement shall be sixty percent (60%) of the fair market value of the area comprising the permanent right-of-way and easement (based upon an agricultural use of that area), calculated at the time of the exercise of this Option. In the event that the County and Celeron are unable, within thirty (30) days of the exercise of this Option, to agree upon the amount to be paid hereunder, each shall select an appraiser, who together shall select a third appraiser; the three appraisers shall then establish by majority vote the amount to be paid hereunder.

5. Upon Celeron's exercise of this Option, the County shall execute a Right-of-Way Grant in a form that is in general conformance with Celeron's standard form Right-of-Way Grant, a copy of which is attached hereto as Exhibit "B" and incorporated herein by this reference; specifically, the Right-of-Way Grant to be executed by the County shall include the following provisions:

(a) Any Celeron improvements to be located in proximity to improvements installed, maintained or possessed by either County agency shall not be installed or constructed until and unless the placement and erosion control provisions of such improvements have been reviewed and approved by the County Flood Control Engineer to protect and provide for the public installations;

(b) The permanent right-of-way and easement granted to Celeron shall be nonexclusive, and shall be subject to the easements, rights-of-way and rights to maintain, expand, repair and replace

EXHIBIT F

existing flood control, utility and road improvements, and to those flood control, utility and road improvements that are approved by the Santa Barbara County Board of Supervisors before the date of Celeron's exercise of this Option; with respect to those flood control, utility and road improvements that may be approved before the date of Celeron's exercise of this Option, the County agrees that it will not unreasonably burden the premises with those improvements in recognition of Celeron's rights hereunder; and

(c) Paragraphs a., b., c., and d. of the Right of Entry are hereby incorporated in this Option Agreement as though fully set forth herein.

6. In the event Celeron exercises this Option, the County may desire that certain improvements be constructed by Celeron for use by the County on the premises. In that event, Celeron agrees that it will in good faith discuss with the County the possibility of such construction and the monetary value of such construction. If Celeron and the County are able to reach an agreement on those matters, upon construction of such improvements, the monetary value of those improvements shall be credited towards the amount to be paid by Celeron.

7. Payment by Celeron due hereunder shall be made within thirty (30) days after (a) approval by the County of the portions of the premises selected by Celeron and the location of all Celeron improvements; (b) determination of the amount to be paid under Paragraph 4 above; and (c) any agreement is reached on any improvements to be constructed for the County under Paragraph 6 above.

This instrument contains the entire agreement between the parties relating to the Option Agreement and the Right of Entry. Any oral representations or modifications concerning this instrument shall be of no force or effect, excepting a subsequent modification in writing, signed by the party to be charged.

The Option Agreement and the Right of Entry shall bind and inure to the benefit of the respective representatives, successors, and assigns of the parties hereto, except as hereinabove expressly provided.

EXHIBIT F

IN WITNESS WHEREOF, the parties have executed this instrument.

Dated: _____

COUNTY OF SANTA BARBARA

ATTEST:

Kenneth A. Pettit
County Clerk-Recorder
and Clerk of the Board
of Supervisors

David M. Yager, Chairman
Board of Supervisors

By _____
Deputy

SANTA BARBARA COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT

ATTEST:

Kenneth A. Pettit
County Clerk-Recorder
and Clerk of the Board
of Supervisors

Tom Rogers, Chairman

By _____
Deputy

CELERON PIPELINE COMPANY
OF CALIFORNIA

By _____

APPROVED AS TO FORM:
KENNETH L. NELSON,
COUNTY COUNSEL

By  _____
Robert W. Pike, Deputy

EXHIBIT F

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) ss.
COUNTY OF SANTA BARBARA)

On _____, before me, the under-
signed, a Deputy Clerk-Recorder in and for said County and
State, personally appeared David M. Yager, personally known
to me to be the person who executed this instrument as
Chairman of the Board of Supervisors of the County of Santa
Barbara and acknowledged to me that the County of Santa
Barbara executed it.

WITNESS my hand and official seal.

KENNETH A. PETTIT, COUNTY CLERK-RECORDER AND
EX-OFFICIO CLERK OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA BARBARA, STATE OF
CALIFORNIA

By _____
Deputy Clerk-Recorder

EXHIBIT F

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) ss.
COUNTY OF SANTA BARBARA)

On _____, before me, the under-
signed, a Deputy Clerk-Recorder in and for said County and
State, personally appeared Tom Rogers, personally known to
me to be the person who executed this instrument as Chairman
of the Santa Barbara County Flood Control and Water
Conservation District, and acknowledged to me that said
agency executed it.

WITNESS my hand and official seal.

KENNETH A. PETTIT, COUNTY CLERK-RECORDER AND
EX-OFFICIO CLERK OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF SANTA BARBARA, STATE OF
CALIFORNIA

By _____
Deputy Clerk-Recorder

EXHIBIT F

ACKNOWLEDGMENT

STATE OF CALIFORNIA)
) ss.
COUNTY OF SANTA BARBARA)

On _____, before me, the under-
signed, a Notary Public in and for said State, personally
appeared _____, personally known to me or
proved to me on the basis of satisfactory evidence to be the
person who executed the within instrument as the
_____ of the _____ that executed
the within instrument and acknowledged to me that such
_____ executed the within instrument pursuant
to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Notary Public

EXHIBIT F

EXHIBIT "A"

[Legal description of that certain real property owned by the County upon which Celeron will be permitted to enter for the purpose of determining possible routings for Celeron's proposed interconnect pipeline]

Grantee shall, at the time of construction, bury the pipeline and communications cable to a depth of at least thirty-six (36) inches through cultivated lands. Grantee shall pay for all damages to growing crops, trees, fences and timber on said land which may be caused by the exercise of the rights granted hereunder, provided that after the pipeline has been constructed, Grantee shall not be liable for damages caused by keeping the right of way area clear of trees, undergrowth, brush and obstructions.

Grantee may lay said pipeline, telephone, power lines or communications cable along and across adjacent roads and streets insofar as the interests of the Grantor extend herein.

Upon completion of the pipeline, telephone, power lines, and communications cable, Grantee shall, as soon as reasonably possible, fully restore and level the surface of the land to the same condition as the land was in prior to any such operations as is reasonably possible.

Grantor reserves the right to use and enjoy said land except as may be necessary for the purposes herein granted, provided Grantor shall not construct or permit to be constructed, any house, structure, paving, reservoir or other obstruction or excavation on, over or within said right-of-way and easement and shall not change the grade over any pipeline and/or communications cable constructed hereunder.

This agreement may be executed in counterparts and shall be binding upon each party executing any counterpart. The acceptance by Grantee of this agreement is evidenced by Grantee's payment to Grantor of the consideration first recited above.

The terms and provisions hereof shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns of Grantor and Grantee, and Grantee is expressly granted the right to assign this right of way and easement, or any part thereof or interest therein, and the same shall be divisible among two or more parties as to any right or interest created hereunder.

This agreement, as written, covers the entire agreement between the parties and no other representations or agreements, written or oral, have been made modifying, adding to or changing the terms hereof or inducing the execution hereof and the person obtaining this agreement on behalf of Grantee has no authority to make any promise, agreement or representation not expressly set forth herein.

IN WITNESS WHEREOF, This instrument is executed this _____ day of _____, 19____.

WITNESS:

GRANTOR:

X-2/18/86
Tract No. _____
County of _____
State of California
Draft No. _____

RIGHT-OF-WAY GRANT

For and in consideration of the sum of _____

_____ Dollars (\$ _____) and other good and valuable consideration, to the undersigned the receipt and sufficiency of which is hereby acknowledged, Grantor herein, hereby grants unto CELEXON PIPELINE COMPANY OF CALIFORNIA, a Delaware corporation, whose address is 1321 Stine Road, Suite B-1, Bakersfield, California, 93309, Grantee herein, its successors and assigns, a right-of-way and easement, with the right of ingress and egress,

1) to survey, lay, maintain, operate, repair, replace, alter, change the size of, and remove one pipeline and appurtenances thereto for the transportation of oil, gas, water and other substances, including but not limited to devices for controlling electrolysis for use in connection with said pipeline, and to lay, construct, maintain, operate, repair, replace, alter and remove telephone and power lines and appurtenances thereto, and,

2) to survey, lay, maintain, operate, repair, replace, alter, change the size of, and remove a communications cable, associated equipment and appurtenances thereto for telecommunications transmissions, including but not limited to voice, data, and information transmissions.

on, over, through, under and across that certain parcel of land situated in the unincorporated area of the County of _____, State of California, described as follows:

The Centerline of the Permanent Right-of-Way and Easement herein granted is more particularly described by "Exhibit A" attached hereto and made a part hereof.

This right-of-way and easement shall have a permanent width of fifty (50) feet except during construction when an additional fifty (50) feet will be required except at critical locations such as, but not limited to, washes, rivers, steep slopes, and roads where additional reasonable adjacent space as deemed necessary may be used. The permanent easement shall not be fenced by Grantee along its limits on either side and all appurtenances, including, but not limited to, identification markers, vent pipes, cathodic test locations or valves shall be located within the permanent easement.

G

EXHIBIT "G"

RESOLUTION NO. _____

SANTA BARBARA COUNTY BOARD OF SUPERVISORS
COUNTY OF SANTA BARBARA, STATE OF CALIFORNIASUPPORT FOR CELERON/ALL AMERICAN PIPELINE
PROJECT AND, IN PARTICULAR, FOR THE
CURRENTLY-PLANNED EXTENSION OF THAT
PROJECT FROM GAVIOTA TO LAS FLORES CANYON

WHEREAS, Santa Barbara County (the "County"), as a result of several certified environmental documents (for example, the Oil Transportation Plan, the Exxon Santa Ynez Unit Final Environmental Impact Report/Statement, and the Texaco (Getty) Consolidated Coastal Facility Final Environmental Impact Report) has adopted certain key Comprehensive Plan Policies in favor of transporting crude oil from Santa Barbara County to refinery destinations by means of pipelines over all other means of transportation, including marine tankering; and

WHEREAS, the County has designated Gaviota and Las Flores Canyon as the sites for its two consolidated oil and gas processing facilities within the South Coast Consolidation Planning Area; and

WHEREAS, there is therefore a public need to have a crude oil pipeline available to transport crude oil from the consolidated facilities at both Gaviota and Las Flores Canyon to refinery destinations; and

WHEREAS, the Celeron/All American Pipeline Project currently extends to Gaviota, and has a currently-planned extension from Gaviota to Las Flores Canyon, which, when operational, will serve that public need for crude oil pipeline transportation from Gaviota and Las Flores Canyon; and

WHEREAS, the County has previously approved a Final Development Plan for the Celeron/All American Pipeline Project, which included an approval of the routing of the Celeron/All American Pipeline Project through Santa Barbara County, and, in particular, the routing of the currently-planned extension of that Project from Gaviota to Las Flores Canyon; and

WHEREAS, the County is not required by law to adopt a Resolution of Necessity with respect to the Celeron/All American Pipeline Project; and

WHEREAS, nevertheless, the County wishes to go on record as giving its unqualified support for the Celeron/All American Pipeline Project, and, in particular, for the currently-planned extension of that Project from Gaviota to Las Flores Canyon;

NOW IT IS THEREFORE RESOLVED:

The County declares, finds and determines that the public interest and necessity require the Celeron/All American Pipeline Project and, in particular, the currently-

planned extension of that Project from Gaviota to Las Flores Canyon.

PASSED AND ADOPTED on the ____ day of _____, 1988, by the Board of Supervisors of the County of Santa Barbara.

AYES:
NOES:
ABSTAINED:
ABSENT:

Name in Print: _____
Chairman of the Board of Supervisors

Name in Print: _____
Secretary of the Board of Supervisors



U.S. Department
of Transportation

**Research and
Special Programs
Administration**

400 Seventh St., S.W.
Washington, D.C. 20590

JUL 17 1987

Mr. Ronald J. Hinn
President
All-American Pipeline Company
4213 State Street
Santa Barbara, California 93130

Dear Mr. Hinn:

Enclosed is a copy of the Office of Pipeline Safety report entitled,
"Report On the Welding Practices Used In The Construction Of The
Celeron All-American Pipeline In Santa Barbara County," dated July 15,
1987.

Should you have any questions, contact me.

Sincerely,

William H. Gute

William H. Gute
Assistant Director for
Operations and Enforcement
Office of Pipeline Safety

Enclosure

REPORT ON THE WELDING PRACTICES USED IN THE
CONSTRUCTION OF THE CELERON ALL-AMERICAN
PIPELINE IN SANTA BARBARA COUNTY

July 15, 1987

This report details the results of an investigation of allegations cited by Santa Barbara County regarding welding practices used on the Celeron Pipeline. In addition, Celeron All-American Pipeline's welding practices are discussed in view of the requirements set forth in 49 CFR 195.

U.S. Department of Transportation
Office of Pipeline Safety
Western Region
555 Zang Street
Lakewood, Colorado 80228

TABLE OF CONTENTS

INTRODUCTION	1
I. Description of System	3
II. Findings	4
III. Conclusion	7
IV. Allegations by Santa Barbara County.....	8
A. Weld Radiographs.....	9
B. Santa Ynez River Crossing -- Tie-in Welds..	10
C. Welder Qualifications.....	11
D. Weld Specifications.....	11
V. Investigation of Allegations.....	11
A. Weld Radiographs.....	11
B. Santa Ynez River Crossing -- Tie-in Welds..	15
C. Welder Qualifications.....	16
D. Weld Specifications.....	16
VI. AAPL's Compliance with the Welding Require- ments of 49 CFR 195.....	18
Appendix A - Acceptable Welds and Radiographs	
Appendix B - Disputed Welds and Radiographs	
Appendix C - Daily Radiographic Reports, Signal Testing	
Appendix D - Repair Reports, Signal Testing	
Appendix E - Radiographic Reports, Fox and Summers	
Appendix F - Background, Carl Fox, Intermountain Testing and Jack Summers, Consultant	

INTRODUCTION

On January 29, 1987, the County of Santa Barbara filed a complaint with the Office of Pipeline Safety (OPS) alleging that Celeron's All-American Pipeline Company's (AAPL) construction of its pipeline through the County was not in accordance with the applicable federal standards and requested that OPS commence an investigation. The County's complaint was based on information developed in the course of issuance of a construction permit.

In connection with this permit application, Richard K. Shogren, P.E., Consulting Civil Engineer, was retained to provide the specialized expertise needed to perform the monitoring for the County. Mr. Carl L. Ward, Jr., Level II Radiographer*, was employed by Shogren to represent the County and evaluate selected weld radiographs for compliance with the criteria of weld acceptability as established for the project. Fifty-eight weld radiographs were randomly selected to be reviewed by the County's representative. Of the 58 radiographs selected, 43 were acceptable to the County and AAPL. Eight radiographs previously approved by AAPL were judged as not meeting the API Standard 1104** criteria by the

*Qualification levels are defined in the "American Society for Non-Destructive Testing Recommended Practice SNT-TC-1A."

**API Standard 1104, Standards for Welding Pipelines and Related Facilities is an industry standard for welding, welding procedures, welder qualification, weld inspection, and standards of weld acceptability. This standard is used and accepted world wide for pipeline welding. API Standard 1104 (1980 edition) is referenced in 49 CFR Part 195 -- Transportation of Hazardous Liquids by pipeline. 49 CFR Part 195 prescribes the minimum standards for the design, construction, operation and maintenance of hazardous liquid pipelines.

County. The remaining seven radiographs also previously approved by AAPL were judged by the County as not now acceptable to review due to poor film quality (water spots).

Mr. Jerry Waggoner and Mr. Rob Ardoin of Signal Testing, Inc., radiographers for AAPL met with the County radiographer on November 19, 1986, to review the alleged unacceptable radiographs. Signal agreed with the County on five of the eight as being unacceptable, but considered the other three acceptable.

All of the allegations set forth by Santa Barbara County in their complaint of January 29, 1987, are being investigated; however, only those allegations concerning welding practices are addressed in this report. The remaining allegations are being investigated by the California State Fire Marshal, as an agent for OPS, and these findings will be covered in a separate report.

Following the receipt of the complaint from the County, OPS retained the services of two consultants, Carl E. Fox and John L. Summers to review the radiographs of the 58 welds reviewed by the County plus eight other selected radiographs. Both Mr. Fox and Mr. Summers are Level III Radiographers. (Mr. Summers had been retained previously by the OPS for evaluation of weld radiographs during the construction of the Alaskan oil

pipeline.) OPS decided to base acceptability of the welds on the standards of acceptability contained in Section 6 of API Standard 1104 (1980 edition), as jointly determined by the two Level III radiographers retained by OPS.

The scope of this report includes the investigation of the welding-related allegations set forth by the County as well as OPS's independent review of AAPL's compliance with welding requirements outlined in 49 CFR Part 195. A total of 66 weld radiographs were involved in the review. Sixty-three were specifically listed or referred to indirectly in the complaint. Three double joint welds were also randomly selected for review.

I. DESCRIPTION OF SYSTEM

The Celeron All-American Pipeline Company is a wholly owned subsidiary of the Celeron Corporation. The Celeron Corporation is the oil and gas operating unit of the Goodyear Tire and Rubber Company.

The 30-inch, 1697-mile Celeron All-American Pipeline will transport heavy high sulphur crude from Las Flores, California, (Santa Barbara County) to Webster, Texas, (near Houston). To date, construction has been completed for the portion between Gaviota, California, and McCamey, Texas -- approximately 1225 miles.

Wilbros, and Gregory and Cook were the contractors constructing the pipeline as representatives of American West Construction, the primary contractor. The portion of pipeline within the County of Santa Barbara was constructed by Gregory and Cook. The crude oil will be heated and the pipeline has a maximum operating pressure design of 944 psi and a delivery capacity in excess of 300,000 bbls/day. The system will have a total of 35 gas-fired heaters at 19 of its 24 pump stations. The pipe is insulated for approximately 20 miles downstream of each of the pump stations with a thick polyurethane foam material. Fifteen pump stations have been constructed as of this report. The portion of the line presently constructed in Santa Barbara County is approximately 63 miles in length. In this county, the line crosses three major rivers (Cuyama, Sisquoc, and Santa Ynez), two faults (Cuyama and Santa Ynez), and three highways (U. S. 101 twice, CA Routes 1 and 246).

There are two proposed pump stations in Santa Barbara County -- Gaviota and Sisquoc. These stations have not yet been constructed. To date, the portion of the line between Las Flores and Gaviota has not been constructed in Santa Barbara County.

II. FINDINGS

1. A total of 66 weld radiographs were evaluated by the OPS consultants, Messers Fox and Summers, as follows:

- 58 Welds reviewed by the County radiographer.
 - 1 Weld not reviewed by the County but mentioned in the Complaint.
 - 3 Welds chosen at random from double jointing process.
 - 3 Welds at the Santa Ynez River tie-in.
 - 1 Weld reviewed by Signal Testing for AAPL but not reviewed by
the County.
- 66 Total

The standards of acceptability for these welds as referenced in the Federal regulation (49 CFR 195.228) is Section 6 of API Standard 1104 "Standards For Welding Pipelines and Related Facilities" (1980 edition).

As a result of this evaluation, thirteen separate excavations were made. Twelve were excavated and re-radiographed because, for the most part, the radiographers were unable to adequately interpret the original films due to poor film quality or, in the case of the double-joining welds, the radiographs were no longer available. All twelve of these welds were found to be acceptable.

The remaining excavation involved a weld (no. 3581) that was arguable as to whether the discontinuities were within the standard's limits. For this weld, AAPL decided that, since there was some doubt concerning the weld, they would repair it as provided under 49 CFR 192.245. The OPS consultants reviewed the radiograph of the repair and found it acceptable. All 66 welds examined now meet API Standard 1104.

2. A review of AAPL's welding specifications confirmed that the API Standard 1104 was the standard of acceptability used by AAPL during construction. The welding procedures and welder qualifications were reviewed by OPS during construction inspections in May 1986 and July 1986, and no noncompliances were found.

3. A review of the radiographs of Santa Ynez River crossing tie-in welds by OPS radiographers did not identify a misalignment problem as alleged in the complaint.

4. The OPS radiographers indicated that the radiographs that were unable to be accurately read (mostly due to water spotting) were probably readable when taken.

5. The consensus of the two OPS radiographers was that, based on their review, the quality of welds was good.

6. Successful hydrostatic testing of the pipeline provided additional assurance of the welding quality.

7. The near one hundred percent radiographing of the welds by AAPL far exceeds the nondestructive testing requirements of the Federal regulations.

8. The "as built" records for this pipeline were exceptionally good. Each of the 13 excavations came within a foot or two of the weld that was to be re-radiographed. Traceability of each joint of line pipe to a certain manufacturer and each weld to a weld report was found to be accurate.

III. CONCLUSION

The object of this phase of the review by the OPS was to make a determination on the conformance of each weld discussed in the complaint to the criteria for weld acceptability contained in the Federal regulations for hazardous liquid pipelines (49 CFR Part 195). This was accomplished. The review was aided considerably by the completeness of records kept by AAPL.

It is concluded that:

1. The original radiographs of 53 welds and of the 12 welds re-radiographed and subsequent evaluations by the radiographers retained by OPS confirmed that the welding met the standards of acceptability contained in the API Standard 1104 (1980 edition), the standard referenced in the Federal regulations, 49 CFR Part 195.
2. The one weld that may not have been within the standard of acceptability was repaired by AAPL and the radiograph after repair indicated an acceptable weld.

3. No misalignment of welded pipe was found by a review of the radiographs of the Santa Ynez River tie-in welds.

4. Noncompliances were not found in a review of the welder qualifications.

5. The welding specification used by AAPL was the API Standard 1104 which is the referenced standard in the Federal regulations.

As a result of this review and its findings, the OPS finds that the welding on the AAPL was in conformance with the Federal regulations. No evidence was found to support the allegations regarding welding in the Santa Barbara County Complaint.

IV. ALLEGATIONS BY SANTA BARBARA COUNTY

As part of the permit approval for construction of the AAPL in Santa Barbara County, a monitoring program was established by the County to ensure that the pipeline would be constructed as proposed by AAPL. Mr. Richard K. Shogren, P.E., consulting Civil Engineer, was hired to assist the County in this monitoring program. After monitoring AAPL welding practices, the following allegations were made by Santa Barbara County:

A. Weld Radiographs

Santa Barbara County, based on its review of the radiographs of 58 randomly selected welds, alleged that 10-15% of the welds were unsatisfactory on the portion of the AAPL in the county.

In November of 1986, Mr. Carl Ward, a Level-II Radiographer representing Richard K. Shogren Engineers and Santa Barbara County, met with representatives of AAPL in Bakersfield, California. Mr. Jerry Waggoner, Level III Radiographer, and Mr. Rob Ardoin, Level II Radiographer of Signal Testing, Inc., were present. Signal Testing, Inc., from West Monroe, Louisiana, performed the original production weld radiographs under contract with AAPL.

Santa Barbara County's radiographer, Mr. Ward, reviewed 58 weld radiographs from the portion of the line in Santa Barbara County. Mr. Ward rejected eight of these welds claiming that the welds did not meet the standards of acceptability of API Standard 1104, and two radiographs could not be properly interpreted due to poor film quality. Four welds were accepted but film quality was also judged to be poor. The weld ID numbers and Mr. Wards evaluation are as follows:

Weld No.

Mr. Wards Evaluation

Not in conformance with API Standard 1104

3316C	Hollow Bead
3508	Internal Undercutting
3537	Internal Undercutting
3581	Wagon Tracks
3589	Slag Lines
3601	Slag Lines/Internal Undercutting
5333	Internal Undercutting
5376	Burn Through/Porosity

*** Accepted - But Poor Film Quality

5624	Water Spots/Scratches
5625	Water Spots/Scratches
5658	Water Spots
5661	Water Spots

*** Unable to Interpret

5664	Water Spots
5665	Spiral Seams Align

B. Santa Ynez River Crossing -- Tie-in Welds

Santa Barbara County alleged that substantial misalignment was observed at tie-in points at the Santa Ynez River Crossing.

*** These totals from the referenced attachments to the Santa Barbara Complaint could not be reconciled with the totals mentioned in the text of the Complaint.

C. Welder Qualifications

Santa Barbara County alleged that they were denied access to welder qualifications.

D. Weld Specifications

Santa Barbara County alleged that at some unspecified date, AAPL's original welding specification was withdrawn, leaving less stringent API Standard 1104 as the acceptable criteria for welding and weld acceptability.

V. INVESTIGATION OF ALLEGATIONS

Allegation A - Weld Radiographs

Fifty-eight weld radiographs were randomly selected for evaluation by the county. One additional radiograph was evaluated by Signal Testing that the county did not evaluate, making a total of 59 welds included in the allegations. These 59 welds were investigated by the OPS.

AAPL's daily radiograph reports were reviewed to assure all 59 welds were accepted as meeting API Standard 1104 by AAPL's radiographers at the time of construction. Copies of the daily reports on radiographs of the original welds are in Appendix C.

Three of the original welds were initially unacceptable (Weld ID nos. 3320, 5334, 5376); however, these welds were repaired, re-radiographed, and accepted by AAPL during construction. Copies of these reports are located in Appendix D.

To assist OPS in its investigation, two Level III Radiographers were retained by OPS to evaluate the radiographs in question. They were Mr. Carl Fox of Intermountain Testing Company, Englewood, Colorado, and Mr. Jack Summers, a non-destructive testing consultant. Their qualifications are contained in Appendix F.

It should be noted that because of the speed which pipeline construction progresses, radiographs are read for the most part while the film is still wet from processing. It is, at this time, usually free of water spots and scratches. As the drying continues, water spotting is possible and the additional handling of the film may cause scratches on the film. These conditions do cause difficulty in the accuracy of future interpretations. In addition, it should be noted that radiography is subject to interpretation of two-dimensional densities of a three-dimensional object. Therefore, it is not uncommon to have different interpretations of weld radiographs.

Appendix A contains a list by ID number of 40 weld radiographs that were reviewed and determined to be acceptable by representatives of the County and the OPS. Since these welds were accepted

by both parties, they will not be evaluated further in this report. The remaining 19 weld radiographs are discussed individually in Appendix B.

Of the 19 radiographs where acceptability was controversial, the OPS radiographers accepted nine, initially rejected two, and identified eight as needing new radiographs for proper interpretation. The above two rejected radiographs and the eight radiographs that could not be read were subsequently excavated and re-radiographed.

Much of the pipe used on the project was welded into double joint lengths and transported to the job site. During the investigation, it was found that the radiographs for the double joint welds had been disposed of. (The Federal regulations do not require the radiographs to be retained.) Even though the conditions used in welding the double joints are generally much more desirable than on site because protection from weather, line up, and working conditions can be more easily controlled, it was decided that three of these welds should be re-radiographed to provide additional assurance that the welding was adequately performed. The three welds were chosen at random for excavation and re-radiographing in the area where two welds with unreadable radiographs were being excavated.

On April 2 and 3, 1987, seven of the ten remaining controversial welds were excavated and new radiographs taken.

Present at the excavations, in addition to AAPL personnel, were Mr. Wes Pleshko, OPS, Mr. Arnold Moodie, California State Fire Marshal's Office, Mr. Allen Sanders, Level III Radiographer, and Mr. James Kelly, Level II Radiographer, and Mr. Rick Hill, a metallurgist. Mr. Hill and Mr. Sanders were representing the AAPL, and are both employed by Micro-Alloying International Inc., a consulting firm from Houston, Texas. Mr. Kelly, also representing AAPL, an employee of Cleveland X-Ray, of Cleveland, Oklahoma, did the radiographic work on the seven welds. The new radiographs were taken on weld ID nos. 3600, 5624, 5625, 5658, 5661, 5664, and 5665.

On April 6, 1987, the seven new radiographs were interpreted and approved by the OPS radiographers as being in compliance with API Standard 1104.

The complaint by the County also contained a statement by Mr. Ward that Weld no. 5700, rejected by Signal Testing, was repaired and the repair did not meet code. This weld was not one of the 58 welds originally reviewed by the County. The radiograph of the weld repair was reviewed by the OPS radiographers and determined to be satisfactory.

EXHIBIT H

On May 26, 1987, the remaining excavations and radiographs were made. Present were AAPL personnel, Mr. Jack Overly, OPS, Mr. Arnold Moodie, California State Fire Marshal's Office, and for AAPL were Mr. Jim Kelly, Level II Radiographer, Cleveland X-Ray, Mr. Allen Sanders, Level III Radiographer, Micro-Alloy, and Mr. Rick Hill of Micro-Alloy.

The welds involved in this evaluation included one previously rejected then repaired (3581R), two where the previous film was of poor quality (5623 & 5695) and three double joint welds (69487, 69521, and 69536).

The radiographs were evaluated by the OPS radiographers and all six were accepted as meeting the standards of acceptability contained in API Standard 1104.

Allegation B - Santa Ynez River Crossing - Tie-in Welds

Three Santa Ynez tie-in weld radiographs were evaluated by the OPS radiographers (Weld ID nos. CATCA 108, CATCA 113, and CATCA 114). These were accepted by the OPS radiographers as meeting the standards of API Standard 1104. One OPS radiographer, Mr. Summers, advised that misalignment could be determined if it were present. The review indicated no misalignment at the tie-in points as alleged in the complaint.

Allegation C - Welder Qualifications

Welder qualifications and welding procedures were reviewed during inspections by the OPS in May and July of 1986 and no noncompliances were observed.

Allegation D - Weld Specifications

In the Complaint a list of welds reviewed by Mr. Ward indicated two methods were used for determining acceptability. They were API Standard 1104 and Celeron (AAPL). The OPS determined that the reference to "Celeron" standards was in regard to the standards in the bid specification. AAPL advises that the welding specification contained in the bid data for the project was not used for the actual construction. The specifications used in the construction contract were the standards contained in API Standard 1104. There has been no finding of evidence to indicate anything to the contrary. Daily radiographic reports refer to API Standard 1104 as the standard used and the procedures for welding and qualifications are based on those Standards.

Also, the contract with American West, as the primary contractor, contains a Section 5.00 - Welding. Section 5.02 contains the following information.

5.02 - All welding done under this Specification shall be in accordance with the latest editions of the API Standard Code No. 1104, "Standard for Field Welding of Pipe Line," and the U.S. Department of Transportation Pipe Line Safety Standards. An internal line-up clamp shall be used whenever possible. Internal line up clamps shall not be removed until the root bead is fifty percent completed. An external line-up clamp may be used where it is impossible to use an internal line-up clamp. As much as possible of the root bead shall be completed and uniformly spaced around the circumference of the pipe and shall have accumulative length of not less than fifty percent of the circumference before the clamp may be removed.

The contract was signed on August 31, 1984, by Wilbros and Gregory and Cook, representing Amercan West.

The Federal regulation that must be used as a minimum standard in the design, construction, operation and maintenance of pipelines transporting petroleum liquids is 49 CFR Part 195 "Transportation of Hazardous Liquids by Pipeline." API Standard 1104 (1980 edition) is referenced in 195.222 "Welders Qualification" and 195.228 "Welds and Weld Inspection". Therefore, not having evidence that any more stringent standards were required, API Standard 1104 (1980 edition) is the standard for the welding qualification, procedures, and acceptability for the project.

IV. AAPL'S COMPLIANCE WITH THE WELDING REQUIREMENTS
OF 49 CFR 195

In addition to the investigation of welding-related allegations set forth by Santa Barbara County, the OPS has evaluated AAPL's performance with respect to welding through various field inspections.

The applicable sections of 49 CFR Part 195 reviewed in regard to the pipeline's welding practices are as follows:

- (a) 195.214 - General Requirements
- (b) 195.222 - Qualifications of Welders
- (c) 195.224 - Weather
- (d) 195.226 - Arc Burns
- (e) 195.228 - Standards of Acceptability for Welds and Welding
Inspections
- (f) 195.230 - Repair or Removal of Weld Defects
- (g) 195.234 - Non-Destructive Testing of Welds

Throughout the OPS field inspections by the Western Region, no non-compliances were observed on these regulations.

A change in a welding requirement at the signing of the contract and prior to commencement of construction reduced the time that line-up clamps were to be in place during the completion of the root bead. The reduction was from 100% of the root bead to 50% of the root bead. (See Section V - D,

reference to contract). This is allowable under API Standard 1104 if it is not detrimental to the finished weld. There have been no indications found that an abnormal number of cracks developed in the weld as a result of the change. The Southwest Region of the OPS also reviewed this procedure during one of their inspections and found no detrimental results.

William H Geste

for

Jack C. Overly
Chief, Western Region
Office of Pipeline Safety
Research and Special Programs Administration

7-15-87

Date

APPENDIX A

Acceptable Welds and Radiographs

APPENDIX A

Acceptable Welds and Radiographs

Weld No.	Read and Accepted By	
	<u>Santa Barbara County</u> Shogren Engineers (Ward)	<u>Office of Pipeline Safety</u> Intermountain Testing (Fox) Summers
CBTCA207	X	X
212	X	X
224	X	X
225	X	X
226	X	X
227	X	X
233	X	X
234	X	X
251	X	X
252	X	X
ML3320C	X	X
3510	X	X
3513	X	X
3523	X	X
3536	X	X
3541	X	X
3543	X	X
3546	X	X
3550	X	X
3555	X	X
3556	X	X
3557	X	X
3573	X	X
3577	X	X
3578	X	X
3580	X	X
3588	X	X
5304	X	X
5307	X	X
5311	X	X
5332	X	X
5335	X	X
5345	X	X
5367	X	X
5374	X	X
5387	X	X
5393	X	X
5397	X	X
5675	X	X
5676	X	X

APPENDIX B

Disputed Welds and Radiographs

DISPUTED WELDS AND RADIOGRAPHS

<u>Weld No.</u>	<u>Indication and Comments</u>
3508	<p>County (Ward) rejected for inadequate penetration and internal undercut.</p> <p>Signal rejected for internal undercut.</p> <p>OPS (Summers and Fox) accepted. Internal undercut from position 60 to 80 within code.</p>
5376	<p>County (Ward) rejected for cluster porosity.</p> <p>Signal rejected for burn through. This weld was repaired and the repair (5376R) was determined acceptable.</p> <p>OPS (Summers and Fox) accepted 5376R (repair)</p>
3537	<p>County (Ward) rejected for internal undercut.</p> <p>Signal accepted.</p> <p>OPS (Summers and Fox) accepted - internal undercut between 55.5 and 70 within code.</p>
3589	<p>County (Ward) rejected for slag line.</p> <p>Signal accepted.</p> <p>OPS (Summers and Fox) accepted - has hi-low condition, within code.</p>
3581	<p>County (Ward) rejected - slag lines, wagon tracks.</p> <p>Signal rejected - internal undercut</p> <p>OPS (Summers) not read, internal undercut from 50 to 60, no way to measure depth. Fox accepted.</p>
5333	<p>County (Ward) rejected - internal undercut (broken).</p> <p>Signal rejected - gas pocket.</p>

5334 OPS (Summers and Fox) accepted.
County (Ward) original rejected.
Repair accepted.
OPS (Summers and Fox) repair accepted.

3600 County (Ward) accepted.
OPS (Summers and Fox) accepted by Fox,
rejected by Summers. Crack at position
20.

3601 County (Ward) rejected - slag line,
internal undercut (broken)
OPS (Summers and Fox) accepted -
accumulations of discontinuities
between 80 and 90 within code.

ML3316C County (Ward) rejected, hollow bead.
Signal rejected, hollow bead.
OPS (Summers and Fox) accepted.

5623 County (Ward) accepted.
OPS (Summers and Fox) did not
evaluate. Could not read due to
film artifacts (water spots and
scratches).

5624 County (Ward) accepted.
OPS (Summers and Fox) did not evaluate.
Could not read due to film artifacts
(water spots and scratches).

5625 County (Ward) accepted.
OPS (Summers and Fox) did not evaluate.
Could not read due to film artifacts
(water spots and scratches).

5664 County (Ward) did not evaluate - poor
quality, water marks.
OPS (Summers and Fox) did not evaluate -
poor quality, water marks.

5665 County (Ward) did not evaluate - poor
quality, water marks.

OPS (Summers and Fox) did not evaluate -
poor quality, water marks.

5695

County (Ward) accepted.

OPS (Summers and Fox). Fox accepted
although film quality was poor.
Summers could not evaluate due to film
quality.

3599

County (Ward) OPS could not find record
that this was evaluated by county.

5658

County (Ward) accepted.

OPS (Summers and Fox) did not evaluate.
Could not read due to film artifacts
(water spots and scratches)

5661

County (Ward) accepted.

OPS (Summers and Fox) did not evaluate.
Could not read due to film artifacts
(water spots and scratches).

TESTING COMPANY

2965 South Shoshone
Englewood, Colorado 80110
Phone 303-761-0650

June 23, 1987

Mr. Jack Overly
Office of Pipeline Safety
555 Zang St., 2nd floor
Lakewood, Co. 80228

Dear Mr. Overly:

This confirms my evaluation on the radiographs reported to you from March through June of 1987.

In some cases, I mentioned internal undercut in certain locations of some welds, and that the undercut was within API 1104 code. I want to re-confirm those reports where I noted any defects and accepted them as being within API STD 1104.

Sincerely,

INTERMOUNTAIN TESTING CO.



Carl E. Fox, Level III PB 751

RECEIVED
JUN 23 1987

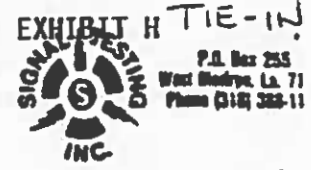
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APPENDIX C

Daily Radiograph Reports, Signal Testing

→ signifies welds reviewed



P.O. Box 255
West Monroe, La. 71
Phone (504) 388-11

DAILY RADIOGRAPH REPORT

ABBREVIATION OF DISCONTINUITIES
 B.T.A. - Burn Thru Area
 I.F. - Incomplete Fusion
 A.B. - Arc Burn
 S.L. - Slagline
 S.I. - Slag Inclusion
 B.T. - Burn Thru
 Cr. - Crack
 H.B. - Hollow Bead
 I.U. - Internal Undercut
 I.P. - Inadequate Penetration
 C.C. - Concave Cap
 I.C. - Internal Concave
 E.U. - External Undercut
 P. - Porosity
 G.P. - Gas Pocket

FILM USED (Sheets)
 (1) 4 1/2 X 17 _____
 (2) 3 1/2 X 17 _____
 (3) 4 1/2 X 10 _____
 (4) 3 1/2 X 10 _____
 (5) () _____
 (6) () _____
 (7) () _____

Remarks RIG B

DESCRIPTION OF WORK
 Mainline
 Plant
 Double Joint
 Tie Ends
 Fabrication

JOB NO. 940
 LOCATION Sacramento
 CUSTOMER AAE
 MAIL TO _____

No. of Welds Radiographed Today 7
 Procedure No. _____
 Travel Miles Claimed _____
 Work Day _____ Hr
 Travel Time _____ Hr
 Total Hours 12

No.	Film No.	Pipe Size	NO. EXP.		CODE		Station Source	GENERAL INFORMATION		
			Int.	Ext.	In	Out		Sta. No.	Weld Thickness	Defect, etc.
1.										
2.										
3.										
4.	<u>CBTCA</u>									
5.										
6.	<u>205</u>	<u>30</u>		<u>3</u>	<u>✓</u>		<u>IR-192</u>	<u>2579+52</u>		
7.										
8.	<u>203-R</u>	<u>30</u>		<u>1</u>	<u>✓</u>		<u>IR-192</u>	<u>2578+64</u>		
9.										
10.	<u>204-R</u>	<u>30</u>		<u>1</u>	<u>✓</u>		<u>IR-192</u>	<u>2578+75</u>		
11.										
12.	<u>206</u>	<u>30</u>		<u>3</u>	<u>✓</u>		<u>IR-192</u>	<u>51+96</u>		
13.										
14.	<u>207</u>	<u>30</u>		<u>3</u>	<u>✓</u>		<u>IR-192</u>	<u>53+55</u>		
15.										
16.	<u>208</u>	<u>30</u>		<u>3</u>	<u>✓</u>		<u>IR-192</u>	<u>54+35</u>		
17.										
18.	<u>209</u>	<u>30</u>		<u>3</u>	<u>✓</u>		<u>IR-192</u>	<u>66+30</u>		
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64.										

Date This Report For 7-16-86 Rept. No. 143 Standby No. of Crew Members 2 Radiographer's Signature Pete Summers Welding Inspector's Signature H. RENEY



P.O. Box 255
West Monroe, La. 71291
Phone (512) 388-1137

No.	Film No.	Pipe Size	NO. EXP.		CODE		Position	Sta. No.	GENERAL INFORMATION	
			Inl.	Ext.	In	Out			Weld Thickness	Defect, etc.
1.										
2.										
3.										
4.	CBTCA									
5.										
6.	210	30	3	✓			IR-192		87 + 45	
7.										
8.	211	30	3	+			IR-192		88 + 04	
9.										
10.	212	30	3	✓			IR-192		93 + 53	
11.										
12.	213	30	3	✓			IR-192		94 + 24	
13.										
14.	214	30	3	✓			IR-192		98 + 95	
15.										
16.	215	30	3	✓			IR-192		100 + 43	
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63.										
64.										

DAILY RADIOGRAPHIC REPORT

- ABBREVIATION OF DISCONTINUITIES**
- B.T.A. - Burn Thru Area
 - I.F. - Incomplete Fusion
 - A.B. - Arc Burn
 - S.L. - Slagline
 - S.I. - Slag Inclusion
 - B.T. - Burn Thru
 - Cr. - Crack
 - H.B. - Hollow Bead
 - I.U. - Internal Undercut
 - I.P. - Inadequate Penetration
 - C.C. - Concave Cap
 - I.C. - Internal Concave
 - E.U. - External Undercut
 - P. - Porosity
 - G.P. - Gas Pocket

- FILM USED (Sheets)**
- (1) 4 1/2 X 17 _____
 - (2) 3 1/2 X 17 _____
 - (3) 4 1/2 X 10 _____
 - (4) 3 1/2 X 10 _____
 - (5) () _____
 - (6) () _____
 - (7) () _____

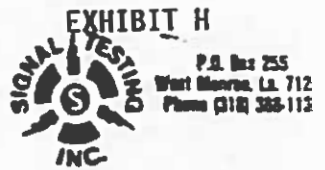
Remarks As B

- DESCRIPTION OF WORK**
- Mainline
 - Plant
 - Double Joint
 - Tie Ends
 - Fabrication

JOB NO. 940
 LOCATION Smithfield, LA
 CUSTOMER AAPE
 MAIL TO _____

No. of Welds Radiographed Today 6
 Procedure No. _____
 Travel Miles Claimed _____
 Work Day _____ Hr
 Travel Time _____ Hr
 Total Hours 12

Date This Report For 7-17-86 Rept. No. 144 Standby No. of Crew Members 2 Inspector's Signature [Signature] Welding Inspector's Signature [Signature]



DAILY RADIOGRAPHIC REPORT

ABBREVIATION OF DISCONTINUITIES

- B.T.A. - Burn Thru Area
- I.F. - Incomplete Fusion
- A.B. - Arc Burn
- S.L. - Slagline
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- I.C. - Internal Concave
- E.U. - External Undercut
- P. - Porosity
- G.P. - Gas Pocket

FILM USED (Sheets)

- (1) 4 1/2 X 17 _____
- (2) 3 1/2 X 17 _____
- (3) 4 1/2 X 10 _____
- (4) 3 1/2 X 10 _____
- (5) () _____
- (6) () _____
- (7) () _____

Remarks Rig B

DESCRIPTION OF WORK

- Mainline
- Plant
- Double Joint
- Tie Ends
- Fabrication

JOB NO. 940

LOCATION Saint Thomas, C

CUSTOMER AAA

MAIL TO _____

No. of Welds Radiographed Today 4

Procedure No. _____

Travel Miles Claimed _____

Work Day _____ Hrs.

Travel Time _____ Hrs.

Total Hours 12

No.	Film No.	Pipe Size	NO. EXP.		CODE		Action Source	GENERAL INFORMATION		Defect, etc.
			Int.	Ext.	In	Out		Sta. No.	Weld Thickness	
1.										
2.										
3.										
4.										
5.										
6.										
7.										
8.										
9.										
10.										
11.										
12.										
13.										
14.										
15.										
16.										
17.										
18.										
19.										
20.										
21.										
22.										
23.										
24.										
25.										
26.										
27.										
28.										
29.										
30.										
31.										
32.										
33.										
34.										
35.										
36.										
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38.										
39.										
40.										
41.										
42.										
43.										
44.										
45.										
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47.										
48.										
49.										
50.										
51.										
52.										
53.										
54.										
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59.										
60.										
61.										
62.										
63.										
64.										

Date This Report For 7-21-86 Rpt. No. 147 Standby No. of Crew Members: 2 X-ray Technician's Signature [Signature] Welding Inspector's Signature [Signature]



P.O. Box 255
West Monroe, La. 712
Phone (518) 388-113

DAILY RADIOGRAPH REPORT

ABBREVIATION OF DISCONTINUITIES

- B.T.A. - Burn Thru Area
- I.F. - Incomplete Fusion
- A.B. - Arc Burn
- S.L. - Slagline
- S.I. - Slag Inclusion
- B.T. - Burn Thru
- Cr. - Crack
- H.B. - Hollow Bead
- I.U. - Internal Undercut
- I.P. - Inadequate Penetration
- C.C. - Concave Cap
- I.C. - Internal Concave
- E.U. - External Undercut
- P. - Porosity
- G.P. - Gas Pocket

FILM USED (Sheets)

- (1) 4 1/2 X 17 _____
- (2) 3 1/2 X 17 _____
- (3) 4 1/2 X 10 _____
- (4) 3 1/2 X 10 _____
- (5) () _____
- (6) () _____
- (7) () _____

Remarks RIG 1

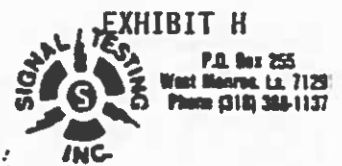
DESCRIPTION OF WORK

- Mainline
- Plant
- Double Joint
- Tie Ends
- Fabrication

JOB NO. 940
 LOCATION Sida Shid, L
 CUSTOMER AAA
 MAIL TO _____

No. of Welds Radiographed Today 6
 Procedure No. _____
 Travel Miles Claimed _____
 Work Day _____
 Travel Time _____
 Total Hours 12

No.	Film No.	Pipe Size	NO. EXP.		CODE		Location Source	GENERAL INFORMATION		Defect, etc.
			Int.	Ext.	In	Out		Sta. No.	Weld Thickness	
1.										
2.										
3.										
4.										
5.	<u>URTCB</u>									
6.										
7.	<u>233</u>	<u>30</u>	<u>-</u>	<u>3</u>	<u>✓</u>	<u>IR-192</u>	<u>254</u>	<u>+39</u>		
8.										
9.	<u>234</u>	<u>30</u>	<u>-</u>	<u>3</u>	<u>✓</u>	<u>IR-192</u>	<u>257</u>	<u>+25</u>		
10.										
11.	<u>235</u>	<u>30</u>		<u>3</u>	<u>✓</u>	<u>IR-192</u>	<u>293</u>	<u>+00</u>		
12.										
13.	<u>236</u>	<u>30</u>		<u>3</u>	<u>✓</u>	<u>IR-192</u>	<u>311</u>	<u>+38</u>		
14.										
15.	<u>3419-1</u>	<u>30</u>		<u>3</u>	<u>✓</u>	<u>IR-192</u>	<u>332</u>	<u>+88</u>		
16.										
17.	<u>327</u>	<u>30</u>		<u>3</u>	<u>✓</u>	<u>IR-192</u>	<u>341</u>	<u>+38</u>		
18.										
19.										
20.										
21.										
22.										
23.										
24.										
25.										
26.										
27.										
28.										
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30.										
31.										
32.										
33.										
34.										
35.										
36.										
37.										
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39.										
40.										
41.										
42.										
43.										
44.										
45.										
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48.										
49.										
50.										
51.										
52.										
53.										
54.										
55.										
56.										
57.										
58.										
59.										
60.										
61.										
62.										
63.										
64.										



No.	Film No.	Pipe Size	NO. EXP.		CODE		Station Source	GENERAL INFORMATION		Defect, etc.
			Int.	Ext.	In	Out	Sta. No.	Weld Thickness		
1.										
2.										
3.										
4.										
5.										
6.	CBTCA									
7.	251	30	3		✓		1R-192	525 + 65		
8.										
9.	252	30	3		✓		1R-192	526 + 06		
10.										
11.										
12.	253	30	3		✓		1R-192	536 + 16		
13.										
14.	254	30	3		✓		1R-192	545 + 67		
15.										
16.										
17.										
18.										
19.										
20.										
21.										
22.										
23.										
24.										
25.										
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33.										
34.										
35.										
36.										
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49.										
50.										
51.										
52.										
53.										
54.										
55.										
56.										
57.										
58.										
59.										
60.										
61.										
62.										
63.										
64.										

DAILY RADIOGRAPH REPORT

ABBREVIATION OF DISCONTINUITIES

- B.T.A. - Burn Thru Area
- I.F. - Incomplete Fusion
- A.B. - Arc Burn
- S.L. - Slagline
- S.I. - Slag Inclusion
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- C.C. - Concave Cap
- I.C. - Internal Concave
- E.U. - External Undercut
- P. - Porosity
- G.P. - Gas Pocket

FILM USED (Sheets)

- (1) 4 1/2 X 17 _____
- (2) 3 1/2 X 17 _____
- (3) 4 1/2 X 10 _____
- (4) 3 1/2 X 10 _____
- (5) () _____
- (6) () _____
- (7) () _____

Remarks Rig B

DESCRIPTION OF WORK

- Mainline
- Plant
- Double Joint
- Tie Ends
- Fabrication

JOB NO. 940
 LOCATION Smiths Mill, LA
 CUSTOMER AW
 MAIL TO _____

No. of Welds Radiographed Today 4
 Procedure No. _____
 Travel Miles Claimed _____
 Work Day _____ Hr
 Travel Time _____ Hr
 Total Hours 12

Date This Report For 7-28-86 Rep. No. 153 Standby No. of Crew Members 2 X-Ray Technician's Signature Pete Summers Welding Inspector's Signature _____



P.O. Box 255
West Monroe, La. 71291
Phone (318) 383-1137

DAILY RADIOGRAPH REPORT

ABBREVIATION OF DISCONTINUITIES

- B.T.A. - Burn Thru Area
- I.F. - Incomplete Fusion
- A.B. - Arc Burn
- S.L. - Slagline
- S.I. - Slag Inclusion
- B.T. - Burn Thru
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- C.C. - Concave Cap
- I.C. - Internal Concave
- E.U. - External Undercut
- P. - Porosity
- G.P. - Gas Pocket

FILM USED (Sheets)

- (1) 4 1/2 X 17 _____
- (2) 3 1/2 X 17 _____
- (3) 4 1/2 X 10 _____
- (4) 3 1/2 X 10 _____
- (5) () _____
- (6) () _____
- (7) () _____

Remarks Page A

DESCRIPTION OF WORK

- Mainline
- Plant
- Double Joint
- Tie Ends
- Fabrication

JOB NO. 940
LOCATION Savita Mart
CUSTOMER AAPI
MAIL TO _____

No. of Welds _____
Radiographed Today 59
Procedure No. 1A4
Travel Miles Claimed _____
Work Day ✓
Travel Time _____
Total Hours 12

No.	Film No.	Pipe Size	NO. EXP.		CODE		Position	Station No.	GENERAL INFORMATIC	
			Int.	Ext.	In	Out			Weld Thickness	Defect, etc.
1.	2358	30	1		✓		Common		438	
2.	99				✓					
3.	3300				✓					
4.	01				✓					
5.	02				✓					
6.	03				✓					
7.	04				✓					2-06A
8.	05				✓					
9.	06				✓					
10.	07				✓					
11.	08				✓					
12.	09				✓					
13.	3310				✓					
14.	11				✓					0-51A 10-8 IL 2-00A
15.	13				✓					
16.	14				✓					
17.	15-16				✓					
18.	18				✓					
19.	19				✓					52-58 IU.
20.	3320				✓					CLL CO.
21.	21				✓					
22.	22				✓					
23.	23				✓					60-64 B.T.A
24.	24				✓					
25.	25				✓					
26.	26				✓					60-70 IC
27.	27				✓					
28.	28				✓					
29.	29				✓					
30.	3330				✓					
31.	31				✓					
32.	33				✓					
33.	34				✓				438	0-10 GP. 100
34.	35				✓				325	
35.	3340				✓					
36.	41				✓					
37.	42				✓					
38.	43				✓					
39.	44				✓					
40.	47				✓					
41.	48				✓					
42.	49				✓					
43.	3350				✓					
44.	51				✓					
45.	52				✓					
46.	53				✓					
47.	55				✓					
48.	56				✓					
49.	57				✓					
50.	58				✓					
51.	59				✓					45-49 A.B.
52.	3360				✓					
53.	61				✓					
54.	62				✓					
55.	63				✓					20-110
56.	65				✓					
57.	66				✓					
58.	67				✓					
59.	3368	30	1		✓		Common		438	

Date This Report For 7-15-86 Rep. No. 190 Standby No. of Crew Members 5 X-Ray Technician's Signature Kevin M. Adams Welding Inspector's Signature [Signature]



No.	Film No.	Pipe Size	NO. EXP.		CODE		Station Source	GENERAL INFORMATION		
			Inl.	Ext.	In	Out		Sta. No.	Weld Thickness	Defect.
1.		30	1				External			
2.	5487	30				✓				
2.	3490					✓				
4.	91					✓				
5.	92					✓				
6.	93					✓				
7.	94					✓				
8.	95					✓				
9.	96					✓				
10.	97					✓				
11.	98					✓				
12.	99					✓				
13.	3500					✓				
14.	01					✓				
15.	02					✓				
16.	03					✓				
17.	04					✓				
18.	05					✓				
19.	06					✓				
20.	07					✓				
→ 21.	08					✓				
→ 22.	09					✓			5 GP	
→ 23.	3510					✓				
24.	12					✓				
→ 25.	13					✓				
26.	14					✓				
27.	15					✓			940 TP	
28.	16					✓			77-78 IC	
29.	17					✓				
30.	19					✓				
→ 31.	3520					✓				
32.	22					✓				
→ 33.	23					✓				
34.	24					✓				
35.	25					✓				
36.	26					✓				
37.	27					✓				
38.	28					✓				
39.	29					✓			47 BI	
→ 40.	3530					✓				
41.	31					✓				
42.	32					✓				
43.	33					✓				
44.	34					✓				
→ 45.	35					✓			46-49 VIR	
→ 46.	36					✓				
→ 47.	37					✓				
48.	38					✓				
49.	39					✓				
→ 50.	3540					✓				
→ 51.	41					✓				
→ 52.	42					✓				
→ 53.	43					✓				
54.	44					✓				
→ 55.	45	30	1			✓	External			

DAILY RADIOGRAPH REPORT

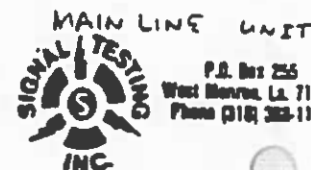
ABBREVIATION OF DISCONTINUITIES
 B.T.A. - Burn Thru Area
 I.F. - Incomplete Fusion
 A.B. - Arc Burn
 S.L. - Slagline
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 C.C. - Concave Cap
 I.C. - Internal Concave
 E.U. - External Undercut
 P. - Porosity
 G.P. - Gas Pocket

FILM USED (Sheets)
 (1) 4 1/2 X 17 _____
 (2) 3 1/2 X 17 _____
 (3) 4 1/2 X 10 _____
 (4) 3 1/2 X 10 _____
 (5) () _____
 (6) () _____
 (7) () _____

Remarks Rig A

DESCRIPTION OF WORK
 Mainline
 Plant
 Double Joint
 Tie Ends
 Fabrication

JOB NO. 940
 LOCATION Port Arthur
 CUSTOMER AA PL
 MAIL TO _____
55
 No. of Welds Radiographed Today 56
 Procedure No. 1104
 Travel Miles Claimed _____
 Work Day 13
 Travel Time _____
 Total Hours 13



P.O. Box 255
West Monroe, La. 71
Phone (504) 382-11

DAILY RADIOGRAPH REPORT

ABBREVIATION OF DISCONTINUITIES
 B.T.A. - Burn Thru Area
 I.F. - Incomplete Fusion
 A.B. - Arc Burn
 S.L. - Slagline
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FILM USED (Sheets)
 (1) 4 1/2 X 17 _____
 (2) 3 1/2 X 17 _____
 (3) 4 1/2 X 10 _____
 (4) 3 1/2 X 10 _____
 (5) () _____
 (6) () _____
 (7) () _____

Remarks Rig A

DESCRIPTION OF W
 Mainline
 Plant
 Double Joint
 Tie Ends
 Fabrication

JOB NO. 940
 LOCATION Antarctica
 CUSTOMER ARPL
 MAIL TO _____

No. of Welds Radiographed Today 94
 Procedure No. _____
 Travel Miles Claimed _____
 Work Day 12
 Travel Time _____
 Total Hours 12

No.	Film No.	Pipe Size	NO. EXP.		CODE		Position	GENERAL INFORMATION		
			Int.	Ext.	In	Out		Sta. No.	Weld Thickness	(ect. etc.)
1.	3577	30	1				A-ray			
2.	3578									
3.	3579									
4.	3580									
5.	3581									
6.	3582									
7.	3583									
8.	3584									
9.	3585									
10.	3586									
11.	3587									
12.	3588									
13.	3589									
14.	3590									
15.	3591									
16.	3592									
17.	3593									
18.	3594									20-22 IC+EC
19.	3595									
20.	3596									
21.	3597									22-28 IC
22.	3598									
23.	3599									
24.	3600									
25.	3601									
26.	3602									
27.	3603									
28.	3604									47-80 IU 33-39 IC
29.	3605									
30.	3606									
31.	3607									
32.	3608									
33.	3609									28-50 IU
34.	3610									
35.	3611									20-25 IC 35-38 IC
36.	3612									
37.	3613									0-94 IC+IU
38.	3614									
39.	3615									
40.	3616									
41.	3617									
42.	3618									20-50 IU
43.	3619									
44.	3620									23-53 IU, IC, BT+EC
45.	3621									
46.	3622									
47.	3623									
48.	3624									10-40 IU
49.	3625									
50.	3626									
51.	3627									
52.	3628									
53.	3629									
54.	3630									
55.	3631									
56.	3632									
57.	3633									
58.	3634									
59.	3635									
60.	3636									
61.	3637									
62.	3638									
63.	3639									
64.	3640	30	1				K-ray			



P.O. Box 255
West Monroe, La. 71291
Phone (504) 388-1137

DAILY RADIOGRAPH REPORT

ABBREVIATION OF DISCONTINUITIES

- B.T.A. - Burn Thru Area
- I.F. - Incomplete Fusion
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FILM USED (Sheets)

- (1) 4 1/2 X 17 _____
- (2) 3 1/2 X 17 _____
- (3) 4 1/2 X 10 _____
- (4) 3 1/2 X 10 _____
- (5) [] _____
- (6) [] _____
- (7) [] _____

Remarks Rig A

DESCRIPTION OF WORK

- Mainline
- Plant
- Double Joint
- Tie Ends
- Fabrication

JOB NO. 940
LOCATION Santa Maria
CUSTOMER AAPL
MAIL TO _____

No. of Welds Radiographed Today 92
Procedure No. 1104
Travel Miles Claimed _____
Work Day 12 Hr
Travel Time _____ Hr
Total Hours 12

No.	Film No.	Pipe Size	NO. EXP.		CODE		Weld Location	GENERAL INFORMATION		
			Int.	Ext.	In	Out		Sta. No.	Weld Thickness	Direct, etc.
1	5289	30	1		✓		Gamma			
2	5290				✓					
3	91				✓					
4	92				✓					
5	93				✓					
6	94				✓					
7	95				✓					
8	96				✓					
9	97				✓					
10										
11	99				✓					
12	5300				✓					
13										
14	02				✓					
15	03				✓					
16	04				✓					
17	05				✓					
18	06				✓					
19	07				✓					
20	08				✓					
21	09				✓					
22	5310				✓					
23	11				✓					
24	12				✓					
25	13				✓					
26	14				✓					
27	15				✓					
28	16				✓					
29	17				✓					
30	18				✓					
31	19				✓					
32	5320				✓					
33	21				✓					
34	22				✓					
35	23				✓					
36	24				✓					
37	25				✓			94-38 + 40-45 IPD		
38	26				✓					
39	27				✓					
40	28				✓			38-40 IFR		
41	29				✓					
42	5330				✓			46-50 EU + EC		
43	31				✓					
44	32				✓					
45										
46	34				✓			50-55 IU		
47	35				✓					
48										
49	38				✓			50-70 IPD		
50	39				✓			40-50 IPD		
51	5340				✓					
52	41				✓					
53	42				✓					
54	43				✓					
55	44				✓					
56	45				✓					
57	45				✓					
58	46				✓					
59	47				✓					
60	48				✓			47 BT		
61	49				✓					
62	5350				✓					
63	51				✓					
64	5352	30	1		✓		Gamma			



P.O. Box 255
West Marine, La. 712
Phone (510) 383-1117

DAILY RADIOGRAPHIC REPORT

ABBREVIATION OF DISCONTINUITIES

- B.T.A. - Burn Thru Area
- I.F. - Incomplete Fusion
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FILM USED (Sheets)

- (1) 4 1/2 X 17 _____
- (2) 3 1/2 X 17 _____
- (3) 4 1/2 X 10 _____
- (4) 3 1/2 X 10 _____
- (5) () _____
- (6) () _____
- (7) () _____

Remarks Rig A

DESCRIPTION OF WORK

- Mainline
- Plant
- Double Joint
- Tie Ends
- Fabrication

JOB NO. 940
LOCATION Santa Maria

CUSTOMER AAPL

MAIL TO _____

No. of Welds Radiographed Today 4
Procedure No. 1184

Travel Miles Claimed _____
Work Day 14

Travel Time _____
Total Hours 14

No.	Film No.	Pipe Size	NO. EXP.		CODE		Position	Sta. No.	GENERAL INFORMATION	
			Int.	Ext.	In	Out	JTCS		Weld Thickness	Defect, etc.
1.	5593	30	1		✓		Gamma			
2.	93				✓					
3.	94					✓				1-94 IU + IPD
4.										
5.	96					✓				59-66 IPD
6.	97					✓				20-32 IU 68 VIR
7.										
8.	99				✓					
9.	5600				✓					
10.	01				✓					
11.	02				✓					
12.	03				✓					
13.	04				✓					
14.	05				✓					
15.										
16.	07					✓				56-63 IPD
17.										
18.										
19.	5610				✓					
20.										
21.										
22.										
23.										
24.	15				✓					
25.	16					✓				3-8 IPB 47-50 RT
26.										
27.	18					✓				92-0-6 IPD
28.	19					✓				74-80 IPD
29.										
30.	5621				✓					
31.										
32.	23				✓					
33.	24				✓					
34.	25				✓					
35.										
36.										
37.	28				✓					
38.										
39.	30				✓					
40.										
41.	32					✓				CRACK
42.	33					✓				45-50 IU
43.	34				✓					
44.	35				✓					
45.	36					✓				65-75 IPD
46.	37				✓					
47.	38				✓					
48.	39				✓					
49.	5640				✓					
50.	41				✓					
51.	42				✓					
52.										
53.	44				✓					
54.	45				✓					
55.	46				✓					
56.	47				✓					
57.	48				✓					
58.	49					✓				92 GP
59.	5650				✓					
60.	51				✓					
61.										
62.	53				✓					
63.	54					✓				0-5 IPB 35-40 IPD
64.	5655	30	1		✓		Gamma			



P.O. Box 255
West Monroe, La. 71291
Phone (318) 385-1137

No.	Film No.	Pipe Size	NO. EXP.		CODE		Radiation Source	Sta. No.	GENERAL INFORMATION	
			Int.	Ext.	In	Out			Weld Thickness	Defect, etc.
1	5278	30"		3	1		GAMMA		3/8"	
2	5301									
3	5333									
4	5336									
5	5337									
6										
7										
8										
9										
10										
11										
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DAILY RADIOGRAPH REPORT

ABBREVIATION OF DISCONTINUITIES
 B.T.A. - Burn Thru Area
 I.F. - Incomplete Fusion
 A.B. - Arc Burn
 S.L. - Slagline
 S.I. - Slag Inclusion
 B.T. - Burn Thru
 Cr. - Crack
 H.B. - Hollow Bead
 I.U. - Internal Undercut
 I.P. - Inadequate Penetration
 C.C. - Concave Cap
 I.C. - Internal Concave
 E.U. - External Undercut
 P. - Porosity
 G.P. - Gas Pocket

FILM USED (Sheets)
 (1) 4 1/2 X 17 _____
 (2) 3 1/2 X 17 _____
 (3) 4 1/2 X 10 _____
 (4) 3 1/2 X 10 _____
 (5) () _____
 (6) () _____
 (7) () _____

Remarks RIG-C

DESCRIPTION OF WORK
 Mainline
 Plant
 Double Joint
 Tie Ends
 Fabrication

JOB NO. 940
 LOCATION SANTA ANA, CA
 CUSTOMER BAPL
 MAIL TO _____

No. of Welds _____
 Radiographed Today 5
 Procedure No. _____
 Travel Miles Claimed _____
 Work Day _____ Hrs.
 Travel Time _____ Hrs.
 Total Hours 11

Date This Report For 8-13-86 Rept. No. 34 Standby = _____ No. of Crew Members 2 X-Ray Technician's Signature Charles Taylor Welding Inspector's Signature [Signature]



DAILY RADIOGRAPHIC REPORT

ABBREVIATION OF DISCONTINUITIES
 B.T.A. - Burn Thru Area
 I.F. - Incomplete Fusion
 A.B. - Arc Burn
 S.L. - Slagline
 S.I. - Slag Inclusion
 B.T. - Burn Thru
 Cr. - Crack
 H.B. - Hollow Bead
 I.U. - Internal Undercut
 I.P. - Inadequate Penetration
 C.C. - Concave Cap
 I.C. - Internal Concave
 E.U. - External Undercut
 P. - Porosity
 G.P. - Gas Pocket

FILM USED (Sheets)
 (1) 4 1/2 X 17 _____
 (2) 3 1/2 X 17 _____
 (3) 4 1/2 X 10 _____
 (4) 3 1/2 X 10 _____
 (5) () _____
 (6) () _____
 (7) () _____

Remarks Rig A

DESCRIPTION OF WORK
 Mainline
 Plant
 Double Joint
 Tie Ends
 Fabrication

JOB NO. 040
 LOCATION Gamma
 CUSTOMER AAPL
 MAIL TO _____

No. of Welds _____
 Radiographed Today _____
 Procedure No. 1109
 Travel Miles Claimed _____
 Work Day 12 H
 Travel Time _____ H
 Total Hours 12

No.	Fil.n No.	Pipe Size	NO. EXP.		CODE		Position	GENERAL INFORMATION		
			Int.	Ext.	In	Out		Sta. No.	Weld Thickness	Defect, etc.
1.	5353	30	1		✓		Gamma			
2.	54				✓					
3.	55				✓					
4.	56				✓					
5.	57				✓					
6.	58				✓					
7.	59				✓					
8.	5360				✓					
9.	61				✓					
10.	62					✓			50 BT	
11.	63				✓					
12.	64				✓					
13.	65				✓					
14.	66				✓					
15.	67				✓					
16.	68				✓					
17.	69				✓					
18.	5370				✓					
19.	71					✓			47-50 EU	
20.	72				✓					
21.	73				✓					
22.	74				✓					
23.	75				✓					
24.	76					✓			47-50 BTs	
25.	77				✓					
26.	78				✓					
27.	79				✓					
28.	5380				✓					
29.	81				✓					
30.	82				✓					
31.	83				✓					
32.	84				✓					
33.	5385	30	1		✓		Gamma			
34.										
35.										
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64.										



P.O. Box 255
West Monroe, La. 71
Phone (518) 388-11

DAILY RADIOGRAPH REPORT

ABBREVIATION OF DISCONTINUITIES

- B.T.A. - Burn Thru Area
- I.F. - Incomplete Fusion
- A.B. - Arc Burn
- S.L. - Slagline
- S.I. - Slag Inclusion
- B.T. - Burn Thru
- Cr. - Crack
- H.B. - Hollow Bead
- I.U. - Internal Undercut
- I.P. - Inadequate Penetration
- C.C. - Concave Cap
- I.C. - Internal Concave
- E.U. - External Undercut
- P. - Porosity
- G.P. - Gas Pocket

FILM USED (Sheets)

- (1) 4 1/2 X 17 _____
- (2) 3 1/2 X 17 _____
- (3) 4 1/2 X 10 _____
- (4) 3 1/2 X 10 _____
- (5) () _____
- (6) () _____
- (7) () _____

Remarks RIB-C

DESCRIPTION OF WORK

- Mainline
- Plant
- Double Joint
- Tie Ends
- Fabrication

JOB NO. 940

LOCATION SANTA ANITA,

CUSTOMER AAPI

MAIL TO _____

No. of Welds Radiographed Today 41

Procedure No. _____

Travel Miles Claimed _____

Work Day _____

Travel Time _____

Total Hours 12

No.	Film No.	Pipe Size	NO. EXP.		CODE		Radiation Source	Sta. No.	GENERAL INFORMATION	
			Int.	Ext.	In	Out			Weld Thickness	Defect. etc.
1.	5386	30"	1				GAMMA			.281WT.
2.	5387									
3.	5388									
4.	5389									
5.	5390									
6.	5391									
7.										
8.	5393									
9.	5394									
10.	5395									
11.	5396									
12.	5397									
13.	5398									
14.	5399									
15.	5400									
16.	5401									
17.	5402									
18.	5403									
19.	5404									
20.	5405									
21.	5406									
22.	5407									
23.	5408									
24.										
25.	5410									
26.	5411									
27.	5412									
28.	5413									
29.	5414									
30.	5415									
31.	5416									
32.	5417									
33.	5418									
34.	5419									
35.	5420									
36.	5421									
37.	5422									
38.	5423									
39.	5424									
40.	5425									
41.	5426									
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64.										

Date This Report For 8-14-86 Rept. No. 35 Standby No. of Crew Members 2 X-Ray Technician's Signature Charles Taylor Welding Inspector's Signature [Signature]



EXHIBIT H
P.O. Box 255
West Monroe, La. 7122
Phone (518) 388-1131

DAILY RADIOGRAPHIC REPORT

ABBREVIATION OF DISCONTINUITIES
 B.T.A. - Burn Thru Area
 I.F. - Incomplete Fusion
 A.B. - Arc Burn
 S.L. - Slagline
 S.I. - Slag Inclusion
 B.T. - Burn Thru
 Cr. - Crack
 H.B. - Hollow Bead
 I.U. - Internal Undercut
 I.P. - Inadequate Penetration
 C.C. - Concave Cap
 I.C. - Internal Concave
 E.U. - External Undercut
 P. - Porosity
 G.P. - Gas Pocket

FILM USED (Sheets)

- (1) 4 1/2 X 17 _____
- (2) 3 1/2 X 17 _____
- (3) 4 1/2 X 10 _____
- (4) 3 1/2 X 10 _____
- (5) () _____
- (6) () _____
- (7) () _____

Remarks Rig A

DESCRIPTION OF WORK

- Mainline
- Plant
- Double Joint
- Tie Ends
- Fabrication

JOB NO. 940
 LOCATION Santa Maria

CUSTOMER AAPL

MAIL TO _____

No. of Welds Radiographed Today 121
 Procedure No. 1104
 Travel Miles Claimed _____
 Work Day 14 H
 Travel Time _____ H
 Total Hours 14

No.	Film No.	Pipe Size	NO. EXP.		CODE		Radiation Source	GENERAL INFORMATION	
			Inl.	Ext.	In	Out		Sta. No.	Weld Thickness	Defect, etc.
1	5617	30	1				✓	X-Ray	24-32 IPB 60-70 IPD
2	20						✓		
3	22						✓		
4	26						✓		72-76 IPB
5	27						✓		0-6 IPD
6	29						✓		
7	5631						✓		
8	56						✓		
9	57						✓		
10	58						✓		
11	59						✓		26 GP
12	5660						✓		
13	61						✓		
14	62						✓		
15	63						✓		26-30 IPB 57-62 IPD
16	64						✓		
17	65						✓		
18									
19	67						✓		
20									
21	69						✓		
22	5670						✓		
23	71						✓		38-48 IPB
24	72						✓		
25	73						✓		0-4 IPD 26-46 IPD 84-90 IPD
26	74						✓		
27	75						✓		
28	76						✓		
29	77						✓		
30	78						✓		
31	79						✓		
32	5680						✓		
33	81						✓		
34	82						✓		
35									
36	84						✓		40-50 EU
37	85						✓		0-2 GP 1-12 IPB 45-50 EU 50-55 IU
38	86						✓		
39	87						✓		0-94 IP + IU
40	88						✓		47-60 IPD
41	89						✓		4-80 IPD 2-3 IU 0-11 IPD
42	5690						✓		
43	91						✓		
44	92						✓		36-50 IP
45	93						✓		
46	94						✓		2 GP
47									
48	96						✓		5 GP + 50-60 IU
49	97						✓		19-30 IP + 52-68 IU
50	98						✓		2-60 IU + 20-33 CP
51									
52	5700						✓		50-60 IU + 64-70 IPD
53	01						✓		1-5 IP
54	02						✓		20-30 IPD + 50-60 IU
55	03						✓		34-40 CP
56	04						✓		5 GP
57	05						✓		13-21 IPD
58	06						✓		
59	07						✓		
60	08						✓		34-40 + 48-50 IPD
61	09						✓		42-50 IPD
62	3710						✓		
63	11						✓		
64	5712	30	1				✓	X-Ray	

Date This Report For 8-19-86 Rept. No. 220 Standby No. of Crew Members 5 X-Ray Technician's Signature Keith McAllister Welding Inspector's Signature _____

Unit E



P.O. Box 255
West Monroe, La. 71291
Phone (518) 386-1137

DAILY RADIOGRAPH REPORT

ABBREVIATION OF DISCONTINUITIES

- B.T.A. - Burn Thru Area
- I.F. - Incomplete Fusion
- A.B. - Arc Burn
- S.L. - Slagline
- S.I. - Slag Inclusion
- B.T. - Burn Thru
- Cr. - Crack
- H.B. - Hollow Bead
- I.U. - Internal Undercut
- I.P. - Inadequate Penetration
- C.C. - Concave Cap
- I.C. - Internal Concave
- E.U. - External Undercut
- P. - Porosity
- G.P. - Gas Pocket

FILM USED (Sheets)

- (1) 4 1/2 X 17 _____
- (2) 3 1/2 X 17 _____
- (3) 4 1/2 X 10 _____
- (4) 3 1/2 X 10 _____
- (5) () _____
- (6) () _____
- (7) () _____

Remarks R.I.G E

REPAIRS

DESCRIPTION OF WORK

- Mainline
- Plant
- Double Joint
- Tie Ends
- Fabrication

JOB NO. 940

LOCATION SANTA ANA

CUSTOMER AAPI

MAIL TO _____

No. of Welds Radiographed Today 12

Procedure No. _____

Travel Miles Claimed _____

Work Day 11 Hr

Travel Time _____ Hr

Total Hours 11 Hr

Film No.	Pipe Size	NO. EXP.		CODE		Exposure Source	GENERAL INFORMATION		
		Int.	Ext.	In	Out		Sta. No.	Weld Thickness	Defect, etc.
1. 5632A	30					GAMMA			281
2. 5636A									
3. 5649A									
4. 5654A									
5. 5659A									
6. 5667A									
7. 5671A									
8. 5673A									
9.									
10.									
11.									
12.									
13.									
14.									
15.									
16.									
17.									
18.									
19.									
20.									
21.									
22.									
23.									
24.									
25.									
26. 5668	30		3	/	/				281
27. 5683				/	/				IPD
28. 5695				/	/				IPD
29. 5699				/	/				
30.									
31.									
32.									
33.									
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*Corrected
8/24/86*

Date This Report For 8-19-86 Rept. No. 38 Study No. of Crew Members 2 X-Ray Technician's Signature [Signature] Welding Inspector's Signature [Signature]



P.O. Box 255
West Monroe, La. 71291
Phone (504) 389-1177

DAILY RADIOGRAPH REPORT

ABBREVIATION OF DISCONTINUITIES

- B.T.A. - Burn Thru Area
- I.F. - Incomplete Fusion
- A.B. - Arc Burn
- S.L. - Slagline
- S.I. - Slag Inclusion
- B.T. - Burn Thru
- Cr. - Crack
- H.B. - Hollow Bead
- I.U. - Internal Undercut
- I.P. - Inadequate Penetration
- C.C. - Concave Cap
- I.C. - Internal Concave
- E.U. - External Undercut
- P. - Porosity
- G.P. - Gas Pocket

FILM USED (Sheets)

- (1) 4 1/2 X 17 _____
- (2) 3 1/2 X 17 _____
- (3) 4 1/2 X 10 _____
- (4) 3 1/2 X 10 _____
- (5) () _____
- (6) () _____
- (7) () _____

Remarks Ref A

DESCRIPTION OF WORK

- Mainline
- Plant
- Double Joint
- Tie Ends
- Fabrication

JOB NO. 940

LOCATION St. Louis, Mo.

CUSTOMER AAPL

MAIL TO _____

No. of Welds _____

Radiographed Today 3

Procedure No. 1104

Travel Miles Claimed _____

Work Day 13 Hr

Travel Time _____ Hr

Total Hours 13

No.	Film No.	Pipe Size	NO. EXP.		CODE		Station source	GENERAL INFORMATI.			
			Int.	Ext.	In	Out		Sta. No.	Weld Thickness	Defect, etc.	
1.											
2.	<u>UARC</u>										
3.											
4.	<u>3</u>	<u>30</u>	<u>1</u>		<u>✓</u>		<u>X-Ray</u>		<u>750</u>		
5.											
6.											
7.	<u>AIC4</u>										
8.											
9.	<u>108</u>	<u>30</u>	<u>-</u>	<u>3</u>	<u>✓</u>		<u>Bronze</u>	<u>2521+88</u>	<u>562</u>		
10.											
11.	<u>109</u>	<u>30</u>		<u>3</u>	<u>✓</u>		<u>Copper</u>	<u>1083+60</u>	<u>281</u>		
12.											
13.											
14.											
15.											
16.											
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→ SANTA YNEZ RIVER CROSSING
TIE-IN WELDS



P.O. Box 255
West Monroe, La. 71:
Phone (516) 388-111

DAILY RADIOGRAPH REPORT

ABBREVIATION OF DISCONTINUITIES

- B.T.A. - Burn Thru Area
- I.F. - Incomplete Fusion
- A.B. - Arc Burn
- S.L. - Slagline
- S.I. - Slag Inclusion
- B.T. - Burn Thru
- Cr. - Crack
- H.B. - Hollow Bead
- I.U. - Internal Undercut
- I.P. - Inadequate Penetration
- C.C. - Concave Cap
- I.C. - Internal Concave
- E.U. - External Undercut
- P. - Porosity
- G.P. - Gas Pocket

FILM USED (Sheets)

- (1) 4 1/2 X 17 _____
- (2) 3 1/2 X 17 _____
- (3) 4 1/2 X 10 _____
- (4) 3 1/2 X 10 _____
- (5) () _____
- (6) () _____
- (7) () _____

Remarks Fig 14

DESCRIPTION OF WORK

- Mainline
- Plant
- Double Joint
- Tie Ends
- Fabrication

JOB NO. 940

LOCATION Santa Maria, C

CUSTOMER AAFL

MAIL TO _____

No. of Welds _____

Radiographed Today _____

Procedure No. 1074

Travel Miles Claimed _____

Work Day 12 Hrs

Travel Time _____ Hrs

Total Hours 12

No.	Film No.	Pipe Size	NO. EXP.		CODE		Radiation Source	GENERAL INFORMATION		
			Int.	Ext.	In	Out		Sta. No.	Weld Thickness	Defect, etc.
1.										
2.	ATCA									
3.										
4.	112	20	3	✓		Common	Between	500		
5.							Check Valve			
6.	113	30	3	✓		Common	San Santa	500		
7.							Yal3 River			
8.	114	30	2	✓				500		
9.										
10.	115	30	3	✓		Common	1191+25	438		
11.										
12.										
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→ SANTA YNEZ RIVER CROSSING TIE-IN WELDS



P.O. Box 255
West Monroe, La. 71291
Phone (318) 388

DAILY RADIOGRAPHIC REPORT

ABBREVIATION OF DISCONTINUITIES
 B.T.A. - Burn Thru Area
 I.F. - Incomplete Fusion
 A.B. - Arc Burn
 S.L. - Slagline
 S.I. - Slag Inclusion
 B.T. - Burn Thru
 Cr. - Crack
 H.B. - Hollow Bead
 I.U. - Internal Undercut
 I.P. - Inadequate Penetration
 C.C. - Concave Cap
 I.C. - Internal Concave
 E.U. - External Undercut
 P. - Porosity
 G.P. - Gas Pocket

FILM USED (Sheets)

- (1) 4 1/2 X 17 _____
- (2) 3 1/2 X 17 _____
- (3) 4 1/2 X 10 _____
- (4) 3 1/2 X 10 _____
- (5) () _____
- (6) () _____
- (7) () _____

Remarks D.T.

DESCRIPTION OF WORK

- Mainline
- Plant
- Double Joint
- Tie Ends
- Fabrication

JOB NO. _____

LOCATION Copeland Street

CUSTOMER All American

MAIL TO _____

No. of Welds _____

Radiographed Today 300

Procedure No. _____

Travel Miles Claimed _____

Work Day _____ Hr

Travel Time _____ Hr

Total Hours 13

No.	Film	Pipe	NO. EXP.		CODE		Radiation	GENERAL INFORMATION		
	No.	Size	Int.	Ext.	In	Out	Source	Sta. No.	Weld Thickness	Defect, etc.
1.	69455	30"	6		✓		G-RAY		281	
2.	69456									
3.	69457									
4.	69458									
5.	69459									
6.	69460									
7.	69461									
8.	69462									
9.	69463									
10.	69464									
11.	69465									
12.	69466									
13.	69467									
14.	69468									
15.	69469									
16.	69470									
17.	69471									
18.	69472									
19.	69473									
20.	69474									ST
21.	69475									
22.	69476									
23.	69477									
24.	69478									
25.	69479									
26.	69480									
27.	69481									
28.	69482									
29.	69483									
30.	69484									
31.	69485									
32.	69486									
33.	69487									
34.	69488									
35.	69489									
36.	69490									
37.	69491									
38.	69492									
39.	69493									
40.	69494									
41.	69495									
42.	69496									
43.	69497									
44.	69498									
45.	69499									
46.	69500									
47.	69501									
48.	69502									
49.	69503									
50.	69504									
51.	69505									
52.	69506									
53.	69507									
54.	69508									
55.	69509									
56.	69510									
57.	69511									
58.	69512									
59.	69513									
60.	69514									
61.	69515									
62.	69516									
63.	69517									
64.	69518									

DOUBLE JOINTS/AUTOMATIC WELDS

Date This Report For 4-9-86 Rept. No. 264 Standby C No. of Crew Members 4 X-Ray Technician's Signature Benny Hernandez Welding Inspector's Signature J. Alvarez



P.O. Box 255
West Monroe, LA 71291
Phone (504) 388-1137

DAILY RADIOGRAPHIC REPORT

ABBREVIATION OF DISCONTINUITIES
 B.T.A. - Burn Thru Area
 I.F. - Incomplete Fusion
 A.B. - Arc Burn
 S.L. - Slagline
 S.I. - Slag Inclusion
 B.T. - Burn Thru
 Cr. - Crack
 H.B. - Hollow Bead
 I.U. - Internal Undercut
 I.P. - Inadequate Penetration
 C.C. - Concave Cap
 I.C. - Internal Concave
 E.U. - External Undercut
 P. - Porosity
 G.P. - Gas Pocket

FILM USED (Sheets)
 (1) 4 1/2 X 17 _____
 (2) 3 1/2 X 17 _____
 (3) 4 1/2 X 10 _____
 (4) 3 1/2 X 10 _____
 (5) () _____
 (6) () _____
 (7) () _____

Remarks D.J

DOUBLE JOINTS/AUTOMATIC WELDS

DESCRIPTION OF WORK
 Mainline
 Plant
 Double Joint
 Tie Ends
 Fabrication

JOB NO. _____
 LOCATION Carpenter Christy St.
 CUSTOMER M. American 9/1
 MAIL TO _____

77 hours
 No. of Welds Radiographed Today 300
 Procedure No. _____
 Travel Miles Claimed _____
 Work Day _____ Hrs.
 Travel Time _____ Hrs.
 Total Hours 13

No.	Film No.	Pipe Size	NO. EXP.		CODE		Radiation Source	Sta. No.	Weld Thickness	Defect, etc.
			Int.	Ext.	In	Out				
1.	69519	38" 1/2			✓		G-PAV		2.81	
2.	69520									
3.	69521									
4.	69522									
5.	69523									
6.	69524									
7.	69525									
8.	69526									
9.	69527									
10.	69528									
11.	69529									
12.	69530									
13.	69531									
14.	69532									
15.	69533									
16.	69534									
17.	69535									
18.	69536									
19.	69537									
20.	69538									
21.	69539									
22.	69540									
23.	69541									
24.	69542									
25.	69543									
26.	69544									
27.	69545									
28.	69546									
29.	69547									
30.	69548									
31.	69549									
32.	69550									
33.	69551									
34.	69552									
35.	69553									
36.	69554									
37.	69555									
38.	69556									
39.	69557									
40.	69558									
41.	69559									
42.	69560									
43.	69561									
44.	69562									
45.	69563									
46.	69564									
47.	69565									
48.	69566									
49.	69567									
50.	69568									
51.	69569									
52.	69570									
53.	69571									
54.	69572									
55.	69573									
56.	69574									
57.	69575									
58.	69576									
59.	69577									
60.	69578									
61.	69579									
62.	69580									
63.	69581									
64.	69582									

Date This Report For 4-9-86 Rept. No. 264 Standby No. of Crew Members 4 X-Ray Technician's Signature Bobby Amura Welding Inspector's Signature J. Alvin

APPENDIX D

Repair Reports, Signal Testing

→ signifies welds reviewed



P.O. Box 255
West Monroe, La. 71291
Phone (518) 388-1137

DAILY RADIOGRAPH REPORT

- ABBREVIATION OF DISCONTINUITIES**
- B.T.A. - Burn Thru Area
 - I.F. - Incomplete Fusion
 - A.B. - Arc Burn
 - S.L. - Slagline
 - S.I. - Slag Inclusion
 - B.T. - Burn Thru
 - Cr. - Crack
 - H.B. - Hollow Bead
 - I.U. - Internal Undercut
 - I.P. - Inadequate Penetration
 - C.C. - Concave Cap
 - I.C. - Internal Concave
 - E.U. - External Undercut
 - P. - Porosity
 - G.P. - Gas Pocket

FILM USED (Sheets)

- (1) 4 1/2 X 17 _____
- (2) 3 1/2 X 17 _____
- (3) 4 1/2 X 10 _____
- (4) 3 1/2 X 10 _____
- (5) () _____
- (6) () _____
- (7) () _____

Remarks R.I.G.E
12 Repairs
1 S.R.P.

DESCRIPTION OF WORK

- Mainline
- Plant
- Double Joint
- Tie Ends
- Fabrication

JOB NO. 940
LOCATION SAN MARI
CUSTOMER AAPL
MAIL TO _____

No. of Welds Radiographed Today 13
Procedure No. _____
Travel Miles Claimed _____
Work Day 11
Travel Time _____
Total Hours 11

No.	Film	Pipe	NO. EXP.		CODE		Radiation	GENERAL INFORMATION		
	No.	Size	Int.	Ext.	In	Out	Source	Sta. No.	Weld Thickness	Defect, etc.
1.	5211R	30		1			GAMMA		281	
2.	5222R									
3.	5234R									
4.	5236R									
5.	5213R									
6.	5281R									
7.	5282R									
8.	5284R									
9.	5285R									
10.	5288R									
11.	5230R									
12.	5234R									
13.										
14.										
15.										
16.										
17.										
18.	5237S			3					281	
19.										
20.										
21.										
22.										
23.										
24.										
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62.										
63.										
64.										

Repaired
8/12



P.O. Box 255
West Monroe, La. 71291
Phone (504) 388-1137

DAILY RADIOGRAPH REPORT

ABBREVIATION OF DISCONTINUITIES
 B.T.A. - Burn Thru Area
 I.F. - Incomplete Fusion
 A.B. - Arc Burn
 S.L. - Slagline
 S.I. - Slag Inclusion
 B.T. - Burn Thru
 Cr. - Crack
 H.B. - Hollow Bead
 I.U. - Internal Undercut
 I.P. - Inadequate Penetration
 C.C. - Concave Cap
 I.C. - Internal Concave
 E.U. - External Undercut
 P. - Porosity
 G.P. - Gas Pocket

FILM USED (Sheets)

- (1) 4 1/2 X 17 _____
- (2) 3 1/2 X 17 _____
- (3) 4 1/2 X 10 _____
- (4) 3 1/2 X 10 _____
- (5) () _____
- (6) () _____
- (7) () _____

Remarks Rig B.

DESCRIPTION OF WORK

- Mainline
- Plant
- Double Joint
- Tie Ends
- Fabrication

JOB NO. 940
 LOCATION Santa Maria
 CUSTOMER A.A.C.
 MAIL TO _____

No. of Welds Radiographed Today 6
 Procedure No. _____
 Travel Miles Claimed _____
 Work Day _____ Hr.
 Travel Time _____ Hr.
 Total Hours 12

No.	Film No.	Pipe Size	NO. EXP.		CODE		Radiation Source	GENERAL INFORMATION		
			Int.	Ext.	In	Out		Sta. No.	Weld Thickness	Defect, etc.
1.										
2.										
3.										
4.										
5.	<u>CBTCA</u>									
6.										
7.	<u>216</u>	<u>30</u>		<u>3</u>	<u>✓</u>	<u>IR-192</u>		<u>112</u>	<u>+23</u>	
8.										
9.	<u>217</u>	<u>30</u>		<u>3</u>	<u>✓</u>	<u>IR-192</u>		<u>113</u>	<u>+00</u>	
10.										
11.	<u>218</u>	<u>30</u>		<u>3</u>	<u>✓</u>	<u>IR-192</u>		<u>134</u>	<u>+04</u>	
12.										
13.	<u>219</u>	<u>30</u>		<u>3</u>	<u>✓</u>	<u>IR-192</u>		<u>134</u>	<u>+93</u>	
14.										
15.	<u>3316-0</u>	<u>30</u>		<u>3</u>	<u>✓</u>	<u>IR-192</u>		<u>252</u>	<u>+89</u>	
16.										
17.	<u>3320-0</u>	<u>30</u>		<u>3</u>	<u>✓</u>	<u>IR-192</u>		<u>254</u>	<u>+10</u>	
18.										
19.										
20.										
21.										
22.										
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60.										
61.										
62.										
63.										
64.										

No.	Film No.	Pipe Size	NO. EXP.		CODE		Station	GENERAL INFORMATION		
			Int.	Ext.	In	Out	Source	Sta. No.	Weld Thickness	Defect, etc.
1.	5330 R	27					GEORGE		281	
2.	5339 R									
3.	5348 R									
4.	5362 R									
5.	5371 R									
6.	5376 R									
7.	5385									
8.	5439 R									
9.	5444 R									
10.	5455 R									
11.	5474 A									
12.										
13.										
14.										
15.										
16.										
17.	5409 S	30		3						
18.	5392 S									
19.	5442 S									
20.	5480 S									
21.										
22.										
23.										
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62.										
63.										
64.										



**DAILY RADIOGRA
REPORT**

- ABBREVIATION OF DISCONTINUITIES**
- B.T.A. - Burn Thru Area
 - I.F. - Incomplete Fusion
 - A.B. - Arc Burn
 - S.L. - Slagline
 - S.I. - Slag Inclusion
 - B.T. - Burn Thru
 - Cr. - Crack
 - H.B. - Hollow Bead
 - I.U. - Internal Undercut
 - I.P. - Inadequate Penetration
 - C.C. - Concave Cap
 - I.C. - Internal Concave
 - E.U. - External Undercut
 - P. - Porosity
 - G.P. - Gas Pocket

- FILM USED (Sheets)**
- (1) 4 1/2 X 17 _____
 - (2) 3 1/2 X 17 _____
 - (3) 4 1/2 X 10 _____
 - (4) 3 1/2 X 10 _____
 - (5) () _____
 - (6) () _____
 - (7) () _____

Remarks RIG E
REPAIRS

- DESCRIPTION OF WO**
- Mainline
 - Plant
 - Double Joint
 - Tie Ends
 - Fabrication

JOB NO. 940
LOCATION SANITA MAR
CUSTOMER RAPL
MAIL TO _____

No. of Welds Radiographed Today 14
Procedure No. _____
Travel Miles Claimed _____
Work Day 11
Travel Time _____
Total Hours 11

Date This Report For 5 14 61 Rept. No. 33 Standby No. of Crew Members 2 X-Ray Technician's Signature Jimmy Thomas Welding Inspector's Signature Carl Thomas

APPENDIX E

Radiographic Reports, Fox and Summers

(Radiographs with * are welds that were re-excavated.)

Three double joint weld radiographs were
not initially reviewed by Fox and Summers.

WELDING EXAMINATION REPORT

INTERMOUNTAIN

TESTING

2965 South Shoshone
COMPANY Englewood, Colorado

TERMS AND ABBREVIATIONS

DEFECTS:

- BT BURN THROUGH
- BTA BURN THROUGH AREA
- IP INCOMPLETE PENETR
- IF INCOMPLETE FUSION
- SL SLAG LINES
- SI SLAG INCLUSIONS
- IU INTERNAL UNDERCUT
- OU OUTSIDE UNDERCUT
- P POROSITY
- GP GAS POCKETS
- LC LOW CROWN
- NW NARROW WELD

LOCATIONS:

- RS RIGHT OF AY SIDE
- DS DITCH SIDE
- T TOP
- B BOTTOM

EXAM NO.	LOCATION	Welder No.	Pipe Diameter	Recommendations		Specification	REMARKS
				Within Code	Beyond Code		
3523				✓		API 1104	7ea. Radiographs chosen AT RANDOM
* 5625							impossible to evaluate due to film artifacts (water spots)
5332				✓			
CBTCH 212				✓			
3580				✓			
251				✓			
351A				✓			
							The film artifacts (water spots scratches) probably occurred after original evaluation. There were the radiographs that can't be evaluated and were able to be evaluated then.
							Film evaluated by: Paul E. Fox Level III # PB-751 P. J. ... Level III # PB-751

Weld Insp. (Signature) _____

20 Reviewed No. Welds X-Rayed T

Size of film

No. of Exp

Made Tech

Welds Made

By Centre

3-4-87 Date

Job No.

Pipe Size

Contractor

Spread

Address

Cust. Ord. Number

Exam Rpt. To

MATERIALS TRANSPORTATION BUREAU
UES Pleshko

Des. Read Operator

Des. Read Helper

A P Hours of Shift

M M

Total Hou Today

Isotope or Machine U

Operator

Helper

Report No

Miles To _____
Miles From _____
Total Miles _____

WELDING EXAMINATION REPORT

EXAM NO.	LOCATION	Welder No.	Pipe Diameter	Recommendations		Specification	REMARKS
				Within Code	Beyond Code		
3508				✓		APT STD 1104 13ea. RADIOGRAPHS specified by MR. Wes Pleshko	
5376				✓		internal undercut from 60 to 90 within code	
5376R				✓			
3537				✓		REF ID ON FILM AAPL 900 internal undercut between 55.5 to 70 within code	
3589				✓		weld HAS Hi-Low condition	
* 3581						internal undercut from 50 to 60 here now a to measure depth	
5333				✓			
3601				✓		accumulation of discontinuity between 90 & 90 within code	
3316C				✓			
* 5624						impossible to evaluate due to film artifacts water spots & scratches	
5675				✓		same water spots, but film is readable	
* 5658						impossible to read due to film artifacts (water spots)	
* 5661						impossible to evaluate due to film artifacts (water spots)	
* 5664						impossible to evaluate X-ray due to film artifacts (water spots)	

INTERMOUNTAIN

TESTING

2965 South Shoshone
COMPANY Englewood, Colorado

TERMS AND ABBREVIATIONS

DEFECTS:

- BT BURN THROUGH
- BTA BURN THROUGH AREA
- IP INCOMPLETE PENETRA
- IF INCOMPLETE FUSION
- SL SLAG LINES
- SI SLAG INCLUSIONS
- IU INTERNAL UNDERCUT
- OU OUTSIDE UNDERCUT
- P POROSITY
- GP GAS POCKETS
- LC LOW CROWN
- NW NARROW WELD

LOCATIONS:

- RS RIGHT OF AY SIDE
- DS DITCH SIDE
- T TOP
- B BOTTOM

Weld Insp. (Signature) _____

No. Welds Inspected T 20 - Pavlenko

Size of film _____

No. _____

Made _____

Welds Made _____

By Contr _____

Date 3-4-87

Job No. _____

Pipe Size _____

Contractor _____

Spread _____

Address _____

Cust. Ord. Number _____

Exam Rpt. _____

MATERIALS TRANSPORTATION BUREAU
Wes Pleshko

Des. Rem Operator _____

Des. Rem Helper _____

Hours of Shift A P M M

Temp. _____

Isotope Machine _____

Operator _____

Helper _____

Report N _____

FILM EVALUATED by:
Carl E. Jof
Level III #PB-751
J. J. Sullivan
Level III G T 65.5

Miles To _____
Miles From _____

WELDING EXAMINATION REPORT

INTERMOUNTAIN

TESTING

2965 South Shoshone
COMPANY Englewood, Colorado

TERMS AND ABBREVIATIONS

DEFECTS:

- BT BURN THROUGH
- BTA BURN THROUGH AREA
- IP INCOMPLETE PENETRA
- IF INCOMPLETE FUSION
- SL SLAG LINES
- SI SLAG INCLUSIONS
- IU INTERNAL UNDERCUT
- OU OUTSIDE UNDERCUT
- P POROSITY
- GP GAS POCKETS
- LC LOW CROWN
- NW NARROW WELD

LOCATIONS:

- RS RIGHT OF AY SIDE
- DS DITCH SIDE
- T TOP
- B BOTTOM

EXAM NO.	LOCATION	Welder No.	Pipe Diameter	Recommendations		Specification	REMARKS
				Within Code	Beyond Code		
226				X		API-STD-1104	2020. Radiographs chosen AT RANDOM
3546				X			
3320				X			Crack ROOT PASS between HD to SD
5311				X			
5307				X			
5335				X			
2541				X			
5397				X			
* 3600				X	X		Crack at 1/2 in. from 2!!
2557				X			
3577				X			intermittent with sp. v. line
3543				X			
5367				X			Final quality by [unclear]
5374				X			Final quality by [unclear]
5387				X			Final quality by [unclear]
* 5623				X			Final quality by [unclear]
252				X			
207				X			
234				X			
3513				X			

Weld Insp. _____

(Signature)

20 Reviewed _____

Size of film _____

No. of Exps _____

Made To _____

Welds Made _____

By Control _____

3-5-87 Date

Job No. _____

Pipe Size _____

Contractor _____

Spread _____

Address _____

Exam Rpt. _____

Is BUREAU

MATERIALS TRANSPORTATION WES PLESKO

Des. Rem _____

Operator _____

Des. Rem _____

Helper _____

Hours of Shift _____

Total Hrs _____

Today _____

Isotope o _____

Machine I _____

Operator _____

Helper _____

Report N _____

Film EVALUATED by:

Paul E. [unclear]
Level III PA-751

J. J. Summers 3/17/87
CEI-655

Film evaluated #3600 at location 20
3/23/87, The location has IP, BT
EST. Within code

Miles To _____
Miles From _____

CEI

WELDING EXAMINATION REPORT

INTERMOUNTAIN TESTING COMPANY
2965 South Shoshone Englewood, Colorado 80110

EXAM NO.	LOCATION	Welder No.	Pipe Diameter	Recommendations		Specification <u>APC - STD 110</u>	REMARKS
				Within Code	Beyond Code		
CATCA 108				X			
CATCA 113				X			Film to check JSS
CATCA 114				X			Very poor quality JSS
CATCA 224				X			
CATCA 225				X			
CATCA 227				X			
CATCA 233				X			
3523				X			
3536				X			
3550				X			
3555				X			
3556				X			
3573				X			
3578				X			
3588				X			
3599				X			
J304				X			
J334				X			
J345				X			
J393				X			Poor @ quality
* J665				X			Could NOT evaluate due to water spotted film
J676				X			water spots (X) scattered
* J695				X			Evaluated although film quality was poor could not be used for J

TERMS AND ABBREVIATIONS

DEFECTS:

- BT BURN THROUGH
- BTA BURN THROUGH AREA
- IP INCOMPLETE PENETRATION
- IF INCOMPLETE FUSION
- SL SLAG LINES
- SI SLAG INCLUSIONS
- IU INTERNAL UNDERCUT
- OU OUTSIDE UNDERCUT
- P POROSITY
- GP GAS POCKETS
- LC LOW CROWN
- NW NARROW WELD

LOCATIONS:

- RS RIGHT OF WAY SIDE
- DS DITCH SIDE
- T TOP
- B BOTTOM

(Signature) 20 Review Weld Insp.

No. Welds Made Today

Size of Film

No. of Exposures Made Today

Welds Made by Contractor

Date 3-17-87

Job No.

Pipe Size

Contractor

Spread

Address

Cust. Order Number

Exam Rpt. BUREAU / Tasha

Doz. Read MR Operator

Doz. Read MR Helper

Hours of Shift

Total Hrs. Today

Isotope or Machine Used

Operator

Helper

Report No.

Film EVALUATED by: Carl L. ...

Mileage To: Level III PB-751

Mileage From: Int. Summary

WELDING EXAMINATION REPORT

EXAM NO.	LOCATION	Welder No.	Pipe Diameter	Recommendations		Specification	REMARKS
				Within Code	Beyond Code		
7581				✓		API Std 1104	
							<p>I have Re-evaluated the internal undercut between location markers 50 to 60 to be within code 5-6-87</p> <p>Carl E. Laf Level III PB-751</p>
							<p>Miles To _____</p> <p>Miles From _____</p> <p>Total Miles _____</p>

INTERMOUNTAIN TESTING
 2965 South Shoshone
 COMPANY Englewood, Colorado

TERMS AND ABBREVIATIONS

DEFECTS:

- BT BURN THROUGH
- BTA BURN THROUGH AREA
- IP INCOMPLETE PENETRA
- IF INCOMPLETE FUSION
- SL SLAG LINES
- SI SLAG INCLUSIONS
- IU INTERNAL UNDERCUT
- OU OUTSIDE UNDERCUT
- P POROSITY
- GP GAS POCKETS
- LC LOW CROWN
- NW NARROW WELD

LOCATIONS:

- RS RIGHT OF AY SIDE
- DS DITCH SIDE
- T TOP
- B BOTTOM

Weld Insp. _____
 (Signature) 1 No. Welds _____
 X-Rayed To _____
 Size of film _____
 No. of ro _____
 Made of _____
 Welds Made _____
 By Contract _____
5-6-87 Date _____
 Job No. _____
 Pipe Size _____
 Contractor _____
 Spread _____
 Address _____
 Cust. Ordo _____
 Number _____
 Exam Rpt. _____
 To BUREAU
TRANSPORTATION
JACK OVERLY
 Des. Reel _____
 Operator _____
 Des. Reel _____
 Helper _____
 Hours of _____
 Shift _____
 Total Hou _____
 Ted _____
 Isotope or _____
 Machine L _____
Carl E. Laf Operator _____
 Helper _____
 Report No _____

WELDING EXAMINATION REPORT

EXHIBIT H

EXAM NO.	LOCATION	Welder No.	Pipe Diameter	Recommendations		Specification	REMARKS	INTERMOUNTAIN TESTING COMPANY	
				Within Code	Beyond Code			2965 South Shoshone Englewood, Colorado 80°	
3581				✓		API STD 1104	Per API 1104 PAR 6.9 this weld is acceptable for undercut under 1/8" in depth regardless of length	TERMS AND ABBREVIATIONS	
							No radiograph of the pipe work area between 33-63 reflects an acceptable weld.	DEFECTS:	
5700				✓				BT BURN THROUGH BTA BURN THROUGH AREA IP INCOMPLETE PENETRATIC IF INCOMPLETE FUSION SL SLAG LINES SI SLAG INCLUSIONS IU INTERNAL UNDERCUT OU OUTSIDE UNDERCUT P POROSITY GP GAS POCKETS LC LOW CROWN NW NARROW WELD	
* 3581							5/22/87 Each section of weld per 6.9 Paragraph 2 1" of remaining radiography under cutting adjacent to the cover sheet pass shall not exceed 2" (50.8mm) in any continuous weld length of 12 inches or 1/4 length of the weld whichever is smaller. Based on image of the station only - the weld is acceptable. J. L. Summers GT-655 5/22/87	LOCATIONS: RS RIGHT OF AY SIDE DS DITCH SIDE T TOP B BOTTOM	
							Carl C. Fap Level III PB751	(Signature) Weld Insp. No. Welds X-Rayed Today Size of Film No. of Exposure Made Today Welds Made by Contractor Date 5-19-87 Job No. Pipe Size Contractor Spread Address Cust. Order Number Materials Transported Exam Rpt. Bureau - Jack Coverly	
							J. L. Summers GT-655 (ASN TII)	Dos. Read. MR Operator Dos. Read. MR Helper Hours of Shift Total Hours Today Isotope or Machine Used Operator Helper Report No.	
							Mileage To Mileage From Total Mileage		

WELDING EXAMINATION REPORT

EXAM NO.	LOCATION	Welder No.	Pipe Diameter	Recommendations		Specification <u>API 1104</u>	REMARKS
				Within Code	Beyond Code		
<u>A69521</u>				✓			<u>SURFACE DEFECT AT 0 Location</u>
<u>5623</u>				✓			
<u>3581</u>				✓			
<u>3581B</u>				✓			
<u>A69536</u>				✓			
<u>5695</u>				✓			
<u>A69497</u>				✓			
							<u>Reshoot of Excavated Welds</u>
							<u>Carl Fry</u>
							<u>Level III PB 751</u>
							<u>J.L. Summers</u>
							<u>Level III GS 65</u>

INTERMOUNTAIN TESTING COMPANY
 2965 South Shoshone Englewood, Colorado 801

TERMS AND ABBREVIATIONS

DEFECTS:

- BT BURN THROUGH
- BTA BURN THROUGH AREA
- IP INCOMPLETE PENETRATIC
- IF INCOMPLETE FUSION
- SL SLAG LINES
- SI SLAG INCLUSIONS
- IU INTERNAL UNDERCUT
- OU OUTSIDE UNDERCUT
- P POROSITY
- GP GAS POCKETS
- LC LOW CROWN
- NW NARROW WELD

LOCATIONS:

- RS RIGHT OF AY SIDE
- DS DITCH SIDE
- T TOP
- B BOTTOM

6 No. Welds
1 REPAIR X-Rayed Total
 Size of Film
 No. of Expos Made Today
 Welded by Carl Fry
6-10-87 Date
 Job No.
 Pipe Size
 Contractor
 Address
 Customer
 Cust. Order P.O. Number
 Exam Rpt. To JACK OVERLY
 Address
 Office of Pipeline Safety Company Representational

A	P	Hours of Shift
M	M	

 Total Hours Today
 Isotope or Machine Used
 Level II
 Assn.
 Page No.

Mileage To
 Mileage From
 Total Mileage

WELDING EXAMINATION REPORT

EXHIBIT H

EXAM NO.	LOCATION	Welder No.	Pipe Diameter	Recommendations		Specification	REMARKS	INTERMOUNTAIN TESTING COMPANY	
				Within Code	Beyond Code			2965 South Shoshone	Englewood, Colorado 801
3600					X	API STD 1104		TERMS AND ABBREVIATIONS	
5658					X			DEFECTS:	
5661					X			BT BURN THROUGH BTA BURN THROUGH AREA IP INCOMPLETE PENETRATIO IF INCOMPLETE FUSION SL SLAG LINES SI SLAG INCLUSIONS IU INTERNAL UNDERCUT OU OUTSIDE UNDERCUT P POROSITY GP GAS POCKETS LC LOW CROWN NW NARROW WELD	
5664					X			LOCATIONS:	
5665					X			RS RIGHT OF AY SIDE DS DITCH SIDE T TOP B BOTTOM	
5624					X			(Signature) <u>7 Reviewed</u> Weld Insp. No. Welds Made Today Size of Film No. of Exposure Made Today Welds Made by Contractor <u>4-6-87</u> Date Job No. Pipe Size Contractor Spread Address	
5625					X			Cust. Order Number <u>DEPT. OF TRANSPORTATION</u> <u>OFFICE OF Pipelines</u> <u>LAKEWOOD</u> Co.	
								Dos. Read MR Operator Dos. Read MR Helper Hours of Shift Total Hours Today Isotope or Machine Used <u>Carl F</u> Operator Helper Report No.	
								#5624 Film Serial # Reel #	
								Reshoot of Excavated Welds Carl F Level III PB-751 J.L. Simmons Level III T-63	
								Mileage To _____ Mileage From _____ Total Mileage _____	

APPENDIX F

Background - Carl Fox Intermountain Testing

R E S U M E

NAME: Carl E. Fox
ADDRESS: 7601 W. Trail South Drive
Littleton, Colorado 80125
TELEPHONE: 303-794-3492
SOCIAL SECURITY: 446-34-7637

EDUCATION AND TRAINING:

1953 Graduated from Mason High School, Mason, Oklahoma
1954-55 Construction - McDonnell Construction Company
1955-56 Assistant Technician, Industrial X-ray Engineers
1956-58 Technician, Industrial X-ray Engineers
1958-61 Technician, Portable X-ray, Inc.
1961-63 Technician, Intermountain Testing Company
1963-78 Vice-President and Radiation Safety Officer,
Intermountain Testing Company
1978-Present
President, Level III Technician and Radiation Safety Officer
Intermountain Testing Company



The
American Society for Nondestructive Testing

Be It known that

Carl E. Fox

has met heretofore established and published Requirements for Certification by ASNT as

NDT Level III

In the Nondestructive Testing Methods as specified in the Enrollments

Samuel A. Wend
 President - ASNT

Alfred C. Wheeler
 Chairman - Personnel Training and Certification Committee

PB 751
 Certificate Number

Enrollments - The Holder of this Certificate has been Certified by ASNT as Level III in the General Requirements for the NDT Methods specified below:

Certificate No. B-751
RADIOGRAPHY
 1/85 11/38
Carl E. Fox
 General Test Method

Certificate No. B-751
MAGNETIC PARTICLE
 1/85 11/38
Carl E. Fox
 General Test Method

Certificate No. B-751
ULTRASONIC
 1/85 11/38
Carl E. Fox
 General Test Method



Background - Jack Summers, Consultant

10797 West 61st Avenue
Arvada, Colorado

Attached is my business card and biographical sketch. My retirement from the Rocky Flats Plant, operated by Rockwell International for the Department of Energy, was effective October 31, 1985.

My consulting services include NDT training programs on Radiographic Interpretation of Weldments (40 hours), Radiographic Training Program (40 hours), Liquid Penetrant (12 hours), and Magnetic Particle (20 hours). Training materials are on 35MM slides, VHS tape, and shadowgraphs.

I hold a valid ASNT Level III Certificate GI-655 and am qualified to recertify Level II's and Company Level III's.

If I can be of any assistance to you at any time, please let me know.

Sincerely,



John L. Summers

JLS:1s
Attachments



JOHN L. (JACK) SUMMERS
NDT Consultant
ASNT Level III

NDT SERVICES
10797 West 61st Avenue
Arvada, Colorado 80004

(303) 422-0818

Calibrations and Standards for Nondestructive Testing

Abstract

Improved nondestructive testing (NDT) standards and calibrations are needed to provide greater reproducibility of NDT measurements and to provide improvements in the quantitative characterization of defects. Different calibration and standards concepts may be required to meet these two needs. This theme is developed and illustrated by radiographic measurements of Trans-Alaska oil pipeline girth welds.

INTRODUCTION

Industrial requirements for nondestructive testing reflect increasing needs for new and improved standards and calibration procedures.¹ These needs include the growing demands for: (1) standards related to performance² rather than material type; (2) greater reliability in NDT measurements to meet national needs in areas such as safety, conservation³ and productivity; and (3) new emphasis on the quantitative NDT measurements required for fracture mechanics analysis.⁴ All of these needs call for improved reproducibility of NDT measurements.

In this paper, we briefly review some basic principles of measurement science as they relate to achieving reproducibility. Using recent NBS experiences in connection with the Trans-Alaska oil pipeline as an illustration, we will show how these principles could be applied to enhance the reproducibility and the quantitative capabilities of radiographic NDT.

SOME MEASUREMENT PRINCIPLES

A measurement process results in the quantification of some attribute of a measurand. It includes the equipment, the operator, the protocol and all of the other hardware and software that go into the process. The quantification, which we call the measurement, is usually a number attached to some unit. A collection of a variety of measurement processes which are used to measure the same or similar quantities is called a measurement system.

Metrologists sometimes refer to a proper measurement system — this is one which yields the same result (within acceptable limits) whenever and wherever it is carried out on the same stable measurand. It is axiomatic that the larger the domain over which a measurement system is proper, the better it is. There are a number of conditions required for a proper measurement system, one designed to achieve reproducible measurements. Included are well-defined units, accepted measurement standards and calibration procedures. Traceability to primary or uniform standards is also necessary, for without it, it is impossible to maintain reproducibility over any significant domain (laboratories, operators, times). This concept of traceability in NDT measurements is now begin-

by H. Berger and L. Mordfin



Harold Berger is NDE Program Manager for the National Bureau of Standards (NBS), Washington, D.C. Prior to joining NBS in 1973, he was a senior physicist and leader of the NDT group at Argonne National Laboratory, Argonne, IL. A Fellow of ASNT, Berger is also technical editor of *Materials Evaluation*. Among the awards he has received in recognition of his work, are the Radiation Industry Award and the Industrial Research IR-100 Award of the American Nuclear Society, and the ASNT Achievement Award. He was chosen to present the Mehl Honor Lecture at the ASNT 35th National Fall Conference, Atlanta, GA, 1975. For inquiries concerning this work, contact the author at (301) 921-3331.



Leonard Mordfin is a physical science administrator in the Office of Nondestructive Evaluation, National Bureau of Standards, with principal responsibilities for studies relating to applications of NDT. He has a PhD in mechanical engineering and more than 25 years of research experience in materials and structural engineering. He is presently chairman of the ASTM Task Group on Measurement Methods for Residual Stress.

ning to be provided by the National Bureau of Standards (NBS). As examples, radiographic film density measurements⁵ and aluminum ultrasonic reference block calibrations⁷ are now traceable to standards maintained and disseminated by NBS.

To demand that NDT measurements be reproducible places some significant requirements on measurement processes. To expect measurements to agree with those made by others, elsewhere, or at different times, places additional requirements on the entire measurement system. When the inspection calls for measurement reproducibility in terms of defect detection and quantitative NDT measurements, then new standards are needed for the quantitative aspects of defect characterization (defect type, location, orientation, and size). An authoritative study on fracture prevention in aircraft found that "no generally recognized standards exist that permit an estimation of the accuracy and sensitivity of a particular (NDE) technique."⁸ Yet, this is what the industry must achieve if fracture mechanics analysis or other performance evaluation procedures are to be used realistically. Isolated quantitative results that cannot be reproduced elsewhere have little impact on overall quality assurance requirements.

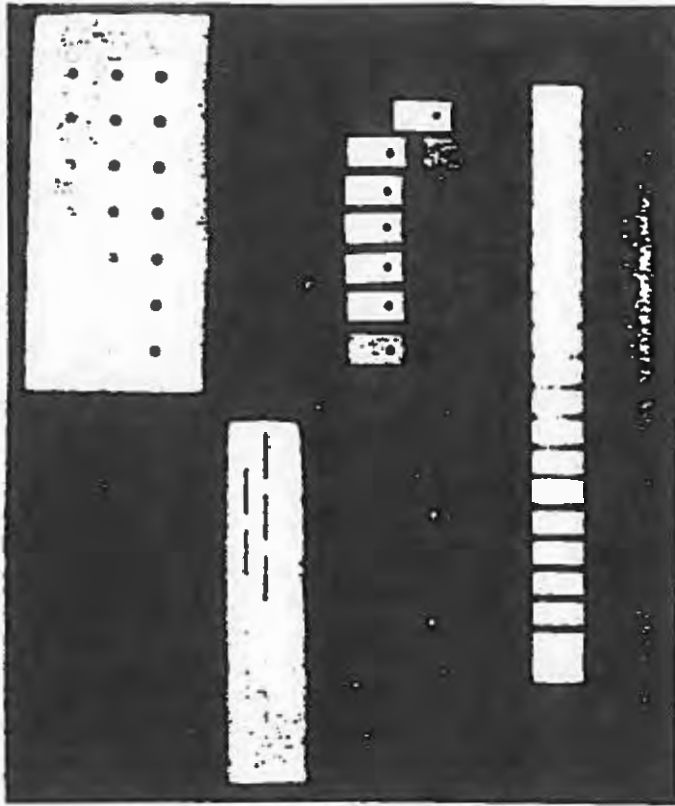


Figure 3—Radiograph of reference standards.



Figure 4—Calibrated visual reference standard (CVRS).

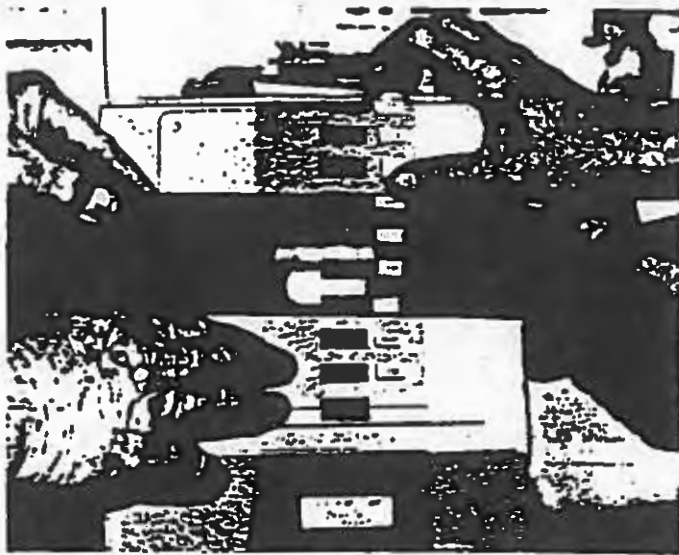


Figure 5—Defect evaluation by CVRS.

6. Defects may have varying depths within their confined area. Thus a minimum and maximum density spread may be noted and depth thickness also recorded in this manner.

The radiographic film standard is used as an NDT tool at Rocky Flats. Its accuracy and dependability have been substantiated by sectioning products with specific defects and checking the measured depth against the radiographic interpreter's depth thickness measurements. These standards have been used on various metals such as beryllium, copper, steel, and heavy metals to measure depth thickness of machining variations, porosity, cracks, voids, casting flaws and inclusions. This method has been used on limited basis for specimens with wide variations of thickness. Care must be taken to assure the proper density film standard is used to check the area of interest on these radiographic images. When a specimen has wide variations in thickness, one must use care to determine film density where the maximum thickness differ-

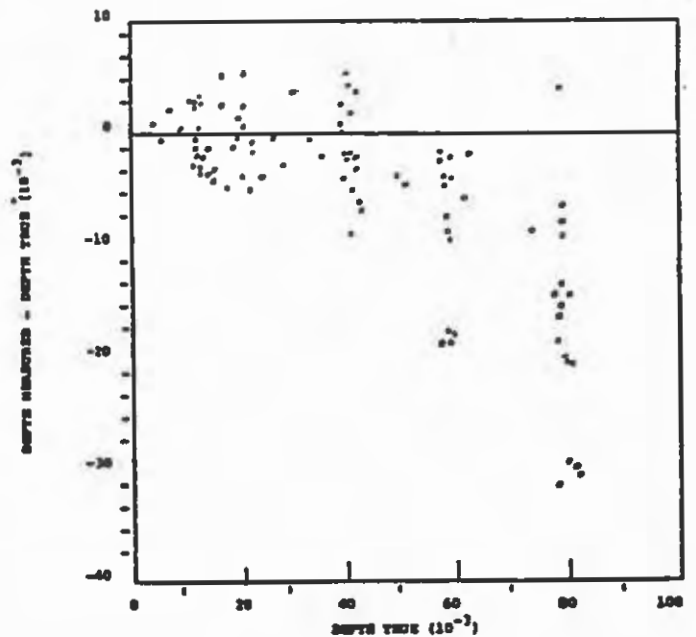


Figure 6—Deviations of visual comparative defect depth measurements from measured defect depths. Defects were produced by machining weld segments from the Trans-Alaska oil pipeline. Measurements are in inches $\times 10^{-3}$ (mils); 1 mil = 25.4 μm .

ence occurs between the defect and the parent material.

A specific example may help illustrate the relative accuracy of this method. The example relates to measurements made of girth weld defects from the Trans-Alaska oil pipeline. The bias and precision of the method were evaluated by applying it to

(Continued on p. 39)

A Visual Comparative Method for Radiographic Determination of Defect Thickness

(Continued from p. 35)

EXHIBIT H

radiographs of seven control specimens. These specimens were sections of pipeline welds containing a series of flat-bottomed holes and slots of known depth. The depths of the defects in the 1.17 cm (0.462 in.) wall thickness pipe welds varied from about 0.1 mm (0.004 in.) to 2 mm (0.080 in.). Figure 6 shows results of the deviations of the visual comparative readings from the measured depths of the simulated weld defects. The deviations are small for defect depths of 0.75 mm (0.030 in.) or less, and increases beyond that value. Details of this experiment are given in reference 1.* This example provides some information about the accuracy of the visual comparative method.

CONCLUSIONS

The method described has been established at Rocky Flats and is recognized as an effective NDT inspection tool. This method has been used with modifications for various requirements. The Department of Transportation employed this method to evaluate the thickness of questionable defects in the Alaskan pipeline using trained personnel^b from Rockwell International, Atomic International Division, Rocky Flats.

The accuracy of this method is controlled by precise and rigid controls of film standards, techniques, training, and film reader qualifications. If properly used this method can extend the capability of radiography in evaluating material defects within known limitations of accuracy and can be especially useful where additional radiography would be difficult or unusually expensive.

References

1. Berger, H., and Smith, J. H., eds. *Consideration of Fracture Mechanics Analysis and Defect Dimension Measurement Assessment for the Trans-Alaska Oil Pipeline Girth Welds*, vol. 1. NBSIR 76-1154. Washington: National Bureau of Standards, 1976, pps. 80-88.

*Available from the National Technical Information Service, 8285 Fort Royal Rd., Springfield, VA 22151. (PB 260400, vol. 1, PB260401, vol. 2.).
^bW. D. Stump and J. L. Summers.

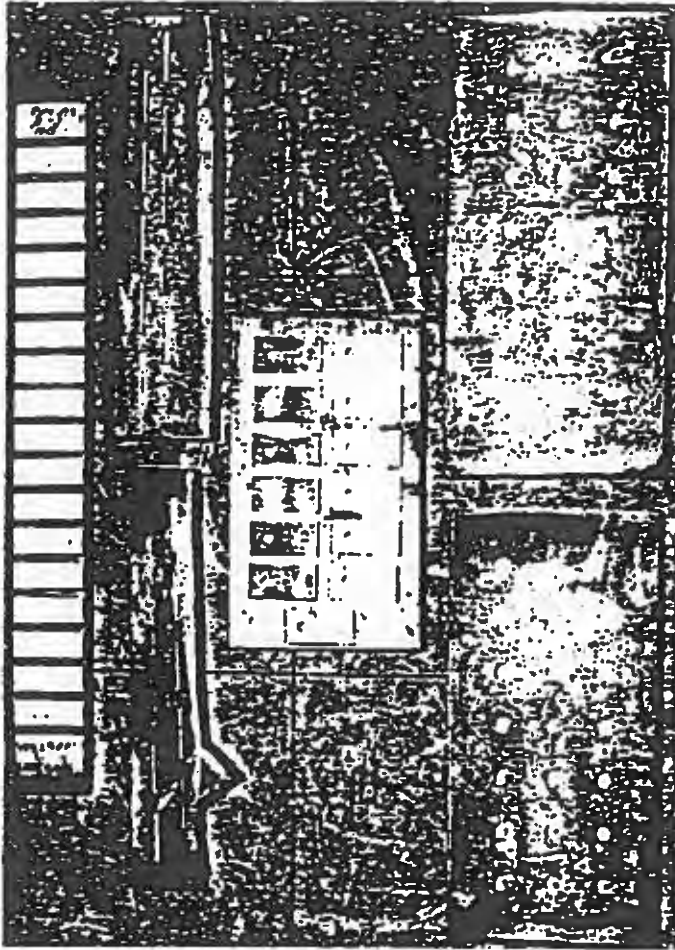


Figure 1—Radiographic standards.

greater than ± 0.25 density units in film density between the material to be evaluated and the parent material of the "standard" should not be allowed. Variations in density of ± 0.25 do not significantly bias results and reduce the number of reference standards required to a reasonable level. The contrast sensitivity changes with position on the characteristic curve. This change will cause an error in depth evaluation which can be either less than or greater than the actual measurement dependent on the original variation.

4. Radiographic film is then exposed to light to fabricate a density step wedge on a clear background equal to the variations noted between parent material of the standard and the known thicknesses to produce a radiographic film standard (See Figure 4). The reason light is used is to maintain minimum film density background, so that film can be viewed with normal viewing equipment. It is also important to have $\Delta D/D$ as large as possible for any given thickness variation where D equals the total background density when the standard is superimposed on the film to be evaluated and ΔD equals the increase in density due to a flaw.

Upon completion of the radiographic film standard, film readers practice to become proficient in this method as follows

1. The film readers practice matching the radiographic film standard against defect images of known thickness to assure that the film standard is correct and to establish familiarity with this process (See Figure 4).
2. The reader then evaluates the defect thickness of slots and holes which are unknown to him. This training is accomplished using materials of the same thickness, geometry and cross section of depth thicknesses expected. This type of training continues until a satisfactory confi-

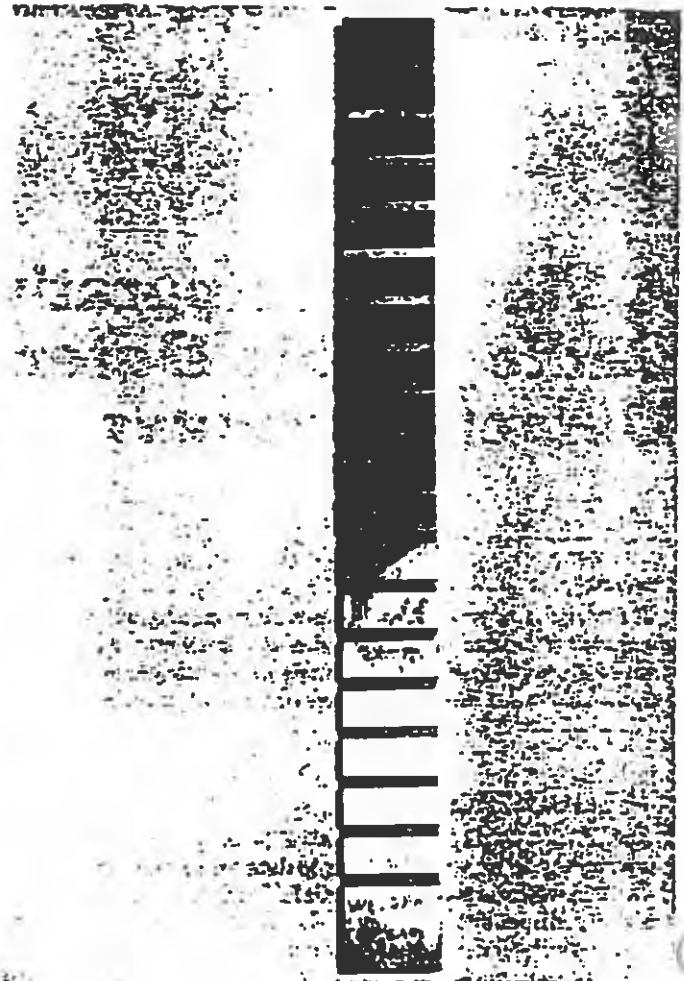


Figure 2—Slot reference standard.

outside these parameters, however, the training for a specific program can be expedited by limiting the training to materials, thickness, geometry, and defect types of interest.

3. Sample specimens containing defects are evaluated for defect thickness. These specimens are then sectioned and the results are reviewed to calculate bias and accuracy limits. The bias and limits of accuracy are then established by qualified personnel.

APPLICATION OF THE TECHNIQUE

The determination of defect thickness is performed in the following manner

1. View the film of the defect to be evaluated using an illuminator with a range of at least 4.0 radiographic density minimum.
2. Place the film standard over the film with the density steps adjacent to the defect image (See Figure 5).
3. Manipulate the film standard until the density of the defect and the density of the film standard appear to be of an equal magnitude. A reduction of the density step area to approximate the defect size can sometimes be helpful in reducing the optical illusion present when visually comparing the photographic density of two different size areas.
4. The depth is then determined by comparing various segments of the film standard with the defect and selecting the closest density match. Interpolation between film standard values may be used.
5. This measurement is then recorded and the correction factor and/or bias is applied to provide the "corrected" depth

A Visual Comparative Method for Radiographic Determination of Defect Thickness

Abstract

A comparative procedure has been developed to determine the thickness of defects in welds and other materials. This determination may be made from existing and/or single view radiographs where additional radiography is not practical.

INTRODUCTION

The Rocky Flats Nondestructive Testing Department has been requested at various times to determine the thickness of defects in welds and other materials. Thickness of the defect is the third dimension perpendicular to the plane of the film. These defects are located in welds and other materials in locations that make additional testing impractical, and the determinations have to be made from existing radiographs. These defects are mostly irregular in shape, vary in thickness and are located at random depths.

The Calibrated Visual Reference Standard (CVRS) method provides a way of evaluating the third dimension of defects with reasonable field results even when procedures are not closely controlled. This method uses film with strip densities of known thickness differences superimposed next to the defect to estimate the dimension. Various strips are available to compensate for film density, kilovoltage and, to a limited extent, processing variations. The more accurately the field radiographic conditions can be duplicated, the more accurate the measured results.

Another method which can be useful in evaluating defects on existing radiographic film is a densitometer method. While this method can be quite accurate in controlled laboratory evaluations, past efforts by the authors under field conditions were not satisfactory. The three main difficulties are (1) finite size of densitometer port; (2) variations in film processing (this condition was particularly pronounced on the long film strips encountered on the Alaskan pipeline); and (3) variations in film density of material adjacent to a defect (e.g., in weld crown ripple).

The visual comparative method is not significantly influenced regardless of the defect area within the materials and thickness range of the film standard.

DEVELOPMENT OF TECHNIQUE

The development of the technique for defect thickness determination begins with the preparation of comparative radiographic film standards. The preparation of standards includes the following steps.

1. The same material type, composition and thickness as the material to be evaluated is fabricated into a thickness standard.

by J. F. Landolt, W. D. Stump,
and J. L. Summers



John F. Landolt is currently a foreman in NDT operations at Rockwell International, Atomics International Division, Rocky Flats Plant, Golden, CO. His professional career in the field of nondestructive testing spans 20 years. For inquiries concerning this work, contact the author at (303) 497-7000.



Wayne D. Stump, manager of NDT at the Rocky Flats Plant of Rockwell International (Prime U.S. DOE contractor), holds a BS degree in Physics from the University of Denver and is a registered professional engineer in Colorado. Stump is a 25-year member of ASNT and a Fellow of the Society.



John L. Summers is currently manager of NDT Area Operations at Rockwell International, Atomics International Division, Rocky Flats Plant. His professional career in the field of nondestructive testing spans over a quarter of a century. He is a Fellow of ASNT and a member of the Society's National Board of Directors.

2. Flat bottom holes, slots or steps are machined at various depths, starting at the least defect thickness of concern, in known increments such as 0.25 mm (0.010 in.) to the maximum thickness anticipated, e.g., 3.75 mm (0.150 in.). See Figures 1 and 2.
3. This standard is then radiographed applying the same parameters used when radiographing the material containing the defects (See Figure 3). The parameters include kilovoltage or type of source, film, screens, processing, and the film density. Radiographic film density difference is then determined between the parent material and the machined defect thicknesses of the standard. Any variations

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JOHN L. SUMMERS
BIOGRAPHICAL SKETCH

John L. Summers, formerly a Senior NDT Principal Engineer at Rockwell International, Energy Systems Group, Rocky Flats Plant, Golden, Colorado. The Rocky Flats Plant is a U.S. Department of Energy Facility in the weapons complex. His professional career in the field of nondestructive testing spans over a period of approximately 33 years.

Summers attended Muscatine Junior College, where he received a two-year degree in 1938. He then attended the University of Iowa, where he studied Medical X-ray Technology and earned a certificate as a Medical X-ray Technologist in 1945. After working in the field of medical x-ray for seven years, he joined the nondestructive testing group at Rocky Flats in 1952. In 1956, Summers was appointed NDT supervisor, promoted to Manager of NDT Area Operations in 1975, NDT Principal Engineer in 1978, and Senior NDT Principal Engineer in 1983.

His involvement in NDT at Rocky Flats included the installation, modification, and updating of NDT equipment, development and implementation of NDT methods and techniques for the inspection and certification of product quality, and the generation of over 50 procedure manuals pertaining to the operating and testing requirements. He has been involved with education and training of NDT personnel in most methods of nondestructive testing, including radiography, ultrasonics, magnetic particle, penetrant, eddy current, and leak detection. He is an ASNT Certified Level III (GI655) in the above methods.

He served on a task group by the Department of Transportation's Office of Pipeline Safety to employ a procedure developed at Rocky Flats to analyze radiographs showing defects in the welds in the Alaska pipeline.

Summers has been active in the Society for Nondestructive Testing (ASNT) on both a local and national level and is a charter member and past chairman of the Colorado Section. He was elected a Fellow of ASNT in October 1974 and served as a member of the Select Ad Hoc Committee for Level III Certification. He has served on the Certification Panel for Level III certification, past member of the ASNT National Board of Directors, past Chairman of the Educational and Qualification Council, member of the Personnel Training and Certification Committee, and is the recipient of the ASNT Tutorial Award (1984).

In addition to ASNT, he is a member of the American Society for Metals, the National Management Association, Registered Professional Engineer in Quality in the State of California (#1025), and Registered Technologist in X-ray Technology by the American Registry of Radiologic Technologists.

RADIOGRAPHIC INTERPRETATION COURSE

1. Metallurgy (1 hr. VHS tape - 1/2")
2. Facts of NDT (30 min. VHS tape - 1/2")
3. World of NDT (1 hr. VHS tape - 1/2")
4. ASNT RT Training Program (4 hours - 16 lessons)
5. RT Training Tapes (2 hours VHS tape - 1/2")
6. Fundamentals of Radiography II—with Applications
(1 hr ASM VHS tape - 1/2")
7. Interpretation and Classification of Discontinuities
(1 hr. ASM VHS tape - 1/2")
8. Radiography Formulas - 2 hours
 - Inverse Square Law
 - Geometric Unsharpness
 - Ma/Time/Distance
 - Milliamperage/Distance
 - Distance of Flaw from Film
 - Milliamperage/Time
 - Time/Distance
9. Illustrations of Weld Defects - View Graphs - 1 hr.
(Illustrations from the Visual Welding Seminar, Denver - May 1984)
10. Radiographic Film Interpretation of Weldments - 9 hrs.
(Rudamel Program)
11. NDE Characteristics of Pipe Weld Defects (1 hr. 35MM Slides)
12. Class Materials for Students:
 - RT Student Training Manual
 - General Dynamics CT6-6

 - Eastman Kodak Brochures:
 - Radiography Interpretation Program
(Weldments)
 - Radiography Interpretation Program
(Castings)

 - Radiographic Film Interpretation of
Weldments - Student Text (Rudamel)

LIQUID PENETRANT TRAINING PROGRAM
(approximately twelve hours)

1. Metallurgy - 1 hour VHS Tape - 1/2"
2. Facts of NDT - 30 min. VHS Tape - 1/2"
3. World of NDT - 1 hour VHS Tape - 1/2"
4. ASNT Liquid Penetrant Training Program - 3 hours (6 lessons)
5. ASNT Liquid Penetrant Training Tape - 40 min.
6. Liquid Penetrant Testing (Controlled Reliability Unlimited Inc.) - 3 hours VHS Tape - 1/2"
7. Nondestructive Testing - 30 min. VHS Tape - 1/2"
8. ASM Liquid Penetrant Tape - 60 min. VHS Tape - 1/2"
9. Liquid Penetrant View Graphs - 40 min.
10. Liquid Penetrant - 30 min. - 35MM slides
11. Review

CLASS SCHEDULE
LIQUID PENETRANT LEVEL II

- A. INTRODUCTION TO COURSE
- B. LIQUID PENETRANT PRINCIPLES
 - 1. Equipment
 - a. Black Light and Care
 - b. Light Meters
 - (i) Stationary
 - (ii) Portable
 - 2. Inspection Processes
 - a. Visible
 - b. Fluorescent
 - 3. Film Strip
 - a. Basic Principles and Equipment
- C. THEORY OF PENETRATION INSPECTION
 - 1. Capillary Action
 - a. What it is.
 - b. How it works.
 - 2. Type of Penetrant
 - 3. Methods of Application
 - a. Water Washable
 - b. Post Emulsifiable
 - c. Solvent Removable

CLASS SCHEDULE
LIQUID PENETRANT
LEVEL II
PAGE 2

D. SEQUENCE OF INSPECTION

1. Water Washable

- a. Preclean
- b. Penetrant
- c. Dwell
- d. Wash
 - (i) Temperature
 - (ii) Time
- e. Dry
 - (i) Temperature
 - (ii) Time
- f. Develop
 - (i) Time
 - (a) Minimum
 - (b) Maximum
- g. Inspection
 - (i) Interpretation
 - (ii) Evaluation
- h. Post-clean

2. Post Emulsification

- a. Preclean
- b. Penetrant
- c. Dwell
- d. Emulsification - Purpose
 - (i) Minimum Time
 - (ii) Maximum Time

- e. Wash
 - (i) Temperature
 - (ii) Pressure
 - f. Dry
 - (i) Temperature
 - (ii) Time
 - g. Develop
 - (i) Time
 - (a) Minimum
 - (b) Maximum
 - h. Inspection
 - (i) Interpretation
 - (ii) Evaluation
 - i. Post Clean
3. Solvent Removable
- a. Preclean
 - (i) Time
 - b. Penetrant
 - c. Dwell
 - d. Rag Wipe
 - (i) Clean
 - (ii) Damp
 - e. Develop
 - f. Inspection
 - (i) Interpretation
 - (ii) Evaluation
 - g. Postclean

CLASS SCHEDULE
LIQUID PENETRANT
LEVEL II
PAGE 4

E. ADVANTAGES AND LIMITATION

1. Types
 - a. Fluorescent
 - b. Non-fluorescent
2. Methods
 - a. Water Washable
 - b. P.E.
 - c. Solvent Removable
3. Developers
 - a. Wet
 - b. Dry
 - c. Non-aqueous Wet

REVIEW

F. QUALITY CONTROL

1. Aluminum Test Blocks
2. Contamination Check
3. Specific Gravity
4. Hydrometer
5. Black Light Intensity

MAGNETIC PARTICLE TESTING (MT)

CLASS OUTLINE

- I. INTRODUCTION AND OBJECTIVES OF MT COURSE
- II. PRINCIPLES
 - A. Theory of Magnetism
 1. Magnets
 2. Laws of Magnets
 3. Earth's Magnetic Field
 4. Materials Influenced
 5. Magnetic Particle Terminology
- III. MAGNETIC FIELDS
 - A. Stationary
 1. Circular
 2. Longitudinal
 - B. Portable
 1. Prods
 2. Yoke
 3. Cables
 - C. Penetrating Capabilities
 1. Surface/Subsurface
- IV. EQUIPMENT
 - A. Type
 1. AC/DC
 2. HW
 - B. Medium
 1. Magnetic Particles and Their Properties
 2. Dry Method
 - a. Application
 - b. Preparation

MAGNETIC PARTICLE TESTING (MT)
CLASS OUTLINE
PAGE 2

3. Wet Method
 - a. Continuous
 - b. Residual
 - c. Preparation and Post Cleaning
4. Particle Requirements
 - a. Ferromagnetic
 - b. High Permeability
 - c. Low Retentivity
 - d. Color Contrast

C. Black Light

1. Nature
2. Wavelength
3. Filters
4. Fluorescent

V. DEMAGNETIZATION

- A. Reason for Demag
- B. How Accomplished
- C. Methods for Demagnetization
 1. AC
 2. DC
 3. Yoke

VI. INTERPRETATION

- A. Detectable Defects
 1. Nonrelevant
 2. Relevant
 3. False Indications
 4. True Indications
 5. Surface
 6. Subsurface
- B. Specifications
 1. Mil Specs
 2. General
 3. Individual Company Requirements

MAGNETIC PARTICLE TRAINING PROGRAM

(approximately twenty hours)

1. Metallurgy - 1 hour VHS Tape - 1/2"
2. Facts of NDT - 30 min. VHS Tape - 1/2"
3. World of NDT - 1 hour VHS Tape - 1/2"
4. ASNT Magnetic Particle Training Program - 3 hours (9 lessons)
5. ASNT Magnetic Particle Training Tape - 80 min.
6. Magnetic Particle Testing (Controlled Reliability Unlimited Inc.)
4 hours VHS Tape - 1/2"
7. Nondestructive Testing - 30 min. VHS Tape - 1/2"
8. Magnetic Particle View Graphs - 40 min.
9. Magnetic Particle Yoke - 30 min. - 35MM Slides
10. Review



EXHIBIT H



US Department
of Transportation

Research and
Special Programs
Administration

400 Seventh St. S.W.
Washington, D.C. 20591

OCT 21 1987

Mr. Ronald L. Hinn
President
All-American Pipeline Company
111 W. Micheltorena Street
Santa Barbara, California 93101

Dear Mr. Hinn:

This is to inform you that the Fire Marshal has concluded his investigation into the operations of the All-American Pipeline in Santa Barbara County. Accordingly, enclosed please find a copy of the Fire Marshal's final report of investigation.

Based on RSPA's review of the information and allegation presented in the Santa Barbara County's complaint, including our review of the California Fire Marshal's report, we have determined that there is no basis on which to bring an enforcement action against the All-American Pipeline for its operations in Santa Barbara County. Accordingly, RSPA now considers this matter closed.

Sincerely,

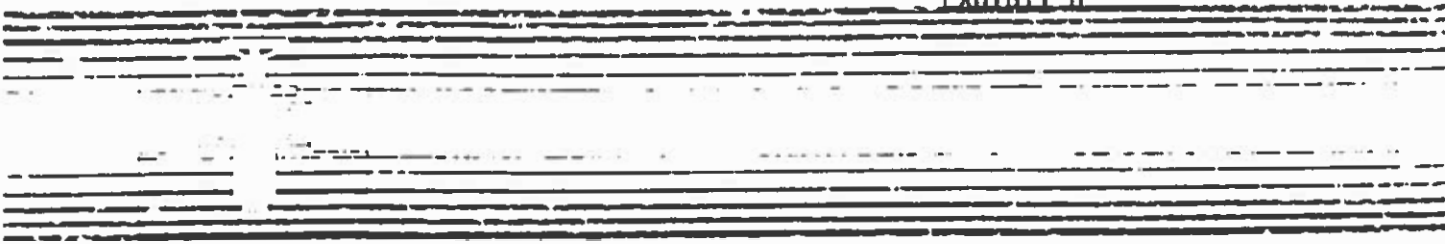
A handwritten signature in cursive script that reads "William H. Gute".

William H. Gute
Assistant Director for Operations
and Enforcement
Office of Pipeline Safety

Enclosure

COPY 10

EXHIBIT H



Investigative Report Of
The County Of Santa Barbara
Complaint Concerning The
Celeron / All American Pipeline Company

October 6, 1987



By The California State Fire Marshal
Pipeline Safety Division
7171 Bowling Drive, Suite 600
Sacramento, CA 95823

REPORT ON THE DESIGN, CONSTRUCTION AND TESTING PRACTICES
USED IN THE INSTALLATION OF THE CELERON PIPELINE
IN SANTA BARBARA COUNTY

October 6, 1987

This report details the results of an investigation of allegations cited by Santa Barbara County regarding:

- (A) Geological/Geotechnical Problems: Earthquake fault crossings, trench dams, water bars.
- (B) Design Problems: Excessive overburden pressures, changes at fault crossings, ANSI B31.4 Industry Standards, 49 CFR Part 195 Federal Regulations.
- (C) Construction Problems: Improper cold bending, instrumented pigs, sizing plate pigs hanging-up, bent sizing plates.
- (D) Testing problems: Improper hydrostatic pressure test.
- (E) Other Complaints: Unsupported pipeline, sandbags supporting pipeline in trench, rocks and debris in backfill, misalignment of welded pipe, miter joints, construction equipment forcing pipe into trench, crushed and damaged insulation, and short "pup" pieces of pipe installed.

Celeron's welding practices have been discussed in an earlier USDOT/OPS report dated July 15, 1987.

By: The Office of the State Fire Marshal (SFM)
Pipeline Safety Division
7171 Bowling Drive, Suite 600
Sacramento, CA 95823

As Agent for:
U.S. Department of Transportation
Office of Pipeline Safety (OPS)
400 Seventh Street, S.W.
Washington, D.C. 20590

TABLE OF CONTENTS

FOREWORD.	i
INTRODUCTION.	1-2
I. DESCRIPTION OF SYSTEM	3-4
II. FINDINGS.	5-9
III. CONCLUSION.	10-13
IV. ALLEGATIONS BY SANTA BARBARA COUNTY	14-17
V. INVESTIGATION OF ALLEGATIONS.	18-43
VI. CELERON PIPELINE COMPANY'S COMPLIANCE WITH THE DESIGN, CONSTRUCTION, AND TESTING REQUIREMENTS OF 49 CFR PART 195	44-45
VII. APPENDICES.	A-N
APPENDIX "A" Santa Barbara's Complaint and Request for Investigation	
APPENDIX "B" Letters from Jack Overly, Department of Transportation and Bureau of Land Management	
APPENDIX "C" Pipe Bending Data from CRC	
APPENDIX "D" EPS, Inc. Bulletin	
APPENDIX "E" Calculations of Sizing Ring Size Used	
APPENDIX "F" Field Notes of Mr. Pence, Sizing Plate Inspector, Regarding Sizing Plate Conditions	
APPENDIX "G" Hydrostatic Test Report for Test Section No. 13	
APPENDIX "H" Cathodic Protection Annual Survey Data	
APPENDIX "I" Letter from George Poppic, Santa Barbara County Counsel	
APPENDIX "J" Letter from James Fletcher Evans, Gregory & Cook, Inc.	
APPENDIX "K" Statements by Byron White and Roger Stephenson	
APPENDIX "L" Celeron Map of Gaviota Creek Area	
APPENDIX "M" Letter from Ronnie Wise, Gregory & Cook, Inc.	
APPENDIX "N" Letter from Fayette Curtis	

FOREWORD

The format for this report has been patterned after the OPS Report dated July 15, 1987, with the Findings and Conclusions listed in the front of the report. However, the Findings and Conclusions have been consecutively numbered to agree with numbering of the Allegations and the Investigations. For a better understanding of the content of the report, each of the twenty (20) areas investigated should be thoroughly reviewed by first reading the specific allegation; then the investigation of the specific allegation; and, finally, the findings and conclusions that have been drawn based on the investigation.

INTRODUCTION

INTRODUCTION

On January 29, 1987, the County of Santa Barbara filed a complaint with the U.S.DOT Office of Pipeline Safety (OPS) alleging that Celeron's All-American Pipeline Company's (AAPL) construction of its pipeline through the County was not in accordance with applicable Federal standards and requested that OPS commence an investigation. The County's written complaint was based on information developed in the course of issuance of a construction permit. However, two days (April 9 and 10, 1987) of interviews with the County and their consultants by the Office of the California State Fire Marshal (SFM) added other complaints that were also investigated.

The portion of the pipeline in Santa Barbara County is owned by the Celeron Pipeline Company of California, which is affiliated with the All-American Pipeline Company (AAPL). Therefore, the Celeron Pipeline Company title will be used in this report, even though some of the company personnel described may actually be employed by AAPL.

On July 15, 1987, OPS issued a "Report on the Welding Practices Used in the Construction of the Celeron All-American Pipeline in Santa Barbara County." That report addressed Section 2 of the Santa Barbara County Complaint to OPS concerning the quality of the welding on the pipeline.

This report addresses Section 3 of the Santa Barbara County Complaint to OPS concerning several other violations of federal regulations allegedly observed by private consultants working for the County. These alleged violations are identified in a report dated January 22, 1987, prepared by Richard K. Shogren, P.E., Consulting Civil Engineer, (Set out in full as Appendix "A" of this report).

Based on subsequent interviews with the consultants regarding the alleged pipeline safety violations, the Office of the California State Fire Marshal (SFM) acting as agent for the U.S.DOT Office of Pipeline Safety (OPS) conducted investigations into what the County consultants perceived as remaining violations. In several instances, construction or testing practices not in the original complaint were additionally alleged by the consultants as "suspect areas" where a potential for pipeline failure existed and "should be investigated." These suspect areas were also investigated and are included in this report.

As part of the permit approval for construction of the Celeron Pipeline in Santa Barbara County, a monitoring program was established by the County to ensure that the pipeline would be constructed as proposed by Celeron. The special conditions that Celeron agreed to were contained in the County's Final Development Plan.

Although much of the controversy during construction revolved around "cultural resources mitigation," "right-of-way widths and restoration," "erosion control and revegetation," most of these issues have either been resolved or are under "bond," and, therefore, will only be discussed in this report when they relate to pipeline safety.

The part of the Santa Barbara County 60-page Final Development Plan that is mainly in question is "P-2" which states that, "The construction section of the program shall be reviewed and approved by the System Safety and Reliability Review Committee and/or its consultants prior to issuance of the Coastal Development Permit and Land Use Permit." And, "Celeron shall implement the approved program and shall provide for involvement of the managing environmental coordinator (condition C-1), County staff or its consultants' involvement in the program. All costs associated with this review process shall be borne by Celeron."

Because the County's System Safety and Reliability Review Committee did not meet on any formal (planned or scheduled) basis concerning this project, the individual members of this committee arranged for the representatives of the California State Fire Marshal (SFM) to meet directly with their consultants, who had been in the field and had allegedly seen some possible construction irregularities that led to the complaint being filed.

Dr. Michael J. O'Farrell of Westec Services, Inc., was designated as the Field Managing Environmental Coordinator (condition C-1) reporting to the Energy Division of the Resource Management Department. When Dr. O'Farrell required technical assistance concerning pipeline construction practices, the request was made through the Building and Safety Division of the Public Works Department, which employed Richard K. Shogren, P.E., as their Consulting Civil Engineer.

Therefore, in response to Item 3 of the Santa Barbara Complaint dated January 29, 1987, this report addresses areas specifically identified by interviews with Dr. O'Farrell and other consultants, and all of the areas listed in Attachment #4 of the complaint. (See Appendix "A".)

I. DESCRIPTION OF SYSTEM

The Celeron Pipeline Company of California and the All-American Pipeline Company are wholly owned subsidiaries of the Celeron Corporation. The Celeron Corporation is the oil and gas operating unit of the Goodyear Tire and Rubber Company. The Celeron oil and gas reserves in California were sold by Goodyear in 1987, but the Celeron Corporation retained the pipeline operations.

The 30-inch, 1697-mile Celeron All-American Pipeline will transport heavy high sulphur crude oil from Las Flores, California (Santa Barbara County) to Webster, Texas (near Houston). To date, construction has been completed for the portion between Gaviota, California, and McCamey, Texas--approximately 1225 miles. Wilbros Inc., and Gregory and Cook, Inc. were the contractors constructing the pipeline as representatives of American West Construction Company, the primary contractor. The portion of pipeline within the County of Santa Barbara was constructed by Gregory and Cook, Inc.

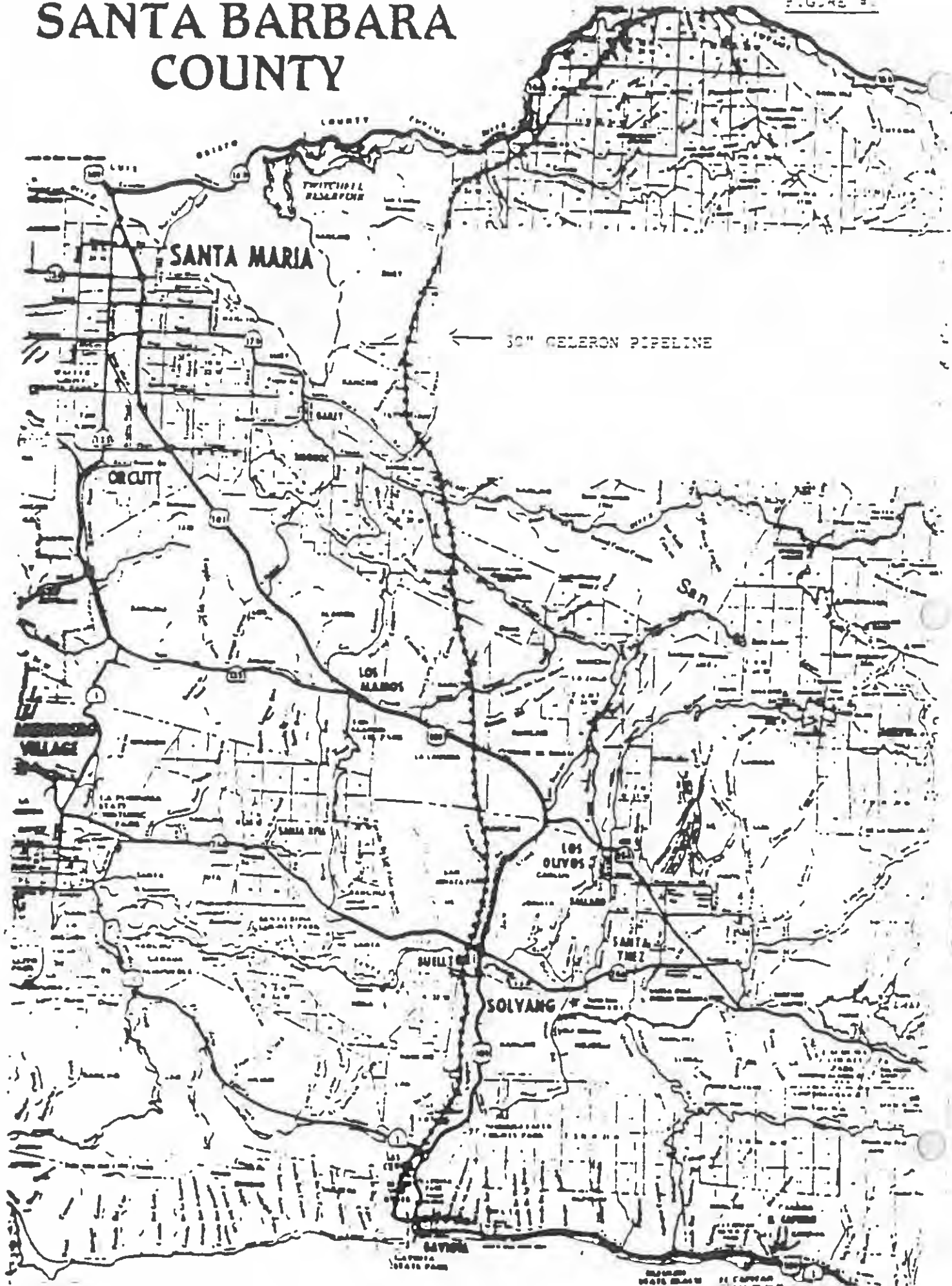
The pipeline system has a maximum operating pressure design of 944 psi and a delivery capacity in excess of 300,000 bbls/day. The crude oil will be heated, and the system will have a total of 35 gas-fired heaters at 19 of its 24 pump stations. Fifteen (15) pump stations have been constructed as of this report. The two pump stations proposed for Santa Barbara County will not have pipeline heaters, because the oil will be received hot, and the entire pipeline in the County has been insulated.

The portion of the line presently constructed in Santa Barbara County is approximately 63 miles in length. (See Figure 1.) In this County, the line crosses three major rivers (Cuyama, Sisquoc, and Santa Ynez), two faults (Cuyama and Santa Ynez), and three major highways (U.S. 101 twice, CA Routes 1 and 246).

All of the pipe installed in Santa Barbara County is coated and is insulated with a 1-1/2-inch thick polyurethane foam material which is covered by a jacket consisting of a double-wrap (60 mils) of tape.

There are two proposed pump stations in Santa Barbara County--Gaviota and Sisquoc. These stations have not yet been constructed. To date, the portion of the line between Las Flores and Gaviota has not been constructed in Santa Barbara County.

SANTA BARBARA COUNTY



FINDINGS

II. FINDINGS

GEOLOGICAL/GEOTECHNICAL

1. The pipeline crossings of the earthquake faults do not meet the 30-inch minimum depth requirements of the Federal Regulations. A waiver of this requirement has been requested by the Celeron Pipeline Company prior to this investigation. OPS consideration of this waiver is being withheld until the resolution of this complaint investigation.
2. Although there was some photographic evidence by the County consultants that all of the trench dams were not installed precisely as specified by the Celeron engineers and approved by the County, the one trench dam excavated and inspected by the OPS/SFM was adequately designed and installed to prevent the pipeline from floating out of the trench, and the soil around it from eroding.
3. The Celeron Pipeline Company and Gregory and Cook, Inc. often failed to put in water bars that were initially to the satisfaction of the County consultants, and they were not compacted to 90% as had been requested by the County. However, many of the water bars had been regraded, and most of the water bars investigated by an aerial flight, and those investigated more closely on foot, appeared to be in good condition.

DESIGN

4. The wall thickness (3/4") was increased 50% from the original pipeline design (1/2") for excessive overburden pressures at the Cuyama River and the Sisquoc River crossings because of the seemingly excessive burial (30 up to 50 feet) requirements placed on the design by the County or others. A stress analysis consultant (SSD, Inc.) hired by MARMAC Engineers, the design engineers for the Celeron Pipeline Company, confirmed that the 3/4" wall thicknesses were adequate through an application of a finite element analytical (FEA) method to pipeline stresses and met the requirements of 49 CFR, Section 195.110(a). The County engineering consultants stated that they are now satisfied with this latest design utilizing the 3/4" wall thicknesses and the construction by Penzene Construction Company of all of the river crossings. Although this item may no longer be a part of the County Complaint, it was investigated as part of the original complaint.
5. Last minute design modifications imposed, such as lowering the Cuyama River Crossing from 20 feet up to 50 feet below the river thalweg, and then raising the already dug pipeline trench bottom by about two or more feet to 18-inches of cover when crossing the Cuyama Fault on the south bank, disrupted the various contractors' schedules. The resulting confusion on the part of the contractors and company inspectors probably created an atmosphere of uncertainty, which was perceived by the County consultants as "something wrong" because it had not been done that way on the rest of the normal pipeline spread.

6. The County's engineering consultant used industry standards [ANSI B31.4, "Liquid Petroleum Transportation Piping Systems (1979)"] as a basis for citing most of the alleged Federal pipeline safety violations. However, only certain parts of the industry standards (ANSI B31.4) are incorporated in the Federal Regulations. Therefore, only those industry standards specifically referenced by sections of 49 CFR Part 195, and the parallel applicable sections of 49 CFR Part 195 were investigated.
7. The design requirements of Subpart C of 49 CFR, Part 195 were followed in the design of the 30-inch Celeron Pipeline in Santa Barbara County. The expansion and flexibility requirement of ANSI B31.4 are the only requirements specifically incorporated by reference in the design requirements of Section 195.110(a) of the Federal Regulations, and were followed in the design of the Celeron Pipeline.

CONSTRUCTION

8. According to the contractor, the company bending inspectors, and the BLM engineer, an internal mandrel was used for each cold bend. The out-of-round tolerance of the bent pipe called for in the construction specification and inspected against, was 2-1/2% or 3/4" less than the nominal diameter. The maximum cold bend was 4 degrees less than that recommended by the manufacturer of the bending machine equipment used. No one interviewed had seen a cold bend with a buckle in it installed in the pipeline.
9. Gregory and Cook, Inc. ran an instrumented pig through the thin wall (0.281") pipeline between the Sisquoc River and the Santa Ynez River where one sharp anomaly (a pipe dent that would be detrimental to the safety of the pipeline) and 41 other pipeline anomalies (ovalities of 2% or more which would not affect the safety of the pipeline) were found. There were also 15 other locations where a subsequent sizing plate pig was purposely hung up by the contractor in a search for any other anomalies in the pipeline in this area where the thinner wall pipe had been used and a sizing plate had become bent. As a result of the contractor running many more sizing plates than was required by the construction specifications, a total of five cutouts were made in the 63 miles of pipeline in Santa Barbara County for various reasons, all prior to hydrostatic testing. All of the "official" dewatering sizing plates run by the contractor for the company as part of the construction specification requirements exhibited no damage. Therefore, it is believed that all of the construction flaws were located and repaired before the hydrostatic pressure test.
10. The investigation of why several sizing plate pigs had become hung up at the "Freesmanne's Property" in the hilly terrain in the northern part of the County (Test Section No. 8) revealed that the contractor and the Celeron Pipeline Company fully investigated the reason for the pigs becoming hung up, including visual inspection of the inside of the insulated pipeline, and that no buckles were found. A photograph of the final dewatering "official" sizing plate indicated that the

plate was not bent or notched, as the County consultants had seen happen to prior or preliminary sizing plate pigs that the contractor had used when cleaning the pipeline of debris and looking for potential problems in the pipeline. EXHIBIT H

11. The investigation of how and why the initial sizing plates that had been bent in one of the sections north of Buellton was finally resolved by the running of an internal inspection instrumented pig through all of these sections. This was also done in Test Section No. 13 near Buellton where a County representative observed a bent sizing plate. It was determined from a review of the Celeron inspector's field notes, that the sizing plate pig may have been backed into a test section header during the hydrotest and thereby damaged. A second sizing plate pig that was run through Test Section No. 13 exhibited no damage. The excavating and physically inspecting the pipeline at flagged anomalies shown by the chart of the instrumented gauging pig was beyond the requirements of the Gregory and Cook, Inc. contract with Celeron. However, Gregory and Cook, Inc. considered this extra work necessary to assure the integrity of the pipeline before commencing with the hydrostatic pressure testing and the final sizing plate pig run. The subcontractor running the instrumented pigs (EPS, Inc.) had considerable experience, and their finding of only one "sharp" anomaly (dent) in the section of the pipeline near Buellton (which was cut out and replaced) should be sufficient to assure everyone that there are no wrinkle bends in the thin wall sections of the pipeline.

TESTING

12. The investigation of reported problems with the hydrostatic pressure testing of the 0.281" 5LX70 pipeline north of Buellton (Test Section No. 13) revealed that the testing has been done properly and in accordance with 49 CFR, Part 195, Subpart E. The pressure remained constant at 984 psig during the 8-hour test period required by 49 CFR, Section 195.302(c). The 3 psig pressure drop in over 24 hours is reasonable considering the large swings in ambient temperature from 77°F to 44°F. (Water volume contracts when cooled and its static pressure, therefore, drops.) Calculations show that only one gallon per hour would have been required to have been added to maintain the pressure of 984 psig throughout the 24-hour test. Any leak or opening left in the pipeline would have exceeded this amount. Although there are no specific Federal regulation guidelines for pressure lost during a 24-hour test, the test results were well within the guidelines stated in the California Government Code.

FIELD INVESTIGATIONS

13. No evidence to support the County claim of "hard spots" created by the pipeline being supported off the bottom of the trench in rocky terrain by sandbag supports was found in the 13 excavations ordered by the OPS/SFM, nor was the claim substantiated by a review of the tape from the running of the Electronic Pigging Systems, Inc. (EPS, Inc.) gauging pig. A rock and a wooden skid in the bottom of the trench that had caused pipeline damage (in the form of dents) had been located by the EPS, Inc. instrumented pig, however, there were no other "sharp" anomalies shown by the pig when crossing rocky areas where the pipeline must have been supported off the bottom of the pipeline trench by sandbags.

14. In the 13 excavations made along the pipeline in the OPS/SFM spot check of girth welds, the pipe coating had been protected by select backfill from damage from rocks in the backfill, and the support from the soil underneath the pipeline was adequate (there were no voids under the pipeline).

OTHER AREAS INVESTIGATED

15. Approximately 127 miles of the 30-inch pipeline between Emidio and Gaviota is cathodically protected by a single rectifier now operating at 4 volts and 7 amperes. However, the rectifier also protects the 30-inch All-American Pipeline to the east of Emidio and the 42 miles of 16-inch Celeron Gathering Pipeline located in Kern County. Therefore, a current as low as 0.6 to 0.7 amperes adequately protects all of the pipeline in Santa Barbara County. If rocks and other debris had been backfilled on the pipeline to cause damage to the coating, the current requirement would be much higher.
16. Radiographers in Denver, Colorado, retained by the OPS examined the tie-in welds at the Santa Ynez River, and determined that there was no misalignment of welded pipe as alleged by the County consultants. (See OPS Report, dated July 15, 1987.)
17. The SFM has decided that there is not enough evidence that a miter-joint exists between the historic site and Gaviota Creek to warrant ordering the Celeron Company to hand-dig in this environmentally sensitive area which is also an archaeological site. Four Level 2 and 3 radiographers have reviewed five of the weld x-rays in this area on either side of the hot bend (alleged miter joint) and have found no evidence of misalignment or miter welds. If a tangent had been cut off of a hot bent and the bend segmented to reduce the angle to make one of the tie-ins, there is no industry prohibition or Federal Regulation against that. Furthermore, any certain percent of misalignment cannot be accurately measured from a single opening over the weld or from a re-x-ray of the weld. Accurate measurements could only be made by stripping back the overburden into the Indian Artifact Site.
18. Although construction equipment was probably used to achieve the proper line-up for welding, there was no evidence, other than hearsay evidence (secondhand reports), that the construction equipment was actually used to force the pipe into the bottom of the pipeline trench during backfilling as alleged by some of the County consultants. The photographic evidence of this, reportedly filed in the County, could not be found when requested.
19. The bending dies of the bending machine crushed the outer tape jacketing and insulation as planned, but did not make detrimental "holidays" in the pipeline coating. Most of the 13 locations excavated showed some attempt to field repair the outer jacketing whenever it was crushed in the bending operation. The few openings in the outer tape that could possibly admit water are at locations where the heated oil would tend to repel any potentially harmful moisture.

20. The County consultants failed to produce photographic evidence of 2-1/2 to 3-foot pup pieces being welded together as alleged. Extensive spot checks of the as-built survey notes in the areas suspected of having large numbers of pup pieces indicated that the minimum pup length installed in the pipeline was 6 feet, as claimed by Celeron Pipeline inspectors and the constructor of the pipeline. No Federal pipeline safety regulation violations were uncovered in this investigation.

CONCLUSIONS

III. CONCLUSION

The object of this phase of the review by the SFM was to make a determination of the conformance of each allegation of pipeline safety violation discussed in the complaint to the criteria of acceptability contained in the Federal Regulations for Hazardous Liquid Pipelines (49 CFR Part 195). This was accomplished as described below.

GEOLOGICAL/GEOTECHNICAL CONCLUSIONS

1. The pipeline crossings of the two earthquake fault crossings do not have the federally required 30 inches of cover (49 CFR, Section 195.248) because of field modifications required by the County and company geotechnical consultants to conform to 49 CFR, Section 195.110(a). A Federal waiver has been applied for and will be acted on by OPS at the conclusion of this investigation.
2. Although not specifically covered by Federal Regulations, the SFM believes that possible inappropriate placement or installation of trench dams at a few locations will not present a hazard to the safe operation of this pipeline. The Geotechnical Consultants Inc. and BLM personnel that were contacted thought that the trench dam spacing that they had inspected was appropriate and within company specifications.

Because the extremely bouyant, empty pipeline has not floated out of the trench during the rainstorms that have occurred during the first year after pipeline construction, it is concluded that the trench dams were probably constructed adequately enough to do their jobs and have also prevented soil erosion on hillsides. Therefore, it is our opinion that a less bouyant pipeline, when filled with heavy oil, will not be affected by underground water running down the bottom of the trench. Therefore, the pipeline will not float out of the trench during operation.

3. Although water bars are not specifically covered by Federal Regulations, the water bars on both the private and Federal Government lands within the Santa Barbara County have a fairly good vegetation cover, and are properly diverting water off of the pipeline right-of-way. With the adequate re-seeding and maintenance program that has been demonstrated by the Caleron Pipeline Company over the past year, the various former disputes by the company, the contractor, the BLM, and the County over water bar construction practices have been largely resolved, and whether or not they were compacted to 90 percent should not affect the present integrity, or future safety of the pipeline.

DESIGN CONCLUSIONS

4. The 3/4" thick wall pipe used on two of the three river crossings is adequate for the excessive overburden pressures, and meets the requirements of 49 CFR Section 195.110 (External Loads). However, the excessive burial required by the County and others (from 20 to 50 feet below the rivers) would tend to defeat certain aspects of pipeline safety, especially if a leak should develop under the river bottom and repair becomes necessary.

5. Last minute design modifications, brought about most often by the County or their consultants, caused confusion between the pipeline contractors and the inspectors for the company and the County, and was the basis for several misunderstandings and several of the complaints by County consultants. For example, the Cuyama Earthquake Fault had been excavated about 6-feet deep, but the revised design modification called for the trench bottom to be about 4-feet deep, therefore, the pipeline had to be temporarily supported on about 2 feet high sandbag piers and the soil underneath the pipeline compacted to 90% before medium density foam was used as part of the backfill. Because the construction was unlike that of any of the other pipeline construction spreads and took so long, there was some confusion among the field personnel as to what was the proper construction procedure.
6. Because the County's engineering consultant mistakenly believed that the entire B31.4 Industry Code was referenced in the Federal regulations for the Transportation of Hazardous Liquids by Pipeline (Title 49, Code of Federal Regulations, Part 195) (49 CFR Part 195), most of the alleged violations cited by the consultant are not violations of Federal pipeline safety regulations. The only 49 CFR Part 195 Section that references ANSI B31.4 is 195.110 (External Loads).
7. The design of the pipeline was in accordance with Subpart C of the Federal Regulations (49 CFR, Part 195), and no Federal design regulation violations were found in the SFM investigations.

CONSTRUCTION CONCLUSIONS

8. Care was used in cold bending the insulated pipeline, and inspection of the bend in each joint of pipe was made. When an extreme bend had to be made, either an uninsulated, heavier wall pipe or a factory made hot bend was used. Because of these techniques, it is our opinion that there were no buckles left in the pipeline as alleged. All bends were correctly made in accordance with Section 195.212 "Bending of Pipe" of the Federal regulations.
9. The "unofficial" sizing plates that were run by air were often purposely hung up by the contractor to find any anomalies in the pipeline, and the thin plates were often bent in the process of sudden acceleration when the air pressure was increased to free them. Of the 57 locations north of Buellton excavated by the contractor in the section of thin wall pipe to inspect for damage, only one dented pipe joint was found and replaced. A record of only five cutouts in the entire 63 miles of pipeline in Santa Barbara County would seem to indicate that good construction practices had been followed by the contractor. No 30-inch pipeline failures (or "blowouts") during the hydrotest, and no damage (bending, notching, etc.) to the sizing plate of the slower run "official" dewatering pig, indicated that there are no remaining pipeline safety deficiencies such as dents or buckles, and that the section of thin wall pipeline north of Buellton is safe to operate.

10. Although several of the contractors' sizing plates of unknown size were hung up and bent in Test Section No. 8 for an unknown reason, the final and official Celeron dewatering pig sizing plate was undamaged, indicating that there were no buckles or other obstructions left in this section by the contractor. The company accepted this section of pipeline on the basis of zero pounds of pressure lost during the hydrostatic test. Based on a review of all of the hydrostatic test data, the SFM engineers have concluded that it is safe for this section of pipeline to begin operation.
11. There were good logical reasons why the contractor took extra precautions with the thin wall pipeline north of Buellton. Because of the extraordinary precautions taken, such as the instrumented pig run, and the visual inspection by company inspectors of the pipeline in the test holes, the SFM engineers have been reassured by data and interviews that there are no buckles remaining in the pipeline, as alleged in the County Complaint.

TESTING CONCLUSIONS

12. The hydrostatic testing of the 0.281" 5LX70 pipeline north of Buellton (Test Section No. 13) met, or exceeded, the requirements of 49 CFR, Part 195, Subpart E. The successful test, conducted to 125 percent, or more, of the maximum operating pressure (which was equivalent to 90% of the specified minimum yield strength of the pipeline), was additional evidence that there were no detrimental buckles remaining in the thin wall pipe north of Buellton.

CONCLUSIONS OF FIELD INVESTIGATIONS

13. All of the so called "hard spots" on the bottom of the pipeline trench that might cause pipeline damage to the thin wall pipe were located by an Electronic Pigging Systems, Inc. (EPS, Inc.) gauging pig in its run in the thin wall section of pipe from the Sisquoc River to the Santa Ynez River. All of the "hard spots" that were located by the gauging pig (such as rocks or wooden pipeline skids) were removed from the bottom of the pipeline trench, and the damaged piping cut out and replaced. The sandbags installed in the bottom of the trench in rocky areas were not identified as "sharp" anomalies by the EPS, Inc. pig, and, therefore, cannot be considered as "hard spots" that would damage the pipeline as alleged by consultants for the County.
14. When the pipeline was excavated in 13 locations and the backfill inspected, it was determined that the backfilling requirements of the Federal regulations Section 195.252 were met. The requirements stipulate that, "Backfilling must be performed in a manner that protects any pipe coating and provides firm support for the pipe."

OTHER CONCLUSIONS

15. Rocks or other debris in the backfill did not penetrate the 60-mil-

thick outer jacket and the 1-1/2-inch thick polyurethane insulation to damage the pipeline coating to a degree that produced a significant number of pipeline holidays. The 0.6 to 0.7 amperes that it takes to cathodically protect this 127-mile-long, 30-inch pipeline is significantly lower than the national average. The cathodic protection on this pipeline meets all of the requirements of 49 CFR, Part 195.

16. A radiographic review of the tie-in x-rays at the Santa Ynez River by OPS consultants revealed that there was not any detrimental misalignment of the welded pipe joints as alleged by the County consultants.
17. The piping between the historical (Indian) site and the Gaviota Creek has successfully withstood a hydrotest of 125% of the maximum operating pressure of the pipeline, and no unacceptable tie-in welds were discovered during a review of the radiographs by four Level 2 and 3 Radiographers. The experienced pipeline personnel of the contractor and the company have also attested to the fact that there was no miter joint installed at that location (which would have adversely affected the safety of the pipeline). The environmental monitors for the County who were at the site during construction had reportedly never seen a pipeline miter joint. And, it is probable that a hot bend was segmented (made into a smaller degree angle) and welded into the pipeline, without the tie-in joint itself being mitered. Four Radiographers that reviewed the x-rays of the welds have concluded that there was not any unacceptable pipe misalignment (such as a miter joint) in any of the welded joints at the historic site location.
18. Based on several interviews, the SFM has concluded that the pipe was installed in the bottom of the pipeline trench without construction equipment forcing the fit during backfilling (which would introduce secondary stresses or cause damage to the pipeline), and, therefore, the construction was in accordance with the requirements of 49 CFR, Section 195.246(a).
19. It is a common practice to crush the expendable pipeline insulation in order to protect the more critical pipeline coating that makes cathodic protection of the pipeline possible. Although there are no Federal Regulations concerning the bending of insulated pipe, the SFM has concluded that nothing detrimental was done in the cold bending of the insulated pipe that would affect the safety of the pipeline.
20. What appeared to be short pup pieces, less than 3 feet long, to County consultants, were actually about 6 feet long when the as-built survey notes were reviewed. There is no safety hazard in having joints of 6-foot-long pipe welded to standard length 40-foot-long pipe joints.

ALLEGATIONS

IV. ALLEGATIONS BY SANTA BARBARA COUNTY

GEOLOGICAL/GEOTECHNICAL CONSIDERATIONS

As discussed in the County Complaint under this title, soils or geotechnical reports are not specifically required by Federal Pipeline Safety Regulations. However, because some of the County consultants, in addition to Mr. Shogren, were so insistent during interviews that failure to give adequate consideration to these matters could jeopardize the integrity of the pipeline, the geological/geotechnical considerations were also investigated. The County consultants also expressed their opinion that the Celeron Pipeline Company used geotechnically untrained pipeline inspectors to direct the contractor incorrectly, mainly in the following geotechnical or erosion control practices:

1. Earthquake Fault Crossings
2. Trench Dams
3. Water Bars

DESIGN CONSIDERATIONS

4. Pipeline Design for Excessive Overburden Pressures

The design engineers for the pipeline company and the County consultants did not agree on the effect of the pipeline cement coating on mitigating the effects of the overburden pressure on river crossings. It was finally decided to increase the pipeline wall thickness by 50% on two of the three river crossings to mitigate the entire effect of the overburden pressure.

5. Pipeline Design and Field Changes Made for the Crossing of Earthquake Fault Lines

A supplemental verbal complaint was made by one of the County's civil/geotechnical consultants during an interview. This consultant produced photographs showing the pipeline placed on sandbag piers and a large rock resting on the side of the pipeline at one of the fault crossings. There was controversy if the sandbag piers produced "hard spots" underneath the pipeline, and whether or not some other County or company inspectors had instructed the contractor to remove the rock before backfilling the pipeline.

6. Sections of the Industry Codes and Standards That Were Allegedly Misused

- A. The ANSI B31.4 Sections (or Divisions) that were allegedly misused in the pipeline design in Attachment #4 of the County Complaint (Appendix "A" of this report) include: 400(b); 400(e); 401; 401.2; 401.2.3; 401.3; 401.4; 401.5; 401.6; 402; 402.1; 403; 404; 405-409; 406; 406.2.2; 419; 420; and 421.

- B. The ANSI B31.4 Sections (or Divisions) that were allegedly misused during construction include: 434; 434.7.1(b); 434.8; 434.9; 434.10; 434.11; and 435.

7. Subpart C of 49 CFR Part 195 - Design Requirements

The County Consulting Engineer alleges that the "brevity" of the Federal Regulations, Sections 195.100 through 195.112, "necessitates" a reference to all sections of ANSI B31.4, Chapter 2 "Design."

CONSTRUCTION

8. Cold Bending of Pipe

The Shogren Engineering Report quotes ANSI B31.4, Paragraph 434.7.1(b) as follows: "...bends shall preserve the cross-section of the pipe and shall be free from buckling, cracks..." It further states that: "...pipe diameters shall not be reduced more than 2-1/2% of the nominal diameter and shall pass the specified sizing pig..."

The Shogren Report goes on to say that although the failure to employ a mandrel was not directly observed by his personnel, he understood that some County environmental representatives observed pipe being bent without an internal mandrel which allegedly created buckling of the pipe and deformation of the pipe beyond the ANSI code standards.

9. Sizing Plates Bending or Being Hung-Up in Pipelines

The Shogren Engineering Report states that: "A number of bent sizing plates occurred during sizing pig runs in the 0.281" wall pipe north of Buellton. In some instances the sizing plate was bent sharply at a point approximately 1/2 inch or more from the edge of the plate itself, indicating that there were some obstructions of unknown character within the pipe. In fact, considerable difficulty was experienced during a number of sizing pig runs in this segment which required the contractor to excavate the backfill to try to relieve the elastic deformation of the pipe."

10. Buckle in Pipeline in Test Section 8 Stopped Sizing Plate Pig

An oral complaint made by Dr. O'Farrell was that: A number of bent sizing plates also occurred in Test Section No. 8 in the hilly terrain of the North County (which allegedly indicated that there was a buckle or other obstruction in the pipeline where the sizing plate pigs hung up) on the Freesmanne's property.

11. Sizing Plate Pig Was Hung-Up by Wrinkle Bends

There were oral complaints made that the hanging-up of the pig and the excavation of the pipeline north of Buellton (Test Section No. 13) was caused by wrinkle bends (or buckles) in the thin wall sections of the pipeline.

TESTING

12. Hydrostatic Pressure Tests North of Buellton Were Run Improperly

The consultants for the County thought that the results of the hydrostatic tests were not correct because they had been run improperly. It was alleged that the pipeline inspector was not always at the test site, and that the contractor's representative running the dead weight instrument took readings when the County environmental representatives were not present to verify the readings.

OTHER ALLEGATIONS

13. The sandbags installed to keep the pipeline off the bottom of the trench in rocky areas created "hard spots" that would buckle the pipeline.

14. The pipeline was unsupported by fill dirt between sandbag supports.

The Shogren Report stated that, "Excavations of the pipeline revealed that the pipeline was supported on piles of sandbags spaced approximately 25 feet apart and that the pipeline was otherwise unsupported by the fill between these hard points."

15. Rocks and Debris Dented Pipeline and Damaged Coating

It was alleged by County personnel and their consultants that rocks and debris had been backfilled in the ditch on top of the pipeline. At places the rocks had been removed, but that at other places the pipeline must have been dented and the coating damaged.

16. Pipeline Misalignment at Tie-In Points Produced Bad Welds

The Shogren Report stated that: "Substantial misalignment was observed at several tie-in points, specifically at the Santa Ynez River. Since the tie-in was completed unobserved by County field representatives, we expect to check the circumferential welds at the tie-in..."

17. A Miter Bend was Installed in the Gaviota Park Area

In the County Complaint, the Shogren Report quotes a section of the ANSI B31.4 Industry Code that is not referenced in the 49 CFR, Part 195 regulations. Paragraph 406.2.2 states that: "...in systems intended to operate at a hoop stress of more than 20% of the specified minimum yield strength of the pipe, miter bends are prohibited..."

"We have reason to believe that a miter bend was made in the field in the Gaviota State Park Area, although we did not directly observe this violation of code. This, apparently, was a field decision and was reported to the County representatives by contractors' personnel."

18. Construction Equipment Forced the Pipeline into the Ditch

In the County Complaint, the Shogren Report quotes a section of the ANSI B31.4 Industry Code that is not referenced in the 49 CFR, Part 195 Regulations. Section 434.10...discusses installation of a pipe in the ditch and states: "...It is very important that stresses induced into the pipeline by construction be minimized. They shall fit the ditch without the use of external force to hold it in place until the backfill is completed..."

"We have photographic evidence that, at least on one occasion, mechanical equipment was used to force the pipe into a "proper fit" in the ditch. We have been advised by the County's Environmental Inspector, as well as several contractors' employees, that there are other locations where this was also done. These later allegations have, so far, been unsubstantiated by our direct observations."

19. Damaged Insulation

Although most of the County consultants in the field acknowledged that the contractor did a fairly good job in attempting to field repair the jacketing over insulation that was damaged in the cold bending process, there was a minor verbal complaint made by the County and a photograph showing an unrepaired opening in the pipeline jacketing.

20. Pup Pieces Being Welded Together

A consultant to the County allegedly had photographic evidence that "pup" pieces less than 3-feet long had been welded into the pipeline (the company specifications required "pup" pieces to be 6-feet long).

INVESTIGATION

V. INVESTIGATION OF ALLEGATIONS

GEOLOGICAL/GEOTECHNICAL INVESTIGATIONS

There are no Department of Transportation Federal Pipeline Safety Regulations or Guidelines for issues external to the pipeline itself, such as, erosion control, etc., therefore, the U.S. Bureau of Land Management (BLM) personnel that had expertise in this field and had been involved with the pipeline construction in Santa Barbara County were consulted by the SFM for their expertise in this area. This Federal agency, who also inspected the pipeline for the U.S. Forest Service (FS) on their lands in Santa Barbara County, was completely satisfied with the erosion control measures that were finally undertaken by the Celeron Pipeline Company. Although they sometimes disagreed with the specifications of the consultants hired by the County concerning such items as 90% compaction of water bars, etc., they also had several disagreements with the pipeline contractor during construction on other matters, as had the County consultants. However, all of the problem areas were resolved to the complete satisfaction of the BLM and the FS. (See Appendix B.)

The discussions with the County personnel and their consultants have led to the conclusion that most of the consultants for the County are now fairly well satisfied that the current geotechnical design of the pipeline is acceptable. Although the Federal Pipeline Safety Regulations do not specifically require geotechnical reports to be submitted to OPS for approval, the Celeron Pipeline Company and the County of Santa Barbara both erred in not consulting the Office of Pipeline Safety (OPS) before construction started, concerning a waiver for the less than 30 inches of cover that was specified in the crossing of an earthquake fault line. (Also see investigation of Complaint No. 5 concerning pipeline design changes made in the field for more details concerning this matter.)

1. Earthquake Fault Crossings

The South Cuyama Earthquake Fault was the first of the two fault crossings encountered in the trenching operations (the Santa Ynez Fault was the only other earthquake fault crossing). From discussions with County Consultants, they felt that the Company field inspectors did not have the geotechnical expertise to design pipeline crossings of earthquake faults. However, Geotechnical Consultants, Inc. of Ventura, was employed by Celeron Pipeline to identify fault crossings and work with the Pipeline Design Engineers (MARMAC) to make any necessary design modifications.

The original Celeron pipeline design by MARMAC Engineering Company which specified more than 30 inches of cover at the two fault crossings was later modified by the County and Company geotechnical consultants to provide for less than the 30 inches of cover over buried pipelines required by Title 49 of the Code of Federal Regulations (49 CFR) Section 195.248. This reduction in cover (between 18" and 24") and special backfill (either select backfill or polyurethane foam) in a V-shaped trench would transmit less stress to the pipeline in the event of an earthquake along the fault line [49 CFR, Section 195.110(a)]. Therefore, a Federal waiver from the

cover requirement, will be required to satisfy this part of the Federal Regulations before the pipeline is allowed to begin operation in Santa Barbara County. The Celeron Pipeline Company has requested a waiver from OPS, and the request is under consideration.

2. Condition of Sandbag Trench Dam

At one of the 13 excavations made to recheck pipeline girth welds (discussed in the first OPS report), the sandbag trench dam uncovered was found to be in conformance to the specifications for the placement of sandbags for trench dams.

The gunnysack trench dam was found to be sufficiently high over the pipeline to effectively block water coming down the hill over the pipeline, and the gunnysacks filled with select backfill were in like-new condition without any deterioration.

The Celeron Pipeline Company furnished their inspectors with the same guidelines for the installation of sandbag trench dams that had been followed from Texas to California. The company policy for the placement of trench dams had been based on experience and had worked elsewhere. The spacing frequency of the trench dams changed with the steepness of the slopes encountered on hillsides. Celeron inspectors reportably used the spacing guidelines developed by MARMAC Engineering which were approved by Geotechnical Consultants Inc. Trench dams are only designed to furnish temporary protection until the vegetation on the hillsides becomes established and the soil around the pipeline becomes compacted. Some of the company inspectors queried thought that the spending of reportably over a million dollars on sandbags in Santa Barbara County for temporary trench dams was excessive.

The BLM engineer was questioned by the SFM concerning some trench dams on Federal lands within Santa Barbara County where the County consultants had complained that the County approved specifications were not used. The BLM was completely satisfied with the trench dams installed on the extremely steep (1100-foot high) hill on the south side of the Cuyama River.

County consultants showed SFM investigators several photographs that indicated an absence of several "permanent" type of trench dams, and some "temporary" dams that were not placed on virgin ground, as recommended by the County consultants. However, because all of the trench dams and water bars constructed on hills have proved effective over the first winter (the soil over the pipeline did not erode and the extremely bouyant empty pipeline did not "float" out of the ground during the last rainy season), the County consultants that were later questioned about this seemed to agree that it probably would not float out of the ground on the now more stable hills, especially when filled with heavy oil. Therefore, the Office of the State Fire Marshal does not consider the method of construction of sandbag trench dams to be a pipeline safety matter at this time. However, we understand that the one steep hill that is without trench dams, Tuttle's Hill, is under bond to the County, and the SFM will continue to check (as part of an annual inspection program) on the Celeron Pipeline Company's maintenance plans until this hill has been stabilized and vegetation growth is completed.

3. Condition of Water Bars

As part of the field inspections of the County allegations, a review was made of the uncompacted water bars on both the Federal and County lands. None had suffered much erosion, and were generally found to be in quite good condition. A closer adherence by the company to the County's (but not the Federal BLM) specification for 90% compaction of water bars would not have improved the safety of the pipeline.

The BLM engineer questioned had the same problems as the County engineers with the contractor in the grading of water bars. Many of the water bars needed re-grading, but were ultimately done to the satisfaction of the BLM and the County.

A review by the SFM engineers was made of the Geotechnical Consultants, Inc. role in the identifying of fault crossings, the design of trench dams, and the installation of water bars. The Geotechnical Consultants Inc. felt that they were consulted enough in the matters brought to them by the allegedly untrained company inspectors in geotechnical matters, and were satisfied with the overall geotechnical construction program.

DESIGN INVESTIGATIONS

4. Pipeline Design for Excessive Overburden Pressures

Based on review of pipe stress design calculations made by MARMAC Engineering and their stress analysis consultant, SSD, Inc., the 3/4-inch thick pipe at the Cuyama River and the Sisquoc River Crossings is adequate to assure maximum pipeline safety. The County consultants are also now pleased with these and all of the other river crossings made by Penzene Construction Company. The controversy over the role of the cement coating in resisting overburden pressures is not addressed in this report because everyone was satisfied that increasing the wall thickness by 50% was the proper solution to the controversy (of which was the best way to design for the excessive overburden pressure).

The SFM's only safety concern over the 20 to 50-foot-deep river crossings are related to maintenance and the possible repair of the pipeline. The depth of cover increased by the County and others (often during actual construction) appears excessive when compared to other similar river crossings in other parts of the United States which are generally closer to four feet or slightly more. Crossings this deep (to bedrock at the Cuyama River) are often installed either in tunnels in the bedrock itself or in concrete tunnels above the bedrock where the pipe can be visually inspected periodically, and, if necessary, pulled out and replaced.

5. Field Changes Made to the Pipeline Design Because of Geological/Geotechnical Considerations

It was apparent in the investigation that several of the pipeline design changes that were made after the construction had started in Santa

Barbara County were often at the root of the geological and geotechnical problems that followed. It became difficult for all of the principals to the design changes to meet on short notice and, consequently, there was usually someone left out of the change procedure who did not go along with the changes that were made. This individual displeasure was often expressed by the consultants to their County employers and is the basis for several of the County of Santa Barbara Complaints.

In Item 4 of the All-American Pipeline Company, May 8, 1986, "Request for Conditioned Land Use Permit by May 9, 1986," the Company states: "Celeron agrees to comply with information requests of the System Safety and Reliability Review Committee in a timely manner, and to comply with the recommendations of the committee pursuant to Condition P-1, provided they do not preempt U.S. Department of Transportation Standards Part 195 regarding pipeline construction, including any modification associated with this permit. Celeron understands that the committee will review our submittals in as expeditious a time frame as possible."

If the County's entire Systems Safety and Reliability Review Committee had met on a regular basis, the several construction activity modifications (such as less than 30 inches of cover at a fault location which did not comply with 49 CFR, Part 195 Regulations) could have been immediately reviewed and resolved at that time, and the necessary waiver and this County Complaint for any unresolved problems should have been immediately issued to OPS for field verification.

For example, the pipeline constructor had dug his trench to provide for the normal pipeline cover (specified by Part 195 of the Federal Regulations) at the South Cuyama Fault crossing described above. When the design consultant engineers modified the normal cover to less than that specified in the Federal Pipeline Safety Regulations, the pipeline constructor then had to install sandbag piers underneath the pipeline to bring it up to the so-called "proper" grade for earthquake mitigation. This change reduced the pipeline cover to about 18 inches, or less than the required 30 inches, which was then a violation of Federal Pipeline Safety Regulations.

Several photographs were subsequently taken of this area by various County consultants as examples of "poor construction practices." However, everyone seemed to express a different opinion as to what the poor construction practices consisted of. To some, it was "hard spots" where the pipeline rested on the sandbag piers. Upon further checking, still other County consultants said that the sandbags had been cut, and the soil underneath the pipe had been compacted to 90% to eliminate the "hard spots." Another photograph by the County consultant showed a large rock laying against the pipe while it was still on sandbag piers. However, upon further questioning, he was not sure that it had not been removed afterward, because additional trenching and compaction had to be done before the trench was finally backfilled (while he was not present). Company inspectors and BLM engineers stated that there were no large rocks left in the trench at this location when the select backfill was installed in their presence. Consequently, they have to be believed, because it cannot be proved or disproved that a large rock is still laying aside the pipeline, unless the entire fault section is re-excavated. This

would be counterproductive to the design criteria and would be environmentally unsound. It is felt that with a good pipeline coating, protected by a 1-1/2" thick tough polyurethane insulation which is, in turn, protected by a double 60 mils thickness of tough pipeline tape, that a rock on the insulated pipeline is a minimal pipeline safety hazard (if any at all). Other sections of this report will, therefore, discuss more specific pipeline safety matters and how, for example, good cathodic protection pipe-to-soil electrical potential readings make the SFM engineers confident that rocks have not been left on the pipeline, or at least have not scratched off the pipeline coating to have made the pipeline unsafe to operate.

5&7. Applicable Codes, Standards, and Regulations

At the outset, it must be pointed out that the County's engineering consultant has made an unfounded assumption on which he bases most of alleged pipeline safety violations. The Office of Pipeline Safety has never intended Part 195 to provide "a shell for the application of industry standards as well as providing for, or expanding upon, some topics which are either not covered adequately in the latter, or for which the Federal agencies believe a more stringent requirement is needed," as the consultant stated in Attachment No. 4 of the County Complaint.

Most of the Federal pipeline safety regulations are written as performance standards which require the operator of the pipeline to design protection within the current state-of-the-art. One of the ANSI B31.4 standards is specific enough to embrace all of the "how-to" state-of-the-art requirements to meet Federal Regulations, and is referenced in a specific section (paragraph) of Part 195. In 49 CFR, Section 195.110(a), Section 419 of ANSI B31.4 is referenced as, "must be followed to provide for expansion and flexibility." Some other ANSI B31.4 standards may be a way of complying with certain performance type Federal regulation, but are not necessarily the only way. Therefore, only the applicable B31.4 standard (Section 419) allegedly in non-conformance was reviewed in this investigation. However, all of the other B31.4 Industry Standards were informally reviewed as possibly "a way" of complying with the performance type Federal regulations, but were not specifically addressed because they may not have been the only way for compliance with the Federal regulations.

The alleged noncompliances to B31.4 do not make them pipeline safety violations of 49 CFR, Part 195, and, as further directed by Congress, this and all other pipelines will be allowed to operate if all design, construction, and operations are done in accordance with the requirements of 49 CFR, Part 195. Therefore, only when a specific paragraph in Part 195 references a particular industry code or standard (such as B31.4) will the consultant's allegations be addressed.

A. Design

- o ANSI B31.4 Div. 400 (Not referenced by 49 CFR, Part 195)
- o ANSI B31.4 Div. 401 "
- o ANSI B31.4 Div. 402 "
- o ANSI B31.4 Div. 403-418 "
- o ANSI B31.4 Div. 419 (Referenced by 49 CFR, Part 195)

Division 419 is the only one that is specifically referenced in Section 195.110(a) of the Federal Regulations and, therefore, is a Federal Regulation. Design requirements of 49 CFR, Section 195.110 were followed by the Celeron Design Engineers. The County Engineering Consultants Report (Page 9) indicated that their review of the design indicated compliance with the specific paragraphs of Division 419.

- o Divisions 420-421 (also not referenced by 49 CFR, Part 195)

B. Construction

- o ANSI B31.4 Division 434 (Not referenced by 49 CFR, Part 195) Although Paragraph 434.7.1(b), a major point discussed on Page 9 of the Shogren Report, is not referenced in the similar Federal Regulation, 49 CFR, Section 195.212 (Bending of Pipe), it was thoroughly investigated (See Investigation No. 8). The Federal Regulations require bending with an internal mandrel, but the requirement that "--- pipe diameter shall not be reduced more than 2-1/2% of the nominal diameter and shall pass the specified sizing pig---" was removed from the Federal Regulations several years ago. Current industry direction reportedly appears to be leaning toward approving 3% ovality over a short length of pipe, and 6% ovality over large areas, such as an entire joint length. The generally acceptable 2-1/2 degree or greater pipe ovality was not found to be detrimental to the safety of the pipelines, and cold working steel pipe by bending actually increases the yield strength of the pipe, as witnessed by the OPS historical leak data which indicates no pipeline failures in cold bent pipe joints due to bending stresses (provided that they are also free of buckles).
- o ANSI B31.4 - Division 435--Assembly of Piping Components (Not referenced by 49 CFR, Part 195)

8. Investigation of Cold Bending Practices

The manufacturer of the cold bending machine utilized in this pipeline construction, CRC-Evans Equipment Company, reportedly sent several types of internal mandrels, which had worked well for other contractors worldwide, to Gregory and Cook, Inc. and Wilbros Inc. for trial bending demonstrations at the start of the job. An air-operated internal mandrel was eventually selected that worked best, and was used throughout the 1200-mile construction project from McCamey Texas to Gaviota, California.

In discussions with the pipeline contractor, Gregory and Cook Inc., and all of the Celeron personnel, including the bending inspector, they all claimed that an internal bending mandrel was used for all bends.

In interviews with County personnel and their consultants, not one eye witness reported an instance of seeing a bend made without a mandrel. The Bureau of Land Management Engineer also reported that he had never seen a cold bend, no matter how slight, being made without an internal mandrel being used.

In some bending operations, there were reports of instances where the internal mandrel had not been properly set, or where an excessive bend was attempted, and the pipe was reportedly kinked (or buckled) and was scrapped. At the time of this report, a composite scrap report by Celeron for Santa Barbara County had not been prepared, and the number of scrapped bends is not known. However, the use of this type of information or data has not been established, and would probably be of no importance.

The cold bending criteria for minor bends was the same for thin wall (0.281") pipe, as for any thicker wall pipe. First, a "pull" was made to crush the 1-1/2" thick insulation, so that the 30-inch bending shoes could conform more closely to the pipe itself. It was found that the pipe could be buckled if a bend was attempted without first crushing the insulation.

On the second "pull" over the then crushed insulation, a bend of up to 1/2 degree was made on 13-inch centers. This led to a maximum bend of 12 degrees on a 40-foot-long joint of pipe, or 24 degrees in an 80-foot double-joint of pipe.

To obtain this large degree of bend (12°) in the thin (0.281") wall pipe, coated but uninsulated pipe was used. It was found that the 25 mil thick mastic coating held up well under the bending operations. However, each joint of pipe was reportedly "jeeped" (electronically tested) for "holidays" (cracks, etc.) in the pipe coatings before the bent piece of pipe was hand insulated and jacketed. In many instances, 0.375" wall 5LX65 pipe was used in place of 0.281" wall 5LX70 pipe because the relative strengths were interchangeable and the thicker wall 5LX65 pipe was easier to bend.

A fairly detailed audit of the as-built pipe bending notes by the SFM indicated that this bending criteria was followed throughout Santa Barbara County, as well as other locations along the pipeline. Six-foot-long unbent tangents were left on each end of the bent segment of pipe, and no bends were made close to the double-joint weld. It was also found that "hot bend" factory prefabrication (by the Johnson Induction Bend Plant in Utah) was sometimes utilized for bends that were approaching the maximum allowable 12 degrees specified for cold bends. However, most of the hot bends were designed for locations that required angles from 25 degrees to 52 degrees.

The Celeron Pipeline Company's specification for both hot and cold bends allowed for a reduction in pipe diameter of no more than 2-1/2% of the nominal pipe diameter. Therefore, the Industry Standard called for in the ANSI B31.4, although not required by Federal regulation, was actually used for this construction. Because most of the pipes bent had insulation on them, a normal outside caliper measurement could not be used to check for ovality. However, one of the contractor's personnel crawled through the 30-inch bent pipe and checked this tolerance with a wooden template or tape measure whenever the ovality limit was in question. In addition, the Celeron pipe bending inspector would visually inspect the interior walls of each pipe bent for any pipe buckles, and, reportedly, either the company's inspector or the contractor's man would then measure and visually inspect (from the inside) each joint of severely bent piece of pipe which could not be entirely visually inspected (viewed) from one end.

The contractor's welders and supervisors also claimed that their close tolerance internal lineup clamps used for welding would have hung up if there had been any buckles left in the pipeline, especially when the lineup clamps would traverse large degree bends.

A check on the equipment manufacturer's recommendations (CRC-EVANS) for cold bending revealed that the Celeron Pipeline Company criteria was well within the maximum bend recommendation of 0.6 degrees per foot or 16.2° per 40-foot-long section of 30-inch pipe that the equipment had been designed to make in safety. (See Appendix "C")

A further spot check was made on some of the thousands of pages of handwritten notes filed in the Energy Department by the County's Environmental Representative, and no statements were located to indicate that a representative had observed bending without a mandrel as alleged.

From the above, the SFM has concluded that reasonable care had been exercised by the Gregory and Cook, Inc. constructors and the Celeron Pipeline Company inspectors to make sure that each bend had a "smooth contour without buckles" and met the requirements of 49 CFR, Section 195.212--Bending of Pipe. The ANSI B31.4, Paragraph 434.7.1(b) quoted in the County Complaint, is not referenced in 49 CFR, Section 195.212, and, therefore, is not a federal pipeline safety requirement. However, the construction and inspection standards called for in the company inspection made it apparent that the required ovality tolerance was sought, and reportedly achieved.

9. Investigation of Sizing Plates Bending and Being Hung-Up in Pipelines

The allegation that field bends were made without a mandrel which buckled the pipe and caused a sticking of the sizing pig in a number of relatively mild bends was initially investigated by a review of the Company inspector's field notes.

The location of the sticking of a sizing plate (by referring to stationing of field notes) was found to be generally in both hot and cold bends of about 11 degrees. However, some of the locations where as-built records were investigated, the pig sticking locations were on straight, unbent, pieces of pipe where the overburden had possibly caused ovaling of the pipe. In one case (as also alleged by the County Complaint), one mild bend, which presumably caused the pig to stick, was found to be as small as 2-1/2 degrees.

The Celeron Pipeline Company representatives questioned about this said that this (the running of extra pigs with sizing plates) was something that the contractor did on his own (it was not called for in the specifications) and that they (the Celeron inspectors) did not even know the size of the sizing plate the contractor used.

When the contractor's representative (the Vice President of Construction) was questioned about this, he stated that they used an oversized plate with very low air pressure which was designed to hang the pig up at any

irregularity in the pipeline in order to prove out the integrity of the pipeline, especially in the thinner wall 0.281" 5LX70 pipeline which was admittedly harder to bend, and could possibly have contained a previously undetected flaw. The contractor stated that he did not realize that his taking this extra safety precaution before filling the pipeline with water for the hydrotest would be construed by the County as anything undesirable, or else he would not have done it. Once again, he reiterated that Gregory and Cook, Inc. did this for insurance to make doubly sure that there were no undetected flaws in the pipeline that would be found by a "blowout" during hydrotest. A "blowout" pipe replacement and repair is extremely costly to a contractor because it would be repaired at his expense. Furthermore, it would have also damaged the environment and caused considerable soil erosion which would be poor for public relations and would have been frowned upon by the pipeline company.

Sizing plates are not required to be run by Federal Pipeline Safety Regulations. Furthermore, although the ANSI B31.4, Section 434.7.1(b) quoted in the Shogren Report states that, "the completed bend shall pass the specified sizing pig," the industry standards do not address this subject again.

In the case of the Celeron Pipeline, the company specified the size of the official or final sizing plate to be run in the dewatering process. The diameter of the sizing plate was calculated from certain manufacturing tolerances and was based on logic and past experience (that this size plate had found piping flaws in the more than 1,200 miles of the All-American Pipeline traversed between Texas and California).

Another precaution was taken by the contractor to assure that the thin wall section of pipeline north of Buellton was good before filling it with water and experiencing a potentially much more costly blowout or trying to locate a difficult to find "weeper leak." This precaution was to hire Electronic Piggng Systems, Inc. (EPS, Inc.) out of Tulsa, Oklahoma, to run an instrumented pig through the thinner wall pipe. EPS, Inc. had been used by Gregory and Cook, Inc. in Arizona to locate a place where a rock in the trench bottom had damaged the pipeline, and a section of pipe had to be replaced. The electronic gauging pig will locate dents and buckles as well as ovality and record the size and location of the anomaly on an electronic strip chart.

Gregory and Cook, Inc. had experienced a bent sizing plate (similar to those reported by County consultants) on a pig run near the Sisquoc River, and called in EPS, Inc. to locate the problem area. The EPS, Inc. electronic gauging pig immediately located the problem as a "sharp" anomaly (dent) in the pipeline within five feet of where a wooden skid (generally 4"x5"x4') had been carelessly left in the bottom of the pipeline trench. All sharp changes in the pipe wall, such as dents or buckles, set up stress risers which must be eliminated by cutting out the section of damaged pipe tested. The damaged section of pipe was cut out and replaced before the pipeline was hydrostatically tested.

Because the electronic gauging pig and service technicians were already on the jobsite, the Gregory and Cook, Inc. Construction Superintendent decided to run it in other completed sections of the pipeline before they

EXHIBIT H

ran their own sizing plate pigs. Because this work was not a part of the construction specifications, Gregory and Cook, Inc. did not request any written reports from EPS, Inc. to provide to the Celeron Pipeline Company. Fortunately, EPS, Inc. had retained the charts for the various electronic gauging pig runs and informed the SFM of this fact when a telephone poll was made by the SFM to all of the major electronic pig manufacturers concerning their equipment.

A representative from the SFM reviewed the results of a pig run and its chart with EPS, Inc. (the segment of pipeline north of Buellton from Highway 101 to the Santa Ynez River--Test Sections 13 and 14). Page 4 of the EPS, Inc. bulletin in Appendix "D" describes the anomaly analysis that can be made from a review of the chart.

The strip chart was extremely informative and showed each change of wall thickness and each girth weld. It also showed the percent of ovality in any length of pipeline. The vertical scale was quite accurate, and actual scale was five times the chart scale. The horizontal scale was 250 feet for each one inch of chart length. However, the horizontal chart divisions were close enough so that it was accurate to within five feet of actual pipeline stationing.

A dented pipeline section was located in Test Section 14 which was 11.25 feet long according to the reading of the divisions of the chart. The ovality in this section was about 5%, however, it also had a "sharp" portion of the anomaly curve which indicated a dent in the pipe 3.9" deep. The review of the chart record by an EPS, Inc. technician monitored by the SFM shows that this was the only significant flaw in this segment of pipeline that required cutout and replacement. The other 41 relief bellholes were flagged and excavated to remove some of the ovality found, which is a common pipeline practice (See "Overburden Relief" note on on Page 4 of the EPS, Inc. bulletin in Appendix "D"). Additional ovality is removed during the hydrostatic test. The final removal of pipe ovality is removed by the hoop pressure stress created by the crude oil being transported. And, although pipe ovality has never been a problem to the safe operation of a pipeline, several operators have run electronic gauging pigs in the oil stream a year or so after the pipeline has been put into service as a further check on its condition. Historically, these runs have shown that the pipeline usually tends to improve (becomes rounder, safer, etc.) with age.

The thin wall section of the pipeline north of Buellton was excavated and examined for potential damage at some 57 locations (42 identified by EPS, Inc. and 15 places where a sizing plate pig with a radio transmitter was "purposely" hung up), starting at the south side of the Sisquoc River to the Santa Ynez River. Only one of the 57 places dug up and investigated had a pipe dent or any other problems that necessitated extensive remedial action (pipe replacement). And, the only cutout required in this section of pipeline was reportedly found by the EPS, Inc. gauging pig at Station 1082+75 in Test Section 14. Celeron believed that Gregory and Cook, Inc. had done a good job constructing the pipeline and had diligently removed any prior defects by their running of the several pigs prior to the official dewatering sizing plate pig.

The reason the contractor gave for a sizing plate pig to hang up on a bend as small as 2-1/2 degrees was that it is difficult to run pigs in dry, rough wall pipelines with air, and sometimes the rubber cups on the sizing pig were new and stiff, and the approximately two pounds of air pressure that was used to locate minor obstructions may not have been enough pressure, especially if the bend was a sag bend and the pig was going uphill. There were also reports of cases where between 8 psig of air pressure being required to run the pigs in certain areas. Pigs run at this pressure would probably be run at such a velocity as to bend the thin, mild-steel, sizing plates, whenever a change of direction (a hot or cold bend) was encountered.

Because the instrumented pig was run at 55 psig (against a 50 psig back pressure), the pressure was often sufficient enough to cause ovaling of the thin wall pipe to pop out with a resounding noise when the overburden was removed from the pipeline. This noise may have been the reason that some of the County consultants had thought that the pig had hung up at a pipe buckle in a bent joint, and "popped" loose when the pressure was increased. Some of the sizing plate pigs also had radio transmitters located in them so that their locations could be established and the pipeline looked at before the pressure was increased to move the pig beyond that spot.

The contractor's extensive pigging efforts reportedly found a total of four lengths of dented or buckled pipe in Santa Barbara County at locations other than the one dented location found by EPS, Inc. between the Sisquoc River and the Santa Ynez River (in Test Section 14) which was previously discussed. All of these sections of pipe were replaced with good pipe, and were successfully hydrostatically pressure tested before the official sizing plate pig was run.

Because there were only five cutouts required in the 63 miles of pipeline in Santa Barbara County, and there was no 30-inch pipeline blowouts during hydrostatic tests, Celeron felt that Gregory and Cook, Inc. had done a good job constructing the pipeline.

The requirement to run a sizing plate pig is not a requirement of the Federal Regulations (or the B31.4 industry code), and is strictly between the pipeline constructor and the pipeline operator. Sometimes, work tools or wooden skids have been known to have been left in the pipeline by careless workers, and pigs are also good ways to clean out such debris from pipelines. Although there were no reports of wooden skids being left in this particular pipeline, none of the contractors' personnel or company inspectors expressed any surprise that sizing plates had been bent during some phases of the pigging operations.

The only sizing plate of interest to the company (as repeatedly told to the County environmental monitors) was the final or "official" sizing plate on the dewatering pig run after the hydrostatic test. In the case of the thin wall (0.281") pipe, it was 27.76" in diameter, or 92.5% of the nominal O.D. (See Appendix "E" for details containing the sizing of this plate.) The date that the final (official) plate was to be run with the dewatering pig and removed from the pipeline was painted on it, and a photograph made of it upon removal. The SFM representative met with Celeron Pipeline

EXHIBIT H

representatives and reviewed the poloroid photographs (front and side views) of each test section in Santa Barbara County. No photographs of damaged (bent) sizing plates were found during the photograph review of the final dewatering sizing plate pigs.

The following specific investigation was made of an instance where one of the environmental monitors thought that the sizing pigs had been damaged after being hung up on a "buckle" in the pipeline.

10. A Specific Sizing Plate Investigation--Test Section No. 8

The late November 1986 notes of the environmental monitors were reviewed in an attempt to locate specific cases where a sizing plate may have been hung up because of a buckle in the pipeline. The County's Energy Department had some slides of bent sizing plates, however, the probable cause for the bending of the plates had not been established. Also, several pages of the handwritten notes were reviewed to see if any of the environmental monitors had noted the air pressure that was used when the sizing plate pigs sustained the damage. The air pressure gauge readings were not noted during this period of running several pigs. A Thanksgiving Day vacation also caused some disruption when several sizing plates were removed from the pipeline without being examined by County personnel.

When the County personnel asked about the sizing plates, they were reportedly told by the contractor's personnel or company inspectors that, "I don't know why you guys are concerned with this because all of this is preliminary stuff until the hydrotest. It is just the contractor checking things out to make sure everything is fine, it is not a part of the construction specifications." Once again, they were told that this checking was normal pipeline work but was not part of the contracted work, and that only the dewatering sizing plate was expected to come out unbent and without any notches in it.

Celeron Pipeline Company inspectors remembered the air compressor pressures associated with one particular incident where one or more sizing plate pigs had been hung up at a north county location where some 0.375" and 0.438" wall pipe was used in the construction of the pipeline. Notes on air pressure that the contractor used in running the sizing plate pigs were not kept because sizing plate usage is not mandated by 49 CFR Part 195.

In the particular case in question, a sizing pig was launched on November 25, 1986 from a launching header on top of "Tepusquet Hill". The pig was reportedly being run with two pounds of air pressure and became hung up at "Freesmanne's Property".

The County representative indicated that at least four pigs were run behind the first with 20 pounds of air pressure required to free all of the pigs and that a "notch" was found on one of the sizing plates allegedly indicating a buckle in the pipeline. Also, that at least one of the other sizing plates was bent when striking another pig or other solid object when exiting the pipeline section into a pig trap (Several slides of bent sizing plates were reviewed). However, there was no photographic evidence of the "notched" sizing plate to establish what made the notch when viewing County slides showing bent sizing plates.

The County representative related that the contractor lowered a man on a skateboard, using a rope, 1200 feet down the pipeline to see why the pigs had hung up. The Celeron Pipeline representative said that the inspector lowered inside of the pipeline to inspect the pipe found the sizing plate to be undamaged and unbent where it had hung up, and that he ran his fingers completely around the outside of the sizing plate to establish that there was no deformity in the walls of the pipeline at the location that the pig had stopped. Some photographs were taken of the interior surface of the pipe which indicated no damage to the interior walls presumably at this location; however, they were not adequately noted as to when and how they were taken or of a quality good enough to prove without any shadow of a doubt that there was no pipeline damage at the location where the pig hung up. When the air pressure was increased enough to free the pigs, the pigs reportedly ran the rest of the way at about 2-1/2 pounds of pressure. The contractor reportedly also ran the final sizing pig without it becoming hung up or having any "notches" or other bending after the hydrostatic test.

When analyzing this particular location, it was noted that the construction drawings indicated 8 P.I.'s (survey points of intersection) where side bends had to be installed (plus the normal sag and overbends). Also, the elevation where the pig hung up was approximately 700 feet higher than the launching (Test Section No. 8) header. This would have required much more pressure to keep the pig running uphill in this extremely hilly terrain, as compared to a flat land pig run.

The 5LX70 pipe cold bends in this section had an 0.438" thickness, which was more than 50% thicker than the minimum thickness (0.281") wall bent on this project. Generally, it is easier to bend the thicker wall without concern of buckling it.

Photographic Set #1 (on the following page) shows the front view and side view of the final dewatering pipeline sizing plate from Test Section No 8. It should be noted that there was no bending or notching of this final sizing plate as determined by the two photographs. The SFM engineers have also looked at the hydrostatic strength test report for this test Section No. 8, which showed zero pressure loss at over 1500 psig of pressure, and have concluded that the pipeline is fit for service at this location. One assumption could be made from the above analysis is that 2 psig might not have been enough pressure to run the sizing plate pig in hilly terrain, and the pigs hung up at a change of direction (a bend) or at some ovality in the pipeline. If it was an ovality, the hydrostatic test section could have sufficiently rounded out the pipe to allow the dewatering sizing plate pig to be successfully run.

11. Investigation of Test Section No. 13

Because many of the County consultants expressed their opinion that there was "something wrong" with the 0.281" wall 5LX70 pipe north of Buellton, this section of pipeline was thoroughly investigated (including 11 excavations requested by OPS/SFM over the pipeline girth welds in this section in an attempt to find "something wrong" with the pipeline).



PHOTOGRAPH SET #1, SIZING PLATE FOR W
- PROBABLY TEST SECTION 2
SANTA BARBARA COUNTY, CALIFORNIA

The pipeline excavated and inspected in the 11 locations ordered by OPS/SFM to inspect girth welds was found to be adequately constructed without any violations of 49 CFR Part 195. (Also, see Section 14 of this report for the details of the inspections at the excavated girth welds).

As previously discussed, Test Section No. 13 was a part of the section of pipeline where, (1) The tough, thin wall (0.281") pipe was subject to ovaling during shipment or due to the weight of the overburden. (2) The thin wall pipe was usually bent first and insulated afterward, or a thicker (0.375") 5LX65 piece of pipe was used for large degree cold bends. No one questioned recalls seeing a cold bend being made in this section without the use of an internal mandrel. (3) Because the hard rubber cups on the sizing plate pigs were new, they tended to hang-up at points where the pipe was ovalled. However, when the air pressure built-up enough to free them, the sizing plates became bent, especially when encountering a bend at excessive velocity. (4) An instrumented electronic gauging pig was run through this section of pipeline with 15 sensors or "fingers" on the instrumented pig which searched the interior of pipe for any anomalies (such as places where the pipe was dented or buckled or where there was 2% or more of pipe deformation). There were 42 such locations. (5) The contractor dug up the thin wall pipeline at about 57 places where the instrumented pig or sizing plate pigs had determined that an anomaly existed to inspect for possible pipeline damage.

Gregory and Cook, Inc. criteria was to excavate and inspect any anomaly over 2%, even if it was not a "sharp" reduction in diameter such as a buckle in the pipeline. A visual review by the Celeron inspector assigned to inspect the 57 test hole locations near Buellton confirmed that areas excavated contained no pipe buckles, but merely areas of ovalization which would not affect the safety of the pipeline, especially after the hydrostatic test which would tend to round out the ovalization of the pipe. It is understood that the current Alyeska Pipeline internal inspection criteria for their instrumented pig runs is to identify sharp changes in pipe diameter over 2% and ovalization over 5%. (The 650 mile-long Trans-Alaska Pipeline is 48-inches in diameter). Thus, the (any anomaly of 2% or more) criteria used on the Celeron pipeline was quite conservative.

If the Celeron Pipeline Company would have had the foresight to include instrumented internal inspection of the thin wall pipe in their specifications, their inspectors would have been watching this operation more closely from the beginning and would have allayed the fears of the County consultants that "something must have been wrong" since an instrumented pig was not run in the other heavier wall sections of the pipeline.

As an added assurance that most of the ovalization had been relieved by digging holes after the instrumented pig had been run, an additional sizing plate pig with a radio transmitter was run with proper sized rubber cups by Gregory and Cook, Inc. It was deliberately run at a slow speed so that any other spots with anomalies could be dug up and investigated. Because the Shogren Engineering report complaint stated that "the sizing plate was bent sharply at a point approximately 1/2 inch

or more from the edge of the plate itself", an interview was held with Mr. Richard Pence, the Celeron hydrostatic pressure inspector, who was also the inspector who reviewed any damage to the official sizing plates from the dewatering pigs.

According to Mr. Pence's field notes, the first pig that was run may have been backed up into one of the test heads of Test Section No. 13 during hydrotest and became severely damaged. This damaged sizing plate was possibly the one viewed by one of the County consultants upon removal from the test section. However, according to Mr. Pence's notes a second pig and sizing plate was also run through test section 13 and came out in good condition (See Mr. Pence's field notes in Appendix "F").

The official sizing plate on the dewatering pig was removed from Test Section No. 13 around the end of November 1986, and the second and final sizing plate shown on Photograph Set #2 (on following page) was in good condition without any notches or bending around the edges.

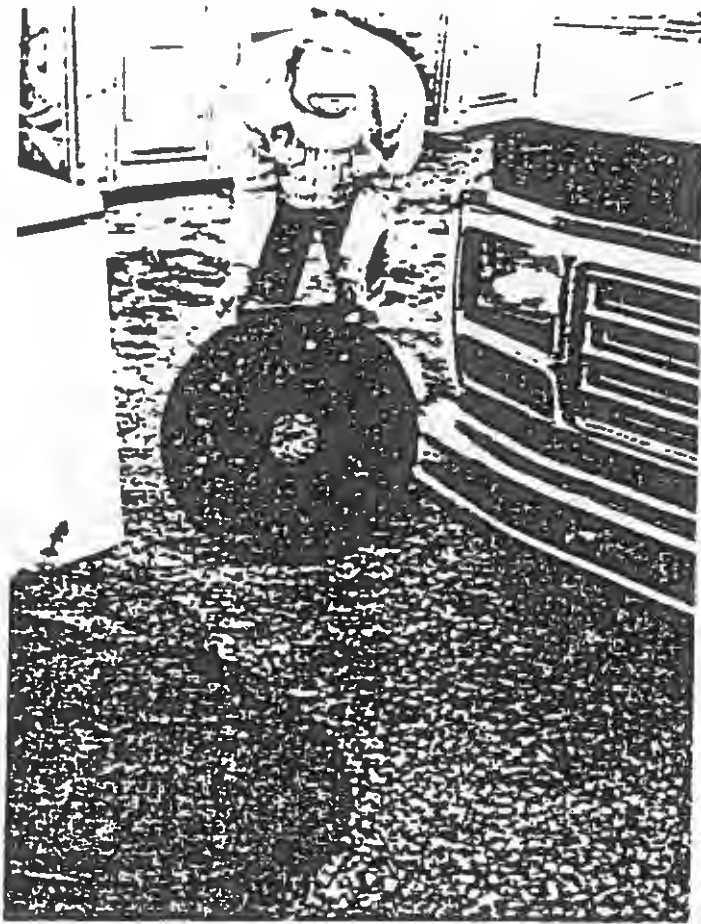
It is felt that Gregory and Cook, Inc. was extra careful in their own pipeline inspection by running so many pigs in the more critical thin wall sections of the pipeline at their own expense (this was not a reimbursable part of their contract). However, as discussed above, if the liaison between the contractor, the company inspectors, and the County consultants would have been better, the contractor might have been commended for taking extra precautions to make sure the pipeline construction was as good as possible.

12. Hydrostatic Pressure Testing--Test Section No. 13

Several hydrostatic test sections were investigated as a result of the County consultant's allegations that some of the tests were run improperly. All of the handwritten notes filed in the County Energy Department were reviewed for the period of November 12 through November 14, 1986, when the hydrostatic pressure test was conducted in Test Section 13. Many of the items noted during those days (such as a 6" crossover pipe blowout on Tuttle's Hill), did not pertain to the test section in question or pipeline safety and will not be discussed in detail (although the erosion damage was substantial, and the water loss was of great concern to the County environmental monitors).

Some of the oral references made by the County consultants concerning improper test procedures were, (1) that the line pressure was not stabilized; (2) that there was air in the line; (3) that records were not adequately maintained; (4) and that the dead weight tester dropped during the test (which allegedly showed a bad test). The County Environmental Consultant did not seem to be aware of about 40 holes still being open around the pipeline at the time of the test, but felt that a temperature drop of 33°F (from 77°F to 44°F) should not have affected the pressure test because the pipe was insulated and mostly buried.

Test Section 13 was of particular concern to the County because it contained a section of 0.281" wall 5LX70 pipe where Gregory and Cook, Inc. had excavated about 40 spots around the pipeline to inspect for possible anomalies detected by an instrument pig in the pipeline. Therefore, this 5.5 mile section between mile posts 25.20 and 30.70 will be reviewed in detail below (See Appendix "G" for the Celeron Test Report).



PHOTOGRAPH SET #2, SIZING PLATE FROM HYDROSTATIC
TEST SECTION 13
MOUNTAIN VIEW BARBERS COUNTY, CALIFORNIA

EXHIBIT H

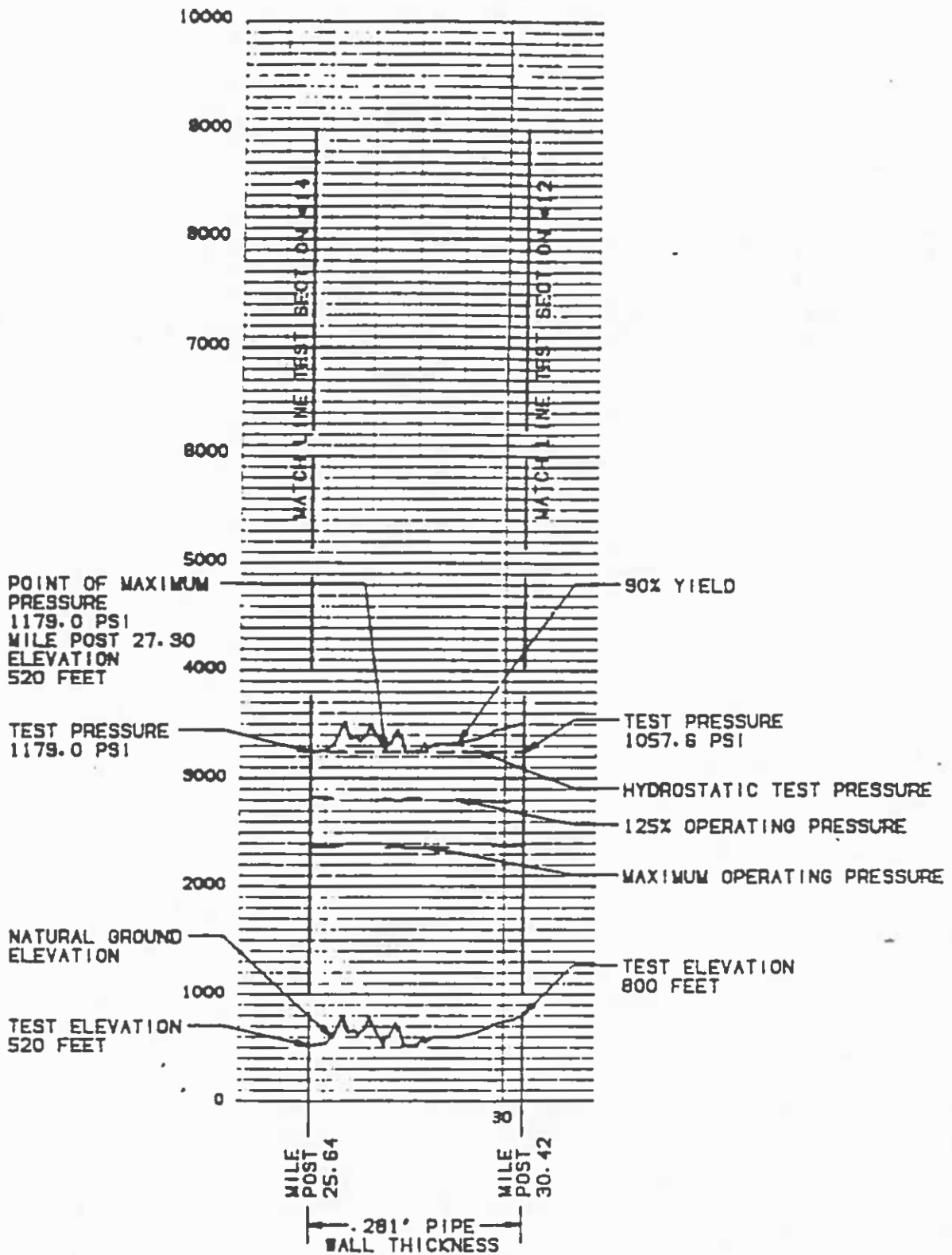
The SFM engineers reviewed the test documents and Subpart E--Hydrostatic Testing of 49 CFR Part 195, and determined that the test met or exceeded the Federal pipeline safety requirements. For example, 49 CFR Section 195.302(c) calls for, "at least four continuous hours at a pressure equal to 125 percent, or more, of the maximum operating pressure, and, in the case of a pipeline that is not visually inspected for leakage during test, for at least an additional four continuous hours at a pressure equal to 110 percent, or more, of the maximum operating pressure."

Test charts and hydrostatic strength test reports in Appendix "G" shows that the tests were conducted for over 24 hours, and the test pressures exceeded the 110 percent and 125 percent of the proposed maximum operating pressure called for in the Federal Regulations. Chart No. 1 shows a test procedure chart that was developed by MARMAC Engineering for Section 13 (on the following page). Because the test procedure was developed in the engineering office 11 months before the actual time the test was conducted and before accurate ground elevations were surveyed, the test pressures were adjusted for actual field conditions. For example, the test pressure at the pumps near Highway 101 was calculated to require 984 psig, to provide about 1191 psig at the lowest elevation point so that approximately 90 percent of the yield strength of pipe would not be exceeded. The consulting engineer for the County would have preferred a hydrostatic pressure to 115 percent of yield, however, the SFM personnel feel that testing to this level would have been excessive, and could have damaged the pipe or coatings if not done with extreme precision in the extremely hilly country.

The Celeron Pipeline Company records were reviewed and the documentation of the test results were as complete as any of the other pipeline companies that the SFM engineers inspect. Some minor typographical errors, or the poor reproducing of gauge charts, were not sufficient to indicate that records were not adequately maintained. It took three days to fill the pipeline (11/5-11/8). (The 12 hour 6:30 p.m., 11/12/86 to 6:30 a.m., 11/13/86) pressure stabilizing period appears to be normal. The four pound dead-weight pressure drop in two hours may have indicated a little air had been compressed in the pipeline before stabilization took place, and may have been the time that the County Environmental Consultants observed the drop in weights in the dead weight tester. However, the steady 920 psig pressure between 1:00 a.m. and 6:00 a.m. indicated that it was not anything serious, such as a leak, and that a good pressure test should follow.

Although pipeline inspectors had told the environmental monitors for the County that this period was not the official test period, the four pound pressure drop in the two hour period could have appeared to be a serious problem for the County environmental monitors, who had not been trained in hydrotesting procedures, and in the operation of dead weight testers.

Dead weight pressure readings taken every one-half hour at mile post (M.P.) 30.7 showed a pressure drop of 3 psig in 24-3/4 hours. However, 49 CFR Section 195.302 (c) requires only an 8-hour test, and there was no pressure drop during the first 8-hour period when the pressure remained at 984 psig. Although the pipe temperature recording of 58⁰F remained constant throughout the test at M.P. 30.7, the ambient temperature rose from 55⁰F to a high of 77⁰F and then dropped again to a low of 44⁰F during the official test period. The upward temperature differential swing of 22⁰F, and the downward swing of 33⁰F, with approximately 40 open spots



TEST SECTION #13

DESCRIPTION OF SECTION		BY	DATE	MARMAC		LAS FLORES TO EMIDIO	
				12-18-65		912	
		E. STINECK		33		HYDROSTATIC TEST SECTIONS #13	

along the 5-1/2 mile stretch, may have lowered the actual average water temperature within all stretches of the pipeline below the constant pipe temperature reading of 58°F which was recorded at M.P. 30.7. However, a 3 psig pressure drop is reasonable considering the circumstances. Calculations by the SFM using the Celeron test procedure formulas, show less than one gallon per hour would have been required to have been added to maintain the pressure at the 984 psig level throughout the test. This hourly change of less than a gallon per hour, is well within the limits of Section 51014(a) of Chapter 5.5 of the California Government Code. This hydrostatic test would have passed the criteria for California intrastate pipeline construction, however, there are no Federal guidelines as to what would constitute an acceptable hourly change in volume over a 24-hour test period. However, 49 CFR Section 195.310 Records, were maintained and described pressure discontinuities that may have appeared on the pressure recording charts. (See Appendix "G".)

Perhaps Celeron Pipeline Company should have had engineering calculations made by an outside consultant to correct the pipeline volume for temperature and pressure to verify that there were no leaks in the pipeline. However, based on the many years of contractor's and company inspector's experience in hydrostatic pressure testing other pipelines, the company accepted the test as good.

The Celeron Pipeline Company inspector in charge of hydrostatic testing and running the final sizing plate pigs was questioned at length by the SFM engineers. Mr. Richard Pence, the company testing inspector, had twenty years of experience at the Bechtel Corporation in San Francisco prior to employment by Celeron, and has tested pipelines all over the world. He indicated that he had confidence that all of the Celeron pipeline specifications, industry codes and standards, and the Federal regulations were adhered to in the hydrostatic pressure testing of the pipeline, and all of the tests proved the integrity of the newly constructed pipeline.

When questioned about testing above the specified minimum yield strength (SMYS) of the pipeline, Mr. Pence stated that although he tested one pipeline to 100% SMYS, he had never tested any to 115% SMYS. He furthermore thought that testing to 90% SMYS and not exceeding 92% SMYS in the hilly Santa Barbara County terrain was the proper approach for the Celeron Pipeline Company to take.

Because Celeron Pipeline Company had sent the test data for the three critical river crossings by Penzance to Ford, Bacon and Davis (FB&D) for engineering calculations and certification, the SFM engineers asked why Celeron had not done so with the also critical thin wall pipe Test Section No. 13 which was conducted at Highway 101 north of Buellton. Celeron had not thought that it was necessary and that their in-house expertise was sufficient. However, as a result of the investigation, they agreed to send the data from Test Section No. 13 to Ford, Bacon and Davis (FB&D) for their review. The certification by FB&D, based solely on charts, logs and information recorded and provided by Celeron Pipeline Company, are included in Appendix "G".

Photographic Set No. 2 shows a front view and side view of the final sizing plate that was attached to the pig that was used to dewater pipeline section No. 13. Because there was not damage to this final sizing plate, the SFM engineers have concluded that the pipeline is free from any buckles that would cause the pipeline to rupture during service. Therefore, based on the hydrostatic pressure test conducted at approximately 90% of the yield strength of the pipeline, the pipeline should safely operate at a maximum operating pressure of 80% of the test pressure as per 49 CFR Section 195.406 (a)(3). Therefore, the maximum operating pressure will be the same as the internal design pressure that was determined by calculations made of the formula in 49 CFR Section 195.106 using a design factor of 0.72 (80% of the test pressure times 90% SMYS).

OTHER AREAS INVESTIGATED

13. Hard Spots

"Hard Spots" in the pipeline industry normally refer to the metallurgical phenomnas that sometimes occur during the manufacturing of line pipe. "Hard Spots" in the pipe may be caused by hydrogen embrittlement, for example. The Shogren report claims that if the pipeline were installed on sandbags spaced every 25 feet apart and not supported by any backfill under the pipeline, the pipeline would act as an unsupported beam and the pipeline crushed (dented) at the sandbag support (the "Hard Spot").

Besides the excavation of 13 test holes around the girth welds to check to make sure there was backfill support underneath the pipeline (see next section #14), the matter of support underneath the pipeline was discussed with all of the contractor's personnel and company inspectors interviewed. Other than leaving the pipe unsupported in the 10-foot-long relief bellholes while a visual inspection of the pipeline was made at the 57 excavations north of Buellton, there were no instances reported of the pipeline left spanning a 25 foot distance between sandbags without being properly backfilled with fine padding materials. Also, the backfill support underneath the pipeline at the 57 excavations was compacted to 90 percent before the rest of the backfill over the pipeline was completed.

There would have also been "hard spots" if the pipeline had been laid on rocks in the trench bottom through the rocky areas that had been excavated. However, evidence of padding the pipeline ditch before the pipeline was laid, or placing it on double wide sandbags in the bottom of the trench before completely padding around the pipe with fine material was found while excavating for the two girth welds (of the 13) that were located in rocky ground.

Rocks on top of the pipeline would be another type of "hard spot" if they were pushed into the pipeline by the weight of the overburden. However, rocks would be prevented from damaging the pipeline mastic coating by the tough double-thickness tape outer jacket and the 1-1/2" thick high density polyurethane insulation. (See a following section on Cathodic Protection for a more complete analysis of why there probably are no "hard spots" above or below the pipeline.)

Probably the best evidence that sandbag support underneath the pipeline were not hard spots, was the EPS, Inc. gauging pig that was run through the thin wall sections of the pipeline, or where the contractor was experiencing difficulty running a normal sizing plate pig. The EPS, Inc. gauging pig had been quite accurate in locating the several hard spots (rocks or wooden skids) that had damaged the pipeline in Santa Barbara County and Arizona.

It was interesting to note that the only "hard spots" found by EPS, Inc. that were capable of damaging the pipeline were rocks and a wooden skid on the bottom of the pipeline trench that had a narrow (about a four-inch) bearing surface. These "hard spots" were capable of penetrating the 1-1/2" thick insulation and denting the pipe. However, no sharp dents were shown on the EPS chart on the several miles of pipeline where the County photographs have indicated that sandbags had been placed in the trench bottoms. All of the contractors personnel and company inspectors questioned about the use of sandbags for padding in rocky soil indicated that they had used this construction technique on several other pipeline projects without any adverse effects. The SFM engineers, therefore, conclude that the places where the pipeline was placed on sandbag supports are not, in fact, "hard spots", and that there is no danger in operating the pipeline at these locations.

14. Excavations of 13 Test Holes and Earth Support Underneath the Pipeline

When the pipeline was exposed to check on the girth welds discussed in the first OPS Report dated July 15, 1987, the condition of the backfill in relation to rocks, hard spots, sandbags, soil support, etc., was investigated.

Two excavations were made in rocky soil conditions. At these locations the bottom of the ditch and at least six inches over the pipeline was adequately compacted with bedding material (fine dirt or sand). At one location an adequately constructed trench dam of sandbags was uncovered. At this location the pipeline had been supported off of the trench bottom by a two wide placement of single height sandbags which appeared typical of other photos showing construction in rocky terrain from Texas to Santa Barbara. Because the trench bottom underneath the pipeline contained fine material bedding which provided support for the pipeline, OPS/SFM investigators concluded that Section 195.252 of 49 CFR was met, which states, "Backfilling must be performed in a manner that protects any pipe coating and provides firm support for the pipe".

The OPS/SFM representatives did not see any violations of Federal Pipeline Safety Regulations in any of the 13 test holes.

15. Cathodic Protection--Protection for Damaged Coatings

Although cathodic protection (C.P.) of the pipeline was not a part of the County's Complaint, per se, an analysis of the pipeline coating and insulation systems as they relate to C.P. is necessary to determine the effects of damaged outerwrap and rocks and tree parts in the backfill (which were a part of the complaint) to the safe operation of the pipeline.

The outerwrap insulation jacketing is a doublewrap of tough Polyken tape. Because of the 50% overlap of the 30 mil tape, the final outerwrap jacketing is 60 mils. This thickness seems to have held up well under pipe bending and field handling, with very little field-repair taping required. There were about two locations where photos by the County or field observations indicated that the outer jacket may have been damaged enough in the field bending to allow water to enter into the insulated part of the pipeline covering. However, the hot oil pipeline should dry out the soil around the pipeline, and water problems are not anticipated. Therefore, the few instances where the field repair of the outer taping system was not as good as possible should not affect the safety of the pipeline. The polyurethane foam was sprayed onto the double-jointed coated pipeline joints that were used in Santa Barbara County at a coating/insulating mill near Maricopa, California, during May of 1986. The polyurethane foam was sprayed onto the hot, rotating pipe at a controlled rate so that it expanded to its required thickness of 1-1/2" in a matter of minutes. Tests conducted at the plant confirmed that the open cell content of the "foam" insulation was less than 10%, the density of the foam was between 3.0 and 3.5 lbs/cubic foot, the compressive strength was at least 50 psi, and the K-factor (or thermal conducting loss) was 0.121 b.t.u.--in./hr.--Ft²/°F.

The insulation adhered to the pipe coating quite strongly, and a 6-inch round rock if thrown full force at the pipeline (as done in an unofficial test on a scrap piece of pipe) would merely dent the 60-mil jacketing and 1-1/2" insulation without penetrating the coating or damaging the pipeline steel. Each square foot of insulation could support the entire weight of a joint of steel pipe, and it would take a very large overburden load to first crush the insulation and then dent the pipe.

The 30-mil-thick pipeline coating of Anchor Wate 340 was sprayed onto the heated pipe, and is the actual corrosion barrier. Before the pipe is insulated and jacketed (either in the shop or the field), it is "jeeped" by an electronic holiday detector.

In order for the pipeline to corrode, any rocks or parts of trees would have had to penetrate the 60-mil-thick jacket, 1-1/2" thick insulation, and the 30-mil-thick mastic coating. In the unlikely event that all of this occurred, a cathodic protection system has been installed to protect the pipeline against corrosion.

The single rectifier at Emidio, about 90 miles away from the proposed Sisquoc Pumping Station and second rectifier, also protects the main 30-inch All-American pipeline going east out of Emidido, and 42 miles of the 16-inch Celeron gathering pipeline in Kern County. The rectifier, now operating at four volts and 7 amperes, was activated on January 12, 1987. The first annual cathodic protection survey was immediately run as far as The Sisquoc Pumping Station site where another rectifier location has been scheduled.

The criteria for cathodic protection generally accepted by industry and regulators is the NACE Recommended Practice, Control of External Corrosion on Underground or Submerged Metallic Piping Systems (NACE RP-01-69). The criteria specified by that standard is either a negative (cathodic) voltage of at least 0.85 volt, with reference to a saturated copper-copper sulfate half cell, or a negative (cathodic) voltage shift of at least 300 millivolts.

The Sisquoc-Emidio chart of Milepost (M.P.) 0-MP 134 in Appendix "H" shows that the static readings of less than - 0.85 volts were all raised to over (more negative) than - 0.85 volts. This indicates that at least one half of the pipeline in Santa Barbara County was under cathodic protection and met the requirements of 49 CFR Part 195 as soon as the rectifier was activated. During the first week in August 1987, the remaining portion of the pipeline to Gaviota was surveyed and was virtually all under cathodic protection (with the exception of one or two isolated interference problems). None of the highway casings were shorted-out and interference with other pipeline companies was minimal.

The current required to protect the entire 127 miles of 30-inch pipeline from Gaviota to Emidio is about 0.6 to 0.7 amperes. This is quite small, and indicates that there are very few holidays in the pipe coating where the current from this single rectifier can travel over 100 miles and still adequately protect all parts of the pipeline.

On other newly constructed pipelines, rectifiers every 50 miles would be the common practice, and on older pipelines 100 ampere rectifiers every 25 miles or less is typical because of the large numbers of holidays usually found in the pipe coating.

Based on the excellent cathodic protection pipe-to-soil readings on the Celeron Pipeline, the SFM engineers have concluded that the rocks and other debris alleged to have damaged the pipeline and the pipeline coating by Santa Barbara County has not occurred, and the pipeline is safe to start operations, as far as cathodic protection is concerned.

16&17. Pipe Misalignments and Miter Welds

The County Complaint was that, "substantial misalignment was observed at several tie-in points, specifically at the Santa Ynez River."

This allegation was thoroughly investigated and the first OPS Report on the Welding Practices Used in the Construction of the Celeron-All American Pipeline in Santa Barbara County, dated July 15, 1987. The report concludes that (Number 3, Page 8), "No misalignment of welded pipe was found by a review of the radiographs of the Santa Ynez River tie-in welds":

Subsequent to the original County Complaint by the Shogren Report of a miter bend in the Gaviota State Park area, there have been attempts to locate it, and other mentions of miter welds being used to correct pipe misalignments. The latest is outlined in a July 14, 1987 letter from Mr. Poppic of the County to Chief Hernandez of the SFM Office. (See Appendix "I"). In the letter, Dr. O'Farrell stated that a "mitre" joint occurred at the hot bend tie-in at the PI between the historic site and Gaviota Creek, and he located the general location in a drawing.

There was no mention of a miter joint being installed at this location according to the October 2 and 3, 1986 notes of Jeanie Day Benning, an environmental monitor of the County, who was at the site when the weld

was made. However, she reported, "Hot bend near historic site meets straight pipe at an angle." The engineering consultants for the County Building and Safety Division were not on the scene, but had been told secondhand of the incident. Consequently, they did not see the weld being made, or see any piping misalignments before the joint in question was backfilled. Therefore, their notes about miter cuts, and 2⁰ miter welds were discounted as possibly not being a true representation of the facts.

Dr. O'Farrell had stated several times that he has never previously seen a pipeline miter weld. He was standing about 20 to 25 feet away when he viewed the welded joint that looked strange (or bowed) to him. Some unnamed construction worker had stated that it was a miter joint, but because it was less than 3 degrees, it met code. Some of the additional concerns that he had were that some of the nearby work had been done after dark, and that the Celeron Pipeline Company Chief Inspector had not come by to approve the tie-in before it was backfilled. He had discussed the tie-in weld with Byron White, the tie-in inspector for Celeron Pipeline, but Mr. White had not referred to it as a miter weld. Later, Mr. White told him that the x-ray of the weld was good, and that the company had accepted the weld.

Gregory and Cook, Inc. personnel were questioned about miter welds in the pipeline. They emphatically stated that union pipeline welders would not make them, and, furthermore, they would not allow them (See Fletcher Evans June 15, 1987 letter in Appendix "J".)

All of the Celeron Pipeline Company inspectors also indicated that there were no miter welds in the pipeline (see statements in Appendix "K"). Byron White, the company inspector, stated in an interview that welders would not install a miter weld, and that there were no miter welds in that, or any other portions of the pipeline that he had worked on. Mr. White had been in the pipeline industry for over 10 years and, upon questioning, knew what a miter weld was.

Because the location of the weld in question was adjacent to an archaeological site, and is in a very environmentally sensitive area, digging permits may not be obtainable. Unless the pipeline was stripped for 80 feet in either direction and accurately resurveyed, less than a 3 degree misalignment (which is acceptable under the Federal Regulations) might not be able to be determined from a miter pipe trim of over 3 degrees (3 degrees of joint misalignment would cause an offset of over four feet at the end of an 80-foot double-joint section of pipe). Because of the importance of the historical site, and the fact that the pipeline could probably not be stripped for the required 80-foot lengths in both directions, the possible alternatives to this excavation action were considered, and more thorough review of the Gregory and Cook, Inc. and Celeron Pipeline records was decided upon.

First, a field survey was made by Celeron at the direction of a representative of the SFM to equate the alignment sheet preliminary station to the construction notes stationing in an attempt to identify the weld in question. (See Celeron Pipeline Map of Gaviota Creek area in Appendix "L".)

Next, Gregory and Cook, Inc. construction notes were requested for this area (See August 17, 1987 letter by Ronnie Wise, Chief Engineer, in Appendix "M"). The hot bend of 36 degrees was purchased by Gregory and Cook, Inc. to be installed northeast of the archaeological site. However, because the bore was lengthened and shifted, a 28 degree bend was actually required and the hot bend was segmented to reduce the curvature by 8 degrees. This meant also cutting off the straight 12-foot long "tangent" from one end of the hot bend. Therefore, because the curved segment was welded to a straight section, there would appear to be a "bow" in the welded tie-in joint as reported by the County environmental monitors, who were on the site during the time of the construction.

The problem with the County Complaint is that Shogren Engineers Report quotes a section of the ANSI B31.4 Industry Code (406.2.2) that is not referenced in the Federal Regulations. The only comparable 49 CFR Part 195 Section 195.216--Welding: Miter Joints, states: "A miter joint is not permitted (not including deflections up to 3 degrees that are caused by misalignment").

Although the term "miter bend" used in the Industry Code is not used in the Federal Regulations, Section 406.2.2 of ANSI B31.4 further states ("...and the minimum distance between miters measured at the crotch shall not be less than one pipe diameter..." etc.).

After extensive discussion with the contractor's personnel and the Celeron inspectors, the SFM engineers have concluded that there are no torch cut "miter bends" as implied by ANSI B31.4, Section 406.2.2. However, Section 406.2.1 also describes "bends made from pipe" and referenced the same named construction Section 434.7.1 (Bends Made From Pipe).

Section 434.7.1(a) describes "...hot bends made from pipe..." and 434.7.1(d) states that "Tangents approximately six feet (2 meters) in length are preferred on both ends of cold bends."

Because the Federal Regulations and the Industry Codes are silent concerning "preferred tangent" lengths on hot bends, it is implied that these tangents may be cut off. This cutting off of tangents and the segmenting of hot bends is a common industry standard practice, and according to Mr. Wise's letter was the case at the tie-in between the Gaviota Creek and the historic site. This could account for the technically untrained environmental monitor thinking that the joint "looked funny" and accepting someone's word that it was a miter joint. But, the difficulty of stripping the pipe and accurately measuring the inner and outer curve lengths of the hot bend to prove that it was "segmented" in an accepted method (allowable under Industry Codes and Federal Regulations) but not "mitered" (not acceptable under Federal Regulations) is an all but impossible task considering that the pipeline cannot be physically stripped for 80 feet in either direction.

Therefore, as a final step, Jim Kelly and Fayette D. Curtis of Cleveland X-Ray Inspection, Inc., were asked to review the x-ray films of the welds

in the area under question. Mr. Kelly, a Level II X-Ray Technician, attempted to measure the increase in circumference which might occur if the welds were mitered. The x-ray film measured anywhere from 94-3/8" to 95". The differences were "attributed to differences in the "tightness" of x-ray contractor's number belts." Based on the measurements of several x-ray films, it was Mr. Kelly's opinion that there was no miter welds in the welds reviewed. (See Appendix "N".)

Mr. Curtis, a Level III Radiographer and owner of Cleveland X-Ray Inspection, Inc., in Cleveland, Oklahoma, reviewed the films, and, "found no indications to believe these welds were mitered." (Also in Appendix "N".)

Mr. Don Edwards and Mr. Tom Reeder, both Level III Radiographers, also read the x-ray film and were of the opinion that there was no indication that the welds were mitered. (Also in Appendix "N".)

Based on the overwhelming evidence of so many expert radiographers and statements of the Celeron inspectors and the contractor, the SFM engineers have concluded that whatever Dr. O'Farrell might have thought he saw was not a miter weld. If the pipeline was dug up in a single bellhole and the weld re-radiographed, it is not sure what could be additionally measured or determined in the opening. Therefore, OPS/SFM has decided not to order the pipeline company to excavate the so-called "miter joint" at the historic site.

18. Construction Equipment Used to Force Pipe Into Trench

The County was unable to produce the photographic evidence that would allegedly substantiate their claim that, "on at least one occasion, equipment was used to force the pipeline into the trench."

Some of the County personnel questioned about this complaint had not personally witnessed the equipment being used to force the pipe into the trench, but had heard about it secondhand, and, subsequently, may have made such notations on their field trip reports to the County.

Construction equipment is most often used to lift pipe into the proper welding positions at tie-in points (about a 1/16-inch gap is required for proper welding). To the environmental monitors who were not experienced in normal pipeline construction practices, it could very well appear that the tugging and pushing of the pipe back and forth to achieve the proper line up for welding could possibly be detrimental to the steel pipe. However, if the pipeline as ultimately installed fits the bottom of the ditch without being forced down by equipment (which would produce secondary stresses) it is acceptable (provided the pipe is not dented or the coating damaged beyond repair in the line-up process).

The Celeron tie-in inspectors and contractor's personnel reported that there were only two locations where the pipe did not fit the bottom of the trench. The pipe was reportedly removed from these locations and the trench bottom re-excavated. One of the re-dug locations was reportedly at the tie-in location between the historic site and the Gaviota Creek where some overtime hours (night work) were used to prepare the trench bottom for the next day's work.

Although County personnel reported seeing equipment holding the pipe in place for the tie-in weld, no equipment was reported as forcing field insulated and jacketed pipe into the bottom of the trench while backfilling. In fact, the Celeron inspectors thought that the contractor's personnel (with years of experience on the Trans-Alaska Pipeline, etc.) did an excellent job bending the pipe to properly fit the trench in the extremely hilly terrain in Santa Barbara County.

Although Section 434.10 of the ANSI B31.4 Industry Code cited by the County is not referenced in the Federal Regulations, 49 CFR Section 195.246(a) is similar and states that, "All pipe installed in a ditch must be installed in a manner that minimizes the introduction of secondary stresses and the possibility of damage to the pipe."

Because several independent radiographic firms reviewed the tie-in x-rays at the Gaviota Creek historic site and the Santa Ynez River locations (where these allegations were the most numerous) and found no misalignment, the OPS/SFM have concluded that the pipeline was installed in such a manner to meet the Federal Regulations. Furthermore, the evidence of successful hydrostatic pressure tests at these locations proves that the pipeline has not been damaged and is safe to begin operations.

19. Damaged Insulation

The County has provided photographic evidence of an allegedly unrepaired opening in the tape jacketing over the insulation. However, the consequence of the tape jacketing and the insulation being crushed in the bending operation has not been established. There is no mention of the degree of care of insulated pipe in the Federal Regulations.

There were a couple of locations within the 13 excavations for re-checking x-rays where the insulation has been crushed in the pipe bending process. Generally speaking, field repairs had been made in the areas that had openings in the outer tape jacketing, however, small unrepaired openings in the tape were found at one location.

Because the crushed insulation protected the 25-mil-thick mastic coating on the pipeline, there were no serious "holidays" (or openings) made in the hardened mastic coating by the bending dies of the bending machine. The proof that no coating holidays had been left on the pipeline for corrosion to start was evidenced by the requiring of only 0.6 to 0.7 amperes to adequately cathodically protect 127 miles of pipeline as formerly discussed).

The consequence of water entering the outer jacketing is minimized by the fact that the pipeline will transport heated oil which will tend to repel

moisture. An examination of pipeline route indicates that there are very few swampy areas that the pipeline traverses. Furthermore, there is not much pipe bending in the low flat areas which would retain water and possibly allow it to penetrate the jacketing and insulation.

For the above reasons, it is not felt that the bending damage to the jacketing and insulation poses a very serious hazard to the safe operation of the pipeline, because the more important pipeline coating has been protected from bending shoe damage by the jacketing and insulating materials.

20. Pup Pieces Being Welded Together

The Celeron Pipeline Company Specifications states that, "All pups six feet (6') and over shall be moved ahead daily and installed in the line. There shall be a full-joint of pipe installed between pups".

One of the consulting engineers for the County stated that he had observed 2-1/2 to 3-foot-long pups being welded together and that he had photographs of this occurring. Upon checking back with the County, the photographic evidence had been misplaced and was not available. Nevertheless, the County consulting engineer thought that pup pieces less than one and one-half times the diameter of the pipeline had been installed.

Although there are no Federal Regulations prohibiting using short pup pieces less than one and one-half times the pipeline diameter, it is not considered good pipeline construction practice, and therefore, was investigated.

A spot check of the company as-built survey notes did not find any locations where pup pieces which were under 6-feet were installed. In fact, an incident was reported where a company inspector required the contractor to cut out a pup piece that was 5-feet and 11-inches long because it did not "exactly" meet the 6-foot minimum specification.

The locations and lengths of the pup pieces reported on the as-built survey notes lead the SFM Engineers to conclude that the Celeron Pipeline Company and the Gregory and Cook, Inc. did a good job of utilizing pipe pups of varying lengths so as not to have jeopardized the safety of the pipeline.

VI. CELERON PIPELINE'S COMPLIANCE WITH THE DESIGN, CONSTRUCTION
AND TESTING REQUIREMENTS OF 49 CFR PART 195

In the investigation of the County Complaint almost all of the Federal Pipeline Safety Regulations in Subpart C - Design Requirements, Subpart D - Construction, and Subpart E - Hydrostatic Testing of 49 CFR Part 195 were reviewed for compliance (except for sections unrelated to the Complaint such as unbuilt pumping equipment, etc.).

The Celeron Pipeline was found to be in compliance with all of these subparts, with the exception of 195.248 (because there was not the required cover over the pipeline at earthquake fault crossings, ---see Conclusion No. 1).

One overall complaint by the consulting personnel for the County was that the various "spreads" of the pipeline construction were too far apart for good inspection and that key personnel could not possibly have monitored the construction adequately. Although this is standard pipeline construction practice, the SFM Engineers investigated whether or not the pipeline construction activities were sped up in Santa Barbara County to confuse the County monitors, as implied by the oral complaint.

The Gregory and Cook, Inc. "California-West" pipeline construction crew averaged 1.92 miles per day before it entered Santa Barbara County. The average construction production rate of Gregory and Cook, Inc. in Santa Barbara County was 0.42 miles per day, or only one-fourth its normal production rate.

The SFM Engineers contacted all of the other counties through which the pipeline passed to determine if they had any complaints against the Celeron Pipeline Company based on the more rapid pipeline construction rates through their counties. There were no complaints against the Celeron/All-American Pipeline Company by any of the other counties in California.

In conclusion of this report, it is the opinion of the California Office of the State Fire Marshal that all of the alleged Federal pipeline safety regulations were thoroughly investigated as requested by Item 3 of the Santa Barbara County Complaint to the U.S. Department of Transportation, Office of Pipeline Safety.

Because the first OPS "Report on the Welding Practices Used in Construction of the Celeron/All-American Pipeline, Santa Barbara County," dated July 15, 1987, addressed all of the alleged welding violations listed in Item 2 of the County Complaint, it is the combined opinion of the OPS/SFM that the Santa Barbara County Complaint has been fully and thoroughly addressed, and that the pipeline is safe to begin operation when, and if, OPS grants the waiver for the fault zone crossings. (See Conclusion No. 1 of this report.)

However, it should be noted that at least some of the pump stations and about six more miles of pipeline that have been proposed by the Celeron/All-American Pipeline Company in Santa Barbara County will have to be constructed before the pipeline can be placed in operation. OPS/SFM anticipates inspecting this construction firsthand, and will certainly inform the Santa Barbara County Safety System Committee if any pipeline safety violations are found (which must also be corrected) before the Celeron/All-American Pipeline will be permitted to begin operation.

APPENDICES

APPENDIX A

1 KENNETH L. NELSON, COUNTY COUNSEL
George T. Poppic, Jr., COUNSEL

2 COUNTY OF SANTA BARBARA
3 105 East Anapamu Street
Santa Barbara, CA 93101
4 Telephone: (805) 963-7189

5 Attorney for County of Santa Barbara

6
7
8 COUNTY OF SANTA BARBARA

9 STATE OF CALIFORNIA

10 In the Matter of:)
11) COMPLAINT
12 Celeron Pipeline Company of) 49 C.F.R. §190.203(b) (2)
California-All American)
13 Pipeline Company)
All American Pipeline)

14
15 In accordance with 49 CFR §190.203(b) (2), request is
16 hereby made of the Office of Pipeline Safety to commence an
17 inspection of the above-referenced pipeline to determine whether
18 the above referenced pipeline complies with the Hazardous Liquid
19 Pipeline Safety Act of 1979 (HLPESA) and 49 CFR part 195,
20 Transportation of Hazardous Liquids by Pipeline. Based on the
21 evidence set out below, the County of Santa Barbara believes
22 that applicable Federal pipeline safety standards have been
23 violated in the construction of the above-referenced pipeline.

24
25 1. In February, 1985, All American Pipeline Company's
26 (AAPL) application to build the Santa Barbara County segment of
27 the All American Pipeline was deemed complete. Prior to that
28 time, Santa Barbara County participated with other counties in

1 the state, and with the State Lands Commission (which was the
2 "Lead Agency"), to develop the environmental reports required by
3 the California Environmental Quality Act (CEQA). These reports
4 are mandated by CEQA to ensure that the governmental decision
5 makers, and the public, are adequately informed about the
6 potential, significant environmental impacts caused by a given
7 project.

8
9 After certification of the Environmental Impact
10 Report (EIR) and issuance of state required permits, Santa
11 Barbara County was required to draft numerous addenda to that
12 EIR due to AAPL requests to alter the alignment of the
13 pipeline's route through the County. In February, 1986, the
14 final County required permits were issued and construction was
15 commenced in May, 1986. The final alignment of the pipeline
16 Santa Barbara County was sixty-eight miles in length, crossed
17 three rivers and many streambeds, two major active faults and
18 several other known fault zones, through three sensitive
19 groundwater basins, a national forest and through a popular
20 state park located in the coastal zone. Although, when compared
21 to the overall length of the pipeline, the Santa Barbara County
22 segment is relatively small, the areas impacted by the pipeline
23 have been recognized by federal and state laws to be comprised
24 of extremely sensitive and unique lands which should be accorded
25 the maximum protection possible.

26
27 As part of the permit approval, conditions were
28 attached to the grant of permit. These conditions were designed

1 to ensure that the pipeline would be constructed and operated as
2 proposed by AAPL, so that the specifications of the project as
3 built would reflect the specifications that were used in the
4 environmental analysis as well as in the formulation of critical
5 plans such as Restoration, Erosion Control and Revegetation,
6 Cultural Resources Mitigation, Emergency Response and Oil Spill
7 Contingency. To provide assurance to the County that the
8 permittee complied with the approved permit, a monitoring
9 program was established to oversee the project.

10
11 2. To assist the County in this monitoring program,
12 consultants are hired to act on behalf of the County in areas
13 where specialized expertise is required. In this instance,
14 Richard K. Shogren, P.E. was retained. (Mr. Shogren's
15 credentials are reviewed on Attachment 1.)

16
17 In the course of the monitoring program, a review
18 of the welding documentation was conducted. On November 17, 18
19 and 19, 1986, Mr. Carl Ward from Richard K. Shogren Engineers
20 met with representataives of AAPL at AAPL's offices in
21 Bakersfield, CA. (Mr. Ward's credentials are reviewed on
22 Attachment 2.) The AAPL representatives included their
23 metallurgists and radiographers. As discussed in detail in
24 Shogren's report dated December 17, 1986 (set out in full as
25 Attachment #3) a random sampling of fifty-eight weld radiographs
26 was reviewed by the County and AAPL representatives. Of the
27 fifty-eight X-rays selected, seven were not susceptible to any
28 review due to poor film quality. Of the remaining fifty-one

1 x-rays, eight were deemed by the County representative to be
2 substandard using the minimum federal standards set out in
3 American Petroleum Institute's Standard for Welding Pipelines
4 and Related Facilities (API 1104) which is incorporated into 49
5 CFR 195.214. This equates to a failure rate in excess of
6 fifteen percent. Of the eight welds deemed substandard by the
7 County representative, AAPL's own radiographers agreed that at
8 least five of that eight were substandard. (Refer to Attachment
9 B to Attachment 3.) This equates to a failure rate of almost
10 ten percent. Based on this review, then, of the approximately
11 9500 welds in Santa Barbara County, it can be estimated that
12 anywhere from 950 to 1425 welds may be substandard.

13
14 3. In addition to our concerns with the quality of
15 the welding, we have been informed by consultants that they have
16 observed or were advised of numerous other violations of federal
17 regulations and standard industry practice. These violations
18 are identified in the Shogren report dated January 22, 1987 (set
19 out in full as Attachment #4). Although the County was
20 successful in some cases in getting the violations corrected,
21 many violations are believed to remain. It is the County's
22 position that these violations must be investigated and that
23 immediate corrective measures be taken.


24
25 The transportation of petroleum products by pipeline is
26 a key element in the County's planning strategy for
27 accommodating the ongoing development of the petroleum reserv
28 located offshore Santa Barbara County. The All American

1 Pipeline is a vital project in the implementation of that
2 strategy. But, however important the pipeline is to Santa
3 Barbara County, the County is not prepared to substitute one
4 environmental risk for another. The evidence presented in the
5 Shogren reports and the observations of the field agents
6 mentioned therein, give rise to an unacceptable level of
7 uncertainty over the integrity of the pipeline and the ability
8 to operate it in a safe manner.

9
10 It is our understanding that the California Fire
11 Marshall has been approved by your office to act in an
12 investigatory role on your behalf effective January 1, 1987. To
13 facilitate the actual commencement of investigation of our
14 concerns, we have forwarded a copy of this complaint directly to
15 that office. The County of Santa Barbara would be pleased to
16 assist your investigation in any way it can and will keep you
17 apprised as to the results of its own review of this matter.

18 Dated: January 29, 1987

19 KENNETH L. NELSON
20 COUNTY COUNSEL

21 
22 Kenneth L. Nelson

23 2129B

24
25
26
27
28

January 22, 1987

File No. L0122170

(Supersedes File No. L0119170
dated 1/19/87)

Mr. Kenneth Nelson
County Counsel
Santa Barbara County
105 East Anapamu Street
Santa Barbara CA 93101

Re: Celeron Pipeline: Compliance with Codes & Specifications

Dear Mr. Nelson:

Pursuant to our discussion of several weeks ago, we have assembled our commentary regarding the compliance of the Celeron pipeline with applicable codes and specifications. This commentary follows hereinafter.

INTRODUCTION

The original scope of our assignment with respect to the Celeron pipeline was primarily to provide a third-party design review of plans, specifications, and other documents pertinent to the design and construction of the pipeline within the boundaries of Santa Barbara County, and to advise the Building Official and other County staff of the efficacy of the proposed project and its controlling documents to meet the standards necessary for safe and prudent design, construction, and operation of the facility.

Subsequently, our scope was expanded by the Building Official to provide on-site review of construction activities, as time and manpower availability permitted, and a technical audit of pipeline welding; the latter was discussed earlier in our letter of December 17, 1986.

The underlying philosophy which governs our field and inspection activities may be described as follows:

1. The owner is spending a great deal of his own money to design and build the facility, (we estimate that the Santa Barbara portion of the Celeron pipeline has an in-place construction cost of at least \$50,000,000), and we assumed that he was vitally interested in assuring that his money is well spent, and that all of the necessary codes and specifications were carefully observed.

2. Having made this assumption, we planned to conduct a series of spot checks to verify that the basic premise was correct, and to develop confidence that the pipeline was being constructed in a proper and prudent manner; the detail level and frequency of these inspections is determined by the excellence and completeness of the Owner's and contractor's quality assurance programs and field implementation thereof.
3. We postulated that if our field observations showed good compliance with approved plans and specifications, it would be reasonable to extrapolate similar results for those portions of the work not under direct observation, and we would then be able to recommend final acceptance of the work.

During the design review phase, several incidents occurred which caused us to question the perspective of the applicant. Several of these are discussed below by way of illustration.

GEOLOGICAL/GEOTECHNICAL INVESTIGATION

We observed in 1985 that the original submittal package did not contain either a geotechnical report or a geohazards report. At our first review meeting with Celeron in their offices in Santa Barbara, their project engineer stated that he saw no need for a soils report and that they expected to solve such problems as might occur during construction. The soils or geotechnical report is not specifically required by either ANSI or federal pipeline codes but, nonetheless, has been considered an important part of the design data base for every major pipeline with which we have been associated in the last 15 years.

Subsequently, and at the urging of County staff and consultants, some soils exploration was performed along the right-of-way and duly reported.

The geohazards investigation and assessment started out to be extremely sketchy but was expanded considerably under pressure from County staff and consultants. It appeared that the original scope of this investigation was severely restricted by the applicant and was expanded to an acceptable level of detail only after many discussions, both verbal and written, between Celeron and County representatives. The pipeline alignment, as originally conceived, traversed a number of faults, both active and inactive, as well as several major landslide areas. Only after considerable review by Celeron's geotechnical consultant were the necessary realignments made to avoid or otherwise mitigate these hazards.

ATTACHMENT 4

PIPELINE DESIGN FOR EXCESSIVE OVERBURDEN PRESSURES

The pipeline alignment in Santa Barbara County includes three major river crossings. From north to south they are: the Cuyama River, the Sisquoc River and the Santa Ynez River near Buellton. The crossing designs as originally submitted employed a depth-of-burial to top of pipe of approximately 20 feet below the thalweg -- or lowest point -- of the stream channel at that location. Our review indicated that the pipe grade and wall thickness specified for these crossings was generally adequate for the planned condition; the computed stresses were less than Code-specified upper limits.

A design modification for the Cuyama River Crossing lowered the pipe to nearly 50 feet below the thalweg without ever changing pipe grade or wall thickness. No mitigation of pipe stress had been made resulting from the substantial increase in overburden pressures. When this was called to the applicant's attention, he was reluctant to concede that pipe stresses now significantly exceeded Code limits. Only after Building and Safety warned that failure to correct this deficiency would result in suspension of the permit did the Owner take action.

A subsequent analysis submitted by his engineer was found to contain major errors in concept, and it was only after we refused to recommend approval of this change that an independent analysis was performed by SSD, Inc., consultants who are well-known for application of finite element analytical (FEA) methods to pipeline stresses. The SSD analysis confirmed our concerns that the pipe, indeed, was inadequate for the new conditions, and appropriate changes were finally made which resulted in an increase in pipe wall thickness of 50 percent.

A similar exercise was conducted for the Sisquoc River Crossing, driven by an apparent lack of coordination between the applicant and firms holding gravel mining permits in the area. This was resolved -- only after a considerable period of time and a number of meetings and correspondence -- by lowering the pipe to an elevation providing a depth-of-burial which was considered safe and reasonably compatible with gravel mining. The wall thickness of the pipe was increased 50% to assure a stress condition within the allowables specified by Code.

APPLICABLE CODES AND STANDARDS

Because the Calson pipeline in Santa Barbara is a part of the larger Interstate All American Pipeline, it is subject to the jurisdiction of the Office of Pipeline Safety of the Department of Transportation (DOT), and it is therefore governed by pipeline safety regulations promulgated in Title 49

ATTACHMENT 4

RICHARD K. SHOGREN, P.E.

Consulting Civil Engineer

DESIGN UNDER ANSI B31.4

Chapter 1, entitled "Scope and Definitions", of ANSI B31.4 provides several general statements under Section 400 which we believe to be of some significance in understanding and developing the appropriate perspective to the subject of pipeline design:

400(b) provides that "...all details of engineering and construction...(are not)... prescribed. All work performed shall comply with safety standards expressed or implied...."

400(e) continues further, saying, "... (Code)... design requirements usually...(are based)... on a simplified engineering approach. It is intended that the designer shall have the latitude necessary to resolve more complex issues and is responsible for demonstrating the validity of his approach...."

which states, in effect, that the Code is only a starting point and that where necessary the engineer and the constructor must go beyond the detailed language of the Code to achieve the intent of the Code.

Finally, the ANSI Code in paragraph 400(g) recognizes that DOT has jurisdiction in interstate pipeline.

DIVISION 401

"Division 401 defines the pressures, temperatures and various forces applicable to the design of piping systems within the scope of the Code. It also takes into account considerations that shall be given to ambient and mechanical influences in various loadings."

The significance of this statement is that it requires consideration of all loadings, rather than internal pressure alone, an engineering practice which has not always been observed for earlier overland pipelines. However, it becomes even more important when attempting to optimize line design (more on this later).

Section 401.2

Paragraph 401.2.2 defines the general criteria for internal design pressure. Our review found the pipeline design to be in conformance with this paragraph.

ATTACHMENT 4

Paragraph 401.2.3 states that:

"...the piping component shall be designed to withstand the maximum possible differential between external and internal pressures to which the component will be exposed..."

The original design submitted met the requirements of this paragraph. It was only after the decision was made to bury the pipeline substantially deeper (thus generating significant increases in overburden pressures and resultant pipe overstress) that the issue was up for discussion. As noted earlier, the applicant, albeit reluctantly, provided a new analysis and modified the pipe wall thickness to mitigate the overstress condition.

Section 401.3 Temperature

Section 401.4 Ambient Influences

We found no significant variance with the requirements of these two sections based on our understanding of the operating criteria provided as a part of the review package.

Section 401.5 Dynamic Effects

Of particular significance here are Paragraphs 401.5.3, Earthquake, and 401.5.5, Subsidence. The original submittal did not provide any mitigation for either of these two items, although the alignment sheets showed the pipeline crossing several active faults as well as several landslide areas. It was only after considerable review and discussion between the County consultants and the applicant's technical people that design changes were effected that provided at least an acceptable level of mitigation for the dynamic effects resulting from credible ground movements.

Section 401.6 Weight Effects

This section provides that:

"... weight effects shall be combined with loads and forces from other causes and taken into account in the design of piping that is not supported continuously..."

and specifies live loads (Paragraph 401.6.1), which includes the liquid transported, and dead loads (Paragraph 401.6.2), which includes the weight of the pipe coating and backfill.

ATTACHMENT 4

Since no special analysis was provided to accommodate this section, we assumed that the design intent was to support the pipe continuously in the trench -- which is the normal and generally accepted concept of buried pipeline support. Our field observations indicate that this has not been the case in all segments of the pipeline, as will be discussed later on in this report. Further observations made by County's environmental field representative as well as a number of construction personnel lead us to believe that lack of observance of this important support criterion may be more widespread than our own direct observations would indicate.

DIVISION 402 Design Criteria

Section 402.1 provides general comments regarding the application of the subsequent detailed design criteria. Of particular interest is the statement,

"The design engineer shall provide reasonable protection to prevent damage to the pipeline from unusual external conditions which may be encountered in river crossings, long self-supported spans, unstable ground..."

Our review of the project documents provided by the applicant indicated that no self-supported spans of any length were contemplated by the designer. Such spans that did subsequently show up are examples of poor construction practices diminishing what might otherwise be an acceptable design.

The since-corrected overstress case at the river crossings have already been discussed. Unstable ground -- which covers both landslide and fault crossing zones -- was provided some mitigative designs only after County representatives pointed out the deficiencies.

In general, we believe that the current design complies with the specific requirements of Division 402 in theory. However, we are also of the opinion that the bringing the design into compliance required a level of effort which should not have been required if the applicant had a thorough appreciation of the code sections and their applications. In addition, limitations imposed by some of the paragraphs have been subverted by construction practices which negate both the intent and the letter of the appropriate paragraphs. These will be discussed in more detail later when addressing construction problems.

ATTACHMENT 4

DIVISION 403 Criteria for the Pressure Environment
DIVISION 404 Design for the Pressure Environment

Divisions 403 and 404 of Part 2 provide the criteria and design requirements for the pressure environment of the pipeline. Our review indicated that conformance to these requirements extended generally across the board with respect to design.

DIVISIONS 405 - 409 Design Applications of Piping Components

Specifics for the selection of pipe and fittings, in conformance with the requirements of the earlier sections, is provided under Divisions 405 through 409. Of specific interest is Division 405, Pipe, paragraph (e), which states that:

"...coating or linings shall not be considered to add strength..."

The applicant attempted to convince County staff and consultants that the externally - applied Portland cement coating of the pipe at river crossings would provide sufficient additional strength to mitigate the effects of the overburden, and seemed surprised when this concept was rejected as an unacceptable engineering practice, as well as a violation of Code.

DIVISION 406 Covering Fittings, Elbows, etc.

Paragraph 406.2.2 states that:

"...in systems intended to operate at a hoop stress of more than 20 percent of the specified minimum yield strength of the pipe, miter bends are prohibited..."

We have reason to believe that a miter bend was made in the field in the Gaviota State Park Area, although we did not directly observe this violation of Code. This, apparently, was a field decision and was reported to County representatives by contractor's personnel. Information was supplemented by unsolicited statements that similar deviations occurred elsewhere on the pipeline, although we have no direct knowledge of this.

ATTACHMENT 4

DIVISION 419 Expansion and Flexibility
DIVISION 420 Loads on Pipe Supporting Elements
DIVISION 421 Design of Pipe Supporting Elements

These divisions treat expansion and flexibility of the pipeline and design of pipe-supporting elements when subjected to conditions (such as temperature and changes) which result in additional loads on the pipe. Piping designers have learned from bitter experience that failure to include attention to the effects of these phenomena in the design can result in disaster.

Our review indicated compliance with the specific paragraphs of Division 419, assuming that construction practices were consistent with the design. However, significant construction anomalies have been observed for which calculations show induce stresses which go substantially beyond the limits allowed by this part. This condition is summed up in Paragraph 421.1 (a) which states,

"...supports shall be designed to support the pipe without causing excessive local stresses..."

Later discussion will go into this in more detail. Suffice it to say that there are apparently a number of locations along the right-of-way where construction practices have resulted in the addition of supports which apparently have and are causing problems with the pipelines.

CHAPTER 5

DIVISION 434 Construction
DIVISION 435 Assembly of Piping Components

This chapter, which embraces Divisions 434, Construction, and 435, Assembly of Piping Components, provides a number of pertinent paragraphs for the guidance of the construction contractor to achieve the intent of the designer and conformance to the earlier portions of the Code thus discussed. Paragraph 434.7.1 (b) states that:

"...bends shall preserve the cross-section of the pipe and shall be free from buckling, cracks..."

It further states that:

"...pipe diameter shall not be reduced more than 2 1/2 percent of the nominal diameter and shall pass the specified sizing pig..."

ATTACHMENT 4

49 CFR 195.212 states this similarly, and further states in Paragraph (b.)(3.)(11),

"...mandrel is required for field bends when the pipe diameter-to-wall thickness ratio is greater than 70..."

The D/t ratio for this pipeline is approximately 106 for the 23-mile segment of pipeline extending north from Buellton.

To better understand the significance of what follows, we note that Unocal's oil pipelines employ a D/t = 32 for the untreated oil, and D/t = 51 for treated oil. Similarly, Chevron employs a D/t = 38 for the oil line of the Pt. Arguello project (gas pipelines for these projects have D/t ratios ranging from 26 to 35).

As a general rule, pipeline engineers try to optimize design by selecting the best available combination of grade and wall thickness of pipe, taking into consideration weldability and price. Grade B pipe is frequently used and is easily welded, but has a relatively low specified minimum yield strength (SMYS) of 35,000 psi and can be operated at a maximum stress of 25,200 psi. Grade X70, on the other hand, has a SMYS = 70,000 psi and a maximum allowable operating stress of 50,400 psi. Put in the context of this pipeline, a wall thickness of 0.875" would be required in Grade B to permit the same maximum operating pressure as 0.281"-wall Grade X70. Use of the lower grade pipe imposes a severe weight penalty: Grade B pipe weighs three times as much as Grade X70 for this diameter and pressure rating. The significant difference in material and freight cost is partially offset by the increased difficulty in achieving high-quality welds and the much greater care required in handling the pipe in the field without wrinkling or buckling. "Thin-wall" pipe (which is Code-defined as having D/t greater than 70) is highly susceptible to wrinkles, buckles, and other non-Code deformations, and, in the practical sense, is nearly impossible to field bend successfully without a mandrel.

Although the failure to employ a mandrel was not directly observed by any of our personnel, it is our understanding that the County's environmental representative did observe this. This contention appeared to be supported by a number of bent sizing plates which occurred during sizing pig runs in the 0.281"-wall pipe north of Buellton. In some instances the sizing plate was bent sharply at a point approximately 1/2 inch or more from the edge of the plate itself, indicating that there were some obstructions of unknown character within the pipe. In fact, considerable difficulty was experienced during a number of sizing pig runs in this segment which required the contractor to excavate the backfill to try to relieve the elastic deformation of the pipe.

ATTACHMENT 4

RICHARD K. SHOGREN, P.E.

Consulting Civil Engineer

Excavation revealed that the pipeline was supported on piles of sandbags spaced approximately 25 feet apart and that the pipeline was otherwise unsupported by the fill between these hard points. Stress analysis indicates that the bending stresses for this condition with Code-specified minimum cover over the top of the pipe will exceed the requirements of both ANSI B31.4 and 49 CFR 195. Celeron's chief inspector stated several times that he found this condition to be acceptable, which indicates a lack of understanding of the technical issues involved. However, Celeron did agree to properly place and compact backfill underneath the pipe when backfilling those segments previously exposed. No other segments were redone to our knowledge.

The sticking of the sizing pig in a number of relatively mild bends leads us to believe that there may be some buckling of the pipe wall in these bends, particularly if, as has been reported, the bends were made without a mandrel.

We noted that sizing plates were reduced in diameter until successful runs were obtained. The final acceptance pig run was performed at a time when our representatives were not present and, thus, we are unable to verify specific conformance to the provisions of the Code.

Section 434.8

This section discusses welder and welder qualifications, and quality of the welding operation. As mentioned in our previous report (q.v.), we were refused access to records necessary to complete our audit of pipeline welding and supporting qualifying documentation. The few weld radiographs which we were able to check showed sufficient code non-conformances as to cast doubt as to the integrity of a significant percentage of the welded joints in the Santa Barbara County Segment.

Section 434.9

This section discusses tie-in operations and states that,

"...care shall be exercised not to force the pipe into alignment..."

Substantial misalignment was observed at several tie-in points, specifically at the Santa Ynez River. Since the tie-in was completed unobserved by County field representatives, we expected to check the circumferential welds at the tie-in to verify that a bend had been used to compensate for the misalignment. Celeron's refusal to allow us to continue our weld review effort has, to date, precluded verification that the tie-in was in conformance with the code.

ATTACHMENT 4

Section 434.10

This section discusses installation of a pipe in the ditch and states,

"...It is very important that stresses induced into the pipeline by construction be minimized. The pipe shall fit the ditch without the use of external force to hold it in place until the backfill is completed..."

We have photographic evidence that, at least on one occasion, mechanical equipment was used to force the pipe into a "proper fit" in the ditch. We have been advised by the County's environmental inspector as well as several contractor's employees that there are other locations where this was also done. These later allegations have so far been unsubstantiated by our direct observations.

Section 434.11

This section discusses backfilling of the pipe in the trench and states,

"...it shall be performed in a manner to provide firm support for the pipe."

We have observed numerous large voids underneath the pipe when backfill was removed, and other occasions where the backfill operations would have resulted in intermittent support except that our on-site representative objected strenuously, forcing compliance with this particular paragraph. Discussions with Owner's and contractor's representatives clearly indicated that they did not consider this requirement of any particular significance.

COMMENTS AND RECOMMENDATIONS

In general, we feel that the pipeline design is currently in conformance with the requirements of both ANSI E31.4 and 49 CFR 195. Although it seems odd that there was a failure to recognize increased pipe stresses due to excessive overburden pressures, it should be noted that such shortcomings were corrected once they had been called to the attention of the applicant.

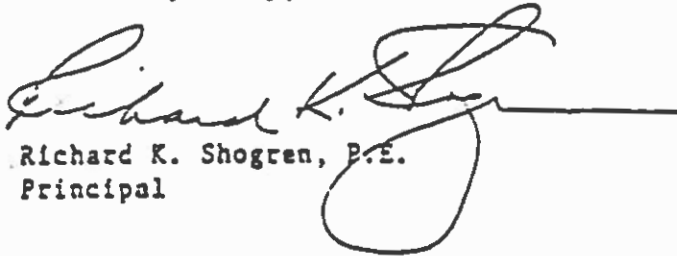
At the same time, field experiences, which were not continuous and provided only spot checks at given locations, do not provide us with a reasonable level of confidence that the field quality assurance program implementation during construction of the pipeline satisfies the letter and intent of applicable codes and standards to enable us to recommend approval for start-up without substantial additional investigation and verification.

ATTACHMENT 4

Such verifications would include a much more comprehensive review of weld radiographs than has been conducted to date, as well as identification of other suspect areas where installation conditions may have resulted in a potential for operational problems and line failure.

This concludes our report; we await your direction for further discussion as you deem appropriate.

Yours very truly,



Richard K. Shogren, P.E.
Principal

cc: D. Inger
J. Norris

ATTACHMENT 4

APPENDIX B



U.S. Department
of Transportation

Research and
Special Programs
Administration

Western Region,
Pipeline Safety

555 Zang Street
Lakewood, CO 80228

April 1, 1987

U.S. Department of Interior
Bureau of Land Management
California Desert District
Stephen L. Johnson
Pipeline Project Manager
1695 Spruce Street
Riverside, California 92507

↑
RECEIVED
APR 3 1987
State Fire Marshal
Pipeline Safety
Division

Dear Mr. Johnson:

It was good to talk with you by phone today. As I discussed, we are investigating allegations by the County of Santa Barbara, concerning the All American (Celeron) Pipeline.

Since you indicated that you have a copy of the complaint, I will not need to go into detail on the allegations.

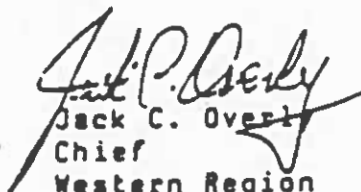
Your involvement in the pipeline crossing Federal Lands and inspection by your people is the reason for my letter.

I would appreciate your input concerning, in general, the quality of the construction, attitude of All American and specifically your evaluation of the items of the complaint. This would include, but not be limited to, design criteria, welding, radiography, support of pipe in the ditch, backfill, coating, miter bends observed, expansion allowance, pipe bending (use of mandrel), running of sizing pig, welder qualifications, and excessive forcing of pipe into ditch.

In summary, any information you may be able to furnish that would assist in our investigation would be appreciated.

I wish to again offer an invitation to you to stop in for a visit if and when you are in the area.

Yours truly,


Jack C. Overly
Chief
Western Region
Office of Pipeline Safety

Copy to: W. Gute, Asst. Director
for Operation and Enforcement, DPS-20
W. Hernandez, California Fire Marshal

1792 A11
(CA-060.5)

APR 30 1987

Mr. Jack C. Overly, Chief
DOT, Office of Pipeline Safety, Western Region
555 Zang Street
Lakewood, CO 80228

Dear Mr. Overly:

This is in response to your letter of April 1, 1987 concerning our compliance inspections during construction of the All American/Celeron Pipeline and the allegations made by the County of Santa Barbara. In light of these allegations, I must establish two points of reference. First, our authority applies only to Federal lands, except for certain cultural and wildlife resource issues, and thus the focus of our inspections were on lands managed either by us or other Federal agencies (e.g., Forest Service, Department of Defense, etc.). Second, during construction our attention was concentrated on assuring compliance with the environmental stipulations and mitigations of the right-of-way grant that fall outside the purview of your agency so defined in 49 CFR 195.

When we received a copy of the aforementioned allegations, Steve Johnson (our Pipeline Project Manager) and Karl Kissling (our Pipeline Engineer) reviewed them in detail. They found that these allegations either did not involve Federal land (e.g., Gaviota State Park), were indeterminate as to location (e.g., weld no. 3588, etc.), or were corrected to our satisfaction during the construction process (e.g., Cuyama fault design).

During construction in Santa Barbara County (i.e., Los Padres National Forest and a nearby parcel of public lands) all phases were monitored by both Kissling and Johnson. Except for a problem with the Cuyama Fault design which was subsequently revised and submitted to your office for a waiver, we found the design appears to meet or exceed all required standards. We observed welding and a few repairs, but we did not monitor the x-rays nor check welder qualifications to verify quality. However, we noted that the company was x-raying 100% of the welds, including any repairs. We also did not observe any mitering. The company utilized one or two bending crews, depending on the rate of construction. Appropriate mandrels were used to bend the pipe to conform to the trench. There were a few places where the required bends were sharper than the capability of the bending machine. At these places the company utilized pre-fabricated factory bends. We never observed forcing of the pipe into the ditch nor saw it placed in such a way as not to allow for expansion. No unsupported pipe was noted and either native soil or clean padding dirt was used to support the pipe and backfill the trench around the pipe. We both observed jeeing and hydrostatic testing, but we did not monitor either of these test procedures.

In conclusion, we are satisfied that a quality pipe has been built by the All American/Cameron in compliance with the terms and conditions of their grant. Both Johnson and Kissling have assured me that neither can substantiate any of the allegations made by Santa Barbara County.

Sincerely,

E. W. HILLIER, Jr.

Gerald E. Hillier
District Manager

SJohnson:ih:0466P:4/20/87

FEE 2: 1967
ALL AMERICAN PIPELINE

PIPELINE SAFETY

The formal complaint filed by Santa Barbara's County Counsel with the DOT is based on allegations made by the County's consulting engineer, Mr. Richard Shogren. In brief, these allegations are grounded on fragmented information and hearsay evidence. From our field inspections none of these allegations can be substantiated. In fact, we have maintained a close liason with Mr. Jack Overly (Manager, Pipeline Safety Division, DOT) and his staff. Based on Jack's statements to us, all construction has met or exceeded all Federal and industry standards. It appears that the County is merely reacting to a recent protest filed by Celeron/All American. The Company alleges that the County (acting on advice provided by Mr. Shogren) exceeded its regulatory authority in requiring environmental and safety mitigation measures that cost the Company about \$7 million.

Within California all phases of pipeline construction (eg., ditching, stringing, bending, welding, etc.) were monitored from Blythe to the last block of PD west of the Los Padres NF in Santa Barbara County. There were some problems during the various phases of the project. However they were resolved by additional mitigation requirements, some rework and some engineering design modifications.

No mitring of pipe was observed during construction. The Company utilized one or two bending crews, depending on the rate of construction, to bend the pipe to conform to the trench so that all welds would be quality butt welds. There were a few places where the required bends were sharper than the capability of the bending machines. At these places they utilized pre-fabricated factory bends.

We did no monitoring of X-rays to verify the quality of welds. Responsibility for verification of welding quality is under the authority of the DOT and was handled in accordance with their regulations (49 CFR 195).

Finally, sizing pigs were run thru the pipe to verify that no flat spots or defective bends were in the pipe. Defects located by this procedure were dug up, cut out and replaced. A final check of the integrity of the pipe line system was made by a hydrostatic test to 125-percent of the maximum operating pressure. This too was verified by DOT and handled in accordance with their regulations.

Stephen Johns

FEB 12 1987

Reply to: 2720

Date: February 6, 1987

Ron Hinn, President
All American Pipeline Co.
P.O. Box 31029
Santa Barbara, CA 93130

Dear Ron:

I would like to express my appreciation to you for the good working relationship we have maintained with your company throughout pipeline construction. I would particularly like to commend Dell Waddoups for his outstanding job in working with us to obtain high quality results. Even when he had responsibility to inspect both revegetation work and the South Cuyama Fault construction, Dell's work was outstanding.

Dell always listened carefully to Forest Service concerns and suggested practical solutions. He anticipated where problems were likely to occur and was always there to head them off. As work progressed, he continued to suggest ideas which might improve the work, both from a cost and a resource standpoint. Dell kept me informed of potential problems, changes in schedules, and work progress. Most important of all, he always made sure that the results which were achieved on the ground were exactly what we had agreed would be done.

Dell's integrity, positive attitude, and ability to deal with people have made working with him a pleasure. The other Forest Service personnel who assisted me have also consistently told me how much they enjoyed working with him. Please convey our thanks to Dell for his outstanding work.

Sincerely,

Ruth M. Wenstrom

RUTH M. WENSTROM
Resource Officer

cc: Matt Elliott
Steve Johnson, BLM

APPENDIX C



Crutcher Resources Corporation

PIPE BENDING DATA⁽¹⁾

WITH CRC PIPELINE EQUIPMENT VERTICAL HYDRAULIC PIPE BENDING MACHINES

PIPE O. D.		DIE RADIUS		DEGREE PER ARC FOOT OR 30.5 CM IN DIE (2)	RECOMMENDED BEND PER ARC FOOT OR 30.5 CM OF THE PIPE (3)	RECOMMENDED BEND PER 48 FT. OR 12.48 METER JOINT (4)
INCHES	CENTIMETERS	FEET	METERS			
PB 48-60						
60	152.4	60' - 0"	18.29	0.96°	0.5°	13.5°
58	147.3	60' - 0"	18.29	0.96°	0.5°	13.5°
56	142.2	60' - 0"	18.29	0.96°	0.5°	13.5°
54	137.2	60' - 0"	18.29	0.96°	0.5°	13.5°
52	132.1	60' - 0"	18.29	0.96°	0.5°	13.5°
50	127.0	60' - 0"	18.29	0.96°	0.5°	13.5°
48	121.9	60' - 0"	18.29	0.96°	0.5°	13.5°
PB 38-48						
48	121.9	60' - 0"	18.32	0.96°	0.5°	13.5°
46	111.8	60' - 0"	18.32	0.96°	0.5°	13.5°
44	111.7	60' - 0"	18.32	0.96°	0.5°	13.5°
42	106.6	60' - 0"	18.32	0.96°	0.5°	13.5°
40	101.5	60' - 0"	18.32	0.96°	0.5°	13.5°
38	96.5	60' - 0"	18.32	0.96°	0.5°	13.5°
PB 32-42						
42	106.6	60' - 0"	18.32	0.96°	0.5°	13.5°
40	101.5	60' - 0"	18.32	0.96°	0.5°	13.5°
38	96.5	60' - 0"	18.32	0.96°	0.5°	13.5°
36	91.6	60' - 0"	18.32	0.96°	0.5°	13.5°
34	86.4	56' - 8"	17.28	1.01°	0.55°	14.8°
32	81.4	53' - 4"	16.28	1.04°	0.58°	15.8°
PB 22-36						
36	91.6	60' - 0"	18.32	0.96°	0.5°	13.5°
34	86.4	56' - 8"	17.28	1.01°	0.55°	14.8°
32	81.4	53' - 4"	16.28	1.04°	0.58°	15.6°
30	76.2	50' - 0"	15.24	1.12°	0.6°	16.2°
28	71.1	46' - 6"	14.22	1.22°	0.65°	17.6°
26	66.0	43' - 4"	13.20	1.31°	0.7°	18.9°
24	60.9	40' - 0"	12.18	1.42°	0.75°	20.3°
22	55.8	36' - 8"	11.16	1.56°	0.8°	21.6°
PB 16-30						
30	76.2	50' - 0"	15.24	1.12°	0.6°	16.2°
28	71.1	46' - 6"	14.22	1.22°	0.65°	17.6°
26	66.0	43' - 4"	13.20	1.31°	0.7°	18.9°
24	60.9	40' - 0"	12.18	1.42°	0.75°	20.3°
22	55.8	36' - 8"	11.16	1.56°	0.8°	21.6°
20	50.8	33' - 4"	10.16	1.70°	0.9°	24.4°
18	45.7	30' - 0"	9.14	1.96°	1.0°	27.0°
16	40.6	26' - 8"	8.12	2.14°	1.2°	32.4°
PB 6-20						
20	50.8	33' - 4"	10.16	1.70°	0.9°	27°
18	45.7	27' - 0"	8.25	2.07°	1.1°	33°
16	40.6	21' - 4"	6.50	2.84°	1.5°	45°
14	35.6	16' - 4"	4.97	3.52°	1.7°	51°
12½	32.4	12' - 9"	3.88	4.50°	2.3°	69°
10½	27.3	10' - 9"	3.28	5.35°	2.8°	84°
8½	21.9	8' - 7½"	2.64	7.75°	3.8°	114°
6½	16.8	6' - 7½"	2.03	8.63°	4.5°	135°

(1) Chart based on X-52 pipe with approximately 1/8" (9.525 Mm) wall 1/2" wall on 38" - 48" pipe.
 (2) These columns are the curvature in the die. This exceeds the possible bend of most pipes.

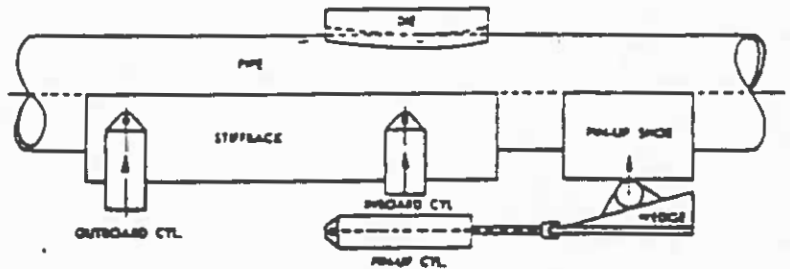
(3) These are average figures. They will vary due to the following: a) Wall thickness of pipe, b) Yield point of pipe material; c) Skill of bending crew; d) Use of bending mandrel.
 (4) Allowance has been made for the ends of the pipe that cannot be bent.



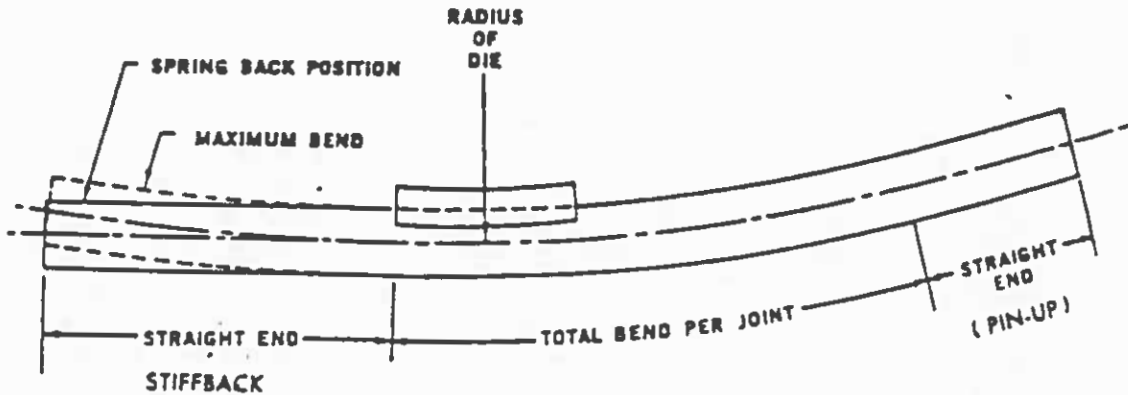
Crutcher Resources Corporation

HOW THE CRC PIPELINE EQUIPMENT VERTICAL PIPE BENDING MACHINE WORKS

- The pipe is moved into the machine and positioned under the die at the point where the bend is to commence.
- The pin-up cylinder forces the wedge under the pin-up shoe to raise it. The pin-up shoe engages the pipe.
- The inboard cylinder, on the stiffback, pulls the stiffback up and pushes the pipe against the die.
- With the die acting as the fulcrum, the outboard cylinder pushes the end of the stiffback up, bending the pipe.
- After each bending operation, the pipe is moved through the machine an increment and the operation repeated until the desired angle of bend is achieved.
- Pipe is always moved toward pin-up shoe when bending, thus keeping a straight portion of the pipe in stiffback during bending operation.
- Each size of pipe requires a different bending die.
- Each size of pipe, smaller than the maximum the machine will handle, requires a set of liners in addition to the die.
- The liners fit the stiffback, pin-up shoe and (not illus.) the pin-up shoe clamp.



→ PIPE MOVES FROM STIFFBACK TOWARD PIN-UP SHOE →



The above illustration is to clarify some of the terms used in bending. It also shows the straight ends of the pipe that are in the stiffback, or pin-up shoe when starting and finishing a bend.

Due to the CRC Pipeline Equipment program of constant improvement, specifications are subject to change without notice or obligation.

CRC PIPELINE EQUIPMENT

Office: 50 Bear Hollow Lane • P.O. Box 3227 • Houston, Tex. 77001
Phone (713) 871-9000 • Cable/Crutch/Houston • Telex 762-783

Sales Office: 10700 E. Independence • P.O. Box 30368 • Tulsa, Ok. 74150
Phone (918) 438-2100 • Telex 492416
810 Julia Street • Elizabeth, N.J. 07201
Phone (201) 354-4244 • Telex 138441

International Sales: Houston, Tex. • London, England
in Canada: CESSCO (Division of Robert Morse Corp.)
Edmonton Vancouver Calgary Regina Toronto

Agents: Iran • Japan • Italy • Austria • Western Europe
Eastern Europe • Argentina • Brazil • Australia
New Zealand • North Africa • Middle East

APPENDIX D



EPS, INC. - PIPELINE SERVICES

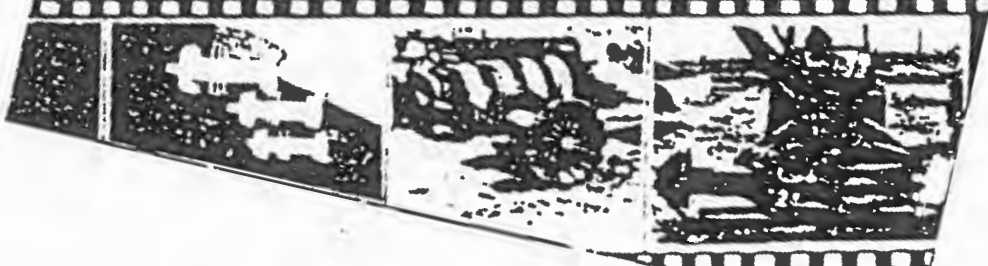
FULL LINE OF SURVEILLANCE AND CLEANING TOOLS

- BEND LOCATOR TOOL - SIZES AND LOCATES
 - DENTS AND BUCKLES
 - WELD PENETRATION
 - FLAT BENDS
 - MISALIGNED VALVES
 - LOCATES 1 1/2" AND 3R 90° BENDS
- LOCATING SERVICE AND RENTAL
- ELECTRONIC GAUGE TOOL
- ENDURO UNICAST PIG
- ENDURO II STEEL BODY PIG
- CLEANING TOOLS
- CONSULTING SERVICES

NEW CONSTRUCTION OR ON-STREAM PIPELINE SURVEILLANCE



P.O. BOX 3489
TULSA, OK 74101
(918) 446-1934 TELEX 271782 EPS UR
FAX 918-446-3325



ELECTRONIC GAUGING PIG

EPS would like to introduce you to our Electronic Gauging Pig. The function of the tool is to determine the geometrical condition, of the pipeline.

SERVICE is available to new construction and on-stream pipelines.

THE EPS ELECTRONIC GAUGING PIG WILL SIZE AND LOCATE:

DENTS AND BUCKLES — FLAT BENDS — MISALIGNED VALVES

DEPOSITS OF DEBRIS — EXPANSION

EPS pigs will traverse 25% diameter reductions with no damage to equipment or pipeline. Pigs from 8 inch will traverse 1½ radius 90 degree line bends. 6 inch pig available to traverse 3 D bends.

Electronically programmable, the EPS pig is supported by EXTRA HEAVY DUTY urethane cups.

EPS features a new innovative odometer arm assembly, for extremely accurate location information.



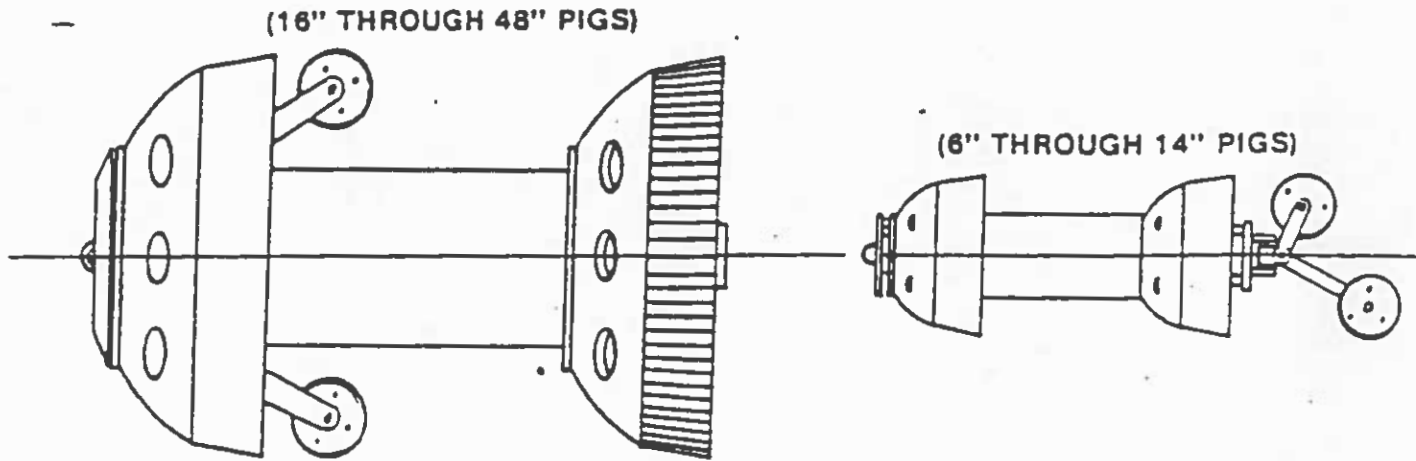
DESCRIPTION OF GAUGING PIG FUNCTION:

Produces a single channel of information indicating dents and buckles, as well as, ovality, weld penetration, expansion, pipeline benchmarks and pipeline footage.

SERVICE: To make internal non-destructive inspection of pipeline, for the purpose of ascertaining the geometrical condition of the pipeline. Service includes a complete base line survey indicating over all line length and benchmark locations (such as pipe wall changes and valve locations). Pipeline anomalies will also be sized and located for excavation.

All inspection service and analysis, of data received from an inspection, will be performed by an EPS Field Technician.

Presentation of final analyzed data may be made by REPRESENTATIVE or by authorized agent of REPRESENTATIVE.



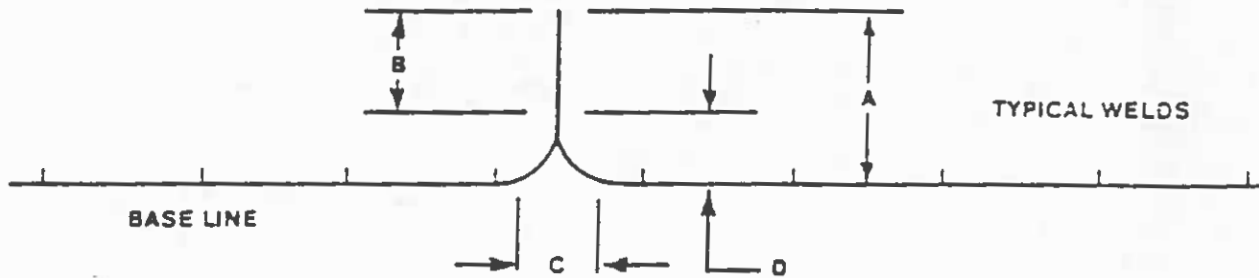
**SPECIFICATIONS
GEOMETRY INSPECTION TOOL**

Pig Inches	Size MM	Overall Length		Approx. Weight		Length Lip to Lip	
		Inches	MM	Lbs.	KG.	Inches	MM
6	152	15	381	20	9	10	254
8	203	15	381	25	11	10	254
10	254	20	508	40	18	13	330
12	304	23	584	57	26	14	355
14	355	25	635	65	29	16	406
16	406	30	762	90	40	23	584
18	457	31	787	110	50	23	584
20	508	33	838	130	59	25	635
22	558	33	838	150	68	25	635
24	609	35	889	185	84	27	685
26	660	35	889	210	95	27	685
28	711	52	1320	385	165	41	1041
30	762	53	1346	400	181	41	1041
32	812	54	1371	450	204	41	1041
34	863	60	1524	520	236	46	1168
36	914	61	1549	570	258	46	1168
38	965	62	1574	620	281	46	1168
40	1016	63	1600	670	304	55	1168
42	1066	68	1727	720	326	57	1320
44	1117	69	1752	770	349	58	1320
46	1168	70	1778	820	372	59	1320
48	1219	71	1803	870	395	60	1320

The 6 inch (152 MM) Pig will traverse 3 R - 90 degree bends.

8 inch (203 MM) through 48 inch (1219 MM) Pigs will traverse 1 - 1/2 R 90 degree bends.

ANOMALY ANALYSIS BREAKDOWN



- (A) **TOTAL ANOMALY:** Is calculated from base line to the peak.
- (B) **SHARP:** Is that portion of an anomaly occurring within a span of five (5) feet.
- (C) **OVALITY SPAN:** Is given to show the longitudinal distance of an anomaly exceeding a span of five (5) feet.
- (D) **OVALITY MAGNITUDE:** To determine, subtract sharp portion from total anomaly.

OVERBURDEN RELIEF: Soil removal during excavation of anomalies will relieve a large portion of the ovality. (The larger the ovality span the more relief.)

<u>BENCHMARK/SIZE</u> <u>PAGE-ANOMALY</u>	<u>STATION</u>	<u>COMMENT</u>	<u>STRIP #</u>
29.1	3701+71	1.53 Inch Total .95 Sharp Span of 17 Feet	58

SOME POINTS OF INTEREST

The following information is given in respect to the nature of our service and the design, of the EPS equipment.

A geometry inspection device, identified as an Electronic Gauging Pig. EPS equipment produces a single channel of information indicating dents and buckles, as well as, weld penetration, ovality, expansion, debris, pipeline benchmarks, and pipeline footage.

EPS FEATURES:

An internally mounted lower o'ring gland, not subject to damage from external conditions.

A quick change battery package, using disposable batteries, permitting the EPS equipment to be reused immediately.

EPS odometer arm assembly permitting extremely accurate footage. (This arm has a flexible midsection allowing the wheel to track at the true curvature of the pipe.) We are able to record accurate footage up to speeds of 30 MPH in on-stream Natural Gas pipelines.

A strong machined recorder, which can withstand vibration, impact and accidental abuse.

Running of the equipment, however, is only half the job. EPS also has the experience needed to accurately analyze the data received and provide our clients with accurate, complete and confidential reports.

The two founding partners have over twenty years combined experience. Experience gained running gauging equipment all over the world. From India to Malaysia, Alaska to the tip of South America, Australia to west Texas U.S.A.

We've been there and we know the field requirements.

Pipeline Problems

Since 1962 Electronic Pigging Systems has been working with pipeline companies to detect internal pipe problems on pipe sizes from 6 to 48 inch with larger pigs also available. The pigs have had much success in checking and locating pipe dents, buckles, ovality, debris deposits or any condition that would cause a reduction in pipe diameter.

The latest addition to the Electronic Pigging Systems family is a bend locator pig. Complete with all the smarts of the standard EPS gauging pig, the bend locator measures the arc length of a bend and the amplitude. Two graphs are produced, one showing joint length, ovality and wrinkles. The second indicates the bend arc length and amplitude. Both graphs are synchronized to provide identical footage correlation.

Special projects can often be solved by EPS. One customer in Canada required a 5-inch tool to gauge 155 miles of onstream pipeline in one section. A special tool was built and the job completed on a one trip maiden voyage.



10-inch x 12-inch dual diameter detect pig.

line. The line, primarily a 12 inch crude oil pipeline, had a 3-mile section of 10-inch located approximately 30 miles into the line section. A specially designed cup was made and adapted to the standard tool recorder. Design changes to the sensor assembly were made to enable data recording through both 12 inch and 10-inch line sections. Several dent locations were found in the 12-inch line portion, as well as a dent over 1-inch located in the 10-inch section. However, a section of 10-inch pipe was found approximately 75 miles into the survey. This second section of 10-inch was some 80 feet in length, covering two pipe joints, and no one at the pipeline company knew it existed.

The EPS gauging pig is used on new construction projects to provide a permanent base line survey, proving the line integrity prior to turning the line over to operation personnel. The pig is extremely durable and solidly built, able to run using any method typical to new construction pigging.

The usual method of running in new construction is to pig each hydrostatic test section before tie-ins. This can be done during the dewatering phase, pushing water with air, as the EPS pig cup is elliptical in design and makes an excellent dewatering pig. Another favored running method is to run after the initial drying pig pass, using air pushing air.

Most pipeline damage found with the EPS pig is due to rocks being left under the pipe during construction, although

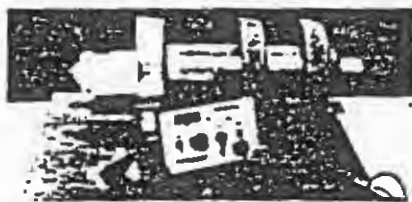


EPS bend locator pig used on 30-inch natural gas pipeline.

support skids and an occasional dent caused by a backhoe can be found. Approximately 95 percent of all new lines surveyed by EPS are found damaged during construction.

Onstream surveys are possible for almost any length of pipeline. The recorder device is carried on board the pig during the pig run. A footage selection switch allows the EPS technician to select the recording scale best suited to the pipeline length. An enlarged scale is desired at a predetermined point, a delay feature allows the pig to traverse several miles of pipeline before the recording function begins, thus saving recorder chart for the enlarged scale.

Onstream data retrieved is exactly as found on new construction. Dents and line buckles are typically of most importance. However, flat bends, pipe ovality, large deposits of debris and partially closed or misaligned valves are equally important. EPS proves the pipe condition prior to the running of the corrosion detection pigs.



•Pig Locating Service

Electronic Pigging Systems, Inc., announces an addition to its service company. EPS Pig Tracking Service is now available to both new construction and on stream pipelines. Pig tracking is accomplished by "leap frogging" two or more receiver units while tracking a pig mounted transmitter. A stuck pig can be located in a like manner.

For pipelines 7-inch through 12 inch, a transmitter is mounted in a cavity already provided for in the unicast Magnum Pig. For large pigging requirements the transmitter can be pig mounted using a special adapter flange. Pig Trackers are available for land lines and offshore lines as well.



•Bend Locator Pig

Electronic Pigging Systems, Inc. introduces an EPS Bend Locator Pig. Designed for use prior to running of corrosion detector pigs to determine bend radius and location, the Bend Locator is run in tandem with the EPS Gauging Pig providing a detailed look at bend ovality, bend wrinkles, radius and location. Designed to traverse 1-1/2 radius 90 degree bends the Bend Locator is available in sizes from 8 inch. The EPS Bend Locator is also available in 6 inch size for pipelines having 3 radius 90 degree bends.

ELECTRONIC PIGGING SYSTEMS

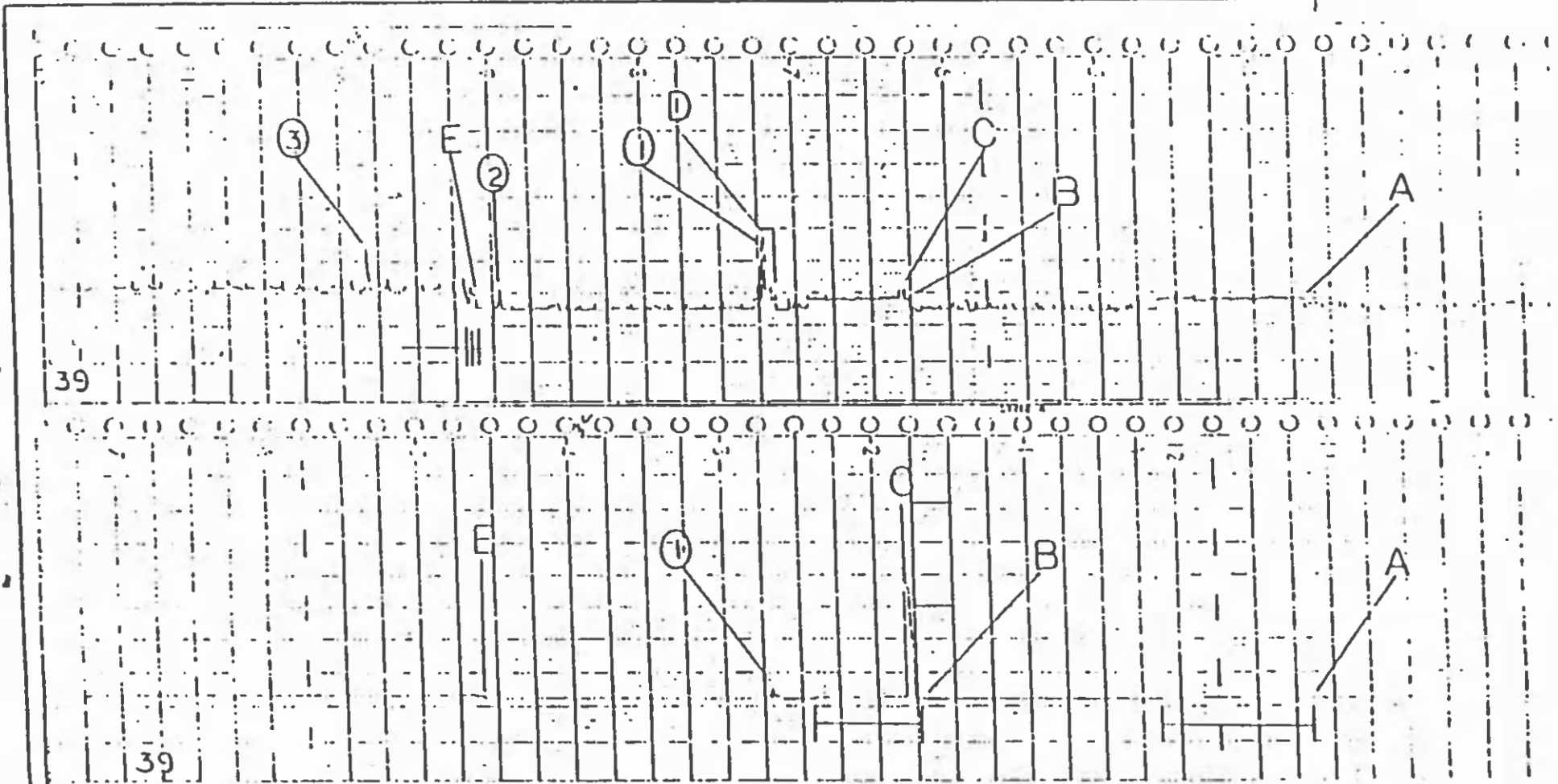
1

<u>ID #</u>	<u>STATION</u>	<u>COMMENTS</u>	<u>STRIP NO. #</u>
A. HWP	1260+68	BEGIN 320 FEET .438 W.T.	39
B. HWP	1269+28	BEGIN 226 FEET .438 W.T.	39
C. BEND**	1269+45	90 DEGREE BEND - SPAN 12 FEET PULL OF .500 W.T. BEND CHART INDICATES 3R-90 DEGREE BEND BEND LOCATED 24 MILES FROM LAUNCH. BORE 28.8 INCH.	39
D. HWP	1272+26	BEGIN 10 FEET .438 - 29 FEET .500 - 10 FEET .438 W.T.	39
1. OVALITY	1272+51	2.1 INCH TOTAL OVALITY - SPAN 5 FEET - BORE 27.9 INCH.	39
2. OVALITY	1277+30	.5 INCH TOTAL OVALITY - SPAN 10 FEET.	39
E. <u>HWP</u> <u>ACTUAL</u>	<u>1282+67</u> <u>1277+82</u>	BEGIN 12 FEET .438 - 1216 FEET .500 W.T. - CHART SHOWS A 10 FOOT DROP IN BASE LINE BETWEEN the .438 & .500 W.T. CHECK REWORK FOR PIPE CHANGE. 485 FEET ADDED LENGTH OF .438.	39
3. OVALITY	1280+22	1.25 INCH OVALITY - SPAN 19 FEET - BORE 27.75 INCH.	39

** NOTE: 39.C

MODIFICATION OF THE AMF TOOL WOULD BE REQUIRED TO SAFELY PASS THIS 3R 90 BEND. HOWEVER, MODIFICATION WOULD ELIMINATE THE WELD MARKER INFORMATION DEVICE AND THAT CHANNEL OF INFORMATION. THIS MODIFICATION WOULD ALSO MAKE FULL CIRCLE COVERAGE OF CORROSION DATA MARGINAL AT SOME POINT DURING THE SECOND HALF OF THIS SECTION, DUE TO ADDED TOOL WEIGHT AND CUP WEAR AVAILABLE ON THIS 60+ MILE LINE SECTION. FOR MAXIMUM TOOL CAPABILITY ON THE UPCOMING CORROSION SURVEY AND FUTURE CORROSION SURVEYS THIS BEND SHOULD BE REPLACED WITH AT MINIMUM A 5R 90 BEND.

EXHIBIT H



PIPELINE GEOMETRY STATUS REPORT

Company: A PIPELINE COMPANY Date: APRIL 17, 1985

Location, Launch: SANDWICH, ILL. Receive: ST. JOHN, IND.

EPS Rep. J.B. - D.L., 30 " Size, 60 Miles, Scale: 333.33 ft. = 1 i



APPENDIX E

APPENDIX "E"

Calculation of Sizing Ring Size Used for Thin
Wall (0.281") Sections of Pipeline

A review of the specifications was made to determine what was the actual sizing ring tolerance (the distance between the sizing plate and the minimum allowable inside diameter). The calculations are as follows.

Outside diameter (O. D.) of pipe specified	= 30.00"
Pipe mill out-of-roundness specification (<u>±</u> 0.45%)	<u>- .14"</u> 29.86"
American West Contractors bending specification (<u>±</u> 2.50%)	<u>- .75"</u> 29.11"
Pipe mill agreement for 7% thicker wall pipe 0.281" + 0.019" = 0.300" x 2	= <u>- .60"</u> 28.51"
Butt weld allowance (2 x 1/16" + 2 x .0065")	<u>0.13</u> 28.38"
O. D. of Sizing Plate (91.5% of Pipe O. D.)	= <u>27.76"</u>
Total clearance with minimum I. D. of Pipe, or approximately 5/16" clearance between plate and pipe wall.	<u>0.62"</u>

EXHIBIT H

APPENDIX F

Sun.

Nov. 30, 1986 - clear - 36° to 80° - Buellton, Ca.
Big come in south end of section 13 at app. 3:00 P.
11-29-86

Big come in south end of section 14 at app. 4:00 A.
Singing plate in terrible shape that come out
of section 13. Looks as if big backed up into
test head during test on south end of section 13.
Singing plate in good shape that come out of sect
14. Plates marked and sent to office in Santa Monica.

Installed another pig and singing plate to run
through section 13. This plate come out good and
plate sent to Santa Monica office.
M. R. R.

APPENDIX G

HYDROSTATIC TEST REPORT

CELERON PIPELINE COMPANY OF CALIFORNIA
SANTA BARBARA, CALIFORNIA

TEST SECTION NO. 13
30" CRUDE OIL PIPELINE
MILE POST NO. 30.70 TO MILE POST NO. 25.80

NOVEMBER 13, 1986
NOVEMBER 14, 1986

PRIME CONTRACTOR

GREGORY AND COOK

FORD, BACON & DAVIS, INCORPORATED
PIPELINE TESTING DIVISION
HOUSTON, TEXAS

Report Prepared By:

Raymond D. Lewis
Raymond D. Lewis, Manager

J. V. B. J. S. C. O. A. V. S. I. O.
Incorporated
Engineers-Constructors



JULY 30, 1987

Celeron Pipeline Company of California
Mike Madden
135 Nogal
Santa Barbara, California 93110

RE: Test Section No. 13
29,990.4 Feet of 30.000" O.D. x 0.281" W.T. x X70
30" Crude Oil Pipeline
Mile Post No. 30.70 to Mile Post No. 25.80

Dear Sir:

Ford, Bacon & Davis, Incorporated's Pipeline Testing Division of Houston, Texas, as a Hydrostatic Pipeline Testing Company, certifies the above stated pipeline, based solely on charts, logs and information recorded and provided to Ford, Bacon & Davis, Incorporated by Celeron Pipeline Company of California.

Conclusion from information recorded on the enclosed test forms and charts indicates the said pipeline was pressured to a maximum pressure and held for twenty-four (24) hours or longer without leaking or failing.

Sincerely yours,

Raymond D. Lewis
Raymond D. Lewis, Manager
Pipeline Testing Division

RDL:mm
Encls.
cc: Mr. E.E. Moncla
File

Pipeline Testing Division

P. O. Box 990 - Liberty, Texas 77575-0990 - (409) 336-2288
2710 North Main - Liberty, Texas 77575-0990 - Houston (713) 456-0421

PIPELINE TESTING DIVISION



PIPELINE COMPANY CELERON PIPELINE COMPANY OF CALIFORNIA JOB NO:
 PIPELINE CONTRACTOR GREGORY & COOK W.O. NO:
 AFE NO:

TEST SECTION NO. 13 FROM MILE POST 30.70 TO MILE POST 25.80

TEST BEGAN: DATE 11-13-86 TIME 6:45 A.M. PRESSURE UNIT NO. G & C STATION NO. _____

TEST END: DATE 11-14-86 TIME _____ ELEVATION _____

PIPE DATA: 29,990.4 Feet of 30.000" O.D. x 0.281" W.T. x X70
30" CRUDE OIL PIPELINE

DEADWEIGHT SERIAL NUMBER 21060 @ Mile Post 30.70 DATE CERTIFIED April 4, 1986
 PRESSURE RECORDER SERIAL NUMBER _____ DATE CERTIFIED _____
 TEMPERATURE RECORDED SERIAL NUMBER _____ DATE CERTIFIED _____
 TEST IS ACCEPTED REJECTED IF REJECTED, EXPLAIN _____

STRENGTH TEST

DEADWEIGHT RECORD

TEMPERATURE

Time	Pressure	Ambient	Pipe or Ground	Remarks
6:45 A.M.	984	55°	58°	ON TEST
7:00	984	55°	58°	
7:30	984	56°	58°	
8:00	984	58°	58°	
8:30	984	62°	58°	
9:00	984	70°	58°	
9:30	984	72°	58°	
10:00	984	72°	58°	
10:30	984	74°	58°	
11:00	984	74°	58°	
11:30	984	77°	58°	
12:00 NOON	984	77°	58°	
12:30 P.M.	984	77°	58°	
1:00	984	77°	58°	
1:30	984	77°	58°	
2:00	984	75°	58°	
2:30	984	74°	58°	
3:00	984	74°	58°	
3:30	984	72°	58°	
4:00	984	71°	58°	
4:30	984	69°	58°	
5:00	984	64°	58°	
5:30	983	60°	58°	
6:00	983	59°	58°	
6:30	983	54°	58°	
7:00	983	54°	58°	
7:30	983	53°	58°	

TEST FOREMAN RAY SANDS INSPECTOR HUGH DENDE
(Signature) (Signature)

HYDROSTATIC TEST REPORT

Page 2 of 2



PIPELINE TESTING DIVISION

PIPELINE COMPANY CELERON PIPELINE COMPANY OF CALIFORNIA

TEST SECTION NO. 13 FROM MILE POST 30.70 TO MILE POST 25.80

DEADWEIGHT RECORD

TEMPERATURE

Time	Pressure	Ambient	Pipe or Ground	Remarks
8:00 P.M.	983	53°	58°	
8:30	983	53°	58°	
9:00	982	52°	58°	
9:30	982	52°	58°	
10:00	982	49°	58°	
10:30	982	48°	58°	
11:00	982	47°	58°	
11:30	982	47°	58°	
12:00	982	47°	58°	Midnight
12:30 A.M.	982	45°	58°	
1:00	981	45°	58°	
1:30	981	44°	58°	
2:00	981	50°	58°	
2:30	981	50°	58°	
3:00	981	52°	58°	
3:30	981	51°	58°	
4:00	981	51°	58°	
4:30	981	51°	58°	
5:00	981	51°	58°	
5:30	981	51°	58°	
6:00	981	50°	58°	
6:30	981	49°	58°	
7:00	981	52°	58°	
7:30	981	57°	58°	OFF TEST

TEST FOREMAN RAY SANDS (Signature) INSPECTOR HUGH DENDE (Signature)
 DEADWEIGHT SERIAL NUMBER 21060 DATE CERTIFIED April 4, 1987

HYDROSTATIC TEST SUMMARY

DATE 7-27-87

PIPELINE COMPANY: CELEROM PIPELINE COMPANY OF CA
 PIPELINE CONTRACTOR: GREGORY AND COOK
 AFE NO. W.O. NO. JOB NO.

TEST SECTION NO. 13 FROM MP 30.70 TO MP 25.80
 TEST: START TIME 06:45:00:00 DATE 11-13-86 END TIME 07:30:00:00 DATE 11-14-86

PRESSURE UNIT NO. PUMP DESCRIPTION:
 PLUMGER SIZE: STROKE: GAL/STROKE
 STROKE/PSI: GAL/PSI: STROKE/MIN:
 GAL/MIN: PSI/MIN:

STRESS DATA
 ELEVATION LOCATION PRESSURE STRESS
 FEET MP STATION (PSI) (PSI)
 HIGH POINT
 LOW POINT
 TEST POINT
 STRAIGHT LINE DEVIATION AT PSI

PIPE DATA
 LENGTH(FT) O.D.(IN) WALL THICKNESS(IN) GRADE EXP.LGH.(FT)
 29990.4 30 .281 X70 100

TEST DATA EVALUATION
 PRESSURE TEMPERATURE (DEG. F) CORRECTED VOLUME (GAL.)
 (PSI) EXPOSED BURIED EXPOSED BURIED TOTAL
 PIPE PIPE PIPE PIPE PIPE
 BEGINNING: 984.0 55.000 58.000 3562.97 1063558.98 1067121.95
 ENDING: 981.0 57.000 58.000 3562.51 1063538.90 1067101.41

THE AVERAGE FINAL TEMPERATURE NEEDED TO BALANCE BEGINNING AND ENDING
 CORRECTED VOLUMES= 57.645 . WATER INJECTED INTO SYSTEM=
 THE PERCENT AIR IN THE SECTION IS 0.00

HOLD PERIOD DATA
 PRESSURE TEMPERATURE (DEG.F)
 PSI AMBIENT PIPE GROUND
 HIGH 984.0 77.000 58.000 0.000
 LOW 981.0 44.000 58.000 0.000

REMARKS:

CONDUCTED BY TITLE COMPANY
 WITNESSED BY FOREMAN FORD, BACON & DAVIS
 WITNESSED BY
 CERTIFIED BY E. E. MONCLA VICE PRESIDENT FORD, BACON & DAVIS

SECTION 13
Wall Thickness .281

<u>SECTION</u>	<u>MILE POST</u>	<u>ELEVATION</u>
	30.70	970'
	25.20	
	1.89 miles	
	<u>TEST PRESSURES</u>	
mile post 30.70		984 pounds
mile post 25.20		1121 pounds

November 5, 1986	Start to fill
November 8, 1986	Complete fill
November 12, 1986	Start procedure at 6:30 p.m., section on test at 9:45 p.m., hold to stabilize.
November 13, 1986	Repressure section on test at 7:00 a.m., mile post 30.7 984 pounds, mile post 25.2 1191 pounds.
November 14, 1986	Section off test at 7:15 a.m., lost 2½ pounds. Pipe temperature 58°-56°-56°, AMB temperature 55°-77°-44°-57°. Had approximately 40 open spots in ditch.
November 28, 1986	Start dewater at 12:30 p.m., section 13 and 14.
November 30, 1986	Complete dewatering sections 12 and 13, sizing plate on dewater pig okay, no damage.
December 1, 1986	Tie-in section 12 and 13.
December 2, 1986	Drying pig section 12 thru 14.
Inspectors	Leon Watson(Tie-in and Sizing plate) Hugh Dende and Dick Pence (Hydrostatic testing)

PIGGING AND HYDROSTATIC TEST REPORT

DATE : 11/14/86 MILES 5.68 TEST SECTION 13

STATION M.P. 30.70 TO STATION M.P. 25.02

PIPE : SIZE 30" GRADE 281 X 70 MANUFACTURER _____

REMARKS

Section 13 taken through procedure and up to test pressure of 984 PSI at 6:30 A.M. 11/12/86. Section 13 on test at 6:45 A.M. 11/13/86

<i>6:45 A.M.</i>	<i>984 PSI</i>	<i>ambient 55°</i>	<i>Pipe 58°</i>	
<i>12:00 Noon</i>	<i>984 PSI</i>	<i>ambient 77°</i>	<i>Pipe 58°</i>	<i>High temps for test.</i>
<i>1:00 A.M.</i>	<i>981 PSI</i>	<i>ambient 49°</i>	<i>Pipe 58°</i>	<i>Low temps for test</i>
<i>7:30 A.M.</i>	<i>981 PSI</i>	<i>ambient 57°</i>	<i>Pipe 58°</i>	<i>off test!</i>

[Signature]

CERTIFICATION OF PIPELINE PRESSURE TEST

Pressure Test No. 15

Date 11/14/86

This is to certify that the pipeline or pipeline section described below was tested in accordance with the specified procedures and at pressures indicated below:

Pipeline Description & Carrier 30" Crude Oil Pipeline
Celoron Pipeline Company of California

Section #13

Location of Test. Line No. M.P. 30.7 ; Strip Map No. _____

Test Pressure at pressure pumps 984 psig;
Elevation 970 MSL. The pressure was X measured
_____ calculated. If calculated, show calculations below:

Pressure at lowest elevation point 1191 psig;
Elevation _____ MSL. The pressure was X measured
492 calculated. If calculated, show calculations below:

Pressure at highest elevation point 789 psig;
Elevation 1420 MSL. The pressure was X measured
_____ calculated. If calculated, show calculations below:

Date of test 11-13-86 ; started 6:45 ^{a.m.} ; completed 11/14/86 7:30 ^{a.m.}

Length of test 24 hours 45 minutes

Testing Media Water ; Spec. Gravity _____ ; Initial Temp. 58 °F
Final Temp. 58 °F

Atmospheric Temperature; Initial 56 °F; Final 57 °F

Pressure recorder make and serial number Ruyada H2142-W-PJ

**HYDROSTATIC STRENGTH TEST
PRESSURE - VOLUME DATA**

JOB NO. _____ REPORT NO. 15 SHEET _____ OF _____

CLIENT Ocean Pipeline Company of California DATE STARTED 11-12-86

CONTRACTOR Young & Clark DATE FINISHED 11-14-86

1. TEST LOCATION m.p. 30.70 Hum 101

2. TEST SECTION NO. 13 FROM m.p. 30.70

TO m.p. 25.02

3. BEGIN PLOT DATE 11/12/86 TIME 6:35 P.M. PRESSURE 11/12/86

4. STOP PLOT DATE 11/12/86 TIME 7:35 P.M. PRESSURE 11/12/86

5. PRESSURE UNIT NO. 21060 VOLUME PER STROKE _____

6. PLOT FROM STATION NO. MP. 30.70 ELEVATION 970

PSIG	STROKE COUNT	STROKE INCREMENTS	PSIG	STROKE COUNT	STROKE INCREMENTS
735	0				
740	20	20			
750	90	70			
760	400	310			
770	720	320			
780	1055	335			
790	1350	295			
800	1650	300			
810	2005	355			
820	2320	315			
830	2650	330			
840	2920	270			
850	3280	360			
860	3565	285			
870	3950	385			
879	4230	280			
890	4790	560			
900	5060	270			
910	5345	285			
920	5775	430			

7070
35

P.M.
9590

10070
1:55

7. TEST # ACCEPTED REJECTED

RECORDED BY C. Jones

VERIFIED BY Ray Jones

ACCEPTED BY Paul S. Smith

FD-402 (08)

(TEST SUPERVISOR)

(TEST PERSONNEL)

HYDROSTATIC STRENGTH TEST PRESSURE - VOLUME DATA

Aug 13

	PSIG	STROKE COUNT	STROKE INCREMENTS		PSIG	STROKE COUNT	STROKE INCREMENTS
8:15	735	9070	blind down to	8:15	8170		
8:35	735		start pump				
8:40	740						
8:42	750						
8:44	760						
8:45	770						
8:47	780						
8:48	790						
8:49	800						
8:52	810						
8:54	820						
8:55	830						
8:57	840						
8:59	850						
9:01	860						
9:03	870						
9:05	879	9570					
9:30	870		start pump				
9:33	900						
9:34	910						
9:36	920	10070					
10:00	920						
10:30	920						
11:00	919						
11:30	918						
12:00	917		midnight				
12:30	916		at pressure to	920# @ 12:55		Pipe Temp 58°	
1:00	920						

7. TEST # ACCEPTED REJECTED

RECORDED BY

E. Jensen

VERIFIED BY

Ray Land
TEST SUPERVISOR

ACCEPTED BY

Hugh Dindley
TEST DIRECTOR

FM-641-400

JOB NO. _____ REPORT NO. 15 SHEET 1 OF 5
 CLIENT Calson Pipeline Company of California DATE START 11-13-86
 CONTRACTOR Gregory and Clark DATE FINISH 11-14-86

1. TEST LOCATION Hwy 101 M.P. 30.70
 2. TEST SECTION NO. 13 FROM Hwy 101 M.P. 30.70
 TO M.P. 25.02

2. DEADWEIGHT GAGE LOCATION M.P. 30.70
 SERIAL NO. 21060
 CERTIFICATION DATE 4-4-86

4. ELEVATION AND CALCULATED TEST PRESSURE AT CRITICAL POINTS.

1. HIGH POINT ELEVATION 1420 FEET PRESSURE 789 PSIG
 2. LOW POINT ELEVATION 492 FEET PRESSURE 1191 PSIG
 3. TEST POINT ELEVATION 970 FEET PRESSURE 984 PSIG

3. DEADWEIGHT GAGE READINGS DURING OFFICIAL TEST PERIOD:

TIME	PSIG	AIR TEMP.	PIPE TEMP.	REMARKS
1:00	920	56°	58	
1:30	920	56°		
2:00	920	56°		
2:30	920	55°		
3:00	920	54°		
3:30	920	54°		
4:00	920	54°		
4:30	920	53°		
5:00	920	53°		
5:30	920	54	58	
6:00	920	54		
6:30				REPRESSURE TO 984
6:45	984	56		

6. TEST IS ACCEPTED REJECTED

RECORDED BY C. Jones CHECKED BY Ray Clark ACCEPTED BY Hugh Dandy

JOB NO. _____ REPORT NO. _____ SHEET 2 OF 4
 CLIENT _____ DATE START 11-12-86
 CONTRACTOR _____ DATE FINISH 11-14-86

1. TEST LOCATION M.P. 30.7

2. TEST SECTION NO. 13 FROM _____ TO _____

3. DEADWEIGHT GAGE LOCATION M.P. 30.7
 SERIAL NO. 21060
 CERTIFICATION DATE _____

4. ELEVATION AND CALCULATED TEST PRESSURE AT CRITICAL POINTS.
- 1. HIGH POINT: ELEVATION _____ FEET PRESSURE _____ PSIG
 - 2. LOW POINT: ELEVATION _____ FEET PRESSURE _____ PSIG
 - 3. TEST POINT: ELEVATION _____ FEET PRESSURE _____ PSIG

5. DEADWEIGHT GAGE READINGS DURING OFFICIAL TEST PERIOD:

TIME	PSIG	AMB. TEMP	PIPE TEMP.	REMARKS
6:45 AM	984	55	58	ON TEST
7:00	984	55		
7:30	984	56	58	
8:00	984	58		
8:30	984	62	58	
9:00	984	70		
9:30	984	72		
10:00	984	72		
10:30	984	74		
11:00	984	74	58	
11:30	984	77		
12:00	984	77		
12:30	984	77		
1:00	984	77		
1:30	984	77		
2:00	984	75	58	

6. TEST IS ACCEPTED REJECTED

RECORDED BY [Signature] TESTED BY [Signature] ACCEPTED BY [Signature]

HYDROSTATIC STRENGTH TEST REPORT
CONTINUATION SHEET

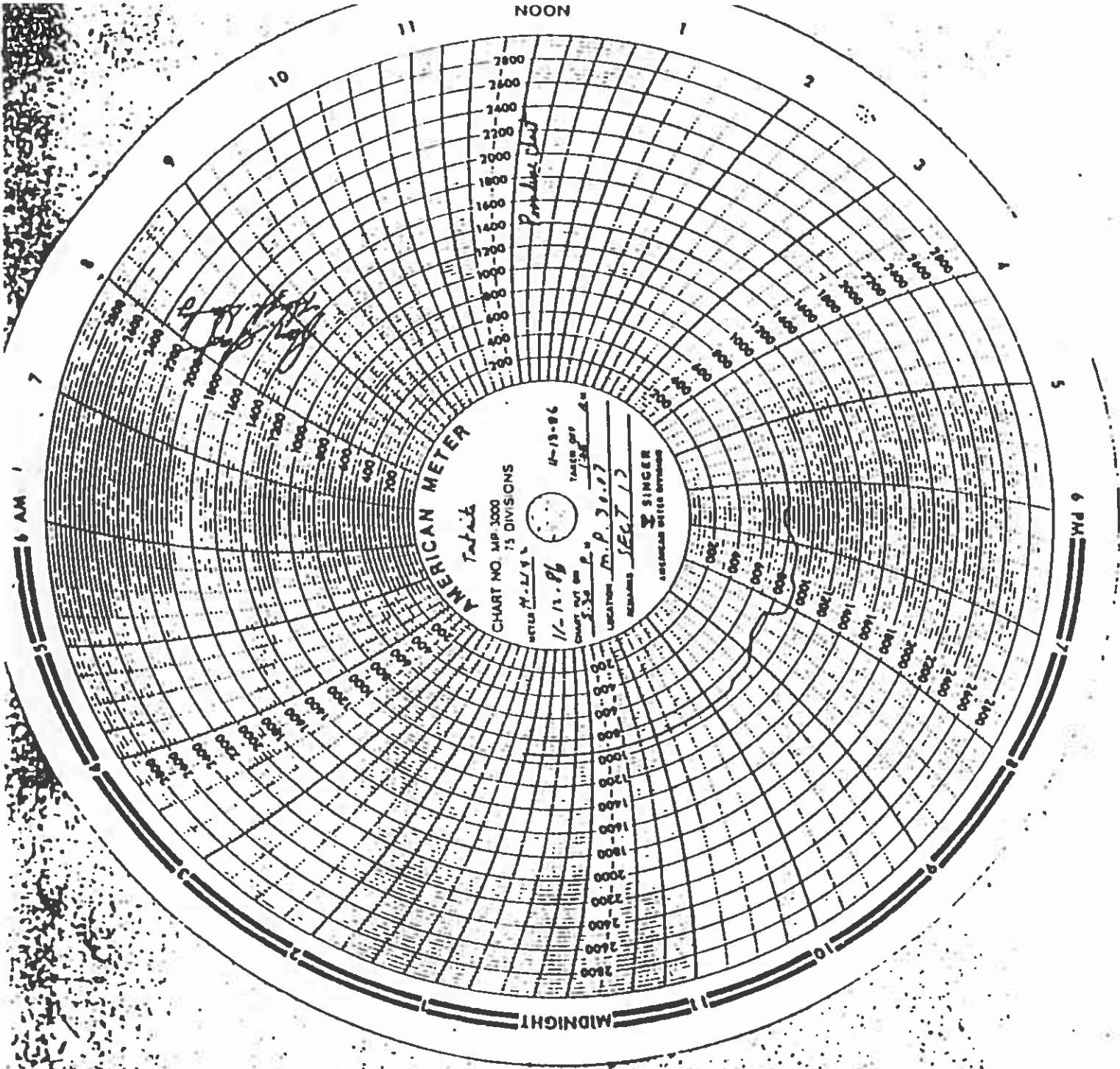
JOB NO. _____ REPORT NO. _____ SHEET 3 OF 4

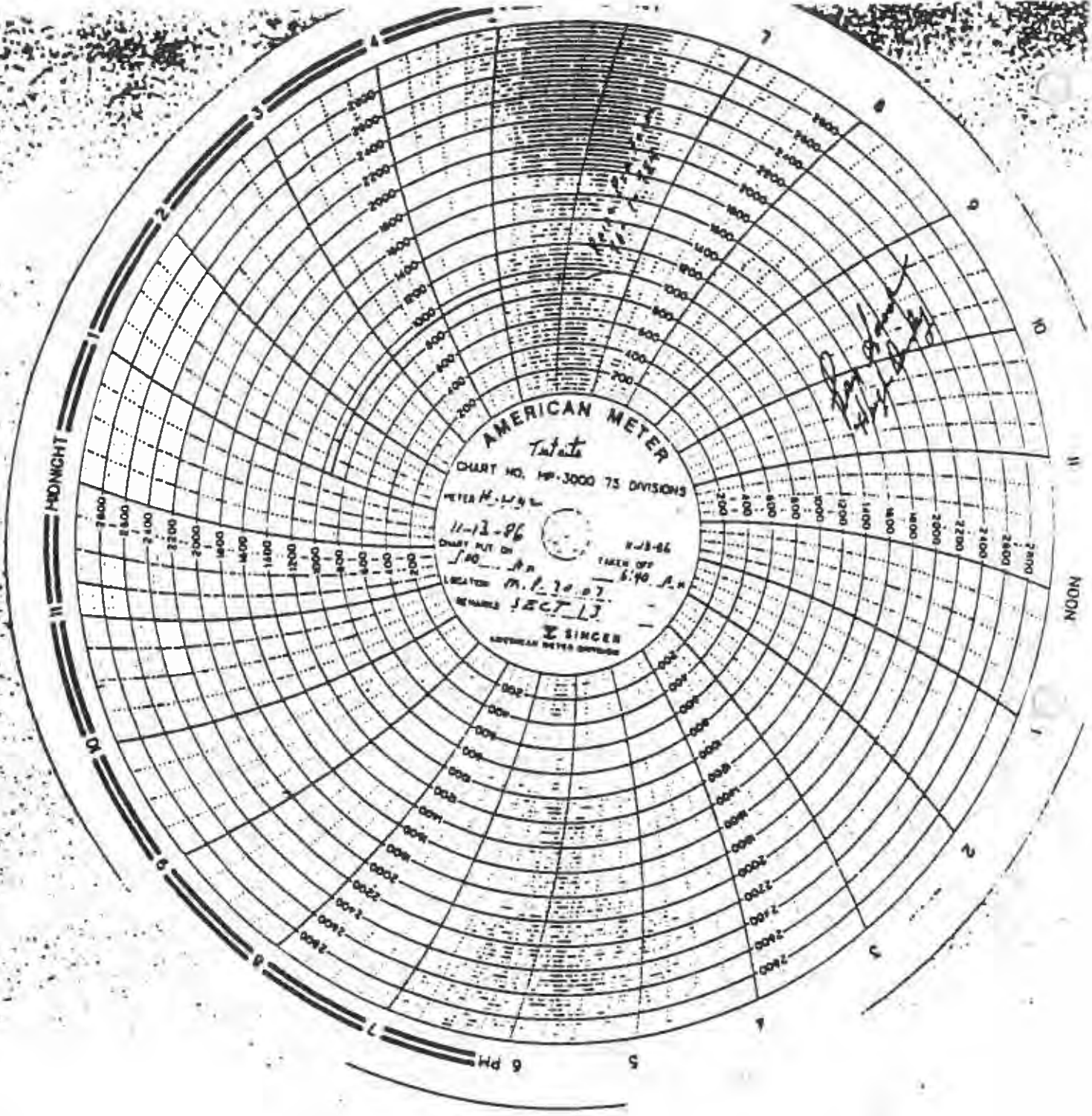
TIME	PSIG	Amb. TEMP.	PPE TEMP.	REMARKS
2:30 P.M.	984	74	58	
3:00	984	74		
3:30	984	72.		
4:00	984	71	58	
4:30	984	69		
5:00	984	64		
5:30	983	60		
6:00	983	59	58	
6:30	983	54		
7:00	983	54		
7:30	983	53		
8:00	983	53		
8:30	983	53		
9:00	982	52	58	
9:30	982	52		
10:00	982	49		
10:30	982	48		
11:00	982	47	58	
11:30	982	47.		
12:00	982	47		
12:30	982	45		
1:00	981	45		
1:30	981.	44	58	
2:00	981	50		
2:30	981	50		
3:00	981	52		
3:30	981	51		
4:00	981	51		
4:30	981	51		
5:00	981	51	58	

TIME	P310	Avg. Temp.	P39 Temp.	REMARKS
5:10	981	51		
6:00	921	50		
6:30	925	49		
7:00	921	52		
7:30	981	57	58	W/F

JOB NO. _____ REPORT NO. _____ SHEET 4 OF 4

**HYDROSTATIC STRENGTH TEST REPORT
CONTINUATION SHEET**





AMERICAN METER

Tulata

CHART NO. HP-3000 75 DIVISIONS

METER H-129

11-13-86

CHART PUT IN 120

8-13-86

TAKEN OFF 6:40 A.M.

LOCATION M. I. 70 07

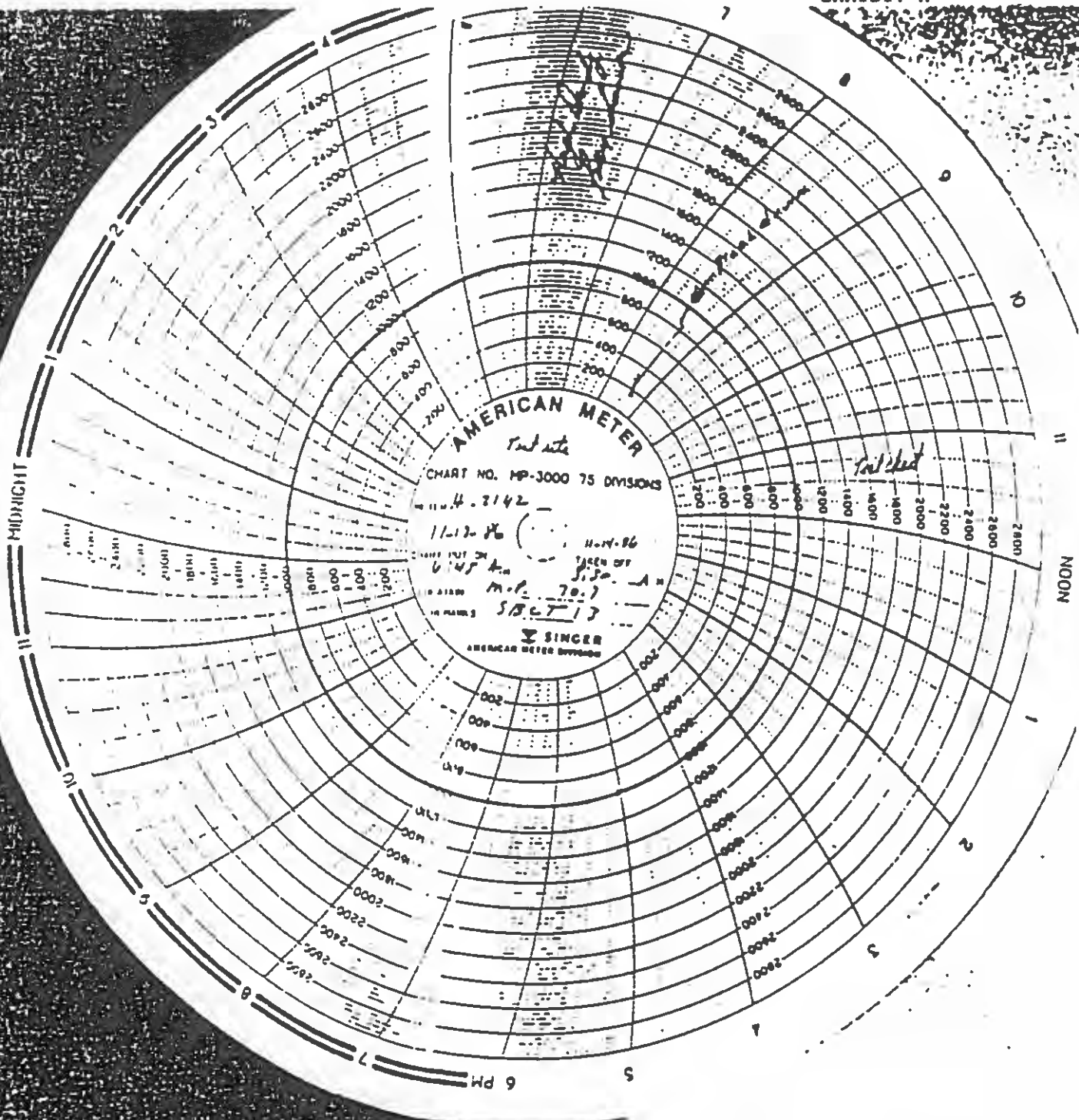
REMARKS SECT 13

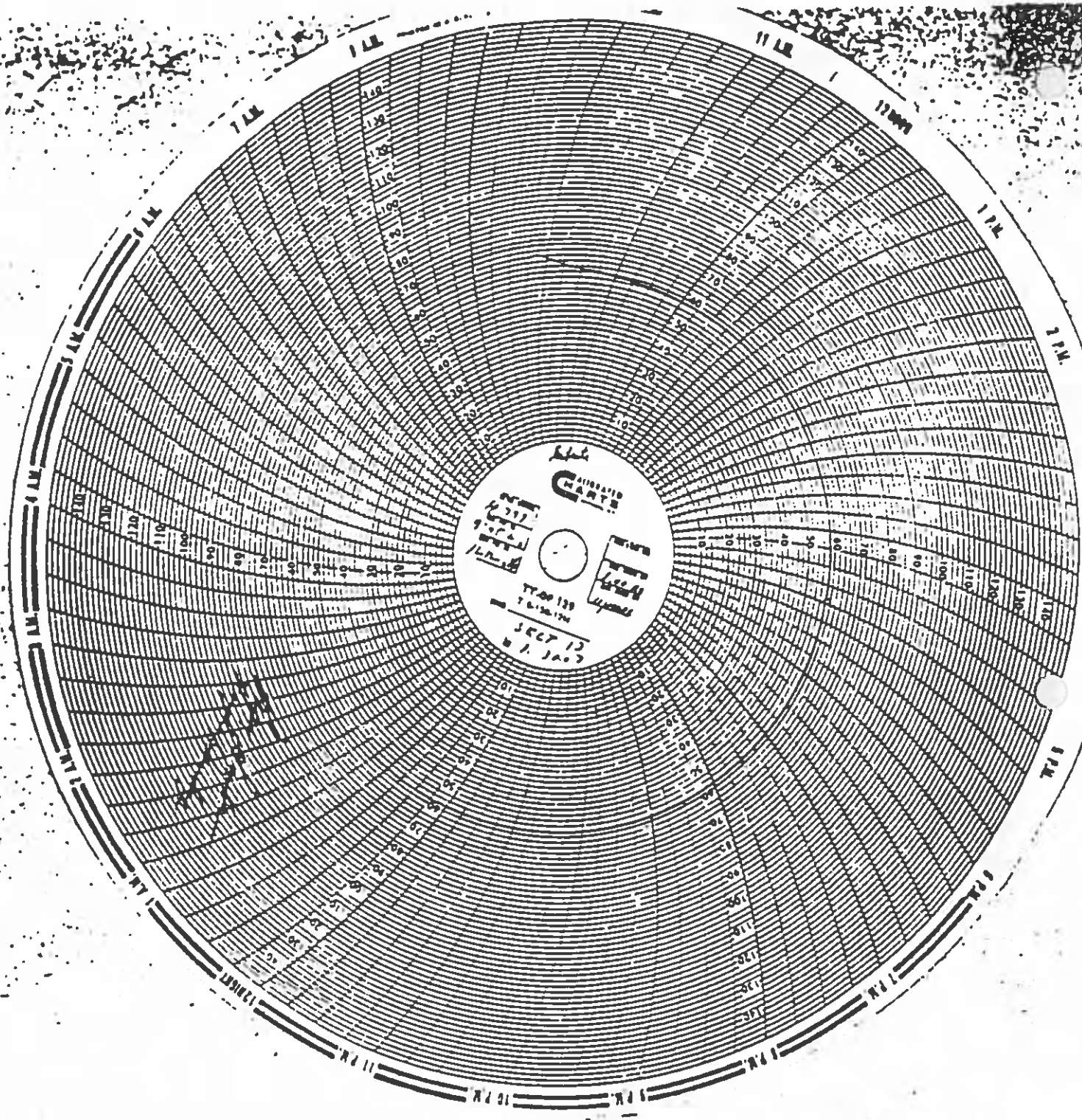
SINGER
LOGARITHMIC METER DIVISION

MIDNIGHT

NOON

6 PM





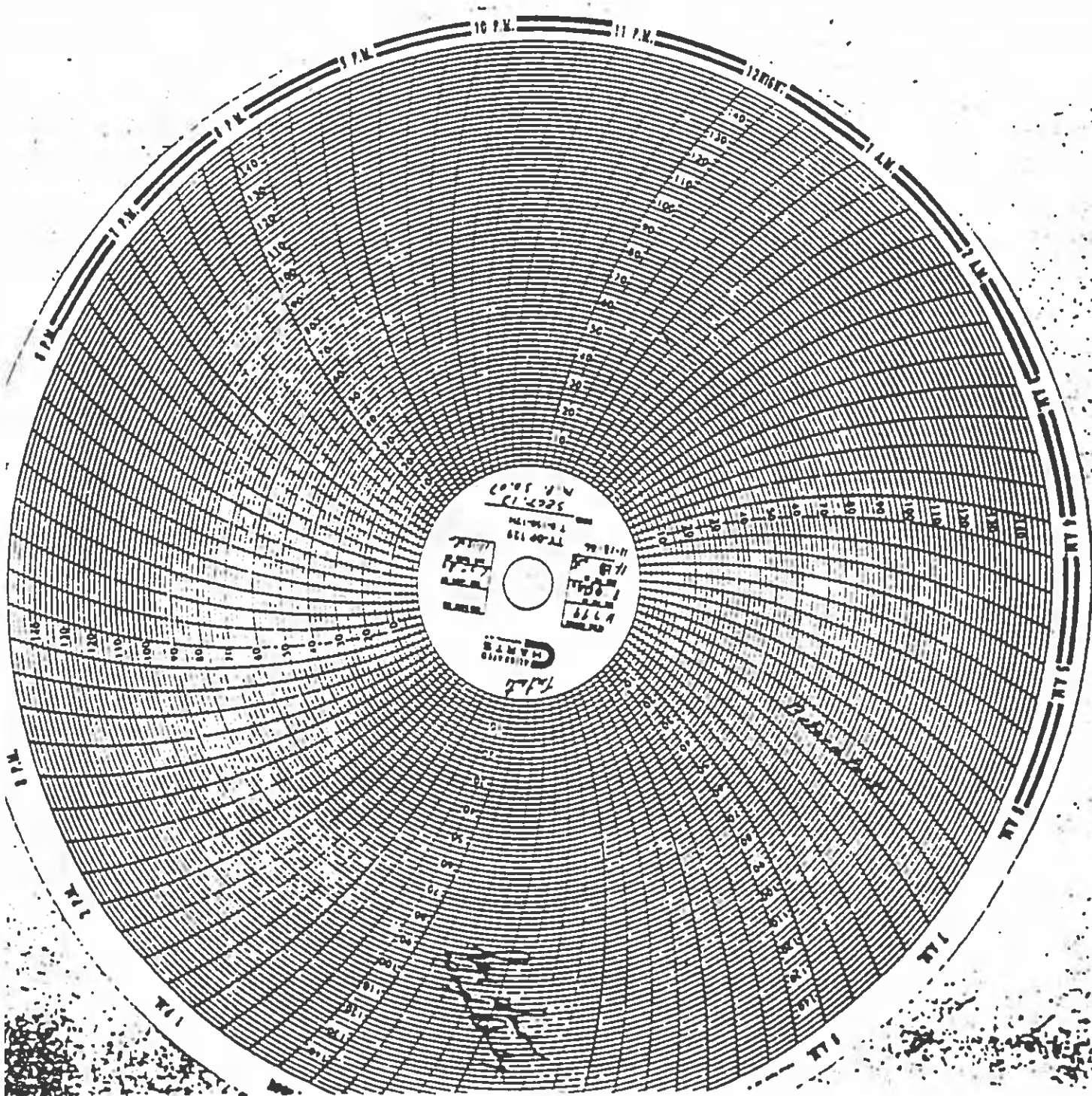
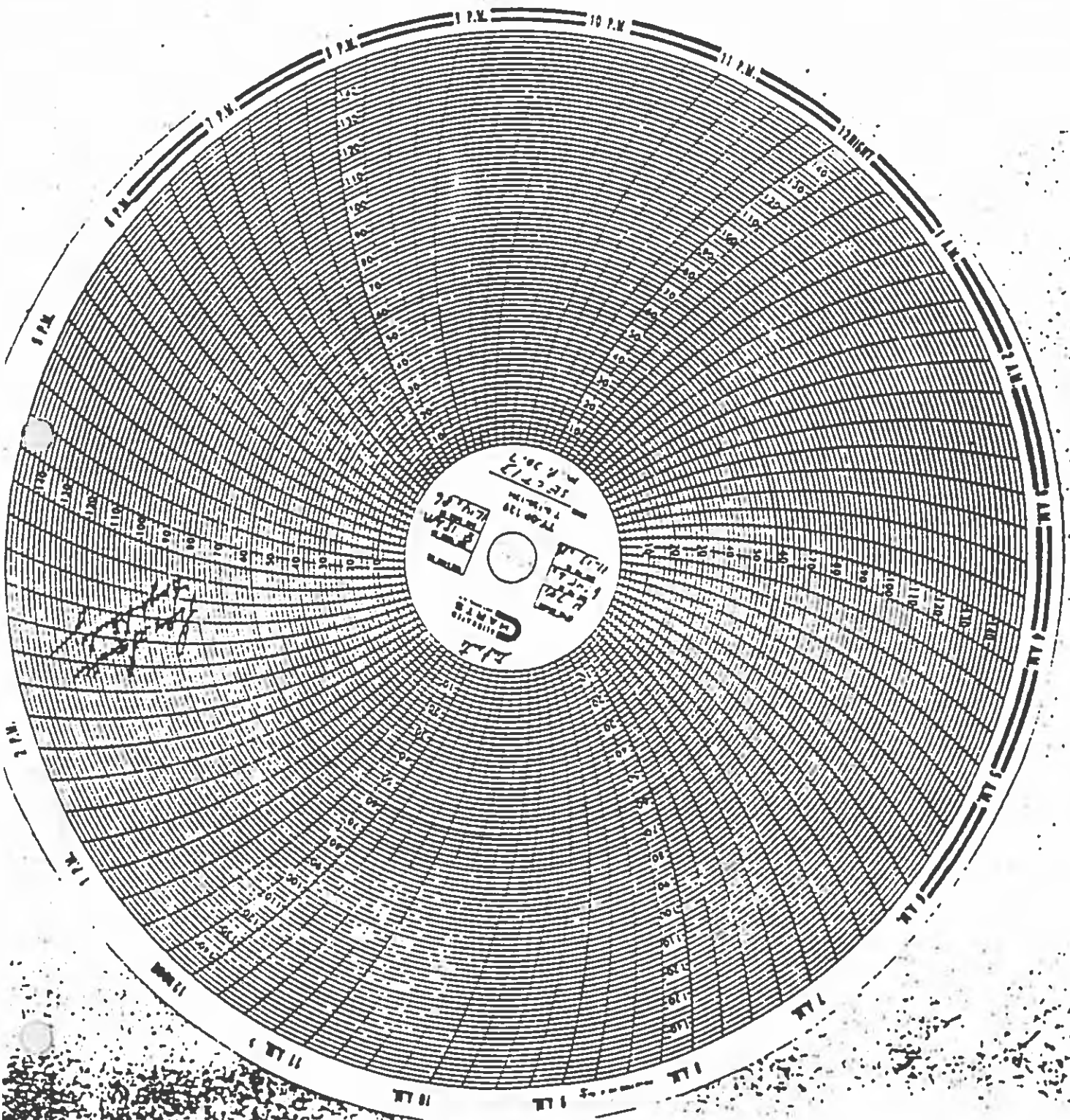
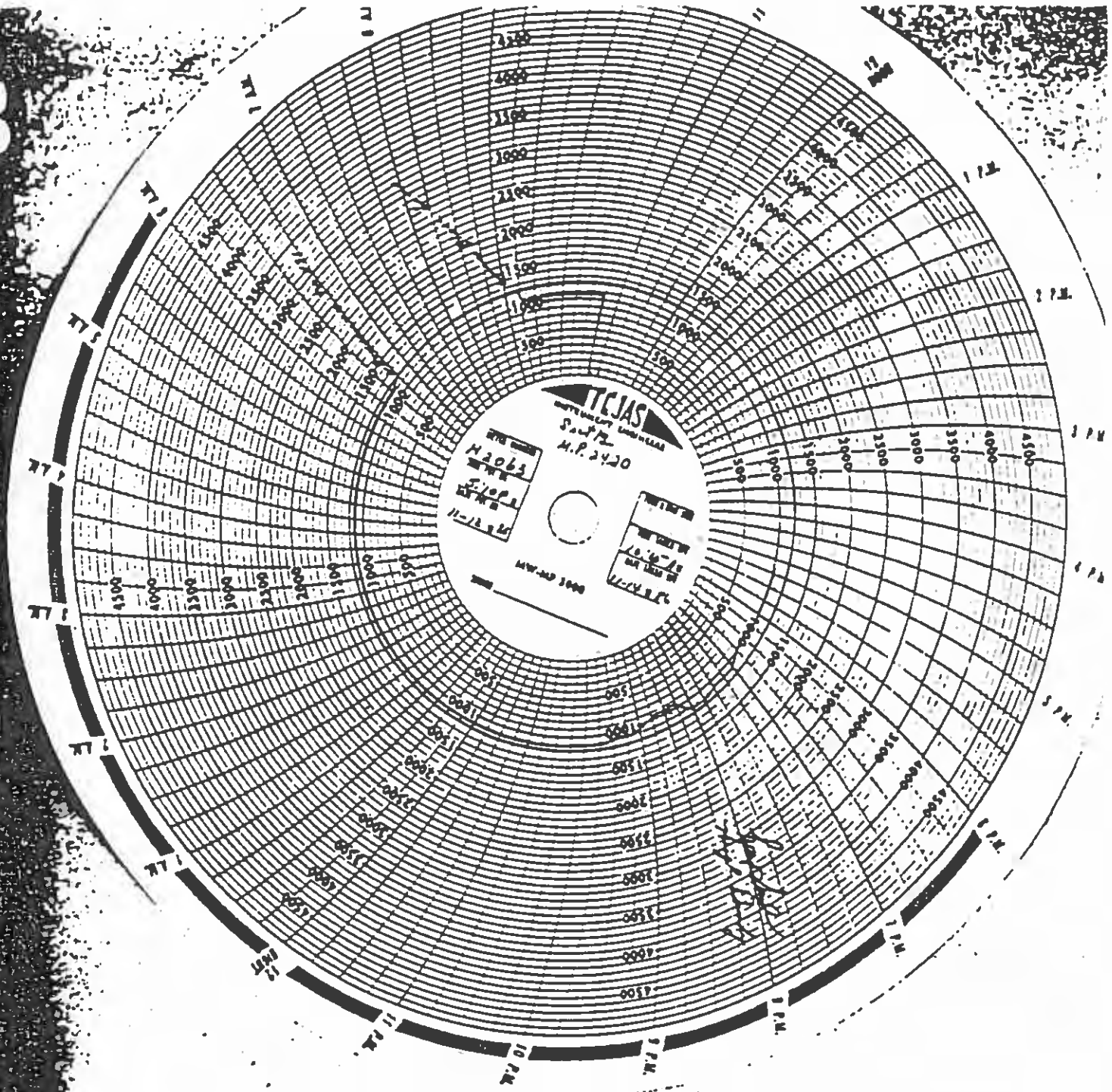
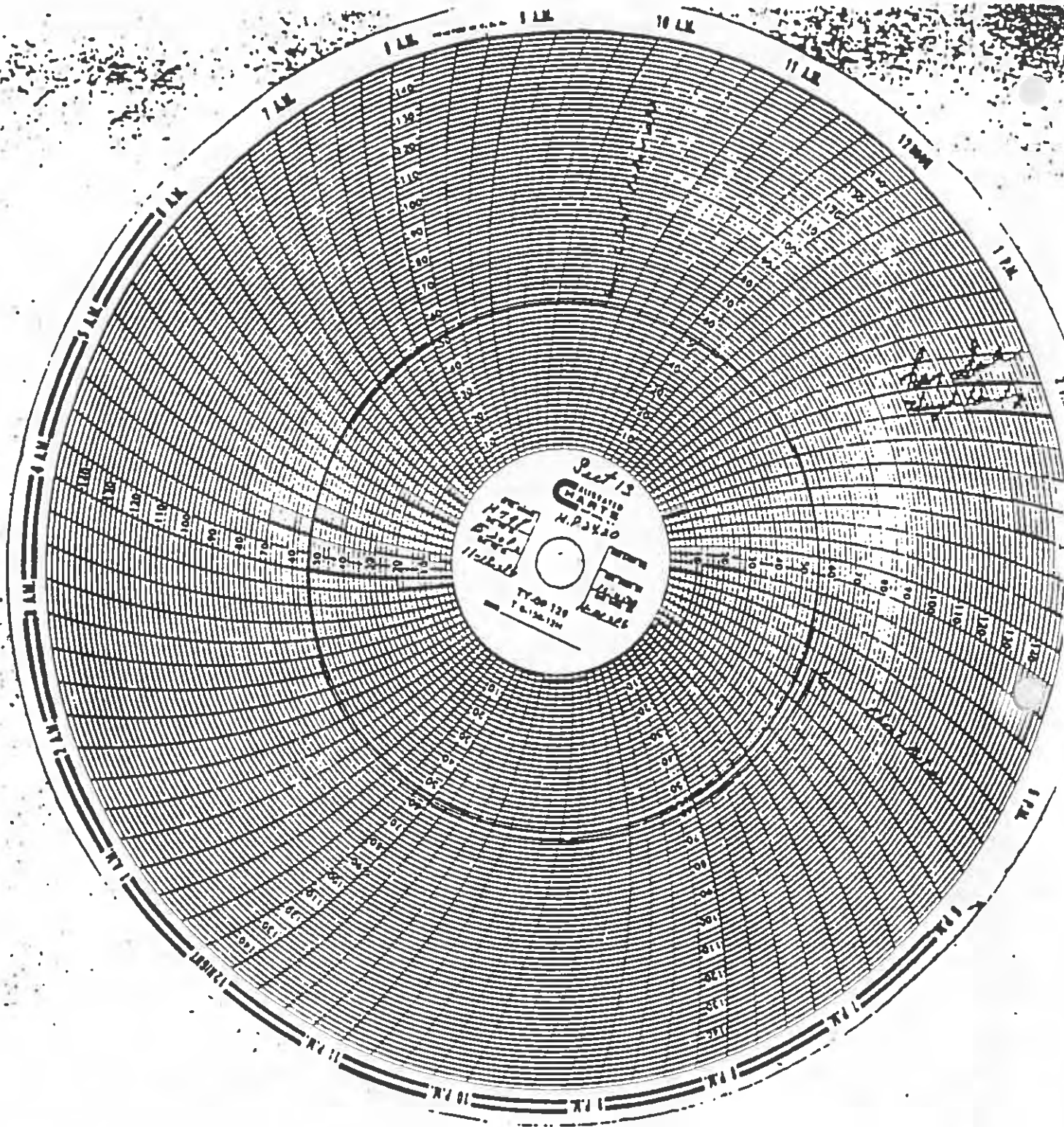


EXHIBIT H







Sheet 13
CALCULATED
MAY 1950
H.P. 35 X 40
11/16/50
TYPED 120
1 8/15/50

APPENDIX H

**ALL AMERICAN
PIPELINE COMPANY****MEMORANDUM**

TO: Charlie Green
FROM: David Williams *David Williams*
DATE: June 30, 1987
SUBJECT: Cathodic Protection Annual Survey Data

Attached you will find copies of the above referenced data for mainline piping from Sisquoc to Tejon Pump Stations.

All original cathodic protection data is on file at the Bakersfield operations center. Therefore, if you require additional information just let me know.

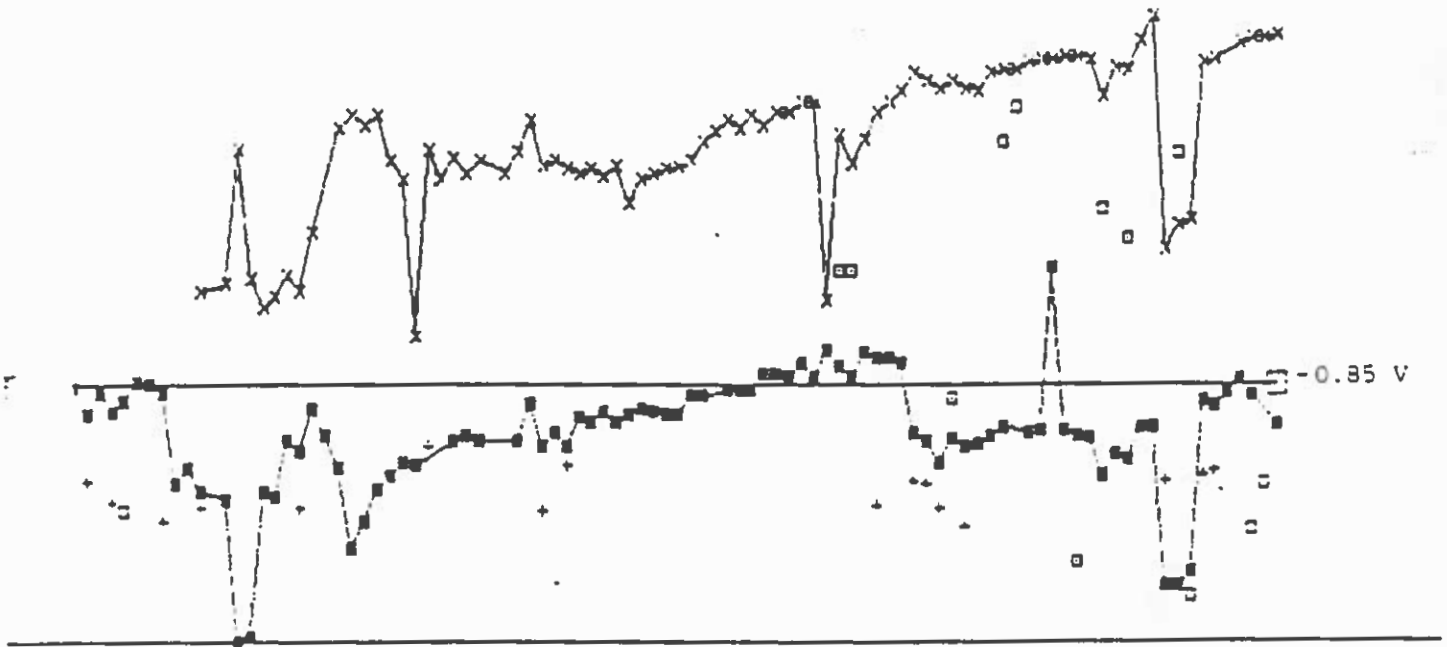
DW:jm

cc: Ron Hinn - w/attachments
Mike King - wo/attachments
Harry Weed - wo/attachments

72.21

SISQUOC - EMIDIO

1
2
3
4
5
6
7



MP 0 - MP 134

EXHIBIT H

-81.5	-17	CA	San Luis Obispo	199153	03/05/86	CASL13LC	Hwy 166
-82.5	-17	CA	San Luis Obispo	192240	03/05/86	CASL14LA	TS
-84.0	-17	CA	San Luis Obispo	184800	03/05/86	CASL15LA	MP 84
-85.0	-17	CA	San Luis Obispo	179520	03/05/86	CASL16LA	MP 85
-86.2	-18	CA	San Luis Obispo	173100	03/05/86	CASL17LA	TS
-87.3	-18	CA	San Luis Obispo	166324	03/05/86	CASL18LB	Block Valve
-89.0	-18	CA	San Luis Obispo	158400	03/05/86	CASL19LA	MP 89
-90.0	-18	CA	San Luis Obispo	153120	03/05/86	CASL20LA	MP 90
-91.0	-18	CA	San Luis Obispo	147527	03/05/86	CASL21LA	MP 91
-92.0	-18	CA	San Luis Obispo	142560	03/05/86	CASL22LA	MP 92
-93.0	-19	CA	San Luis Obispo	137280	03/05/86	CASL23LA	MP 93
-94.0	-19	CA	San Luis Obispo	132049	03/05/86	CASL24LA	MP 94
-95.6	-19	CA	San Luis Obispo	125300	03/05/86	CASL25LA	TS
-96.8	-19	CA	San Luis Obispo	117320	03/05/86	CASL26LA	Dirt Road
-97.8	-19	CA	San Luis Obispo	113000	03/05/86	CASL27LA	TS
-99.0	-20	CA	San Luis Obispo	106475	03/05/86	CASL28LA	MP 99
-100.0	-20	CA	San Luis Obispo	93950	03/05/86	CASL29LA	TS
-101.0	-20	CA	San Luis Obispo	87900	03/05/86	CASL30LA	TS
-102.0	-20	CA	San Luis Obispo	81000	03/05/86	CASL31LA	TS
-103.0	-20	CA	San Luis Obispo	75000	03/05/86	CASL32LA	TS
-106.0	-21	CA	San Luis Obispo	69450	03/05/86	CASL33LA	MP 106
-106.9	-21	CA	San Luis Obispo	62700	03/05/86	CASL34LF	Cuyama Gas
-107.0	-21	CA	San Luis Obispo	62560	03/05/86	CASL35LF	MP 107
-108.0	-21	CA	Kern	57884	03/05/86	CAK1LF	MP 108/Cuyama Gas.
-108.7	-21	CA	Kern	55021	03/05/86	CAK2LB	Main Line Valve
-109.8	-22	CA	Kern	48385	03/05/86	CAK3LC	Soda Lake Road
-110.4	-22	CA	Kern	45715	03/05/86	CAK4LA	TS
-112.4	-22	CA	Kern	35090	03/05/86	CAK5LA	TS
-113.8	-22	CA	Kern	26690	03/05/86	CAK6LC	Hwy 166
-114.0	-23	CA	Kern	12250	03/05/86	CAK7LC	Western Minerals I
-117.8	-24	CA	Kern	5974	03/05/86	CAK8LC	Short Rd
-118.5	-24	CA	Kern	3687	11/14/85	CAK9LF	Union Oil
-119.0	-24	CA	Kern	79	11/11/85	CAK10LC	Pentland Rd/MP 119
-120.0	-24	CA	Kern	5381	11/11/85	CAK11LA	Fence/MP 120
-120.8	-24	CA	Kern	9493	11/11/85	CAK12LF	Four Corners P/L
-120.9	-24	CA	Kern		05/15/87	AAPLTIE	Celeron Gathering,
-121.0	-24	CA	Kern	10755	11/11/85	CAK13LB	4 Corners P/L/MP :
-121.5	-24	CA	Kern	13022	11/13/85	CAK14LF	Cuyama Pipeline
-122.0	-24	CA	Kern	16022	11/11/85	CAK15LA	Rd Crossing/MP 120
-123.0	-24	CA	Kern	21365	11/11/85	CAK16LA	Rd/Fence/MP 123
-124.0	-24	CA	Kern	26718	11/14/85	CAK17LA	Road/MP 124
-125.0	-25	CA	Kern	32015	11/14/85	CAK18LA	Road/MP 125
-125.3	-25	CA	Kern	34704	11/15/85	CAK19LF	Water line
-126.0	-25	CA	Kern	37370	11/15/85	CAK20LA	Road/MP 126
-127.0	-25	CA	Kern	42632	11/16/85	CAK21LA	Rd/MP 127/Tenneco
-128.0	-25	CA	Kern	47939	11/19/85	CAK22LA	Road/MP 128
-128.4	-25	CA	Kern	49276	11/18/85	CAK23LF	Texaco
-129.0	-25	CA	Kern	53251	11/19/85	CAK24LA	Rd/Powerline/MP 12
-130.0	-25	CA	Kern	58582	11/20/85	CAK25LA	Rd/Elec Fence/MP :
-130.8	-26	CA	Kern	63726	12/06/85	CAK26LC	Hwy 166
-130.9	-26	CA	Kern	63851	11/21/85	CAK27LF	Hwy 166/Texaco
-131.0	-26	CA	Kern	64602	11/21/85	CAK28Lf	MP 131
-132.5	-26	CA	Kern	72928	12/06/85	CAK29LC	CA Aquaduct Xing
-132.6	-26	CA	Kern	73254	12/06/85	CAK30LC	CA Aquaduct Xing

-133.0	-26	CA	Kern	77195	11/26/85	CAK31LB	MP 133
134.0	-26	CA	Kern	82542	11/30/85	CAK32LA	MP 134/Road Xing
-135.0	-26	CA	Kern	87827	12/02/85	CAK33LF	MP 135/IVEC LineX
-135.1	-26	CA	Kern	87827	12/02/85	CAK33aLF	TS
.1	1	CA	Kern	88509	12/02/85	EMISTA	Emidio Station
.1	1	CA	Kern	88509	12/15/86	EMIREC	Emidio Rectifier
1.5	1	CA	Kern	95382	12/06/85	CAK34LC	Road Crossing

EXHIBIT H

	27.0	.85	.74 #REF!	#REF!		
	28.0		.76 #REF!	#REF!		
7	30.5		.72 #REF!	#REF!	#REF!	
	30.7		.71 #REF!	#REF!	#REF!	
	32.3		.71 #REF!	#REF!		
	33.0		.72 #REF!	#REF!		
	34.0		.62 #REF!	#REF!	#REF!	
8	36.3		.70 #REF!	#REF!		
	37.2		.63 #REF!	#REF!	#REF!	
	38.0		.67 #REF!	#REF!		#REF!
	39.0		.74 #REF!	#REF!		
9	41.0		.73 #REF!	#REF!		
	41.5		.70 #REF!	#REF!	#REF!	
	42.2		.38 #REF!	#REF!		
	43.0		.43 #REF!	#REF!		
	44.3		.35 #REF!	#REF!	#REF!	
10	Sisquoc		#REF!	#REF!		#REF!
	46.8		.32 01/20/87	1.18		190 Stat
	48.0		-.18 01/23/87	1.63		200 Pcte
	50.0		-.16 01/23/87	1.20		36 Casi
11	52.5		.35 01/23/87	1.10		16 Fore
	54.4		.33 01/23/87	1.14		
	55.3		.53 01/23/87	1.21		202 Tota
	57.4		.49 01/20/87	1.16	.44	
12	58.5		.64 01/20/87	1.35		100 % Co
	59.0		.55 01/20/87#N/A!			
	60.6		.43 01/20/87	1.70		108.10 Mile
13	63.6		.15 01/20/87	1.74		
	64.6		.24 01/20/87	1.71		#GRA
	66.0		.36 01/20/87	1.74		
	67.0		.41 01/20/87	1.59		
14	68.3		.44 01/20/87	1.01		
	68.5		.45 01/20/87	1.53		
	70.2		01/20/87	1.63	.64	
	70.4		01/20/87	1.53		
	71.3		.53 01/20/87	1.60		
	72.3		.55 01/20/87	1.55		
15	73.0		.53 01/20/87	1.59		
	74.4		01/20/87#N/A!			
	75.4		01/20/87	1.55		
16	76.5		.53 01/15/87	1.62		
	77.7		.66 01/15/87	1.72		
	79.2		.51 01/15/87	1.57	.43	
17	80.3		.56 01/15/87	1.59		
	81.5		.51 01/15/87	1.56	.58	
	82.5		.61 01/15/87	1.55		
	84.0		.60 01/15/87	1.56		
	85.0		.63 01/15/87	1.54		
18	86.2		.60 01/15/87	1.57		
	87.3		.62 01/15/87	1.45		
	89.0		.64 01/15/87	1.53		
	90.0		.63 01/15/87	1.55		
	91.0		.62 01/15/87	1.56		
	92.0		.62 01/15/87	1.57		
19	93.0		.69 01/15/87	1.59		
	94.0		.69 01/15/87	1.65		
	95.6		01/15/87	1.69		
	96.8		.71 01/15/87	1.72		

	100.0	.77	01/15/87	1.71		
	101.0	.77	01/15/87	1.75		
	102.0	.78	01/15/87	1.75		
	103.0	.80	01/15/87	1.79		
	106.0	.78	01/15/87	1.79		
	106.9	.85	01/14/87	1.13		
	107.0	.79	01/14/87	1.68		1.23
21	108.0	.76	01/14/87	1.58		1.23
	108.7	.84	01/14/87	1.66		
22	109.8	.82	01/14/87	1.75	.45	
	110.4	.82	01/14/87	1.79		
	112.4	.80	01/14/87	1.82		
23	113.8	.58	01/14/87	1.88	.53	
	114.0	.53	01/14/87	1.86	.52	
24	117.8	.45	01/14/87	1.83	.44	
	118.5	.54	01/14/87	1.86		.80
	119.0	.51	04/21/87	2.46	.39	
	120.0	.52	01/14/87	1.82		
	120.8	.55	01/14/87	1.88		2.30
	120.9		06/15/87	1.45		1.45 - .65
	121.0	.58	01/14/87	1.89		#N/A!
	121.5	.55	01/14/87	1.89		1.77
	122.0	.56	01/14/87	1.92		
	123.0	.57	01/14/87	1.93		
	124.0	1.15	01/14/87	1.93		
25	125.0	.57	01/14/87	1.94		
	125.3	.55	01/14/87	1.94		.26
	126.0	.54	01/14/87	1.93		
	127.0	.41	01/14/87	1.80		#N/A!
	128.0	.48	01/14/87	1.90		
	128.4	.48	01/14/87	1.89		1.33
	129.0	.58	01/14/87	1.99		
	130.0	.58	01/14/87	2.07		
26	130.8	.02	01/14/87	1.30	.53	
	130.9	.02	01/14/87	1.38		1.62
	131.0	.06	01/14/87	1.40		.15
	132.5	.67	01/14/87	1.92	.55	
	132.6	.65	01/14/87	1.93	.56	
	133.0	.70	01/20/87#N/A!			
	134.0	.75	01/20/87	1.98		
	135.0	.69	01/12/87	2		.37
	135.1		01/12/87	2		.52
	Emidio	.85	.59	06/16/87	1.78	7.2

EXHIBIT H

M P	A/S	ST	County	Station #	Installed	ID	Description
-22.0	-5	CA	Santa Barbara	126719			Block Valve
-22.2	-5	CA	Santa Barbara	126823			Santa Rosa Rd
-23.6	-5	CA	Santa Barbara	119284			Hwy 246
-23.6	-5	CA	Santa Barbara	123085			Block Valve
-24.0	-5	CA	Santa Barbara	117780			MP 24
-25.0	-5	CA	Santa Barbara	110634			MP 25
-27.0	-6	CA	Santa Barbara	100074	10/10/86	CASb51LA	MP 27
-28.0	-6	CA	Santa Barbara	94794	10/10/86	CASb52LA	Oak Tree Rd/MP 28
-30.5	-7	CA	Santa Barbara	80392	10/10/86	CASb53LC	Hwy 101
-30.7	-7	CA	Santa Barbara	80292	10/10/86	CASb54BC	Hwy 101
-32.3	-7	CA	Santa Barbara	72017	10/10/86	CASb55LA	Road Crossing
-33.0	-7	CA	Santa Barbara	68394	10/10/86	CASb56LA	MP 33
-34.0	-7	CA	Santa Barbara	63049	10/10/86	CASb57LC	Alisos Rd/MP 34
-36.3	-8	CA	Santa Barbara	56930		CASb58LA	TS
-37.2	-8	CA	Santa Barbara	45743	10/10/86	CASb59LC	Foxen Canyon Rd
-38.0	-8	CA	Santa Barbara		10/10/86	CASb60LF	Cable Crossing
-39.0	-8	CA	Santa Barbara	36714	10/10/86	CASb61LA	MP 39
-41.0	-9	CA	Santa Barbara	26321	10/10/86	CASb62LB	Gate Valve/MP 41
-41.5	-9	CA	Santa Barbara	24330	10/10/86	CASb63LC	Sisquoc Vineyard
-42.2	-9	CA	Santa Barbara	21000	10/10/86	CASb64LA	Check Valve
-43.0	-9	CA	Santa Barbara	15060	10/10/86	CASb65LA	MP 43
-44.3	-9	CA	Santa Barbara	7591	10/10/86	CASb66LC	Tepusquet Rd
-46.0	-10	CA	Santa Barbara	127502		SISSTA	Sisquoc Station
-46.1	-10	CA	Santa Barbara	127502		SISREC	Sisquoc Rectifier
-46.8	-10	CA	Santa Barbara	123220	10/10/86	CASb67LA	TS/Vineyard Road
-48.0	-10	CA	Santa Barbara	116704	10/10/86	CASb68LA	MP 48/Pequistapach
-50.0	-10	CA	Santa Barbara	106144	10/10/86	CASb69LA	MP 50/Quarry Road
-52.5	-11	CA	Santa Barbara	92981	10/10/86	CASb70LA	Access Road 6/Svey
-54.4	-11	CA	Santa Barbara	83546	10/10/86	CASb71LA	TS
-55.3	-11	CA	Santa Barbara	78226	10/10/86	CASb72LA	TS/Divide Rd - Iron
-57.4	-11	CA	Santa Barbara	68172	10/10/86	CASb73LC	Tepusquet Rd
-58.5	-12	CA	Santa Barbara	60880	10/10/86	CASb74LB	Check Valve/SBCD A
-59.0	-12	CA	Santa Barbara	58624	10/10/86	CASb75LA	TS
-60.6	-12	CA	Santa Barbara	50500	10/10/86	CASb76LA	TS/Aliso Creek/MP
-63.6	-13	CA	Santa Barbara	34284	10/10/86	CASb77LA	TS
-64.6	-13	CA	Santa Barbara	28284	10/10/86	CASb78LA	TS
-66.0	-13	CA	Santa Barbara	21664	10/10/86	CASb79LA	MP 66
-67.0	-13	CA	Santa Barbara	16284	10/10/86	CASb80LA	MP 67
-67.5	-13	CA	Santa Barbara	5824		CASb81LA	TS
-68.3	-14	CA	San Luis Obispo	3785	10/10/86	CASl1LB	Block Valve
-68.5	-14	CA	San Luis Obispo	5824	10/10/86	CASl1aLa	Block Valve
-70.2	-14	CA	San Luis Obispo	258283	10/10/86	CASL2LC	Hwy 166
-70.4	-14	CA	San Luis Obispo	257925	10/10/86	CASL3LB	Check Valve
-71.3	-14	CA	San Luis Obispo	251850	10/10/86	CASL4LA	TS
-72.3	-14	CA	San Luis Obispo	245250	10/10/86	CASL5LA	TS
-73.0	-15	CA	San Luis Obispo	242800	10/10/86	CASL6LA	MP 73
-74.4	-15	CA	San Luis Obispo	235000		CASL7LA	TS
-75.4	-15	CA	San Luis Obispo	229611		CASL8LB	Gate Valve
-76.5	-16	CA	San Luis Obispo	224400	03/05/86	CASL9LA	TS
-77.7	-16	CA	San Luis Obispo	217350	03/05/86	CASL10LA	TS
-79.2	-16	CA	San Luis Obispo	210981	03/05/86	CASL11LC	Hwy 166
-80.3	-17	CA	San Luis Obispo	204660	03/05/86	CASL12LA	TS

APPENDIX I



KENNETH L. NELSON
County Counsel

MARVIN LEVINE
Chief Assistant

COUNTY COUNSEL
SANTA BARBARA COUNTY

105 East Anapamu Street
Santa Barbara, CA 93101
Telephone: (805) 963-71

FEDERAL EXPRESS

July 14, 1987

Walter J. Hernandez
Chief, Hazardous Liquid Pipeline
Safety and Enforcement
Office of the State Fire Marshal
7171 Bowling Drive, Suite 1010
Sacramento, California 95823

Dear Mr. Hernandez:

Pursuant to your letter of June 17, 1987 requesting additional information on the location of Federal Pipeline Regulation violations existing on the Celeron Pipeline, I have enclosed a map pinpointing the location of the "miter bend" observed by several County representatives.

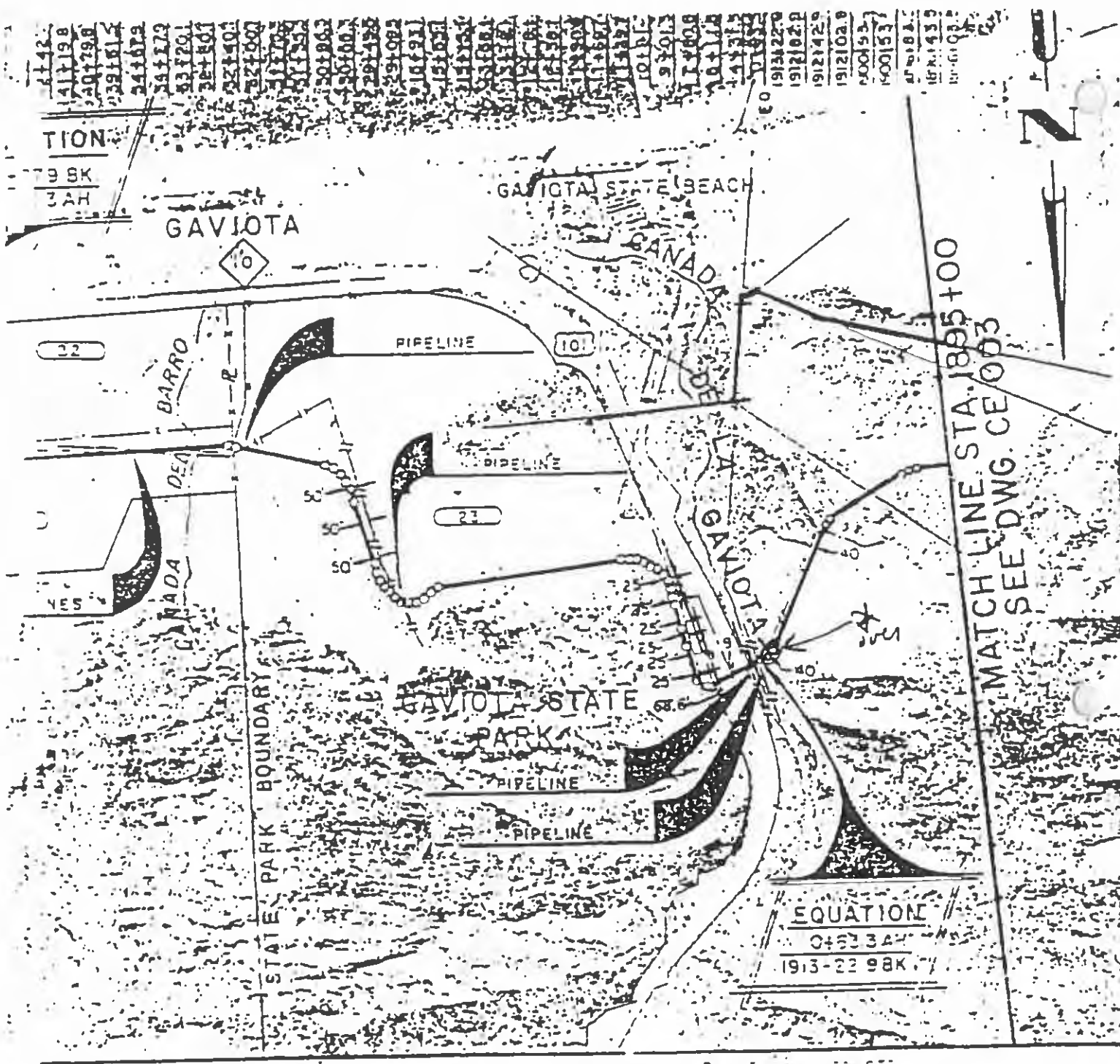
The County would be please to provide you with personnel support in the field in locating this area when you conduct your on-site review.

Very truly yours,

KENNETH L. NELSON
COUNTY COUNSEL


By George T. Poppic, Jr.
Special Counsel

Enc.
GTP:msg
#3959B



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MATCHLINE STA. 1895+00
 SEE DWG. CE 003

MATCHLINE STA. 49100
 SEE DWG. 002A

- 21030 CENT. PI. BEHT 100 W
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50 TO PIPELINE
- 21002 CENT. PI. BEHT 100 B
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- 21015 BEHT 50 W 75 TO RET.
PTS. BHT 50 TO PIPELINE
- 21061 CENT. PI. BEHT 50 W
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- 21022 CENT. PI. BEHT 50 B
75 TO RET. PTS. BHT
50 TO PIPELINE
- 21031 PIPELINE
- 21086 BEHT 75 TO RET. PTS.
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- 21099 CENT. PI. BEHT 50 B
75 TO RET. PTS.
- 21056 CENT. PI. BEHT 75 B
100 TO RET. PTS.
- 21057 CENT. PI. BEHT 315
125 TO RET.
- 21058 BEHT 25 TO RET. CE HT.
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- 21059 CENT. PI. BEHT 100
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- 21100 BEHT 100 W 100 OF HD
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STA 1895+00



* PI was re-engineered to accommodate changes induced by discovery of historic site. It is not exactly as represented on this Alignment sheet but "mitre" joint occurred at the hot bend tie-in at this PI between historic site and Gaviota Creek

Michael J. Farrell

APPENDIX J

GREGORY & COOK, INC.

Pipeline & Marine Contractors

7575 San Felipe • Houston, Texas 77063
Suite 350 Phone: (713) 780-7500

June 15, 1987

California State Fire Marshall
7171 Bowling Drive
Suite 1010
Sacramento, CA 95823

Attention: Walter Hernandez, Chief Hazardous Liquid
Pipeline Safety Enforcement Officer

Subject: Celeron Pipeline Santa Barbara County,
California - Post Construction Meeting
May 26, 1987

Gentlemen:

As the Gregory & Cook, Inc. representative responsible for construction of the Celeron Pipeline, I confirm that the pipeline was constructed in a workmanlike manner and in accordance with applicable regulatory codes. No buckles or miter welds were installed in the pipeline.

I have been involved in cross country pipeline construction in excess of thirty-five years. Fifteen years as Construction Superintendent, and the past ten years as General Superintendent. My resume is enclosed.

The onsite representative for Electronic Piggings Systems, Tulsa, Oklahoma, was Mr. Roy Schorlemmer. He may be reached at AC 918/446-1934.

If I can be of further assistance please let me know.

Very truly yours,

GREGORY & COOK, INC.



James F. Evans
Vice President

JFE/hc

J. FLETCHER EVANS

POSITION Vice President - Gregory & Cook, Inc.

EXPERIENCE

1977/PRESENT GREGORY & COOK, INC. - General Superintendent Manager of pipeline construction in the United States. Responsibilities include supervision of project superintendents on one or more projects being constructed at the same time, supervising construction of pipelines, coordinating and scheduling welding and laying of pipe with specialized foremen, coordinating the quality control, supervising approximately 300-500 employees.

1975/1977 GREAT PLAINS CONSTRUCTION COMPANY
Superintendent - Constructed 140 miles of cross country pipelines in Iran. Responsibilities included supervising construction of pipelines, coordinating and scheduling welding and laying of pipe with specialized foremen, coordinating the quality control, and supervision of 200-300 employees.

1971/1975 GREAT PLAINS CONSTRUCTION COMPANY
Superintendent - Supervision of various cross country pipeline jobs in the United States, including the construction, coordinating and scheduling welding and laying of the pipe, coordinating the quality control, and the supervision of several hundred employees on each job.

1964/1971 R.H. FULTON CONSTRUCTION COMPANY
Superintendent - Supervision of pipeline construction in the Western United States, including coordinating and scheduling welding and laying of the pipe, coordinating the quality control, and the supervision of several hundred employees on each job.

1962/1964 GREAT PLAINS CONSTRUCTION COMPANY
Superintendent - Supervision of various cross country pipeline projects in the United States, including the construction, coordinating the quality control, and the supervision of several hundred employees on each job.

1951/1962

GREAT PLAINS CONSTRUCTION COMPANY

Started as laborer, truck, driver. heavy equipment operator, moved up to foreman and then superintendent.

EDUCATION

High School Education
One year College

REPRESENTATIVE PROJECTS COMPLETED

<u>Iran</u>	140 Mi. 36", 24", 20" 12" & 10"	-Iran
<u>Koch Oil Co.</u>	120 Mi. 8"	-Kansas & Oklahoma
<u>Odessa Natural Gas</u>	110 Mi. 16" & 20"	-Brownwood, Texas
<u>Oasis Pipeline Co.</u>	108 Mi. 36"	-Kerrville, Texas
<u>El Paso Natural Gas Co.</u>	60 Mi. 30"	-Longview, Washington
<u>Chaparral Pipeline Co.</u>	130 Mi. 12"	-Bryan, Texas
<u>Gulf Oil Company</u>	100 Mi. 14"	-Livingston, Texas
<u>Paso Natural Gas Co.</u>	60 Mi. 30"	-Lordsburg, New Mexico
<u>Natural Gas Co. of America</u>	95 Mi. 30"	-Dumas, Texas
<u>El Paso Natural Gas Co.</u>	148 Mi. 30"	-Wilcox, Arizona
<u>Great Lakes Gas Transmission Co.</u>	137 Mi. 36"	-Thief River Falls, Minn.
<u>El Paso Gas Co.</u>	70 Mi. 20"	-Lovington, New Mexico
<u>Northern Natural Gas Co.</u>	130 Mi.	-Kermit, Texas
<u>Transwestern Gas Co.</u>	30 Mi. 36"	-Carlsbad, New Mexico
<u>Colorado Interstate Gas Co.</u>	60 Mi. 20"	-Aurora, Colorado
<u>Lower Homestake Water Project</u>	30 Mi. 48"	-Woodland Park, Colorado

Continental Oil Co.
190 Mi. 8"

-Casper, Wyoming

Phillips Petroleum Co.
167 Mi. 16"

-Kansas

Production Operators
50 Mi. 6"

-Ft. Stockton, Texas

Gulf Oil
27 Mi. 10"
7 Mi. 14"

-Midland, Texas

Phillips Petroleum Co.
19 Mi. 18"

-Pasadena, Texas

Wood River Pipeline Co.
170 Miles 20" Pipeline

-Missouri & Illinois

Czark Gas Pipeline Co.
84 Miles 20" Pipeline

-Arkansas & Oklahoma

Wyoming Interstate Gas Co.
94 Miles 36" Pipeline

-Wyoming

Red River Pipeline Co.
88 Miles 24" Pipeline

-West Texas

Chevron Pipeline Co.
127 Miles 16" CO2 Pipeline
95 Miles 10" PO4 Pipeline

-Wyoming, Utah, Colorado

All American Pipeline Co.
537 Miles 30" Pipeline

-Arizona & California

APPENDIX K

LETTER OF TRANSMITTAL

TO: Office of State Fire Marshal

DATE: September 3, 1987

1501 W. Cameron Avenue, Suite C-110

West Covina, CA 91790

PROJECT:

ATTN: Arnold D. Moodie

GENTLEMEN: WE ARE SENDING YOU:

Enclosed Under separate cover, via _____

COPIES	NUMBER	DESCRIPTION
1		Statement and resume of Byron White
1		Statement of Roger Stephenson

THESE ARE TRANSMITTED:

For approval For your use As requested For review and comment

REMARKS:

COPY TO: Charlie Green

SIGNED:


Timothy Cohen

STATEMENT CONCERNING GAVIOTA STATE PARK HWY. 101 CROSSING

This statement is in regard to the arc site and the hot bend put in the line at Highway 101 crossing Gaviota State Park.

On the coming in side of Highway 101, which is the north side of the highway, we bored under an arc site. We also had a creek in the same area. We placed a hot bend in the creek area. When these two sections were welded up, the entire ditch from the highway to the arc site was left open for inspection. All x-rays were good and okayed.

Our chief inspector was notified that the area was ready for inspection before backfill procedures were to take place. Three different times during the day he was called, but never showed up. The area was then backfilled and cleaned up. Our line was properly coated, padded, and then backfilled.

In my opinion, we have a good line with proper depth and cover over the line.

The entire process took approximately three days. Another inspector and I were present a good part of the time.

Byron L. White

BYRON L. WHITE
8/27/87

BYRON L. WHITE

EXHIBIT H

403 South Market
Caldwell, Kansas . 67022
Phone: (316) 845-2672

OBJECTIVE: I am seeking a position as an inspector and/or a field representative.

PIPELINE EXPERIENCE

SUPERVISION:

Chief Inspector on 18 miles 6" high pressure.
Chief Inspector on 22 miles 8" high pressure.
Chief Inspector on 17 miles 8" high pressure.
Chief Inspector on 200 miles 30" line.
Assistant Maintenance Supervisor--All American Pipeline Co.

INSPECTION:

Inspected on numerous lines in an eight year period; including:
Row, Fencing, Tape, Tie-ins, stringing, and 150 miles 8".

OFFICE MANAGEMENT:

Purchasing clerk in charge of material control and inventory.

PIPELINE CONSTRUCTION:

Have experience in set up of tape machines, big inch and little inch.
Also familiar with primers, tape and rock guard. Have operated Remco
tape machine.
Have experience in Coating Plant.
Have experience in Insulation Plant.
Dozer operator, truck driver, layout and grade for booster station,
set headers and pumps, welder's helper.

EMPLOYMENT HISTORY

1986-1987	Assistant Maintenance Supervisor	All American Pipeline Company
1986-1986	Chief Inspector	All American Pipeline Company
1985-1985	Tape Inspector	All American Pipeline Company
1977-1985	General Inspector & Maintenance	Sterling Hydrocarbon Company

U.S. MILITARY

Four years active duty U.S. Air Force

1972-1974	Active Reserve U.S. Marine Corps	Honorable Discharge
1970-1972	Inactive Air Force Reserve	Honorable Discharge
1966-1970	Active Duty U.S. Air Force	

References available upon request.

8-27-87

On Oct 2 1986

Charlie's crew made tee end at arch. site, in state park on east side of Hwy 101.

Due to limited right of way and arch. site, crew had to bore and put in hot bend to make tee end.

On my daily log I show crew put in 28° hot bend. I cannot recall if it was a 36° taken down to 28° or 34° taken down to 28°.

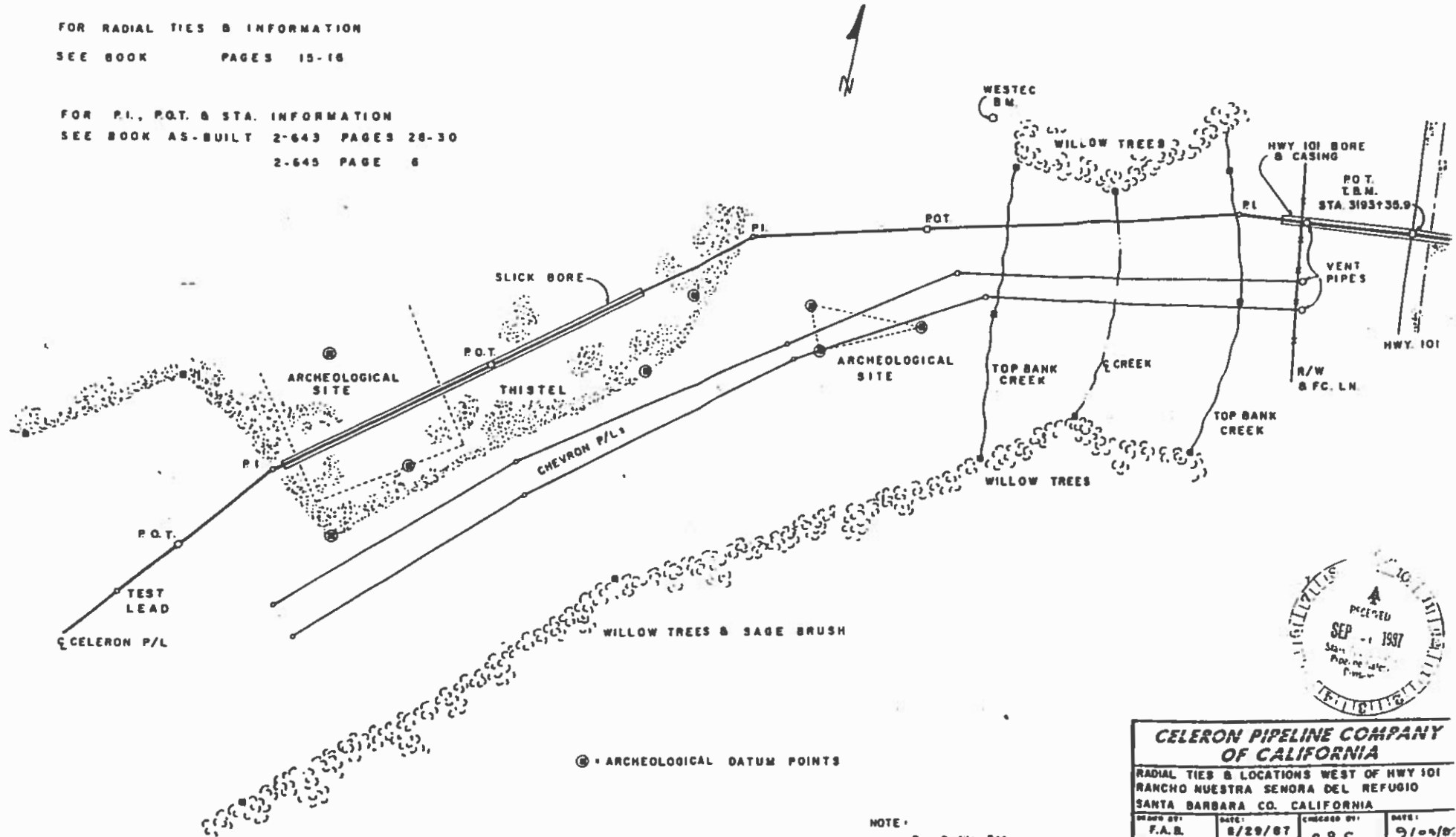
Called Dan Hoffmann to come look at tee end at Arch. site. Dan did not show up so decision was made by Byron & me to let Tee End stay.

Roger J
Stecher

APPENDIX L

FOR RADIAL TIES & INFORMATION
SEE BOOK PAGES 15-16

FOR P.I., P.O.T. & STA. INFORMATION
SEE BOOK AS-BUILT 2-643 PAGES 28-30
2-645 PAGE 6



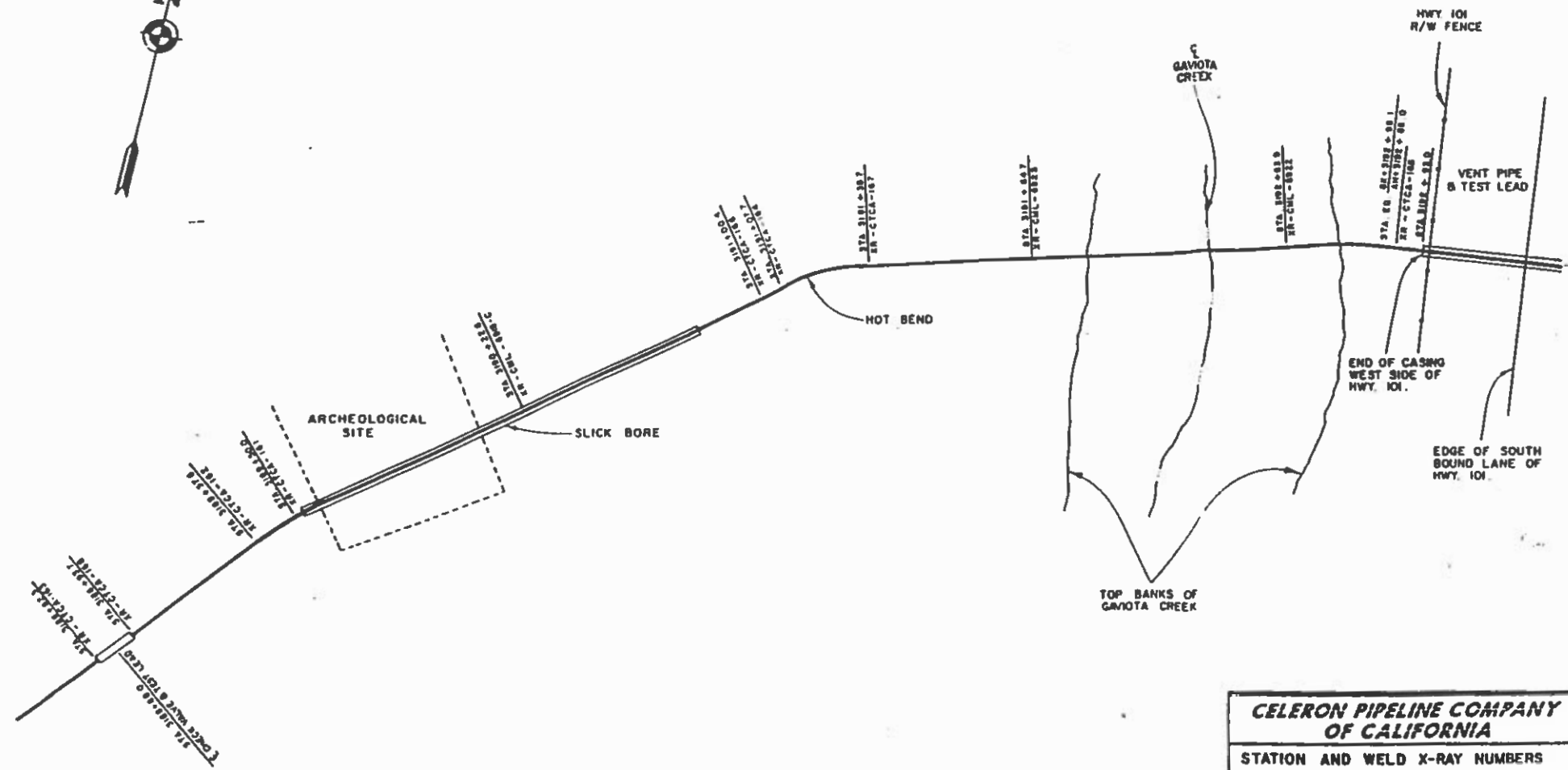
CELERON PIPELINE COMPANY OF CALIFORNIA			
RADIAL TIES & LOCATIONS WEST OF HWY 101 RANCHO NUESTRA SENORA DEL REFUGIO SANTA BARBARA CO. CALIFORNIA			
DRAWN BY: F.A.B.	DATE: 8/29/87	CHECKED BY: C.R.C.	DATE: 9/05/87
SCALE: 1" = 30'		DRAWING NUMBER: SK-526	

⊗ - ARCHEOLOGICAL DATUM POINTS

NOTE:
For Profile See Drawing - SK 828

SANTA BARBARA COUNTY, CALIFORNIA
 RANCHO NUESTRA SENORA DEL REFUGIO
 GAVIOTA STATE PARK

APPENDIX L



CELERON PIPELINE COMPANY OF CALIFORNIA			
STATION AND WELD X-RAY NUMBERS WEST OF HIGHWAY 101			
DRAWN BY:	DATE:	ENGINEER BY:	DATE:
RHW	9-30-87	GCA	9-30-87
SCALE:	DRAWING NUMBER:		
1" = 30'	SK-527		

APPENDIX M

GREGORY & COOK, INC.

August 17, 1987

Celeron Pipeline Corporation
P.O. Box 31029
Santa Barbara, CA 93130

Pipeline & Marine Contractors

7575 San Felipe • Houston, Texas 77063
Suite 350 Phone: (713) 780-7500

Re: Celeron Pipeline Hot Bend Installation

Attn: Tim Cohen

Gentlemen:

Gregory & Cook, Inc. was required by Celeron Corporation to bore an archeological site between the Gaviota Creek check valve and Gaviota Creek. The bore was preliminarily set by the Office of Gaviota State Park in conjunction with Celeron Corporation.

Based on this location, a hot bend of 36 degrees was purchased by Gregory & Cook, Inc. to be installed at station no. 1912+76. After further investigation by the State Park Archeologist, the bore was lengthened and shifted, requiring a 28 degree bend instead of a 36 degree bend.

To accomodate this change made by the State Archeologist, Gregory & Cook, Inc. cut 8 degrees off the hot bend already purchased, using the accepted method of segmenting true radius bends.

This procedure and the welds made on the cut hot bend are within the Standards of ANSI, B31.4, Department of Transportation, Part 195, Title 49, and API 1104.

Very truly yours,

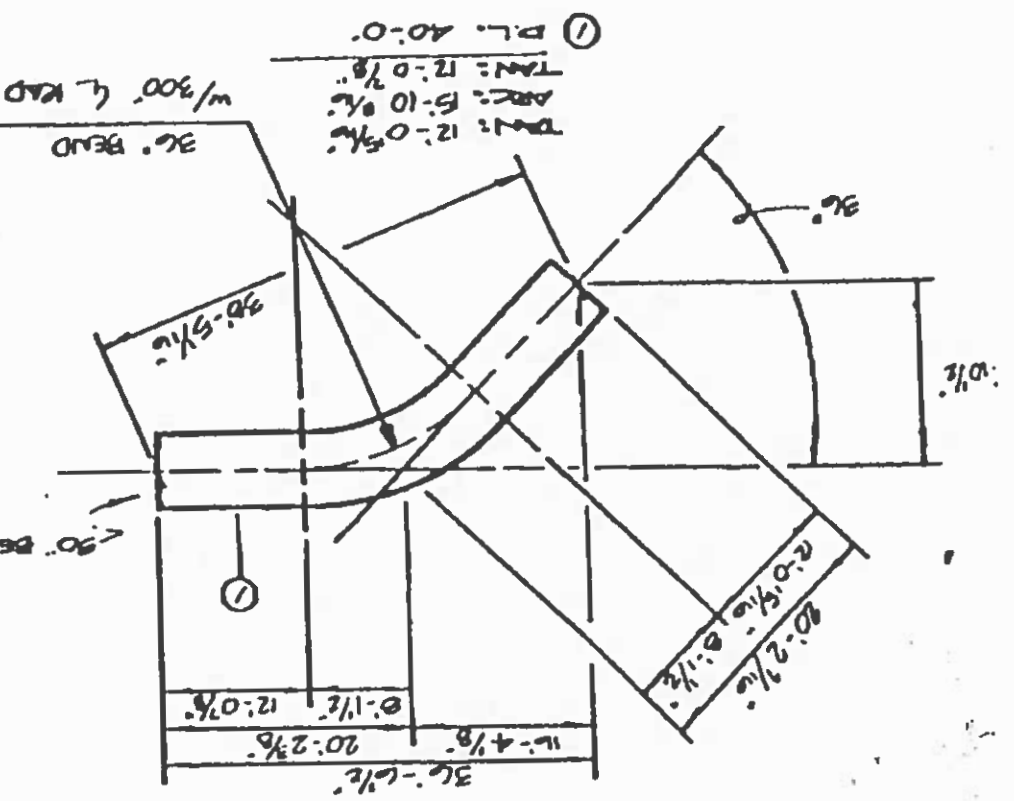


Ronnie Wise, Chief Engineer

enclosures

cc Dale Morris

RW/gep



MISC. MAT'L									
PIN	QTY	MAT'L	SON.	CUT LENGTH	BND PIER	TYPE	SPEC	QTY	
1	1	30"	438	40" 0"	BOE				
CURT. FUHL.									

PAGE NO.	1	DATE	27
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DESIGNED BY	DATE	CHECKED BY	DATE
CONTRACT NO.	DATE	PROJECT	DATE

SHEET NO. 0 DATE 27 35524 CONTROL SYSTEMS JOHNSON CONTROL SYSTEMS ENGINEERING	SHEET NO. 0 DATE 27 35524	SHEET NO. 0 DATE 27 35524
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35524

PROJECT NO.	DATE
27	0

EXHIBIT H

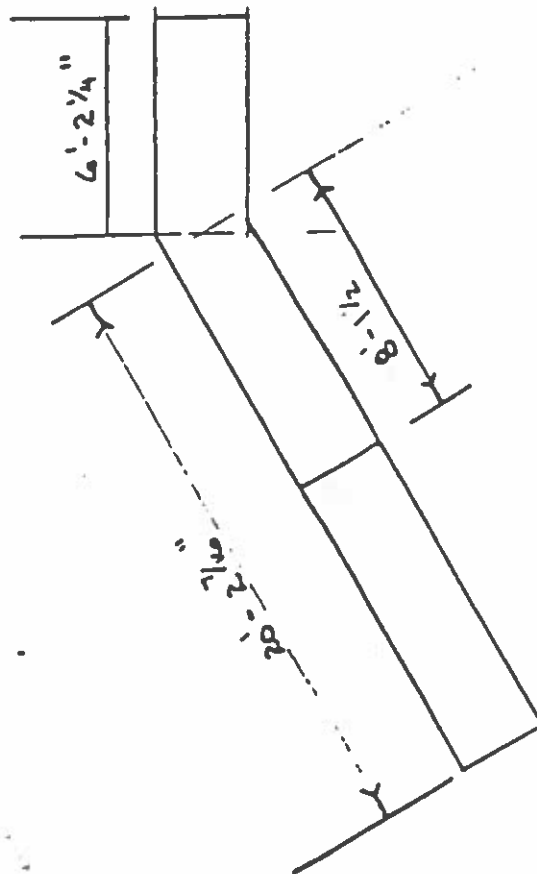
DATE _____

SUBJECT _____

SHEET NO. 1 OF 2

BY PW

JOB NO. 85-03



$$\begin{aligned}
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 &= 139.25' + 12' - 0 \text{ }^{15}/_{16} \text{ " } \\
 &= 11' - 7 \text{ }^{4}/_{16} \text{ " } + 12' - 0 \text{ }^{15}/_{16} \text{ " } \\
 &= 23' - 8 \text{ }^{3}/_{16} \text{ " } \\
 \\
 L_0 &= (315)(.28)(.01745) + 12' - 0 \text{ }^{15}/_{16} \text{ " } \\
 &= 153.91' + 12' - 0 \text{ }^{15}/_{16} \text{ " } \\
 &= 12' - 9 \text{ }^{32}/_{29} \text{ " } + 12' - 0 \text{ }^{30}/_{32} \text{ " } \\
 &= 24' - 10 \text{ }^{27}/_{32} \text{ " } \\
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 L_0 &= (20)(.01745) + \text{TAVGENT} \\
 &= 0.35 \text{ " } + 0.2 \text{ " } = 0.55 \text{ " } \\
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 P_0 &= 2 + 0.5 \text{ " } = 2.5 \text{ " } \\
 P_1 &= 2 + 0.5 \text{ " } = 2.5 \text{ " } \\
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 B &= P_{TAV} \text{ }^{9}/_{2} \\
 &= 300 \\
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 L_0 &= \text{outside length of Buss} \\
 &= 74.80 \text{ " } \\
 L_1 &= \text{inside length of Buss} \\
 &= 6' - 2 \text{ }^{1}/_{4} \text{ " }
 \end{aligned}$$

APPENDIX N

CLEVELAND X-RAY INSPECTION, INC.

358-2206 358-2416 243-5499
P. O. BOX 684
CLEVELAND, OKLAHOMA 74028

August 3, 1987

All American Pipe Line Company
5500 Ming Avenue
Suite 300
Bakersfield, California 93309

ATTN: Mr. Charles Green

Dear Mr. Green:

In reference to the film that was sent to Cleveland X-Ray Inspection, Inc. to check for mitered welds, I cannot find any indication to believe these welds were mitered.

They all show to be approximately 95 inches. There was only one weld with a density change and it was my understanding there was a change in the pipe thickness at that point.

The welds I looked at were 6923, 167, 6915C, 116 and 164. I have also had Mr. Don Earl Edwards and Mr. Tom Reeder to review the film. I am enclosing their findings.

Sincerely,

CLEVELAND X-RAY INSPECTION, INC.



Fayette D. Curtis
President

FDC:dh

Enclosure



**EDWARDS
PIPELINE
TESTING, INC.**

AN NDTCCS COMPANY

July 31, 1987

Cleveland X-Ray Services
P.O. Box 658
Cleveland, OK 74020

Attn: Mr. F.D. Curtis

Re: X-Ray Film, #'s 6923, 167,
6915-C, 166, 164

Dear Mr. Curtis:

In reviewing the above mentioned film, I find that in my opinion there was no indication that the welds were mitered.

If I can be of further assistance, please feel free to contact me.

Very truly yours,

Don Earl Edwards
President

DEE/ml

**EDWARDS
PIPELINE
TESTING, INC.**

AN NDTCCS COMPANY

BIOGRAPHIC INFORMATION/DON EARL EDWARDS

Don Earl Edwards, a member of ASNT since 1960, is presently President of Edwards Pipeline Testing, Inc. of Tulsa, Oklahoma.

Edwards began NDT work in 1960 as a radiographer's assistant in Yale, Oklahoma. In 1962 he joined Industrial X-Ray of Venezuela in South America, serving as assistant manager for testing. He returned to the United States in 1966 to work as senior radiographer with Conam Inspection, Inc., Tulsa, Oklahoma.

In 1968 he joined Panhandle Eastern Pipeline Company as supervisor of radiographic inspection. And in 1969 he became Vice President of National Testing Company of Oklahoma, also in Tulsa, working with that company until it was purchased by Eagle Pitcher Industries.

Edwards formed his own company, Southwest X-Ray, Inc. in Mannford, Oklahoma in 1971. In 1975 Edwards joined XMAS, Inc. as Vice President/Sales Manager when his company was purchased by Magnaflux, Inc. of Chicago, Illinois. In 1982 he was named Executive Vice President of XMAS, Inc. and Intec Inspection, Inc. of Tulsa and Vice President of the parent firm, International Technical Services, Inc. of Houston, Texas. He left in December, 1983 to form Tulsa Inspection Services, Inc. in Tulsa. In July, 1985 he created his latest accomplishment, Edwards Pipeline Testing, Inc. of Tulsa, Oklahoma.

During his years of field work, Edwards assisted radiographers, performed radiography, supervised radiography, interpreted radiographs, verified and certified radiographers and radiographic interpretation, formed and staffed his own company with 38 field crews and over 100 employees.

In management positions, he supervised employees and contractors, certified radiographers, maintained radiation control, and consulted on film interpretation. His responsibilities included verifying equipment and evaluation of new testing equipment, materials and techniques. He has worked to improve radiography and its interpretation through education and research.

Edwards is a qualified radiographic instructor. He has taught beginning radiographers in more than two dozen locations throughout the United States. He has conducted annual classes in code book and film interpretation for the oil and gas industry. For the two decades he has been a member of the Tulsa Chapter of ASNT, he has been a strong advocate of increased education for all radiographic technicians. He is an active supporter of national ASNT objectives. He also is experienced in regional ASNT activities, formerly serving as Secretary/Treasurer, Vice Chairman and Chairman of the Oklahoma section.

Edwards has attended many technical training schools and seminars. The subjects include:

Equipment repair and maintenance and radiographic safety.

Safe handling of byproduct materials and film interpretation.

The use of byproduct material and film interpretation.

Film interpretation.

Magnetic particle and fluorescent dye penetrant.

His formal education is from Central State University in Edmond, Oklahoma.

Fulfilling his commitment to regional areas, Edwards has addressed 20 ASNT chapters throughout the United States as guest speaker in just the past five years.

He has worked several years in national ASNT activities. He has been nominated as national Vice President. He has served as one of four chairmen of the day at the Houston National ASNT Conference in 1975, session aid for the New Orleans National ASNT Conference in 1976, exhibitors committee member for 1977 and 1978 National ASNT Conferences in Cincinnati and Denver. In 1980 Edwards was elected national board member where he served on Exhibits and Budget and Finance Committees. Edwards was elected an ASNT Fellow on October 4, 1982, by the Board of Directors of ASNT.

Edwards is a tireless worker for the improvement of all areas of non-destructive testing. His goals are to insure more professionalism, higher quality testing results, improved education and better employment possibilities for all radiographers.

NEWS

From

The American Society for Nondestructive Testing

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FOR IMMEDIATE RELEASE

Contact: Tim Strawn at
1-800-222-2768

ASNT ELECTS EDWARDS PRESIDENT

During its recent Fall Conference, the American Society for Nondestructive Testing (ASNT) elected and installed its officers for the 1986-87 year. Serving as President of the society is Don Earl Edwards, President, Edwards Pipeline Testing, Inc., Tulsa, OK.

Edwards, an NDT professional for more than 25 years, has been involved in the management of NDT operations for most of his career. Prior to forming Edwards Pipeline Testing, he was President of Tulsa Inspection Services and Executive Vice-President of XMAS, Inc., Intec Inspection, Inc. and their parent company, International Technical Services, Houston, TX.

An active member of ASNT since 1960, Edwards is a member of the Oklahoma section and has served it as Secretary-Treasurer, Vice-Chairman and Chairman. He has traveled widely on behalf of the society, addressing more than 40 of its local sections. He was designated a Fellow of ASNT in 1982 in recognition of his service and dedication to nondestructive testing. In 1980, Edwards was elected to the national Board of Directors; in 1983, he was elected Secretary and has since served as Treasurer and Vice-President of the society.

Edwards is a native of Yale, OK and attended Central State University in Edmond, OK.



**EDWARDS
PIPELINE
TESTING, INC.**

AN NDTCCS COMPANY

PERSONAL RESUME

DON EARL EDWARDS

July, 1985 - Present	<u>Edwards Pipeline Testing, Inc.</u> , Tulsa, Oklahoma, President and General Manager.
Jan. 1983 - July, 1985	<u>Tulsa Inspection Services, Inc.</u> , Tulsa, Okla., President and General Manager.
1981 - 1983	<u>Intec Inspection, Inc.</u> , Tulsa, Oklahoma, Executive Vice President and Operations Manager, Stockholder. (Over all Management)
	<u>Magnaflux/XMAS, Inc.</u> , Tulsa, Oklahoma, Assistant Radiation Safety Officer, President, (Overall management responsibilities), Stockholder.
1978 - 1981	<u>Magnaflux/XMAS, Inc.</u> , Tulsa, Oklahoma, Vice President, Stockholder.
1975 - 1978	<u>Bill Miller X-Ray</u> , Tulsa, Oklahoma, Vice President, Stockholder.
1971 - 1974	<u>Southwest X-Ray</u> , Owner, President, and Radiation Safety Officer.
1969 - 1971	<u>National Testing</u> , Vice President, Radiation Safety Officer, Stockholder.
1968 - 1969	<u>Panhandle Eastern Pipe Line Company</u> , Radiation Safety Officer, Radiographer
1965 - 1968	<u>ConAm Inspection, Inc.</u> , Tulsa, Oklahoma, Radiographer.
1962 - 1965	<u>Industrial X-Ray Engineers</u> , Assistant Manager, Radiographer.
1961 - 1962	<u>Central X-Ray</u> , Yale, Oklahoma, Radiographer.

CONTINUING EDUCATION UNITS
Awarded By
AMERICAN SOCIETY FOR NONDESTRUCTIVE TESTING



DON EARLE EDWARDS



**Attended the Continuing Education Course and has
satisfactorily completed program objectives
on the subject of**

LEVEL III RADIOGRAPHY REFRESHER COURSE

APRIL 15-17, 1985

Presented by ASNT HEADQUARTERS

Given this 17 day of APRIL, 1985

Don Earle Edwards
ASNT HEADQUARTERS STAFF

2.3
CEU's AWARDED

FRANK SATTLER
COURSE DIRECTOR

CONTINUING EDUCATION UNITS

Awarded By

AMERICAN SOCIETY FOR NONDESTRUCTIVE TESTING



D O N E A R L E D W A R D S



**Attended the Continuing Education Course and has
satisfactorily completed program objectives
on the subject of**

LEVEL III BASIC REFRESHER COURSE .

APRIL 1-3, 1985

Presented by ASNT HEADQUARTERS

Given this 3 day of APRIL, 1985

Don Edwards

ASNT HEADQUARTERS STAFF

2.3

CEU's AWARDED

FRANK SATTLER

COURSE DIRECTOR

XR 166

30" O.D.

Three pieces of film-

- #1 Location Markers 0 - 33
- #2 Location Markers 33 - 60
- #3 Location Markers 64 - 0

Review of #1

A check of distance between 0 and 33 going from middle of 0 to middle of 3.3 shows $32\text{-}13/16"$.

Review of #2

A check of distance between 33 and edge of cap at 61 going from middle of 3.3 to 61 shows $27\text{-}13/16"$.

Review of #3

A check of distance between 61 and 0 going from edge of cap at 61 to middle of 0 shows $33\text{-}3/4"$.

The distance from the middle of 90 to middle of 0 shows $5\text{ }1/4"$.

The sum of #1 through #3 = $94\text{-}3/8"$.

XR 167

30" O.D.

Three pieces of film-

- #1 Location Markers 0 - 33
- #2 Location Markers 33 - 64
- #3 Location Markers 64 - 0

Review of #1

A check of distance between 0 and 33 going from middle of 0 to middle of 3.3 shows $32\text{-}13/16"$.

Review of #2

A check of distance between 33 and 64 going from middle of 3.3 to middle of 6.4 shows $31"$.

Review of #3

A check of distance between 64 and 0 going from middle of 6.4 to middle of 0 shows $31\text{-}3/16"$.

The distance from the middle of 90 to middle of 0 shows $5\text{-}1/4"$.

The sum of #1 through #3 = $95"$.

XR 6915 C

30" O.D.

Three pieces of film-

- #1 Location Markers 0 - 33
- #2 Location Markers 33 - 64
- #3 Location Markers 64 - 0

Review of #1

A check of distance between 0 and 33 going from middle of 0 to middle of 3.3 shows $32\frac{13}{16}$ ".

Review of #2

A check of distance between 33 and 64 going from middle of 3.3 to middle of 6.4 shows 31".

Review of #3

A check of distance between 64 and 0 going from middle of 6.4 to middle of 0 shows $31\frac{1}{8}$ ".

The distance from 90 - 0 going from middle of 90 to middle of 0 is $5\frac{1}{8}$ ".

The sum of #1 through #3 = $94\frac{15}{16}$ ".

EXHIBIT H

The location markers were double checked to confirm accuracy of the markers and check circumference.

The location markers were consistent on U-33 and 33-64. The 64-0 varied a maximum of 1/8" and could be attributed to how "tightly" the X-Ray contractors number belt was on the pipe.

I believe the circumference would be increased if 2 joints of pipe were mitered. If only one joint were mitered, I believe there would be a noticeable high-low misalignment. None of these films indicate an abnormal high-low condition. X-Ray 167 shows a definite density difference between the two joints of pipe welded together. The records show a change in wall thickness at this weld which explains that density difference.

A final check was made on all welds from Location Marker 90 to 0. The reason for this was that 0 being on one end and 90 on the opposite end if there were to be an increase in circumference, it would most likely show in the last piece of film and most noticeably between 90 and 0. There was a maximum 1/8" difference on the films in question. This again can be attributed to the "tightness" of X-Ray contractors number belt.

It is my opinion based on the records available that there are no mitered welds in this pipeline. I further swear to this statement.



Jim Kelly
Level II Technician
Cleveland X-Ray Inc.
Cleveland, Oklahoma



EXHIBIT I
LH
L3

UNITED STATES CODE

ANNOTATED O'MELVENY & MYERS

MAR 1 & 1987 Title 49
LIBRARY Transportation
§§ 1651 to End

1987
Cumulative Annual Pocket Part

Replacing 1986 pocket part in back of volume

Includes the Laws of the
99th CONGRESS, SECOND SESSION (1986)

For close of Notes of Decisions
See page III

For Later Laws and Cases
Consult
USCA
Supplementary Pamphlet Service

For Partially Revised Title 49
See 1987 Special Pamphlet

ST. PAUL, MINN.
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CHAPTER 29—HAZARDOUS LIQUID PIPELINE SAFETY

- | Sec. | Definitions. | Sec. | Compliance. |
|-------|--|-------|--|
| 2001. | Definitions. | 2006. | Compliance. |
| 2002. | Regulations governing Federal safety standards for the transportation of hazardous liquids and pipeline facilities. | (a) | Requirements respecting safety standards, inspection and maintenance plans, and access to information. |
| (a) | Authority of Secretary; minimum Federal safety standards; reporting requirements. | (b) | Issuance of orders. |
| (b) | Factors considered. | (c) | Tort liability. |
| (c) | Application of standards to design, installation, inspection, emergency plans and procedures, testing, construction, extension, operation, replacement, and management of pipeline facilities. | 2007. | Penalties. |
| (d) | Adoption of additional or more stringent safety standards. | (a) | Civil penalties. |
| (e) | Participation in public safety programs and establishment of damage prevention programs. | (b) | Action by Attorney General to recover civil penalty. |
| (f) | Effective date of standards. | (c) | Criminal penalties. |
| (g) | Administrative procedure. | (d) | Violations based on same act. |
| (h) | Waiver of compliance with standards. | 2008. | Specific relief. |
| 2003. | Technical Hazardous-Liquid Pipeline Safety Standards Committee. | 2009. | Inspection and maintenance plan. |
| (a) | Establishment; appointment of members. | (a) | Plan requirement; applicability; practicability. |
| (b) | Submission of proposed standards or amendments thereto to Committee; preparation of report by Committee; prescription of final standards by Secretary; publication; meetings. | (b) | Revision; notice; hearing; considerations. |
| (c) | Compensation and travel expense. | (c) | Feasibility study; costs; recommendations; report to Congress. |
| 2004. | State certification and agreements. | 2010. | Powers and duties of Secretary. |
| (a) | Report to Secretary by State agency; annual certification. | (a) | General authority. |
| (b) | Agreements with State agencies; notification to Secretary of violations of standards. | (b) | Records and reports of persons engaged in transportation of hazardous liquids or who own or operate pipeline facilities. |
| (c) | Monitoring of State programs established by certification or agreement under this section. | (c) | Inspection of records and property. |
| (d) | Grants to aid State enforcement; withholding funds from State agency. | (d) | Availability of accident reports and research and demonstration project reports. |
| (e) | Recertification. | (e) | Disclosure of information relating to trade secrets. |
| (f) | Rejection of certification or other enforcement action. | 2011. | Administration. |
| (g) | Termination of agreement. | (a) | Information furnished to Federal Energy Regulatory Commission. |
| 2005. | Judicial review. | (b) | Cooperation with other agencies. |
| (a) | Person aggrieved; venue. | (c) | Consultation with other agencies. |
| (b) | Jurisdiction. | 2012. | Annual report. |
| (c) | Appeal. | (a) | Submission to Congress; contents. |
| (d) | Successors in office. | (b) | Recommendations for additional legislation. |
| (e) | Remedies. | (c) | Report satisfying requirement of this section and section 1683 of this title. |
| | | 2013. | Authorization of appropriations. |
| | | 2014. | Citizens civil action. |
| | | (a) | Injunctive relief. |
| | | (b) | Restrictions. |
| | | (c) | Intervention by Attorney General. |
| | | (d) | Effect on rights under any statute or at common law. |
| | | (e) | Costs and attorney's fees. |
| | | (f) | Violations of State safety standards. |

§ 2001. Definitions

As used in this chapter—

- (1) "person" means any individual, firm, joint venture, partnership, corporation, association, State, municipality, cooperative association, or joint stock association, and includes any trustee, receiver, assignee, or personal representative thereof;

liquids or who owns or operates pipeline facilities. The standards shall be practicable and designed to meet the need for safe transportation of hazardous liquids.

(2) Not later than 12 months after October 22, 1986, the Secretary shall issue regulations requiring each person who operates pipeline facilities to report to the Secretary—

(A) any condition that constitutes a hazard to life or property, and

(B) any safety-related condition that causes or has caused a significant change or restriction in the operation of pipeline facilities.

Reports submitted under this paragraph shall be in writing and shall be received by the Secretary within 5 working days after any representative of a person subject to the reporting requirements of this paragraph first determines that such condition exists. Notice of any such condition shall concurrently be supplied to appropriate State authorities.

(b) Factors considered

In prescribing standards under this section, the Secretary shall consider—

(1) relevant available pipeline data;

(2) whether the standards are appropriate for the particular type of pipeline transportation or facility;

(3) the reasonableness of any proposed standards; and

(4) the extent to which the standards will contribute to public safety.

(c) Application of standards to design, installation, inspection, emergency plans and procedures, testing, construction, extension, operation, replacement, and management of pipeline facilities

Standards under this section may apply to the design, installation, inspection, emergency plans and procedures, testing, construction, extension, operation, replacement, and maintenance of pipeline facilities. Any standard issued under this section affecting the design, installation, construction, initial inspection, and initial testing shall not be applicable to pipeline facilities in existence on the date such standards is adopted.

(d) Adoption of additional or more stringent safety standards

Any State agency may adopt additional or more stringent safety standards for intrastate pipeline facilities and the transportation of hazardous liquids associated with such facilities, if such standards are compatible with the Federal standards issued under this chapter. No State agency may adopt or continue in force any safety standards applicable to interstate pipeline facilities or the transportation of hazardous liquids associated with such facilities.

(e) Participation in public safety programs and establishment of damage prevention programs

The Secretary may provide that the Federal minimum safety standards established under this section include a requirement that any operator of pipeline facilities—

(1) participate in any public safety program—

(A) which provides for notice to pipeline facility operators of proposed demolition, excavation, tunneling, or construction near or affecting such facility;

(B) which requires such operators to identify specific pipeline facilities which may be affected by the proposed demolition, excavation, tunneling, or construction, for the purpose of preventing damage to such facilities; and

(C) which the Secretary determines is being carried out in a manner adequate to assure protection against the hazards to that operator's pipeline facilities created by such demolition, excavation, tunneling, or construction;

or

(2) establish and carry out a damage prevention program which provides services to the public with respect to that operator's pipeline facilities which are comparable to those which would be available to the public under a program described in paragraph (1).

(2) "hazardous liquid" means—

(A) petroleum or any petroleum product, and

(B) any substance or material which is in liquid state (excluding liquefied natural gas) when transported by pipeline facilities and which, as determined by the Secretary, may pose an unreasonable risk to life or property when transported by pipeline facilities;

(3) "transportation of hazardous liquids" means the movement of hazardous liquids by pipeline, or their storage incidental to such movement, in or affecting interstate or foreign commerce; except that it shall not include any such movement through gathering lines in rural locations or onshore production, refining, or manufacturing facilities or storage or in-plant piping systems associated with any of such facilities;

(4) "pipeline facilities" includes, without limitation, new and existing pipe, rights-of-way, and any equipment, facility, or building used or intended for use in the transportation of hazardous liquids but "rights-of-way" as used in this chapter does not authorize the Secretary to prescribe the location or the routing of any pipeline facility;

(5) "interstate pipeline facilities" means the pipeline facilities used in the transportation of hazardous liquids in interstate or foreign commerce;

(6) "intrastate pipeline facilities" means pipeline facilities which are not interstate pipeline facilities;

(7) "interstate or foreign commerce" means commerce between any point in a State and any point outside thereof, or between points within the same State but through any place outside thereof;

(8) "State" includes each of the several States, the District of Columbia, and the Commonwealth of Puerto Rico;

(9) "municipality" means a city, county, or other political subdivision of a State;

(10) "national organization of State commissions" means the national organization of the State commissions referred to in subchapter III of chapter 103 of this title; and

(11) "Secretary" means the Secretary of Transportation.

(Pub.L. 96-129, Title II, § 202, Nov. 30, 1979, 93 Stat. 1003.)

References in Text. This chapter, referred to in provision preceding par. (1) and in par. (4), in the original read "this title", meaning Title II of Pub.L. 96-129, Nov. 30, 1979, 93 Stat. 1003, known as the Hazardous Liquid Pipeline Safety Act of 1979, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out below and Tables volume.

Effective Date. Section 217 of Pub.L. 96-129 provided that: "The provisions of this title shall take effect on the date of enactment [Nov. 30, 1979]."

Short Title. Section 301 of Pub.L. 96-129 provided that: "This Act [which enacted this chapter, amended section 1811 of this title, repealed sections 831 to 835 of Title 18, Crimes and Criminal Procedure, and enacted provisions set out as notes under this section and section 831 of Title 18] may be cited as the 'Hazardous Liquid Pipeline Safety Act of 1979'."

Legislative History. For legislative history and purpose of Pub.L. 96-129, see 1979 U.S. Code Cong. and Adm. News, p. 1971.

Notes of Decisions

I. Regulations

Regulations defining interstate and intrastate pipelines embodied reasonable interpretation of Hazardous Liquid Pipeline Safety Act when Secretary of Transportation interpreted Act to mean that wholly intrastate "delivery lateral" connected to interstate pipeline was nevertheless intrastate for purposes of statute and, therefore, California could impose additional testing requirements on "laterals" which enabled pipeline company to deliver petroleum products to customers along pipeline route. *Southern Pacific Pipe Lines Inc. v. U.S. Dept. of Transp.*, C.A.D.C 1986, 796 F.2d 539.

§ 2002. Regulations governing Federal safety standards for the transportation of hazardous liquids and pipeline facilities

(a) Authority of Secretary; minimum Federal safety standards; reporting requirements

(1) The Secretary shall, by regulation, establish minimum Federal safety standards for the transportation of hazardous liquids and pipeline facilities. The standards shall apply to each person who engages in the transportation of hazardous

experienced in the safety regulation of the transportation of hazardous liquids and of pipeline facilities or technically qualified by training, experience, or knowledge in one or more fields of engineering applied in the transportation of hazardous liquids or the operation of pipeline facilities to evaluate pipeline safety standards, as follows:

(1) five members shall be selected from governmental agencies, including State and Federal Governments, two of whom, after consultation with representatives of the national organization of State commissions, shall be State commissioners;

(2) four members shall be selected from the hazardous liquids industry after consultation with industry representatives, not less than three of whom shall be currently engaged in the active operation of pipeline facilities; and

(3) six members shall be selected from the general public.

(b) Submittal of proposed standards or amendments thereto to Committee; preparation of report by Committee; prescription of final standards by Secretary; publication; meetings

After the Committee has been established and its members appointed, the Secretary shall submit to the Committee any proposed standard under this chapter, or any proposed amendment to a standard under this chapter, for its consideration. Within 90 days after receipt by the Committee of any proposed standard or amendment, the Committee shall prepare a report on the technical feasibility, reasonableness, and practicability of such standard or amendment. The Secretary may prescribe a final standard or a final amendment to a standard at any time after the 90th day after its submission to the Committee, whether or not the Committee has reported on such standard or amendment. Each report by the Committee, including any minority views, shall be published by the Secretary and, if timely made, form a part of the proceedings for the promulgation of standards. In the event that the Secretary rejects the conclusions of the majority of the Committee, he shall not be bound by such conclusions but shall publish his reasons for rejection thereof. The Committee may propose safety standards for pipeline facilities and the transportation of hazardous liquids to the Secretary for his consideration. The Committee shall meet with the Secretary (or his designee) not less frequently than twice each calendar year. All proceedings of the Committee shall be recorded and the record of each proceeding shall be available for public inspection.

(c) Compensation and travel expense

Members of the Committee other than Federal employees may be compensated at a rate to be fixed by the Secretary at not to exceed the daily equivalent of the maximum annual rate of basic pay then currently payable under the General Schedule under section 5332 of Title 5 for each day (including traveltime) when engaged in the actual duties of the Committee. All members, while away from their homes or regular places of business, may be allowed travel expenses, including per diem in lieu of subsistence as authorized by section 5703 of Title 5 for persons in the Government service employed intermittently. Payments under this section shall not render members of the Committee employees or officials of the United States for any purpose.

(Pub.L. 96-129, Title II, § 204, Nov. 30, 1979, 93 Stat. 1005, amended Pub.L. 97-468, Title I, § 101, Jan. 14, 1983, 96 Stat. 2543.)

1983 Amendment. Subsec. (b). Pub.L. 97-468 substituted "twice each calendar year" for "once every 6 months" after "not less frequently than".

Effective Date. Section effective Nov. 30, 1979, see section 217 of Pub.L. 96-129, set out in a note under section 2001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-129, see 1979 U.S. Code Cong. and Adm. News, p. 1971. See also, Pub.L. 97-468, 1982 U.S. Code Cong. and Adm. News, p. 4480.

§ 2004. State certification and agreements

(a) Report to Secretary by State agency; annual certification

Except for section 2014 of this title and except as otherwise provided in this section, the authority of the Secretary under this Act to prescribe safety standards and enforce compliance with such standards shall not apply to intrastate pipeline

(f) Effective date of standards

Any standards prescribed under this section, and amendments thereto, shall become effective thirty days after the date of issuance of such standards unless the Secretary, for good cause recited, determines an earlier or later effective date is required as a result of the period reasonably necessary for compliance and such date is specified in the regulation establishing or amending such standard.

(g) Administrative procedure

The provisions of subchapter II of chapter 5 of Title 5 shall apply to all actions establishing, amending, revoking, or directing or waiving compliance with, any standard established under this Act. The Secretary shall afford interested persons an opportunity to participate fully in the establishment of such safety standards through submission of written data, views, or arguments with opportunity to present oral testimony and argument.

(h) Waiver of compliance with standards

Upon application by any person engaged in the transportation of hazardous liquids or the operation of pipeline facilities, the Secretary may, by order, after notice and opportunity for hearing and under such terms and conditions and to such extent as he deems appropriate, waive in whole or in part compliance with any standard established under this chapter, if he determines that a waiver of compliance with such standard is not inconsistent with pipeline safety. The Secretary shall state his reasons for any such waiver. A State agency, with respect to which there is in effect a certification pursuant to section 2004(a) of this title or an agreement pursuant to section 2004(b) of this title, may waive compliance with a safety standard in the same manner and to the same extent as the Secretary, provided such State agency gives the Secretary written notice at least sixty days prior to the effective date of the waiver. If, before the effective date of a waiver to be granted by a State agency, the Secretary objects in writing to the granting of the waiver, any State agency action granting the waiver will be stayed. After notifying such State agency of his objection, the Secretary shall afford such agency a prompt opportunity to present its request for waiver, with opportunity for hearing, and the Secretary shall determine finally whether the requested waiver may be granted.

(Pub.L. 96-129, Title II, § 203, Nov. 30, 1979, 93 Stat. 1004, amended Pub.L. 99-516, § 3(b)(1), Oct. 22, 1986, 100 Stat. 2966.)

References in Text. This chapter, referred to in subsecs. (d) and (h), in the original read "this title", meaning Title II of Pub.L. 96-129, Nov. 30, 1979, 93 Stat. 1003, known as the Hazardous Liquid Pipeline Safety Act of 1979, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2001 of this title and Tables volume.

This Act, referred to in subsec. (f), means Pub.L. 96-129, Nov. 30, 1979, 93 Stat. 989, known as the Pipeline Safety Act of 1979, which in addition to enacting this chapter, enacted sections 1674a, 1674b, 1679a, and 1676b of this title, amended sections 1671 to 1674, 1675 to 1677, 1680 to 1684, and 1811 of this title, repealed sections 1678 and 1679 of this title and sections 831 to 835 of Title 18, Crimes and Criminal Procedure, and enacted provisions set out as notes

under sections 1671, 1672, 1682, and 2001 of this title and section 831 of Title 18.

1986 Amendment. Subsec. (a)(1), Pub.L. 99-516, § 3(b)(1)(A), designated existing provisions as par. (1).

Subsec. (a)(2), Pub.L. 99-516, § 3(b)(1)(B), added par. (2).

Effective Date. Section effective Nov. 30, 1979, see section 217 of Pub.L. 96-129, set out in a note under section 2001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-129, see 1979 U.S. Code Cong. and Adm. News, p. 1971. See also, Pub.L. 99-516, 1986 U.S. Code Cong. and Adm. News, p. 4978.

Library References

Carriers ¶24.

C.J.S. Carriers § 19.

§ 2003. Technical Hazardous-Liquid Pipeline Safety Standards Committee**(a) Establishment; appointment of members**

Not later than 12 months after November 30, 1979, the Secretary shall establish a Technical Hazardous-Liquid Pipeline Safety Standards Committee and appoint the initial members of the Committee. The Committee shall be appointed by the Secretary, after consultation with public and private agencies concerned with the technical aspect of the transportation of hazardous liquids or the operation of pipeline facilities, and shall be composed of fifteen members each of whom shall be

(d) Grants to aid State enforcement: withholding funds from State agency

(1) Except as otherwise provided in this section, if an application submitted not later than September 30 in any calendar year, the Secretary shall pay out of funds appropriated or otherwise made available up to 50 percent of the cost of the personnel, equipment, and activities of a State agency reasonably required during the following calendar year to carry out a safety program under a certification under subsection (a) of this section or an agreement under subsection (b) of this section; or to act as agent of the Secretary with respect to interstate pipeline facilities. The Secretary may, after notice and consultation with a State agency, withhold all or any part of the funds for a particular State agency if he determines that such State agency (A) is not satisfactorily carrying out a safety program under a certification under subsection (a) of this section or an agreement under subsection (b) of this section, or (B) is not satisfactorily acting as agent of the Secretary with respect to interstate pipeline facilities. No such payment may be made unless the State agency making application under this subsection gives assurances satisfactory to the Secretary that the State agency will provide the remaining cost of such a safety program and that the aggregate expenditures of funds of the State, exclusive of Federal grants, for hazardous liquid pipeline safety programs will be maintained at a level which does not fall below the average level of such expenditures for the last 2 fiscal years preceding November 30, 1979.

(2) Funds appropriated for carrying out the Federal grants-in-aid provisions of this subsection shall be allocated among the several States for payments to aid in the conduct of pipeline safety programs in accordance with paragraph (1) of this subsection.

(3) Payments under this section may be made in installments, in advance or by way of reimbursement, with necessary adjustments on account of overpayments and underpayments.

(4) The Secretary may, by regulation, provide for the form and manner of filing of applications under this section, and for such reporting and fiscal procedures as he deems necessary to assure the proper accounting for Federal funds.

(e) Recertification

A certification which is in effect under subsection (a) of this section shall not apply with respect to any new or amended Federal safety standard established for intrastate pipeline facilities or transportation of hazardous liquids associated with those facilities pursuant to this chapter after the date of such certification. The provisions of this chapter shall apply to any such new or amended Federal safety standard until the State agency has adopted such standard and has submitted an appropriate certification in accordance with provisions of subsection (a) of this section.

(f) Rejection of certification or other enforcement action

If after receipt of annual certification under subsection (a) of this section, the Secretary determines that the State agency is not satisfactorily enforcing compliance with Federal safety standards, he may, on reasonable notice and after opportunity for hearing, reject the certification or take such other action as he deems appropriate to achieve adequate enforcement including the assertion of Federal jurisdiction. When such notice is given by the Secretary, the burden of proof shall be upon the State agency to show that it is satisfactorily enforcing compliance with Federal safety standards.

(g) Termination of agreement

Any agreement under subsection (b) of this section may be terminated by the Secretary if, after notice and opportunity for a hearing, he finds that the State agency has failed to comply with any provision of such agreement. Such finding and termination shall be published in the Federal Register and shall become effective no sooner than 15 days after the date of publication.

(Pub.L. 96-129, Title II, § 205, Nov. 30, 1979, 93 Stat. 1006; amended Pub.L. 99-272, Title VII, § 7002(b)(2), Apr. 7, 1986, 100 Stat. 139.)

Reference in Text. This Act, referred to in 93 Stat. 989, known as the Pipeline Safety Act of subsec. (a), means Pub.L. 96-129, Nov. 30, 1979, which in addition to enacting this chapter,

facilities or the transportation of hazardous liquids associated with those facilities, when the safety standards and practices applicable to same are regulated by a State agency which submits to the Secretary an annual certification that such State agency—

(1) has regulatory jurisdiction over the safety standards and practices of intrastate pipeline facilities and the transportation of hazardous liquids associated with those facilities;

(2) has adopted, as of the date of the certification, each Federal safety standard established under this chapter which is applicable to intrastate pipeline facilities and the transportation of hazardous liquids associated with those facilities or, with respect to each such Federal safety standard established within 120 days before the date of certification, is taking steps pursuant to State law to adopt such standard;

(3) is enforcing each such standard;

(4) is encouraging and promoting programs designed to prevent damage to pipeline facilities as a consequence of demolition, excavation, tunneling, or construction activity; and

(5) has the authority to require record maintenance, reporting, and inspection substantially the same as are provided under section 2010 of this title and the filing for approval of plans of inspection and maintenance described in section 2009 of this title and that the law of the State makes provision for the enforcement of the safety standards of such State agency by way of injunctive and monetary sanctions substantially the same as are provided under sections 2007 (other than subsection (a)(2) thereof) and 2008 of this title.

Each annual certification shall include a report, in such form as the Secretary may by regulation provide, showing (i) name and address of each person subject to the safety jurisdiction of the State agency; (ii) all accidents or incidents reported during the preceding 12 months by each such person involving personal injury requiring hospitalization, fatality, or property damage exceeding \$5,000 (whether or not sustained by a person subject to the safety jurisdiction of the State agency) and any other accident which the State agency considers significant, together with a summary of the State agency's investigation as to the cause and circumstances surrounding such accident or incident; (iii) the record maintenance, reporting, and inspection practiced by the State agency to enforce compliance with such Federal safety standards, including a detail of the number of inspections made of pipeline facilities by the State agency during the preceding 12 months; and (iv) such other information as the Secretary may require. The report included with the first annual certification need not show information unavailable at that time.

(b) Agreements with State agencies: notification to Secretary of violations of standards

With respect to any intrastate pipeline facilities or transportation of hazardous liquids associated with those facilities for which the Secretary does not receive an annual certification under subsection (a) of this section, the Secretary may, by agreement with a State agency authorize such agency to assume responsibility for, and carry out on behalf of the Secretary as it relates to those facilities or associated transportation, the necessary actions to—

(1) establish an adequate program for record maintenance, reporting, and inspection designed to assist compliance with Federal safety standards; and

(2) establish procedures for approval of plans for inspection and maintenance substantially the same as are required under section 2009 of this title.

Any agreement executed pursuant to this subsection shall require the State agency promptly to notify the Secretary of any violation or probable violation of a Federal safety standard which it discovers as a result of its program.

(c) Monitoring of State programs established by certification or agreement under this section

The Secretary may conduct whatever monitoring may be necessary of any State program established by certification or agreement under this section to assure that such programs are being carried out in compliance with such certification or agreement. State agencies shall cooperate fully in any monitoring of their programs under this subsection.

(2) establish and maintain a plan of inspection and maintenance required by section 2009 of this title and comply with such plan; and

(3) permit access to or copying of records, and make reports or provide information, and permit entry or inspection, as required under section 2010 of this title.

(b) Issuance of orders

(1) The Secretary may issue orders directing compliance with this Act or any regulation issued under this Act. Any such order shall clearly set forth the particular actions required of the person to whom the order is issued.

(2) The district courts of the United States shall have jurisdiction, upon petition by the Attorney General, to enforce any such order by appropriate means.

(c) Tort liability

Nothing in this chapter shall affect the common law or statutory liability of any person.

(Pub.L. 96-129, Title II, § 207, Nov. 30, 1979, 93 Stat. 1009.)

References in Text. This chapter, referred to in subsec. (a)(1) and (c), in the original read "this title", meaning Title II of Pub.L. 96-129, Nov. 30, 1979, 93 Stat. 1003, known as the Hazardous Liquid Pipeline Safety Act of 1979, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2001 of this title and Tables volume.

This Act, referred to in subsec. (b)(1), means Pub.L. 96-129, Nov. 30, 1979, 93 Stat. 989, known as the Pipeline Safety Act of 1979, which in addition to enacting this chapter, enacted sections 1674a, 1674b, 1679a, and 1679b of this title, amended sections 1671 to 1674, 1675 to 1677, 1680 to 1684, and 1811 of this title, repealed

sections 1678 and 1679 of this title and sections 831 to 835 of Title 18, Crimes and Criminal Procedure, and enacted provisions set out as notes under sections 1671, 1672, 1682, and 2001 of this title and section 831 of Title 18.

Effective Date. Section effective Nov. 30, 1979, see section 217 of Pub.L. 96-129, set out in a note under section 2001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-129, see 1979 U.S. Code Cong. and Adm. News, p. 1971.

Library References

Carriers ④36.
C.J.S. Carriers § 451 et seq.

§ 2007. Penalties

(a) Civil penalties

(1) Any person who is determined by the Secretary to have violated any provisions of section 2006(a) of this title or any regulation or order issued under this chapter, including any order issued under section 2006(b) or 2008(b) of this title, shall be liable to the United States for a civil penalty of not more than \$1,000 for each violation for each day that violation persists, except that the maximum civil penalty shall not exceed \$200,000 for any related series of violations.

(2) The amount of the penalty shall be assessed by the Secretary by written notice. In determining the amount of the penalty, the Secretary shall consider the nature, circumstances, and gravity of the violation and, with respect to the person found to have committed the violation, the degree of culpability, any history of prior violations, the effect on ability to continue to do business, any good faith in attempting to achieve compliance, ability to pay the penalty, and such other matters as justice may require.

(b) Action by Attorney General to recover civil penalty

A civil penalty assessed under subsection (a) of this section may be recovered in an action brought by the Attorney General on behalf of the United States in the appropriate district court of the United States or, prior to referral to the Attorney General, it may be compromised by the Secretary. The amount of the penalty, when finally determined (or agreed upon in compromise), may be deducted from any sums owed by the United States to the person charged. All penalties collected under this subsection shall be deposited in the Treasury of the United States as miscellaneous receipts.

enacted sections 1674a, 1674b, 1679a, and 1679b of this title, amended sections 1671 to 1674, 1675 to 1677, 1680 to 1684, and 1811 of this title, repealed sections 1678 and 1679 of this title and sections 831 to 835 of Title 18, Crimes and Criminal Procedure, and enacted provisions set out as notes under sections 1671, 1672, 1682, and 2001 of this title and section 831 of Title 18.

This chapter, referred to in subsecs. (a)(2) and (e), in the original read "this title", meaning Title II of Pub.L. 96-129, Nov. 30, 1979, 93 Stat. 1003, known as the Hazardous Liquid Pipeline Safety Act of 1979, which is classified principally to this chapter. For complete classification of this Act

to the Code, see Short Title notes set out under section 2001 of this title and Tables volume.

1986 Amendment. Subsec. (d)(2). L. 99-272, § 7002(b)(2), substituted "approved and for carrying out the Federal grants-in-aid provisions of this subsection" for "authorized to be appropriated by section 2013 of this title".

Effective Date. Section effective Nov. 30, 1979, see section 217 of Pub.L. 96-129, set out in a note under section 2001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-129, see 1979 U.S. Code Cong. and Adm. News, p. 1971. See, also, Pub.L. 99-272, 1986 U.S. Code Cong. and Adm. News, p. 42.

§ 2005. Judicial review

(a) Person aggrieved; venue

Any person who is or will be adversely affected or aggrieved by any regulation issued under this chapter or any order issued relating to an application for waiver under section 2002(h) of this title may at any time prior to the 90th day after such regulation or order is issued file a petition for a judicial review with the United States Court of Appeals for the District of Columbia or for the circuit wherein such petitioner is located or has his principal place of business. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary or other officer designated by him for that purpose.

(b) Jurisdiction

Upon the filing of the petition referred to in subsection (a) of this section, the court shall have jurisdiction to review the regulation or order in accordance with chapter 7 of Title 5 and to grant appropriate relief as provided in such chapter.

(c) Appeal

The judgment of the court affirming or setting aside, in whole or in part, any such regulation or order of the Secretary shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 254 of Title 28.

(d) Successors in office

Any action instituted under this section shall survive, notwithstanding any change in the person occupying the office of the Secretary or any vacancy in such office.

(e) Remedies

The remedies provided for in this section shall be in addition to and not in substitution for any other remedies provided by law.

(Pub.L. 96-129, Title II, § 206, Nov. 30, 1979, 93 Stat. 1009, amended Pub.L. 97-468, Title I, § 103, Jan. 14, 1982, 96 Stat. 2543.)

1983 Amendment. Subsec. (a). Pub.L. 97-468 substituted "90th day" for "sixtieth day" after "any time prior to the".

Effective Date. Section effective Nov. 30, 1979, see section 217 of Pub.L. 96-129, set out in a note under section 2001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-129, see 1979 U.S. Code Cong. and Adm. News, p. 1971. See, also, Pub.L. 97-468, 1982 U.S. Code Cong. and Adm. News, p. 4480.

§ 2006. Compliance

(a) Requirements respecting safety standards, inspection and maintenance plans, and access to information

Each person who engages in the transportation of hazardous liquids or who owns or operates pipeline facilities shall—

- (1) at all times after the date any applicable safety standard established under this chapter takes effect comply with the requirements of such standard;

(B) the nature of the materials transported by such facility (including their corrosive and deteriorative qualities), the sequence in which such materials are transported, and the pressure required for such transportation;

(C) the aspects of the areas in which the pipeline facility is located, in particular the climatic and geologic conditions (including soil characteristics) associated with such areas, and the population density and population and growth patterns of such areas;

(D) any recommendation of the National Transportation Safety Board issued in connection with any investigation conducted by the Board under other provisions of law; and

(E) such other factors as the Secretary may consider appropriate.

(4) The district courts of the United States shall have jurisdiction, upon petition by the Attorney General, to enforce orders issued under this subsection by appropriate means.

(5) The Secretary may waive the requirements for notice and hearing under this subsection and provide for expeditious issuance of an order under this subsection in any case in which he determines that the failure to do so would result in the likelihood of serious harm to life or property. However, the Secretary shall include in such an order an opportunity for hearing as soon as practicable after issuance of an order.

(Pub.L. 96-129, Title II, § 209, Nov. 30, 1979, 93 Stat. 1010.)

References in Text. This chapter, referred to in subsec. (a)(1), in the original read "this title", meaning Title II of Pub.L. 96-129, Nov. 30, 1979, 93 Stat. 1003, known as the Hazardous Liquid Pipeline Safety Act of 1979, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 2001 of this title and Tables volume.

This Act, referred to in subsec. (a)(2), means Pub.L. 96-129, Nov. 30, 1979, 93 Stat. 989, known as the Pipeline Safety Act of 1979, which in addition to enacting this chapter, enacted sections 1674a, 1674b, 1679a, and 1679b of this title, amended sections 1671 to 1674, 1675 to 1677, 1680 to 1684, and 1811 of this title, repealed sections 1678 and 1679 of this title and sections 831 to 835 of Title 18, Crimes and Criminal

Procedure, and enacted provisions set out as notes under sections 1671, 1672, 1682, and 2001 of this title and section 831 of Title 18.

The Federal Rules of Criminal Procedure, referred to in subsec. (a)(2), are set out in the Appendix to Title 18, Crimes and Criminal Procedure.

Effective Date. Section effective Nov. 30, 1979, see section 217 of Pub.L. 96-129, set out in a note under section 2001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-129, see 1979 U.S. Code Cong. and Adm. News, p. 1971.

Library References

Carners $\text{\textcircled{34}}$.
C.J.S. Carners §§ 24, 352.

§ 2009. Inspection and maintenance plan

(a) Plan requirement; applicability; practicability

Each person who engages in the transportation of hazardous liquids or who owns or operates pipeline facilities shall prepare, maintain at such office or offices of that person as the Secretary determines appropriate, and carry out a current written plan for inspection and maintenance of each facility used in that transportation and owned or operated by that person in accordance with regulations prescribed by the Secretary or, where a certification or agreement pursuant to section 2004 of this title is in effect, by the appropriate State agency. The Secretary may, by regulation, also require persons who engage in the transportation of hazardous liquids or who own or operate pipeline facilities subject to the provisions of this chapter to file such plans for approval. A plan required by this subsection shall be practicable and designed to meet the need for pipeline safety and shall be made available to the Secretary or appropriate State agency upon request pursuant to section 2010 of this title. Such plans shall include terms designed to enhance the ability to discover safety-related conditions described in section 2002(a)(2) of this title.

(b) Revision; notice; hearing; considerations

If the Secretary or appropriate State agency finds that a plan required under this section is inadequate to achieve safe operation of pipeline facilities, the Secretary or appropriate State agency shall, after notice and opportunity for a hearing, require

(c) Criminal penalties

(1) Any person who willfully and knowingly violates section 2006(a) of this title or a regulation or order issued under this chapter, including any order issued under section 2006(b) or 2008(b) of this title, shall, upon conviction, be subject, for each offense, to a fine of not more than \$25,000, imprisonment for a term not to exceed 5 years, or both.

(2) Any person who willfully and knowingly injures or destroys, or attempts to injure or destroy, any interstate pipeline facility shall, upon conviction, be subject, for each offense, to a fine of not more than \$25,000, imprisonment for a term not to exceed 15 years, or both.

(d) Violations based on same act

Nothing in this chapter shall be construed to authorize the imposition of penalties for the violation of any regulation and the violation of any order under section 2006(b) or 2008(b) of this title if both violations are based on the same act.

(Pub.L. 96-129, Title II, § 208, Nov. 30, 1979, 93 Stat. 1009.)

Effective Date. Section effective Nov. 30, 1979, see section 217 of Pub.L. 96-129, set out in a note under section 2001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-129, see 1979 U.S. Code Cong. and Adm. News, p. 1971.

Library References

Carriers § 37(1).

C.J.S. Carriers § 451 et seq.

§ 2008. Specific relief

(a)(1) The Attorney General, at the request of the Secretary, may bring an action in an appropriate district court of the United States for equitable relief to redress or restrain a violation by any person of a provision of this chapter or a regulation issued under this chapter. Such district courts shall have jurisdiction to determine such actions and may grant such relief as is necessary or appropriate, including mandatory or prohibitive injunctive relief, interim equitable relief, and punitive damages.

(2) In any proceeding for criminal contempt for violation of a mandatory or prohibitive injunction issued under this subsection, which violation also constitutes a violation of this Act, trial shall be by the court or, upon demand of the accused, by jury. Such trial shall be conducted in accordance with the practice and procedure applicable in the case of proceedings subject to the provisions of rule 42(b) of the Federal Rules of Criminal Procedure.

(b)(1) If the Secretary finds, after reasonable notice and an opportunity for hearing, that any pipeline facility is hazardous to life or property, he shall, by order, require the person operating the facility to take necessary corrective action. Such corrective action may include suspended or restricted use of the facility, physical inspection, testing, repair, replacement, or other action, as appropriate.

(2) The Secretary may find a pipeline facility to be hazardous under paragraph (1)—

(A) if under the facts and circumstances he determines the particular facility is hazardous to life or property, or

(B) if the pipeline facility or a component thereof has been constructed or operated with any equipment, material, or technique which he determines is hazardous to life or property, unless the operator involved demonstrates to the satisfaction of the Secretary that under the particular facts and circumstances involved such equipment, material, or technique is not hazardous to life or property.

(3) In making a determination under paragraph (2), the Secretary shall consider, if relevant—

(A) the characteristics of the pipe and other equipment used in the pipeline facility involved, including its age, manufacturer, physical properties (including its resistance to corrosion and deterioration), and the method of its manufacture, construction, or assembly;

to the provisions of this chapter which have been involved in or affected by an accident, he shall make every effort to negotiate a mutually acceptable plan with the owner of such facilities and, where appropriate, the National Transportation Safety Board for performing such testing. In conducting training activities for State or local government personnel in the enforcement of regulations issued under this chapter, the Secretary may not assess any charge or fee in the nature of tuition.

(b) *Records and reports of persons engaged in transportation of hazardous liquids or who own or operate pipeline facilities*

Each person who engages in the transportation of hazardous liquids or who owns or operates pipeline facilities shall establish and maintain such records, make such reports, and provide such information as the Secretary may reasonably require, and shall submit such reports and shall make such records and information available as the Secretary may request, to enable him to determine whether such person has acted or is acting in compliance with this chapter and the standards or orders issued under this chapter.

(c) *Inspection of records and property*

Officers, employees, or agents authorized by the Secretary, upon presenting appropriate credentials to the person in charge, are authorized to enter upon, inspect, and examine, at reasonable times and in a reasonable manner, the records and properties of persons to the extent such records and properties are relevant to determining whether such persons have acted or are acting in compliance with this chapter and the standards or orders issued under this chapter.

(d) *Availability of accident reports and research and demonstration project reports*

Accident reports made by any officer, employee, or agent of the Department of Transportation shall be available for use in any civil, criminal, or other judicial proceeding arising out of such accident. Any such officer, employee, or agent may be required to testify in such proceedings as to the facts developed in such investigations. Any such report shall be made available to the public in a manner which need not identify individuals. All reports on research projects, demonstration projects, and other related activities shall be public information.

(e) *Disclosure of information relating to trade secrets*

All information reported to or otherwise obtained by the Secretary or his representative pursuant to subsection (a), (b), or (c) of this section which information contains or relates to a trade secret referred to in section 1905 of Title 18 shall be considered confidential for the purpose of that section, except that such information may be disclosed to other officers or employees concerned with carrying out this chapter or when relevant in any proceeding under this chapter. Nothing in this section shall authorize the withholding of information by the Secretary or any officer, employee, or agent under his control, from the duly authorized committees of the Congress.

(Pub.L. 96-129, Title II, § 211, Nov. 30, 1979, 93 Stat. 1012, amended Pub.L. 98-464, § 7(b), Oct. 11, 1984, 98 Stat. 1823.)

1984 Amendment. Subsec. (a). Pub.L. 98-464 added "In conducting training activities for State or local government personnel in the enforcement of regulations issued under this chapter, the Secretary may not assess any charge or fee in the nature of tuition."

Effective Date. Section effective Nov. 30, 1979, see section 217 of Pub.L. 96-129, set out in a note under section 2001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-129, see 1979 U.S. Code Cong. and Adm. News, p. 1971. See, also, Pub.L. 98-464, 1984 U.S. Code Cong. and Adm. News, p. 3147.

Library References

United States 40, 41.
C.J.S. United States §§ 38 to 41.

§ 2011. Administration

(a) *Information furnished to Federal Energy Regulatory Commission*

Upon request, the Secretary shall furnish to the Federal Energy Regulatory Commission or any appropriate State agency, with respect to matters under their jurisdiction, any information he has concerning the safety of any materials, opera-

the plan to be revised. In determining the adequacy of a plan filed under this section, the Secretary or appropriate State agency shall consider—

- (1) relevant available pipeline safety data;
- (2) whether the plan is appropriate for the particular type of pipeline transportation or facility;
- (3) the reasonableness of the plan; and
- (4) the extent to which such plan will contribute to public safety.

(c) Feasibility study; costs; recommendations; report to Congress

(1) The Secretary shall study the feasibility of and costs connected with requiring various methods of testing and inspecting hazardous liquid pipeline facilities subject to the provisions of this chapter. In carrying out such study, the Secretary shall evaluate any new technologies available for monitoring, from the outside or the inside, the condition of such facilities.

(2) The Secretary shall make recommendations, based on the study undertaken under this subsection and on consultations between the Secretary and the Technical Hazardous-Liquid Pipeline Safety Standards Committee established under section 2003 of this title, as to the frequency and type of testing and inspection of pipeline facilities which should be required, taking into account—

- (A) the location of the pipeline facilities;
- (B) the type, age, manufacturer, method of construction, and condition of the pipeline facilities;
- (C) the nature of the materials transported through the pipeline facilities, the sequence in which such materials are transported, and the pressure at which they are transported;
- (D) the climatic, geologic, and seismic characteristics of, and conditions (including soil characteristics) associated with the areas in which the pipeline facilities are located, and the existing and projected population and demographic characteristics associated with such areas;
- (E) the frequency of leaks, if any;
- (F) the costs of the various available methods; and
- (G) any other factors the Secretary determines to be relevant to the safety of the pipeline facilities.

(3) The Secretary shall submit to the Congress a report detailing the results of the study undertaken under this subsection and setting forth the recommendations made under paragraph (2) no later than one year after October 11, 1984.

(Pub.L. 96-129, Title II, § 210, Nov. 30, 1979, 93 Stat. 1011, amended Pub.L. 98-464 § 5, Oct. 11, 1984, 98 Stat. 1822; Pub.L. 99-516, § 3(b)(2) Oct. 22, 1986, 100 Stat. 2966.)

Codification. Amendment to this section by section 3(b)(2) of Pub.L. 99-516 has been executed to subsec. (a) of this section as the probable intent of Congress, notwithstanding directory language which, if executed literally, would require the amendment of subsec. (c)(3) of this section.

1986 Amendment. Subsec. (a). Pub.L. 99-516, § 3(b)(2), inserted provision that plans under this section shall include terms designed to enhance the ability to discover safety-related conditions described in section 2002(a)(2) of this title.

1984 Amendment. Subsec. (c). Pub.L. 98-464 added subsec. (c).

Effective Date. Section effective Nov. 30, 1979, see section 217 of Pub.L. 96-129, set out in a note under section 2001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-129, see 1979 U.S. Code Cong. and Adm. News, p. 1971. See also, Pub.L. 98-464, 1984 U.S. Code Cong. and Adm. News, p. 3147; Pub.L. 99-516, 1986 U.S. Code Cong. and Adm. News, p. 4978.

Library References

Carriers @-13.
C.J.S. Carriers § 17.

§ 2010. Powers and duties of Secretary

(a) General authority

The Secretary may, to the extent necessary to carry out his responsibilities under this chapter, conduct investigations, make reports, issue subpoenas, conduct hearings, require the production of relevant documents and records, take depositions, and conduct, directly or, by contract, or otherwise, research, testing, development, demonstration, and training activities; however, before the Secretary may exercise authority under this section to require testing of portions of pipeline facilities subject

(B) certifications filed under section 2004(a) of this title which were rejected by the Secretary during the preceding calendar year, together with a summary of the reasons for such rejection; and

(10) a compilation of—

(A) agreements entered into with State agencies (including municipalities) under section 2004(b) of this title which were in effect during the preceding calendar year, and

(B) agreements entered into under section 2004(b) of this title which were terminated by the Secretary during the preceding calendar year, together with a summary of the reasons for each such termination.

(11) a description of the number and qualifications of State pipeline safety inspectors in each State for which a certification or agreement is in effect under section 2004 of this title, together with the number of such pipeline inspectors (and their qualifications) which the Secretary recommends for that State.

(b) Recommendations for additional legislation

The report required by subsection (a) of this section shall contain such recommendations for additional legislation as the Secretary deems necessary to promote cooperation among the several States in the improvement of hazardous liquid pipeline safety programs.

(c) Report satisfying requirement of this section and section 1683 of this title

The Secretary is authorized to submit one annual report in satisfaction of the report requirements of this section and of section 1683 of this title.

(Pub.L. 96-129, Title II, § 213, Nov. 30, 1979, 93 Stat. 1013, amended Pub.L. 98-464, § 3(b), Oct. 11, 1984, 98 Stat. 1821.)

1984 Amendment. Subsec. (a). Pub.L. 98-464, § 3(b)(1) struck out "to the President for transmittal" after "prepare and submit" in the matter preceding par. (1).

Pub.L. 98-464, § 3(b)(2) substituted "April 15" for "June 15" in the matter preceding par. (1).

Effective Date. Section effective Nov. 30, 1979, see section 217 of Pub.L. 96-129, set out in a note under section 2001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-129, see 1979 U.S. Code Cong. and Adm. News, p. 1971. See also, Pub.L. 98-464, 1984 U.S. Code Cong. and Adm. News, p. 3147.

§ 2013. Authorization of appropriations

(a) For the purpose of carrying out the provisions of this chapter (other than provisions for which funds are authorized to be appropriated under subsection (b) of this section or section 1684(c) of this title), there are authorized to be appropriated—

- (1) \$1,800,000, for the fiscal year ending September 30, 1980;
- (2) \$2,100,000, for the fiscal year ending September 30, 1981;
- (3) \$900,000, for the fiscal year ending September 30, 1985;
- (4) \$875,000, for the fiscal year ending September 30, 1986; and
- (5) \$800,000 for the fiscal year ending September 30, 1987.

(b) For the purpose of carrying out the Federal grants-in-aid provisions of section 2004 of this title, there are authorized to be appropriated—

- (1) \$500,000, for the fiscal year ending September 30, 1980;
- (2) \$535,000, for the fiscal year ending September 30, 1981; and
- (3) \$500,000, for the fiscal year ending September 30, 1985.

(Pub.L. 96-129, Title II, § 214, Nov. 30, 1979, 93 Stat. 1014, amended Pub.L. 98-464, § 2, Oct. 11, 1984, 98 Stat. 1821; Pub.L. 99-272, Title VII, §§ 7002(b)(3), 7004, Apr. 7, 1986, 100 Stat. 139, 140; Pub.L. 99-516, § 2, Oct. 22, 1986, 100 Stat. 2965.)

1986 Amendment. Subsec. (a). Pub.L. 99-272, § 7002(b)(3), inserted "or section 1684(c) of this title" after "subsection (b) of this section" in parenthetical provisions preceding Par. (1).

Subsec. (a)(4). Pub.L. 99-272, § 7004, added par. (4).

1984 Amendment. Subsec. (a)(3). Pub.L. 98-464, § 2(a), added par. (3).

Subsec. (b)(3). Pub.L. 98-464, § 2(b), added par. (3).

Effective Date. Section effective Nov. 30, 1979, see section 217 of Pub.L. 96-129, set out in a note under section 2001 of this title.

tions, devices, or processes relating to the transportation of hazardous liquids or the operation of pipeline facilities.

(b) **Cooperation with other agencies**

The Secretary is authorized to advise, assist, and cooperate with other Federal departments and agencies and State and other interested public and private agencies and persons, in the planning and development of (1) Federal safety standards relating to hazardous liquids, and (2) methods for inspecting and testing to determine compliance with Federal safety standards relating to hazardous liquids.

(c) **Consultation with other agencies**

The Secretary is authorized to consult with, and make recommendations to, other Federal departments and agencies, State and local governments, and other public and private agencies or persons, for the purpose of developing and encouraging activities, including the enactment of legislation, to assist in the implementation of this chapter and to improve State and local pipeline safety programs relating to hazardous liquids.

(Pub.L. 96-129, Title II, § 212, Nov. 30, 1979, 93 Stat. 1013.)

Effective Date. Section effective Nov. 30, 1979, see section 217 of Pub.L. 96-129, set out in a note under section 2001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-129, see 1979 U.S. Code Cong. and Adm. News, p. 1971.

Cross References

Pipeline safety user fees, see section 1682a of this title.

§ 2012. Annual report

(a) **Submittal to Congress; contents**

The Secretary shall prepare and submit to the Congress on April 15 of each year a comprehensive report on the administration of this chapter for the preceding calendar year. Such report shall include—

(1) a thorough compilation of the leak repairs, accidents, and casualties occurring in such year with a statement of cause whenever investigated determined by the National Transportation Safety Board;

(2) a list of Federal hazardous liquid pipeline safety standards established or in effect in such year with identification of standards newly established during such year;

(3) a summary of the reasons for each waiver granted under section 2002(h) of this title during such year;

(4) an evaluation of the degree of observance of applicable safety standards for the transportation of hazardous liquids and pipeline facilities including a list of enforcement actions, and compromises of alleged violations by location and company name;

(5) a summary of outstanding problems confronting the administration of this chapter in order of priority;

(6) an analysis and evaluation of research activities, including the policy implications thereof, completed as a result of Government and private sponsorship and technological progress for safety achieved during such year;

(7) a list, with a brief statement of the issues, of completed or pending judicial actions under the chapter;

(8) the extent to which technical information was disseminated to the scientific community and consumer-oriented information was made available to the public;

(9) a compilation of—

(A) certifications filed by State agencies (including municipalities) under section 2004(a) of this title which were in effect during the preceding calendar year, and

Effective Date. Section effective Nov. 30, 1979, see section 217 of Pub.L. 96-129, set out in a note under section 2001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 96-129, see 1979 U.S. Code Cong. and Adm. News, p. 1971.

Library References

Carriers ⇨34.

C.J.S. Carriers §§ 24, 352.

CHAPTER 30—ABATEMENT OF AVIATION NOISE

SUBCHAPTER I—AIRPORT NOISE

- Sec.**
2101. Definitions.
2102. Establishment of single systems of noise measurement and noise exposure, and identification of land uses compatible with noise exposure; regulations.
2103. Noise exposure map; preparation, submission, contents, revision, etc.; funds for airport noise compatibility planning.
2104. Noise compatibility program.
- (a) Prerequisites, submission, contents, etc.
- (b) Approval or disapproval requirements.
- (c) Grant authorities; scope, availability, etc., of grants.
- (d) Liability of United States for damages pursuant to program.
- (e) Funding.
2105. Noise exposure map and compatibility program for public airport in the Dis-

Sec.

- trict of Columbia authorized under Act September 7, 1950; preparation and publication.
2106. Prohibition on use of noise exposure map, etc., in noise suits.
2107. Limitations on suits by property owners for noise damages.
2108. Planning and program studies; report to Congress.

SUBCHAPTER II—NOISE STANDARDS

- Sec.**
2121. Definitions.
2122. Compliance for international carriers; prerequisites, procedures applicable, etc.
2123. New technology aircraft incentives pursuant to exemptions; criteria, duration, etc.
2124. Small community service exemptions.
- (a) Applicability.
- (b) Termination.
- (c) Seating configuration of aircraft.
2125. Tradeoff allowance.

SUBCHAPTER I—AIRPORT NOISE

Library References

Aviation ⇨216.

Health and Environment ⇨25.8.

C.J.S. Aeronautics and Aerospace §§ 70, 119.

C.J.S. Health and Environment §§ 61, 129, 137.

§ 2101. Definitions

For purposes of this subchapter—

(1) the term "airport" means any public-use airport (as defined by section 2202(17) of this title).

(2) the term "airport operator" means, in the case of an airport serving air carriers certificated by the Civil Aeronautics Board, any person holding a valid certificate issued pursuant to section 1432 of this title to operate an airport, and, in the case of any other airport, the person operating such airport; and

(3) the term "Secretary" means the Secretary of Transportation.

(Pub.L. 96-193, Title I, § 101, Feb. 18, 1980, 94 Stat. 50, amended Pub.L. 97-248, Title V, § 524(b)(1), (2), Sept. 3, 1982, 96 Stat. 696.)

References in Text. "This subchapter", referred to in text, was in the original "this title", meaning title I of Pub.L. 96-193, the Aviation Safety and Noise Abatement Act of 1979, which, in addition to enacting this subchapter, amended sections 1711 and 1713 of this title.

1982 Amendment. Par. (1). Pub.L. 97-248, § 524(b)(1), substituted "public-use airport (as defined by section 2202(17) of this title)" for "air carrier whose projects for airport development are eligible for terminal development costs under section 1720(b) of this title".

Par. (2). Pub.L. 97-248, § 524(b)(2), inserted ", in the case of an airport serving air carriers

certificated by the Civil Aeronautics Board," following "means" and ", and, in the case of any other airport, the person operating such airport" following "operate an airport".

Short Title. Section 1 of Pub.L. 96-193 provided: "That this Act [enacting this chapter and sections 1359 and 1731 of this title, amending sections 1472, 1512, 1711, 1713 to 1717, and 1742 of this title, and enacting provisions set out as a note under section 1348 of this title] may be cited as the 'Aviation Safety and Noise Abatement Act of 1979'."

Effective Date of 1982 Amendment. Amendment by Pub.L. 97-248 effective Sept. 3, 1982, see

Legislative History. For legislative history and purpose of Pub.L. 96-129, see 1979 U.S. Code Cong. and Adm. News, p. 1971. See also, Pub.L. 98-464, 1984 U.S. Code Cong. and Adm. News, p.

3147; Pub.L. 99-272, 1986 U.S. Code Cong. and Adm. News, p. 42; Pub.L. 99-516, 1986 U.S. Code Cong. and Adm. News, p. 4978.

§ 2014. Citizens civil action

(a) Injunctive relief

Except as provided in subsection (b) of this section, any person may commence a civil action for mandatory or prohibitive injunctive relief, including interim equitable relief, against any other person (including any State, municipality, or other governmental entity to the extent permitted by the eleventh amendment to the Constitution, and the United States) who is alleged to be in violation of this chapter or of any order or regulation issued under this chapter. The district courts of the United States shall have jurisdiction over actions brought under this section, without regard to the amount in controversy or the citizenship of the parties.

(b) Restrictions

No civil action may be commenced under subsection (a) of this section with respect to any alleged violation of this chapter or any order or regulation issued under this chapter—

(1) prior to the expiration of 60 days after the plaintiff has given notice of such alleged violation to the Secretary (or to the applicable State agency in the case of a State which has been certified under section 2004(a) of this title and in which the violation is alleged to have occurred), and to any person who is alleged to have committed such violation; or

(2) if the Secretary (or such State agency) has commenced and is diligently pursuing administrative proceedings or the Attorney General of the United States (or the chief law enforcement officer of such State) has commenced and is diligently pursuing judicial proceedings with respect to such alleged violation.

Notice under this subsection shall be given in such manner as the Secretary shall prescribe by regulation.

(c) Intervention by Attorney General

In any action under subsection (a) of this section, the Secretary (with the concurrence of the Attorney General) or the Attorney General may intervene as a matter of right.

(d) Effect on rights under any statute or at common law

Nothing in this section shall restrict any right which any person (or class of persons) may have under any statute or at common law to seek enforcement of this chapter or any order or regulation under this chapter or to seek any other relief.

(e) Costs and attorney's fees

In any action under this section the court may, in the interest of justice, award the costs of suit, including reasonable attorney's fees and reasonable expert witnesses fees, to a prevailing plaintiff. Such court may, in the interest of justice, award such costs to a prevailing defendant whenever such action is unreasonable, frivolous, or meritless. For purposes of this subsection, a reasonable attorney's fee is a fee (1) which is based upon (A) the actual time expended by an attorney in providing advice and other legal services in connection with representing a person in an action brought under this section, and (B) such reasonable expenses as may be incurred by the attorney in the provision of such services, and (2) which is computed at the rate prevailing for the provision of similar services with respect to actions brought in the court which is awarding such fee.

(f) Violations of State safety standards

For purposes of this section, a violation of any safety standard or practice of any State shall be deemed to be a violation of this chapter or of any order or regulation under this chapter only to the extent that such standard or practice is not more stringent than the comparable Federal safety standard.

(Pub.L. 96-129, Title II, § 215, Nov. 30, 1979, 93 Stat. 1014.)

§ 195.2 Definitions.

As used in this part—

"Barrel" means a unit of measurement equal to 42 U.S. standard gallons.

"Breakout tank" means a tank used to (a) relieve surges in a hazardous liquid pipeline system or (b) receive and store hazardous liquid transported by a pipeline for reinjection and continued transportation by pipeline.

"Component" means any part of a pipeline which may be subjected to pump pressure including, but not limited to, pipe, valves, elbows, tees, flanges, and closures.

"Gathering line" means a pipeline 8 inches or less in nominal diameter that transports petroleum from a production facility.

"Hazardous liquid" means petroleum, petroleum products, or anhydrous ammonia.

"Highly volatile liquid" or "HVL" means a hazardous liquid which will form a vapor cloud when released to the atmosphere and which has a vapor pressure exceeding 276 kPa (40 psia) at 37.8° C (100° F).

"Interstate pipeline" means a pipeline or that part of a pipeline that is used in the transportation of hazardous liquids in interstate or foreign commerce.

"Intrastate pipeline" means a pipeline or that part of a pipeline to which this part applies that is not an interstate pipeline.

"Line section" means a continuous run of pipe between adjacent pressure pump stations, between a pressure pump station and terminal or breakout tanks, between a pressure pump station and a block valve, or between adjacent block valves.

"Nominal wall thickness" means the wall thickness listed in the pipe specifications.

"Offshore" means beyond the line of ordinary low water along that portion of the coast of the United States that is in direct contact with the open seas and beyond the line marking the seaward limit of inland waters.

"Operator" means a person who owns or operates pipeline facilities.

"Person" means any individual, firm, joint venture, partnership, corporation, association, State, municipality,

cooperative association, or joint stock association, and includes any trustee, receiver, assignee, or personal representative thereof.

"Pipe" or "line pipe" means a tube, usually cylindrical, through which a hazardous liquid flows from one point to another.

"Pipeline" or "pipeline system" means all parts of a pipeline facility through which a hazardous liquid moves in transportation, including, but not limited to, line pipe, valves and other appurtenances connected to line pipe, pumping units, fabricated assemblies associated with pumping units, metering and delivery stations and fabricated assemblies therein, and breakout tanks.

"Pipeline facility" means new and existing pipe, rights-of-way, and any equipment, facility, or building used in the transportation of hazardous liquids.

"Production facility" means piping or equipment used in the production, extraction, recovery, lifting, stabilization, separation or treating of petroleum or associated storage or measurement. (To be a production facility under this definition, piping or equipment must be used in the process of extracting petroleum from the ground and preparing it for transportation by pipeline).

"Rural area" means outside the limits of any incorporated or unincorporated city, town, village, or any other designated residential or commercial area such as a subdivision, a business or shopping center, or community development.

"Secretary" means the Secretary of Transportation or any person to whom he has delegated authority in the matter concerned.

"Specified minimum yield strength" means the minimum yield strength, expressed in pounds per square inch, prescribed by the specification under which the material is purchased from the manufacturer.

"Stress level" means the level of tangential or hoop stress, usually expressed as a percentage of specified minimum yield strength.

"Surge pressure" means pressure produced by a change in velocity of the moving stream that results from

shutting down a pump station or pumping unit, closure of a valve, or any other blockage of the moving stream.

(Amdt. 195-22, 46 FR 36360, July 27, 1981; 47 FR 32721, July 29, 1982, as amended by Amdt. 195-33, 50 FR 15898, Apr. 23, 1985; 50 FR 38660, Sept. 24, 1985; Amdt. 195-36, 51 FR 15007, Apr. 22, 1986)

§ 195.3 Matter incorporated by reference.

(a) There are incorporated by reference in this part all materials referred to in this part. Those materials are hereby made a part of this regulation. Applicable editions are listed in paragraph (c) of this section in parentheses following the title of the referenced material. Earlier editions listed in previous editions of this section may be used for components manufactured, designed, or installed in accordance with those earlier editions at the time they were listed. The user must refer to the appropriate previous edition of 49 CFR for a listing of the earlier listed editions.

(b) All incorporated materials are available for inspection in the Research and Special Programs Administration, Washington, DC, and at the Office of the Federal Register, 1100 L Street, N.W., Washington, DC. These materials have been approved for incorporation by reference by the Director of the Federal Register. In addition, materials incorporated by reference are available as follows:

(1) American Petroleum Institute (API), 2101 L Street, N.W., Washington, DC 20037, or 211 North Ervay, Suite 1700, Dallas, Texas 75201.

(2) The American Society of Mechanical Engineers (ASME), United Engineering Center, 345 East 47th Street, New York, N.Y. 10017.

(3) Manufacturers Standardization Society of the Valve and Fittings Industry (MSS), 5203 Leesburg Pike, Suite 502, Falls Church, Va. 22041.

(4) American National Standards Institute (ANSI), 1430 Broadway, New York, N.Y. 10018.

(5) American Society for Testing and Materials (ASTM), 1916 Race Street, Philadelphia, Pa. 19103.

(c) The full title for the publications incorporated by reference in this part are as follows:

(1) American Petroleum Institute: (i) API Specification 6D "API Specification for Pipeline Valves," which may be obtained from the Dallas office (1977).

(ii) API Specification 1104 "Standard for Welding Pipe Lines and Related Facilities" (1980).

(iii) API Specification 5L "API Specification for Line Pipe" (1985).

(2) American Society of Mechanical Engineers:

(i) ASME Boiler and Pressure Vessel Code, Section VIII, "Pressure Vessels Division 1" (1977).

(ii) ASME Boiler and Pressure Vessel Code, Section IX, "Welding Qualifications" (1977).

(3) Manufacturers Standardization Society of the Valve and Fittings Industry: MSS SP-75, Specification for High-Test Wrought Weldings Fittings (1976).

(4) American National Standards Institute:

(i) ANSI B16.9 "Factory Made Wrought Steel Butt-Welding Fittings" (1978).

(ii) ANSI B31.4 "Liquid Petroleum Transportation Piping Systems" (1979).

(5) American Society for Testing and Materials:

(i) ASTM Specification A53 "Standard Specification for Welded and Seamless Steel Pipe" (1979).

(ii) ASTM Specification A106 "Standard Specification for Seamless Carbon Steel Pipe for High-Temperature Service" (1979b).

(iii) ASTM Specification A134 "Standard Specification for Electric-Fusion (Arc)-Welded Steel Plate Pipe, Size 16 in. and Over" (1974).

(iv) ASTM Specification A135 "Standard Specification for Electric-Resistance Welded Steel Pipe" (1979).

(v) ASTM Specification A139 "Standard Specification for Electric-Fusion (Arc)-Welded Steel Pipe, Sizes 4 inch and over" (1974).

(vi) ASTM Specification A671 "Electric-Fusion-Welded Steel Pipe For Atmospheric and Lower Temperatures" (1977).

(vii) ASTM Specification A672 "Electric-Fusion-Welded Steel Pipe For High Pressure Service At Moderate Temperatures" (1979).

D. American Petroleum Institute (API)

1. API 620-Recommended Rules for Design and Construction of Large, Welded, Low Pressure Storage Tanks (6th edition, July 1977).

2. API 1104 Standard for Welding Pipelines and Related Facilities (14 edition, 1977).

3. API 6D Specifications for Pipeline Valves (17 edition, 1977).

E. American Society of Mechanical Engineers (ASME)

1. ANSI B31.3 Chemical and Plant Petroleum Refinery Piping (1976 edition).

2. ASME Boiler and Pressure Vessel Code, Section I Power Boilers (1977 edition).

3. ASME Boiler and Pressure Vessel Code, Section 8 Division 1 (1977 edition).

4. ASME Boiler and Pressure Vessel Code, Section 8 Division 2, Alternative Rules (1977 edition).

5. ASME Boiler and Pressure Vessel Code, Section 9 Welding and Brazing Qualifications (1977 edition).

6. ASME Boiler and Pressure Vessel Code, Section 4 Heating Boilers.

7. ANSI B31.5 Refrigeration Piping (1974 edition).

8. ANSI B31.8 Gas Transmission and Distribution Piping Systems (1976 edition).

F. International Conference of Building Officials

1. UBC, Uniform Building Code (1979 edition).

G. National Fire Protection Association (NFPA)

1. NFPA No. 37 Stationary Combustion Engine and Gas Turbines (1979 edition).

2. NFPA No. 59A Storage and Handling of LNG (1979 edition).

2. NFPA No. 59A, Storage and Handling of LNG (1972 edition for § 193.2005(c), otherwise 1979 edition).

3. NFPA No. 70 National Electric Code (1978 edition).

4. NFPA No. 30 Flammable Liquids.

4. NFPA No. 30, Flammable Liquids (1977 edition).

5. NFPA No. 51 B, Cutting and Welding Processes (1977 edition).

[45 FR 9203, Feb. 11, 1980, as amended by Amdt. 193-2, 45 FR 70410, Oct. 23, 1980; Amdt. 193-3, 47 FR 44264, Oct. 7, 1982]

PART 195—TRANSPORTATION OF HAZARDOUS LIQUIDS BY PIPELINE

Subpart A—General

Sec.

- 195.0 Scope.
195.1 Applicability.
195.2 Definitions.
195.3 Matter incorporated by reference.

Sec.

- 195.4 Compatibility necessary for transportation of hazardous liquids.
195.5 Conversion to service subject to this part.
195.8 Transportation of hazardous liquids in pipelines constructed with other than steel pipe.
195.10 Responsibility of operator for compliance with this part.

Subpart B—Accident Reporting

- 195.50 Scope.
195.52 Telephonic notice of certain accidents.
195.54 Accident reporting.
195.58 Changes in or additions to accident report.
195.60 Operator assistance in investigation.
195.62 Supplies of accident report DOT Form 7000-1.
195.63 OMB control number assigned to information collection.

Subpart C—Design Requirements

- 195.100 Scope.
195.101 Qualifying metallic components other than pipe.
195.102 Design temperature.
195.104 Variations in pressure.
195.108 Internal design pressure.
195.108 External pressure.
195.110 External loads.
195.112 New pipe.
195.114 Used pipe.
195.116 Valves.
195.118 Fittings.
195.120 Changes in direction: Provision for internal passage.
195.122 Fabricated branch connections.
195.124 Closures.
195.128 Flange connection.
195.128 Station piping.
195.130 Fabricated assemblies.
195.132 Above ground breakout tanks.

Subpart D—Construction

- 195.200 Scope.
195.202 Compliance with specifications or standards.
195.204 Inspection—general.
195.206 Material inspection.
195.208 Welding of supports and braces.
195.210 Pipeline location.
195.212 Bending of pipe.
195.214 Welding: General.
195.216 Welding: Miter joints.
195.222 Welders: Qualification of welders.
195.224 Welding: Weather.
195.226 Welding: Arc burns.
195.228 Welds and welding inspection: Standards of acceptability.
195.230 Welds: Repair or removal of defects.

Subpart A—General

Sec.

- 195.234 Welds: Nondestructive testing.
195.236 External corrosion protection.
195.238 External coating.
195.242 Cathodic protection system.
195.244 Test leads.
195.246 Installation of pipe in a ditch.
195.248 Cover over buried pipeline.
195.250 Clearance between pipe and underground structures.
195.252 Backfilling.
195.254 Above ground components.
195.256 Crossing of railroads and highways.
195.258 Valves: General.
195.260 Valves: Location.
195.262 Pumping equipment.
195.264 Above ground breakout tanks.
195.266 Construction records.

Subpart E—Hydrostatic Testing

- 195.300 Scope.
195.302 General requirements.
195.304 Testing of components.
195.306 Test medium.
195.308 Testing of tie-ins.
195.310 Records.

Subpart F—Operation and Maintenance

- 195.400 Scope.
195.401 General requirements.
195.402 Procedural manual for operations, maintenance, and emergencies.
195.403 Training.
195.404 Maps and records.
195.406 Maximum operating pressure.
195.408 Communications.
195.410 Line markers.
195.412 Inspection of rights-of-way and crossings under navigable waters.
195.414 Cathodic protection.
195.416 External corrosion control.
195.418 Internal corrosion control.
195.420 Valve maintenance.
195.422 Pipeline repairs.
195.424 Pipe movement.
195.426 Scraper and sphere facilities.
195.428 Overpressure safety devices.
195.430 Firefighting equipment.
195.432 Breakout tanks.
195.434 Signs.
195.436 Security of facilities.
195.438 Smoking or open flames.
195.440 Public education.

APPENDIX A—DELIMITATION BETWEEN FEDERAL AND STATE JURISDICTION—STATEMENT OF AGENCY POLICY AND INTERPRETATION

AUTHORITY: 49 U.S.C. 2002; 49 CFR 1.53 and Appendix A to Part 1.

SOURCE: Amdt. 195-22, 46 FR 38360, July 27, 1981, unless otherwise noted.

EDITORIAL NOTE: Nomenclature changes to Part 195 appear at 50 FR 48723, Nov. 1, 1985.

§ 195.0 Scope.

This part prescribes safety standards and accident reporting requirements for pipeline facilities used in the transportation of hazardous liquids.

§ 195.1 Applicability.

(a) Except as provided in paragraph (b) of this section, this part applies to pipeline facilities and the transportation of hazardous liquids associated with those facilities in or affecting interstate or foreign commerce, including pipeline facilities on the Outer Continental Shelf.

(b) This part does not apply to—

(1) Transportation of a hazardous liquid that is transported in a gaseous state;

(2) Transportation of a hazardous liquid through a pipeline by gravity;

(3) Transportation of a hazardous liquid through pipelines that operate at a stress level of 20 percent or less of the specified minimum yield strength of the line pipe;

(4) Transportation of petroleum in onshore gathering lines in rural areas

(5) Transportation of a hazardous liquid in offshore pipelines which are located upstream from the outlet flange of each facility on the Outer Continental Shelf where hydrocarbons are produced or where produced hydrocarbons are first separated, dehydrated, or otherwise processed whichever facility is farther down stream;

(6) Transportation of a hazardous liquid through onshore production (including flow lines), refining, or manufacturing facilities or storage or line plant piping systems associated with such facilities;

(7) Transportation of a hazardous liquid by vessel, aircraft, tank truck, tank car, or other vehicle or terminal facilities used exclusively to transport hazardous liquids between such mode of transportation.

[Amdt. 195-22, 46 FR 38360, July 27, 1981 as amended by Amdt. 195-33, 50 FR 1881 Apr. 23, 1985; Amdt. 195-36, 51 FR 209 June 10, 1986]

plemental report within 30 days with the Information Resources Manager, Office of Pipeline Safety, Department of Transportation, Washington, D.C. 20590. However, reports for intrastate pipelines subject to the jurisdiction of a State agency pursuant to certification under section 205 of the Hazardous Liquid Pipeline Safety Act of 1970 (49 U.S.C. 2004) may be submitted in duplicate to that State agency if the regulations of that agency require submission of these reports and provide for further transmittal of one copy within 10 days of receipt to the Information Resources Manager.

(Amdt. 195-34, 50 FR 34474, Aug. 28, 1985)

§ 195.60 Operator assistance in investigation.

If the Department of Transportation investigates an accident, the operator involved shall make available to the representative of the Department all records and information that in any way pertain to the accident, and shall afford all reasonable assistance in the investigation of the accident.

§ 195.62 Supplier of accident report DOT Form 7000-1.

Each operator shall maintain an adequate supply of forms that are a facsimile of DOT Form 7000-1 to enable it to promptly report accidents. The Department will, upon request, furnish specimen copies of the form. Requests should be addressed to the Information Resources Manager, Office of Pipeline Safety, Department of Transportation, Washington, D.C. 20590.

(Amdt. 195-22, 46 FR 38360, July 27, 1981, as amended at 47 FR 32720, July 29, 1982)

§ 195.63 OMB control number assigned to information collection.

The control number assigned by the Office of Management and Budget to the hazardous liquid pipeline information collection requirements of this part pursuant to the Paperwork Reduction Act of 1980 is 2137-0047.

(Amdt. 195-34, 50 FR 34474, Aug. 28, 1985)

Subpart C—Design Requirements

§ 195.100 Scope.

This subpart prescribes minimum design requirements for new pipeline systems constructed with steel pipe and for relocating, replacing, or otherwise changing existing systems constructed with steel pipe. However, it does not apply to the movement of line pipe covered by § 195.424.

§ 195.101 Qualifying metallic components other than pipe.

Notwithstanding any requirement of the subpart which incorporates by reference an edition of a document listed in § 195.3, a metallic component other than pipe manufactured in accordance with any other edition of that document is qualified for use if—

(a) It can be shown through visual inspection of the cleaned component that no defect exists which might impair the strength or tightness of the component; and

(b) The edition of the document under which the component was manufactured has equal or more stringent requirements for the following as an edition of that document currently or previously listed in § 195.3:

- (1) Pressure testing;
- (2) Materials; and
- (3) Pressure and temperature ratings.

(Amdt. 195-28, 48 FR 30639, July 5, 1983)

§ 195.102 Design temperature.

Material for components of the system must be chosen for the temperature environment in which the components will be used so that the pipeline will maintain its structural integrity.

§ 195.104 Variations in pressure.

If, within a pipeline system, two or more components are to be connected at a place where one will operate at a higher pressure than another, the system must be designed so that any component operating at the lower pressure will not be overstressed.

§ 195.106 Internal design pressure.

(a) Internal design pressure for the pipe in a pipeline is determined in accordance with the following formula:

$$P = (2 SI/D) \times E \times F$$

P = Internal design pressure in pounds per square inch gauge.

S = Yield strength in pounds per square inch determined in accordance with paragraph (b) of this section.

t = Nominal wall thickness of the pipe in inches. If this is unknown, it is determined in accordance with paragraph (c) of this section.

D = Nominal outside diameter of the pipe in inches.

E = Seam joint factor determined in accordance with paragraph (e) of this section.

F = A design factor of 0.72, except that a design factor of 0.60 is used for pipe, including risers, on a platform located offshore or on a platform in inland navigable waters, and 0.54 is used for pipe that has been subjected to cold expansion to meet the specified minimum yield strength and is subsequently heated, other than by welding or stress relieving as a part of welding, to a temperature higher than 900° F (482° C) for any period of time or over 600° F (316° C) for more than 1 hour.

(b) The yield strength to be used in determining internal design pressure under paragraph (a) of this section is the specified minimum yield strength. If the specified minimum yield strength is not known, the yield strength is determined by performing all of the tensile tests of API Specification 5L on randomly selected test specimens with the following number of tests:

Pipe size	Number of tests
Less than 6 inches in outside diameter	One test for each 200 lengths
6 inches through 12 1/2 inches in outside diameter	One test for each 100 lengths
Larger than 12 1/2 inches in outside diameter	One test for each 50 lengths

If the average yield-tensile ratio exceeds 0.85, the yield strength of the pipe is taken as 24,000 p.s.i. If the average yield-tensile ratio is 0.85 or less, the yield strength of the pipe is taken as the lower of the following:

(1) Eighty percent of the average yield strength determined by the tensile tests.

(2) The lowest yield strength determined by the tensile tests.

(c) If the nominal wall thickness to be used in determining internal design pressure under paragraph (a) of this section is not known, it is determined by measuring the thickness of each piece of pipe at quarter points on one end. However, if the pipe is of uniform grade, size, and thickness, only 10 individual lengths or 5 percent of all lengths, whichever is greater, need be measured. The thickness of the lengths that are not measured must be verified by applying a gage set to the minimum thickness found by the measurement. The nominal wall thickness to be used is the next wall thickness found in commercial specifications that is below the average of all the measurements taken. However, the nominal wall thickness may not be more than 1.14 times the smallest measurement taken on pipe that is less than 20 inches in outside diameter, nor more than 1.11 times the smallest measurement taken on pipe that is 20 inches or more in outside diameter.

(d) The minimum wall thickness of the pipe may not be less than 87.5 percent of the value used for nominal wall thickness in determining the internal design pressure under paragraph (a) of this section. In addition, the anticipated external loads and external pressures that are concurrent with internal pressure must be considered in accordance with §§ 195.108 and 195.110 and, after determining the internal design pressure, the nominal wall thickness must be increased as necessary to compensate for these concurrent loads and pressures.

(e) The seam joint factor used in paragraph (a) of this section is determined in accordance with the following table:

Specification	Pipe class	Seam joint factor
ASTM A53	Seamless	1.00
	Electric resistance welded	1.00
	Furnace lap welded	0.80
	Furnace butt welded	0.80

(viii) ASTM Specification A691 "Carbon and Alloy Steel Pipe Electric-Fusion-Welded For High Pressure Service At High Temperatures" (1979).

(ix) ASTM Specification A211 "Standard Specification for Spiral-Welded Steel or Iron Pipe" (1975).

(x) ASTM Specification A333 "Standard Specification for Seamless and Welded Steel Pipe for Low-Temperature Service" (1979).

(xi) ASTM Specification A381 "Standard Specification for Metal-Arc-Welded Steel Pipe for High Pressure Transmission Systems" (1979).

[Amdt. 195-22, 46 FR 38360, July 27, 1981; 47 FR 32721, July 29, 1982, as amended by Amdt. 195-32, 49 FR 36880, Sept. 20, 1984; Amdt 195-37, 51 FR 15335, Apr. 23, 1986]

§ 195.4 Compatibility necessary for transportation of hazardous liquids.

No person may transport any hazardous liquid unless the hazardous liquid is chemically compatible with both the pipeline, including all components, and any other commodity that it may come into contact with while in the pipeline.

§ 195.5 Conversion to service subject to this part.

(a) A steel pipeline previously used in service not subject to this part qualifies for use under this part if the operator prepares and follows a written procedure to accomplish the following:

(1) The design, construction, operation, and maintenance history of the pipeline must be reviewed and, where sufficient historical records are not available, appropriate tests must be performed to determine if the pipeline is in a satisfactory condition for safe operation.

(2) The pipeline right-of-way, all aboveground segments of the pipeline, and appropriately selected underground segments must be visually inspected for physical defects and operating conditions which reasonably could be expected to impair the strength or tightness of the pipeline.

(3) All known unsafe defects and conditions must be corrected in accordance with this part.

(4) The pipeline must be tested in accordance with the Subpart E of this

part to substantiate the maximum allowable operating pressure permitted by § 195.406.

(b) A pipeline which qualifies for use under this section need not comply with the corrosion control requirements of this part until 12 months after it is placed in service, notwithstanding any earlier deadlines for compliance. In addition to the requirements of Subpart F of this part, the corrosion control requirements of Subpart D apply to each pipeline which substantially meets those requirements before it is placed in service or which is a segment that is replaced, relocated, or substantially altered.

(c) Each operator must keep for the life of the pipeline a record of the investigations, tests, repairs, replacements, and alterations made under the requirements of paragraph (a) of this section.

§ 195.8 Transportation of hazardous liquids in pipelines constructed with other than steel pipe.

No person may transport any hazardous liquid through a pipe that is constructed after October 1, 1970, of material other than steel unless the person has notified the Secretary in writing at least 90 days before the transportation is to begin. The notice must state the chemical name, common name, properties, and characteristics of the hazardous liquid to be transported and the material used in construction of the pipeline. If the Secretary determines that the transportation of the hazardous liquid in the manner proposed would be unduly hazardous, he will, within 90 days after receipt of the notice order the person that gave the notice, in writing, not to transport the hazardous liquid in the proposed manner until further notice.

§ 195.10 Responsibility of operator for compliance with this part.

An operator may make arrangements with another person for the performance of any action required by this part. However, the operator is not thereby relieved from the responsibility for compliance with any requirement of this part.

Subpart B—Accident Reporting

§ 195.50 Scope.

This subpart prescribes rules governing the reporting of any failure in a pipeline system subject to this part in which there is a release of the hazardous liquid transported resulting in any of the following:

(a) Explosion or fire not intentionally set by the operator.

(b) Loss of 50 or more barrels of liquid.

(c) Escape to the atmosphere of more than five barrels a day of highly volatile liquids.

(d) Death of any person.

(e) Bodily harm to any person resulting in one or more of the following:

(1) Loss of consciousness.

(2) Necessity to carry the person from the scene.

(3) Necessity for medical treatment.

(4) Disability which prevents the discharge of normal duties or the pursuit of normal activities beyond the day of the accident.

(f) Estimated property damage to the property of the operator or others, or both, exceeding \$5,000.

§ 195.52 Telephonic notice of certain accidents.

(a) At the earliest practicable moment following discovery of a release of the hazardous liquid transported resulting in an event described in § 195.50, the operator of the system shall give notice, in accordance with paragraph (b) of this section, of any failure that:

(1) Caused a death or a personal injury requiring hospitalization;

(2) Resulted in either a fire or explosion not intentionally set by the operator;

(3) Caused estimated damage to the property of the operator or others, or both, exceeding \$5,000;

(4) Resulted in pollution of any stream, river, lake, reservoir, or other similar body of water that violated applicable water quality standards, caused a discoloration of the surface of the water or adjoining shoreline, or deposited a sludge or emulsion beneath the surface of the water or upon adjoining shorelines; or

(5) In the judgment of the operator was significant even though it did not meet the criteria of any other paragraph of this section.

(b) Reports made under paragraph (a) of this section are made by telephone to 800-424-8802 (in Washington, D.C. 462-2675) and must include the following information:

(1) Name and address of the operator.

(2) Name and telephone number of the reporter.

(3) The location of the failure.

(4) The time of the failure.

(5) The fatalities and personal injuries, if any.

(6) All other significant facts known by the operator that are relevant to the cause of the failure or extent of the damages.

[Amdt. 195-22, 46 FR 38360, July 27, 1981, as amended at 47 FR 32720, July 29, 1982]

§ 195.54 Accident reporting.

Each operator that experiences an accident that is required to be reported under this subpart shall as soon as practicable but not later than 30 days after discovery of the accident, prepare and file an accident report on DOT Form 7000-1, or a facsimile, with the Information Resources Manager, Office of Pipeline Safety, Department of Transportation, Washington, D.C. 20590. The operator shall file two copies of each report and shall retain one copy at its principal place of business. However, reports for intrastate pipelines subject to the jurisdiction of a State agency pursuant to certification under section 205 of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. 2004) may be submitted in duplicate to that State agency if the regulations of that agency require submission of these reports and provide for further transmittal of one copy within 10 days of receipt to the Information Resources Manager.

[Amdt. 195-34, 50 FR 34474, Aug. 26, 1985]

§ 195.58 Changes in or additions to accident report.

Whenever an operator receives any changes in the information reported or additions to the original report on DOT Form 7000-1, it shall file a sup-

Specification	Pipe class	Seam joint factor
ASTM A106	Seamless	1.00
ASTM A134	Electric fusion arc welded	0.80
ASTM A135	Electric resistance welded	1.00
ASTM A139	Electric fusion welded	0.80
ASTM A211	Spiral welded pipe	0.80
ASTM A333	Seamless	1.00
	Welded	1.00
ASTM A361	Double submerged arc welded	1.00
ASTM A871	Electric fusion-welded	1.00
ASTM A872	Electric fusion-welded	1.00
ASTM A891	Electric fusion-welded	1.00
API 5L	Seamless	1.00
	Electric resistance welded	1.00
	Electric flash welded	1.00
	Submerged arc welded	1.00
	Furnace lap welded	0.80
	Furnace butt welded	0.80

The seam joint factor for pipe which is not covered by this paragraph must be approved by the Secretary

(Amdt. 195-22, 46 FR 38360, July 27, 1981; 47 FR 32721, July 29, 1982, as amended by Amdt. 195-30, 49 FR 7549, Mar. 1, 1984; Amdt 195-37, 51 FR 15335, Apr. 23, 1986)

§ 195.108 External pressure.

Any external pressure that will be exerted on the pipe must be provided for in designing a pipeline system.

§ 195.110 External loads.

(a) Anticipated external loads (e.g., earthquakes, vibration, thermal expansion, and contraction) must be provided for in designing a pipeline system. In providing for expansion and flexibility, section 419 of ANSI B31.4 must be followed.

(b) The pipe and other components must be supported in such a way that the support does not cause excess localized stresses. In designing attachments to pipe, the added stress to the wall of the pipe must be computed and compensated for.

§ 195.112 New pipe.

Any new pipe installed in a pipeline system must comply with the following:

(a) The pipe must be made of steel of the carbon, low alloy-high strength, or alloy type that is able to withstand the internal pressures and external loads and pressures anticipated for the pipeline system.

(b) The pipe must be made in accordance with a written pipe specifica-

tion that sets forth the chemical requirements for the pipe steel and mechanical tests for the pipe to provide pipe suitable for the use intended.

(c) Each length of pipe with an outside diameter of 4 inches or more must be marked on the pipe or pipe coating with the specification to which it was made, the specified minimum yield strength or grade, and the pipe size. The marking must be applied in a manner that does not damage the pipe or pipe coating and must remain visible until the pipe is installed.

§ 195.114 Used pipe.

Any used pipe installed in a pipeline system must comply with § 195.112 (a) and (b) and the following:

(a) The pipe must be of a known specification and the seam joint factor must be determined in accordance with § 195.106(e). If the specified minimum yield strength or the wall thickness is not known, it is determined in accordance with § 195.106 (b) or (c) as appropriate.

(b) There may not be any:

(1) Buckles;

(2) Cracks, grooves, gouges, dents, or other surface defects that exceed the maximum depth of such a defect permitted by the specification to which the pipe was manufactured; or

(3) Corroded areas where the remaining wall thickness is less than the minimum thickness required by the tolerances in the specification to which the pipe was manufactured.

However, pipe that does not meet the requirements of paragraph (b)(3) of this section may be used if the operating pressure is reduced to be commensurate with the remaining wall thickness.

(Amdt. 195-22, 46 FR 38360, July 27, 1981; 47 FR 32721, July 29, 1982)

§ 195.116 Valves.

Each valve installed in a pipeline system must comply with the following:

(a) The valve must be of a sound engineering design.

(b) Materials subject to the internal pressure of the pipeline system, including welded and flanged ends, must

be compatible with the pipe or fittings to which the valve is attached.

(c) Each part of the valve that will be in contact with the hazardous liquid stream must be made of materials that are compatible with each hazardous liquid that it is anticipated will flow through the pipeline system.

(d) Each valve must be both hydrostatically shell tested and hydrostatically seat tested without leakage to at least the requirements set forth in section 5 of API Standard 6D.

(e) Each valve other than a check valve must be equipped with a means for clearly indicating the position of the valve (open, closed, etc.).

(f) Each valve must be marked on the body or the nameplate, with at least the following:

(1) Manufacturer's name or trademark.

(2) Class designation or the maximum working pressure to which the valve may be subjected.

(3) Body material designation (the end connection material, if more than one type is used).

(4) Nominal valve size.

§ 195.118 Fittings.

(a) Butt-welding type fittings must meet the marking, end preparation, and the bursting strength requirements of ANSI B16.9 or MSS Standard Practice SP-75.

(b) There may not be any buckles, dents, cracks, gouges, or other defects in the fitting that might reduce the strength of the fitting.

(c) The fitting must be suitable for the intended service and be at least as strong as the pipe and other fittings in the pipeline system to which it is attached.

(Amdt. 195-22, 46 FR 38360, July 27, 1981; 47 FR 32721, July 29, 1982)

§ 195.120 Changes in direction: Provision for internal passage.

Each component of a main line system, other than manifolds, that change direction within the pipeline system must have a radius of turn that readily allows the passage of pipeline scrapers, spheres, and internal inspection equipment.

§ 195.122 Fabricated branch connections.

Each pipeline system must be designed so that the addition of any fabricated branch connections will not reduce the strength of the pipeline system.

§ 195.124 Closures.

Each closure to be installed in a pipeline system must comply with the ASME Boiler and Pressure Vessel Code, section VIII, Pressure Vessels, Division 1, and must have pressure and temperature ratings at least equal to those of the pipe to which the closure is attached.

§ 195.126 Flange connection.

Each component of a flange connection must be compatible with each other component and the connection as a unit must be suitable for the service in which it is to be used.

§ 195.128 Station piping.

Any pipe to be installed in a station that is subject to system pressure must meet the applicable requirements of this subpart.

§ 195.130 Fabricated assemblies.

Each fabricated assembly to be installed in a pipeline system must meet the applicable requirements of this subpart.

§ 195.132 Above ground breakout tanks.

Each above ground breakout tank must be designed to withstand the internal pressure produced by the hazardous liquid to be stored therein and any anticipated external loads.

Subpart D—Construction

§ 195.200 Scope.

This subpart prescribes minimum requirements for constructing new pipeline systems with steel pipe, and for relocating, replacing, or otherwise changing existing pipeline systems that are constructed with steel pipe. However, this subpart does not apply to the movement of pipe covered by § 195.424.

§ 195.202 Compliance with specifications or standards.

Each pipeline system must be constructed in accordance with comprehensive written specifications or standards that are consistent with the requirements of this part.

§ 195.204 Inspection—general.

Inspection must be provided to ensure the installation of pipe or pipeline systems in accordance with the requirements of this subpart. No person may be used to perform inspections unless that person has been trained and is qualified in the phase of construction he is to inspect.

§ 195.206 Material inspection.

No pipe or other component may be installed in a pipeline system unless it has been visually inspected at the site of installation to ensure that it is not damaged in a manner that could impair its strength or reduce its serviceability.

§ 195.208 Welding of supports and braces.

Supports or braces may not be welded directly to pipe that will be operated at a pressure of more than 100 p.s.i.g.

§ 195.210 Pipeline location.

(a) Pipeline right-of-way must be selected to avoid, as far as practicable, areas containing private dwellings, industrial buildings, and places of public assembly.

(b) No pipeline may be located within 50 feet of any private dwelling, or any industrial building or place of public assembly in which persons work, congregate, or assemble, unless it is provided with at least 12 inches of cover in addition to that prescribed in § 195.248.

§ 195.212 Bending of pipe.

(a) Pipe must not have a wrinkle bend.

(b) Each field bend must comply with the following:

(1) A bend must not impair the serviceability of the pipe.

(2) Each bend must have a smooth contour and be free from buckling,

cracks, or any other mechanical damage.

(3) On pipe containing a longitudinal weld, the longitudinal weld must be as near as practicable to the neutral axis of the bend unless—

(i) The bend is made with an internal bending mandrel; or

(ii) The pipe is 12 inches or less in outside diameter or has a diameter to wall thickness ratio less than 70.

(c) Each circumferential weld which is located where the stress during bending causes a permanent deformation in the pipe must be nondestructively tested either before or after the bending process.

§ 195.214 Welding: General.

(a) Welding must be performed by a qualified welder in accordance with welding procedures qualified to produce welds meeting the requirements of this subpart. The quality of the test welds used to qualify the procedure shall be determined by destructive testing.

(b) Each welding procedure must be recorded in detail, including the results of the qualifying tests. This record must be retained and followed whenever the procedure is used.

(Amdt. 195-38, 51 FR 20297, June 4, 1986)

§ 195.216 Welding: Miter joints.

A miter joint is not permitted (not including deflections up to 3 degrees that are caused by misalignment).

§ 195.222 Welders: Qualification of welders.

Each welder must be qualified in accordance with section 3 of API Standard 1104 or section IX of the ASME Boiler and Pressure Vessel Code, except that a welder qualified under an earlier edition than listed in § 195.3 may weld but may not requalify under that earlier edition.

(Amdt. 195-32, 49 FR 36860, Sept. 20, 1984, as amended by Amdt. 195-38, 51 FR 20297, June 4, 1986)

§ 195.224 Welding: Weather.

Welding must be protected from weather conditions that would impair the quality of the completed weld.

§ 195.226 Welding: Arc burns.

(a) Each arc burn must be repaired.

(b) An arc burn may be repaired by completely removing the notch by grinding, if the grinding does not reduce the remaining wall thickness to less than the minimum thickness required by the tolerances in the specification to which the pipe is manufactured. If a notch is not repairable by grinding, a cylinder of the pipe containing the entire notch must be removed.

(c) A ground may not be welded to the pipe or fitting that is being welded.

§ 195.228 Welds and welding inspection: Standards of acceptability.

(a) Each weld and welding must be inspected to insure compliance with the requirements of this subpart. Visual inspection must be supplemented by nondestructive testing.

(b) The acceptability of a weld is determined according to the standards in section 6 of API Standard 1104.

§ 195.230 Welds: Repair or removal of defects.

(a) Each weld that is unacceptable under § 195.228 must be removed or repaired. Except for welds on an offshore pipeline being installed from a pipelay vessel, a weld must be removed if it has a crack that is more than 8 percent of the weld length.

(b) Each weld that is repaired must have the defect removed down to sound metal and the segment to be repaired must be preheated if conditions exist which would adversely affect the quality of the weld repair. After repair, the segment of the weld that was repaired must be inspected to ensure its acceptability.

(c) Repair of a crack, or of any defect in a previously repaired area must be in accordance with written weld repair procedures that have been qualified under § 195.214. Repair procedures must provide that the minimum mechanical properties specified for the welding procedure used to make the original weld are met upon completion of the final weld repair.

(Amdt. 195-29, 48 FR 48674, Oct. 20, 1983)

§ 195.234 Welds: Nondestructive testing.

(a) A weld may be nondestructively tested by any process that will clearly indicate any defects that may affect the integrity of the weld.

(b) Any nondestructive testing of welds must be performed—

(1) In accordance with a written set of procedures for nondestructive testing; and

(2) With personnel that have been trained in the established procedures and in the use of the equipment employed in the testing.

(c) Procedures for the proper interpretation of each weld inspection must be established to ensure the acceptability of the weld under § 195.228.

(d) During construction, at least 10 percent of the girth welds made by each welder during each welding day must be nondestructively tested over the entire circumference of the weld.

(e) 100 percent of each day's girth welds installed in the following locations must be nondestructively tested 100 percent unless impracticable, in which case at least 90 percent must be tested. Nondestructive testing must be impracticable for each girth weld not tested:

(1) At any onshore location where a loss of hazardous liquid could reasonably be expected to pollute any stream, river, lake, reservoir, or other body of water, and any offshore area;

(2) Within railroad or public road rights-of-way;

(3) At overhead road crossings and within tunnels;

(4) Within the limits of any incorporated subdivision of a State government; and

(5) Within populated areas, including, but not limited to, residential subdivisions, shopping centers, schools, designated commercial areas, industrial facilities, public institutions, and places of public assembly.

(f) When installing used pipe, 100 percent of the old girth welds must be nondestructively tested.

(g) At pipeline tie-ins 100 percent of the girth welds must be nondestructively tested.

(Amdt. 195-22, 48 FR 38360, July 27, 1981, as amended by Amdt. 195-35, 50 FR 37192, Sept. 21, 1985)

§ 195.236 External corrosion protection.

Each component in the pipeline system must be provided with protection against external corrosion.

§ 195.238 External coating.

(a) No pipeline system component may be buried or submerged unless that component has an external protective coating that—

- (1) Is designed to mitigate corrosion of the buried or submerged component;
- (2) Has sufficient adhesion to the metal surface to prevent underfilm migration of moisture;
- (3) Is sufficiently ductile to resist cracking;
- (4) Has enough strength to resist damage due to handling and soil stress; and
- (5) Supports any supplemental cathodic protection.

In addition, if an insulating-type coating is used it must have low moisture absorption and provide high electrical resistance.

(b) All pipe coating must be inspected just prior to lowering the pipe into the ditch or submerging the pipe, and any damage discovered must be repaired.

§ 195.242 Cathodic protection system.

(a) A cathodic protection system must be installed for all buried or submerged facilities to mitigate corrosion that might result in structural failure. A test procedure must be developed to determine whether adequate cathodic protection has been achieved.

(b) A cathodic protection system must be installed not later than 1 year after completing the construction.

§ 195.244 Test leads.

(a) Except for offshore pipelines, electrical test leads used for corrosion control or electrolysis testing must be installed at intervals frequent enough to obtain electrical measurements indicating the adequacy of the cathodic protection.

(b) Test leads must be installed as follows:

(1) Enough looping or slack must be provided to prevent test leads from

being unduly stressed or broken during backfilling.

(2) Each lead must be attached to the pipe so as to prevent stress concentration on the pipe.

(3) Each lead installed in a conduit must be suitably insulated from the conduit.

§ 195.246 Installation of pipe in a ditch.

(a) All pipe installed in a ditch must be installed in a manner that minimizes the introduction of secondary stresses and the possibility of damage to the pipe.

(b) All offshore pipe in water at least 12 feet deep but not more than 200 feet deep, as measured from the mean low tide, must be installed so that the top of the pipe is below the natural bottom unless the pipeline is supported by stanchions, held in place by anchors or heavy concrete coating, or an equivalent level of protection is provided.

§ 195.248 Cover over buried pipeline.

(a) Unless specifically exempted in this subpart, all pipe must be buried so that it is below the level of cultivation. Except as provided in paragraph (b) of this section, the pipe must be installed so that the cover between the top of the pipe and the ground level, road bed, river bottom, or sea bottom, as applicable, complies with the following table:

Location	Cover (inches)	
	For normal excavation	For rock excavation ¹
Industrial, commercial, and residential areas	36	30
Crossings of inland bodies of water with a width of at least 100 ft from high water mark to high water mark	48	18
Drainage ditches at public roads and railroads	36	36
Deepwater port safety zone	48	24
Other offshore areas under water less than 12 ft deep as measured from the mean low tide	36	18
Any other area	30	18

¹ Rock excavation is any excavation that requires blasting or removal by equivalent means.

(b) Less cover than the minimum required by paragraph (a) of this section and § 195.210 may be used if—

(1) It is impracticable to comply with the minimum cover requirements; and

(2) Additional protection is provided that is equivalent to the minimum required cover.

(Amdt. 195-22, 46 FR 38360, July 27, 1981; 47 FR 32721, July 29, 1982)

§ 195.250 Clearance between pipe and underground structures.

Any pipe installed underground must have at least 12 inches of clearance between the outside of the pipe and the extremity of any other underground structure, except that for drainage tile the minimum clearance may be less than 12 inches but not less than 2 inches. However, where 12 inches of clearance is impracticable, the clearance may be reduced if adequate provisions are made for corrosion control.

§ 195.252 Backfilling.

Backfilling must be performed in a manner that protects any pipe coating and provides firm support for the pipe.

§ 195.254 Above ground components.

(a) Any component may be installed above ground in the following situations, if the other applicable requirements of this part are complied with:

- (1) Overhead crossings of highways, railroads, or a body of water.
- (2) Spans over ditches and gullies.
- (3) Scraper traps or block valves.
- (4) Areas under the direct control of the operator.

(5) In any area inaccessible to the public.

(b) Each component covered by this section must be protected from the forces exerted by the anticipated loads.

§ 195.256 Crossing of railroads and highways.

The pipe at each railroad or highway crossing must be installed so as to adequately withstand the dynamic forces exerted by anticipated traffic loads.

§ 195.258 Valves: General.

(a) Each valve must be installed in a location that is accessible to author-

ized employees and that is protected from damage or tampering.

(b) Each submerged valve located offshore or in inland navigable waters must be marked, or located by conventional survey techniques, to facilitate quick location when operation of the valve is required.

§ 195.260 Valves: Location.

A valve must be installed at each of the following locations:

(a) On the suction end and the discharge end of a pump station in a manner that permits isolation of the pump station equipment in the event of an emergency.

(b) On each line entering or leaving a breakout storage tank area in a manner that permits isolation of the tank area from other facilities.

(c) On each mainline at locations along the pipeline system that will minimize damage or pollution from accidental hazardous liquid discharge, as appropriate for the terrain in open country, for offshore areas, or for populated areas.

(d) On each lateral takeoff from a trunk line in a manner that permits shutting off the lateral without interrupting the flow in the trunk line.

(e) On each side of a water crossing that is more than 100 feet wide from high-water mark to high-water mark unless the Secretary finds in a particular case that valves are not justified.

(f) On each side of a reservoir holding water for human consumption.

(Amdt. 195-22, 46 FR 38360, July 27, 1981; 47 FR 32721, July 29, 1982)

§ 195.262 Pumping equipment.

(a) Adequate ventilation must be provided in pump station buildings to prevent the accumulation of hazardous vapors. Warning devices must be installed to warn of the presence of hazardous vapors in the pumping station building.

(b) The following must be provided in each pump station:

(1) Safety devices that prevent overpressuring of pumping equipment, including the auxiliary pumping equipment within the pumping station.

(2) device for the emergency shut-down of each pumping station.

(3) If power is necessary to actuate the safety devices, an auxiliary power supply.

(c) Each safety device must be tested under conditions approximating actual operations and found to function properly before the pumping station may be used.

(d) Except for offshore pipelines pumping equipment may not be installed—

(1) On any property that will not be under the control of the operator; or

(2) Less than 50 feet from the boundary of the station.

(e) Adequate fire protection must be installed at each pump station. If the fire protection system installed requires the use of pumps, motive power must be provided for those pumps that is separate from the power that operates the station.

§ 195.264 Above ground breakout tanks.

For above ground breakout tanks—

(a) A means must be provided for containing hazardous liquids in the event of spillage or tank failure.

(b) Tank areas must be adequately protected against unauthorized entry.

(c) Normal and emergency relief venting must be provided for each tank.

§ 195.266 Construction records.

A complete record that shows the following must be maintained by the operator involved for the life of each pipeline facility:

(a) The total number of girth welds and the number nondestructively tested, including the number rejected and the disposition of each rejected weld.

(b) The amount, location; and cover of each size of pipe installed.

(c) The location of each crossing of another pipeline.

(d) The location of each buried utility crossing.

(e) The location of each overhead crossing.

(f) The location of each valve and corrosion test station.

[Amdt. 195-22, 46 FR 38360, July 27, 1981, as amended by Amdt. 195-34, 50 FR 34474, Aug. 26, 1985]

Subpart E—Hydrostatic Testing

§ 195.300 Scope.

This subpart prescribes minimum requirements for hydrostatic testing of the following. It does not apply to movement of pipe covered by § 195.424.

(a) Newly constructed steel pipeline systems;

(b) Existing steel pipeline systems that are relocated, replaced, or otherwise changed;

(c) Onshore steel interstate pipelines constructed before January 8, 1971, that transport highly volatile liquids; and

(d) Onshore steel intrastate pipelines constructed before October 21, 1985, that transport highly volatile liquids.

[Amdt. 195-33, 50 FR 15899, Apr. 23, 1985]

§ 195.302 General requirements.

(a) Each new pipeline system, each pipeline system in which pipe has been relocated or replaced, or that part of a pipeline system that has been relocated or replaced, must be hydrostatically tested in accordance with this subpart without leakage.

(b) No person may transport a highly volatile liquid in an onshore steel interstate pipeline constructed before January 8, 1971, or an onshore steel intrastate pipeline constructed before October 21, 1985, unless the pipeline has been hydrostatically tested in accordance with this subpart or, except for pipelines subject to § 195.5, its maximum operating pressure is established under § 195.406(a)(5). Dates to comply with this requirement are:

(1) For onshore steel interstate pipelines in highly volatile liquid service before September 8, 1980—

(i) Planning and scheduling of hydrostatic testing or actual reduction in maximum operating pressure to meet § 195.406(a)(5) must be completed before September 15, 1981; and

(ii) Hydrostatic testing must be completed before September 15, 1985, with at least 50 percent of the testing completed before September 15, 1983.

(2) For onshore steel intrastate pipelines in highly volatile liquid service before April 23, 1985—

(i) Planning and scheduling of hydrostatic testing or actual reduction in maximum operating pressure to meet § 195.406(a)(5) must be completed before April 23, 1986; and

(ii) Hydrostatic testing must be completed before April 23, 1990 with at least 50 percent of the testing completed before April 23, 1988.

(c) The test pressure for each hydrostatic test conducted under this section must be maintained throughout the part of the system being tested for at least 4 continuous hours at a pressure equal to 125 percent, or more, of the maximum operating pressure and, in the case of a pipeline that is not visually inspected for leakage during test, for at least an additional 4 continuous hours at a pressure equal to 110 percent, or more, of the maximum operating pressure.

[Amdt. 195-22, 46 FR 38360, July 27, 1981, as amended by Amdt. 195-33, 50 FR 15899, Apr. 23, 1985; 50 FR 38660, Sept. 24, 1985]

§ 195.304 Testing of components.

(a) Each hydrostatic test under § 195.302 must test all pipe and attached fittings, including components, unless otherwise permitted by paragraph (b) of this section.

(b) A component that is the only item being replaced or added to the pipeline system need not be hydrostatically tested under paragraph (a) of this section if the manufacturer certifies that either—

(1) The component was hydrostatically tested at the factory; or

(2) The component was manufactured under a quality control system that ensures each component is at least equal in strength to a prototype that was hydrostatically tested at the factory.

§ 195.306 Test medium.

(a) Except as provided in paragraph (b) of this section, water must be used as the test medium.

(b) Except for offshore pipelines, liquid petroleum that does not vaporize rapidly may be used as the test medium if—

(1) The entire pipeline section under test is outside of cities and other populated areas;

(2) Each building within 300 feet of the test section is unoccupied while the test pressure is equal to or greater than a pressure which produces a hoop stress of 50 percent of specified minimum yield strength;

(3) The test section is kept under surveillance by regular patrols during the test; and

(4) Continuous communication is maintained along entire test section.

§ 195.308 Testing of tie-ins.

Pipe associated with tie-ins must be hydrostatically tested, either with the section to be tied in or separately.

§ 195.310 Records.

(a) A record must be made of each hydrostatic test required by this subpart, and the record of the latest test must be retained as long as the facility tested is in use.

(b) The record required by paragraph (a) of this section must include:

(1) The pressure recording charts;

(2) Test instrument calibration data;

(3) The name of the operator, the name of the person responsible for making the test, and the name of the test company used, if any;

(4) The date and time of the test;

(5) The minimum test pressure;

(6) The test medium;

(7) A description of the facility tested and the test apparatus;

(8) An explanation of any pressure discontinuities, including test failures, that appear on the pressure recording charts; and

(9) Where elevation differences in the section under test exceed 100 feet, a profile of the pipeline that shows the elevation and test sites over the entire length of the test section.

[Amdt. 195-34, 50 FR 34474, Aug. 26, 1985]

Subpart F—Operation and Maintenance

§ 195.400 Scope.

This subpart prescribes minimum requirements for operating and main-

each buried pipeline in accordance with the following:

(1) Markers must be located at each public road crossing, at each railroad crossing, and in sufficient number along the remainder of each buried line so that its location is accurately known.

(2) The marker must state at least the following: "Warning" followed by the words "Petroleum (or the name of the hazardous liquid transported) Pipeline" (in lettering at least 1 inch high with an approximate stroke of one-quarter inch on a background of sharply contrasting color), the name of the operator and a telephone number (including area code) where the operator can be reached at all times.

(b) Line markers are not required for buried pipelines located—

(1) Offshore or at crossings of or under waterways and other bodies of water; or

(2) In heavily developed urban areas such as downtown business centers where—

(i) The placement of markers is impracticable and would not serve the purpose for which markers are intended; and

(ii) The local government maintains current substructure records.

(c) Each operator shall provide line marking at locations where the line is above ground in areas that are accessible to the public.

[Amdt. 195-22, 46 FR 38360, July 27, 1981, as amended by Amdt. 195-27, 48 FR 25208, June 6, 1983]

§ 195.412 Inspection of rights-of-way and crossings under navigable waters.

(a) Each operator shall, at intervals not exceeding 3 weeks, but at least 26 times each calendar year, inspect the surface conditions on or adjacent to each pipeline right-of-way.

(b) Except for offshore pipelines, each operator shall, at intervals not exceeding 5 years, inspect each crossing under a navigable waterway to determine the condition of the crossing.

[Amdt. 195-22, 46 FR 38360, July 27, 1981, as amended by Amdt. 195-24, 47 FR 46852, Oct. 21, 1982]

§ 195.414 Cathodic protection.

(a) No operator may operate an interstate pipeline after March 31, 1973, or an intrastate pipeline after October 19, 1988, that has an effective external surface coating material, unless that pipeline is cathodically protected. This paragraph does not apply to breakout tank areas and buried pumping station piping. For the purposes of this subpart, a pipeline does not have an effective external coating and shall be considered bare, if its cathodic protection current requirements are substantially the same as if it were bare.

(b) Each operator shall electrically inspect each bare interstate pipeline before April 1, 1975, and each bare intrastate pipeline before October 20, 1990 to determine any areas in which active corrosion is taking place. The operator may not increase its established operating pressure on a section of bare pipeline until the section has been so electrically inspected. In any areas where active corrosion is found, the operator shall provide cathodic protection. Section 195.416 (f) and (g) apply to all corroded pipe that is found.

(c) Each operator shall electrically inspect all breakout tank areas and buried pumping station piping on interstate pipelines before April 1, 1973, and on intrastate pipelines before October 20, 1988 as to the need for cathodic protection, and cathodic protection shall be provided where necessary.

[Amdt. 195-33, 50 FR 15899, Apr. 23, 1985; 50 FR 38660, Sept. 24, 1985]

§ 195.416 External corrosion control.

(a) Each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, conduct tests on each underground facility in its pipeline systems that is under cathodic protection to determine whether the protection is adequate.

(b) Each operator shall maintain the test leads required for cathodic protection in such a condition that electrical measurements can be obtained to ensure adequate protection.

(c) Each operator shall, at intervals not exceeding 2½ months, but at least

six times each calendar year, inspect each of its cathodic protection rectifiers.

(d) Each operator shall, at intervals not exceeding 5 years, electrically inspect the bare pipe in its pipeline system that is not cathodically protected and must study leak records for that pipe to determine if additional protection is needed.

(e) Whenever any buried pipe is exposed for any reason, the operator shall examine the pipe for evidence of external corrosion. If the operator finds that there is active corrosion, that the surface of the pipe is generally pitted, or that corrosion has caused a leak, it shall investigate further to determine the extent of the corrosion.

(f) Any pipe that is found to be generally corroded so that the remaining wall thickness is less than the minimum thickness required by the pipe specification tolerances must either be replaced with coated pipe that meets the requirements of this part or, if the area is small, must be repaired. However, the operator need not replace generally corroded pipe if the operating pressure is reduced to be commensurate with the limits on operating pressure specified in this subpart, based on the actual remaining wall thickness.

(g) If localized corrosion pitting is found to exist to a degree where leakage might result, the pipe must be replaced or repaired, or the operating pressure must be reduced commensurate with the strength of the pipe based on the actual remaining wall thickness in the pits.

(h) Each operator shall clean, coat with material suitable for the prevention of atmospheric corrosion, and, maintain this protection for, each component in its pipeline system that is exposed to the atmosphere.

[Amdt. 195-22, 46 FR 38360, July 27, 1981, as amended by Amdt. 195-24, 47 FR 46852, Oct. 21, 1982; Amdt. 195-31, 49 FR 36384, Sept. 17, 1984]

§ 195.418 Internal corrosion control.

(a) No operator may transport any hazardous liquid that would corrode the pipe or other components of its pipeline system, unless it has investigated the corrosive effect of the hazardous liquid on the system and has

taken adequate steps to mitigate corrosion.

(b) If corrosion inhibitors are used to mitigate internal corrosion the operator shall use inhibitors in sufficient quantity to protect the entire part of the system that the inhibitors are designed to protect and shall also use coupons or other monitoring equipment to determine their effectiveness.

(c) The operator shall, at intervals not exceeding 7½ months, but at least twice each calendar year, examine coupons or other types of monitoring equipment to determine the effectiveness of the inhibitors or the extent of any corrosion.

(d) Whenever any pipe is removed from the pipeline for any reason, the operator must inspect the internal surface for evidence of corrosion. If the pipe is generally corroded such that the remaining wall thickness is less than the minimum thickness required by the pipe specification tolerances, the operator shall investigate adjacent pipe to determine the extent of the corrosion. The corroded pipe must be replaced with pipe that meets the requirements of this part or, based on the actual remaining wall thickness, the operating pressure must be reduced to be commensurate with the limits on operating pressure specified in this subpart.

[Amdt. 195-22, 46 FR 38360, July 27, 1981, as amended by Amdt. 195-20B, 46 FR 38822, July 30, 1981; Amdt. 195-24, 47 FR 46852, Oct. 21, 1982]

§ 195.420 Valve maintenance.

(a) Each operator shall maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.

(b) Each operator shall, at intervals not exceeding 7½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

(c) Each operator shall provide protection for each valve from unauthorized operation and from vandalism.

[Amdt. 195-22, 46 FR 38360, July 27, 1981; 47 FR 32721, July 29, 1982, as amended by Amdt. 195-24, 47 FR 46852, Oct. 21, 1982]

§ 195.422 Pipeline repairs.

(a) Each operator shall, in repairing its pipeline systems, insure that the repairs are made in a safe manner and are made so as to prevent damage to persons or property.

(b) No operator may use any pipe, valve, or fitting, for replacement in repairing pipeline facilities, unless it is designed and constructed as required by this part.

§ 195.424 Pipe movement.

(a) No operator may move any line pipe, unless the pressure in the line section involved is reduced to not more than 50 percent of the maximum operating pressure.

(b) No operator may move any pipeline containing highly volatile liquids where materials in the line section involved are joined by welding unless—

(1) Movement when the pipeline does not contain highly volatile liquids is impractical;

(2) The procedures of the operator under § 195.402 contain precautions to protect the public against the hazard in moving pipelines containing highly volatile liquids, including the use of warnings, where necessary, to evacuate the area close to the pipeline; and

(3) The pressure in that line section is reduced to the lower of the following:

(i) Fifty percent or less of the maximum operating pressure; or

(ii) The lowest practical level that will maintain the highly volatile liquid in a liquid state with continuous flow, but not less than 50 p.s.i.g. above the vapor pressure of the commodity.

(c) No operator may move any pipeline containing highly volatile liquids where materials in the line section involved are not joined by welding unless—

(1) The operator complies with paragraphs (b) (1) and (2) of this section; and

(2) That line section is isolated to prevent the flow of highly volatile liquid.

[Amdt. 195-22, 46 FR 38360, July 27, 1981; 46 FR 38922, July 30, 1981]

§ 195.426 Scraper and sphere facilities.

No operator may use a launcher or receiver that is not equipped with a relief device capable of safely relieving pressure in the barrel before insertion or removal of scrapers or spheres. The operator must use a suitable device to indicate that pressure has been relieved in the barrel or must provide a means to prevent insertion or removal of scrapers or spheres if pressure has not been relieved in the barrel.

[Amdt. 195-22, 46 FR 38360, July 27, 1981; 47 FR 32721, July 29, 1982]

§ 195.428 Overpressure safety devices.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

(b) In the case of relief valves on pressure breakout tanks containing highly volatile liquids, each operator shall test each valve at intervals not exceeding 5 years.

[Amdt. 195-22, 46 FR 38360, July 27, 1981, as amended by Amdt. 195-24, 47 FR 46852, Oct. 21, 1982]

§ 195.430 Firefighting equipment.

Each operator shall maintain adequate firefighting equipment at each pump station and breakout tank area. The equipment must be—

(a) In proper operating condition at all times;

(b) Plainly marked so that its identity as firefighting equipment is clear; and

(c) Located so that it is easily accessible during a fire.

§ 195.432 Breakout tanks.

Each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, inspect each breakout tank (including atmospheric and pressure tanks).

[Amdt. 195-24, 47 FR 46852, Oct. 21, 1982]

§ 195.434 Signs.

Each operator shall maintain signs visible to the public around each pumping station and breakout tank area. Each sign must contain the name of the operator and an emergency telephone number to contact.

§ 195.436 Security of facilities.

Each operator shall provide protection for each pumping station and breakout tank area and other exposed facility (such as scraper traps) from vandalism and unauthorized entry.

§ 195.438 Smoking or open flames.

Each operator shall prohibit smoking and open flames in each pump station area and each breakout tank area where there is a possibility of the leakage of a flammable hazardous liquid or of the presence of flammable vapors.

§ 195.440 Public education.

Each operator shall establish a continuing educational program to enable the public, appropriate government organizations, and persons engaged in excavation related activities to recognize a hazardous liquid pipeline emergency and to report it to the operator or the fire, police, or other appropriate public officials. The program must be conducted in English and in other languages commonly understood by a significant number and concentration of non-English speaking population in the operator's operating areas.

APPENDIX A—DELINEATION BETWEEN FEDERAL AND STATE JURISDICTION—STATEMENT OF AGENCY POLICY AND INTERPRETATION

In 1970, Congress enacted comprehensive safety legislation governing the transportation of hazardous liquids by pipeline, the Hazardous Liquids Pipeline Safety Act of 1970, 49 U.S.C. 2001 *et seq.* (HLPBA). The HLPBA expanded the existing statutory au-

thority for safety regulation, which was limited to transportation by common carriers in interstate and foreign commerce, to transportation through facilities used in or affecting interstate or foreign commerce. It also added civil penalty, compliance order, and injunctive enforcement authorities to the existing criminal sanctions. Modeled largely on the Natural Gas Pipeline Safety Act of 1968, 49 U.S.C. 1671 *et seq.* (NOPSA), the HLPBA provides for a national hazardous liquid pipeline safety program with nationally uniform minimal standards and with enforcement administered through a Federal-State partnership. The HLPBA leaves to exclusive Federal regulation and enforcement the "interstate pipeline facilities," those used for the pipeline transportation of hazardous liquids in interstate or foreign commerce. For the remainder of the pipeline facilities, denominated "intrastate pipeline facilities," the HLPBA provides that the same Federal regulation and enforcement will apply unless a State certifies that it will assume those responsibilities. A certified State must adopt the same minimal standards but may adopt additional more stringent standards so long as they are compatible. Therefore, in States which participate in the hazardous liquid pipeline safety program through certification, it is necessary to distinguish the interstate from the intrastate pipeline facilities.

In deciding that an administratively practical approach was necessary in distinguishing between interstate and intrastate liquid pipeline facilities and in determining how best to accomplish this, DOT has logically examined the approach used in the NOPSA. The NOPSA defines the interstate gas pipeline facilities subject to exclusive Federal jurisdiction as those subject to the economic regulatory jurisdiction of the Federal Energy Regulatory Commission (FERC). Experience has proven this approach practical. Unlike the NOPSA however, the HLPBA has no specific reference to FERC jurisdiction, but instead defines interstate liquid pipeline facilities by the more commonly used means of specifying the end points of the transportation involved. For example, the economic regulatory jurisdiction of FERC over the transportation of both gas and liquids by pipeline is defined in much the same way. In implementing the HLPBA DOT has sought a practicable means of distinguishing between interstate and intrastate pipeline facilities that provide the requisite degree of certainty to Federal and State enforcement personnel and to the regulated entities. DOT intends that this statement of agency policy and interpretation provide that certainty.

In 1981, DOT decided that the inventory of liquid pipeline facilities identified as subject to the jurisdiction of FERC approxi-

taining pipeline systems constructed with steel pipe.

§ 195.401 General requirements.

(a) No operator may operate or maintain its pipeline systems at a level of safety lower than that required by this subpart and the procedures it is required to establish under § 195.402(a) of this subpart.

(b) Whenever an operator discovers any condition that could adversely affect the safe operation of its pipeline system, it shall correct it within a reasonable time. However, if the condition is of such a nature that it presents an immediate hazard to persons or property, the operator may not operate the affected part of the system until it has corrected the unsafe condition.

(c) Except as provided by § 195.5, no operator may operate any part of any of the following pipelines unless it was designed and constructed as required by this part:

(1) An interstate pipeline on which construction was begun after March 31, 1970.

(2) An interstate offshore gathering line on which construction was begun after July 31, 1977.

(3) An intrastate pipeline on which construction was begun after October 20, 1985.

[Amdt. 195-22, 46 FR 38360, July 27, 1981, as amended by Amdt. 195-33, 50 FR 15899, Apr. 23, 1985; Amdt. 195-33A, 50 FR 39008, Sept. 26, 1985; Amdt. 195-36, 51 FR 15008, Apr. 22, 1986]

§ 195.402 Procedural manual for operations, maintenance, and emergencies.

(a) *General.* Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies. This manual shall be reviewed at intervals not exceeding 15 months, but at least once each calendar year, and appropriate changes made as necessary to insure that the manual is effective. This manual shall be prepared before initial operations of a pipeline system commence, and appropriate parts shall be kept at locations where

operations and maintenance activities are conducted.

(b) *Amendments.* If the Secretary finds that an operator's procedures are inadequate to assure safe operation of the system or to minimize hazards in an emergency, the Secretary may, after issuing a notice of amendment and providing an opportunity for an informal hearing, require the operator to amend the procedures. In determining the adequacy of the procedures, the Secretary considers pipeline safety data, the feasibility of the procedures, and whether the procedures are appropriate for the pipeline system involved. Each notice of amendment shall allow the operator at least 15 days after receipt of such notice to submit written comments or request an informal hearing. After considering all material presented, the Secretary shall notify the operator of the required amendment or withdraw the notice proposing the amendment.

(c) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:

(1) Making construction records, maps, and operating history available as necessary for safe operation and maintenance.

(2) Gathering of data needed for reporting accidents under Subpart B of this part in a timely and effective manner.

(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart.

(4) Determining which pipeline facilities are located in areas that would require an immediate response by the operator to prevent hazards to the public if the facilities failed or malfunctioned.

(5) Analyzing pipeline accidents to determine their causes.

(6) Minimizing the potential for hazards identified under paragraph (c)(4) of this section and the possibility of recurrence of accidents analyzed under paragraph (c)(5) of this section.

(7) Starting up and shutting down any part of the pipeline system in a manner designed to assure operation

within the limits prescribed by § 195.406, consider the hazardous liquid in transportation, variations in altitude along the pipeline, and pressure monitoring and control devices.

(8) In the case of a pipeline that is not equipped to fail safe, monitoring from an attended location pipeline pressure during startup until steady state pressure and flow conditions are reached and during shut-in to assure operation within limits prescribed by § 195.406.

(9) In the case of facilities not equipped to fail safe that are identified under § 195.402(c)(4) or that control receipt and delivery of the hazardous liquid, detecting abnormal operating conditions by monitoring pressure, temperature, flow or other appropriate operational data and transmitting this data to an attended location.

(10) Abandoning pipeline facilities, including safe disconnection from an operating pipeline system, purging of combustibles, and sealing abandoned facilities left in place to minimize safety and environmental hazards.

(11) Minimizing the likelihood of accidental ignition of vapors in areas near facilities identified under paragraph (c)(4) of this section where the potential exists for the presence of flammable liquids or gases.

(12) Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid pipeline emergency and means of communication.

(13) Periodically reviewing the work done by operator personnel to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.

(d) *Abnormal operation.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:

(1) Responding to, investigating, and correcting the cause of:

(i) Unintended closure of valves or shutdowns;

(ii) Increase or decrease in pressure or flow rate outside normal operating limits;

(iii) Loss of communications;

(iv) Operation of any safety device;

(v) Any other malfunction of a component, deviation from normal operation, or personnel error which could cause a hazard to persons or property.

(2) Checking variations from normal operation after abnormal operation has ended at sufficient critical locations in the system to determine continued integrity and safe operation.

(3) Correcting variations from normal operation of pressure and flow equipment and controls.

(4) Notifying responsible operator personnel when notice of an abnormal operation is received.

(5) Periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found.

(e) *Emergencies.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs:

(1) Receiving, identifying, and classifying notices of events which need immediate response by the operator or notice to fire, police, or other appropriate public officials and, communicating this information to appropriate operator personnel for corrective action.

(2) Prompt and effective response to a notice of each type emergency, including fire or explosion occurring near or directly involving a pipeline facility, accidental release of hazardous liquid from a pipeline facility, operational failure causing a hazardous condition, and natural disaster affecting pipeline facilities.

(3) Having personnel, equipment, instruments, tools, and material available as needed at the scene of an emergency.

(4) Taking necessary action, such as emergency shutdown, or pressure reduction, to minimize the volume of hazardous liquid that is released from

any section of a pipeline system in the event of a failure.

(5) Control of released hazardous liquid at an accident scene to minimize the hazard, including possible intentional ignition in the cases of flammable highly volatile liquid.

(6) Minimization of public exposure to injury and probability of accidental ignition by assisting with evacuation of residents and assisting with halting traffic on roads and railroads in the affected area, or taking other appropriate action.

(7) Notifying fire, police, and other appropriate public officials of hazardous liquid pipeline emergencies and coordinating with them preplanned and actual responses during an emergency, including additional precautions necessary for an emergency involving a pipeline system transporting a highly volatile liquid.

(8) In the case of failure of a pipeline system transporting a highly volatile liquid, use of appropriate instruments to assess the extent and coverage of the vapor cloud and determine the hazardous areas.

(9) Providing for a post accident review of employee activities to determine whether the procedures were effective in each emergency and taking corrective action where deficiencies are found.

[Amdt. 195-22, 46 FR 38360, July 27, 1981; 47 FR 32721, July 29, 1982, as amended by Amdt. 195-24, 47 FR 46852, Oct. 21, 1982]

EFFECTIVE DATE NOTE: The effective date of § 195.402 with respect to intrastate pipelines is April 23, 1987. See Amdt. 195-33, published at 50 FR 15896, Apr. 23, 1985.

§ 195.403 Training.

(a) Each operator shall establish and conduct a continuing training program to instruct operating and maintenance personnel to:

(1) Carry out the operating and maintenance, and emergency procedures established under § 195.402 that relate to their assignments;

(2) Know the characteristics and hazards of the hazardous liquids transported, including, in the case of flammable HVL, flammability of mixtures with air, odorless vapors, and water reactions;

(3) Recognize conditions that are likely to cause emergencies, predict the consequences of facility malfunctions or failures and hazardous liquid spills, and to take appropriate corrective action;

(4) Take steps necessary to control any accidental release of hazardous liquid and to minimize the potential for fire, explosion, toxicity, or environmental damage;

(5) Learn the proper use of firefighting procedures and equipment, fire suits, and breathing apparatus by utilizing, where feasible, a simulated pipeline emergency condition; and

(6) In the case of maintenance personnel, to safely repair facilities using appropriate special precautions, such as isolation and purging, when highly volatile liquids are involved.

(b) At intervals not exceeding 15 months, but at least once each calendar year, each operator shall:

(1) Review with personnel their performance in meeting the objectives of the training program set forth in paragraph (a) of this section; and

(2) Make appropriate changes to the training program as necessary to insure that it is effective.

(c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the procedures established under § 195.402 for which they are responsible to insure compliance.

[Amdt. 195-22, 46 FR 38360, July 27, 1981; 47 FR 32721, July 29, 1982, as amended by Amdt. 195-24, 47 FR 46852, Oct. 21, 1982]

§ 195.404 Maps and records.

(a) Each operator shall maintain current maps and records of its pipeline systems that include at least the following information:

(1) Location and identification of the following pipeline facilities:

- (i) Breakout tanks;
- (ii) Pump stations;
- (iii) Scraper and sphere facilities;
- (iv) Pipeline valves;
- (v) Cathodically protected facilities;
- (vi) Facilities to which § 195.402(c)(9) applies;
- (vii) Rights-of-way; and
- (viii) Safety devices to which § 195.428 applies.

(2) All crossings of public roads, railroads, rivers, buried utilities, and foreign pipelines.

(3) The maximum operating pressure of each pipeline.

(4) The diameter, grade, type, and nominal wall thickness of all pipe.

(b) Each operator shall maintain for at least 3 years daily operating records that indicate—

(1) The discharge pressure at each pump station; and

(2) Any emergency or abnormal operation to which the procedures under § 195.402 apply.

(c) Each operator shall maintain the following records for the periods specified:

(1) The date, location, and description of each repair made to pipe shall be maintained for the useful life of the pipe.

(2) The date, location, and description of each repair made to parts of the pipeline system other than pipe shall be maintained for at least 1 year.

(3) A record of each inspection and test required by this subpart shall be maintained for at least 2 years or until the next inspection or test is performed, whichever is longer.

[Amdt. 195-22, 46 FR 38360, July 27, 1981, as amended by Amdt. 195-34, 50 FR 34474, Aug. 26, 1985]

§ 195.406 Maximum operating pressure.

(a) Except for surge pressures and other variations from normal operations, no operator may operate a pipeline at a pressure that exceeds any of the following:

(1) The internal design pressure of the pipe determined in accordance with § 195.106.

(2) The design pressure of any other component of the pipeline.

(3) Eighty percent of the test pressure for any part of the pipeline which has been hydrostatically tested under Subpart E of this part.

(4) Eighty percent of the factory test pressure or of the prototype test pressure for any individually installed component which is excepted from testing under § 195.304.

(5) In the case of onshore HVL interstate pipelines constructed before January 8, 1971, or onshore HVL intrastate pipelines constructed before Oc-

tober 21, 1985, that have not been tested under Subpart E of this part, 80 percent of the test pressure or highest operating pressure to which the pipeline was subjected for four or more continuous hours that can be demonstrated by recording charts or logs made at the time the test or operations were conducted. (See § 195.302(b) for compliance schedules for HVL interstate pipelines in service before September 8, 1980, and for HVL intrastate pipelines in service before April 23, 1985.)

(b) No operator may permit the pressure in a pipeline during surges or other variations from normal operations to exceed 110 percent of the operating pressure limit established under paragraph (a) of this section. Each operator must provide adequate controls and protective equipment to control the pressure within this limit.

[Amdt. 195-22, 46 FR 38360, July 27, 1981, as amended by Amdt. 195-33, 50 FR 18099, Apr. 23, 1985; 50 FR 38660, Sept. 24, 1985]

§ 195.408 Communications.

(a) Each operator must have a communication system to provide for the transmission of information needed for the safe operation of its pipeline system.

(b) The communication system required by paragraph (a) of this section must, as a minimum, include means for:

(1) Monitoring operational data as required by § 195.402(c)(6);

(2) Receiving notices from operator personnel, the public, and public authorities of abnormal or emergency conditions and sending this information to appropriate personnel or government agencies for corrective action;

(3) Conducting two-way vocal communication between a control center and the scene of abnormal operations and emergencies; and

(4) Providing communication with fire, police, and other appropriate public officials during emergency conditions, including a natural disaster.

§ 195.410 Line markers.

(a) Except as provided in paragraph (b) of this section, each operator shall place and maintain line markers over

makes the HLPBA category of "interstate pipeline facilities." Administrative use of the FERC inventory has the added benefit of avoiding the creation of a separate Federal scheme for determination of jurisdiction over the same regulated entities. DOT recognizes that the FERC inventory is only an approximation and may not be totally satisfactory without some modification. The difficulties stem from some significant differences in the economic regulation of liquid and of natural gas pipelines. There is an affirmative assertion of jurisdiction by FERC over natural gas pipelines through the issuance of certificates of public convenience and necessity prior to commencing operations. With liquid pipelines, there is only a rebuttable presumption of jurisdiction created by the filing by pipeline operators of tariffs (or concurrences) for movement of liquids through existing facilities. Although FERC does police the filings for such matters as compliance with the general duties of common carriers, the question of jurisdiction is normally only aired upon complaint. While any person, including State or Federal agencies, can avail themselves of the FERC forum by use of the complaint process, that process has only been rarely used to review jurisdictional matters (probably because of the infrequency of real disputes on the issue). Where the issue has arisen, the reviewing body has noted the need to examine various criteria primarily of an economic nature. DOT believes that, in most cases, the formal FERC forum can better receive and evaluate the type of information that is needed to make decisions of this nature than can DOT.

In delineating which liquid pipeline facilities are interstate pipeline facilities within the meaning of the HLPBA, DOT will generally rely on the FERC filings; that is, if there is a tariff or concurrence filed with FERC governing the transportation of hazardous liquids over a pipeline facility or if there has been an exemption from the obligation to file tariffs obtained from FERC, then DOT will, as a general rule, consider the facility to be an interstate pipeline facility within the meaning of the HLPBA. The types of situations in which DOT will ignore the existence or non-existence of a filing with FERC will be limited to those cases in which it appears obvious that a complaint filed with FERC would be successful or in which blind reliance on a FERC filing would result in a situation clearly not intended by the HLPBA such as a pipeline facility not being subject to either State or Federal safety regulation. DOT anticipates that the situations in which there is any question about the validity of the FERC filings as a ready reference will be few and that the actual variations from reliance on those filings will be rare. The following examples indicate the types of facilities which DOT be-

lieves are interstate pipeline facilities subject to the HLPBA despite the lack of a filing with FERC and the types of facilities over which DOT will generally defer to the jurisdiction of a certifying state despite the existence of a filing with FERC.

Example 1. Pipeline company P operates a pipeline from "Point A" located in State X to "Point B" (also in X). The physical facilities never cross a state line and do not connect with any other pipeline which does cross a state line. Pipeline company P also operates another pipeline between "Point C" in State X and "Point D" in an adjoining State Y. Pipeline company P files a tariff with FERC for transportation from "Point A" to "Point B" as well as for transportation from "Point C" to "Point D." DOT will ignore filing for the line from "Point A" to "Point B" and consider the line to be intrastate.

Example 2. Same as in example 1 except that P does not file any tariffs with FERC. DOT will assume jurisdiction of the line between "Point C" and "Point D."

Example 3. Same as in example 1 except that P files its tariff for the line between "Point C" and "Point D" not only with FERC but also with State X. DOT will rely on the FERC filing as indication of interstate commerce.

Example 4. Same as in example 1 except that the pipeline from "Point A" to "Point B" (in State X) connects with a pipeline operated by another company transports liquid between "Point B" (in State X) and "Point D" (in State Y). DOT will rely on the FERC filing as indication of interstate commerce.

Example 5. Same as in example 1 except that the line between "Point C" and "Point D" has a lateral line connected to it. The lateral is located entirely with State X. DOT will rely on the existence or non-existence of a FERC filing covering transportation over that lateral as determinative of interstate commerce.

Example 6. Same as in example 1 except that the certified agency in State X has brought an enforcement action (under the pipeline safety laws) against P because of its operation of the line between "Point A" and "Point B". P has successfully defended against the action on jurisdictional grounds. DOT will assume jurisdiction if necessary to avoid the anomaly of a pipeline subject to neither State or Federal safety enforcement. DOT's assertion of jurisdiction in such a case would be based on the gap in the state's enforcement authority rather than a DOT decision that the pipeline is an interstate pipeline facility.

Example 7. Pipeline Company P operates a pipeline that originates on the Outer Continental Shelf. P does not file any tariff for

that line with FERC. DOT will consider the pipeline to be an interstate pipeline facility.

Example 8. Pipeline Company P is constructing a pipeline from "Point C" (in State X) to "Point D" (in State Y). DOT will consider the pipeline to be an interstate pipeline facility.

Example 9. Pipeline company P is constructing a pipeline from "Point C" to "Point E" (both in State X) but intends to file tariffs with FERC in the transportation of hazardous liquid in interstate commerce. Assuming there is some connection to an interstate pipeline facility, DOT will consider this line to be an interstate pipeline facility.

Example 10. Pipeline Company P has operated a pipeline subject to FERC economic regulation. Solely because of some statutory economic deregulation, that pipeline is no

longer regulated by FERC. DOT will continue to consider that pipeline to be an interstate pipeline facility.

As seen from the examples, the types of situations in which DOT will not defer to the FERC regulatory scheme are generally clear-cut cases. For the remainder of the situations where variation from the FERC scheme would require DOT to replicate the forum already provided by FERC and to consider economic factors better left to that agency, DOT will decline to vary its reliance on the FERC filings unless, of course, not doing so would result in situations clearly not intended by the HLPBA.

(Amdt. 195-23, 50 FR 18899, Apr. 23, 1985)

PARTS 196-199—[RESERVED]

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY



COURT HOUSE

123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101
963-7116, Ext. 7582

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL

DAVID INGER
ASSISTANT BUILDING OFFICIAL

November 11, 1987

Mr. Timothy J. Cohen
Celeron Pipeline Co.
111 W. Micheltorena St.
Santa Barbara, CA 93101

RE: Understanding on Public Works Involvement in Future Celeron
Pipeline Construction

Dear Tim:

Public Works agrees that its involvement in Celeron Pipeline
construction will be as follows:

I. Involvement of Public Works consists of two basic areas:

- A. Areas of review only with no permit authority because of
preemption by federal standards except as set forth in (B),
below:
 - 1. Design drawings for preconstruction review, including
geological investigations.
 - 2. A Public Works designee will observe construction and
will be able to communicate any concerns to the DOT in-
spector where jurisdictional limitations restrict his
direct involvement.
- B. Areas of review and approval for design and construction:
 - 1. Review and approval of grading, including excavations,
compactions, benching, and drainage, will be required
in areas that have potential for erosion and slope areas
as identified by County and Celeron for the purpose of
ensuring soil stability and protecting adjacent
properties.

B. (continued)

2. Grading of any new access roads and building pads.
3. Buildings and structures related to pump stations, including electrical, except the actual pipeline/piping valves, pumps and related machinery as covered by existing federal codes.
4. Areas covered by I.B.2 and 3 will be subject to the normal County review and inspection process.
5. River Crossings
 - a. County may approve engineer selected by Celeron to determine scour depth and subsequent design. If Celeron's engineer is not approved by the County, Celeron will submit the names of two additional qualified firms for County to approve.
 - b. If County and Celeron disagree with resultant design, County's recourse is to DOT.

II. Celeron will pay for:

- A. Design review by County
- B. DOT (or designated agent) construction inspector
- C. County inspector to enforce areas outlined in I.B above and areas covered by the police power provisions involving concerns representing an immediate threat to persons and property.
- D. Celeron agrees to pay for the cost of providing the Public Works designee as provided in I.A.2, as long as these costs do not exceed a total of \$12,000.00 for the Gaviota-Las Flores leg of the pipeline. This cost for other Celeron pipeline projects will be decided between Celeron and Public Works as necessary.

Public Works reserves the right to seek recourse with DOT/OPS in all areas of review and inspection where there is federal jurisdiction.

Public Works inspectors will be directed to work with EQAP monitors to minimize any duplication of effort. If Celeron believes that duplication is occurring, they are to contact Public Works/RMD management so that the matter may be quickly resolved.

A DOT inspector (or designee) will be present during all phases of construction subject to federal regulation.

-3-

Except as noted above, Public Works will have no authority over the design, construction, and operation of the pipeline.

The foregoing is subject to a definitive agreement between Caleron and the County Board of Supervisors.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Frank Breckenridge".

Frank Breckenridge
Building Official

K

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY



COURT HOUSE

123 EAST ANAPAMU STREET
SANTA BARBARA
CALIFORNIA 93101
566-3030

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL

DAVID INGER
ASSISTANT BUILDING OFFICIAL

December 5, 1987

Mr. Timothy J. Cohen
Celeron Pipeline Company
111 West Micheltoarena Street
Santa Barbara, CA 93101

Re: Understanding on Public Works Involvement in
Future Celeron Pipeline Construction

Dear Tim:

The purpose of this letter is to clarify in more detail the understanding between Celeron and Public Works as described in my letter of November 11, 1987, and in the modifications to Celeron's Final Development Plan as approved by the Planning Commission on November 23, 1987.

Section I. A.1. is modified to read: "1. Design drawings, construction specifications, geological investigations and other materials as listed in Attachment A shall be submitted to Public Works for design and safety systems review."

Section I. A.2. is modified to read: "2. A Public Works designee will observe construction and will be able to communicate any concerns to the Department of Transportation (DOT) inspector where jurisdictional limitations restrict the designee's direct involvement. The designee's activities shall be performed in full recognition that the DOT inspector is the individual with authority over 49 CFR part 195, except as modified by Section I. B.1. below. Furthermore, it is understood that the scope of observation of the individual acting as the Public Works designee shall be limited to those areas of pipeline construction covered by part 195."

Section I. B.1. is modified to read: "1. In areas of erosion potential, and in areas having soil or slope stability problems, Public Works shall approve the design of Celeron's

Mr. Timothy J. Cohen
December 5, 1987
page 2

grading plans including excavations, compaction, benching and drainage. Public Works shall approve the construction of any such grading. Representatives from Celeron and Public Works shall meet prior to any grading to mutually identify those areas where stability and erosion may be a problem. Public Works recognizes that it has no jurisdiction over the design of the pipeline trench, but Public Works will exercise authority above and along the trench if it is determined that there are stability and erosion problems."

Section I. B.3. is modified to read: "3. Buildings and other structures related to pump stations, including electrical power distribution systems governed by the National Electrical Code (current edition), potable water, sewer, and natural gas/propane service systems as governed by the Uniform Plumbing Code (current edition) shall be subject to review and approval of design and construction. Public Works shall not exercise authority over the actual pipeline, valves, pumps and related machinery under the jurisdiction of existing federal codes."

Section I. 5. is modified to read: "5. River Crossings: The requirements for river crossings will be subject to a separate understanding between Celeron and the Flood Control District."

Very truly yours,



Frank Breckenridge
Building Official

FB:ss
attachment
3506b

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY



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FRANK L. BRECKENRIDGE
BUILDING OFFICIAL

DAVID INGER
ASSISTANT BUILDING OFFICIAL

-- ATTACHMENT A --

SUBMITTAL REQUIREMENTS FOR DESIGN & SAFETY SYSTEMS REVIEW

- Project Description
- Plot Plan
- Block Flow Diagram
- P & ID'S (Mechanical Flow Diagrams)
- Safety Regulations
- Electrical Single Line Diagrams
- Electrical Area Classification Drawings
- Electrical Grounding System
- Emergency Shutdown System
- Hazardous Material Handling
- List of Chemicals (Usage, Quantity, Location and MSDS Sheets) and Their Handling Procedures
- Company Design Standards
- Geological Investigations

L



County of Santa Barbara

RESOURCE MANAGEMENT DEPARTMENT

Dianne Guzman, AICP, Director

TO: Ken Nelson
 FROM: Dianne Guzman *Dianne Guzman*
 DATE: January 7, 1988
 RE: RMD Costs for Celeron Settlement Agreement Negotiations

Per your request, we have estimated RMD costs related to Celeron Settlement Agreement negotiations. Our estimate for the period from November 24, 1987 through December 27, 1987 is \$7,350.00. This estimate is based on approximately 121 hours of staff time (as broken out below) and includes estimated overhead charges.

<u>Staff</u>	<u>Hours</u>
Dianne Guzman	8.0
John Patton	3.5
Rob Almy	4.0
Peter Cattle	56.4
Nancy Minick	49.0
TOTAL	120.9

Other Celeron charges related to System Safety and Reliability Review Committee activities for the Sisquoc Pump Station, other permit compliance activities, and staff time related to FDP modifications are not included in the \$7,350.00.

If you need additional information, please give Peter Cattle (x2519) or Nancy Minick (x2505) a call.

NLM:aw:4461E

cc: John Patton
 Rob Almy
 Peter Cattle
 Nancy Minick
 Judy Smallwood

EXHIBIT L

COUNTY OF SANTA BARBARA
CALIFORNIA

DEPARTMENT OF PUBLIC WORKS
DIVISION OF BUILDING AND SAFETY



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983-7116, Ext. 7582

FRANK L. BRECKENRIDGE
BUILDING OFFICIAL

DAVID INGER
ASSISTANT BUILDING OFFICIAL

Date: January 6, 1988

To: David Inger

From: Jim Norris *JN/lm*

RE: CELERON LITIGATION EXPENSES

The following are litigation related expenses for time spent on Celeron.

As of January 6, 1988, these figures have not been credited to the Celeron account in the Public Works Department.

JN/lm
Attachment

CELERON LEGAL EXPENSES

Revised December 10, 1987

GRAND TOTAL:

\$18,404.64

RICHARD SHOGREN:

State Fire Marshal: \$ 4,552.77

Litigation: \$ 8,540.66

Total: \$ 13,093.43

ROBERT BROWN ENGINEERS:

Total: \$ 4,707.96

JIM NORRIS:

Total: \$ 339.98

LISA MARTIN: \$ 220.97

KELLY ALEXANDER: \$ 42.30

EXHIBIT 4

[01:43:07]

COMMISSIONER MARTINEZ: Good morning, and thank you for your patience and allowing me the opportunity to get here from court, and I'll say thank you to the judge who gave me priority to get me here, so here we go. So we're on to item number two on the agenda, which is our last item on today's agenda. If we could announce it, please.

JEFF WILSON: Mr. Chair, while you were driving, just to bring you up to speed, and the public, just for the record. It's already been read in the record, there was a discussion on letters that were submitted. All the letters have been accepted, we'll have a discussion on the next break as far as the availability for you to review those letters, so that if any testimony or any information contained in those letters are used today, that you'll be able to act on that. We're talking specifically, there's an 18-page letter, I think that was provided by EDC, that we wanted to make you aware of, that was distributed today, and made available to the commissioners, and available online and to the public. So at this point, in the hearing, we are ready to go to public comment...not public comment, sorry. A lot happened in that hour. To the staff presentation. Just, again, to reiterate, we do have a number of people online, we have a number of people in the fourth floor hearing room. We have been made aware that there is a little bit of a lag between what is said here and by the time it gets to the fourth floor, so when we get to public comment, we will be calling out at least five names at a time to give people the opportunity to come down here to speak. So just be aware that when we call your name, start moving towards the hearing room so you can give your testimony.

COMMISSIONER MARTINEZ: And this is the EDC letter that you're talking about?

JEFF WILSON: That is correct, Chair.

COMMISSIONER MARTINEZ: Okay. And this is the letter that was admitted?

JEFF WILSON: Yes.

COMMISSIONER MARTINEZ: Okay. And I'll just say for the record, I can read these things pretty darn quick, that's what we're taught to do in these things. It's true. Also, since it's been read into the record, and let me give at least from my perspective of how we're going to do things today. We have several speaker slips here today. Usually I announce at the beginning of any meeting that if you're going to want to speak, you have to turn in your speaker slips before it's announced. I wasn't here, obviously, so why don't I make sure that if you're going to speak and you haven't turned in a speaker slip, I'm going to go to staff, but let's say within the next five minutes, drop off your speaker slip because then I'm going to cut it off after staff. After staff presents, I'm going to cut it off. Anyone who's online who wants to speak and who hasn't raised their hand, hasn't been recognized as being one who wants to speak via remote, once staff finishes, no more. You can't raise your hand afterwards, okay? So let's just make sure we got that. Those who are speaking, we're going to limit you to a time limit of two minutes, okay? I'll say this with the most respect and caution is that we all want to hear you. The issue today is ownership, a change of ownership. That's the issue. I'd appreciate if people can focus in on that

thing. It's not these other issues, which I'm well aware of, but appreciate your time and patience in regards to these things. For those people who are upstairs, so what I'm going to do, I'm going to go and read about five or six of them, and then you're going to form a line over here, and then when you step up to the podium, you announce your name, and then I'll make sure I check that off. But for those who are upstairs, the reason I'm going to read five or six of them is then that gives you time to come down. Now, it's already mentioned by Mr. Wilson that there's about a 30-second lag time, so again, I'm going to make sure that there's time there for you to get down and get in line, and then we'll form it. Unfortunately, for those who are here, and because sometimes I go, okay, well, those who have one minute to say something, you can go first and make sure you're heard, this logistic stops that from happening, because we want to make sure that those who are upstairs have a chance to come downstairs. Again, we want to hear from everyone, and we appreciate everyone's participation. I know that our director also has an announcement to make right now, and I'd appreciate if she could make it right now.

[01:47:47]

LISA PLOWMAN: Thank you, everybody. Coming to the Planning Commission Hearings or the Board Hearings is a really important part of our public process, and our decision makers and the staff want to hear from everybody and from all sides. But unfortunately today, one of my staff persons was shoved up against a door because somebody was unhappy that they couldn't get into this room, and that kind of behavior just cannot be tolerated. So I'm going to ask everybody to make sure that we treat each other with respect and with kindness. We have differing views, all of us, but we have to honor that. That's part of what this country is about, and our process is about, so you can express your views, but do it respectfully. If somebody does conduct themselves in that manner, they will be asked to leave the building. And I appreciate you listening to my comments today, and I appreciate your decorum that you're going to display in advance. And then I just wanted to mention one more thing, and that is, the Chair and the rest of the Commission may want to talk about that, but the way we express public support of somebody else's comments is not cheering or clapping, but it's raising your hands like this, and that way we can keep our hearing process moving and make sure that everybody is heard, so thank you very much.

COMMISSIONER MARTINEZ: Thank you. So with that, have you guys done any ex parte communications?

COMMISSIONER BRIDLEY: Not yet.

COMMISSIONER MARTINEZ: No, so let's do those first before we move on to the staff. Any ex parte communications that anyone wishes to make, disclose, I should say? Yes, Commissioner?

COMMISSIONER REED: Yeah, I had a telephone conversation with Lee Danielson of Sable on the 25th.

COMMISSIONER MARTINEZ: Commissioner Parke?

COMMISSIONER PARKE: I've had a couple of phone conversations with Lee Danielson, most of which we didn't even talk about this case, but what the heck, but they were fun.

[01:50:00]

And also, we had somebody else on the Sable team with us on the phone the second time, but I forgot his name, and I apologize. I also should disclose, I think, on the Sable side, I had a meeting or a breakfast or Zoom, I can't even remember what it was, with Jim Flores a year or two ago, and I mean, we touched on these transfer issues, so it's just fair that I disclose that, even though that was so long ago. I also had a meeting with EDC attorneys and their clients on Monday morning, and I don't believe I've had any other meetings.

COMMISSIONER MARTINEZ: As for myself, I've had no communications with any parties except for one email communication in which it was from somebody from Sable, I'm forgetting his name, but it was about the presentation of an employee outside of their 20 minutes that we were going to provide to them, and I responded to that. Thank you. Commissioner Bridley?

COMMISSIONER BRIDLEY: I had a series of meetings as well. I talked to Steve Gregg, who is partially retired, but works for Exxon. That conversation was on October 29th, regarding the general process of these kinds of transfer of ownership, transfer of operator actions, and then I also talked to the Sable team, Lee Danielson, on Friday, and then again, Steve Rusch yesterday. And then I also had a meeting with the UCSB Environmental Affairs students, Vivian Chankai and Izzy Sisteck on Monday, October 29th. And then also on Tuesday, I had a meeting with Environmental Defense Center, Audubon Society, Get Oil Out, and SBCAN regarding a lot of the issues that they brought up in their letter. That's it.

COMMISSIONER MARTINEZ: Thank you. And with that, then we'll move over to staff.

JACQUELYNN YBARRA: Okay. We're ready. Good morning, Chair, Commissioners and members of the public behind me and upstairs and online. It's nice to be here in person with you and happy day before Halloween, or Sauin, as we witches like to call it. Okay. Today, the Commission is considering the change of owner, guarantor, and operator of the Santa Ynez Unit, the POPCO gas plant, and the Las Flores Pipeline System County Permits. I'm the case planner, Jacquelynn Ybarra, and WD Director Errin Briggs is also with me today. Next slide.

So there are three separate requests before you, all on behalf of Sable Offshore Corporation dealing with three separate county permits for the following: One, a change of owner, operator, and guarantor of the Santa Ynez Unit, or SYU, final development plan permit from ExxonMobil Corporation to Sable. Two, a change of operator and guarantor of the Pacific Offshore Pipeline Company, or POPCO Gas Plant's final development plan permit from Exxon to Sable. And three, for a change of operator and guarantor of the Las Flores Pipeline System's final development plan permit from ExxonMobil Pipeline Company and ExxonMobil to Sable. To note, POPCO remains the legal owner of the gas plant, and Pacific Pipeline Company, or PPC, remains the legal owner of the Las Flores Pipeline System. Very important to note today, which I

will reiterate a couple times, is that these requests are to transfer the county permits for the individual assets, and not the underlying transfer of the assets themselves. The permit transfers do not include any authorization for work that may occur at the facilities. It doesn't include the restart of the facilities, nor any future operation of the facilities. Next slide.

So this slide shows you the facility locations. On the left, you can see POPCO and the SYU. The POPCO gas plant is a very small portion of the larger onshore SYU unit, which contains an oil and water treatment plant and other related facilities. As you can see in the figure, both the gas plant and onshore SYU are co-located in the Las Flores Canyon, which is along the Gaviota Coast. And for everyone's reference, the facilities are about one and a quarter miles north of El Capitan. Although the gas plant and the onshore SYU have their own county final development permits, the operation of the facilities is very much integrated. On the right, you can see the Las Flores Pipeline System. It stretches about 122 linear miles, starting at the Las Flores Canyon, traverses up San Luis Obispo County, sort of parallels Highway 166, and ends at the Pentland Station over in Kern County.

[01:55:10]

Most everyone may know, just a little bit of background on the pipelines, that they were formerly titled Lines 901 and 903 and were operated by Plains All-American Pipeline. When PPC acquired the lines from Plains, the name was changed. So as you can see here, the lines are now identified as CA-324, shown in red, CA-325A, shown in green, and CA-325B, shown in purple. Next slide.

So why we're before the Commission today, Chapter 25B specifically of our county code governs the process to transfer county permits for certain oil and gas facilities. All three facilities today are subject to this process as they either process or transport oil and gas extracted from offshore reserves. So a change of owner and guarantor are normally under the jurisdiction of the planning and development director, while a change of operator is under the jurisdiction of your Commission. But when we have combined applications like we do today, those could be grouped together and decided on by the Commission. And per our code, the county shall list any new owner, operator, or guarantor and remove any previous parties from the permit upon your Commission finding that the applications are consistent with all the information required by Chapter 25B. Next slide.

Okay, this slide gives you a little bit more of a background on the facilities themselves. So the SYU and POPCO gas plant, which are commonly referred to as the Las Flores Canyon facilities, those treat oil and gas produced from offshore platforms, Hondo, Harmony, and Heritage. And up until the recent stable acquisition, they were operated by ExxonMobil. Oil from the SYU is normally transported via the common carrier Las Flores Pipeline System, which I stated before was previously known as Lines 901 and 903, operated by Plains. The pipeline spill in 2015 caused both the pipelines and the Las Flores Canyon facilities to shut-in, as it was the only way to get oil out of the SYU. However, to date, various preservation and maintenance programs still occur at the facilities to maintain facility integrity under federal, state, and county programs. So PPC acquired the pipeline system from Plains in 2022, and your Commission did approve that

permit transfer last year in 2023, which now brings us to the current history of Sable acquiring the SYU, as well as ownership of POPCO and PPC in February of this year. Next slide.

Okay, a little bit of background on who Sable is, and we also wanted to highlight below what staff specifically looked at when we reviewed the applications. So Sable is a Houston-based independent oil and gas company. They were formed in 2020, formerly known as Flame, and were initially formed as a special acquisition company. Their executive management team formerly operated facilities in the county, including the Point Pedernales assets near Lompoc, and the Point Arguello assets along the Gaviota Coast, and that was under the operation and ownership of Freeport-McMoRan Oil and Gas, or FMOG, or Plains Exploration and Production Company, or PXP, not to be confused with Plains All-American. Their local teams largely comprised of former Exxon employees, as well as other local employees from other reputable oil and gas companies, such as Phillips 66 and Freeport-McMoRan. Sable entered into a purchase and sale agreement with Exxon to acquire the SYU and ownership of POPCO and PPC in November. The agreement closed in February of this year. So for the county's process, Sable submitted applications to transfer their county permits to us in March, and as part of our completeness review, we did a comprehensive study of Sable's financial filings with the SEC. We reviewed their insurance certificates, their financial certifications from the state, known as their OSPR COFRs. We reviewed each permit's list of conditions, all relevant compliance plans. We drilled down into their staff experience and org charts.

[02:00:00]

We confirmed there's been no incidents reports under Sable's former companies, and we looked at safety audit information, operation and maintenance reports, among other things. Next slide.

For environmental review of these requests, the permit transfers do not constitute a project as defined by CEQA Section 15378, which specifically exempts administrative actions of government that do not result in direct or indirect physical changes to the environment. So these requests do meet that exemption, as they are administrative action to update the names of the owner, operator and guarantor on the facility's permits. Again, no physical changes are proposed under this process, and the permit transfers do not authorize restart of the facilities. That's an entirely separate process under the regulatory authority of several other state and federal agencies. Next slide.

Okay, getting into the meat, the Consistency Analysis. So we analyzed each application in relation to the required findings of Chapter 25B. That consistency analysis is detailed in your staff report. But for this presentation, I'll have summary slides for each of the facilities, starting with the SYU here. So in this table, you can see that Sable has demonstrated consistency with the listed findings. I did want to highlight a few that I know or think the Commission is interested in. So first, under financial guarantees for change of owner, so Chapter 25B only requires that county insurance bonds and financial guarantees are updated to reflect the new owner of the facility. In this case, the SYU, there's no county-required bonds for the facility, so nothing for Sable to update. The final development plan permit does require that Sable pay property taxes through final abandonment of the facility, and also requires that they be responsible for any

cleanup and restoration of an oil or gas leak, and that they also provide copies of other agencies' financial responsibility documents. So to satisfy the permit conditions, Sable provided copies of both their property insurance and their liability insurance, which demonstrates they have over \$2.5 billion to cover damage at the SYU and POPCO, as well as over \$400 million dollars to cover cleanup and restoration costs in the event of an oil spill. They also provided a copy of their California Office of Spill Prevention and Response Certificate of Financial Responsibility, that's that OSPR COFR acronym you see up there. And that is state-authorized and calculated to demonstrate that they can cover a worst-case oil spill from their offshore operations. Moving down under safety audits, we wanted to note that the last county-conducted safety audit of the SYU and POPCO occurred in 2014, and that audit had no significant findings. We did, the County did authorize those audits to be postponed during preservation of the facility, but they will resume if and when production restarts. Lastly, Exxon, and now Sable, they also submit monthly O&M reports to the County, which also show no significant findings. Next slide.

Okay, still on SYU, this table highlights the findings for change of guarantor and operator. I just wanted to note that some of the findings for each of the changes do overlap, and that full text of the findings is available in Attachment A to your staff report, but I mostly just wanted to show the non-repetitive ones here. So things to highlight under Change of Operator. For Sable's compliance plans, so Chapter 25B just requires that active compliance plans be updated with the new operator's contact information. We did confirm they submitted 11 plans for the SYU, and those were all updated appropriately. And then above and beyond the requirements of Chapter 25B, those plans were also reviewed for technical accuracy by various county departments, by our System Safety and Reliability Review Committee or the SSRRC, the Fire Department, and Energy Division's Petroleum Engineer where applicable.

[02:05:00]

Moving down to transition plan, we also confirmed Sable submitted a comprehensive transition plan. As I mentioned earlier, the facility management team for the SYU has largely all carried over from former staff at ExxonMobil, so it demonstrates a very cohesive team that's able to continue operations with limited disruptions. And there was also asset-specific and general training conducted. Moving down to the Approved Emergency Response Drill, a drill was conducted for the SYU and POPCO in September of this year. Our County Fire Department was in attendance, and Sable's incident management team who runs and operates those drills, they also carried over from Exxon, again, demonstrating a lot of cohesiveness from the original SYU and POPCO teams.

Finally, under Operator Skills and Resources, we wanted to highlight that we confirmed Sable has had no major incidents under their former companies for various years that they were operating those companies. As I said earlier, Sable as an entity may be new, however, all levels of their management teams have long histories of operating oil and gas facilities in the county specifically. All employees have been trained on all the updated compliance plans, and finally, according to Sable's SEC filings, they have enough capital to restart and maintain operations. Next slide.

Okay, moving on to POPCO, the orange table shows consistency for the POPCO Gas Plant. This one will be quick because POPCO and SYU are very much intertwined, so the majority of the analysis that was made for the SYU also applies to the gas plant. The only thing that's a little different is how POPCO's permit handles financial guarantees. So for this facility, similar to the SYU, there's no county-required bonds that needed to be updated. However, a future bond will be posted following the shutdown of the facility for final abandonment. And as you can see in the table below, POPCO also meets the findings for change of operator.

Last, but definitely not least, the purple table shows consistency for the Las Flores Pipeline system. So under a change of guarantor, for financial guarantees, similar to those other facilities, there's no county-required bonds that needed to be updated. The pipeline's final development permit requires Sable to pay property taxes through final abandonment. And then we also wanted to highlight, because the pipeline's permit differs from the SYU in that their permit for the pipeline specifically does not require any insurance or bonds to cover oil spills. However, outside of Chapter 25B, above and beyond what's required in our code and in the permit to support demonstrating that Sable does have the financial capabilities to own and operate the pipeline, they also submitted copies of their liability insurance. That was for the \$401 million for all their assets. And they also provided copies of their OSPR COFRs for the pipeline specifically to demonstrate that they can cover a worst-case oil spill specific to those pipelines.

Moving down to change of operator, so, under Safety Audits, we wanted to note that there is no county-conducted audit available, and that's due to the 1988 settlement agreement that precludes the county from regulating the design, construction, and operation of the pipeline. So just to clarify, the pipeline system does have a county audit document that's called the SIMQAP, however, they're not subject to county-conducted audits. However, though the county doesn't conduct audits for the pipeline, PHMSA and now the Office of the State Fire Marshal do, and so, Sable did provide a list of those audits that occurred from 2018 to 2023, and the records show that those audits are pretty limited in scope, at least as of right now, to a desktop review and visual inspections of the pipeline. And preliminary findings from those show no findings or concerns.

[02:10:00]

For pipeline compliance plans, similar to those for SYU and POPCO, staff confirmed all plans had the required updates, there was five for the pipeline, and this batch was also reviewed for technical accuracy by all the various county departments. Under the transition plan, we confirmed that the pipeline management team has also extensive experience in the industry, with employees coming from other reputable oil and gas companies that have successfully operated in the county, histories not involving Plains All-American Pipeline, and also with asset-specific and general training conducted. For the emergency response drill, a separate drill was conducted for the pipeline system in July of this year. The Fire Department was also in attendance, and everything was conducted to their satisfaction. And finally, for operator capability, the same for the SYU and POPCO analysis, as you can see here, Sable has the necessary skills, training, and resources to operate the pipeline based on the bullets here. Next slide.

In conclusion, all findings can be made, as discussed in Attachment A to your staff report. So staff recommends that the Planning Commission, (1) make the required findings for approval, (2), determine the requests are not a project pursuant to CEQA, and (3) approve all requests and adopt the conditions of approval for the following: A change of owner, operator, and guarantor for the SYU, a change of operator and guarantor for the POPCO Gas Plant, and a change of operator and guarantor for the Las Flores Pipeline System. Next slide. Last slide. That concludes staff's presentation, and we're happy to take questions. Thank you.

COMMISSIONER MARTINEZ: Commissioners? Commissioner Reed?

COMMISSIONER REED: Okay. Easy one. So in your opinion, after conducting all this research and compiling your report, has Sable met all of the requirements under Chapter 25 to satisfy the requirements to transfer all of these documents, these permits?

JACQUELYNN YBARRA: Commissioner Reed through the Chair, yes.

COMMISSIONER REED: Okay. Thank you.

COMMISSIONER MARTINEZ: Commissioner Bridley?

COMMISSIONER BRIDLEY: Okay, I might have a few more, but this is an unusual case. It's an unusual part of our county regulation, so excuse me if I'm still catching up to it. So the underlying land ownership, you were very clear that the facilities are going to be not owned, this is just the operational transfer, right? But the facilities, the hardware, the pipes and everything, that's not going to be owned by Sable, or do I have that wrong? Or is it the underlying land is not going to be owned by Sable?

ERRIN BRIGGS: So Mr. Chair and Commissioner Bridley, the transactional relationship between Exxon and Sable is a separate action than what we're considering here today. They've already made that transaction. Sable's already acquired the assets physically and financially from ExxonMobil. Today, we are simply transferring the name on the permits to Sable.

COMMISSIONER BRIDLEY: Okay. I probably read that, but, again forgive me. And I want to dig a little bit deeper. Maybe you just need to repeat it for me. In terms of the analysis of the financial resources of Sable, we've had a lot of testimony in the letters, we're going to hear it today, about the health of Sable and that they're not Exxon. You know, they're not someone that we hear about every day in the news. So how exactly did you look at what they provided in terms of the insurance and the cash value and judge that against what? Judge that against the cost of a potential spill or judge that against the cost of the operations as Exxon disclosed it, or how does that analysis actually happen by staff?

JACQUELYNN YBARRA: Commissioner Bradley, through the Chair, so we looked at specifically what was required for Chapter 25B, and so Chapter 25B only requires that they update any county bonds that they have on file with us, which none of the facilities do. The final development plan permit for SYU and POPCO requires that they submit copies of their OSPR

COFRs, those are the state-designated financial certifications, and that they provide copies of their liability insurance to demonstrate they do have financial capabilities. We looked at those insurance certificates, saw that it was over \$400 million worth of liability insurance, over \$2.5 billion coverage in property damage, and determined that that was sufficient to cover an oil spill from the facilities.

[02:15:06]

And for the OSPR COFRs, again, the permit condition just requires that they submit copies to the county. So once they submitted those copies of their COFRs that they got from OSPR, it gave them the green light of meeting that condition.

ERRIN BRIGGS: And Commissioner Bridley, if I can build on that just a little bit. So there are the basic requirements that are required by 25B, and in addition to that, we encourage the applicant to demonstrate additional insurance, and in their presentation they're going to be able to go over exactly the amounts and what types of insurance they have. It's a pretty robust package of various insurance sources, so we believe that not only have they met the minimum requirements in 25B, they've gone beyond that, and they can get into better detail about what they have.

COMMISSIONER BRIDLEY: Okay. I know we're going to hear it in public comment. I appreciate the statement that the \$400 million and the \$2+ billion is sufficient, but sufficient based on what? What was your threshold that you're looking at in terms of that meeting 25B?

ERRIN BRIGGS: So 25B does not require us to examine what the cost of the former spill was or what the cost of a spill could be. It simply requires that they provide copies of their OSPR COFR certificates.

COMMISSIONER BRIDLEY: Okay. And remind me again. The OSPR COFR certificates are not a county regulated document.

ERRIN BRIGGS: Correct.

COMMISSIONER BRIDLEY: So say that again?

ERRIN BRIGGS: That's correct.

COMMISSIONER BRIDLEY: What are they? Who is in charge of those, or who regulates it?

ERRIN BRIGGS: CDFW through the Office of Spill Prevention and Response. It's essentially their offshore unit that examines spills and responds to spills and provides for these insurance requirements.

COMMISSIONER BRIDLEY: Okay. So regardless of how the county's analysis happens, then the state looks at these two models and determines their own agreement that there's sufficient funding, right?

ERRIN BRIGGS: Correct.

COMMISSIONER BRIDLEY: So in a way, it's out of the county's control, if I have that right?

ERRIN BRIGGS: Mostly, yes.

COMMISSIONER BRIDLEY: All right. And then one other question I had was, it caught my attention in the staff report that the last safety audit was in 2014. I'm glad you clarified that was because partially in 2015 everything sort of ceased to exist. Is there any way the county could require that another safety audit happen before they continue or move ahead with using the pipeline in the facility?

ERRIN BRIGGS: So Mr. Chair and Commissioner Bridley, through our SSRRC committee, our engineer who's been working with us here on these facilities since they were constructed, he essentially ensures that each operator, including Sable, if and when they go through this process, that they go through an extremely rigorous testing and integrity management process prior to restart. So he's going to be out there conducting a safety audit at the facility. He's going to be making sure that all the vessels and pipes and all of the hardware at the facility is tested prior to it being put into service -- tanks, vessels, pipelines, everything.

COMMISSIONER BRIDLEY: Okay. But that's not called an audit? That's just part of his compliance work and is it effectively an audit?

ERRIN BRIGGS: Yeah. I mean, we refer to it as a facility audit.

COMMISSIONER BRIDLEY: Okay.

ERRIN BRIGGS: And it involves him walking the entire plant with Sable staff and going over everything. And then in addition to the field audit, he'll also require all of the testing reports, again, for all the vessels and pipes and tanks and everything.

COMMISSIONER BRIDLEY: Okay, that was all the questions I had now.

COMMISSIONER MARTINEZ: Okay. I'm going to ask a couple questions. So in line with what was just talked about, today we're not discussing the ability to push the green button and start operations, correct?

ERRIN BRIGGS: Correct.

COMMISSIONER MARTINEZ: Okay. So what you're talking about just a second ago would obviously occur before there was a green button pushed in starting operations.

ERRIN BRIGGS: That's correct.

COMMISSIONER MARTINEZ: Okay. Now, my other question had to do with the property taxes. So Sable right now owns the real property or does it just own personal assets which are taxed under the real property taxes?

ERRIN BRIGGS: I'm hearing that they own the real property.

[02:20:00]

COMMISSIONER MARTINEZ: Okay. And how much are we talking about in property taxes being paid right now?

ERRIN BRIGGS: So Chair Martinez, there's a difference between the property taxes required during an idle status now and when they resume production. And there is a very complicated factor that gets calculated for production. So right now, the property taxes are much lower than they would be as if they were producing. But under production, it's in the order of millions.

COMMISSIONER MARTINEZ: Correct. Correct. But I'm just talking about now. Since there's no bond out there, the property taxes continue to be paid.

ERRIN BRIGGS: Yes.

COMMISSIONER MARTINEZ: If somebody doesn't abandon it yet, and they're taking time or taking whatever time they need to abandon it, there's a payment of property taxes in place of the bond.

ERRIN BRIGGS: Absolutely.

COMMISSIONER MARTINEZ: So I'm just trying to understand what amount are we talking about?

ERRIN BRIGGS: I don't have the amount.

COMMISSIONER MARTINEZ: That's something that I'm going to be interested in understanding when Sable comes up so they know. Okay?

JACQUELYNN YBARRA: Chair Martinez, the amount for SYU and POPCO, they paid in 2023, was about \$77,000 from my records of the tax assessor. I can't remember what it was for the pipeline, but maybe Sable has that information for you.

COMMISSIONER MARTINEZ: Okay. That's what I'm looking for. Thank you. Those were my questions. Commissioner Parke?

COMMISSIONER PARKE: Yes. I've given a lot of thought over the past couple days about the questions I would ask today. And I was all prepared to ask them at about 9:45. But here we are at getting close to quarter after 11. And my questions, which will relate to insurance, finances, cathodic protection, etcetera, etcetera, etcetera, I'd like to reserve them until after public comment. They rest in part on a document -- are you able to pull up this slide really quickly? I'm not going to go over this in depth right now, just to show what I'm referring to. *[Refers to slide]* There you go. This is from the original EIR for the pipeline. And it's important because some of these things in the EIR, they get incorporated by reference in various documents and requirements. I don't want to go right now. I just want to point out that a lot of my questions will relate to this. Often I'll ask questions at this time so that those people in public comment can be aware of where our thinking is and modify their comments. I kind of think the comment we're going to get today from the letters I've seen are going to be more pro and con kind of things and not so interested in my document here. And I want to let everybody know I gave a copy of this to Mr. Danielson to make sure that Sable was aware of it. I spoke about it with my Brown Act buddy on this case, Mr. Reed. I gave a copy to staff, and staff gave it to me in the first place. You might not remember that a couple years ago. And I gave a copy to Environmental Defense Center. So I think I've disseminated it as widely as I could to those who might want to comment on it when we get there. So with all that noise from me, I'm going to rest until I can ask questions after the public comment. And I think that a lot of these things will require some back and forth. That's easy to do with staff, and I think it'll be a fair thing to do with Sable when you have your rebuttal time. Okay? So there you go. Let's get on to other folks.

COMMISSIONER MARTINEZ: Staff have anything to add? No? Okay. Then this will be the time and opportunity.

DAVID VILLALOBOS: Just before we get to the applicant presentation, I wanted to just reconfirm the amount of time that was agreed upon.

COMMISSIONER MARTINEZ: For Sable? It was 20 minutes is what it is. And then also, this is the time that I'm going to announce that these are the speaker slips for today, and those who have raised their hands online, that's it. Those are the ones that are in. Okay?

COMMISSIONER BRIDLEY: Did you say how many minutes?

COMMISSIONER MARTINEZ: Two minutes. It's going to be two minutes.

COMMISSIONER PARKE: And Chair, does that 20 minutes include the rebuttal time, too?

COMMISSIONER MARTINEZ: Well, let me ask you, how much time do you think you're going to be right now?

[02:25:00]

STEVE RUSCH: I'm about 12 minutes and my colleague's about 3, so 15 total, plus or minus.

COMMISSIONER MARTINEZ: Let's just stick with 20 minutes, and if I feel that there's a little bit more questions that weren't anticipated, then we can address it then, but the floor is yours. And please announce your name whenever you're speaking at the podium.

STEVE RUSCH: Can you hear me okay? Okay. Chairman and fellow Commissioners, my name's Steve Rusch and I'm Vice President of Environmental and Regulatory Affairs for Sable Offshore Corporation. The staff has already reviewed and recommended. We're here today to seek your approval of the change in owner, operator, and guarantor for SYU project, POPCO facilities, and the Las Flores Pipeline System. It appears from the attendance today that it's going to be a full and lively discussion, and as by the comments from Commissioner Parke. As a means of introduction, it's a little bit of a deja-vu all over for me. For as a supervising engineer, my team helped navigate the successful startup of SYU back in 1993. So here we are again today. I know the project well. Accordingly, I've worked with local, state, federal regulators on oil and gas projects and permitting. I've also had the unique experience of working with EDC and Get Oil Out to forge the one and only cooperative deal between Santa Barbara County and the NGOs. One and only. We look forward to working with you and the community to forge new relationships and exciting new community benefits. So starting with the opening slide. You can see the facilities there on a beautiful spring day, I guess you'd say, with the storage tanks in the foreground and the treating facilities in the background.

So who is Sable? Sable is an independent oil and gas company founded in 2020. We're a group of seasoned operators with the skills and necessary training necessary to operate the facilities. A lot of those folks are here today in the audience, and we thank them. Our management and executive team, as staff has mentioned, has over 20 years of experience operating facilities in the Santa Barbara Channel. We're community-oriented and a solution-based company with a history of collaboration with the environmental community, as I've mentioned. And we proudly support a number of organizations, including the police officers and the vets. As I mentioned, the purpose of this hearing, and it has been mentioned by staff and others, is approval of transfer of the county's permits to Sable. And as you know, Sable acquired the facilities in February of 2024, and has been working with the county, state, and federal regulators since. Those applications recognize this reality, and as noted, this approval has no bearing on the restart of the pipeline. It's simply the transfer of the permits. The staff report confirms we've met all the requirements for owner, operator, and guarantor. I won't belabor that. Sable's management team has demonstrated its ability to operate its facilities in exemplary fashion. We received the Santa Barbara County's first and only "Resolution for Good Operator," recognizing outstanding performance. We're ranked as MMS's best operator, which is now, of course, BSEE, and the Pacific OCS for Safety of platform and pipeline operations. We received Santa Barbara County Commendation for Outstanding Maintenance Practices at the Lompoc Oil and Gas Plant, as well as a number of other accommodations.

Now, let's talk about operator capability. As you may know, there's a multitude of compliance and contingency plans that staff reviewed with you, and the ones that I want to point out is the contingency plans there. The Las Flores Pipeline Integrated Contingency Plan is valid and effective and in place. There's been comments to the contrary submitted. Sable successfully conducted emergency response drills, which were required prior to the change in operator and

ownership, and there you see some pictures, and we received very favorable feedback from the agencies that were present, commenting on our professionalism and our training and experience.

[02:30:09]

Sable meets county operator capability requirements, and in my opinion, it exceeds those requirements, as evidenced by the experience levels, most notably on similar Santa Barbara Channel facilities, and as has been mentioned, Sable senior leadership's managed the oil and gas business for over 30 years. The on-site management team transferred over from the same or similar leadership roles at LFC, the Las Flores Canyon facilities, and look at the years of experience there, quite substantial.

Financial guarantees. As has been brought up. I'm going to turn to our compliance with the financial requirements. This is expanding a little bit on the questions that were made earlier. We've satisfied the bond requirements, right, for the 25B, but in addition, we've noted some other items on here, it's a little bit busy, but we've got \$112 million in cash as of June 30. Since then, we've raised an additional \$200 million in cash, and we continue to raise cash. We've raised over \$700 million dollars of cash as a corporation. We carry extensive insurance, and this is what was talked about earlier. By statute, we talked about the COFRs that are issued by OSPR. The statute of limitations are \$100 million, or \$101 million, and we've provided an additional \$300 million, above and beyond what OSPR even requires, so that was the \$400 million dollar number that staff talked about. In addition, we have the \$35 million oil spill financial responsibility policy regarding the offshore facilities. That number will grow as we get into full production, and as Jax mentioned, we've got \$2.5 billion in property insurance covering the facilities. So in total, kind of, if you look at the whole picture, it's about \$700 plus million dollars in capability to respond to an incident. And the property insurance, for instance, the \$2.5 billion property insurance, which would be available if facilities were impacted, and we wouldn't be required then to take the other cash positions I mentioned there to cover those losses. So we would continue to have that \$700 plus million available for an incident response. And as we've mentioned, and as I mentioned, we've received the COFRs from OSPR. And these are the ones that are listed online. This is where you can see the \$100 million, which is the max that you can get. So again, we supplemented that with the \$300 million.

That concludes my comments on the 25B application, which is really just for the transfer of those permits. But we've been reading the comments, as I'm sure all of you have, too, and we wanted to briefly explain some of those that were submitted in connection with this hearing and provide some context. We've already mentioned this one, Pipeline Restart. This process, or the permitting process, does not restart the pipeline. We've been through that quite a bit. Pipeline restart is a separate process subject to state and federal regulatory requirements. In the comments, there was made mention of the California Coastal Commission NOV for the Las Flores Pipeline work. Sable's understanding is that it was conducting permitted repair and maintenance pursuant to existing approvals and as required by the Office of the State Fire Marshal, OSFM. And all those activities were being conducted under the supervision of qualified biologists and cultural archaeologists who had extensively reviewed the whole 125-mile pipeline during previous environmental reviews. Those are the same individuals that we have now

employed. Sable informed the Commission staff that the interim measures were necessary to secure the safety of those sites and only those interim measures were performed after the NOV was issued on the 27th. And we're now working with the Coastal Commission almost daily now to address concerns and there's no current work going on along the coast except for just this past week with the winds we had, we had to put some fences back up, but there's no work being done along the coast.

[02:35:03]

Third, Sable's experience and safety commitment. We've had decades of safe oil and gas operations as has been mentioned and we're committed to running the pipeline with state-of-the-art improvements.

Financial capability. As I mentioned, there's extensive insurance and cash reserves that exceed the requirements. And I also want to mention that there's a number of comments circulating regarding debts, the bankruptcy of an unrelated entity back in 2020. About that bankruptcy, it was a completely different situation than the situation here today. That was a private company not affiliated with Sable Offshore Corporation where this management team was specifically brought in only after a very extensive debt had been acquired by the predecessor company and the predecessor management team following a roll-up of a number of unrelated oil and gas assets in West Texas. The Sable management team was specifically brought in to fix a very distressed, highly leveraged \$2.1 billion in debt in high operating cost Permian Basin. This was a financial restructuring or so-called workout situation. Prior to COVID and the Saudi/Russia oil price war, when oil prices briefly went below zero, the team successfully reduced its total debt by approximately \$1.4 billion and eliminated \$94 million of the annual interest expense. Very different from the situation here. Here upon restart, Sable Offshore will have efficient, low-cost assets, a healthy balance sheet, attractive leverage, which is debt to equity ratios, and access to additional public equity capital as demonstrated by, as I previously mentioned, over \$700 million of equity capital raised to date. The truth is, as we've seen above, Sable has extensive cash reserves and insurance that exceeds all requirements. And our market cap's about \$1.79 billion as of today.

Cathodic Protection, mentioned earlier. The Commission already looked at this last year and found that the FTP, the final development plan, does not include any cathodic protection requirements. Staff report confirms, again, that Sable is in full compliance, and there's no changes from last year with respect to cathodic protection. So nothing is different from last year that would warrant a different answer. There's confusion about the waiver or special permit we're seeking from the Office of State Fire Marshal. Again, nothing to do with 25B. But to the extent there is concern, we're not removing anything. We're actually enhancing pipeline integrity. Corrosion protection is a part of pipeline integrity management, and I'll talk more about that in a second.

The following demonstrates Sable's commitment to world-class quality and safety. We understand people are concerned about safety, as are we. Regarding the SYU and POPCO Gas Plant, there's a lot of things going on right now as we're refurbishing and getting these back to

their world-class “as-new” conditions, the testing we're doing, a lot of work going on. And we'll also end up upgrading the leak protection system also. And as I mentioned, I'll talk a little bit more about the pipeline integrity, on the pipeline, the Las Flores Pipeline, being Line 324, 325. We're implementing a world-class integrity management program using state-of-the-art management practices, multiple inspections, and then, as I mentioned, planned cathodic protection upgrades, which are just a piece of this. And if you look at what the additional requirements are, and this is what's required by the Consent Decree in most parts, is the anomaly repair criteria, in other words, where we've had wall loss thickness, it's 20% more restrictive than the current regs. Integrity tool frequency runs, and the integrity tools are what we call the mechanical pigs, or they've got different names, but the tools that run through the pipe that measure the external and the internal corrosion, and we call those anomalies where it's been reduced, we're running those ten times greater than the regulations.

[02:40:00]

For those areas...let me back up. We do have cathodic protection on those 125 miles of pipeline. The majority of that pipeline is covered by that cathodic protection system. That cathodic protection system is in place, and we have cathodic protection test stations about every mile. So all the things are in place for cathodic protection. There are some areas where you have the insulation that's wet, where the cathodic protection is at 100%, and that's where the integrity management program comes in. That's where the State Fire Marshal and the waivers come in, is they have now applied additional requirements to bring that pipe up to as-new condition.

One other item. Prior to restart, putting oil in the pipeline, we'll do a hydrotest. And a hydrotest is simply you fill the pipe with water, then you pressure it up, usually around 1.39 to 1.5 times its maximum operating pressure that it's going to be operating at. And then they do an additional spike test even higher than that for a short period of time, so that's kind of the final step to ensure that that pipeline is back to as-new condition, because it would not be able to withhold that pressure or withstand that pressure if you haven't done the appropriate repairs on that pipeline, which we are now in the process of doing. We have 31-plus crews out working today repairing that pipeline to the standards that are required by the Consent Decree. So that's when you talk about cathodic protection, it is just a small piece of the overall corrosion, or overall integrity program, and that corrosion protection is in place. It's been taken out of context, “well, we don't have corrosion protection.” No, we do. We've got it on the majority of that 125-mile pipeline, and it is a piece of this overall program.

So what are we requesting of the Planning Commission? We respectfully request that you adopt the staff's findings and recommendations to determine that the requested change in owner, operator, and guarantor applications are not a “project” under CEQA; make the required findings under the code sections 25B-9 and 10, and approve the change in owner, operator, and guarantor applications. And now I have one of our employees, Ryan McLeod, who's going to speak. And then following that, we'll be available for questions after public comment or before, whatever your desires are. Thank you.

RYAN MCLEOD: Good morning, Commissioners. Before I begin, could I get all the Sable supporters to raise their hands? I just want to thank you for coming out today. Thanks for your time and efforts. I do appreciate it. Good morning. My name is Ryan McLeod. I don't usually do this, so if you don't mind, I'm going to read from some notes I've written. I am a Sable employee and a proud resident of the Central Coast where I have been fortunate enough to attend school, build a family, and pursue a meaningful career. I'm here today to ask you to please approve Sable's application to become the operator of the Santa Ynez Unit and related facilities. I felt lucky when I gained employment from ExxonMobil back in 2009 and have, over the last decade, worked my way up to become offshore field foreman, leading efforts for all three platforms, Hondo, Harmony, and Heritage. I've always prided myself in ensuring that safety, compliance, and the environment are always my top priorities. When Exxon sold our assets to Sable, like so many former ExxonMobil employees, I chose to work for Sable primarily because I just love this area. Obviously there was a lot of unknowns about moving to a new employer. Would they hold the same standards? Would they support my efforts in ensuring safety and environment were the top priorities? Would they support hiring locally and be a productive member of this community? All of these questions and many more ran through my head. I'm here today because the answer to each one of those questions is yes. Now that I have worked for Sable for nearly a year, I can happily tell you that they have exceeded my expectations. Not only did they ensure that I was employed, but they also ensured that all of my coworkers kept their jobs as well. More importantly, Sable has clearly demonstrated to me and everybody I work with that they hold the same priorities I have worked so hard for all these years to enshrine in our operations -- safety, compliance and the environment. Sable is working hard to bring local jobs back to the Central Coast.

[02:45:00]

We lost a lot of good people when ExxonMobil left. Families that were forced to find lower paying jobs or simply leave this beautiful area and now we have an opportunity to bring them back, and Sable is providing us that opportunity. I personally take a lot of pride in the role I play in bringing some of the cleanest and most environmentally friendly oil and gas in the world to the market. I love the environment and nobody more than I would love to live in a world where only clean energy exists. But until we get to a point where that is actually feasible, and while the world still runs on oil and gas, I would rather see that oil and gas come from Sable where I know it will come from the most highly regulated and most responsible operators in the world. Integrity means a lot to me and the people I work with at Sable have just that. I've gone from a number on a corporate list to a member of a tightknit team. Sable allows us to succeed as employees and that is what we are asking of you. Please approve Sable's application so we can give them the chance to succeed as well. They deserve it, and frankly, so do we as members of this community who will benefit from Sable's responsible operations at the Santa Ynez Unit for years to come. Thank you for your time.

COMMISSIONER MARTINEZ: Thank you.

COMMISSIONER BRIDLEY: Hang on. Come back. You've get another couple of seconds. You said you were with the Exxon crew, right, and I think we saw maybe a letter from you in the

record signed by a number of employees as well. So of the people that are currently working for Sable, what is the percentage that were already there under the Exxon operation?

RYAN MCLEOD: I don't know that exact number. Obviously when Exxon went through years of running idle, we were forced to lose a lot of those employees, so right now we're bringing a lot of people in. So the numbers may be fairly low, I would guess 20% maybe are still Exxon, maybe more than that. 50? I'm hearing about 50%.

COMMISSIONER BRIDLEY: 50, okay. All right. That's all.

RYAN MCLEOD: And that's only because we lost a lot of people but we're trying to get them back.

COMMISSIONER BRIDLEY: Yeah, during the [PH 02:47:10] stalled out period, right.

RYAN MCLEOD: The idle [PH 02:47:11] year, yes.

COMMISSIONER BRIDLEY: Right. Thank you.

RYAN MCLEOD: Thank you.

COMMISSIONER MARTINEZ: I have a quick question for you since you led this one and I'm going to actually ask this of the general public. When everybody was asked to support Sable, a lot of people in the audience raised their hand. And I'm just going to ask this one question. How many of those who raised their hand are residents of our County of Santa Barbara? Thank you. Okay. The reason I ask that question is we're talking about local jobs. That was mentioned in that. Thank you. Commissioner Reed?

COMMISSIONER REED: I have a question perhaps Ryan can answer it. How many employees does Sable have right now? And how many employees do they estimate they will have if at some point the whole unit pipeline, everything would be up and running?

STEVE RUSCH: Chair and Commissioner Reed, we're about 120 employees now which will ramp up to close to 200. And regarding the question, Chair Martinez, Commissioner Bridley, it was I think 48 of the 50 Exxon people transferred over. So essentially whatever that is, 99% of the people, 98% of the people transferred over. So we have been building since that time, since February of 2014, up to 120 plus, 400 or plus contract folks that are working for us right now. So we're at a very high level of employment. We've had to lay off six of those crews on the pipeline because of the situation on the coast. We hope to get them back to work right away.

COMMISSIONER MARTINEZ: I have a quick question while you're up there. I noticed that establishing a local control center at Santa Maria, what would that consist of and how many people would that consist of?

STEVE RUSCH: I think it's probably half a dozen people, plus or minus. And what a control center is, it's going to be in a building, right? It's got computers and screens, and that's where the calls will come in and they'll be monitoring all the data, every mile of that cathodic protection and things like that. The safety valves, there's been 27 what we call FRDs, Flow Restriction Devices, which is a fancy name for valves, we have those all installed now, 27 valves. Those will all be controlled by...so if they get the signal that there's a pressure drop, then boom, the valves get shut in. That's all funneled through that. And also if there *is* an issue, then the calls go out from that local facility to our spill response teams, which we've added to at Gaviota, at Las Flores Canyon, above and beyond what the prior operator had so that they can respond to that location. They'll know where that location is where that pressure drop's been. So that control center, again, in Santa Maria, I think at one of the existing facilities, is something we're working on right now.

[02:50:16]

COMMISSIONER MARTINEZ: And here's my last question, really, and I've heard a lot about the insurance policies, which is good to hear, but I don't know exactly what are the ratings, if you have them even available. I know that ratings have changed from my days when it was plus, plus, then it went to AA and so forth. If that information can be provided at some time, if you don't have it now, but within today's time, that'd be great.

STEVE RUSCH: We don't have that right now, but we'll get it while we're going through the comment period.

COMMISSIONER MARTINEZ: Okay. Commissioner Bridley?

COMMISSIONER BRIDLEY: Just to follow up for you, the Coastal Commission's Notice of Violation, we've had a lot of letters about that, and I see that you reminded us that you thought it was maintenance and repair, and I'm familiar with maintenance and repair not requiring a permit. So can you just explain again, did you think that this was all permitted under the Coastal Development Permit that had been issued for some portion of the work, and you didn't realize that this was going to require a separate CDP from the Coastal Commission, or I'm not sure that I'm getting the clear...how did that happen?

STEVE RUSCH: Yes. We have an existing CDP, which would allow us to perform that work with appropriate mitigations, and separate from that, there is also an exemption in CEQA, in the Local Coastal Act, for repair of pipelines. And as you know, this pipeline has already been installed, disturbed, so all these areas where we're digging up to repair the anomalies, is in pre-disturbed areas. But we still have the biological and cultural resource folks doing pre-surveys, and surveying while we're doing the digs, so yes.

COMMISSIONER BRIDLEY: So you thought you were doing maintenance and repair --

STEVE RUSCH: Absolutely.

COMMISSIONER BRIDLEY: -- and the Coastal Commission had a different take on it.

STEVE RUSCH: Absolutely. Absolutely.

COMMISSIONER BRIDLEY: All right. Thank you.

COMMISSIONER MARTINEZ: Commissioner Reed?

COMMISSIONER REED: I still have a couple more. I hear from time to time you mention "400 contractors," is that 400 employees of local contractors?

STEVE RUSCH: It's a mixture of both. Most of it is local. Some though for offshore we have to bring. Because the offshore California oil and gas industries, as Ryan mentioned, has declined, so we've had to bring contractors in from the Gulf while we go through a hiring process. But for the contractors that are working on refurbishing the facilities, it's a mixture of both local and sourced outside of California.

COMMISSIONER REED: So how many different contractors based in Santa Barbara County - I've seen a letter signed by a lot of names of people I know -- but how many Santa Barbara County-based firms?

STEVE RUSCH: Let me get back to you on that while we're going through comments. I'll have that number.

COMMISSIONER REED: I have a lot more detailed questions with respect to the operation of the pipeline, but I think I'll reserve those until later. Thank you.

COMMISSIONER MARTINEZ: I'm afraid to say, but Commissioner Parke?

COMMISSIONER PARKE: I have a lot of questions, but I'm going to reserve those, and I'm sure you know that when we're asking you questions and you're answering them, that's not taken from your rebuttal time or your time.

STEVE RUSCH: Thank you.

COMMISSIONER MARTINEZ: Thank you, and so this is where we move into public comment. I have a quick question. So what I'm going to do -- I know lunch is approaching, but we're going to go past the lunch hour for a little bit. I know we took a break, is that fine with staff right now? I'm not talking about the whole way through, but let's take a chunk out and see where we are about 12:30, okay?

I'm going to read off about seven names right here from the speaker slips, but during that interim, Mr. Villalobos is going to go to five of the people that are online. So if you can pay attention. You're supposed to come down and start lining up over just behind the podium. No specific order, but first come first served of these people I'm naming: Evie Lynn, Jonathan Ullman, I'm

going to say Callian Sheehy, Matthew [PH] Cerufca from UCSB Environmental Law Club. Then we have Bart Leininger from ALG, and the next one is going to be Dustin Hoiseth from Santa Barbara South Coast Chamber. Okay, so you guys get in line, we're going to go to the five people that are online right now. Thank you.

[02:55:51]

DAVID VILLALOBOS: All right, so starting with the people who have their hand up...so if you want to speak on this item, make sure you have your hand raised online. Our first speaker will be Ted Roche to be followed by Michael Lynch. Mr. Roche?

TED ROCHE: Yes, good morning, Commissioners, my name is Ted Roche and I'm here today to speak in support of Sable and ask you to vote in favor of their owner/operator change application before you. As the founder and former CEO of Aqueos, we're a full-service marine construction and commercial diving company that I established nearly 25 years ago here in Santa Barbara. I feel I can offer a unique perspective on Sable's significant contributions to our community and commitment to protecting our environment. I'm also speaking as a Santa Barbara native, as a former commercial abalone diver, and as the father of a commercial fisherman whose livelihood depends on the health of these waters, and also as an avid surfer and proud environmentalist. For me, the ocean is not just a workplace. It's a vital part of my life, both professionally and personally. So my company, Aqueos, we provide essential subsea services to major oil and gas operators, including Sable. Our work spans various regions all over the world, but also right here in Santa Barbara, where we have conducted subsea inspections on every offshore platform and subsea pipeline in the Santa Barbara Channel. That includes the Santa Ynez Unit, where we are currently conducting comprehensive underwater inspections of the interfield and field-to-shore subsea pipelines to ensure the integrity and safety of this critical infrastructure. I've had the privilege of working closely with Sable and the senior management team for nearly two decades, and I'm here to tell you that Sable stands out amongst its peers. They do not merely talk about safety and environmental protection. They embody these values in every aspect of their operations. Their approach is characterized by meticulous attention to detail, rigorous inspections, and a strong commitment to properly maintaining all structures. Please understand that as an owner of a commercial diving company, safe operations and the safety of my personnel has been and will always remain a core value of mine. Our core values are well aligned with Sable. Sable's operations at the Santa Ynez Unit exemplify how we can balance economic development with environmental responsibility, and I can personally attest that there is no compromising when it comes to safety at Sable, for the workers...

COMMISSIONER MARTINEZ: Thank you. Thank you, and I'm not trying to be rude, but I'm keeping it down to the two minutes, so if I interrupt you, it's only because of that. But thank you. Our next speaker.

DAVID VILLALOBOS: Our next speaker will be Michael Lynch, to be followed by Ken Huff, then Michael Lyons, and then the fifth speaker will be Lee Heller. Mr. Lynch, whenever you're ready. We can come back to Mr. Lynch. Our next speaker will be Ken Huff, to be followed by Michael Lyons.

KEN HUFF: Good day, Chair Martinez and commissioners. I'm Ken Huff speaking for Santa Barbara County Action Network. SBCAN is represented by Environmental Defense Center on this case, and we urge your commission to deny the requested permit transfers for the reasons stated in EDC's letter. Page 14-4 of Sable's draft integrated contingency plan includes a graph illustrating the volume of oil that would spill in the Cuyama Valley near the Cuyama River, resulting from a worst-case spill. The unsafe pipeline rises some 1,300 feet between a safety valve in Cuyama Valley and the next valve at the top of the mountains before the line drops into Kern County. Even if the valves were immediately closed upon a breach in Cuyama Valley, almost all of the oil from the mountaintop on down to the valley would flow by gravity into Cuyama Valley. That would be nearly 42,000 barrels or more than 1.7 million gallons, 14 times the size of the Refugio spill, and 400 times the size of a tanker truck spill into the Cuyama River a few years ago. Please protect our water and our communities by denying these permit transfers. Thank you.

[3:00:25]

DAVID VILLALOBOS: Our next speaker will be Mike Lyons to be followed by Lee Heller.

MICHAEL LYONS: Can you hear me okay? Hello?

DAVID VILLALOBOS: Yes, go ahead.

MICHAEL LYONS: My name is Michael Lyons. I'm the president of Get Oil Out, which was formed in the aftermath of the disastrous 1969 oil spill. We've been working to protect Santa Barbara County from the adverse impacts of oil development ever since. As you've heard today, Sable is uniquely vulnerable to financial insolvency. It would be a grave mistake to transfer responsibility for recommissioning these facilities to Sable. The POPCO permit requires that Sable post a performance bond pursuant to condition Q-2. The other two permits at issue allow the Commission to require a performance bond, and it would be irresponsible for the Commission not to do so here. It is essential that applicants like Sable provide a bond when they gain control of a facility, because there's no guarantee that they will be solvent at the time the facility is abandoned. This has been a pervasive issue in California time and time again. We have seen how taxpayers must foot the bill for decommissioning oil and gas facilities after operators have gone bankrupt. Because Sable has not posted a performance bond for decommissioning, the Commission cannot approve the transfer. Thank you.

DAVID VILLALOBOS: Our next speaker will be Lee Heller, and then we'll go back to Michael Lynch.

LEE HELLER: Thank you, Chair and Commissioners. I will be brief. I lived in Summerland for 18 years. Summerland was the birthplace of the modern offshore oil and gas industry, and there is an enormous amount of improperly capped and managed oil infrastructure from companies that were not properly capitalized or not interested in their commitments to properly abandon wells. So I speak from firsthand experience as someone whose property values were

damaged and who moved away because of offshore and near-shore oil and gas development that was not managed by companies that really lacked the resources to do what they were supposed to do under their permits. And we're looking at a modern version of this where the permit process is tighter, the laws are clearer than they were 100 years ago, and you are therefore obligated to make the finding that if this company cannot fulfill its financial obligations, this community should not be put at risk by their inability to do so. So I'd like to echo the comments of the previous speakers and the written comment of Katie Davis and Linda Croft in saying that you should deny these permits because this company is not in a position to follow through on its promises. Thank you.

DAVID VILLALOBOS: All right, going back to Michael Lynch.

MICHAEL LYNCH: Thank you, can you hear me?

DAVID VILLALOBOS: Yes, go ahead. Oh, I think you muted yourself again. Okay, can you --

MICHAEL LYNCH: Hello?

DAVID VILLALOBOS: Yeah, go ahead, we can hear you now.

MICHAEL LYNCH: Okay, I'm sorry. There were a couple of things I wanted to point out, which I think have already been pointed out, but I think they're important. One is that if the company goes bankrupt, the insurance will not necessarily be kept active and will not necessarily cover what's done. So just them having insurance while they're in business is not necessarily sufficient. Yes, a bond would be absolutely critical. And the other thing is, one of the things that was addressed in the staff review was that there has been a review of basically their management ability. Well, we've seen that their management ability, they've demonstrated the management ability doesn't look too good because they were required to cease action, cease performance.

[03:05:00]

They were required to stop working on the pipeline, and they didn't. Now, either it's poor management or blatant disregard. Either way, it's not acceptable. So I just wanted to point those out. I certainly hope you do not allow this to go through. Thank you.

DAVID VILLALOBOS: And Ms. Lynch was our fifth speaker online.

COMMISSIONER MARTINEZ: Okay, so now we'll go to those who are online. And so when you go to the podium, just announce your name before you start speaking. Pay attention to the lights right there. The yellow light gives you an indication that you're coming towards the end. Red light means exactly what we all know to be stop, okay? Thank you. You're up.

EVIE LYNN: Good morning, ladies and gentlemen. My name is Evie Lynn. I'm a helicopter pilot from Aspen Helicopters based in Oxnard, California. We service the entire California coast and the supporting areas. Previously to that, I spent 24 years in the United States Coast Guard

flying helicopters and enforcing other statutory limitations of the Coast Guard. Throughout this time, I spent eight years flying amongst the oil and gas industry all over the Gulf of Mexico. I have conducted hundreds of landing and other flight operations with various offshore oil facilities prior to my job at Aspen. I've continued on at Aspen flying offshore, and specifically I have been working here with Sable for the last 22 months. I'm here to share my firsthand experience as it is important for those who have never worked with Sable before to understand their commitment to safety and attention to detail and dedication to providing the best operation possible for Platforms Hondo, Harmony, Heritage, and the surrounding structure. It is because of their values I believe they are the right choice for operating the Santa Ynez Unit as they are present in Santa Barbara. They take a hands-on approach for all decisions that are made, and they are not 2,000 miles away. I've conducted multiple flight operations with them. Their proactive safety approach has been demonstrated through value and feedback from their team from the pilots. When we had flight operations and there were large tanks that were noted of concern, they immediately took the tanks down by the request of the pilots and moved those tanks, making it safer. I have encountered all manner of helipads throughout my time. Sable's have been some of the best, if not the best, I have encountered. The most important aspect of Aspen's interaction with Sable is that they don't pressure a pilot who delays or declines a flight for safety reasons. The fact that Sable doesn't pressure a pilot to fly indicates Sable's willingness to prioritize safety over production in their operations.

COMMISSIONER MARTINEZ: Thank you.

JOHN ULLMAN: Hi, my name is John Ullman, Director of the Santa Barbara/Ventura chapter of the Sierra Club. I'm not from here originally, but I've come to love this place. I'm originally from Florida, which even under Republican leadership opposed offshore oil drilling leases because offshore oil is inherently risky and unpopular. California has not approved a new oil lease since the 1969 Santa Barbara oil spill, and offshore oil is opposed by 72% of Californians. Ninety jurisdictions on the Pacific Coast have passed resolutions opposing offshore oil. The Business Alliance for Protecting the Pacific Coast, representing over 8,100 businesses, points out that spills put our economy at risk. The offshore platforms, pipelines, and gas plants are beyond their projected end of life. The platforms were slated for decommissioning in 2020. According to the original development and production plans, they were designed to last 25 to 30 years. It has now been 40 years since oil production began. Fracking is now banned in California, but this operation in federal waters used fracking and other well stimulation, horizontal drilling extending many miles out, and they dumped the wastewater in the ocean. Restarting what I believe is the largest offshore oil operation in California by a speculative startup that has just one asset and using a substandard 124-mile-long pipeline that goes along the Gaviota Coast over three rivers and the San Andreas Fault is a disaster waiting to happen. There are times in this world when we need to take a stand. It's time to say, "No, we're not going back."

[03:10:00]

BART LEININGER: Chair Martinez, Commissioners, thank you for the opportunity to speak to you today. My name is Bart Leininger. I am a principal engineer with Ashworth Leininger Group, an environmental consulting and engineering company located in Camarillo, California.

I'm appearing today to provide the Commission a unique perspective about the Santa Ynez Unit facilities and the proposed ownership change. I've been associated with the Santa Ynez Unit for the past 35 years. As a newly minted engineer out of college, I was hired by Exxon, and immediately my job responsibilities were related to the permitting, the construction, and startup of the SYU facilities in the early '90s. As a consultant now, I've continued to support ExxonMobil, and now Sable, in the operations related to environmental compliance at the facilities. Most of my activities have been related to air quality permitting, and compliance, and also I've been involved with water waste and other related environmental issues at the facilities. So I come to you speaking with direct experience related to these facilities, since I've made a career of working with ExxonMobil and now with Sable. I come today on my own volition to support the permit transfer, and have worked with Sable's environmental team, who have been part of SYU's legacy over these many years. I know of their integrity and commitment when it comes to environmental stewardship. I've spent my career with these folks. They've conducted themselves with a high degree of professionalism, not only with the county staff, but also with other agency staff throughout Santa Barbara County, and they take very seriously their compliance obligations. These are seasoned professionals that know exactly what is expected of them in Santa Barbara County, and they have my absolute respect. I would encourage the Planning Commission to approve Sable's application, as I have no reservations based on my extensive experience working at the SYU facilities. Thank you.

COMMISSIONER MARTINEZ: Thank you. I'm going to have to stop you right there. Thank you.

CAILLIAN SHEEHY: Good afternoon, Mr. Chair and members of the Commission. I'm Caillian Sheehy here on behalf of UCSB's Environmental Law Club. This agenda item is about more than a simple change in ownership. If you vote to approve the validity of Exxon's permit transfer to Sable, you'll be opening the door to restarting a pipeline that was responsible for contaminating one of the most biologically diverse areas on the west coast of the United States. I offer two reasons that you should vote to deny this permit transfer. First, substantial evidence does not support a determination that any benefits from Sable's pipeline restart will outweigh significant and unavoidable environmental impact. In denying ExxonMobil's 2022 trucking proposal, you found that the oil supplied and the jobs created would only have a de minimis impact. Today's proposal offers no more benefit than Exxon's, and the risks of moving forward are known and apparent. A July environmental impact draft report from the county found that restarting the pipeline could result in a spill every year and a major rupture every four years. This could result in an even larger disaster than 2015's. Moving to my second point, though Sable promises to be a responsible operator, promises made are not always promises kept. Already, Sable has rushed ahead with work on the pipeline, ignoring a notice of violation from the Coastal Commission and prompting a cease and desist. Sable does not even have an approved oil spill remediation plan, nor can it afford to cover the cost of remediation if the pipeline ruptures during restart or shortly thereafter. I'm grateful to have called this community home as a UCSB student and alum, and I'm hopeful that you'll vote to keep our coastlines clean. For the foregoing reasons, I urge you to deny the validity of this permit transfer. Thank you.

COMMISSIONER MARTINEZ: Thank you. Thank you. Next.

MATTHEW CAMPA: Good afternoon, Commissioners. My name is Matthew Campa. I'm the attorney advisor to the UCSB Environmental Law Club, and I'd like to thank you for your leadership on this very important issue. If the Santa Ynez Unit is permitted to restart, it is not a question of if but when an oil spill will occur. The environmental report just referenced estimated that a spill would occur every year and that a catastrophic rupture would occur every four years. Principally, to approve the change of ownership today is to condone and accept that a catastrophic oil spill will, in fact, occur.

[03:15:00]

Sable is simply not the kind of corporation that can be trusted with the immense responsibility of restarting and operating the Santa Ynez Unit. This community knows from direct experience the immense cost of oil spill response and remediation. Sable has not demonstrated that it possesses the financial resources nor organizational capacity and expertise to handle such a response. It does not have an approved oil spill contingency plan in violation of its operating permit, and it has undertaken unpermitted installations that has prompted the Coastal Commission to issue a Notice of Violation. Ignorance of the law is not a defense. Sable exists for no other reason other than to operate the Santa Ynez Unit. It owns no other assets or real property. If and when this enterprise goes south because of a catastrophic oil spill, it will be our community, our citizens, our local government, and our environment that will bear the burden. We ask the Commission to deny the change of ownership. Thank you.

COMMISSIONER MARTINEZ: And our next speaker will be Dustin.

DUSTIN HOISETH: Hello, Chair Martinez and Commissioners. My name is Dustin Hoiseth. I'm the Public Policy Manager with the Santa Barbara South Coast Chamber of Commerce, which represents businesses from Goleta to Carpinteria. As usual at these hearings, I'm not here today to talk to you about oil. I'm here to advocate for a fair and equitable process. Today I would like to express the Chamber's support for the approval of Sable's owner/operator change application. As a business-representing organization that prides itself on often being the bridge between business and government, it is critical to the Chamber that we all set appropriate precedents for business in the county. To us, it is imperative that the county, in this case the Planning Commission, take positions that are based upon the validity of the request or item before them, as well as basing their decisions on what is within their jurisdiction for the respective hearing. In this case, our understanding is that the staff report recommends approval of this application as the applicant meets the condition of approval outlined by the county. Businesses large and small struggle every day to meet conflicting federal, state, and local regulations. The best they can hope for when interacting with a government jurisdiction is a fair process, and I believe that our local jurisdictions want to provide that. As presented, this application is consistent with findings for approval. Denying this owner-operator change application today would set a dangerous precedent. Whether we like it or not, the decisions made by local governments regarding one industry send a message to all businesses. Denying this application would send a message to the business community that your projects and applications can still be denied even if you meet all the legal requirements associated with that project. This

would understandably discourage future investments from businesses into Santa Barbara County and even lead to our county losing business opportunities to other regions, as we are already seeing. This is not a scenario we should risk during a critical phase of our county's economic development. Please approve Sable's application for an owner-operator change. Thank you for your time.

COMMISSIONER MARTINEZ: Thank you. So now I'm going to read the next seven names and then Mr. Villalobos will go to those who are online. We have Jason Wall, Elizabeth Martinez, John Esparza, David Quesada, Megan Lazaloute, from UCSB/ELC, and Mia DiCostanzo. Well, we're going to go to the speakers right here to allow people to come up here. I mean, speakers, you just hold on right there, but you can call five more. Okay, thank you. So just a reminder for those online, if you'd like to speak, I need you to raise your hand. Right now we currently only have two hands up. We have some more now, okay. Well, no, I they weren't up, then they're done. That's it. If they were up before we started that's what I announced.

DAVID VILLALOBOS: Okay.

COMMISSIONER MARTINEZ: So we only have two left.

DAVID VILLALOBOS: So our first speaker is Mary Ellen Brooks, to be followed by Linda Phillips.

MARY ELLEN BROOKS: Okay, good afternoon. I'm speaking today on behalf of Citizens Planning Association, and Citizens Planning Association asks that you deny Sable's application to transfer the permits from the Santa Ynez Unit, POPCO Gas Plant, and Las Flores pipelines. Our county has already suffered from the devastating oil spill from those corroded pipelines, and surely there'll be another catastrophic event if you allow these same pipelines to be used.

[03:20:02]

Now I'm going to skip to my own personal experience. I'm going back to 2015. I was traveling on the 101 on the day of the big Refugio spill. Ironically, I was driving home to Lompoc from a Planning Commission meeting that got out early. As I approached Refugio, I was enveloped by a stifling chemical stench. I looked down as I passed Refugio Beach, and I saw nothing unusual. The sun was out, the water was a sparkling blue, but boy could I smell that stench. I continued a short distance north, I saw one van. It was a television van. There was no one from any oil company. I knew something was wrong. I had never experienced that, but where was everyone? No one was there to help. Nothing was being done. As soon as I got home to Lompoc, I called the EDC. They knew something had happened, and they were on their way. History has proven that the oil company did not know what to do, and no one did anything for more than an hour and a half as that toxic gunk spilled into our precious waters and fouled up my favorite beach. Okay, what are we doing today? Are we going to set ourselves up for another catastrophe? We would argue that Sable does not have the financial resources to cover the cost of a cleanup from the next spill. If deep-pocketed Exxon just sat on their hands and let the oil ooze down into the

ocean, what will this shell company do? Will they be able to prevent or stop a spill? Do they even have a clue?

COMMISSIONER MARTINEZ: Thank you. I'm going to have to stop you there. There's two minutes. Thank you for your participation.

MARY ELLEN BROOKS: Thank you.

COMMISSIONER MARTINEZ: And our next speaker?

DAVID VILLALOBOS: Our next speaker will be Linda Phillips.

LINDA PHILLIPS: Hello. Can you hear me?

DAVID VILLALOBOS: Yes. Go ahead.

LINDA PHILLIPS: I'm Linda Phillips, and I lived here both during the 2015 spill and also earlier during the 1969 oil spill, which basically started the environmental movement. I am a chemist; I've studied hazardous materials protection and how to keep people in the environment from getting hurt by oil spills, among other things, and pipeline spills. And I'm very concerned that there has been no Environmental Impact Report, and apparently that isn't required. And I know that the 2015 oil spill was not properly responded to, and we really need reassurance that if these pipelines are restarted, they both will have the protection from oil spills that some of you have mentioned or some of the speakers here have mentioned, and I'm very concerned that these old, rusted pipelines will spill and create havoc like the ones in 2015 and beyond. And I think I may have run out of time.

COMMISSIONER MARTINEZ: You read my mind. Yes. But thank you for the participation. So what we're going to do now is we're done with those online, so those who come up to the podium, just come up to the podium. And what I'm going to do once we get about three or four speakers in, then I'll read some additional names to give time for those people to just add to the back of the line. Okay? So please announce yourself when you get up to the podium. Thank you.

JASON WALL: Good afternoon. My name is Jason Wall. Thank you for the opportunity for speaking today. I'm here on behalf of Doty Brothers and many other local union contractors and employees who work with Sable Offshore. We strongly urge for your support in the change application for the Santa Ynez Unit and the Pacific Offshore Pipeline Company facilities. We here at Doty Brothers, we hold ourselves to three main standards, it's kind of like a tripod.

[03:25:03]

In our aspect, we focus on safety, we focus on quality, but most importantly, this is the last one we really pride ourselves on is integrity. If you don't have one of those, you're like a tripod, it's inevitably going to fall over. Those three qualities that we hold ourselves on, Sable does the same thing. We've only experienced, you know, many other contractors and other customers that

have had it, they say it, but these guys actually not just talk it, they walk the walk as well. So like many others in the room, like us contractors, we rely heavily on stable, long-term partnerships with reputable companies similar to Sable. When Sable acquired these assets earlier this year, they did more than just take over the operations. They committed to retaining and working alongside the skilled local workforce and contractors. And I know there was a kind of a question about who supports here today for Sable. A lot of hands were raised and other ones who live locally, everybody isn't here in the room that's working locally, they're out in the field right now. Us, personally, we have probably 30 to 40 guys out in the field right now that are working that are locally from the local union here. So a lot of the guys here are not fully representative of the local workforce that's out there. We just want to strongly ask for the approval of the Sable's application as it's the first step in the regulatory journey that will enable them to continue the vital work that they are doing. Sable has demonstrated time and again that they are precisely the kind of responsible, community-minded employer that Santa Barbara County needs. We respectfully ask for your support in the application that will allow Sable to continue fostering local jobs and economic growth well [PH 03:26:42] worth holding. Thank you.

COMMISSIONER MARTINEZ: Thank you.

ELIZABETH MARTINEZ: Good afternoon, Chair Martinez. My name is Elizabeth Martinez. I'm Vice President of Government Relations and Business Development of Meruelo Enterprises, parent company of Doty Brothers. The Meruelo Enterprises, they're native California state contractors companies that do a lot of work in the oil. And as my predecessor Jason mentioned, many of the workers are local. You know, we not only live here, but they shop here and they purchase from your local restaurants, I think it's very important. But again, thank you for this opportunity and we are here strongly on behalf of Sable and owner/operator change application for the Santa Ynez Unit and Pacific Offshore Pipeline Company. Doty Brothers along with Meruelo Enterprises and others in this room rely on partnerships with companies like Sable. Since acquiring these assets, Sable has committed in retaining this skilled local workforce, ensuring the safe, efficient and reliable and responsible operation of the Santa Ynez facilities. Sable's commitment to safety and environmental responsibility is something that we strongly believe in and this is why we partner with them. So we respectfully request your support for this application to allow Sable to continue fostering local jobs and the economic growth with a commitment to safety and environmental care. Thank you for your time.

JUAN ESPARZA: Good morning, my name's Juan Esparza. I am the Chief Quality Assurance Officer for Tidwell Excavating. Thank you for this opportunity, Chair Martinez and Commissioners. Over the last 28 years, Tidwell has had the opportunity to be here in Santa Barbara County and Ventura area, installation of various underground utilities. We've worked with some good contractors and we've worked with some bad ones. The bad ones we don't work with again, but when you see a good one come along, you partner up with them. Those good ones are the ones that are committed to safety, to community, to compliance. They're not some out of town fly by night company that's just here to make a dollar and then move on. As we've heard, their workforce here is local residents and local residents take great pride in what they do and the company in which they work for because this is where they raise their families and this is where their future is at. We strongly support Sable Offshore Corporation's change in ownership

and their application and we ask that you do approve that as well. When we look at this type of company, we look at these employees, these men that are here. What they want to do, it's not just to pump oil, but rather their livelihood, but they want to do it in a safe fashion so as to continue to supply it. So we do thank you for your time.

COMMISSIONER MARTINEZ: Thank you. Okay, I'm going to call out some names really quick here. You can go to the podium, but I'm going to call some names really quick. We have Tori Cuthbert, Nancy Avoce, Katie Davis and Maureen Ellenberger.

[03:29:54]

MEGAN: Hi, my name is Megan, I'm a fourth year political science student at UCSB. I oppose the transfer of permits from Exxon Corporation to Sable Offshore Corp. I recognize that this hearing is not about restarting of the pipeline, but the transfer of permits is a first step towards that. Another spill from these facilities is likely and would be devastating to Santa Barbara County and the Gaviota Coast. Although it was mentioned in the presentation that Sable has oil spill cleanup plans, the damage would already be done to our community and marine and wildlife. Santa Barbara County is home to an incredibly diverse range of marine and wildlife, which was directly harmed by the 2015 Refugio Oil Spill. When I heard about this spill, in full honesty, it angered me. It could have been avoided. With Sable Offshore trying to restart this very same pipeline, we face the reality of this happening again. And I don't want to be saying the phrase, it could have been avoided again. To me, this raises troubling questions about a world where corporations like Sable Offshore continue to prioritize profit over the health of our planet, ecosystem, and communities. If this pipeline spills again, it is the local residents of Santa Barbara County and our invaluable biodiversity that will bear the burden, not Sable. For these reasons, I urge the planning commission to deny Sable's request for transfer of ownership. Thank you.

MIA DICOSTANZO: Hello, my name is Mia DiCostanzo and I am the President of the Environmental Law Club at UCSB. I'm here today to ask you to deny Sable's request to take over as owner and operator of the ExxonMobil facilities. Sable has shown that it cannot responsibly operate these facilities. In just eight months, Sable has had another spill. In addition, Sable undertook major work on the pipeline without the necessary permits. Conditions deteriorated to the point that the California Coastal Commission had to issue a Notice of Violation and direct Sable to cease its operations until it received permits to install valves and conduct repairs. To make matters worse, Sable ignored the notice and continued its work in further violation of the Coastal Act and the county's local program. It was only when the commission threatened to issue a cease and desist order and impose penalties that Sable stopped the work. Sable still hasn't submitted an application for a permit. Instead, Sable has left open sores along the county's coast. Clearly, Sable cannot be trusted to operate the pipelines and other facilities in a safe or responsible manner. I love these oceans and I want them to be protected. Please deny Sable's application. Thank you.

DAVID CASADA: Good afternoon, Commissioners. My name is David Casada and I've been a utility worker here in Southern California for 30 years. My family has lived and worked right

here in Southern California for four generations. Every single one of us is a utility worker, climbing a pole, digging a trench, laying pipe for generations and generations. I believe that every single person in this room wants gas prices to be affordable, their lights to turn on, their stove to warm up, their EV cars to charge and water to come out of their faucets every single time they use them. All of those things happen by infrastructure improvement projects. And there's no doubt that all of the rules need to be followed and we need to hold everyone to the standards at all times for the safety of the public. I'm here today as an employee of Meruelo Enterprises, the parent company of the Doty Brothers. The Doty Brothers are a local pipeline contractor safely doing business in Southern California since 1935. As experienced oil and gas pipeline subcontractors, we choose all of our prime contractors very carefully. And Sable has more than proven to be a trusted and strategic partner to us. We are safely working in conjunction with Sable Offshore Corporation, and I strongly urge your support for Sable's change of owner/operator/guarantee application. Please support their permit requests and change of owner applications so that the next steps in the due diligence process can take place. Thank you.

COMMISSIONER MARTINEZ: Thank you, and I'm going to read off some names right now. We have Rick Stich, Julie Henze, Abrah Steward, Deane Plaister, Amy Parry, and Danny Salinger-Brown. You can come up now, thank you. Thank you for your patience.

KATIE DAVIS: Thanks, Katie Davis with the Sierra Club, And I live in Goleta. That day of the spill will be seared in my memory. And just seeing a young dolphin dead on the beach with tar in its blowhole.

[03:35:00]

Plains, in their 2023 annual report, reported they spent \$750 million on that spill, and that was hundreds of millions over what their insurance covered. They had \$500 million in liability insurance, which is \$100 million more than Sable had. So Plains had more insurance, and the liability was still hundreds of millions more than their insurance would cover, and they're still contesting insurance covering even what they thought they're responsible for. So they're still fighting about whether they'll get the money from insurance. So insurance does not cover an actual on the ground spill, as we have seen. Sable's assets are net negative. They're \$800 million in debt, so they have \$100 million on hand, but they're almost \$800 million in debt to Exxon. They have net negative liabilities. If they have a spill and they're shut down, they have one asset. They have no income, and their valuation will quickly go to zero. Company valuation is based on what they're able to produce in the future. They will shut down, they will go bankrupt if there is a disaster. Exxon knows this pipeline is unsafe to operate. That's why they financed this other company, so they can avoid liability. They know, they told the county, "We don't want another spill. That's why we want to truck the oil and build a new pipeline." The county knows this pipeline's unsafe. The county prosecutor tried to take it offline when they were prosecuting Plains. The county report said it would cause a spill every year and a rupture every four years. That's why the county supervisors denied work on the valves, because they don't want this pipeline to restart because they know it's unsafe. The findings are not supported by fact.

COMMISSIONER MARTINEZ: Thank you, I'm going to have to stop you there.

KATIE DAVIS: And they will not stand up in court. It's a risk to the county if you approve this. Thank you.

COMMISSIONER MARTINEZ: Thank you.

MAUREN ELLENBERGER: Maureen Ellenberger. Honorable Commissioners, I last stood here before a Planning Commission hearing when Plains transferred their leases to Exxon. At that time, one of the commissioners dismissed our concerns, stating it was strictly a business transfer outside the purview of the Planning Commission. That decision has aged poorly, and here we are again. But this time, the stakes are even higher, and the shell game a little bit more dangerous. Unlike the previous transfer to Exxon, we're not dealing with a company with deep pockets and a long track record. Instead, we're facing a deliberate corporate sleight of hand when Exxon, one of the world's largest oil companies, deemed these operations too risky, and their new pipeline idea permit faced hurdles. They didn't walk away. Instead, they created Sable Offshore, a thinly capitalized new company to assume risks they themselves didn't want to take. This isn't just a business transfer, it's a scam designed to evade responsibility. When, not if a spill occurs, who will truly be accountable? The staff report glosses over this critical question. Sable Oil, funded by Exxon but legally separate, may meet minimum bond requirements, but these are woefully inadequate. Remember, the Refugio oil spill has already cost Plains over 750 million in damages, and Plains Pipeline's bankruptcy left our community bearing much of the burden. This new corporate structure appears deliberately designed to shield Exxon from future liability while leaving our community exposed. Let's be clear what's at stake. The proposal involves restarting platforms dormant for a decade and using 30 to 40-year-old pipeline systems with 80 documented anomalies, so severe that federal safety officials demanded repairs. This is from Nick Welch's reporting in *The Independent*.

COMMISSIONER MARTINEZ: Thank you. I'm going to have to stop you there. Thank you though. Those in line, can you come down further, because I'm trying to keep an eye on how many people are in the line, and then I'll call more people. I appreciate that. You can start, please.

NANCY AVOCE: Good afternoon, Planning Commissioners. My name is Nancy Avoce, and I'm here on behalf of Santa Barbara County Action Network, SBCAN, that continues to oppose oil development around our county and beyond. Our goal today is to urge each of you to consider the implications of permitting this lease transfer. We urge you to take on preventive measures whenever our coast could be impacted by your decisions. We hope that our county's residents' voices are heard. We ask you to consider that our city's economy is dependent on our beaches, our seafood, our tourism, and more. In the very possible case of yet another spill, we will witness irreversible impacts.

[03:40:00]

Sable won't be the only entity burdened with the cost and consequences. Our biodiversity, our tourists, our economy, and our county residents will suffer. Regardless of whether or not it's a separate process to restart oil projects, we can set the precedent now. No oil spill contingency plan or response beats preventing a spill in the first place. In the environmental world, Santa Barbara is known for its oil spills. Human actions disrupt our climate and set us back. Let's leave this project in the past and do away with this project. Please vote no to protect our county's greatest asset. Thank you for the opportunity to speak.

COMMISSIONER MARTINEZ: Thank you.

JULIE HENZE: Hi, I'm Julie Henze. I drove up here from Ventura this morning because the decisions that you make in this room impact not just the residents of Santa Barbara and Santa Barbara County, but folks in my county, people up and down the coast, and in fact, people around the world. At the end, I'm going to ask that you make a courageous decision today. But first, yesterday I received in the mail my blue flag to hang. That is the international flag for the Planet Earth. I chose to buy this flag because we are all part of the same large community and our survival is a common thread. We depend on each other to have a planet where we can all live and thrive. So I believe we are on this planet to help each other, not hurt each other. And if we are engaging in practices or industries that might be contributing to global warming through greenhouse gas emissions, I'm not sure that that's in the best interest of you, your families, and all of us that are trying to make it on this planet. I was born in Port Arthur, Texas, because my father's first job out of college was working at the Gulf Oil Refinery, but he moved on to a different job. We're all resilient and if we work together, we can find a solution for global warming. When I see the face of a stranger, I see a neighbor. So I ask, who doesn't have a neighbor that hasn't been affected by drought or fire or flooding? We all have neighbors and we have to look out for each other and I ask that you do not approve a permit that adds to global warming. Thank you.

COMMISSIONER MARTINEZ: Thank you.

DANNY SALINGER-BROWN: Good afternoon, Members of the Commission. My name is Danny Salinger-Brown and I'm a student at UCSB and Vice President of the UCSB Environmental Law Club. I oppose the transfer of permits from ExxonMobil to Sable Offshore for the Santa Ynez Unit and the associated processing plant and facilities. When people think of Santa Barbara County, what do they think of? The answer is our coastline. The natural beauty of our coastline is what brings people to Santa Barbara. It is a primary driver behind why students choose to attend UCSB and why tourists choose to visit the area. Restarting operations of the Santa Ynez Unit is irresponsible as it places our coastline in imminent danger. It is reckless to continue use of a corroded pipeline, which is bound to cause another oil spill in the future. Sable Offshore is a relatively small company that does not have the resources to cover the cost of a spill. The company purchased the Santa Ynez Unit in part through a loan from ExxonMobil. All in all, short-term financial gains for an oil and gas company and for the county in the form of increased tax revenues should not outweigh the benefits that we gain from preserving our pristine coastline. Thank you.

COMMISSIONER MARTINEZ: Thank you.

AMY DANG: My name is Amy Dang, and I'm with the UCSB Environmental Law Club. Many excellent points have already been raised about the economic, environmental, and safety impacts of restarting this pipeline, from Sable's failure to meet the necessary conditions to obtain proper permits, to the enormous public financial burden and the extreme likelihood of another oil spill. However, I want to highlight Santa Barbara's historic and current role as an environmental steward.

[03:45:00]

We all know about the devastating impacts of the 1969 and 2015 oil spills, but also of the incredible efforts that arose from those to protect our lands and waters. How often have you watched the sunset on the beach or stepped into the sun outside and thought about how grateful you are to live here? It is that reason that I and countless others from across the country and the planet have for decades chosen to come here, rather than be anywhere else in the world. These privileges cannot be taken for granted, though, nor can the decades of efforts undertaken to protect them. It would not be befitting of our legacy and our history, nor of our responsibility and commitment to protecting the environment to allow another utterly preventable oil spill to take place. That is why it is critical to deny the transfer of these permits. Thank you.

COMMISSIONER MARTINEZ: Thank you. And before you start speaking, I'm going to announce some other names as you start getting in line. Okay. So we can start getting them on. Okay. Emiliano Campobello, Spenser Jaime or James Kyriaco, starts with a K. Mark McGinnis, Alan T. Bosure-Harvey, Brady Bradshaw, Jake Toomey, and Irene Cook. Okay, please.

ABRAH STEWARD: Good morning, Honorable Chair and Commissioners. My name is Abrah Steward, and I'm the program manager at a nonprofit called Climate First: Replacing Oil & Gas, or CFROG. CFROG is a local nonprofit working to shape the just transition away from fossil fuels to protect our health, our economy, and our climate here on the Central Coast. And I'm here today to urge you to deny the transfer of the permits from ExxonMobil to the Sable Offshore Corporation. Today, I am an environmental advocacy professional, but on May 19, 2015, when the oil spill happened at Refugio Beach, I was a high school student on the surf team. And I remember practices and competitions and beach days being canceled because it wasn't safe to go in the water while our beaches suffocated under a blanket of crude oil. I remember the thick oil slick floating atop the water and lapping up on the shores, covering sand and rocks and seaweed and birds and dead fish. Do you remember that destruction? I remember, I think most of the people in this room remember, and that's why it's really astonishing to me that it's even under consideration to approve the transfer of the permits that will ultimately pave the way for this pipeline to flow through our community once again when we have already suffered the consequences, when the operator in question reported a net loss of \$165 million and debts of \$790 million in the second quarter of 2024 alone. This is not a company who is truly prepared for and capable of supplying the necessary financial resources to handle another catastrophic oil spill. This is not a company who will truly offer long-term high paying jobs to hardworking blue collar laborers, many of whom are here today under the unfortunate impression that there is no

other way to make a living and feed their families without sacrificing their own health and the health of their community. There are far more jobs to be found in the decommissioning of this toxic infrastructure and more in the clean energy industry that utilize transferable skills.

Approval of these permits establishes the foundation for an inevitable economic and ecological disaster in the near future, and I strongly urge you to deny the transfer of these permits for our planet, our economic prosperity, and the people. Thank you very much.

COMMISSIONER MARTINEZ: Thank you. Next.

RICK STICH: Good afternoon, Mr. Chairman and Commissioners.

COMMISSIONER MARTINEZ: Go ahead, please.

RICK STICH: Good afternoon, Commissioners, and I'm a local artist and professor...

COMMISSIONER MARTINEZ: I'm sorry, I didn't hear your name.

RICK STICH: And my wife and I live at the bay just in front of --

COMMISSIONER MARTINEZ: No, your name.

RICK STICH: Rick Stich.

COMMISSIONER MARTINEZ: Okay, thank you.

RICK STICH: We live at the bay just in front of Coal Oil Point. And in May of 2015, we woke up to the beach covered with tar, oil, and dead animals and fish. All the tide pools that the children, the students, everyone enjoys, they were filled with oil and dead creatures. I walked around the point to witness the entire Gaviota Coast covered with the same material and the same dead animals.

[03:50:00]

It was a heartbreaker, to say the least. I took a walk with one of the scientists that worked on it, and he explained to me that the pipeline was like an old hose that you left out in the yard, and it decayed. But you tried to use it, and you turned it on full blast with the nozzle shut, and it blows out. And then you try to fix it with a piece of duct tape, and the same thing happens again. This is a decaying pipeline. I don't know whether the Sable folks think they can fix it. I'm not sure about that. But one thing I do know is that it's probably not going to have that much integrity, and it's probably going to blow out again. And I just wanted to share that with you. I want you to kind of envision what my experience was walking out there and seeing that. And I hope that when you consider these, you'll consider what they used a lot, the term they used is their integrity, and look at the past and how much integrity there was in a failed pipeline, and lots of failed businesses subsequently. Thank you so much for your time.

COMMISSIONER MARTINEZ: Thank you, Mr. Stich.

DEANE PLAISTER: Chair Martinez and members of the commission, my name is Deane Plaister, and I'm a member of the Executive Committee of Surfrider Foundation, Santa Barbara Chapter, speaking for myself. But I'm sure most of our members would agree that we do not need another spill from this pipeline. It is old, it is decrepit, it has failed once badly, and it is predicted to do so again. Sable Oil, which would be responsible for the cleanup following a spill, may or may not have the financial wherewithal to get the job done. Not only is it possibly short of funds, but the company has shown itself to be untrustworthy with regards to repair regulations, and apparently has no approved comprehensive plan for another leak. Sable doesn't sound up to the job, so I would ask you not to transfer Exxon's permits to them. The public shouldn't be saddled with covering the cost of the next spill. The last one was a horrible mess. I know, because I spent all day May 20, 2015, scooping oil into five-gallon buckets, and seeing others wade chest-deep into an oil-covered ocean as they tried to save struggling oil-soaked pelicans and other seabirds. That pipeline is a bomb waiting to go off again. Please don't advance the process of refilling it with oil by transferring the permits without extensive environmental review to a questionable company. Thank you.

COMMISSIONER MARTINEZ: Thank you.

IRENE COOK: Good afternoon. Irene Cook. I'm here with the Society of Fearless Grandmothers, and I must say, I was shocked and angered to read the County Staff report, which basically rubber-stamps Sable's application in a tidy little PowerPoint presentation. The excellent comment letter from Environmental Defense Center, however, paints a very different picture of the situation, describing multiple serious issues that County Staff failed to address. This isn't the first time, and I'm sure it won't be the last, that taxpayers like myself are forced to rely on research and advocacy from independent sources to get to the truth. I stood in this very room and raised this very issue the last time that Sable was in here. When the county repeatedly whitewashes and rubber-stamps fossil fuel applications, it leads to an erosion of trust in the community, this community that's supposed to be an environmental steward and an environmental leader. I'm appalled that the situation is allowed to continue to the detriment of our citizens and our environment. As EDC has clearly demonstrated, Sable is a fly-by-night organization with neither the track record nor the resources to safely operate even a brand-new pipeline, let alone the Swiss cheese piece of garbage that ruptured almost 10 years ago. There's no way you can make the required findings to allow a transfer. Those findings are your legal obligation to make. There is no way that, given this information, you can make those findings, and I implore you to deny this application. Thank you.

[03:55:00]

JAKE TOOMEY: Hey there, I'm Jake Toomey. It's good to be in front of all of you today, Commissioners. I'm 19 years old. I'm a third-year student at UCSB, and I'm a member with CALPIRG, which represents 25,000 students across the state. I'm making comment today in opposition of the transfer of permits to Sable. At UCSB, the ocean is such an important part of the local culture and identity. And I know that that extends beyond the borders of the campus.

I'm sure a love of our oceans is something that everybody in this room can say that they have. And that's why it's essential that we do everything that we can to promote the well-being of our oceans. I mean all the ecosystems that live within our delicate coastlines. And it's essential that we deny Sable's application to transfer permits for the Santa Ynez Unit, POPCO Gas Plant, and Las Flores pipelines. Sable doesn't have a plan to prevent a spill. They say the majority of the pipeline has measures to prevent corrosion. That's like me saying the majority of my bathtub doesn't have holes. In Santa Barbara, we know exactly how devastating it would be if this pipeline spilled again. Sable lacks the plan and funds to address a new worst-case spill. The county did an environmental impact report, and that said that we would have a spill once a year if this pipeline gets back on track. Can we say that Sable could foot the entire bill of a worst-case oil spill and full decommissioning? I don't think so. Residents of Santa Barbara should not be forced to bear the financial and environmental cost of another spill from this faulty pipeline. If we want to protect our ocean, if we want to protect future generations, we need to ensure that this pipeline does not become operational again and this permit doesn't get transferred. Thank you very much.

SPENSER JAIMES: Haku, haku. [*Speaking in native language*] I said hello. I'm a Chumash and my family comes from Syuxtun, which is now known as Santa Barbara. We also come from the Island of Limuw, which is now known as Scorpion Anchorage on the Island of Santa Cruz. And today I definitely want to advocate for the denial of all these permits being proposed. In our original instruction, when we recreated offshore -- sorry, Sable offshore was not included in that instruction, and drilling for oil and fracking for oil offshore, onshore, and your facilities were not in our instruction, and you are not supposed to be here. You guys have never asked for permission to be here, and we have gotten no reparations from you or ExxonMobil for the destruction that you have done in our homelands. And if this ever does get approved, I think it would be great for the county to add in something for Exxon and Sable to give us reparations for them operating in our territory and having this abusive relationship extracting resources from our homelands without our permission. We have the right to say what is to be done in our territory. We should have a seat on this council with a respected member from our community. And, yeah, this isn't right. I think, like, we need to stop putting a price tag. All these people here speaking in favor of this development will be getting a paycheck, and probably big paychecks. And at the end of the day, your paycheck, how much money you will make will not be worth the destruction of our ocean. And, yeah, I'll end there. Thank you.

COMMISSIONER MARTINEZ: Thank you. It looks like we have three more people here in regards to the line. I just wanted to ask staff, because I promised you staff, in regards to asking about taking a break for lunch, how you guys are doing.

JEFF WILSON: Chair and Commissioners, I believe staff is about ready to fade. They would like to have a break for lunch. So we would ask for that. I think we would like to start at an hour for lunch to accommodate not only staff, but the public, to be able to have time to go somewhere and eat and come back.

COMMISSIONER MARTINEZ: Does that work with you? I see nodding heads. Okay. So you will be the last speakers for the morning session is what we're going to do. Okay?

EMILIANO CAMPOBELLO: Okay. Thank you, Commissioners, for the opportunity to address you. My name is Emiliano Campobello, and I come today to speak in opposition to permitting Sable, who intends to restart the former Exxon, former All Plains All-American Pipeline, and also on behalf of the environmental work group of CLUE Santa Barbara -- Clergy and Laity United for Economic Justice.

[04:00:09]

Now, as we all know, this is the same pipeline that ruptured and caused extreme damage to our precious marine habitat, spilled oil into our ocean, much of which washed up on local beaches, strewn with the bodies of the dead. Oil-covered sea life that suffered immeasurably as this oil of death invaded their waters of life. Now, I also believe that planning is about the future and to come up with the best path forward. So starting this pipeline would be a horrible step backwards, and those of us who survived the Refugio spill have already seen and experienced the impact. You know, those other sentient beings, our ocean relatives who did not survive the pipeline rupture, we don't hear their cries. Did some of you go there to witness what was happening there when oil covered the beach, dead bodies? Only the cleanup crews really saw and walked among the dead in hazmat suits disposing of their bodies in bins. Here, I bring us the voices of those that we do not see, cannot hear. Does anybody ask the whales, dolphins, seabirds, and fish what we should do about this pipeline? They bear the most extreme consequences, which is why we are here to speak out of compassion for them. Following that oil spill, our community hosted Chief Arvol Looking Horse, the spiritual leader of the Lakota people, along with Lakota runners. This was after the Standing Rock episode that some of you may know of. They came here to pray with our local Chumashan supporters, and we gathered in Refugio in a large circle of prayer that this will never happen again.

COMMISSIONER MARTINEZ: Thank you. I'm going to have to stop you right there. That's two minutes.

EMILIANO CAMPOBELLO: No amount of money can raise the dead. Thank you very much.

BRADY BRADSHAW: Hi. I'm Brady Bradshaw with the Center for Biological Diversity. The County should pause any consideration of permit transfers until the owners and operators obtain new or revised county permits and development plans, given post-rupture circumstances, and until the County verifies Sable's compliance with all laws. After the county transferred the pipeline permits to Exxon, Exxon gave up its plan to build a new pipeline. What you're now considering is a completely different equation when it comes to financial responsibility and compliance in light of Sable's intent to restart the failed pipeline as fast as it can. The existing owners and operators are not in compliance with all permit requirements, including the required existence of cathodic protections along the pipelines. There is no way to make this failed pipeline "as good as new" as we have heard claimed by Sable, and we think it is misleading for them to keep publicly saying that. We remain concerned that Sable was issued multiple Notices of Violation from the Coastal Commission for conducting unauthorized work in the coastal zone. The County can't just rely on property taxes for financial assurances. A good question might be,

will those property taxes amount to what is needed for spill cleanup and decommissioning when it is expected by a county draft EIR that the pipeline could spill once a year? What we do know raises serious questions. Sable's SEC reported liabilities for decommissioning are inexplicably low. The federal government estimated decommissioning of the SYU at over \$470 million, yet Sable's figure is only \$94 million. The staff report even acknowledged that Sable is currently operating at an accumulated deficit of \$426.6 million. Of course, a risky project like this should undergo environmental review under CEQA. I urge you to pause until and unless these important information gaps are filled. If you decide to move forward today with your decision, we strongly urge you to deny the permit transfers.

ELLEN THERESA [PH] BOOR-HARBY: Hello, Commissioners. My name is Ellen Theresa Boor-Harby, and I graduated from UCSB in 1979 with my teacher's credential, and I taught for 35 years, and I'm retired now. I feel I must come up here and speak for the children, the future, the generations now to protect our environment. I'm very concerned about all the issues that were brought above and the heartbreak and the devastation of the oil spill, seeing all the dolphins and birds. And I'm just not comfortable with this going through right now with the concerns that have been brought about financial responsibility and conditions for the permits. And I really hope you deny the permits and think about all the future generations and the beautification that stays in Santa Barbara County. Thank you.

[04:05:14]

COMMISSIONER MARTINEZ: Thank you. Okay, so we're going to be taking a lunch break, but I'm going to read off the next five, six names so you know that when we come back from lunch, you can be lined up for the podium. We have Johnny Rodriguez-[PH] Mellonville, Vivian Chankay, C-H-A-N-K-A-Y, Jared, no last name, Kevin Laufren, Karen Hallenstein, Molly Troop, and Bill Woodbridge. Okay, so those will be the speakers that will be in line when we come back in an hour, which will be at 1:55. Thank you.

[Lunch Break]

[05:14:42]

COMMISSIONER MARTINEZ: Welcome back to our afternoon session. I appreciate everybody's cooperation. We're live, okay, there we go. So we're going to start, and we only have about 14 speakers left. So very shortly, we're going to be getting back into some other issues and giving Sable, as well as staff, the ability to speak. And you're going to hear from the Commissioners. So I'm going to read the names again to make sure that those individuals know that they're supposed to be online here. We got Johnny Rodriguez-Melonville, Vivian Chankai, Jared no last name, Kevin Loughran, Karen Hallenstein, Molly Troop, and Bill Woodbridge. Okay, so if you're any of those names I called, you can step up here and first to the podium gets to speak, don't have to be in alphabetical order.

VIVIAN CHANKAI: Good afternoon, Mr. Chair and Commissioners, and thank you for taking my comment. My name is Vivian Chankai, and I'm an advocacy co-chair here on behalf of

UCSB's Environmental Affairs Board. Sable Offshore is not a secure company. The Santa Ynez Unit is its only asset. The company's value is primarily in inconsistent and fluctuating stocks, and it is over \$400 million in debt. Given these conditions, there should be a considerable doubt whether Sable can continue to operate effectively. It is very likely that another spill from this pipeline under Sable's ownership will bankrupt the company and leave the people of Santa Barbara and the State of California to cover the devastating costs of the spill. Sable has also already shown a lack of transparency by suing to block the release of an unredacted version of its oil spill contingency plan in an attempt to prevent the public from knowing the risk we are taking on. I urge you to vote no on this transfer in order to keep the community of Santa Barbara protected. Thank you.

COMMISSIONER MARTINEZ: Thank you. Next.

JOHNNY: Okay. Hi, my name is Johnny. I'm also a student at UCSB. I'm a current member with CALPIRG. And yes, we do represent about 25,000 student members across all UC campuses. I'm here to oppose the transfer application for Sable's. As someone who lives in Santa Barbara, it is with great pride that I get to tell people who visit that the oil rigs off our coasts have been shut down because of the efforts of Santa Barbarans across decades to have worked to protect our environment. And there's no reason we should be stopping that now. Our well-being and the well-being of our beaches should not be beholden to big corporate oil interests such as Sable, much less a company such as Sable that has shown us they lack the proper resources to properly protect our coasts. Accepting Sable's application to transfer these permits is one step closer to renewing oil drilling off our coasts, whether this is not that step yet. This would be a big step backwards in the work that Santa Barbarans have been pursuing for decades on our coasts to protect our coasts from disastrous oil spills, whether it be in the 60s or more recently. And to the Planning Commission, as well as the audience, I'd like to ask if you're willing to forsake my future, as well as the future of your kids for the sake of money and profits. Thank you.

COMMISSIONER MARTINEZ: Thank you.

JARED UMPHRESS: Hello, everyone. I'm Jared [PH] Umphress is my last name, forgot to write that down. And I come here as a concerned student. And what brings me here is the fact that I come here to speak for the protection of the future of our planet, and thus everyone's future here. And I've heard a lot today that this is just about the permitting process. But let's not miss the fact that this would be a huge step in restarting oil production. As someone who spends a lot of time in the ocean, you can't put a value to nature, to the beauty of it, to seeing a dolphin breach the water, to looking a seal in the eyes and feeling that mutual kinship.

[05:20:00]

And, yeah, for those reasons, and with climate change, overfishing, all these pressures, which this project would contribute to climate change, let's not risk losing these beautiful creatures and risking the future of all of our lives. I'm young, but I'd like to be able to bring my kids, them bring out their grandchildren, and we could look at the dolphins, the seals, the pelicans, and we say that we did our best to protect that. And I hope and I wish that because we all live on the

same planet, that we could work towards something, a better solution that works for all of us. Thank you.

COMMISSIONER MARTINEZ: Thank you. And then before you start, I'm going to call some other names so they can start coming down here. We have Izzy Sistik, Gail Osherenko, Ryan Smith, Ted Morton, okay, please.

MOLLY TROOP: Good afternoon, Chair Martinez and members of the Commission. My name is Molly Troop and I'm a science and program manager at Santa Barbara Channel Keeper. We work to protect and restore the Santa Barbara Channel and its watersheds. I'm here today to urge you to deny Sable Offshore's application for the change in owner, grant operator, and guarantor of the Santa Ynez Unit and related infrastructure. Like many speakers you've heard today, Channel Keeper is concerned about the risk of future oil spills from this infrastructure, including the same corroded pipelines and end of life oil rigs that may be restarted. We are also concerned about Sable's lack of financial assets and the company that will not responsibly operate these facilities. We vividly remember the destruction of the 2015 oil spill when over 120,000 gallons of crude oil spewed from a hole in a severely corroded pipeline just north of Refugio State Beach. Hundreds of animals were killed or injured. Commercial fisheries suffered enormous financial losses and over 140,000 recreational days were lost. We're troubled by the county's own analysis that the existing pipeline estimates the risk of an oil spill from the existing pipeline to be five times greater than that of an average pipeline due to its current condition. And the analysis also estimates the line will fail once a year and rupture every four years if this pipeline is brought back online. Regarding finances, we're concerned about the company's ability to respond to these types of environmental disasters, and Sable's financial reports show the amount of debt that the company has, almost \$800 million dollars. Finally, we're concerned about the disregard for the environmental laws that protect our sensitive habitats like the Gaviota Coast. Sable recently disregarded a Notice of Violation order to stop work in the coastal zone. Thank you for considering these comments as you determine whether or not to grant the permit transfer today.

COMMISSIONER MARTINEZ: Thank you.

KAREN HALLENSTEIN: Hello, commissioners, Karen Hallenstein. I'm a fourth generation native-born Santa Barbara County resident, mother of three. I have two children attending Lompoc Unified Schools. I'm not paid to be here today. I'm not a member of the club. I support our safe domestic oil production right here in California. This is what is needed in order to reduce dependence on foreign oil, create jobs, and fill the vacuum experienced today with our economic dependence on other countries. Right now, we have these -- okay, I'm going to say it -- environmental Nazis. They show up here year after year to paper our commission and our board of supervisors with their unproven anti-oil rhetoric. And when it comes down to it, their largest group of supporters are a bunch of visiting kids fresh out of high school. I used to body surf off Tajiguas and Jalama a lot when I was a kid. This was in the 1980s and '90s. We used to come off the ocean covered in oil from the natural seeps all the time. How is the natural seeping any different from any rare unintentional spillage? Sable's reputation and stability ensures any future problems caused by the collection of oil are being prevented and monitored through technology

better than ever before. I know this firsthand. Poor and devastating environmental policy caused the Rodeo Chediski fire in Arizona, and it burned close to 300 homes.

[05:25:06]

That was caused by environmental policies. And the environmentalists never take responsibility for their mistakes. The reason why I don't support these kids and this cult of partisan environmentalists is because of Joyce Dudley. She sued me effectively in civil court for money during the pandemic, bankrupting me.

COMMISSIONER MARTINEZ: Thank you. I'm going to have to stop you right there.

KAREN HALLENSTEIN: You're being investigated.

MALE: Yeah.

KAREN HALLENSTEIN: Everybody is being investigated.

COMMISSIONER MARTINEZ: Okay. Next.

IZZY SISTEK: Good afternoon, Commissioners. Thank you for taking my comment. My name is Izzy Sisteck and I'm here representing UCSB's Environmental Affairs Board as well as the 25,000 students at UCSB. Sable has not proven that they will be able to safely restart these facilities, manage them responsibly, or fund the cleanup of another spill. During the period when Sable's CEO and chairman, James Flores, served as co-chairman of Freeport-McMoRan's Copper and Gold Oil and Gas division, the company endured billions of losses. Flores was removed and transitioned to Sable Permian Resources, which was formed to acquire distressed oil and gas assets. This company went bankrupt within three years. At Sable, Flores has staffed the company with many of the same people that were involved in Sable Permian's bankruptcy. Does it consider this facility its next distressed asset? Recently, Sable conducted work without a coastal development permit, causing the Coastal Commission to issue a Notice of Violation. It continued this unpermitted work for several more days until the Coastal Commission threatened it with a cease and desist. I urge you to vote no on this lease transfer because Sable's irresponsible management, unreliable history, and lack of financial backup pose a safety threat to the public. Thank you.

COMMISSIONER MARTINEZ: Thank you. Next.

GAIL OSHERENKO: My name is Gail Osherenko. I'm a local and a filmmaker. I was the filmmaker that made "Broke," the story of the 2015 Santa Barbara oil spill. And I would like to leave with your clerk some cards with the URL so that you all can see my film again if you haven't, or see it for the first time if you have. Who do I give them to? It's free and available on the website, BrokeTheOilSpillFilm.com. I was there on the beach the day of the spill. I was there for many days after as it was being cleaned up. I remember the numerous mention of "anomalies," which is sort of some kind of nice speak for places in which the pipeline was badly

corroded and the failure of the protective system, so-called protective system. I think you all are responsible to be sure that the pipeline has been thoroughly fixed. Even then, I really wonder because I remember being at a hearing after when Exxon proposed to build a smaller, narrower diameter pipeline, which would be more efficient and a better way to transport the oil. So I cannot understand why Sable is now trying to fix this oversized behemoth that's very problematic. I also think you're really responsible under the law to be sure that we have a bond that covers the decommissioning. There may be 10 years of oil there. That's what people I've talked to who work for Exxon have told me. Maybe it's less. Maybe it's more. But eventually, all these facilities will have to come out. We don't want these toxic waste sites remaining.

COMMISSIONER MARTINEZ: Thank you. I'm going to have to stop you right there, that's the two minutes.

GAIL OSHERENKO: Thank you.

COMMISSIONER MARTINEZ: I'm going to read the last names. I mean, the last remaining people behind these who are already in line to come and speak. We have John Hochleutner, Linda Krop, Jeremy Frankel, and Roland Holliday. Please.

RYAN SMITH: Good afternoon. My name is Ryan Smith, and I'm a legal extern with the Environmental Defense Center. Chapter 25B explicitly prohibits the county from approving any change of operator unless Exxon is in compliance with all the permit requirements. Currently, Exxon is not in compliance with the permit for the Las Flores Pipeline System because the pipeline lacks effective cathodic protection.

[05:30:00]

Condition A7 of the permit incorporates as permit conditions all design features described in the 1985 EIR for these pipelines. One feature is cathodic protection, which is intended to prevent external corrosion and which the EIR identified as being of critical importance to the environment and the project. Although these pipelines were constructed with cathodic protection system, PHMSA found that system was ineffective and concluded it was the leading cause of the 2015 Refugio spill. The county has likewise found that the current cathodic protection system is inadequate. A draft EIR prepared by the county in 2022 states that the cathodic protection system on these pipelines is compromised, making them as vulnerable to external corrosion as pipelines without protection. Further, Sable's representative acknowledged this morning that cathodic protection would not be effective on some portions of this pipeline. However, as Commissioner Parke pointed out earlier, the 1985 EIR specifically envisioned that the *entire* pipeline would be protected from corrosion with cathodic protection systems. Thus, the EIR for the project requires *effective* cathodic protection, which is incorporated as a condition in the Las Flores Pipeline permit. Without an effective cathodic protection system, Sable and Exxon are not in compliance with the permit. The lack of an effective system of cathodic protection exposes these pipelines to the very environmental impacts that Condition A7 aims to prevent, effectively recreating the conditions that led to the Refugio spill. Because the Planning Commission cannot find that

Exxon is in compliance with Condition A7, it must deny the request for change of operator of the Las Flores Pipeline permit. Thank you.

COMMISSIONER MARTINEZ: Thank you:

TED MORTON: Hello, my name is Ted Morton. I'm the Executive Director of Santa Barbara Channel Keeper, and today, I urge the Commission to deny Sable's change in ownership application. Today's decision is a necessary step in restarting production with plans to use an extremely corroded pipeline. There are serious risks associated with moving ahead with production, especially at the rush Sable is promising its investors. The County EIR states that restarting will result in a spill every year and a rupture every four years. We don't want to experience another devastating heavy crude oil spill like we did in 2015. Think about the dead and injured wildlife, the closed beaches, the shut down fisheries, and the impacted local businesses. We are concerned about Sable's ability to assume financial responsibilities in future spills, which will take place. As was mentioned before, the cost of cleaning up the 2015 spill is more than \$750 million. Part of that was a settlement that was reached in 2022, so seven years after the spill, with fishermen and local property owners, that settlement was for \$230 million. Sable's liability insurance is \$400. So it doesn't really cover the anticipated cost of a similar type of spill. I also wanted to bring up that we're concerned about GHG emissions, or greenhouse gas emissions. When it was in production, the Santa Ynez Unit was the county's largest source of stationary greenhouse gas emissions. How does restarting align with the county's goals and plans to reduce greenhouse gas emissions? In conclusion, I urge you to protect wildlife, waters, coastline, and fisheries, deny the permit transfer. Thank you.

COMMISSIONER MARTINEZ: Thank you.

ROLAND HOLLIDAY: Hello, my name is Roland Holliday. I'm operations manager at OST Trucking and Crane Service. I grew up in the Santa Ynez Valley. I graduated from Santa Ynez High, and there was no jobs. I went to work in the oil fields and ended up at OST in 1977. Took on Exxon as an account 40 years ago when they started building POPCO. So they've been my account that long. They built into the oil platforms, and I've worked with Exxon day in, day out for that many years. I do the quoting, the bidding, and I also run the job projects as a foreman. I haven't seen any change in any of the safety practices. I mean, it's all the same people I've been working with day after day, month after month, year after year. They run with the same high expectations of safety. I work with many industries in our trucking and crane industry. I work at Procter & Gamble, Vandenberg Air Force Base. They're premier in safety. Let me put it that way. Them and Procter & Gamble run neck, and neck, and Sable's holding up to that.

[05:35:00]

And they're going to take on the risk and responsibility. And I look around here, and there's a lot of the vendors I know and companies I know. A lot of us may be living in Ventura County, but we're all Californians. We're all trying to make a living. I've got grandkids now I take care of, and I'd like to see it keep operating, not from a money aspect or the employment aspect. We need oil and gas. And I think the one lady hit it on we need oil and gas from *here*. You know, we're

going to use it for another 40, 50 years. I don't care what invention we come up with. AI might get it quicker, but we're still going to need it for 40 years. And I know it's clean, and like I said, just from working up there, I've got a lot of experience with it. Thank you.

COMMISSIONER MARTINEZ: Thank you, Mr. Holliday.

JOHN HOCHLEUTNER: Thank you, Chairman Martinez and board for letting me speak. I'm John Hochleutner with Pacific Petroleum California Incorporated. I've been a Santa Barbara County resident my whole life. And I've got close to 300 employees and 250 of them are based out of Santa Maria. We're a company that's pretty diversified. And one of the safest places has always been to work with ExxonMobil and then Sable. Sable has a management team that is directly involved in safety. When they had other assets in California, they used to provide us with safety conferences at all their assets, and here, and in the valley. We'd go to all the contractors. They'd let almost everybody go. They could leave the lease and go to them. They believe in safety. And we need California-based oil and clean oil in the world. Everybody talks about the environment. You guys don't go and see how they produce in other countries. We are under the strictest regulations of environmental tasks. So I want to thank you for your time.

COMMISSIONER MARTINEZ: Thank you.

LINDA KROP: Good afternoon, Chair, members of the Commission. My name is Linda Krop. I'm the Chief Counsel of the Environmental Defense Center. On behalf of our clients, Get Oil Out, SBCAN, and EDC, we urge you to deny Sable's request for change of owner, operator, and guarantor of the Santa Ynez Unit, including the onshore pipelines and processing facilities. As noted in our comment letter, the Commission cannot make the findings required by Chapter 25B. Of particular concern is Sable's clear inability to respond to an oil spill. You've heard about the likelihood of another spill, which has been confirmed by the County's own analysis. We can't face a spill twice the size of what happened in 2015. We also know how important it is for a company to respond to an oil spill. Plains wasn't able to respond, and they were found criminally liable. We believe that Sable will not be any better. Despite the fact that County regulations require Sable to have an oil spill contingency plan, it still doesn't have one, even though they're telling their investors that they plan to start pumping by the end of the year. We submitted a Public Records Act request to the state to get a copy of their plan. After prevailing in litigation, because Sable didn't want us to get the plan, we found out that it only affects the idle state of the pipeline. They still don't have an oil spill contingency plan for operations. Neither does Exxon Mobil, which withdrew its plans. These deficiencies prevent the county from approving the requested transfers. Chapter 25B was passed for a reason. The County was concerned about larger oil companies offloading their assets to weaker companies without the necessary track record or ability to ensure safe operations. And this is exactly what Exxon Mobil and Sable are attempting to do here. And I want to point out that we did submit our comment letter Monday morning at 10:15. We have the emails to prove it. I don't know why it wasn't distributed. But I will hand out an appendix that we put together in our letter that shows the findings that have to be made and that there's no evidence to support those findings. Thank you.

COMMISSIONER MARTINEZ: Thank you.

COMMISSIONER PARKE: I have a question.

COMMISSIONER MARTINEZ: Commissioner Parke has a question for you.

COMMISSIONER PARKE: I have a question for you, Ms. Krop. And to be fair, I'm going to ask the exact same question to the Sable representatives because you're saying there's no contingency plans on file. And they had a slide, I think it was slide 15, something like that, that said "Here's all of our contingency plans that are on file." Can you explain how I got two polar opposites here and why you believe in what you believe?

[05:40:00]

LINDA KROP: Yes, thank you. So as a result of our Public Records Act request, we received the oil spill contingency plan that Sable had submitted to the Oil Spill Prevention and Response Agency, or OSPR. That plan was for the idle state of the facilities and said that there was a worst-case scenario oil spill of zero barrels. OSPR found that plan to be deficient and rejected it and directed Sable to resubmit a plan for restart. Sable did eventually submit a plan for restart and actually today is the end of OSPR's 30-day review period to see if that plan is acceptable and adequate. OSPR may accept it as being complete and then review it and make a decision on it. They may say it's still not complete and send it back. So OSPR has told us, and we have the emails to prove it, that they do not have an approved oil spill contingency plan. And they also told us, and we have the emails to prove it, that ExxonMobil withdrew its oil spill contingency plans, so there are none for operation. We'd be happy to provide you with all these emails from OSPR.

COMMISSIONER PARKE: Okay. And Sable, you mark that, because I'll ask you the same question, okay?

STEVE RUSCH: We're ready.

COMMISSIONER PARKE: You got it.

JEREMY FRANKEL: Looks like I'm batting cleanup today. Good afternoon. My name is Jeremy Frankel. I'm an attorney with the Environmental Defense Center. Sable cannot assure the Commission that it will have the financial resources to even operate these facilities, let alone remediate another spill as required by Chapter 25B. Sable is a speculative company with no operational assets, no current revenue stream, and a debt of nearly \$800 million. According to Sable's most recent quarterly report, it has about \$100 million left in cash on hand. Now it says it might have a bit more. Maybe. I don't have a way to verify that. But its remaining startup expenses will be hundreds of millions in dollars. Importantly, it is unknown when or even if Sable will restart these facilities, which remain its only asset and its only path to profitability. Per Sable itself, substantial doubt exists about its ability to continue, quote, and quote, it may have insufficient funds available to operate its business prior to first production. That's from its SEC filings. Ask yourselves, what would happen if Sable exhausts its remaining cash, a real

possibility, and a spill occurs during or shortly after restart? Sable would not have the financial resources to clean up the spill or compensate affected business owners. Even the cash that Sable has on hand today would cover only a fraction of its financial obligations, which for the Refugio spill was upwards of \$750 million. Inevitably, Sable would become solvent. You can look to our letter about why their insurance is insufficient, but I wanted to quickly touch on the COFRs. The COFRs that Sable submitted are not final, and they won't be until OSPR completes its contingency plan. I've explained that also in the letter. To date, Sable has not provided the commission with a verified estimate of what a worst-case spill would look like from these facilities, making it impossible for the County to find that Sable can remediate a spill. Accordingly, the Commission cannot make the requisite findings of approval for Chapter 25B and should deny the transfers. Thank you.

COMMISSIONER PARKE: Thank you.

COMMISSIONER MARTINEZ: Thank you. So there's a question. Excuse me. There's one question for you, Frankel.

COMMISSIONER PARKE: Okay. And also, I'll be asking the same question to be fair to Sable. So in your letter, you speak to, after restart, Sable is going to owe \$790 million in 90 days to Exxon to complete the purchase. Would you explain what you meant in the letter?

JEREMY FRANKEL: Sure. So Sable took out a \$790 million loan from Exxon to finance their acquisition of these facilities. That loan, the entire principal becomes due 90 days after they restart. So if there was a spill, they'd have the \$750 million minimum obligation to remediate, but this would also come due, putting their total liabilities closer to \$1.5 billion.

COMMISSIONER PARKE: And what happens to ownership after that, if it's not paid?

JEREMY FRANKEL: Well, if the commission approves the transfers today, they already own the assets. They'd have the permits, and ownership would still be in Sable's name. They'd become insolvent, leaving us, the tax payers, to clean up the mess and to ultimately decommission the facilities.

COMMISSIONER PARKE: Again, I'll ask Sable. Thank you.

COMMISSIONER MARTINEZ: Wait a minute, I'm going to follow up on that. Wouldn't the remedy be if you own a loan and there's a secured loan on it, wouldn't it revert back to the person who gave you the loan?

JEREMY FRANKEL: You'd have to review the loan agreement with Sable and Exxon.

COMMISSIONER MARTINEZ: But I thought that's what you reviewed.

JEREMY FRANKEL: That is what I reviewed.

COMMISSIONER MARTINEZ: That's why I'm asking you the question.

JEREMY FRANKEL: I don't recall that in the loan agreement that it would revert back. I know that they have an option to reclaim the facilities.

COMMISSIONER MARTINEZ: But you were saying that the taxpayers would be left with this. So that's something I'm going to ask Sable too, so I want to make sure we get a clarification on that. Thank you.

[05:45:40]

So now what we're going to do is we're going to go to staff, and then Sable gets some time up here and we'll see what time they have left in regards to it, but let's just start with staff right now. Let's just take it one step at a time.

ERRIN BRIGGS: So Mr. Chair, we heard a lot of various issues that were brought up during public comment. We're happy to answer questions of the Commission about any of those issues. It sounds to me like we have an upcoming discussion regarding cathodic protection, and rather than preemptively get into that right now, we'll get into it when Commissioner Parke brings it up.

COMMISSIONER MARTINEZ: I'll ask my question right now. Hearing what's been said, if an entity does not abandon – well, until they abandon the facilities, they have to continue to pay the property taxes, that's at the very beginning of today's hearing. Now, my understanding, and correct me if I'm wrong, that if an entity says, "Well, I don't have anything, I don't have money to pay the property taxes," it reverts back to the previous owner, which would be Exxon.

ERRIN BRIGGS: That's correct.

COMMISSIONER MARTINEZ: So then Exxon would be the one that would have to carry out the abandonment.

ERRIN BRIGGS: That's correct.

COMMISSIONER MARTINEZ: Okay. That's a very important point I wanted to have in my mind. That's the question I can remember right now I had in my mind, but I don't know if any other commissioners have questions.

ERRIN BRIGGS: And, Mr. Chair, just to clarify. We have three assets, plus offshore facilities in this case. And let's say that Sable were to go bankrupt and was out of the picture and not financially able to respond to an abandonment requirement, Exxon's on the hook for all the assets.

COMMISSIONER MARTINEZ: So this is analogous in my mind too. Any property...anybody who buys a contaminated soil, let's just go down this scenario. You buy a

piece of property that's contaminated; you then sell it to somebody else. You're in the line of what we call a responsible party.

ERRIN BRIGGS: Absolutely.

COMMISSIONER MARTINEZ: Okay.

LAURA M. BRIDLEY: Questions.

COMMISSIONER MARTINEZ: Yes, Commissioner Bridley.

COMMISSIONER BRIDLEY: There were a couple of comments during public comment that said...Miss Irene Cook talked about the last time Sable was here. And I guess I'm confused about that, because Sable was not part of the transfer from Plains to Exxon. So can you confirm that?

ERRIN BRIGGS: Confirmed.

COMMISSIONER BRIDLEY: Okay, and then there's been multiple references by the EIR done by the county. And I understand from EDC that they did a public records request and they got that document and there was information in it. But can you give me a little context about what that EIR was for and it was withdrawn because of why, and does it stand in the record or not?

ERRIN BRIGGS: So Exxon, I think it was in 2018 or '19 had submitted a permit application for a replacement line. I'm sorry, Plains submitted that application that was overtaken by Exxon. And of course during the processing of that permit request staff started preparing an EIR, and we were working with a group of consultants in order to do that. And we had hired consultants to look at biology and cultural resources. And of course, we had a consultant who developed the risk analysis, and then we had a second consultant who was responsible for peer reviewing and then writing that section. So during the internal admin draft stage, meaning that the document was not finalized, this particular section had not been reviewed by staff at that time, it was very draft, Exxon decided to withdraw their application. So the EIR was never completed. This section was never reviewed completely and published by staff. None of this document ever was intended to become public in its state and all work was stopped on the project.

[05:50:00]

Now, of course those documents remain in our files uncompleted. So when a couple of parties filed PRA requests to obtain those documents, we released them. The statements that have been made by the public regarding the rate of spill are highly misleading. None of these comments have mentioned the caveats. These figures that they're referencing are highly caveated in many ways. No one has mentioned any of the caveats whatsoever. They're just simply representing this as fact. Frankly, it's a little frustrating from our perspective to have a draft document of this nature released to the public and then have the public quote it as if it's the gospel. It's not accurate. And that's generally the context of that particular issue.

COMMISSIONER BRIDLEY: Okay, I'm going to pivot then over to County Council because, it's been a long time since I went to a CEQA seminar, but I know that admin draft EIRs are hardly ever released by a public agency for that very reason that Mr. Briggs just pointed out. So how is it that this is now something we should consider, or should we not consider, because it never rose to the level of public release after everyone's review including County Council's review. Can you help me out with that?

MS. RICHARDSON: Chair Martinez and commissioners, so some information related to this document has been discussed by the public comment, but as discussed in the presentation earlier, the CEQA determination today is that it's not a project. So staff has discussed what they think about the admin draft information, but that draft document is not before the Commission today.

COMMISSIONER BRIDLEY: Okay, I think that was the only questions. I can't believe that's the only questions I have, but yeah, thank you.

COMMISSIONER MARTINEZ: Commissioner Reed?

COMMISSIONER REED: During the public comment we heard a number of comments about the financial strength and solvency of the company, and alleged perils due to a perceived inadequacy after restart. A lot of them referred to it after restart, potential liabilities. But again, what we're dealing with today, the decision does not involve any restart. Correct? It's a transfer of permits. Is that correct?

ERRIN BRIGGS: Mr. Chair and Commissioner Reed, that's correct.

COMMISSIONER REED: Okay. Thank you.

COMMISSIONER MARTINEZ: Commissioner Parke?

JOHN PARKE: But we are looking at financial responsibility if something happens after Sable takes over, right?

ERRIN BRIGGS: Mr. Chair and Commissioner Parke, so I think that the discussion surrounding financial responsibility has gotten a little off track as well, and really what's before the commission today is the findings that are required related to financial responsibility.

COMMISSIONER PARKE: I get it.

ERRIN BRIGGS: And they're much more narrow than the conversation that we've been having with the public here today.

COMMISSIONER PARKE: Yeah, I guess what I was getting at is it's going to be hard for Sable to earn much revenue if it doesn't restart, and it's not likely to be a pipeline failure if they don't restart. So even though today is not about restart, the issue is assumed there will be a restart

or else most of today's discussion will be irrelevant. You don't have to agree with that, you don't even have to understand it. But what I'm going to do is ask a series of questions and I'm asking you folks to go first and try to answer them. If you don't know and you think it's a Sable question, well, you punt and we'll ask Sable, but let me start with you first, okay? So I heard the questions from Ms. Bridley and the answers, so if you believe that EIR for that withdrawn project, let's call it that, is not a reliable source of evidence, but it was submitted as evidence, can you answer the questions that that EIR was referred to for? And one of them is, okay, what's the likelihood of another spill from the pipeline? And what we heard from the people that were using the EIR as evidence is that it thinks there's going to be one every year. Do you have a determination? Does P&D have a determination from some source? I haven't seen it.

[05:55:00]

ERRIN BRIGGS: So Mr. Chair and Commissioner Parke, no, we don't. Again, that analysis was never completed, it's a draft analysis.

COMMISSIONER PARKE: I understand your criticism of that one, I'm just saying do you have a different one, do you have something that gives us that information?

ERRIN BRIGGS: No, because we never completed that project, we never went through with that EIR. The study of the risk associated with the existing pipeline being restarted has never been done, especially considering the valve project, the anomaly repairs, the Consent Decree, all the requirements of the Fire Marshal. When you add up this huge package of changes that are being made to the line, that has never been studied.

COMMISSIONER PARKE: Got it. And that EIR we're not supposed to look at, okay, but we may look at maybe if it's the only source of evidence there, I don't know, we'll find that out later. It was also referred to as a source of information on the overall cost of the 2015 rupture, and we heard a reference to the overall cost was \$700 million. Does P&D have information for the overall cost of the 2015 rupture? Do you have some different figure, or any figure?

JACQUELYNN YBARRA: Yeah, Commissioner Parke through the Chair, so the EDC letter references Plains' SEC filings to get to that \$750 million. I did look at that and confirmed, but that assumption from Plains, that's the entire cost of cleanup, including estimated future legal fees, lawsuits, etcetera. The estimates I found for the cleanup of the Refugio oil spill itself was between \$64 million and \$96 million. So those are numbers for you, but I also wanted to caveat that, again, the permit condition in Chapter 25B doesn't require Sable or the current owner/operator to have any financial guarantees for a pipeline spill. It's only for the SYU.

COMMISSIONER PARKE: Okay. If it's not for the pipeline spill, why are we even interested in if they have financial responsibility for operating the pipeline? What, that they can pay their employees to do what they need to do? It's not related to liability?

JACQUELYNN YBARRA: Commissioner through the Chair in regards to the change of operatorship and guarantorship for the pipeline: the financial guarantees aren't part of the findings.

COMMISSIONER PARKE: We heard some questions about Exxon's liability, kind of a backdoor kind of thing, and what it did, it just confused me more than it clarified things. So if Exxon doesn't take back the asset, does Exxon have any continuing liability for spill or anything else?

ERRIN BRIGGS: Mr. Chair and Commissioner Parke, I'm not sure that they have a financial responsibility for a spill, but they certainly have responsibility for abandonment.

COMMISSIONER PARKE: For what?

ERRIN BRIGGS: Abandonment. Because a spill would be part of operations, right? That would be the operator's responsibility at the time of the spill.

COMMISSIONER PARKE: No, I get it.

ERRIN BRIGGS: But again, if Sable were to go bankrupt and not be able to pay for or carry out abandonment activities, that would fall back to ExxonMobil.

COMMISSIONER PARKE: And I think that's an important point, and it's an important thing.

ERRIN BRIGGS: Very much so.

COMMISSIONER PARKE: But a spill is also very important.

ERRIN BRIGGS: Understood.

COMMISSIONER PARKE: And so you mentioned being a responsible party, essentially being on chain of title for a dirty property. You know, that's whether you sell it or not, and it lasts forever. But I don't think that's what Exxon has here, is it? They're not stuck with liability no matter what happens, right? They're not a continuing guarantor for spill, for operations?

ERRIN BRIGGS: I don't think so, no.

COMMISSIONER PARKE: No, I didn't think so either. And then we heard some questions mainly through our chair about if Exxon takes it back under a security agreement. Of course, this is all kind of speculating because I haven't seen any of these documents.

[06:00:00]

But if they take it back under a security agreement in case of a default by Sable, then would Exxon have liability for cleanup for a rupture that had already occurred under Sable's watch? Do you know?

ERRIN BRIGGS: I don't. I don't know.

COMMISSIONER PARKE: I mean, these are awful questions to answer, but they're awful things that could happen.

ERRIN BRIGGS: Sure. Understood. No. I mean –

COMMISSIONER PARKE: Kind of got to get to them. Okay. What's a cathode protection system? What's it actually look like? What is it? I know I can't go down to the hardware store and pick one up.

ERRIN BRIGGS: Yeah. So the cathodic protection system on the pipeline is fairly complicated. To simplify the concept, we're all familiar with boats being corroded when they're put in salt water. And oftentimes on a motor or some exposed metal part of a boat, they'll put a sacrificial anode on the boat that corrodes quicker than the metal of the motor. And basically what's happening is the corrosion, rather than attacking the motor, is attacking the anode. So that general concept is also applied to the pipeline. But then there are other systems involved in the cathodic protection system that go well beyond this simple concept. And I'm not a petroleum engineer, so I'm not the best person to explain exactly how all that works, but I'm sure that the applicant team has someone that could really dive into that for you.

COMMISSIONER PARKE: Okay. Mark that one's Sable. I'll ask that. Okay. So I think I understood from Sable, they're actually repairing the pipeline right now, or maybe not right now.

ERRIN BRIGGS: They are. Yes, right now.

COMMISSIONER PARKE: Yeah. But how much of it is going to be repaired? All the way to Pentland? What's being repaired?

ERRIN BRIGGS: So I'll speak to this a little bit from a layman's perspective, and then maybe the applicant could get it...

COMMISSIONER PARKE: Well, I'm a layman, so that's probably how we can communicate best.

ERRIN BRIGGS: So they took a comprehensive look at the line. And they were...

COMMISSIONER PARKE: I'm sorry, I didn't hear that.

ERRIN BRIGGS: They took a comprehensive look at the line by using an inspection tool. And there are various tools that they can run through the line and get a reading of where the

anomalies are, how deep they are, if there's a crack, if there's a seam that's failing, all these things, right? So they inspected the line, and they have a program that is intended to repair anomalies that reach a certain percentage or a certain characteristic. And there are thresholds that are required by PHMSA, or in this case, the state fire marshal, and then operators are free to go above and beyond the minimum requirements of what's required by the state. And in this case, they're going well beyond what's required by the state. And rather than attacking the anomalies that meet that state-mandated threshold, they're attacking anomalies that meet a much lower threshold. So if, say, just for instance, the state required every metal loss anomaly at 50 percent or greater to be repaired, these guys are targeting a much lower number than 50 percent.

COMMISSIONER PARKE: So do you have a figure for how many anomalies are being attacked, as you stated?

ERRIN BRIGGS: They do, yes. It's a lot. It's a very conservative...

COMMISSIONER PARKE: I heard a figure of 90 for something, but I don't know what the...

ERRIN BRIGGS: They're more than 90, and it's a very conservative approach to integrity.

COMMISSIONER PARKE: Okay, now when we were looking at replacement of the pipeline, we had all these property owners up in arms, and they filed a lawsuit and said, "Oh, you can't replace it. You'll dig up all the pipeline on our property." And then we also had concerns over EIR that had to do with how many oak trees were taken out, and it was going to be in the thousands, and where would they farm some new oak trees? And we talked about all this stuff. But if they're digging up the pipeline anyway to do repairs, are we running into those same issues?

ERRIN BRIGGS: So Commissioner Parke, the existing line is a previously disturbed area, right? They dug up that entire line in order to install the original pipeline. And so everything along that line has been disturbed back in the late '80s. So there are some biological features that have grown back over the line that may be disturbed as part of this maintenance program, but it's far less than what would have been disturbed by building a brand-new line.

COMMISSIONER PARKE: But the new line was going to go in the exact same spot?

ERRIN BRIGGS: Well, not in the exact same location. It would be adjacent to the existing line.

COMMISSIONER PARKE: Yeah, but not hundreds of feet away. It was going to be in the same easement, correct? I know that easement. I litigated over it once.

ERRIN BRIGGS: Generally speaking, in a very similar location, you're right. I mean, it ran parallel to the existing line, but it would have resulted in much greater disturbance to biological resources than these repairs.

[06:05:11]

COMMISSIONER PARKE: Okay. I've got to ask some questions that are kind of based on my experience with due diligence and representing landlords and tenants and businesses and going through this whole system we're kind of going through here of approving a transfer of an asset, like an assignment, and the kind of review you go through. And I'm used to reviewing insurance policies. I've even been involved in doing manuscript changes at Lloyd's of London on insurance policies, and to do all this I have some idea what's going on. And I look here in my packet, and what I have is one certificate of insurance for a liability policy. So the first thing I want to ask is, well, what did you review? Did you just review that certificate of insurance, or did you review the policy language? Or either? Or anything? Or more?

JACQUELYNN YBARRA: Commissioner through the Chair, we just reviewed the certificate itself.

COMMISSIONER PARKE: Okay. And just looking at the certificate, and I can't tell where it is in your staff in the packet, but you must know because you put the packet together. I think it's at the very end, near the end.

COMMISSIONER MARTINEZ: It is.

COMMISSIONER BRIDLEY: Last page.

JACQUELYNN YBARRA: I think attachment G, toward the end.

COMMISSIONER PARKE: And I'm looking at the liability insurance, of course, not the property insurance. And for the commercial general liability, it has a limit of a million for each occurrence, but that's not what we're worried about here. That's going to be, I don't know, somebody slipping on a banana on a platform. We're more interested in the energy package. It says, "Energy package dash COW extra expense, OPA dash 90 oil spill FR." Did you review the rider or endorsement that has the language for that package?

JACQUELYNN YBARRA: Commissioner through the Chair, we just reviewed the certificate itself.

COMMISSIONER PARKE: Okay. And it shows a limit, an aggregate limit of \$100 million, and for each incident, \$35 million. Did you undertake to determine whether that was an appropriate amount for what might be the liability if there's a spill, is \$35 million?

JACQUELYNN YBARRA: Commissioner, through the Chair, that \$35 million, I believe, is specific to wells. Sable, they did give me a rundown and explain the certificate to me, so they'll be able to explain it better than I can. But from their explanation and me reviewing the certificate itself, we determined that was sufficient coverage for the SYU.

COMMISSIONER PARKE: Gotcha. And I notice there's no named insureds, additional named insureds under this certificate of insurance, and I'm not saying there should be, but is the

county's concern more about, do they have the money to fix something, or is the county concerned about obtaining reimbursement for county expenses to deal with a spill? Do you want me to explain that question a little bit? The City of Santa Barbara, 1969, okay, I was here, okay, and I remember it very well. City of Santa Barbara filed suit to seek reimbursement of its own expenses. So that was an example of something, obviously it wasn't pipeline, that was a platform, of where the municipal entity itself wanted reimbursement for its own expenses, and that's an example. And I don't know if the county is concerned about, "Oh gosh, we're going to be cleaning things up and we need \$100 million reimbursement," or is it more a concern that on an oil spill, if there's liabilities, it might be to all sorts of claimants, fishermen and farmers and whatnot, and the county hopes it all happens right, but is not directly involved. This goes to my prior question about who's an additional named insured or not. Does it even matter whether the county is not an additional named insured, I guess is what I'm asking.

JACQUELYNN YBARRA: Yeah, Commissioner, through the Chair, I understand now. So just for the findings of 25B and the financial development permit, 25B only requires that county bonds are in place for the facility. That would be when the county is an additional insured.

[06:10:02]

However, there's no bonds required for the SYU, not POPCO yet, nor for the Las Flores Pipeline. So then when you go down into the permit conditions for the SYU, there's a permit condition that just says the operator shall be responsible for a spill, and to demonstrate that, they need to provide certificates of insurance, they did, and that's what we reviewed, and then they needed to provide copies of their OSPR COFRs, which they did. So our findings and our review was limited to what was just needed to make the findings for chapter 25B and to meet their conditions.

COMMISSIONER PARKE: You know, you just mentioned a COFR, and so I know my mind is wandering a bit, but you mentioned it, so I'll ask my coffer question. And I looked over the COFRs, okay, which follow, in the packet, the certificates of insurance. And without reciting them word for word, they appear to say, "You, Sable, are the right party," okay, "you're the ones who will owe it." They don't say, "We think that you're able to do it," they don't say that "you have enough assets to do this." They just say, "You're the right party for us to look at." Do you interpret it the same way, or differently? And that's what the words appear to say to me.

JACQUELYNN YBARRA: So Commissioner, through the chair, the COFRs, as we know, are approved by OSPR, CFW OSPR, so they're outside of the county's realm. For the limited view of 25B and the permit condition, the permit condition just requires that the operator provide the county copies, which they did. But I know, just from experience, the COFRs are based on estimates of a worst case oil spill, and once the applicant demonstrates that, then OSPR approves the COFRs.

COMMISSIONER PARKE: Okay, well, so we just have to read what it says, and I don't read it to say that, I read it to say that we recognize you as the party that we will hold responsible, but that's all right. I'm getting near the end. I'm actually not used to something that you described in

the staff report, of looking at insurance policies as a substitute for net worth in determining the financial responsibility of an institution. I'm used to seeing, in my law world, that you'd require a showing of net worth by a guarantor, and you'd also require insurance policies by a tenant or anybody else in the transaction. In fact, it's funny that I'm here today, because the one I remember the most clearly, I negotiated with Commissioner Bridley's husband when he was Waterfront Director for the City of Santa Barbara. And is there something in 25B, or elsewhere, that says we can supply evidence of insurance coverage as a showing of net worth or financial stability for the purposes that we're looking at, something specific?

JACQUELYNN YBARRA: Commissioner Parke, through the Chair, I don't believe there is, no.

COMMISSIONER PARKE: Last thing I'm going to ask about is the contingency plans. You heard people from EDC saying the ones that are on file were Exxon's and those are withdrawn, and that there's one for, I think it was for wells, but not for operations, and it hasn't been approved by, I'm not going to say OSPR, but I just said it, OSPR. I hate these acronyms, I hope the next time I see you, you have a glossary in your otherwise excellent staff report of OSPR and PHMSA and ooky-dooky and all these things. Okay, so contingency plan -- can you address that, do we have them or not?

ERRIN BRIGGS: Yeah, so Mr. Chair and Commissioner Parke, so it's my understanding, and again, the applicant can get a little bit more deeply into this. The contingency plans are effective upon submittal. And so in this case, as Linda had said, they have submitted their contingency plans and they haven't been approved yet, and that today is the last day of their 30-day review period. I'm being told that the plan is effective upon submittal and may be adjusted as necessary by OSPR.

[06:15:00]

So in this case, what they did was they looked back to the contingency plans that were previously deemed adequate for Exxon and said, "Hey, this was deemed adequate before, these spill volumes are still the same because the pipeline hasn't really changed, here's our estimates, which are the same that you saw 10 years ago for Exxon." So I think that they're expecting those certificates to be approved.

COMMISSIONER PARKE: And you'll know tomorrow or something.

ERRIN BRIGGS: Yeah, but for the purposes of effectiveness, they're deemed effective upon submittal.

COMMISSIONER PARKE: So as my last statement to you, I'm going to ask you a favor, please do not come to our hearing on Friday, okay, with evidence of contingency plans on this case, we'll have other things to do.

ERRIN BRIGGS: [Laughs] Okay.

COMMISSIONER PARKE: I'll let you guys stand down, and I know Sable was listening to my questions, I don't know if they made any sense to you, but on I'd like to get a Sable person up to bat to answer those. But I don't know if that's the right thing because they haven't had a chance to rebut yet. Maybe the thing to do is let's give them a chance to their rebuttal and they –

COMMISSIONER MARTINEZ: Well, they're going to have the rebuttal, and then you're going to have questions.

COMMISSIONER PARKE: And they might decide to answer those questions because they've been listening I'm sure, and then I can ask them again if I need to. Let's do that.

COMMISSIONER MARTINEZ: Sure. You already said you were going to ask them some questions.

COMMISSIONER PARKE: Yeah.

COMMISSIONER MARTINEZ: How much time have we got left? You used your whole time.

COMMISSIONER PARKE: Then maybe I just better [Crosstalk 06:16:33].

COMMISSIONER MARTINEZ: I think it's just time to ask answer the questions, because I think that's what's really at issue. I have a question for staff, though.

ERRIN BRIGGS: So Chair, I would recommend that we do give them at least two minutes for rebuttal and then go into questions.

COMMISSIONER MARTINEZ: I'll ask them, but it looks like they're ready to just answer the questions. That's what I'm thinking.

DAVID VILLALOBOS: Yes.

COMMISSIONER MARTINEZ: Okay, you'll just answer the questions then. But to the staff, in regards to contingency plans, in my mind I'm having two different kinds of senses of contingency plans. Right now, if they're doing any repairs to the pipeline or something, we're not talking about a spill, of an operating spill, we're talking about taking out something maybe you have some fluid come out of the pipeline if they're replacing it. Are there differences in the contingency?

ERRIN BRIGGS: Yes.

COMMISSIONER MARTINEZ: We're at a different stage right now. We're not an operating stage.

ERRIN BRIGGS: Correct.

COMMISSIONER MARTINEZ: So is there a contingency plan in regards to our status as of right now where they're working on it, putting safety valves, doing all that, and then later on when we look at operating when it comes to us – because it's eventually going to come –

ERRIN BRIGGS: So that's where we started, Chair Martinez. They started by submitting contingency plans that address the current state, which is a zero spill volume, because there's no fluids. But what the public was talking about and what we were engaging with Commissioner Parke on was the updated contingency plans that are to address operations.

COMMISSIONER MARTINEZ: Okay. That's my question. Commissioner Parke, your light is still on. Do you still have a question for staff or are you ready to move on?

COMMISSIONER PARKE: No, not for staff. I asked staff questions and some of them really are better suited for Sable to answer.

COMMISSIONER MARTINEZ: I see Commissioner Reed's light on.

COMMISSIONER REED: Yeah, I still have a number of questions relative to the operation of the pipeline itself, but I think they may be better addressed to Sable rather than staff because they're pretty specific, so I'll reserve those until that time.

COMMISSIONER MARTINEZ: Okay, so we're still doing good on time. Are we okay?

COMMISSIONER BRIDLEY: I want to hear Sable.

COMMISSIONER MARTINEZ: Okay, you're up. Who's going to start asking the first questions, because you're not going to be speaking, we agreed that you're going to be answering the questions. Commissioner Parke, you were the one biting to the bit – or do you want to go, Commissioner Reed? Commissioner Parke's looking at you like, please go first. [Laughs]

COMMISSIONER PARKE: No, I'm just being a gentleman for once.

COMMISSIONER REED: Okay, I'll go.

COMMISSIONER MARTINEZ: Okay, Commissioner Reed.

COMMISSIONER PARKE: If you don't want to go, I'll go. If you do, you do.

COMMISSIONER MARTINEZ: Commissioner Reed's up.

COMMISSIONER REED: Actually, I did bring my own glossary I made up of terms. I suggested that to Commissioner Parke and he took it. You've got to be careful what you tell him. It comes out again later. Okay. No, my area of concern is with the pipeline operation. Aside from

the fact we hear a variety of things when we hear public comment, like people in California want to transition from oil and gas, 72% of people don't want offshore oil etc. etc. But I think those are often the product of a vocal minority, because if I look around Santa Barbara County, they keep reminding me the citizens haven't had a vote on oil and gas for years.

[06:20:00]

Well, I remember Measure P, pretty much a ban on in-county production, and it was resoundingly defeated. And sure, we may not have had any elections since then but I think the citizens of the county really vote every day when they go purchase a vehicle or provide fuel for the vehicle of their selection, and thus far that's still overwhelmingly in favor of gasoline and diesel-powered vehicles. So I think people here really see the need for that. We've had so many of these -- every time an oil project comes on, no matter how narrowly confined, the opposition seeks to expand it and turn it into Oilmageddon, when these are often much simpler, need to have a narrower focus. So with respect to the pipeline, we've heard about the heartbreak and devastation from the oil spill, the animals, the birds, but I think we also need to consider the heartbreak and devastation of the families, the contractors, all the people that were supported by the offshore oil operations in this county. And to date, nothing has really been done for them. I think we need to address that one. And looking back at the spill. We look at the various elements, the various units here. As I said in the last public meeting regarding the trucking plan for Exxon, actually, the only statement I ever made in a meeting like that that resulted in receiving a threat, okay, here it is: When that spill occurred Exxon was not at fault. POPCO was not at fault. What generated the whole problem was the negligence -- negligence is a point later reiterated by one of the judges who handled the matter in an interview, which was published in the paper -- but the negligence, the lack of proper operations by a Texas-based pipeline company, which happened to be All American. So I have a concern -- and I think it's been alleviated when I look at the materials -- in that when I even look so far as back in...we're looking at consistency with Chapter 25b page 17, you're looking at the transition plan, and it appears that you've selected employees who were not previously employed with Plains, and in particular not employed with Plains All American at the time of the 2015 rupture. Is that correct?

STEVE RUSCH: That's correct.

COMMISSIONER REED: Okay, and that's again, I think, reiterated later on when we look in the transition plan later on. I mean, I don't really hold...any other field employees here? I think that most of the responsibility would go to upper levels of Plains, and perhaps the people in the control center in Midland, Texas, who appear, well, to have had gauge shutoffs, overall kind of neglect to check what they should have, which was adjudicated during the many trials, etcetera. But looking at the control center, I was impressed that you plan to have it in Santa Maria.

STEVE RUSCH: Yes, Sir.

COMMISSIONER REED: You're going to have round-the-clock. And how many employees are going to be on call in that center at any given time?

STEVE RUSCH: Five.

COMMISSIONER REED: In the center. So if somebody has to go out to visit, so it's always going to be well monitored.

STEVE RUSCH: And I didn't mention, but there is a secondary control center that'll be at Las Flores Canyon at the facilities, a backup.

COMMISSIONER REED: Okay, so in the event of communications or power failure or something –

STEVE RUSCH: Yes, exactly.

COMMISSIONER REED: -- it's always going to be well controlled in real time by people here and not out playing penguin or whatever they were doing back in Texas.

STEVE RUSCH: Right.

COMMISSIONER REED: I don't know, but I've got relatives from Texas I know they spend a lot of time playing penguin, so neither here nor there.

STEVE RUSCH: Probably Texas Hold'em.

COMMISSIONER REED: So I find that reassuring. We've heard a lot of talk about your systems and everything you're going to have in place. I'm sure on May 18, 2015, if we'd happened to have management from Plains All American sitting here and ask them similar questions, they'd also give us great representations on their operational abilities and history and ability to control any adverse events on the 18th, although 24 hours later we knew that things were different.

[06:25:07]

And being that when I'm in this position, it's not like years ago when I got involved in public affairs and things kind of promoting, well, oil projects on our own ranches, and then kind of got into other things. But nonetheless, when we're looking at this, well they may have said on May 18th things were in great shape. And in California, I know for years and years, oil businesses correctly have stated that when you have California production -- I've said it, I've written about it myself -- we have the most carefully regulated, well managed, safest, cleanest production on Earth, so I have very little patience for operators. And we had an on-land operator in this county who failed to meet that standard. Fortunately, they're gone after decades of trying to get rid of them. And you know when I make these decisions, it's not just for me, it's not just for the pro-oil people in my district -- it's for all the people in all of the county. So when we make a decision like this, it needs to be transparent and very well-reasoned, because it's for everyone despite their feeling on the issue. So I'd just like to know: if you're entrusted with this project, how do we

know that your responses and the end result of your management and capabilities is really going to be any different than the performance we saw from Plains?

STEVE RUSCH: That's a good question. And I'd first respond by saying, under our management, the current management under a prior company, PXP, as I mentioned earlier, we received the one and only Good Operator Award essentially at Santa Barbara County issued by your Board of Supervisors. That's the type of company we are. It's really, you have to look at the management, and our history. The staff found no major incidents in our past. It's our commitment to safety and operational excellence, as we kind of went through on the prior slides, that we're going to be implementing all those things so that we don't have any situation close to what was in 2015 obviously. And with the additional -- I mentioned the Integrity Management Program -- a lot of that's prescriptive by the Consent Decree, the amount of things that we have to do to bring that pipeline up to a state where the Office of State Fire Marshal can approve it, that pipeline will essentially be as new, or new. And we've already also pegged or sent internal measurements through the offshore lines which go out to the platforms, we're in the process of going through all that, and those initial reports show those lines are in very good shape. So you have to look at kind of the overall picture our history and our experience dealing with deep water platforms in the Gulf. We are operating Point Aguayo and platform Irene off Point Conception without incident. The relationships we have with the regulators. Those are all kind of combined. We're not out of sight, out of mind. We're in the community. We live in the community. So I can give you my word that we will have safety and operational excellence on this project. We're committed to it. We all want to go home safe every night. Every one of these guys will say the same thing.

COMMISSIONER REED: Well, thank you. I mean, I hope that bears out. A lot of people are depending on those particular words, the people of the county who want a clean ocean and clean beaches, right down to all the union members, hard-working employees, contractors, and the families they support, that are going to be depending on you, someday when you get to restart, or the maintenance before, to give them a stable work environment that'll support themselves and their families.

STEVE RUSCH: And the complement to that is the regulatory oversight. I mean, we have county oversight. We have state oversight. We have federal oversight. So our performance, you know, overlaid by the county and the agencies that ensure that we comply.

[06:30:00]

You know, we've gone through all those compliance plans, we've got dozens of compliance plans to comply with. So the oversight on projects in California is the greatest of any in any oil state. So you've got the comfort that you've got the oversight and hopefully you have the comfort that we provide is that we are going to comply to the T and even go beyond in some of these things that we're doing, so that we're a partnership that results in -- in our case, we're going to be displacing a million barrels a month of foreign based crude tankering into our ports in LA and San Francisco. The carbon index on SYU crude is 3.5. You're displacing Iraq, Iranian, Iraqi crude at 12.6 or Libya up in the uppers. So it's up to a fourth cleaner fuel. And that's greenhouse

gases. So when we bring the co-gen, that's already factored into it. So if it's a global issue then it actually is a net benefit to the environment by bringing this project back on.

COMMISSIONER REED: Okay, thank you.

COMMISSIONER MARTINEZ: Yes, Mr. Parke?

COMMISSIONER PARKE: Okay, you heard my questions and I kind of starred four of them that look like they were not answered and you need to answer them. But if there's something else that I missed, you can just remind me when I go through this. I mean of a question that I asked and you thought you're to answer it. Okay, so you're in the process of repairing the pipeline.

STEVE RUSCH: Yes, sir.

COMMISSIONER PARKE: And even with this Notice of Violation for coastal, are you still able to do it in the inland and all that?

STEVE RUSCH: Yes.

COMMISSIONER PARKE: So that's ongoing.

STEVE RUSCH: We have 31 union crews out working that pipeline.

COMMISSIONER PARKE: Okay, and will that be the whole length of it?

STEVE RUSCH: All 125 miles, ex the 10 miles on the coast that's currently.

COMMISSIONER PARKE: Right, but anyway, when you have the opportunity you will repair the whole pipeline?

STEVE RUSCH: Absolutely.

COMMISSIONER PARKE: And are you able to break that down into number of anomalies or number of repairs?

STEVE RUSCH: Anomaly per mile. An anomaly dig, if you will. So when you do the tool, you find the anomalies, and we're required by the Consent Decree to repair everything up to 40% wall loss. Then you go out and you have to dig hopefully where you think that anomaly is which with the tools these days is very close to where you find it. And you expose the pipe, you find that anomaly. Of course when you expose the pipe then you have other anomalies that you can repair while you've got that hole open. So the number of anomalies that we end up repairing are in greater number than were required, because when we replace a piece of pipe, 10 feet of pipe for one anomaly, well, you're replacing it for maybe 10-percenters, 5-percenters. I mean, eventually you're going to have all new pipe.

COMMISSIONER PARKE: Or you might see something while you're there that you're going to do.

STEVE RUSCH: Right, and you take off... The issue with the 2015 spill was the insulation, water in the insulation. So we strip off the insulation and rewrap it with the current standards of today with that new section that we put in. So we either cut the pipe out and replace the segment, or we what they call composite wrap, or you put a sleeve on it. So you put the same thickness sleeve around the anomaly and then you weld that on. So you've got the same brand new pipe now on that section. Those number of digs end up being about one every 4,000 to 5,000 feet on average over that 125 miles.

COMMISSIONER PARKE: And you're repairing those because they were corroded, right?

STEVE RUSCH: When we ran the tool, that's what they picked up. Now the tools are so good that they can pick up dents, which five years ago, or three or two years ago, you couldn't pick up dents. Because dents occur when you install the pipeline, you know, you've got a mechanical strike, so now they can even pick up those. So we're also picking up those as we do the anomaly digs. So that's how you end up with a situation where when you've completed all these anomaly digs and we've repaired more than are actually required, and we're sending a tool through every year instead of every five years or every ten years, you get to a situation where you don't get enough corrosion to really even require repairs for a number of years.

[06:35:07]

COMMISSIONER PARKE: So does the fact that there was corrosion mean that the cathodic protection system didn't work a hundred percent?

STEVE RUSCH: Yes.

COMMISSIONER PARKE: Okay, and are you repairing and replacing cathodic protection system as you go along?

STEVE RUSCH: As I mentioned earlier, the cathodic protection system is in place and working, and there is test stations I think every mile or something like that, and you've got these cathode beds like Errin was describing, like the anode on a boat, similar to that.

COMMISSIONER PARKE: Every outboard motor has them.

STEVE RUSCH: Every mile you've got your boat with the anode on it. It's a lot more complicated than that. But as we go through those anomaly digs, sure, we are repairing the cathodic protection system, as part of the overall, as I mentioned, integrity management program. Because again, cathodic protection is one thing we do, but really the big hitter is the inspection tool now being run every year.

JESSICA STEBBINS BINA: Twice a year.

COMMISSIONER PARKE: How is it that it's there now and it's working, except it didn't stop the corrosion 100% and that's why you're repairing the pipeline? I'm having a hard time adding those numbers up.

STEVE RUSCH: Say it again?

COMMISSIONER PARKE: You're telling me that it's in place and working, but you're also telling me that it didn't work a hundred percent and that's why you have corrosion in the pipeline that you're fixing in a hundred and thirty plus places.

STEVE RUSCH: Well, so 10 of 125 miles it wasn't working as well as it is on the balance of that, the 115 miles. So it's basically the coastal section that had the issues.

COMMISSIONER PARKE: Oh, so it corroded for other reasons in the inland portions?

STEVE RUSCH: Very little corrosion that far out. The largest number of anomalies are between here and the top of the mountain on the way to Bakersfield.

COMMISSIONER PARKE: Got you. So the bulk of the work will be over on this side of the mountains.

STEVE RUSCH: The balance of it would be, yes.

COMMISSIONER PARKE: Okay. Do you have a ballpark time estimate for how long it'll take to fix all this, the pipeline?

STEVE RUSCH: The balance, 30 more days, 3 weeks.

COMMISSIONER PARKE: Okay, so you can fix the whole thing in a month.

STEVE RUSCH: Well, we have 31 crews. We have six or seven that we can call back, because they're shutting right now, and we can bang it out that fast. And we actually, this is what we're talking to the Coastal Commission about, we currently have 27 open holes on the coast because we were told to stop, which we believe have safety, corrosion, integrity and security issues having those holes open. So that's what's under discussion right now. So in total we could have the entire pipeline done in a month.

COMMISSIONER PARKE: By the end of the year, something like that?

STEVE RUSCH: Yep.

COMMISSIONER PARKE: And do you have a ballpark estimate of what that's going to cost?

STEVE RUSCH: I think our 8k says our total all-in is \$190 million or I forget what the number was, which takes into account all the facilities including the pipeline.

COMMISSIONER PARKE: To do the repairs?

STEVE RUSCH: Yeah, to do the repairs, upgrade the offshore facilities, the onshore facilities, the whole thing. I don't have a number just for the pipeline.

COMMISSIONER PARKE: And so you're spending money now. You're not making money right now, right? There's no revenue coming in.

STEVE RUSCH: But, to just speak to one of the issues, which is kind of obfuscating things, is the value of the company based on recent third-party engineering analysis of reserves, and that present value is ten billion dollars. So that attracts a ton of capital. And once we start producing that capital, the amount of capital that's going to come in to replace the loan and things like that we'll be able to pay everything down in the time frames responsible. There's talk about an \$800 million dollar debt. Our debt to equity ratio is the same as the rest of the industry. 800 million debt sounds like a big number to us, but it's not in the financial world. So you've got the ten million, and you've got a mark cap of 1.79 billion, the price of stock times the outstanding shares, which is only going up, which is why we're attracting so much capital. This is a big project, and like I say, it brings on a million barrels of oil a month to displace that Mideast crew.

[06:40:02]

COMMISSIONER PARKE: Well that that goes to my next question then, and that was, I was figuring okay, you're spending money now, and you're not making money now. You get to a point where you can restart and your best hope for that is when?

STEVE RUSCH: By the end of the year.

COMMISSIONER PARKE: Okay, so you restart and then you've got 90 days to pay \$790 million to Exxon, but what you're suggesting I think from what you just said is you'll have, you know, oil that's recoverable and you'll be able to raise capital that way to pay that 790.

STEVE RUSCH: Absolutely. I mean you'll have revenue from the oil obviously. But the attraction of equity money, because you're now starting and producing that oil is just going to track more and more capital. It allows you to refinance. All sorts of things happen in the financial world once you get going.

COMMISSIONER PARKE: And you're probably not going to raise \$790 million in three months from the revenue that's generated for the project, but what you're saying is the value will go up and you can refinance it in one way or another.

STEVE RUSCH: That's one way, yeah. Absolutely.

COMMISSIONER PARKE: Hang on here. You understand this controversy about the contingency plans?

STEVE RUSCH: Absolutely.

COMMISSIONER PARKE: Approved by OSPR?

STEVE RUSCH: Absolutely.

COMMISSIONER PARKE: I hate using these acronyms because I don't even know what they mean. And someday I'm going to test everybody in the room and see is there one person that can take a quiz and know every single one of these stupid acronyms we use all the time because I'll bet there's some agencies where you know the acronym but you don't even know what it stands for or even what country it's in.

STEVE RUSCH: How about PHMSA?

COMMISSIONER PARKE: There you go. All right. So let's hear your story on the contingency plans. Are all your contingency plans in and approved? And explain why and how.

STEVE RUSCH: I think a staff mentioned when you submit a contingency plan, it's effective. It becomes effective and that's what you drill to and that's what you'd implement. Now if you look at a contingency plan, 300 pages of it, the only thing you're changing is the worst case discharge. That's it. One number.

COMMISSIONER PARKE: Because you already had Exxon's.

STEVE RUSCH: The response team, the response organization, all that is already in place and that's what we drilled to in July and September successfully to match up with 25B. So they're in, they're effective, they're in for the new worst case discharges. If you look at the certificates which are with the staff report, it lists the worst case discharge for the Coastal Line of 1,935 barrels which is 40% less than the 2015 incident. And then there's another number for inland. And then for offshore, we've got the crude line that goes out to Harmony.

COMMISSIONER PARKE: I think I've asked you the questions that I asked staff and they couldn't answer.

JESSICA STEBBINS BINA: Can I just add something briefly?

COMMISSIONER PARKE: Please, but you've got to tell us who you are.

JESSICA STEBBINS BINA: Yes, I was just about to. I apologize. I'm Jessica Stebbins Bina, Council for Sable. I just wanted –

COMMISSIONER PARKE: Oh, you're at the Latham firm?

JESSICA STEBBINS BINA: Yes. I just wanted –

COMMISSIONER PARKE: I'll talk to you afterwards. I have very warm regard for the Latham firm because they made me a lot of money many years ago and I'll explain to you afterwards.

JESSICA STEBBINS BINA: I'm glad to hear it. It's an excellent firm. I just wanted to kind of - - we've been talking about a lot of things but I wanted to bring back on the contingency plans. It's exactly as we said that it's an iterative process, right? You submit a contingency plan, it's valid and effective upon submittal. If it's rejected or adjusted, then there are adjustments made. But the certificates of financial responsibility have already been issued. They're valid. They are for the maximum amount and they are based not on zero barrels but on real numbers of barrels. Why do I bring this up? Because if you look back in 2001 when this commission adopted 25B, it was very careful to say plans take a really long time, and what we don't want -- and we're going to intentionally make this a narrow, change the name on the plans, don't require all the plans to be finalized and in order because that can take months. And what the purpose of 25B is, is to acknowledge the reality of a new owner and operator who is here and present and make sure that they are the ones who are in the relationship with the county and the commission by changing the name on the permits. So there is actually, the 2001 staff findings speak to the very issue of do you wait for the perfect plan? The answer is no. You base it on the plans that you have and that's an intentionally narrow process.

[06:45:00]

STEVE RUSCH: So in July and September, we actually drilled on a plan that had zero worst-case discharge because we weren't producing. So we submitted the new plans -- the revised number, the plans were the same, just changed the worst-case discharge number -- in anticipation of having oil flowing through the pipeline. So that was the most recent submittal that Linda was talking about. But as soon as they were modified or "submitted" they became effective. Because if we were operating and had a spill, then you'd have something to respond to, and that's what we train on.

COMMISSIONER PARKE: I think I've asked you the questions that staff wasn't comfortable with. Is there some question that I forgot to ask you that was one that looked like a Sable question?

JESSICA STEBBINS BINA: Unless there's something that's giving you heartburn about the process that you'd like us to answer.

COMMISSIONER PARKE: I wouldn't use the word "heartburn." [Laughs]

JESSICA STEBBINS BINA: I do think, we've spoken a lot about cathodic protection. I do want to remind the Commission that this issue was looked at last year. The cathodic protection issues with respect to the pipeline as a whole haven't changed. The Celeron settlement takes all

of that out of county jurisdiction into state jurisdiction and the Office of the State Fire Marshal, and an extremely extensive consent decree with a number of state and federal agencies involved is supervising the safe repair of the pipeline.

COMMISSIONER PARKE: You know, you don't have to tell me. We looked at it last year. I made the same argument. I called you guys up and told you I made the same argument so you'd be prepared for it. There was a difference, though, because I don't know if the Commission will listen to me today, the other commissioners, but they didn't last year because everyone was so excited, well, it's going from Plains, which has long fallen apart, to Exxon, which has some money behind it, and this is a somewhat different situation, so we'll see in a few minutes.
[Laughs]

JESSICA STEBBINS BINA: I would respectfully submit that the standard shouldn't change based on the applicant.

COMMISSIONER PARKE: You're just being logical.

STEVE RUSCH: I did want to make one clarification. I got a tap when we were talking about the ten billion dollars and what happens when we start. Because I'm not a finance guy, I'm actually an engineer trying to talk about finances. The debt that matures when production resumes will be refinanced with debt capital based on the ten billion of oil and gas reserves. That's how I should have said it. I apologize if I misconstrued it.

COMMISSIONER PARKE: Well, that's what I heard.

STEVE RUSCH: Good.

COMMISSIONER PARKE: Thank you.

COMMISSIONER MARTINEZ: Well, since you're there, since you're on this thing, you mentioned \$190 million would be utilized for redoing the pipeline. But I thought, and you correct me if I'm wrong, there was like 200-and-some-million dollars you guys have in cash. Am I wrong?

STEVE RUSCH: Going back to the -- I won't put it up there -- the slide that we had that showed the insurance and the cash, we had \$112 million of cash as of June, so that may have changed, and then we have raised another \$200 million in equities.

COMMISSIONER MARTINEZ: Okay, so that would leave you a little over \$100 million in the bank, then, in doing what you were saying you were going to do. \$190 million dollars, minus that from \$300 million dollars would leave you about a hundred million.

STEVE RUSCH: Yeah.

JESSICA STEBBINS BINA: I think the answer is we're awaiting the next quarter's official financials, and there's not a certified financial result of exactly how much cash had...exactly what's been spent down. But there was \$112 million at the close of the last quarter.

STEVE RUSCH: Right, in addition.

JESSICA STEBBINS BINA: There's been \$200 million raised. Where that nets out at this very exact moment, we'll know when the updated financials are posted.

STEVE RUSCH: Shortly.

COMMISSIONER MARTINEZ: Yeah, well, my concern is that you spend so much money doing what you're doing now, and you have no money to go on to the next step. Kind of like going on vacation, taking all the pictures, not having enough money to develop the pictures.

STEVE RUSCH: Right. That's where the additional \$200...I mean, we're raising money all the time. So at that "snapshot" in June was \$112 and then \$200 since then, and I think we'll be filing fairly soon.

COMMISSIONER MARTINEZ: Okay. And now my question to the gentleman who was the last person speaking, who was the one who mentioned he was vetting clean up there -- I asked him the question, and I know I suggested I was going to ask you, is that if you don't make up the payment that is due and owed to Exxon, does Exxon have the ability to basically recoup, in other words?

[06:50:00]

It's a default. A default situation occurs. Who gets back the...is Exxon's remedy, "Hey, everything comes back to me," that's the way it is? Because the comment that was being made, it's left for the taxpayers, and that's what I wanted to make sure about. No, it's Exxon who will be coming in.

ANTHONY DUENNER: Anthony Duenner with Sable Offshore Corp. Okay. Sorry. So if I can back up for a second on some of the questions you previously asked. Sorry. Can you hear me? Anthony Duenner with Sable Offshore Corp. So if I can back up one question to the amount of capital that's being spent.

COMMISSIONER MARTINEZ: Sure. And how the 100 -- the cash that was on the balance sheet, that was a snapshot in time, which under our accrual system, a lot of the pipeline expense had already been, if this makes sense, would have been already subtracted. So those commitments -- so the pipeline expenses and the expenses to -- for some of the enhancements for the platforms etcetera -- so those expenses already would have been netted out of the cash on the balance sheet at the end of June. And since then, we've raised -- we've had another equity raise of \$150 million before expenses. And then we have another cash infusion coming in from warrants that will be announced, so the results of which will be announced, but that is another raise of up

to \$165 million, the results of which will be announced on November 4th. So the results of all of which will be announced in our 10Q. You know, we're a publicly traded company. Our quarterly financials will be announced in November around the 14th. But long story long, we have significant cash on the balance sheet and available. All of these projects have more than sufficient capital available for the conclusion of all the repairs and maintenance and additional safety enhancements. Okay. So on to the next question. So could you rephrase -- I just want to make sure I get the exact circumstances under which Exxon could come in?

COMMISSIONER MARTINEZ: Well, of the comment that I addressed with -- I forget his name, but the gentleman was saying, "Look, if you don't pay Exxon that \$790 million," I may have the figure wrong, "it's going to be left for the taxpayers." And my question to him is, "Well, what would happen in that default situation?" which is what I'm asking you. Would it be left for the taxpayers is what I'm saying.

ANTHONY DUENNER: So under our purchase and sale agreement, Exxon would have the right but not the obligation to take the assets back, but... So depending on the circumstances under which that occurred, there are a number of let's say safety nets in place, there are performance bonds, there are also kind of for...there are P&A bonding in place, which would survive even if something were to happen to Sable, which is highly unlikely. But if something were to happen to Sable, you would still have plugging and abandonment bonding in place, which would survive. Despite what was said here earlier by one of the commenters, I think insurance and bonding and P&A, all of which is backed by highly rated -- all of it's placed through Lloyds of London, highly rated, the highest ratings -- that would survive. And that is who you would be looking to, to come in and fund the plugging and abandonment. So for P&A for the offshore, it starts at \$350 million. And then contractually, it could -- is scheduled to go up in 2025 to \$500 million. I mean, I've heard some concern about orphan wells in platforms, etcetera, that is not the case here. Just full stop.

[06:55:00]

COMMISSIONER MARTINEZ: So your P&A bond is \$350 million dollars?

ANTHONY DUENNER: Correct.

COMMISSIONER MARTINEZ: It's a blanket bond or bonds or well specific?

ANTHONY DUENNER: Blanket.

COMMISSIONER MARTINEZ: Blanket. Okay. And how many wells are underneath that blanket bond?

ANTHONY DUENNER: 90....

MALE: 112.

ANTHONY DUENNER: 112.

COMMISSIONER MARTINEZ: And how much per -- to plug each well?

MALE: 600 to a million dollars.

ANTHONY DUENNER: 600 to a million dollars.

COMMISSIONER MARTINEZ: Okay. So there should be enough there.

ANTHONY DUENNER: Yes.

COMMISSIONER MARTINEZ: Those are the questions I had. Thank you. Commissioner Bridley:

COMMISSIONER BRIDLEY: I don't have anything for Sable, but I have one really simple question left for staff. And if you want to stay there, that's fine. A lot of conversation today about concerns about starting the production again, and you're in the process of repairing the line, and you have the approval, and you're working out -- well, maybe you can answer this. The Coastal Commission resolution of this, you didn't have probably the right follow-up CDP, but you were doing the work that was authorized under the Consent Decree or some other kind of an approval. You had an entitlement, but maybe not the final clearance from Coastal Commission. So where does that stand?

STEVE RUSCH: Tag team.

JESSICA STEBBINS BINA: We're going to introduce another one of my colleagues.

STEVE RUSCH: [PH 06:56:31] We're phoning a friend.

JESSICA STEBBINS BINA: [*Laughs*] Yeah, phoning a friend.

D. J. MOORE: Good afternoon, Commissioner. I'm D. J. Moore with Latham and Watkins, outside council to Sable. So we're still in negotiations with Coastal Commission staff. I actually had an hour-long conversation with them about this yesterday. We don't have the final resolution as to approach on permitting. I think we're all still -- both Coastal Commission and we are still lining up exactly the approach that we would like to take, but we're in cooperative negotiations and looking to try and find a solution in the very immediate term.

COMMISSIONER BRIDLEY: Okay. I mean, my experience with them is if somebody does something they don't realize they needed a coastal permit or it's an emergency and they had to do it, otherwise their house is going to fall in the ocean, they work with you pretty proactively to get to the point of permit compliance. So I'm fine with that. My other question is so fundamental, I can't believe I'm still asking it here. If Sable wanted to start producing oil and use that pipeline after the repairs are done and all the inspections are done by all of the other state and federal

agencies, does it need anything else from the county? Is there any other action by the County of Santa Barbara that does not come back to the Planning Commission in order to flip the switch, correct?

ERRIN BRIGGS: Mr. Chair and Commissioner Bridley, that's correct. I would look at this in two different ways. You may be asking if there's some kind of permit touch or any other additional approvals required. The answer is no. And then the other way you could look at this would be is there any need for the county to approve an operational plan or a safety-related plan or anything like that? And the answer to that is also no, because we're preempted from doing that.

COMMISSIONER BRIDLEY: Interesting. Okay. I had a feeling that was it, because that's why we're getting all the concern about all these things, you know, precedent to starting production. So all right, thank you for stating that clearly on the record. That was all I had.

COMMISSIONER MARTINEZ: I'm going to be honest here, which I'm trying to be all the time, but... Well, all this concern about spills, then, is a real concern, because if the insurance is not enough to cover a spill, this is the time to address it? It's not going to come back to us. I was thinking it was coming back to us.

ERRIN BRIGGS: So Chair Martinez, the item before us today is 25-B.

COMMISSIONER MARTINEZ: I understand that.

ERRIN BRIGGS: And a change of the name on the permit.

COMMISSIONER MARTINEZ: I understand that. I also understand that after operations begins, then the issue becomes if something happens *after* that, somebody opens the faucet and it goes into the ocean by accident, that's when it comes down to your insurances. Yours meaning, I'm sorry for just pointing over to you, I mean, to your company's insurances. That's what my question is leading to.

JESSICA STEBBINS BINA: And Mr. Chair, I think the answer here is this is a matter of state law and regulation. I'll direct you back to the COFRs, the certificates of financial responsibility. Those in turn cite government code section 8670.37.53, which says, "To receive a certificate of," and I'm quoting the code here:

[07:00:00]

"To receive a certificate of financial responsibility for a facility the applicant shall demonstrate to the satisfaction of the administrator, the financial ability to pay for any damages that might arise during a reasonable worst-case oil spill into waters of the state that results from the operations of the facility." And then there's a number of criteria that the state organization considers and they're implementing regulations. The county has not set, and I would submit it *cannot* set a different amount than the figure that is set by state authorities. This is regulated by

the California Department of Fish and Wildlife, by the Office of the State Fire Marshal. These are state agencies that will green light or not green light the safe restart of production.

COMMISSIONER MARTINEZ: But this is our time to look at your financial ability to be financially responsible, correct?

JESSICA STEBBINS BINA: Yes, but it has to be consistent with the areas that are within the county's jurisdiction and scope, and it has to be consistent with the final development plans that are approved and in place. And you've heard staff say there are no additional bond requirements. There are no additional insurance requirements. And you also heard staff say the actual out-of-pocket costs for the 2015 spill, while horrible, were under \$100 million dollars. The 750 million figure included a lot of follow-on penalties, litigation, etcetera. We've presented evidence of over \$400 million in insurance, and we have the state's certificates of financial responsibility. I would submit that that should end the county's inquiry.

COMMISSIONER MARTINEZ: Okay. Do you guys want to go straight into deliberations right now, or do you want to just take a little break and then go into deliberation? Let's take a break. Let's take a 15-minute break. Thank you.

[Break]

[07:22:58]

COMMISSIONER MARTINEZ: Okay, everyone, we're back. If you could all take your seats, and this is our final session of our afternoon session, let's put it that way. So we're at the point of deliberations, and I'm hoping that maybe if staff has anything to add at this moment.

ERRIN BRIGGS: So Mr. Chair, we're going to try and land the plane here, and we seem to be struggling a little bit with the confines of this financial responsibility conversation, and we're hearing talk of do they have enough money to pay for a spill, what's a spill going to cost, this could be billions of dollars, they can't afford it. So I want to kind of reframe the conversation and bring us back to what's required for the item that's before us today, which is a change of owner operator guarantor under the county's 25B ordinance. So if we look at the findings that are required under 25B, there's nothing that says that they have to have enough insurance for an oil spill or a worst-case scenario. The findings under 25B essentially point back to the individual permits, and it points back to the financial responsibility conditions that are included in those permits. And for these assets, we have three separate permits. We have one for the pipeline, one for the POPCO gas plant, and one for the SYU facility that processes the oil from the offshore platforms. So if we start with the pipeline and we look at the original final development plan for the pipeline, there's really no financial responsibility conditions there.

COMMISSIONER MARTINEZ: Let me ask you this one. When you say really, my question is, there's none?

ERRIN BRIGGS: There's none. There's nothing in that permit that says they have to have a certain level of insurance. There's nothing in there that says they have to cover the cost of an oil spill. So if we look at the pipeline permit, we really don't have anything. So that's one.

[07:25:03]

Number two, the POPCO gas plant, the condition that relates to financial responsibility speaks to abandonment, and it requires the operator to put up a bond for abandonment at the time of the facility ceasing operations. So we're not there yet, so there's no bond requirement. So for permit number two, we really have no financial responsibility requirements at this time. They happen much later. The third permit is for the San Ynez unit, which processes the offshore oil. And in this case, back at the time that the permit was approved, the commission or the board understood that that facility was going to be processing oil from offshore, and that there was this interconnection of the pipeline between the onshore facility and the platforms, and that there was the potential for an offshore spill. So in that permit, there's a condition that requires the operator to demonstrate the ability to respond to an oil spill in the form of obtaining their OSPR Certificate of Financial Responsibility. And that's one of the items that we've been discussing here today. They have that certificate. It covers them up to, I think, \$100 million dollars. And so the financial responsibility requirements of that permit have been met. And therefore, when we back up again to 25B and we're looking at the findings that need to be made, the findings related to financial responsibility really are focused on them obtaining their OSPR COFR certificates. And they've done that.

COMMISSIONER MARTINEZ: And that language, the financial responsibility for that OSPR, is what, up to a million dollars or –

ERRIN BRIGGS: A hundred million.

COMMISSIONER MARTINEZ: A hundred million. But the language is “up to,” or “at least,” or –

ERRIN BRIGGS: I don't have the exact language, Jax?

JACQUELYNN YBARRA: Yeah, Chair Martinez, there's actually no language in the permit itself that has that threshold for the COFR certificates. It just requires that the certificates be submitted to the county.

COMMISSIONER MARTINEZ: And who gives those certificates?

JACQUELYNN YBARRA: The state. It's the Office of Spill Prevention and Response.

COMMISSIONER MARTINEZ: Okay. So they're the ones making the determination whether they're “financially” –

ERRIN BRIGGS: Capable.

COMMISSIONER MARTINEZ: Capable.

ERRIN BRIGGS: Correct.

COMMISSIONER MARTINEZ: Okay. So any questions? Shall we enter deliberations? Let's go into deliberations. Who wants to go first? Don't all raise your hands at one time. *[Laughs]*

COMMISSIONER BRIDLEY: I'll go.

COMMISSIONER MARTINEZ: Well, I don't mind going first. I'll go first. I'll go. No problem. Okay. From what you just said, I mean, these were exact questions which I had and which I have concerns, because at the very end of our last session, I was really getting confused as to -- well, not confused -- concerned. The last thing I want to happen is what happened just a few years ago, and nobody wants to see that. I lived here for 30 years, and I plan on living here for the rest of my life, and I don't *ever* want to see that again. I appreciate the fact that in regards to the many contractors and independent contractors and those who are working with Sable right now are confirming that the safety efforts are being carried out and that the safety and the operations are being carried out in a manner which it is -- I'm trying to find the right word -- well, in a professional manner. I mean, there is this industry standard, and you meet that industry standard, and sometimes people exceed it, and it sounds like they're exceeding it. I also appreciate the fact, and I know there were some comments about this before, but I also want to go on the record and say I appreciate every single person who takes the time and effort and energy to come up here and speak. I don't care if you're a college student. I don't care if you're a worker. I don't care. That is why we're here, because that is our democratic way of allowing people to speak their way and not be fearful of ever speaking their way. And those same kind of people, they may be young and stuff, and I hear that. We're all there, at least I was. Those...you learn. And I can appreciate every single word that's being said out there, because I do want to hear them. I do read them. And giving your time for an effort or that you're passionate about or a belief in or an interest in or a concern about because it affects your working ability is critical, taking your time to be here. That shows a lot.

[07:30:00]

The way that it's been curtailed down in regards to the financial responsibility, to me I'm understanding that we don't have anything to say about it is what I'm hearing right now. It's just basically, does that certificate come through? Which leaves me kind of humbled to say, well, why did they even bring it in front of us? Is it just because of a couple of these elements and stuff? So I'm one that's thinking that if we're limited to that, then obviously, and things are met and the boxes are checked off, it's an administrative function. But I'm going to say it right now. I am not the one making the decision of if they're financially responsible or not. I'm not the one that has the ability to confirm or make them do that. Oil companies sometimes say, "I'll put it in a sinking fund. Every time I get a barrel, I'm going to put some money aside, and it's always going to be there to grab one." That hasn't been said or offered or whatever, but it's not my ability to make them offer that. But that's why I ask the hands, for all those out there, you may

work in the industry, and you live here, and I hope you have the same concerns, because I work with just as many of these contractors, too, representing different people, environmental and non-environmental people, and I'd like to think we share in that one concern about that we have a professional operation and a safe operation. That's what I have to say. Commissioner Reed?

COMMISSIONER REED: Okay. It's always an interesting day when an oil issue is before us. We have people from industry looking to maintain or create their jobs and their ability to support their families. We have people from the environmental community who profess they're here to save the planet, etc. I think everyone...I would like to believe everyone is very sincere, but in the end we're tasked with making a decision. Not everybody is going to be thrilled with it. And often a lot of peripheral issues are raised to try to expand the area of concern and of decision-making to consider such things as saving the planet, this or that, greenhouse gas, even the strategic value of responsible production of domestic oil. Nonetheless, in a case like this, which is narrowly defined, some might liken it to a clerical function in transfer of permits from one owner to another, and for which the methodology of making the decision is very well defined by County Code Section 25B. Of necessity, I believe we are required to rule on what is before us. I thought that's what I agreed to do when I took my pledge to become a commissioner, to rule on, make a transparent, fact-based decision on what lies before us, not on any sort of hyperbole that could be injected into the process in an attempt to justify some other sort of a decision. So toward that end, I look at the requirements of Code Section 25B, I look at each section, which is upon making the findings listed in Section 25B.10.1, "The Planning Commission shall" -- it's shall, not may -- bringing me back to my permit to carry arguments, but not germane to this one. "The Planning Commissioner shall approve the change of operator." And the findings are the fact that the applicant will agree to the findings and conditions of the original permit. So for each of these, for the change of owner, guarantor, and operator of the Santa Ynez unit, has the applicant and staff, have they provided the materials sufficient for me to make the findings? I say yes.

[07:35:04]

And I would indicate that for me, that means I shall approve it. That's the Santa Ynez unit. For POPCO, for me, similar case, I agree that I've seen materials, and as confirmed by staff, to substantiate making the findings, and I would think me, as the Planning Commissioner, I shall approve. Similarly for the Las Flores Pipeline, I had concerns about that, they've been satisfied, based on the public comment, and so far, other information I have heard. I've seen nothing that rises to a level sufficient to prevent me from making those findings. So I'll just say, right now, I'm in a position where I would certainly approve all three.

COMMISSIONER MARTINEZ: Okay, Commissioner Parke?

COMMISSIONER PARKE: Well there's a saying that reasonable people may reasonably disagree, and I know that Commissioner Reed is very reasonable, you'll have to judge whether I am. This is a case involving hundreds of millions of dollars, if not well over a billion, and it's very important to people that have been working and will work on the project. It's very important to people that live in the area and come through the area. This is an important case. And we're asked to make a decision based on documents we got, was it last Thursday? Maybe it was late

Wednesday. And, you know, to make a responsible decision, I have to look at what I have in front of me, and I don't have certain things that are very, very important. I don't even have all of 25B, but I can go look that up. But I need the time to look it up, and look at the cases and interpret that in statutes and so forth. I would like to see the insurance policies that are referred to in that certificate of insurance, because I can guarantee you that no one on this side of the room has ever looked at those, or even has any idea what they say, and yet we have a staff report that basically says the financial responsibility here comes from insurance policies. So I have a lot of questions, and I'm somewhat annoyed that I'm asked to make a decision on this in just a matter of days. It feels more like a guess than the kind of analysis I did for 50 years doing this kind of thing. I can tell you one thing, that yes, I agree with Commissioner Reed and staff and any others, that we have a narrower range of decision-making here than the public has discussed in their public comment. It's really not up to the Planning Commission right now to vote on whether we think oil should be shut down or not shut down. It's not up to us to vote on whether there should be no oil in Santa Barbara to protect wildlife and the beaches. These are all important things, but it's not our jurisdiction to look at it today. It's not our jurisdiction to look at is this good for the workers that have stayed in here and tried to get jobs holding on since 2015? It's an important thing, I believe it is, but it's not for us today. For us today, we have to make certain findings under 25B and relevant documents. I brought up a relevant document on the corrosion and whether we have -- EDC called it effective corrosion protection, I would call it actual corrosion protection. I feel, based on what I've seen today, if I have to vote today, I can't make those findings. I might change my mind in a few months. In a few months we'll have had the work done, the pipeline will be repaired, we'll have a better idea of what's going on. Right now we're looking at a case where Exxon has transferred its liability to a company that is not Exxon. I'm not going to attack Sable. I like the Sable people, I enjoyed my time with Jim Flores, and I think that you'll do a good job running it, so I'm not going to vote in that regard,

[07:40:09]

But with regard to whether there's the financial responsibility there, I think this goes more than just that we don't really have any authority because there's nothing in the original permits. Because I would agree with Mr. Martinez, why are we even here if that's the case, and why wasn't that stated in the staff report in the first place. But based on what we have in front of us, I can't make a very good decision right now. I'd like to wait, gather more information, see the documents, read the documents, read the law, then I'd make a better decision. But if I have to make a decision today, and that depends on the rest of the commission, then I will vote to deny because I cannot make the findings, particularly compliance with existing requirements and also the financial responsibility one.

COMMISSIONER MARTINEZ: Commissioner Bridley?

COMMISSIONER BRIDLEY: Thank you, Mr. Chair. There's a lot of things going through my head, but I'm trying to stay very organized and I really, first of all, really thank staff for doing such a good job on the staff report and guiding us and trying to bring the plane in. You know, I've been a planner all my life and so I stand behind the effort and the cost of an entitlement. And Sable, this site and this pipeline has an entitlement that's valid. There was an accident there and

that has rolled forward. However, that entitlement is valid. So I don't think lightly about doing something and making a judgment to risk that entitlement. Staff has reiterated that the findings for 25.9, their interpretation of that is very narrow. Clearly, the interpretation, and the public, about financial strength and risk assessment is -- I can't see it being more different. We have 180-degree opposite view of what some of the members of the public and the environmental community feel is that that finding should be versus what staff is telling us is being very narrow. So I'm really divided because I want to go down the path from what the environmental community is saying and they're concerned about this operator in the future. However, what I've heard from Sable, and what I've heard from people speaking and the number of contractors that have been here in front of us today, I actually am confident that Sable would be a good operator. And I am confident enough with the financial information we have, understanding that our discretion is quite limited when it comes to financial strength for this, and that instead goes to the OSPR COFR, OSPR. So I'd be inclined to support the transfer. And if the Commission chooses to follow Commissioner Parke's lead and continue it, I would support that too. But right now I'm inclined to support the case and I would be okay making the findings laid out by staff.

COMMISSIONER MARTINEZ: With that being our deliberations, then I'm looking for a motion from one of the Commissioners. Commissioner Reed?

COMMISSIONER REED: I would like to make a motion to go along with staff's recommendations to...sorry, got to make sure I get this right?

COMMISSIONER MARTINEZ: Commissioner Reed, we have it on the screen if you'd like.

COMMISSIONER REED: Oh, that's easier. Okay. That stuff up on the screen. I would like to make a recommendation that we make the required findings, determine the requests are not a project pursuant to CEQA, and approve the request to adopt conditions of approval for Change of Owner, Operator and Guarantor for the Santa Ynez Unit, Change of Operator and Guarantor for the POPCO Gas Plant, and for Change of Operator and Guarantor for the Los Flores Pipeline System.

COMMISSIONER MARTINEZ: Do I hear a second?

COMMISSIONER BRIDLEY: I'll second.

COMMISSIONER MARTINEZ: Okay, that being seconded, shall we take a vote? Do a roll call.

DAVID VILLALOBOS: Commissioner Bridley.

COMMISSIONER BRIDLEY: Aye.

DAVID VILLALOBOS: Commissioner Parke.

COMMISSIONER PARKE: No.

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Latham & Watkins
January 13, 2024
Transcript by TransPerfect

DAVID VILLALOBOS: Commissioner Reed.

COMMISSIONER REED: Aye.

DAVID VILLALOBOS: Chair Martinez?

COMMISSIONER MARTINEZ: Aye.

DAVID VILLALOBOS: Motion passed, it's three to one. *[Applause]* Mr. Chair, are we adjourned? I'm sorry. Are we adjourned?

COMMISSIONER MARTINEZ: Adjourned.

[07:45:19]

EXHIBIT 5

sableoffshore.com /governance/executive-management/default.aspx

Executive Management



Mr. Flores has served as Chairman and Chief Executive Officer of Sable Offshore Corp. since September 2021. Since 1982, Mr. Flores has had an extensive career in the oil and gas industry in the roles of Chairman, Chief Executive Officer, and President of five E&P companies, four of which were listed on the New York Stock Exchange. In 1994, he led Flores & Rucks, Inc. (NYSE: FNR) which was subsequently renamed Ocean Energy Inc. (NYSE: OEI) in 1997. In 2001, Mr. Flores became the Chairman and CEO of Plains Resources Inc. (NYSE: PLX) where, under his leadership, its E&P assets were spun off into Plains Exploration & Production Company (NYSE: PXP) and PLX was taken private in 2004. Mr. Flores served as PXP's Chairman, CEO, and President when, after more than 10 years of substantial growth, PXP was acquired by Freeport-McMoRan Copper & Gold Inc. (NYSE: FCX), one of the world's largest publicly traded copper producers, in May 2013. Mr. Flores served as Vice Chairman of FCX and as Chairman and CEO of Freeport-McMoRan Oil & Gas LLC ("FMOG"), a wholly owned subsidiary of FCX, until April 2016. From May 2017 until February 2021, Mr. Flores served as Chairman of the Board, Chief Executive Officer and President of Sable Permian Resources, LLC ("Sable Permian"). Mr. Flores is a member of the National Petroleum Council and he was inducted into the All-American Wildcatters in 1999. He was recognized as the Executive of the Year in 2004 in Oil and Gas Investor magazine. Mr. Flores received a B.S. degree in corporate finance and petroleum land management from Louisiana State University.



Mr. Flores has served as President of Sable Offshore Corp. since March 2023. He has also served as President of Sable Minerals, Inc., a Houston-based private oil and gas company, overseeing the daily operations and administration, as well as providing investment analysis for the firm. Prior to assuming the role of President of Sable Minerals, Inc., Mr. Flores was a Senior Associate for Sable Permian Resources, LLC, which engaged in the acquisition, consolidation and optimization of oil and gas upstream opportunities from February 2018 until February 2021. Prior to that time, Mr. Flores served as Operations Manager for Sable Minerals, Inc. from 2015 through 2017. Mr. Flores attended the University of Houston where he graduated with a Bachelor of Science in Business Administration.



Mr. Patrinely has served as Executive Vice President and Chief Financial Officer of Sable Offshore Corp. since September 2021. Mr. Patrinely has over 13 years of leadership, finance and operations experience in the E&P sector. From June 2018 until February 2021, Mr. Patrinely served as Executive Vice President and Chief Financial Officer of Sable Permian. Prior to serving as Sable Permian's CFO, Mr. Patrinely served as Treasurer for Sable Permian where his primary focus was leading the financial analysis and execution of various refinancing, restructuring and acquisition efforts. In addition, Mr. Patrinely was also responsible for cash management, insurance and hedging strategies and execution. Prior to Mr. Patrinely's service at Sable Permian, he was a Manager in the Acquisitions & Divestments Group of FMOG following the company's merger with PXP. Mr. Patrinely served in the same capacity with PXP. During his tenure at FMOG and PXP, Mr. Patrinely managed the execution of financings, mergers, acquisitions and divestments. Prior to his service with PXP, Mr. Patrinely worked in the Energy Investment Banking group at Madison Williams. Mr. Patrinely holds a B.S. degree in Economics with Financial Applications and a B.A. degree in English, with Honors, from Southern Methodist University.



Mr. Bourgeois has served as Executive Vice President and Chief Operating Officer of Sable Offshore Corp. since March 2023. He served as Executive Vice President of Sable Permian Resources, LLC from May 2017 until February 2021. Mr. Bourgeois served as President and Chief Operating Officer of Freeport-McMoRan Oil & Gas (“FM O&G”) from July 2015 until April 2016. Mr. Bourgeois served as Executive Vice President, Exploration and Production of FM O&G from June 2013 until July 2015. He previously served as Executive Vice President, Exploration and Production of FM O&G’s predecessor, Plains Exploration & Production Company (“PXP”) from June 2006 until PXP merged into Freeport-McMoRan Copper & Gold in May 2013. Mr. Bourgeois also served as PXP’s Vice President of Development from April 2006 to June 2006 and as PXP’s Vice President—Eastern Development Unit from May 2003 to April 2006. Prior to that time, Mr. Bourgeois was Vice President at Ocean Energy, Inc. from August 1993 to May 2003. He also served in various production engineering and drilling engineering roles for Consolidated Natural Gas Producing Company from August 1983 to August 1993 and for Mobil Oil Company from December 1980 to August 1983. Mr. Bourgeois is a graduate of Louisiana State University with a Bachelor of Science degree in Petroleum Engineering.



Mr. Duenner has served as Executive Vice President, General Counsel & Secretary of Sable Offshore Corp. since March 2023. Mr. Duenner has over 35 years of diverse legal and commercial energy experience. From

May 2017 until February 2021, Mr. Duenner served as Vice President, Corporate Development of Sable Permian Resources, LLC, which engaged in the acquisition, consolidation and optimization of oil and gas upstream opportunities. Prior to Sable Permian Resources, LLC, from June 2013 to April 2017, Mr. Duenner was Vice President—International & New Ventures for Freeport-McMoRan Oil & Gas (“FM O&G”), a wholly owned subsidiary of Freeport-McMoRan Inc., where he had responsibility for the company’s international commercial activities as well as new ventures and partnerships. He previously served as Vice President – International & New Ventures of FM O&G’s predecessor, Plains Exploration & Production Company (“PXP”) from May 2005 until PXP merged into Freeport-McMoRan Copper & Gold in May 2013. While with PXP, Mr. Duenner also served as the company’s Assistant General Counsel from May 2005 until November 2007. Prior to that time, Mr. Duenner was Vice President, Corporate Development for integrated energy company Entergy Corp., where he led corporate development activities for Entergy and its subsidiaries from 2004 to 2005. Prior to Entergy, from 1998 to 2004, Mr. Duenner served in various project development and wholesale origination functions within Enron International and its successor Prisma Energy International. Previously, Mr. Duenner was in the private practice of law with Bracewell LLP in Houston (Partner from 1994 to 1997 and Associate from 1988 to 1994) and with Morgan Lewis in Washington, D.C (Associate from 1986 to 1988). Mr. Duenner attended the University of Oklahoma and received a Bachelor of Science in Finance and a Juris Doctor degree from the University of Tulsa.

EXHIBIT 6

AGREEMENT TO COMPLY WITH CONDITIONS OF APPROVAL

OWNER(S) and OPERATOR OF RECORD for the Las Flores Pipeline System, hereinafter referred to as the PROPERTY.

MONITORING AND REPORTING. This agreement is made to ensure that all conditions of approval for the All American Pipeline Project, Final Development Plan 88-DPF-033 (RV01)z, 88-CP-60](RV01) [88-DPF-25cz; 85-DP-66CZ; 83-PD-25cz} are complied with and that all monitoring and reporting actions required of the OWNER(S) / OPERATOR OF RECORD shall be fulfilled.

OWNER(S) and OPERATOR OF RECORD hereby agrees to allow the County or its representatives onto the PROPERTY, beginning at APN 081-220-014 to monitor and ensure compliance with all conditions of approval and/or to gather information relevant for reporting purposes and compliance with the conditions of approval.

FEEES. The OWNER(S) and OPERATOR OF RECORD understands and agrees that they shall promptly pay all fees for monitoring compliance or enforcing conditions as required by conditions of the Final Development Plan.

PENALTIES FOR NON-COMPLIANCE. OWNER(S) and OPERATOR OF RECORD acknowledges that the County of Santa Barbara retains the right to bring any action which it determines is necessary to require compliance by OWNER with all conditions of approval. The County of Santa Barbara further retains the right to seek all remedies and sanctions for non-compliance, either criminal or civil, as may be provided for by law.

By signing this document, the OWNER(S) / OPERATOR OF RECORD agrees to comply with all conditions of approval.

I (WE) accept and agree to all terms, restrictions and obligations set forth in this agreement either expressly or by reference and incorporation.

Executed on the 14 day of MARCH, 2024.

OWNER OF RECORD

By B. Lance Yearwood

B. Lance Yearwood
Vice President
Pacific Pipeline Company

OPERATOR OF RECORD

By J. Caldwell Flores

J. Caldwell Flores
President
Sable Offshore Corp.

AGREEMENT TO COMPLY WITH CONDITIONS OF APPROVAL

OWNER(S) and OPERATOR OF RECORD for the Pacific Offshore Pipeline Company, hereinafter referred to as the PROPERTY.

MONITORING AND REPORTING. This agreement is made to ensure that all conditions of approval for the POPCO Gas Plant Expansion Project, Final Development Plan Permit 93-FDP-015 and 74-CP-II (RVI) are complied with and that all monitoring and reporting actions required of the OWNER(S) / OPERATOR OF RECORD shall be fulfilled.

OWNER(S) and OPERATOR OF RECORD hereby agrees to allow the County or its representatives onto the PROPERTY, at 12000 Calle Real, Goleta CA 93117 to monitor and ensure compliance with all conditions of approval and/or to gather information relevant for reporting purposes and compliance with the conditions of approval.

FEES. The OWNER(S) and OPERATOR OF RECORD understands and agrees that they shall promptly pay all fees for monitoring compliance or enforcing conditions as required by conditions of the Final Development Plan.

PENALTIES FOR NON-COMPLIANCE. OWNER(S) and OPERATOR OF RECORD acknowledges that the County of Santa Barbara retains the right to bring any action which it determines is necessary to require compliance by OWNER with all conditions of approval. The County of Santa Barbara further retains the right to seek all remedies and sanctions for non-compliance, either criminal or civil, as may be provided for by law.

By signing this document, the OWNER(S) / OPERATOR OF RECORD agrees to comply with all conditions of approval.

I (WE) accept and agree to all terms, restrictions and obligations set forth in this agreement either expressly or by reference and incorporation.

Executed on the ____ day of _____, 2024.

OWNER OF RECORD

By _____

William S. Flores
Vice President
Pacific Offshore Pipeline Company

OPERATOR OF RECORD

By  _____

J. Caldwell Flores
President
Sable Offshore Corp.

AGREEMENT TO COMPLY WITH CONDITIONS OF APPROVAL

OWNER(S) and OPERATOR OF RECORD for the Santa Ynez Unit, hereinafter referred to as the PROPERTY.

MONITORING AND REPORTING. This agreement is made to ensure that all conditions of approval for the ExxonMobil Santa Ynez Unit Expansion Project, Final Development Plan 87-DP-32cz (Modified on July 25, 2001 with 87-DP-032cz (RV05) Synergy Project) (Modified on February 19, 2003 with 87-DP-032cz (RV06) Offshore Power Cable Repair & Enhancement Project) are complied with and that all monitoring and reporting actions required of the OWNER(S) / OPERATOR OF RECORD shall be fulfilled.

OWNER(S) and OPERATOR OF RECORD hereby agrees to allow the County or its representatives onto the PROPERTY, at 12000 Calle Real, Goleta CA 93117 to monitor and ensure compliance with all conditions of approval and/or to gather information relevant for reporting purposes and compliance with the conditions of approval.

FEES. The OWNER(S) and OPERATOR OF RECORD understands and agrees that they shall promptly pay all fees for monitoring compliance or enforcing conditions as required by conditions of the Final Development Plan.


PENALTIES FOR NON-COMPLIANCE. OWNER(S) and OPERATOR OF RECORD acknowledges that the County of Santa Barbara retains the right to bring any action which it determines is necessary to require compliance by OWNER with all conditions of approval. The County of Santa Barbara further retains the right to seek all remedies and sanctions for non-compliance, either criminal or civil, as may be provided for by law.

By signing this document, the OWNER(S) / OPERATOR OF RECORD agrees to comply with all conditions of approval.

I (WE) accept and agree to all terms, restrictions and obligations set forth in this agreement either expressly or by reference and incorporation.

Executed at on the _____ day of _____, 2024.

OWNER and OPERATOR

By  _____ Date 03-14-2024

J. Caldwell Flores
President
Sable Offshore Corp.

EXHIBIT 7

CONSENT DECREE ASSUMPTION AGREEMENT

This CONSENT DECREE ASSUMPTION AGREEMENT (this “*Agreement*”), dated as of October 13, 2022 (the “*Effective Date*”), is made and entered into by and between Plains Pipeline, L.P., a Texas limited partnership (“*Seller*”) and Pacific Pipeline Company, a Delaware corporation (“*Buyer*”).

WITNESSETH:

WHEREAS, reference is made herein to that certain Consent Decree issued by the United States District Court for the Central District of California in relation to Civil Action No. 2:20-cv-02415 (*United States of America and the People of the State of California v. Plains All American Pipeline, L.P. and Plains Pipeline, L.P.*) (the “*Consent Decree*”);

WHEREAS, pursuant to that certain Asset Purchase and Sale Agreement, dated October 10, 2022, by and between Seller and Buyer (the “*Purchase Agreement*”) and those certain instruments of sale, assignment, transfer and conveyance executed in connection with the Purchase Agreement, Buyer has acquired certain assets from Seller, which include Line 901 (as defined in Consent Decree) and the segment of Line 903 (as defined in the Consent Decree) from Seller’s Gaviota pump station to Seller’s Pentland pump station (collectively, the “*Assets*”);

WHEREAS, the Consent Decree applies to the Assets and the sale and transfer of ownership and operating responsibility of the Assets by Seller to Buyer;

WHEREAS, Paragraphs 88-89 of the Consent Decree require that Buyer agree to be bound by those provisions of the Consent Decree and Appendices B and D thereof that are specifically applicable to the Assets, unless Seller has already completed the required action or unless the California Department of Forestry and Fire Protection’s – Office of the State Fire Marshal (and any of its successor departments or agencies) agrees to relieve Buyer of the obligations of any otherwise applicable provision; and

WHEREAS, pursuant to this Agreement, Seller and Buyer intend to evidence Buyer’s agreement to be bound by those provisions of the Consent Decree and Appendices B and D thereof that are specifically applicable to the acquired Assets as required by Paragraphs 88-89 of the Consent Decree.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and in the Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Buyer hereby agree as follows:

1. Pursuant to Paragraphs 88-89 of the Consent Decree, Buyer hereby agrees to be bound by those provisions of the Consent Decree and Appendices B and D thereof that are specifically applicable to the Assets.

2. From time to time, as and when requested by Seller, Buyer shall execute and deliver, or cause to be executed and delivered, such documents and instruments and shall take, or cause to be taken, such further or other actions, as Seller or its successors and permitted assigns may reasonably deem necessary or desirable in order for Seller to comply with the Consent

Decree, including Paragraphs 88-89 thereof.

3. This Agreement may be executed in one or more counterparts (including by means of facsimile or a portable document format (*.pdf)), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

4. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUDING ANY CHOICE OF LAW RULES WHICH MAY DIRECT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. EACH OF THE PARTIES HERETO IRREVOCABLY AGREES THAT ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT HEREOF SHALL BE BROUGHT AND DETERMINED IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN HOUSTON, HARRIS COUNTY, TEXAS. EACH OF THE PARTIES HERETO HEREBY (I) IRREVOCABLY SUBMITS WITH REGARD TO ANY SUCH ACTION OR PROCEEDING TO THE EXCLUSIVE PERSONAL JURISDICTION OF THE AFORESAID COURTS IN THE EVENT ANY DISPUTE ARISES OUT OF THIS AGREEMENT AND WAIVES THE DEFENSE OF SOVEREIGN IMMUNITY, (II) AGREES THAT IT SHALL NOT ATTEMPT TO DENY OR DEFEAT SUCH PERSONAL JURISDICTION BY MOTION OR OTHER REQUEST FOR LEAVE FROM ANY SUCH COURT OR THAT SUCH ACTION IS BROUGHT IN AN INCONVENIENT FORUM AND (III) AGREES THAT IT SHALL NOT BRING ANY ACTION RELATING TO THIS AGREEMENT IN ANY COURT OTHER THAN THE ABOVE COURTS. THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY A PARTY HERETO AGAINST THE OTHER PARTY IN ANY MATTER WHATSOEVER ARISING OUT OF OR IN RELATION TO OR IN CONNECTION WITH THIS AGREEMENT.

5. This Agreement shall not be assigned by either party hereto without the written consent of the other party hereto, and nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

PLAINS PIPELINE, L.P.
By: Plains GP LLC, its general partner

By: _____

Name: Jeremy Goebel

Title: Executive Vice President PAS

CS

PACIFIC PIPELINE COMPANY

By: 
Name: Ryan Allain
Title: Director

EXHIBIT 8



CALIFORNIA CERTIFICATE OF FINANCIAL RESPONSIBILITY (CA COFR)

OWNER OR OPERATOR:

SABLE OFFSHORE CORP.

meets the financial responsibility requirements set forth in the Government Code Sections 8670.37.53 as it applies to the operation of

NAME: **RWCS:** 654.00 Bbl(s)

CRUDE OIL & WATER EMULSION PIPELINE - PORTION IN STATE WATERS FROM

LOCATION:

FEDERAL SANTA YNEZ UNIT TO LAS FLORES CANYON FACILITY. SEG.# 5510190

CERTIFICATE: 2-2623-00-001

CONTROL #: FI663

ISSUED DATE: October 03, 2024

EXPIRATION DATE: August 31, 2026

The holder of this document named above is subject to the provisions of California Code of Regulations, Title 14, Sections 791-797, implementing the financial responsibility requirements set forth in the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act (Act). This certificate holder has provided the necessary evidence of financial responsibility mandated by these requirements.

For the purpose of determining liability pursuant to the Act, this Certificate of Financial Responsibility is conclusive evidence that the person or entity holding the certificate is the party responsible for the specific Marine Facility.

No alterations of this certificate are permitted after issuance by the Administrator of OSPR. If there is a change in the name or ownership of the Marine Facility, the certificate holder must notify the Office of Spill Prevention and Response (OSPR) immediately. If the certificate expires, a new certificate will be required.

This certificate remains valid as long as the current method for demonstrating financial responsibility is maintained (eg. insurance). Any changes in this status must be reported to OSPR immediately.

It is the owner or operator's responsibility to ensure that this certificate number is also included in the owner or operator's marine oil spill contingency plan, which must be submitted to this office for approval, before operating in a location where a spill could impact California marine waters.

If you have any questions, please contact me.

Sincerely,

Caitlin Hichborn

Financial Analyst

(916) 375-6071

Office of Spill Prevention and Response

cacofr-facilities@wildlife.ca.gov





CALIFORNIA CERTIFICATE OF FINANCIAL RESPONSIBILITY (CA COFR)

OWNER OR OPERATOR:

PACIFIC PIPELINE COMPANY

meets the financial responsibility requirements set forth in the Government Code Sections 8670.37.53 as it applies to the operation of

NAME: 24" CA-324- Las Flores Pipeline (Las Flores Canyon to Gaviota) **RWCS:** 1935.00 Bbl(s)

LOCATION:

CERTIFICATE: 2-2624-00-001 **CONTROL #:** FI661

ISSUED DATE: October 03, 2024 **EXPIRATION DATE:** August 31, 2026

The holder of this document named above is subject to the provisions of California Code of Regulations, Title 14, Sections 791-797, implementing the financial responsibility requirements set forth in the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act (Act). This certificate holder has provided the necessary evidence of financial responsibility mandated by these requirements.

For the purpose of determining liability pursuant to the Act, this Certificate of Financial Responsibility is conclusive evidence that the person or entity holding the certificate is the party responsible for the specific Marine Facility.

No alterations of this certificate are permitted after issuance by the Administrator of OSPR. If there is a change in the name or ownership of the Marine Facility, the certificate holder must notify the Office of Spill Prevention and Response (OSPR) immediately. If the certificate expires, a new certificate will be required.

This certificate remains valid as long as the current method for demonstrating financial responsibility is maintained (eg. insurance). Any changes in this status must be reported to OSPR immediately.

It is the owner or operator's responsibility to ensure that this certificate number is also included in the owner or operator's marine oil spill contingency plan, which must be submitted to this office for approval, before operating in a location where a spill could impact California marine waters.

If you have any questions, please contact me.

Sincerely,

Caitlin Hichborn

Financial Analyst

(916) 375-6071

Office of Spill Prevention and Response

cacofr-facilities@wildlife.ca.gov





CALIFORNIA CERTIFICATE OF FINANCIAL RESPONSIBILITY (CA COFR)

OWNER OR OPERATOR:

PACIFIC PIPELINE COMPANY

meets the financial responsibility requirements set forth in California Government Code Section 8670.37.53 as it applies to the operation of

NAME:

Las Flores Pipeline System

RISK TYPE: Perennial

LOCATION:

CA-325A/B- Las Flores Pipeline, Gaviota to Pentland

RWCS: 15269.00 Bbl(s)

CERTIFICATE: 4-2624-00-001

CONTROL #: FI662

ISSUED DATE: October 03, 2024

EXPIRATION DATE: August 31, 2026

The holder of this document named above is subject to the provisions of California Code of Regulations, Title 14, Sections 791-797, implementing the financial responsibility requirements set forth in the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act (Act). This certificate holder has provided the necessary evidence of financial responsibility mandated by these requirements.

For the purpose of determining liability pursuant to the Act, this Certificate of Financial Responsibility is conclusive evidence that the person or entity holding the certificate is the party responsible for the specific Facility.

No alterations of this certificate are permitted after issuance by the Administrator of OSPR. If there is a change in the name or ownership of the Facility, the certificate holder must notify the Office of Spill Prevention and Response (OSPR) immediately. If the certificate expires, a new certificate will be required.

This certificate remains valid as long as the current method for demonstrating financial responsibility is maintained (eg. insurance). Any changes in this status must be reported to OSPR immediately.

It is the owner or operator's responsibility to ensure that this certificate number is also included in the owner or operator's oil spill contingency plan, which must be submitted to OSPR office for approval, before operating in a location where a spill could impact California waters of the state.

If you have any questions, please contact me.

Sincerely,

Caitlin Hitchborn

Financial Analyst
Office of Spill Prevention and Response

(916) 375-6071

cacofr-facilities@wildlife.ca.gov



EXHIBIT 9

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): November 14, 2024

Sable Offshore Corp.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-40111
(Commission
File Number)

85-3514078
(I.R.S. Employer
Identification No.)

845 Texas Avenue, Suite 2920
Houston, Texas
(Address of Principal Executive Offices)

77002
(Zip Code)

(713) 579-6161
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencements communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	SOC	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On November 14, 2024, Sable Offshore Corp. (the “Company”) issued a press release announcing results for the quarter ended September 30, 2024. A copy of the press release is attached hereto as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information furnished pursuant to this Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference in any filing made by the Company under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act.

Item 7.01 Regulation FD Disclosure

On November 14, 2024, the Company issued a press release providing an update on its ongoing coordination with the California Coastal Commission. A copy of the press release is attached hereto as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference. The information furnished pursuant to this Item 7.01, including Exhibit 99.2, shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference in any filing made by the Company under the Securities Act or the Exchange Act.

Item 9.01 Financial Statements and Exhibits

(d) *Exhibits*

<u>Exhibit No.</u>	<u>Description of Exhibits</u>
99.1	Press Release of Sable Offshore Corp., dated November 14, 2024, announcing results for the quarter ended September 30, 2024.
99.2	Press Release of Sable Offshore Corp., dated November 14, 2024, providing an update on coordination with the California Coastal Commission.
104	Cover page Interactive data file (embedded within the inline XBRL document).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Sable Offshore Corp.

Date: November 14, 2024

By: /s/ Gregory D. Patrinely

Name: Gregory D. Patrinely

Title: Executive Vice President and Chief Financial Officer

Sable Offshore Corp. Reports Third Quarter 2024 Financial and Operational Results

Houston, November 14, 2024 – Sable Offshore Corp. (“Sable,” or the “Company”)(NYSE: SOC) today announced its third quarter 2024 financial and operational results.

Third Quarter 2024 Financial Highlights

- Reported a net loss of \$255.6 million for the quarter, primarily attributable to a non-cash change in fair value of warrant liabilities related to common share price and warrant price appreciation during the quarter, production restart related operating expenses, and interest expense.
- Ended the quarter with 78,789,516 shares of Common Stock outstanding after successfully raising \$150.0 million in gross equity capital through a private placement of 7,500,000 shares of Common Stock and raising \$72.5 million in equity capital through the exercise of 6,315,977 public warrants during the quarter.
- Ended the quarter with outstanding debt of \$814.4 million, inclusive of paid-in-kind interest, additional principal incurred from loan amendment, and debt issuance costs.
- Increased cash and cash equivalents balance to \$288.2 million by the end of the third quarter, exclusive of restricted cash balance of \$35.3 million.

Third Quarter 2024 Operational Highlights

- Reached a conditional settlement with Santa Barbara County (the “County”), in which the County acknowledged that they do not have jurisdiction over the installation of 16 new safety valves in the County along the Las Flores Pipeline System (the “Pipeline”).
- Progressed restart related work at the SYU offshore platforms and Las Flores Canyon facilities through overhauling gas compressors, completing the safety device testing campaign, finishing all vessel and piping circuit integrity inspections, while onboarding and training a workforce of over 100 direct staff members and approximately 400 contractors across all Sable operating locations.
- Made significant progress in executing the anomaly repair program on the Pipeline, reaching approximately 100 anomalies repaired through the end of the quarter, installing safety valves, and implementing other enhancements required to meet and exceed the conditions of the federal court consent decree to restart the Pipeline.

Recent Events

- Received confirmation from the Bureau of Safety and Environmental Enforcement that Sable’s recent completion of lease-holding activities serves to maintain all 16 leases within the Santa Ynez Unit (“SYU”) to October 9, 2025.
- On October 30, 2024, the Santa Barbara County Planning Commission voted to approve Sable as the Owner, Operator, and Guarantor of the SYU, POPCO Gas Plant, and Las Flores Pipeline System.
- Completed the redemption of all outstanding public warrants on November 4, 2024. In total, 15,957,820 public warrants were exercised for \$183.5 million in gross proceeds.
- As of November 13, 2024 there were 89,099,863 shares of the Company’s Common Stock outstanding and an unrestricted cash balance of approximately \$362.9 million.

About Sable

Sable Offshore Corp. is an independent oil and gas company, headquartered in Houston, Texas, focused on responsibly developing the Santa Ynez Unit in federal waters offshore California. The Sable team has extensive experience safely operating in California.

Forward-Looking Statements

The information in this press release include “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. When used in this press release, the words “could,” “should,” “will,” “may,” “believe,” “anticipate,” “intend,” “estimate,” “expect,” “project,” “continue,” “plan,” “forecast,” “predict,” “potential,” “future,” “outlook,” and “target,” the negative of such terms and other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements will contain such identifying words. These statements are based on the current beliefs and expectations of Sable’s management and are subject to significant risks and uncertainties. Actual results may differ materially from those described in the forward-looking statements. Factors that could cause Sable’s actual results to differ materially from those described in the forward-looking statements include: the ability to recommence production of the SYU assets and the cost and time required therefor; global economic conditions and inflation; increased operating costs; lack of availability of drilling and production equipment, supplies, services and qualified personnel; geographical concentration of operations; environmental and weather risks; regulatory changes and uncertainties; litigation, complaints and/or adverse publicity; privacy and data protection laws, privacy or data breaches, or loss of data; our ability to comply with laws and regulations applicable to our business; and other one-time events and other factors that can be found in Sable’s Annual Report on Form 10-K for the year ended December 31, 2023, and any subsequent Quarterly Report on Form 10-Q or Current Report on Form 8-K, which are filed with the Securities and Exchange Commission and are available on Sable’s website (www.sableoffshore.com) and on the Securities and Exchange Commission’s website (www.sec.gov). Except as required by applicable law, Sable undertakes no obligation to publicly release the result of any revisions to these forward-looking statements to reflect the impact of events or circumstances that may arise after the date of this press release.

Disclaimers*Non-Producing Assets*

The SYU assets have not produced commercial quantities of hydrocarbons since such assets were shut in during June of 2015 when the only pipeline transporting hydrocarbons produced from such assets to market ceased operations. There can be no assurance that the necessary permits will be obtained that would allow the pipeline to recommence transportation and allow the assets to recommence production. If production is not recommenced by January 1, 2026, the terms of the asset acquisition with ExxonMobil Corporation would potentially result in the assets being reverted to ExxonMobil Corporation without any compensation to Sable therefor.

Contacts

Investor Contact:
Harrison Breaud
Director, Finance & Investor Relations
IR@sableoffshore.com
713-579-8111

Sable Offshore Corp. Continues to Coordinate with California Coastal Commission on Maintenance and Repair Work in the Coastal Zone

Santa Barbara, Calif. November 14, 2024 – Today, Sable Offshore Corp. (“Sable”) provided an update on its ongoing coordination with the California Coastal Commission (“CCC” or “Commission”) related to Sable’s maintenance and repair work along the existing Pacific Pipeline Company Las Flores Pipelines CA-324 and CA-325. The following statement was issued by Steve Rusch, Vice President of Regulatory & Environmental Affairs at Sable:

“Maintenance and repair activities that are exempt from Coastal Act permitting requirements have been conducted on the Las Flores Pipeline system under the pipeline’s existing Coastal Development Permits for the last 35+ years, and Sable believes recent work on the pipelines is within the scope of those historic activities. Sable has been extremely concerned about environmental risk from open excavations along the pipeline route since the Coastal Commission asked Sable to stop all work in the Coastal Zone at the end of September. Sable and the CCC are now working to agree on the terms of an interim work plan to fill the open excavations, and Sable will be prepared to start work immediately to fill those open excavations in order to protect the environment against erosion in case of any rain events. Restoring the excavations to their original condition will be the best way to ensure that the environment will be protected, which is the highest priority for the CCC and Sable. Once the CCC approves Sable’s interim work plan, Sable expects the work will take approximately seven days and Sable is prepared to start the work immediately. This coordination will allow for CCC and Sable to progress their discussions regarding how to proceed with the remaining pipeline maintenance and repair work in the Coastal Zone, without threat of erosion or other environmental impact during the onset of any inclement weather. We appreciate CCC staff’s engagement and efforts to work with us in trying to arrive at a solution, and share the Commission’s passion for protecting the environment and coastal resources.”

The Las Flores Pipeline system is 124 miles long and spans multiple properties. The open excavations with exposed pipe are limited to nine parcels of land in the Coastal Zone where pipeline maintenance and repair work already was underway. Outside of the Coastal Zone, Sable has continued its maintenance and repair activities along the pipeline to bring it to “as new” condition.

About Sable

Sable Offshore Corp. is an independent oil and gas company, headquartered in Houston, Texas, focused on responsibly developing the Santa Ynez Unit in federal waters offshore California. The Sable team has extensive experience safely operating in California.

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Contacts

Investor Contact:
Harrison Breaud
Director, Finance & Investor Relations
IR@sableoffshore.com
713-579-8111

EXHIBIT 10



**DEPARTMENT OF FORESTRY AND FIRE PROTECTION
OFFICE OF THE STATE FIRE MARSHAL**

P.O. Box 944246
Sacramento, California 94244-2460
(916) 568-3800
Website: www.fire.ca.gov



CERTIFIED MAIL No: 9589-0710-5270-1475-5353-08

December 17, 2024

Lance Yearwood
Vice President
Sable Offshore Corp
845 Texas Avenue, Suite 2920
Houston, Texas 77002

SUBJECT: LETTER OF DECISION ON THE STATE WAIVER REQUEST FOR LIMITED EFFECTIVENESS OF CATHODIC PROTECTION ON THERMALLY INSULATED PIPELINE AND CORROSION OF OR ALONG A LONGITUDINAL SEAM WELD (CA-324)

Operator: Sable Offshore Corp
OPID# 40851
845 Texas Avenue, # 2920
Houston, Texas 77002

Pipeline: OSFM Line ID 0015 - 10.86 miles (Las Flores Canyon to Gaviota) of Sable Offshore Corp CA-324 (OSFM Line ID 0015) located in Santa Barbara County, California as described in the request of state waiver dated April 24, 2024

Dear Mr. Yearwood:

The Office of the State Fire Marshal (OSFM) received Sable Offshore Corp's (*Sable*) state waiver request (*Application*) on April 24, 2024, in accordance with the terms of the Consent Decree (CD) between Plains Pipeline, L.P. and the United States of America and the People of the State of California, DOJ Case REF. NO. 90-5-1-1-1130 (Appendix B, Article 1.1.D).

In addition, Sable requested a regulatory relief from Title 49 Code of Federal Regulations (49 C.F.R.), § 195.452(h)(4)(iii)(H) *Corrosion of or along a longitudinal seam weld* for Sable CA-324.

Lance Yearwood
December 17, 2024
Page 2

Sable explained that its goal is to appropriately manage the risk of corrosion under insulation that may occur as a result of inadequate cathodic protection due to the shielding effects of the polyurethane foam and the polyethylene tape wrap. Sable described the measures it has taken to address this risk and implemented and proposed a number of additional measures designed to mitigate the risk of corrosion under insulation that may result from potential ineffective cathodic protection (CP).

Sable provided the OSFM with its proposed measures to mitigate the risk of corrosion under insulation. Sable also provided the OSFM information from the completed in-line inspections and additional data requested by our office. The OSFM Pipeline Safety Engineers have reviewed the materials provided and have been in communication with the United States Department of Transportation (USDOT), Pipeline and Hazardous Materials Safety Administration (PHMSA) Engineering and Research Division to incorporate PHMSA's recommended conditions into the state waiver.

The OSFM has regulatory jurisdiction over the safety standards and practices of intrastate hazardous liquid pipeline transportation within California. As a Pipeline Safety Program that is certified under 49 USC § 60105, the OSFM may grant a state waiver with a pipeline safety regulation adopted by the state of California. Title 49 C.F.R., Part 195 was adopted by reference as it relates to hazardous liquid pipelines within Title 19 California Code of Regulations (19 CCR), Section 2000.

This state waiver applies to Sable's Line CA-324 (OSFM Line ID 0015) which consists of a 10.86 mile long, 24-inch outside diameter pipeline segment with the origin and termination points as described in the application. The pipeline is located in Santa Barbara, California and shall be referred herein as CA-324.

The state waiver shall not become effective until (1) PHMSA issues an Order approving the waiver or stating it has no objection to the waiver or (2) PHMSA takes no action on the waiver within sixty (60) days after receiving the Letter of Decision from the OSFM.

The state waiver is limited to a term of no more than ten (10) years from the date it becomes effective, which shall be considered as the date of issuance. The OSFM may terminate the state waiver under conditions detailed below.

Applicable Regulations

The OSFM hereby grants this state waiver for CA-324, provided that Sable complies with the specific requirements in this state waiver and any additional conditions outlined by PHMSA. The pipeline must be operated and maintained in accordance with the CD, these state waiver conditions and 49 C.F.R. Part 195, with the exception of 49 C.F.R. §195.452(h)(4)(iii)(H). In the event of a conflict between the state waiver conditions and the applicable requirements under 49 C.F.R. Part 195, the state waiver conditions control.

Lance Yearwood
December 17, 2024
Page 3

Should additional federal or State statutory or regulatory requirements come into effect following the implementation of this state waiver, CA-324 shall be subject to those requirements except where they are in conflict with the State Waiver or the safe operation of the pipeline.

General Conditions

1. The pipeline can only be used to transport crude oil as stated in the application.
2. The maximum operating pressure (MOP) of CA-324 cannot exceed 1003 pounds per square inch gauge (psig).
3. The maximum operating temperature of the crude oil that transports in CA-324 must not exceed 140 Fahrenheit for more than 12 consecutive hours.
4. Prior to startup, Sable must develop and implement procedures for the conditions and requirements described in the state waiver.
5. This state waiver does not relieve Sable from other requirements under 49 C.F.R. Part 195 or the Elder California Pipeline Safety Act of 1981 other than contained herein.
6. This state waiver does not relieve Sable from any requirements imposed by the Consent Decree (United States District Court Central District of California Civil Action No. 2:20-cv-02415).
7. In-line inspection must include:
 - a. Use of a tool that is at least capable of reliably detecting and identifying cluster corrosion and general corrosion. Definition of cluster and general corrosion is as follows:
 - i. Cluster means two or more adjacent metal loss features in the wall of the pipe or weld that may interact based on interaction criteria.
 - ii. General corrosion means uniform or gradually varying loss of wall thickness over an area.
 - b. Use of a tool that is at least capable of reliably detecting and sizing corrosion at a 90 percent probability of detection (POD) and probability of identification (POI).
 - c. Use of a tool that is at least capable of reliably detecting and sizing cracks or crack-like anomalies at a 90 percent POD and POI.
8. Prior to placing CA-324 in operation, Sable must perform fracture toughness tests on the existing 24" pipe from CA-324 in accordance with ASTM E1820-23B Standard Test Method for Measurement of Fracture Toughness. All of the test specimens must be from the predominant existing 24" pipe, specifically API 5L X65 HF-ERW pipe with a nominal thickness of 0.344" that was manufactured by

Lance Yearwood
December 17, 2024
Page 4

Nippon Steel Corp. in the 1980s. At least three (3) separate tests must be performed to obtain the fracture toughness values of the pipe body, heat affected zone (HAZ)¹, and the HF-ERW long seam weld on the pipe to represent the fracture toughness of its CA-324 (i.e. three (3) samples for pipe body, three (3) samples for HAZ, and three (3) samples for the HF-ERW long seam weld). The lowest fracture toughness value must be applied to conditions 10, 30, 33, and 48. Sable may use pipe samples taken opportunistically during ongoing pipeline maintenance and repair efforts.²

9. All immediate and 180-day repair conditions that are listed in this state waiver must be evaluated and remediated prior to restarting CA-324. Sable must utilize Ultrasonic Thickness Wall Measurement (UTWM) and Ultrasonic Shear Wave Crack Detection (USCD) in-line inspection (ILI) tools within seven (7) days of achieving initial steady state operation in accordance with an ILI survey schedule approved by OSFM. Sable must utilize the most recent Ultrasonic Thickness Wall Measurement (UTWM) and Ultrasonic Shear Wave Crack Detection (USCD) in-line inspection (ILI) results when identifying these repair conditions.
10. Remaining strength of pipe calculation for all metal loss anomalies must be in accordance with the Modified B31G method as described in ASME B31G *Manual for Determining the Remaining Strength of Corroded Pipelines*. If ASME B31G 2012 Edition is used, then it must comply with the conditions in accordance with Section 1.2 and exclusions in accordance with Section 1.3 of ASME B31G 2012 Edition. However, if the metal loss anomaly intersects or is within one (1) inch (circumferentially) of the longitudinal seam weld, Sable must also calculate the predicted failure pressure of the anomaly by using the crack-like flaw evaluation method ASME FFS-1/API 579-1.
11. Sable must utilize cleaning pigs at regular intervals not to exceed a biweekly basis to maintain adequate cleanliness on the internal pipe wall of its CA-324.

Pressure Testing

12. Prior to placing the pipeline in operation, Sable must conduct a spike hydrostatic pressure test of the state waiver pipeline segments at a minimum pressure that is at least 1.5 times the MOP or 100% SMYS, for a minimum of 15 minutes after

¹ The heat affected zone (HAZ), as used in the state waiver, is defined as a 1-inch-wide area on either side of the longitudinal weld seam.

² Sable must submit all fracture toughness results to the OSFM prior to restarting the pipeline.

Lance Yearwood
December 17, 2024
Page 5

- the spike test pressure is stabilized. Sable must field evaluate and remediate the following anomalies before performing the spike hydrostatic test on CA-324:
- a. All metal loss anomalies that have an ILI reported depth of 40% and greater wall loss.
 - b. All anomalies that have a predicted failure pressure less than or equal to 1.6 times MOP.
13. Immediately following the spike hydrostatic pressure test, Sable must conduct an 8-hour hydrostatic pressure test of the state waiver pipeline segments at a minimum of 1.25 times the MOP.
 14. Sable must obtain the Test ID from the OSFM for each hydrostatic pressure test and have the approved independent testing firm forward separately the certified test results to the OSFM.
 15. Each hydrostatic pressure test must be performed in accordance with the applicable requirements of 49 C.F.R., Part 195 Subpart E – Pressure Testing and monitored by an independent testing firm listed under the OSFM approved hydrostatic testing companies.
 16. Failures resulting from the spike hydrostatic pressure test or the 8-hour strength test shall be immediately reported³ to the OSFM via email at PipelineNotification@fire.ca.gov
Subject: OSFM State Waiver - Hydrotest Failure
 17. Section(s) of the state waiver pipeline segments that failed during the required hydrotesting must be repaired by removing and replacing the failed section. The OSFM reserves the right to revoke the state waiver if failure(s) raise the concern that the pipeline cannot be safely operated.

In-Line Inspection (ILI) Assessment and Frequency

18. At least 90 days prior to performing in-line inspections of the state waiver segment, Sable shall provide the OSFM with a written notification to PipelineNotification@fire.ca.gov describing its assessment plan with the following information:
 - a) Dates for integrity assessment
 - b) In-line inspection tool(s) selected, in accordance with API Standard 1163 Section 5 and NACE SP0102⁴ to assess the integrity of the subject pipe

³ In addition to the OSFM reporting, Sable shall follow all additional state reporting requirements.

⁴ Industry standards that are referenced in this state waiver must utilize the editions that are incorporated by referenced in Title 49 Part 195.3 unless another edition was explicitly specified.

Lance Yearwood
December 17, 2024
Page 6

- segment(s) in which ILIs must be capable to detect and size wall loss, dents, internal corrosion, external corrosion, cracks and crack-like indications
- c) In-line inspection tool vendor(s)
 - d) Required tool specifications including operational specifications and anomaly sizing tolerances
 - e) Tool validation methodology
 - f) Anomaly feature identification criteria and reporting thresholds – wall loss, dents, internal corrosion, external corrosion, cracks, and crack-like indications
 - g) Criteria used to identify locations for excavation and field verification
 - h) Non-destructive examination
19. Within seven (7) days prior to any anticipated ILI tool run, Sable must utilize extensive brush pigs and solvents (xylene or other chemicals) to ensure that the internal pipe wall does not have any corrosive products, wax, and bacteria buildup that may affect the ILI tool performance.
20. Metal Loss Tool(s)
- a. Initial ILI tool runs – Each year, during the first two (2) years of operating CA-324, Sable shall conduct at least two (2) ILIs using a UTWM tool with an inertial measurement unit (IMU). Sable shall compare both runs and evaluate all available information, including these tool runs and corresponding IMU data. Sable shall perform the UTWM tool run every six (6) months not to exceed nine (9) months. If a UTWM tool run is unsuccessful, Sable shall identify the limitations that prevented the UTWM tool run from being successful, consider changes to increase the likelihood of a successful UTWM tool run, and use best efforts to rerun the UTWM tool within 30 days.
 - b. Subsequent ILI tool runs – After the first two (2) years of operating CA-324, Sable shall conduct at least one (1) Ultrasonic Wall Measurement tool (UTWM) each calendar year, not to exceed 15 months or the ILI assessment must be assessed at more frequent intervals if the remaining Failure Pressure Ratio will be less than 1.39 times MOP prior to the next ILI assessment, based upon anomaly growth estimates and pressure cycling. If any UTWM tool run is deemed to be unsuccessful, Sable shall document the reasons why the UTWM tool was unsuccessful, consider changes to increase the likelihood of a successful UTWM tool run, and must reassess the pipeline within 30 days after it was deemed to be unsuccessful. All metal loss tool runs must also utilize an Inertial Measurement Unit (IMU).
21. Crack Detection Tools - Sable shall conduct at least one (1) Ultrasonic Shear Wave Crack Detection (USCD) tool each calendar year, not to exceed 15

Lance Yearwood
December 17, 2024
Page 7

- months⁵ or ILI assessment must be assessed at more frequent intervals if condition 48 determined a shorter assessment interval.
- a. These crack tool runs must utilize an Inertial Measurement Unit (IMU) and must be able to detect and size axial and circumferential cracks.
 - b. USCD Performance Specification Requirements
 - i. The USCD tools must have a probability of detection that is $\geq 90\%$ for axial and circumferential cracks.
 - ii. The minimum crack depth that can be detected must be at least 1 mm for axial and circumferential cracks that are located in the base material.
 - iii. The minimum crack depth that can be detected must be at least 2 mm for axial and circumferential cracks that are located in the weld.
 - iv. The depth sizing accuracy for cracks must be ± 0.8 mm for axial cracks and ± 1 mm for circumferential cracks.
22. Dents and Pipe Deformation: Sable shall conduct a high-resolution deformation ILI tool with each UTWM.
23. Where any ILI tool fails to record data for 5% or more of the external and/or internal surface area of the inspected segment, reassess with the ILI tool to cover the area that is deemed to be inadequate data of the inspected segment. In addition, if the ILI tool travels at a speed that is outside the range of the tool velocity listed in the tool specification for 2% or more of the length of the inspected segment, Sable must rerun the ILI tool to reassess the pipeline segment in which the ILI tool velocity was outside of the specified tool velocity range.
24. All ILI tool runs must obtain the Test ID from the OSFM prior to run.
25. Sable must require its ILI tool vendor(s) to include in the vendor's inspection report all metal loss indications of 10% or greater, based on raw data, prior to adding in any correction for tool tolerance.
26. Sable must incorporate ILI tool accuracy by ensuring that each ILI tool service provider determines the tolerance of each tool, in accordance with API Standard 1163 Second Edition and includes that tolerance in determining the size of each indication reported to Sable.
27. Sable must account for ILI tool tolerance and anomaly growth rates in scheduled response times, repairs, and future reassessment intervals. Sable must

⁵ Sable may petition the OSFM to revise the reassessment interval for Crack Detection Tool(s) when sufficient evidence is available to determine if crack growth rates could support a longer reassessment interval. Changes to the reassessment interval are subject to OSFM and PHMSA approval.

Lance Yearwood
December 17, 2024
Page 8

document and justify the values used. Sable must demonstrate ILI tool tolerance accuracy for each ILI tool run by using calibration, excavations, and unity plots⁶ that demonstrate ILI tool accuracy to meet the tool accuracy specification provided by the vendor (typical for depth within +10% accuracy for 80% of the time). Sable must compare previous indications to current indications that are significantly different. If a trend is identified where the tool has been consistently over-calling or under-calling, the remaining ILI features must be re-graded accordingly.

28. Prior to the ILI final report being received, Sable must perform at least four (4) separate validation digs that do not interact with each other. At a minimum, Sable must perform validation digs in accordance with Level 2 of API Standard 1163, "In-line Inspection System Qualification" (Second Edition, April 2013).

Discovery of Condition

29. The discovery date must be within 180 days of any ILI tool run for each type of ILI tool.

Immediate Repair Conditions⁷

30. A crack or crack-like anomaly that meets any of the following criteria:
 - a. Crack or crack-like anomaly that is equal to or greater than 50% of pipe wall thickness.
 - b. Crack or crack-like anomaly that has predicted failure pressure of less than 1.39 times the MOP as calculated using crack-like flaw evaluation method ASME FFS-1/API 579-1.
31. Internal or external metal loss anomalies where the remaining strength of pipe shows a predicted failure pressure less than 1.39 times the MOP.
32. Any external cluster corrosion or external general corrosion that is located on the bottom half of the pipeline (below the 3 and 9 o'clock positions) where the

⁶ A minimum of four (4) independent direct examination excavations must be used for unity plots.

⁷ The criteria outlined in the state waiver is supplemental to the requirements set forth in §195.452(h)(4)(i) *Immediate repair conditions* and does not relieve Sable from complying with §195.452(h)(4)(i). All immediate repair conditions must be remediated with a permanent repair method.

Lance Yearwood
December 17, 2024
Page 9

remaining strength of pipe shows a predicted failure pressure less than 1.5 times the MOP.⁸

180-Day Repair Conditions⁹

33. A crack or crack-like anomaly that has predicted failure pressure of less than 1.5 times the MOP.
34. Internal or external metal loss anomalies where the remaining strength of pipe shows a predicted failure pressure less than 1.5 times the MOP.
35. All internal or external metal loss anomalies that have an ILI reported depth of 40% or greater wall loss, including tool sizing tolerance for depth.¹⁰
36. For any crack (likely crack or possible crack) or crack-like anomaly, regardless of its dimensions, that interacts with metal loss anomalies and are within one (1) inch (circumferentially) of the longitudinal seam weld, Sable must integrate the ILI results from the most recent crack tool run and the most recent metal loss tool run before the discovery date deadline.

Corrosion Growth Rate Analysis (CGRA)

37. Sable must develop a CGRA procedure to annually calculate corrosion growth rates between successive ILI's (using most recent ILI compared to prior ILI) and perform pipeline remediations needed to assure the integrity of the pipeline is maintained.¹¹ The timing of pipeline remediations under this condition shall be based on the most recent calculation of short-term corrosion rates.
38. The CGRA procedure must include ILI data matching methods¹² to analyze data from successive ILI's, methodologies for growth rate calculations and errors from comparing ILI data.

⁸ Cluster means two or more adjacent metal loss features in the wall of the pipe or weld that may interact based on interaction criteria. General corrosion means uniform or gradually varying loss of wall thickness over an area.

⁹ The criteria outlined in the state waiver is supplemental to the requirements set forth in §195.452(h)(4)(iii) 180-day conditions and does not relieve Sable from complying with §195.452(h)(4)(iii). All 180-day repair conditions must be remediated with a permanent repair method.

¹⁰ For example, if the ILI tool reports a 31% metal loss anomaly and the tool sizing tolerance is ± 10 for depth, then this anomaly is a 180-day repair condition since it can be considered as an external metal loss anomaly with 41% metal loss depth. If Sable is unable to remediate such indications within 180 days of discovery, Sable must notify the OSFM, temporarily reduce the operating pressure, and take further remedial action in accordance with 49 C.F.R. §195.452 until the indication is remediated or until otherwise authorized by OSFM.

¹¹ At a minimum, Sable must include signal matching between ILI data sets.

¹² If there are several matching techniques that can be used, Sable must utilize the most accurate method of comparing ILI data sets.

Lance Yearwood
December 17, 2024
Page 10

39. Sable must identify the projected date when remaining metal loss indications will reach a depth of 70% or greater wall loss.
40. When determining the projected date when remaining metal loss indications will reach a depth of 70% or greater wall loss, Sable must account for reported ILI depth, tool tolerance and corrosion growth rates¹³.
41. All metal loss indications that are projected to reach a depth of 70% or greater wall loss prior to the next ILI, will become actionable and must be remediated before the next ILI.

Pressure Reduction

42. If Sable is unable to perform field evaluation and remediation of any required conditions within the time limit conditions specified in the state waiver, Sable must temporarily implement a minimum 20 percent or greater operating pressure reduction, based on actual operating pressure for two (2) months prior to the date of inspection, until the anomaly is repaired.

In Field Direct Examination of Pipe

43. Direct examinations¹⁴ of pipe must include appropriate non-destructive examination methods for cracking such as magnetic particle inspection (MPI), shear wave technology or phased array ultrasonic testing (PAUT).¹⁵ PAUT must be used for sizing any crack or crack-like anomaly lengths and depths.
44. Permanent repairs of metal loss anomalies are required for any section of pipe with wall loss equal to or greater than 40% in accordance with repair method 1, 4b, or 5 of Table 451.6.2(b)-1 of ASME B31.4 2006 Edition. However, the following additional conditions are applied if Sable chooses repair method 5 for metal loss anomalies:
 - a. Method 5 must not be used on metal loss anomalies that are in the HAZ, girth weld, or longitudinal seam weld.

¹³ Growth projections must use corrosion rates determined in accordance with the CGRA procedure. A default corrosion rate of 32 mpy must be used in determining projections, if corrosion rates determined by CGRA are less than the default value.

¹⁴ Any time the pipeline is exposed for direct examination of an indication or to perform a repair, Sable must document the condition of the coating and carrier pipe (including anomalies) with photographs.

¹⁵ Direct examinations for ILI reported crack or crack-like indications must include a magnetic particle inspection complimented by shear wave technology or inspection by phased array ultrasonic testing.

Lance Yearwood
December 17, 2024
Page 11

- b. Sable must increase the metal loss anomaly's depth by 20% when they input it into the formula for calculating the number of wraps needed for repair method 5.
 - c. After the anomaly is repaired via repair method 5, Sable must monitor the anomaly's wall loss depth in subsequent UTWM tool runs. If the anomaly's wall loss depth increases by more than 15% of the wall thickness in the subsequent UTWM tool runs, Sable must repair this anomaly via repair method 1 or 4b of Table 451.6.2(b)-1 of ASME B31.4 2006 Edition.
45. Permanent repairs are required for all cracks and/or crack-like anomalies discovered during direct examination, regardless of crack depth or crack length in accordance with repair method 1 or 4b of Table 451.6.2(b)-1 of ASME B31.4 2006 Edition.
46. Sable must develop a coating repair procedure for excavated or remediated corrosion anomalies that prevents further external corrosion and seals transition areas from currently insulated pipe to newly coated sections. Any time a shrink sleeve or coating is exposed, remove the shrink sleeve and coating, investigate circumferentially and longitudinally along the pipe for external corrosion and coating deterioration, and recoat with two-part epoxy. Sable must recoat in accordance with their coating repair procedure.¹⁶
47. All external polyurethane foam and the polyethylene tape wrap on buried pipe that are exposed during the field evaluation must not be replaced with new insulation or polyethylene tape wrap.

Integrity Management

48. A fracture mechanics and pressure cycling evaluation is required for un-remediated cracks and crack-like indications detected by ILI or indirect inspection tools.
- a. Sable must determine the predicted failure pressure, failure stress pressure and crack growth of un-remediated cracks and crack-like anomalies in accordance with 49 C.F.R. §192.712(d)(1).
 - b. Sable must perform a fatigue analysis using an applicable fatigue crack growth law or other technically appropriate engineering methodology in accordance with 49 C.F.R. §192.712(d)(2).
49. Sable must analyze a sample of additional indications of varying amounts of metal loss between 10% and 40% for validation. The sample size shall be at least ten (10), unless fewer than ten (10) indications are reported within that range, in which case Sable would examine the number of indications called.
50. When sizing metal loss indications, apply interaction/clustering criteria of 6t by 6t for applicable ILI tool(s).

¹⁶ The coating procedure must be submitted to the OSFM prior to the prior to the effective date of the state waiver.

Lance Yearwood
December 17, 2024
Page 12

51. Sable must send all field measurements to the ILI tool vendor within 90 days of completing direct examinations and require the ILI vendor to validate the accuracy of the tool. Sable must conduct annual meetings with the ILI tool vendor to discuss tool performance and incorporate lessons learned.
52. Sable must utilize a third-party expert to review all ILI reports, verification of digs, data integration, ILI tool tolerances, development of unity plots, measured field findings, failure pressure ratios and any other finding that could affect the integrity of the pipeline. The review must be conducted within six (6) months of each ILI assessment. The third-party expert must be approved by the OSFM prior to being selected.
53. Within one (1) year from date of issuance, Sable must use a NACE-certified expert to conduct an evaluation and determine if alternating current (AC) interference or direct current (DC) interference or shorting that could contribute to external corrosion is occurring. The expert must recommend the frequency of subsequent interference surveys. All evaluations must be approved and signed by the NACE-certified expert.

Data Requirements for Predicted Failure Analysis

54. Unless the defect dimensions have been verified using a direct examination measurements, Sable must explicitly analyze uncertainties in reported assessment results including but not limited to tool tolerance, detection threshold, probability of detection, probability of identification, sizing accuracy, conservative anomaly, interaction criteria, location accuracy, anomaly findings, and unity chart plots or equivalent for determining uncertainties and verifying tool performance, in identifying and characterizing the type and dimensions of anomalies or defects used in the analyses.
55. The analyses performed in accordance with this state waiver must utilize pipe and material properties of the pipe body and longitudinal weld seam that are documented in *traceable, verifiable, and complete* records.

Recordkeeping

56. Procedures, records of investigations, data, analyses, and other actions made in accordance with the requirements of this state waiver shall be kept for the life of the pipeline and must be submitted to the OSFM, in the manner requested (electronic, hardcopy, or other format) within 30 days.
57. Sable must maintain the following records:
 - a. Technical approach used for the analysis
 - b. All data used and analyzed
 - c. Pipe and longitudinal weld seam properties
 - d. Procedures used to implement state waiver conditions

Lance Yearwood
December 17, 2024
Page 13

- e. Evaluation methodology used
- f. Models used
- g. Direct in situ examination data
- h. All in-line inspection tool assessments information evaluated
- i. Pressure test data and results
- j. All in-the-ditch assessments performed on the pipeline segments
- k. All measurement tool, assessment, and evaluation accuracy specifications and tolerances used in technical and operations results
- l. All finite element analysis results
- m. The number of pressure cycles to failure, the equivalent number of annual pressure cycles, and the pressure cycle counting methodology
- n. The predicted fatigue life and predicted failure pressure from the required fatigue life models and fracture mechanics evaluation methods
- o. Safety factors used for fatigue life and/or predicted failure pressure calculations
- p. Reassessment time interval and safety factors
- q. The date of the review
- r. Confirmation of the results by qualified technical subject matter expert(s)
- s. Approval by responsible Sable management personnel
- t. Records of additional preventive and mitigative (P&M) measures performed
- u. Reports required by this State Waiver.

Reporting

- 58. Any release on the pipeline shall be reported to the OSFM at the earliest practicable moment following discovery but no later than 24 hours from the time of discovery via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Accident Notification*.¹⁷
- 59. An email notification shall be made at least three (3) days prior to the pipeline being exposed for non-emergency purposes of field evaluation and repair via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Pipeline Repair CA-324*. The email notification shall include, if applicable:
 - a. Tool type and run date
 - b. Unique identifier (e.g. Dig Number, Joint Number, Flaw ID, Condition Type)
 - c. Dig sheets
 - d. Field contact information for Sable
 - e. Time and location of the field evaluation and repair.
- 60. Sable shall provide a Summary of Conditions Report within 210 days of the last date of an ILI run via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Summary of Conditions CA-324* and include:

¹⁷ This requirement does not relieve Sable from spill reporting requirements that might exist under local, state or federal regulations.

Lance Yearwood
December 17, 2024
Page 14

- a. Tool type
 - b. Run date
 - c. Summary of Conditions Report¹⁸
 - d. Final Vendor Report and Pipe Tally
61. Sable shall provide a report to the OSFM by June 15th of every year for the duration of the state waiver. The report shall be addressed to the OSFM Assistant Deputy Director, Chief of Pipeline Safety via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Annual Report CA-324*. At a minimum, the annual report shall contain the following, if applicable:
- a. A Closure Report for the previous calendar (CY) which contains:
 - i. Features that were remediated in previous CY
 1. Provide documentation for the in-the-ditch assessments and repairs
 - ii. Identify features that remain to be assessed
 - iii. Unity Plots for previous ILI runs
 - b. Fracture mechanics and pressure cycling analyses in accordance with Condition 48
 - c. The third-party ILI expert reviews in accordance with Condition 52
 - d. AC and DC Interference surveys that are due in accordance with Condition 53
 - e. A copy of the CGRA for prior year including:
 - i. Mean corrosion growth rate for the pipeline
 - ii. Distribution graph of the corrosion growth rate for the pipeline (e.g. occurrences (#) vs. corrosion rate (mpy))

Limitations

62. This state waiver is limited to a term of no more than (10) years from the date of issuance. If Sable elects to seek renewal of this state waiver, it must submit a renewal request to the OSFM at least 180 days prior to the expiration date, including a justification for continuation of the waiver.
63. Should Sable fail to comply with any conditions of this state waiver or should the OSFM determine that this state waiver is no longer appropriate or is inconsistent with pipeline safety, the OSFM may revoke the state waiver and require Sable to comply with all appropriate regulatory requirements.
64. The OSFM may order the pipeline shutdown at any time.
65. The OSFM may issue a compliance order or may initiate proceedings to determine the nature and extent of the violations and appropriate civil penalty for

¹⁸ The OSFM may stipulate specific formatting or other information (e.g. Condition Type, Anomaly Details, Remaining Strength Calculation Method, Failure Pressure, CGRA, etc.) to be included in the Summary of Conditions Reports, Closure Report and Annual Reports if information provided is not deemed sufficient.

Lance Yearwood
December 17, 2024
Page 15

- failure to comply with this state waiver. The terms and conditions of any compliance order shall take precedence over the terms of the state waiver.
66. In the event of conflict between the state waiver conditions and industry standards, the state waiver conditions shall prevail.
67. If Sable sells, merges, transfers or otherwise disposes of all or part of the assets covered by the state waiver, Sable must provide the OSFM written notice of the change within 30 days of the consummation date. In the event of such transfer, the OSFM reserves the right to revoke, suspend, or modify the state waiver.

Should you have any questions, please contact Alin Podoreanu, Supervising Pipeline Safety Engineer at (916) 212-8891.

Sincerely,

DocuSigned by:

980F8D3AE95C42E...
JAMES HOSLER
Assistant Deputy Director
Chief of Pipeline Safety and CUPA Programs

Enclosure(s): (1) Pacific Pipeline Company State Waiver Application for CA-324

cc: Doug Allen, Supervising Pipeline Safety Engineer, OSFM
Andy Chau, Supervising Pipeline Safety Engineer, OSFM
Brendan Feery, Supervising Pipeline Safety Engineer, OSFM
Huy Nguyen, Supervising Pipeline Safety Engineer, OSFM
Alin Podoreanu, Supervising Pipeline Safety Engineer, OSFM
Tuan Tran, Pipeline Safety Engineer, OSFM
Josh Cleaver, Staff Counsel, CAL FIRE
Max Kieba, Engineering and Research Division, PHMSA
Joshua Johnson, Engineering and Research Division, PHMSA



**DEPARTMENT OF FORESTRY AND FIRE PROTECTION
OFFICE OF THE STATE FIRE MARSHAL**

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Sacramento, California 94244-2460
(916) 568-3800
Website: www.fire.ca.gov



CERTIFIED MAIL No: 9589-0710-5270-1475-5353-15

December 17, 2024

Lance Yearwood
Vice President
Sable Offshore Corp
845 Texas Avenue, Suite 2920
Houston, Texas 77002

SUBJECT: LETTER OF DECISION ON THE STATE WAIVER REQUEST FOR LIMITED EFFECTIVENESS OF CATHODIC PROTECTION ON THERMALLY INSULATED PIPELINE AND CORROSION OF OR ALONG A LONGITUDINAL SEAM WELD (CA-325A/B)

Operator: Sable Offshore Corp
OPID# 40851
845 Texas Avenue, Suite 2920
Houston, Texas 77002

Pipeline: OSFM Line ID 0001 - 113.56 miles (Gaviota to Sisquoc to Pentland) of Sable Offshore Corp CA-325A/B (OSFM Line ID 0001) located in Santa Barbara County, San Luis Obispo County, and Kern County, California as described in the request of state waiver dated April 24, 2024

Dear Mr. Yearwood:

The Office of the State Fire Marshal (OSFM) received Sable Offshore Corp's (*Sable*) state waiver request (*Application*) on April 24, 2024, in accordance with the terms of the Consent Decree (CD) between Plains Pipeline, L.P. and the United States of America and the People of the State of California, DOJ Case REF. NO. 90-5-1-1-1130 (Appendix B, Article 1.1.D).

In addition, Sable requested a regulatory relief from Title 49 Code of Federal Regulations (49 C.F.R.), § 195.452(h)(4)(iii)(H) *Corrosion of or along a longitudinal seam weld* for Sable CA-325 A/B.

Sable explained that its goal is to appropriately manage the risk of corrosion under insulation that may occur as a result of inadequate cathodic protection due to the

Lance Yearwood
December 17, 2024
Page 2

shielding effects of the polyurethane foam and the polyethylene tape wrap. Sable described the measures it has taken to address this risk and implemented and proposed a number of additional measures designed to mitigate the risk of corrosion under insulation that may result from potential ineffective cathodic protection (CP).

Sable provided the OSFM with its proposed measures to mitigate the risk of corrosion under insulation. Sable also provided the OSFM information from the completed in-line inspections and additional data requested by our office. The OSFM Pipeline Safety Engineers have reviewed the materials provided and have been in communication with the United States Department of Transportation (USDOT), Pipeline and Hazardous Materials Safety Administration (PHMSA) Engineering and Research Division to incorporate PHMSA's recommended conditions into the state waiver.

The OSFM has regulatory jurisdiction over the safety standards and practices of intrastate hazardous liquid pipeline transportation within California. As a Pipeline Safety Program that is certified under 49 USC § 60105, the OSFM may grant a state waiver with a pipeline safety regulation adopted by the state of California. Title 49 C.F.R., Part 195 was adopted by reference as it relates to hazardous liquid pipelines within Title 19 California Code of Regulations (19 CCR), Section 2000.

This state waiver applies to Sable's Line CA-325A/B (OSFM Line ID 0001) which consists of a 113.56 mile long, 30-inch outside diameter pipeline segment with the origin and termination points as described in the application. The pipeline is located in Santa Barbara County, San Luis Obispo County, and Kern County, California and shall be referred herein as CA-325A/B. CA-325A/B consists of two shorter pipeline segments, CA-325A and CA-325B. The pipeline segment CA-325A, located completely in Santa Barbara County, starts in Gaviota and ends at Sisquoc. CA-325A is approximately 38.72 miles long. The other pipeline segment, CA-325B, which is directly downstream of CA-325A, begins at Sisquoc and terminates in Pentland. CA-325B is approximately 74.84 miles long and traverses Santa Barbara County, San Luis Obispo County, and Kern County, California. The state waiver shall not become effective until (1) PHMSA issues an Order approving the waiver or stating it has no objection to the waiver or (2) PHMSA takes no action on the waiver within sixty (60) days after receiving the Letter of Decision from the OSFM.

The state waiver is limited to a term of no more than ten (10) years from the date it becomes effective, which shall be considered as the date of issuance. The OSFM may terminate the state waiver under conditions detailed below.

Applicable Regulations

The OSFM hereby grants this state waiver for CA-325 A/B, provided that Sable complies with the specific requirements in this state waiver and any additional conditions outlined by PHMSA. The pipeline must be operated and maintained in accordance with the CD, these

Lance Yearwood
December 17, 2024
Page 3

state waiver conditions and 49 C.F.R. Part 195, with the exception of 49 C.F.R. §195.452(h)(4)(iii)(H). In event of a conflict between the state waiver conditions and the applicable requirements under 49 C.F.R. Part 195, the state waiver conditions control. Should additional federal or State statutory or regulatory requirements come into effect following the implementation of this state waiver, CA-325 A/B shall be subject to those requirements except where they are in conflict with the State Waiver or the safe operation of the pipeline.

General Conditions

1. The pipeline can only be used to transport crude oil as stated in the application.
2. The maximum operating pressure (MOP) cannot exceed:
 - a. 1000 pounds per square inch gauge (psig) for CA-325A.
 - b. 1292 psig for CA-325B.
3. The maximum operating temperature of the crude oil must not exceed:
 - a. 125 Fahrenheit for more than 12 consecutive hours for CA-325A.
Temperature transmitters must be installed on CA-325A at Gaviota station to monitor the temperature of CA-325A/B at this facility.
 - b. 110 Fahrenheit for more than 12 consecutive hours for CA-325B.
Temperature transmitters must be installed on CA-325A/B at Sisquoc station to monitor the temperature of CA-325A/B at this facility.
4. Prior to startup, Sable must develop and implement procedures for the conditions and requirements described in the state waiver.
5. This state waiver does not relieve Sable from other requirements under 49 C.F.R. Part 195 or the Elder California Pipeline Safety Act of 1981 other than contained herein.
6. This state waiver does not relieve Sable from any requirements imposed by the Consent Decree (United States District Court Central District of California Civil Action No. 2:20-cv-02415).
7. In-line inspection must include:
 - a. Use of a tool that is at least capable of reliably detecting and identifying cluster corrosion and general corrosion. Definition of cluster and general corrosion is as follows:
 - i. Cluster means two or more adjacent metal loss features in the wall of the pipe or weld that may interact based on interaction criteria.
 - ii. General corrosion means uniform or gradually varying loss of wall thickness over an area.
 - b. Use of a tool that is at least capable of reliably detecting and sizing corrosion at a 90 percent probability of detection (POD) and probability of identification (POI)
 - c. Use of a tool that is at least capable of reliably detecting and sizing crack or crack-like anomalies at a 90 percent POD and POI

Lance Yearwood
December 17, 2024
Page 4

8. Prior to placing CA-325A/B in operation, Sable must perform fracture toughness tests on the existing 30" pipe from CA-325A/B in accordance with ASTM E1820-23B Standard Test Method for Measurement of Fracture Toughness. All of the test specimens must be from both of the two following predominant existing 30" pipe specifications:
 - a. API 5L X70 pipe with a nominal thickness of 0.281" that was manufactured by the various pipe mills in the 1980s.
 - b. API 5L X65 pipe with a nominal thickness of 0.344" that was manufactured by the various pipe mills in the 1980s.At least three (3) separate tests must be performed from each pipe mill, for both of the two pipe specifications listed above, to obtain the fracture toughness values of the pipe body, heat affected zone (HAZ)¹, and the DSAW long seam weld on the pipe to represent the fracture toughness of CA-325A/B (i.e. three (3) samples for pipe body, three (3) samples for HAZ, and three (3) samples for the DSAW long seam weld). The lowest fracture toughness value must be applied to conditions 10, 31, 34, and 49. Sable may use pipe samples taken opportunistically during ongoing pipeline maintenance and repair efforts.²
9. All immediate and 180-day repair conditions that are listed in this state waiver must be evaluated and remediated prior to restarting CA-325A/B. Sable must utilize Ultrasonic Thickness Wall Measurement (UTWM) and Ultrasonic Shear Wave Crack Detection (USCD) in-line inspection (ILI) tools within seven (7) days of achieving initial steady state operation in accordance with an ILI survey schedule approved by the OSFM. Sable must utilize the most recent Ultrasonic Thickness Wall Measurement (UTWM) and Ultrasonic Shear Wave Crack Detection (USCD) in-line inspection (ILI) results when identifying these repair conditions.
10. Remaining strength of pipe calculation for all metal loss anomalies must be in accordance with the Modified B31G method as described in ASME B31G *Manual for Determining the Remaining Strength of Corroded Pipelines*. If ASME B31G 2012 Edition is used, then it must comply with the conditions in accordance with Section 1.2 and exclusions in accordance with Section 1.3 of ASME B31G 2012 Edition. However, if the metal loss anomaly intersects or is within one (1) inch (circumferentially) of the longitudinal seam weld, Sable must also calculate the predicted failure pressure of the anomaly by using the crack-like flaw evaluation method ASME FFS-1/API 579-1.
11. Sable must utilize cleaning pigs at regular intervals not to exceed a biweekly basis to maintain adequate cleanliness on the internal pipe wall of its CA-325A/B.

¹ The heat affected zone (HAZ), as used in the state waiver, is defined as a 1-inch-wide area on either side of the longitudinal weld seam.

² Sable must submit all fracture toughness results to the OSFM prior to restarting the pipeline.

Lance Yearwood
December 17, 2024
Page 5

Pressure Testing

12. Prior to placing the pipeline in operation, Sable must conduct a spike hydrostatic pressure test of the state waiver pipeline segment CA-325A at a minimum pressure that is at least 1.39 times the MOP, for a minimum of 15 minutes after the spike test pressure is stabilized. Sable must ensure that the spike hydrostatic pressure at the highest elevation of each testable segment is at least 1.39 times the MOP. Sable must field evaluate and remediate the following anomalies before performing the spike hydrostatic test on CA-325A:
 - a. All metal loss anomalies that have an ILI reported depth of 40% and greater wall loss.
 - b. All anomalies that have a predicted failure pressure less than or equal to 1.5 times MOP.
13. Immediately following the spike hydrostatic pressure test, Sable must conduct an 8-hour hydrostatic pressure test of the state waiver pipeline segment CA-325A at a minimum of 1.25 times the MOP.
14. Prior to placing the pipeline in operation, Sable must conduct a hydrostatic pressure test of the state waiver pipeline segment CA-325B at a minimum pressure of 1.25 times the MOP, for a minimum of 8 hours. Sable must ensure that the hydrostatic pressure at the highest elevation of each testable segment is at least 1.25 times the MOP. Sable must field evaluate and remediate the following anomalies before performing the hydrostatic test on CA-325B:
 - a. All metal loss anomalies that have an ILI reported depth of 40% and greater wall loss.
 - b. All anomalies that have a predicted failure pressure less than or equal to 1.4 times MOP.
15. Sable must obtain the Test ID from the OSFM for each hydrostatic pressure test segment and have the approved independent testing firm forward the certified test results to the OSFM.
16. Each hydrostatic pressure test must be performed in accordance with the applicable requirements of 49 C.F.R., Part 195 E – Pressure Testing and monitored by an independent testing firm listed under the OSFM approved hydrostatic testing companies.
17. Failures resulting from the spike hydrostatic pressure test or the 8-hour strength test shall be immediately reported³ to the OSFM via email at PipelineNotification@fire.ca.gov
Subject: OSFM State Waiver - Hydrotest Failure.
18. Section(s) of the state waiver pipeline segments that failed during the required hydrotesting must be repaired by removing and replacing the failed section. The OSFM reserves the right to revoke the state waiver if failure(s) raise the concern that the pipeline cannot be safely operated.

³ In addition to the OSFM reporting, Sable shall follow all additional state reporting requirements.

Lance Yearwood
December 17, 2024
Page 6

In-Line Inspection (ILI) Assessment and Frequency

19. At least 90 days prior to performing in-line inspections of the state waiver segment, Sable shall provide the OSFM with a written notification to PipelineNotification@fire.ca.gov describing its assessment plan with the following information:
 - a) Dates for integrity assessment
 - b) In-line inspection tool(s) selected, in accordance with API Standard 1163 Section 5 and NACE SP0102⁴ to assess the integrity of the subject pipe segment(s) in which ILIs must be capable to detect and size wall loss, dents, internal corrosion, external corrosion, cracks and crack-like indications
 - c) In-line inspection tool vendor(s)
 - d) Required tool specifications including operational specifications and anomaly sizing tolerances
 - e) Tool validation methodology
 - f) Anomaly feature identification criteria and reporting thresholds – wall loss, dents, internal corrosion, external corrosion, cracks, and crack-like indications
 - g) Criteria used to identify locations for excavation and field verification
 - h) Non-destructive examination
20. Within seven (7) days prior to any anticipated ILI tool run, Sable must utilize extensive brush pigs and solvents (xylene or other chemicals) to ensure that the internal pipe wall does not have any corrosive products, wax, and bacteria buildup that may affect the ILI tool performance.
21. Metal Loss Tool(s)
 - a. Initial ILI tool runs – Each year, during the first two (2) years of operating CA-325 A/B, Sable shall conduct at least two (2) ILIs using a UTWM tool with an inertial measurement unit (IMU). Sable shall compare both runs and evaluate all available information, including these tool runs and corresponding IMU data. Sable shall perform the UTWM tool run every six (6) months not to exceed nine (9) months. If a UTWM tool run is unsuccessful, Sable shall identify the limitations that prevented the UTWM tool run from being successful, consider changes to increase the likelihood of a successful UTWM tool run, and use best efforts to rerun the UTWM tool within 30 days.
 - b. Subsequent ILI tool runs – After the first two (2) years of operating CA-325 A/B, Sable shall conduct at least one (1) Ultrasonic Wall Measurement tool (UTWM) each calendar year, not to exceed 15 months or the ILI assessment must be assessed at more frequent intervals if the remaining Failure Pressure Ratio will be less than 1.39 times MOP prior to the next ILI assessment, based upon anomaly growth estimates and pressure cycling. If,

⁴ Industry standards that are referenced in this state waiver must utilize the editions that are incorporated by referenced in Title 49 Part 195.3 unless another edition was explicitly specified.

Lance Yearwood
December 17, 2024
Page 7

- any UTWM tool run is deemed to be unsuccessful, Sable shall document the reasons why the UTWM tool was unsuccessful, consider changes to increase the likelihood of a successful UTWM tool run, and must reassess the pipeline within 30 days after it was deemed to be unsuccessful. All metal loss tool runs must also utilize an Inertial Measurement Unit (IMU).
22. Crack Detection Tools - Sable must run at least one (1) Ultrasonic Shear Wave Crack Detection (USCD) tool each calendar year, not to exceed 15 months⁵ or the ILI assessment must be assessed at more frequent intervals if Condition 49 determined a shorter assessment interval.
- a. These crack tool runs must utilize an Inertial Measurement Unit (IMU) and must be able to detect and size axial and circumferential cracks.
 - b. USCD Performance Specification Requirements
 - i. The USCD tools must have a probability of detection that is $\geq 90\%$ for axial and circumferential cracks.
 - ii. The minimum crack depth that can be detected must be at least 1 mm for axial and circumferential cracks that are located in the base material.
 - iii. The minimum crack depth that can be detected must be at least 2 mm for axial and circumferential cracks that are located in the weld.
 - iv. The depth sizing accuracy for cracks must be ± 0.8 mm for axial cracks and ± 1 mm for circumferential cracks.
23. Dents and Pipe Deformation: Sable shall conduct a high-resolution deformation ILI tool with each UTWM.
24. Where any ILI tool fails to record data for 5% or more of the external and/or internal surface area of the inspected segment, reassess with the ILI tool to cover the area that is deemed to be inadequate data of the inspected segment. In addition, if the ILI tool travels at a speed that is outside the range of the tool velocity listed in the tool specification for 2% or more of the length of the inspected segment, Sable must rerun the ILI tool to reassess the pipeline segment in which the ILI tool velocity was outside of the specified tool velocity range.
25. All ILI tool runs must obtain the Test ID from the OSFM prior to run.
26. Sable must require its ILI tool vendor(s) to include in the vendor's inspection report all metal loss indications of 10% or greater, based on raw data, prior to adding in any correction for tool tolerance.
27. Sable must incorporate ILI tool accuracy by ensuring that each ILI tool service provider determines the tolerance of each tool, in accordance with API Standard 1163 Second Edition and includes that tolerance in determining the size of each indication reported to Sable.

⁵ Sable may petition the OSFM to revise the reassessment interval for Crack Detection Tool(s) when sufficient evidence is available to determine if crack growth rates could support a longer reassessment interval. Changes to the reassessment interval are subject to the OSFM and PHMSA approval.

Lance Yearwood
December 17, 2024
Page 8

28. Sable must account for ILI tool tolerance and anomaly growth rates in scheduled response times, repairs, and future reassessment intervals. Sable must document and justify the values used. Sable must demonstrate ILI tool tolerance accuracy for each ILI tool run by using calibration, excavations, and unity plots⁶ that demonstrate ILI tool accuracy to meet the tool accuracy specification provided by the vendor (typical for depth within +10% accuracy for 80% of the time). Sable must compare previous indications to current indications that are significantly different. If a trend is identified where the tool has been consistently over-calling or under-calling, the remaining ILI features must be re-graded accordingly.
29. Prior to the ILI final report being received, Sable must perform at least four (4) separate validation digs that do not interact with each other. At a minimum, Sable must perform validation digs in accordance with Level 2 of API Standard 1163, "In-line Inspection System Qualification" (Second Edition, April 2013).

Discovery of Condition

30. The discovery date must be within 180 days of any ILI tool run for each type of ILI tool.

Immediate Repair Conditions⁷

31. A crack or crack-like anomaly that meets any of the following criteria:
 - a. Crack or crack-like anomaly that is equal to or greater than 50% of pipe wall thickness.
 - b. Crack or crack-like anomaly that has predicted failure pressure of less than 1.39 times the MOP as calculated using crack-like flaw evaluation method ASME FFS-1/API 579-1.
32. Internal or external metal loss anomalies where the remaining strength of pipe shows a predicted failure pressure less than 1.39 times the MOP.
33. Any external cluster corrosion or external general corrosion that is located on the bottom half of the pipeline (below the 3 and 9 o'clock positions) where the remaining strength of pipe shows a predicted failure pressure less than 1.5 times the MOP.⁸

⁶ A minimum of four (4) independent direct examination excavations must be used for unity plots.

⁷ The criteria outlined in the state waiver is supplemental to the requirements set forth in §195.452(h)(4)(i) *Immediate repair conditions* and does not relieve Sable from complying with §195.452(h)(4)(i). All immediate repair conditions must be remediated with a permanent repair method.

⁸ Cluster means two or more adjacent metal loss features in the wall of the pipe or weld that may interact based on interaction criteria. General corrosion means uniform or gradually varying loss of wall thickness over an area.

Lance Yearwood
December 17, 2024
Page 9

180-Day Repair Conditions⁹

34. A crack or crack-like anomaly that has predicted failure pressure of less than 1.5 times the MOP.
35. Internal or external metal loss anomalies where the remaining strength of pipe shows a predicted failure pressure less than 1.5 times the MOP.
36. All internal or external metal loss anomalies that have an ILI reported depth of 40% or greater wall loss, including tool sizing tolerance for depth.¹⁰
37. For any crack (likely crack or possible crack) or crack-like anomaly, regardless of its dimensions, that interacts with metal loss anomalies and are within one (1) inch (circumferentially) of the longitudinal seam weld, Sable must integrate the ILI results from the most recent crack tool run and the most recent metal loss tool run before the discovery date deadline.

Corrosion Growth Rate Analysis (CGRA)

38. Sable must develop a CGRA procedure to annually calculate corrosion growth rates between successive ILI's (using most recent ILI compared to prior ILI) and perform pipeline remediations needed to assure the integrity of the pipeline is maintained.¹¹ The timing of pipeline remediations under this condition shall be based on the most recent calculation of short-term corrosion rates.
39. The CGRA procedure must include ILI data matching methods¹² to analyze data from successive ILI's, methodologies for growth rate calculations and errors from comparing ILI data.
40. Sable must identify the projected date when remaining metal loss indications will reach a depth of 70% or greater wall loss.
41. When determining the projected date when remaining metal loss indications will reach a depth of 70% or greater wall loss, Sable must account for reported ILI depth, tool tolerance and corrosion growth rates¹³.

⁹ The criteria outlined in the state waiver is supplemental to the requirements set forth in §195.452(h)(4)(iii) 180-day conditions and does not relieve Sable from complying with §195.452(h)(4)(iii). All 180-day repair conditions must be remediated with a permanent repair method.

¹⁰ For example, if the ILI tool reports a 31% metal loss anomaly and the tool sizing tolerance is ± 10 for depth, then this anomaly is a 180-day repair condition since it can be considered as an external metal loss anomaly with 41% metal loss depth. If Sable is unable to remediate such indications within 180 days of discovery, Sable must notify OSFM, temporarily reduce the operating pressure, and take further remedial action in accordance with 49 C.F.R. §195.452 until the indication is remediated or until otherwise authorized by the OSFM.

¹¹ At a minimum, Sable must include signal matching between ILI data sets.

¹² If there are several matching techniques that can be used, Sable must utilize the most accurate method of comparing ILI data sets.

¹³ Growth projections must use corrosion rates determined in accordance with the CGRA procedure. A default corrosion rate of 32 mpy must be used in determining projections, if corrosion rates determined by CGRA are less than the default value.

Lance Yearwood
December 17, 2024
Page 10

42. All metal loss indications that are projected to reach a depth of 70% or greater wall loss prior to the next ILI, will become actionable and must be remediated before the next ILI.

Pressure Reduction

43. If Sable is unable to perform field evaluation and remediation of any required conditions within the time limit conditions specified in the state waiver, Sable must temporarily implement a minimum 20 percent or greater operating pressure reduction, based on actual operating pressure for two (2) months prior to the date of inspection, until the anomaly is repaired.

In Field Direct Examination of Pipe

44. Direct examinations¹⁴ of pipe must include appropriate non-destructive examination methods for cracking such as magnetic particle inspection (MPI), shear wave technology or phased array ultrasonic testing (PAUT).¹⁵ PAUT must be used for sizing any crack or crack-like anomaly lengths and depths.
45. Permanent repairs of metal loss anomalies are required for any section of pipe with wall loss equal to or greater than 40% in accordance with repair method 1, 4b, or 5 of Table 451.6.2(b)-1 of ASME B31.4 2006 Edition. However, the following additional conditions are applied if Sable chooses repair method 5 for metal loss anomalies:
- a. Method 5 must not be used on metal loss anomalies that are in the HAZ, girth weld, or longitudinal seam weld.
 - b. Sable must increase the metal loss anomaly's depth by 20% when they input it into the formula for calculating the number of wraps needed for repair method 5.
 - c. After the anomaly is repaired via repair method 5, Sable must monitor the anomaly's wall loss depth in subsequent UTWM tool runs. If the anomaly's wall loss depth increases by more than 15% of the wall thickness in the subsequent UTWM tool runs, Sable must repair this anomaly via repair method 1 or 4b of Table 451.6.2(b)-1 of ASME B31.4 2006 Edition.
46. Permanent repairs are required for all cracks and/or crack-like anomalies discovered during direct examination, regardless of crack depth or crack length in accordance with repair method 1 or 4b of Table 451.6.2(b)-1 of ASME B31.4 2006 Edition.

¹⁴ Any time the pipeline is exposed for direct examination of an indication or to perform a repair, Sable must document the condition of the coating and carrier pipe (including anomalies) with photographs.

¹⁵ Direct examinations for ILI reported crack or crack-like indications must include a magnetic particle inspection complimented by shear wave technology or inspection by phased array ultrasonic testing.

Lance Yearwood
December 17, 2024
Page 11

47. Sable must develop a coating repair procedure for excavated or remediated corrosion anomalies that prevents further external corrosion and seals transition areas from currently insulated pipe to newly coated sections. Any time a shrink sleeve or coating is exposed, remove the shrink sleeve and coating, investigate circumferentially and longitudinally along the pipe for external corrosion and coating deterioration, and recoat with two-part epoxy. Sable must recoat in accordance with their coating repair procedure.¹⁶
48. All external polyurethane foam and the polyethylene tape wrap on buried pipe that are exposed during the field evaluation must not be replaced with new insulation or polyethylene tape wrap.

Integrity Management

49. A fracture mechanics and pressure cycling evaluation is required for un-remediated cracks and crack-like indications detected by ILI or indirect inspection tools.
 - a. Sable must determine the predicted failure pressure, failure stress pressure and crack growth of un-remediated cracks and crack-like anomalies in accordance with 49 C.F.R. §192.712(d)(1).
 - b. Sable must perform a fatigue analysis using an applicable fatigue crack growth law or other technically appropriate engineering methodology in accordance with 49 C.F.R. §192.712(d)(2).
50. Sable must analyze a sample of additional indications of varying amounts of metal loss between 10% and 40% for validation. The sample size shall be at least ten (10), unless fewer than ten (10) indications are reported within that range, in which case Sable would examine the number of indications called.
51. When sizing metal loss indications, apply interaction/clustering criteria of 6t by 6t for applicable ILI tool(s).
52. Sable must send all field measurements to the ILI tool vendor within 90 days of completing direct examinations and require the ILI vendor to validate the accuracy of the tool. Sable must conduct annual meetings with the ILI tool vendor to discuss tool performance and incorporate lessons learned.
53. Sable must utilize a third-party expert to review all ILI reports, verification of digs, data integration, ILI tool tolerances, development of unity plots, measured field findings, failure pressure ratios and any other finding that could affect the integrity of the pipeline. The review must be conducted within six (6) months of each ILI assessment. The third-party expert must be approved by the OSFM prior to being selected.
54. Within one (1) year from date of issuance, Sable must use a NACE-certified expert to conduct an evaluation and determine if alternating current (AC)

¹⁶ The coating procedure must be submitted to the OSFM prior to the prior to the effective date of the state waiver.

Lance Yearwood
December 17, 2024
Page 12

interference or direct current (DC) interference or shorting that could contribute to external corrosion is occurring. The expert must recommend the frequency of subsequent interference surveys. All evaluations must be approved and signed by the NACE-certified expert.

Data Requirements for Predicted Failure Analysis

55. Unless the defect dimensions have been verified using a direct examination measurements, Sable must explicitly analyze uncertainties in reported assessment results including but not limited to tool tolerance, detection threshold, probability of detection, probability of identification, sizing accuracy, conservative anomaly, interaction criteria, location accuracy, anomaly findings, and unity chart plots or equivalent for determining uncertainties and verifying tool performance, in identifying and characterizing the type and dimensions of anomalies or defects used in the analyses.
56. The analyses performed in accordance with this state waiver must utilize pipe and material properties of the pipe body and longitudinal weld seam that are documented in *traceable, verifiable, and complete* records.

Recordkeeping

57. Procedures, records of investigations, data, analyses, and other actions made in accordance with the requirements of this state waiver shall be kept for the life of the pipeline and must be submitted to the OSFM, in the manner requested (electronic, hardcopy, or other format) within 30 days.
58. Sable must maintain the following records:
 - a. Technical approach used for the analysis
 - b. All data used and analyzed
 - c. Pipe and longitudinal weld seam properties
 - d. Procedures used to implement state waiver conditions
 - e. Evaluation methodology used
 - f. Models used
 - g. Direct in situ examination data
 - h. All in-line inspection tool assessments information evaluated
 - i. Pressure test data and results
 - j. All in-the-ditch assessments performed on the pipeline segments
 - k. All measurement tool, assessment, and evaluation accuracy specifications and tolerances used in technical and operations results
 - l. All finite element analysis results
 - m. The number of pressure cycles to failure, the equivalent number of annual pressure cycles, and the pressure cycle counting methodology

Lance Yearwood
December 17, 2024
Page 13

- n. The predicted fatigue life and predicted failure pressure from the required fatigue life models and fracture mechanics evaluation methods
- o. Safety factors used for fatigue life and/or predicted failure pressure calculations
- p. Reassessment time interval and safety factors
- q. The date of the review
- r. Confirmation of the results by qualified technical subject matter expert(s)
- s. Approval by responsible Sable management personnel
- t. Records of additional preventive and mitigative (P&M) measures performed
- u. Reports required by this State Waiver.

Reporting

- 59. Any release on the pipeline shall be reported to the OSFM at the earliest practicable moment following discovery but no later than 24 hours from the time of discovery via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Accident Notification*.¹⁷
- 60. An email notification shall be made at least three (3) days prior to the pipeline being exposed for non-emergency purposes of field evaluation and repair via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Pipeline Repair CA-325 A/B*. The email notification shall include, if applicable:
 - d. Tool type and run date
 - e. Unique identifier (e.g. Dig Number, Joint Number, Flaw ID, Condition Type)
 - f. Dig sheets
 - g. Field contact information for Sable
 - h. Time and location of the field evaluation and repair.
- 61. Sable shall provide a Summary of Conditions Report within 210 days of the last date of an ILI run via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Summary of Conditions CA-325 A/B* and include:
 - i. Tool type
 - j. Run date
 - k. Summary of Conditions Report¹⁸
 - l. Final Vendor Report and Pipe Tally
- 62. Sable shall provide a report to the OSFM by June 15th of every year for the duration of the state waiver. The report shall be addressed to the OSFM Assistant Deputy Director, Chief of Pipeline Safety via email at PipelineNotification@fire.ca.gov, *Subject: OSFM State Waiver – Annual Report*

¹⁷ This requirement does not relieve Sable from spill reporting requirements that might exist under local, state or federal regulations.

¹⁸ The OSFM may stipulate specific formatting or other information (e.g. Condition Type, Anomaly Details, Remaining Strength Calculation Method, Failure Pressure, CGRA, etc.) to be included in the Summary of Conditions Reports, Closure Report and Annual Reports if information provided is not deemed sufficient.

Lance Yearwood
December 17, 2024
Page 14

CA-325 A/B. At a minimum, the annual report shall contain the following, if applicable:

- a. A Closure Report for the previous calendar (CY) which contains:
 - i. Features that were remediated in previous CY
 1. Provide documentation for the in-the-ditch assessments and repairs
 - ii. Identify features that remain to be assessed
 - iii. Unity Plots for previous ILI runs
- b. Fracture mechanics and pressure cycling analyses in accordance with Condition 49
- c. The third-party ILI expert reviews in accordance with Condition 53
- d. AC and DC Interference surveys that are due in accordance with Condition 54
- e. A copy of the CGRA for prior year including:
 - i. Mean corrosion growth rate for the pipeline
 - ii. Distribution graph of the corrosion growth rate for the pipeline (e.g. occurrences (#) vs. corrosion rate (mpy))

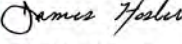
Limitations

63. This state waiver is limited to a term of no more than ten (10) years from the date of issuance. If Sable elects to seek renewal of this state waiver, it must submit a renewal request to the OSFM at least 180 days prior to the expiration date, including a justification for continuation of the waiver.
64. Should Sable fail to comply with any conditions of this state waiver or should the OSFM determine that this state waiver is no longer appropriate or is inconsistent with pipeline safety, the OSFM may revoke the state waiver and require Sable to comply with all appropriate regulatory requirements.
65. The OSFM may order the pipeline shutdown at any time.
66. The OSFM may issue a compliance order or may initiate proceedings to determine the nature and extent of the violations and appropriate civil penalty for failure to comply with this state waiver. The terms and conditions of any compliance order shall take precedence over the terms of the state waiver.
67. In the event of conflict between the state waiver conditions and industry standards, the state waiver conditions shall prevail.
68. If Sable sells, merges, transfers or otherwise disposes of all or part of the assets covered by the state waiver, Sable must provide the OSFM written notice of the change within 30 days of the consummation date. In the event of such transfer, the OSFM reserves the right to revoke, suspend, or modify the state waiver.

Lance Yearwood
December 17, 2024
Page 15

Should you have any questions, please contact Alin Podoreanu, Supervising Pipeline Safety Engineer at (916) 212-8891.

Sincerely,

DocuSigned by:

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JAMES HOSLER

Assistant Deputy Director
Chief of Pipeline a Safety and CUPA Programs

Enclosure(s): (1) Pacific Pipeline Company State Waiver Application for CA-325 A/B

cc: Doug Allen, Supervising Pipeline Safety Engineer, OSFM
Andy Chau, Supervising Pipeline Safety Engineer, OSFM
Brendan Feery, Supervising Pipeline Safety Engineer, OSFM
Huy Nguyen, Supervising Pipeline Safety Engineer, OSFM
Alin Podoreanu, Supervising Pipeline Safety Engineer, OSFM
Tuan Tran, Pipeline Safety Engineer, OSFM
Josh Cleaver, Staff Counsel, CAL FIRE
Max Kieba, Engineering and Research Division, PHMSA
Joshua Johnson, Engineering and Research Division, PHMSA

EXHIBIT 11



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, DC 20590

February 11, 2025

Mr. James Hosler
Assistant Deputy Director
Chief of Pipeline Safety and CUPA Programs
Department of Forestry and Fire Protection
Office of the State Fire Marshal
3780 Kilroy Airport Way, Suite 500
Long Beach, CA 90806

Re: Docket No. PHMSA-2025-0002

Dear Mr. Hosler:

On December 17, 2024, pursuant to 49 United States Code (USC) § 60118(d), the Pipeline and Hazardous Materials Safety Administration (PHMSA) received a notification letter from CAL FIRE – Office of the State Fire Marshal (OSFM), granting a waiver of 49 Code of Federal Regulations (CFR) § 195.452(h)(4)(iii)(H) to Sable Offshore Corp (Sable). This waiver will allow Sable to manage the risk of corrosion under insulation that may occur as a result of inadequate cathodic protection due to the shielding effects of the polyurethane foam insulation and the polyethylene tape wrap.

The OSFM granted the state waiver to Sable in accordance with the terms of the Consent Decree between Plains Pipeline, L.P. (Plains), the United States of America, and the People of the State of California, DOJ Case Ref. No. 90-5-1-1-1130, as well as for variance from the evaluation and remediation requirements of 49 CFR § 195.452(h)(4)(iii)(H) for 10.86 miles of 24-inch diameter pipeline (Sable CA-324) between Las Flores Canyon and Gaviota, California. The state waiver requires Sable comply with over 60 conditions, including this pipeline be hydrostatically tested using a “spike” hydrostatic test prior to putting the pipeline into operation, and the pipeline be inspected with ultrasonic thickness wall measurement and ultrasonic shear wave crack detection in-line inspection tools capable of assessing seam integrity and detecting corrosion, deformation, and cracking-type anomalies within seven days of achieving initial steady state operation of the pipeline. Thereafter, the pipeline must be reassessed at least every year.

Pursuant to 49 USC § 60118(d), PHMSA does not object to granting of this waiver by the OSFM for the Sable CA-324 pipeline. PHMSA requests that a copy of OSFM's final waiver to Sable be forwarded to PHMSA within 30 days of the issuance.

If you wish to discuss this or any other pipeline safety matter, my staff would be pleased to assist you. Please contact Max Kieba, Director of Engineering and Research Division at 202-493-0595, for technical matters.

Sincerely,

ALAN KRAMER
MAYBERRY

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Date: 2025.02.11
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Alan K. Mayberry,
Associate Administrator for Pipeline
Safety



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, SE
Washington, DC 20590

February 11, 2025

Mr. James Hosler
Assistant Deputy Director
Chief of Pipeline Safety and CUPA Programs
Department of Forestry and Fire Protection
Office of the State Fire Marshal
3780 Kilroy Airport Way, Suite 500
Long Beach, CA 90806

Re: Docket No. PHMSA-2025-0003

Dear Mr. Hosler:

On December 17, 2024, pursuant to 49 United States Code (USC) § 60118(d), the Pipeline and Hazardous Materials Safety Administration (PHMSA) received a notification letter from CAL FIRE – Office of the State Fire Marshal (OSFM), granting a waiver of 49 Code of Federal Regulations (CFR) § 195.452(h)(4)(iii)(H) to Sable Offshore Corp (Sable). This waiver will allow Sable to manage the risk of corrosion under insulation that may occur as a result of inadequate cathodic protection due to the shielding effects of the polyurethane foam insulation and the polyethylene tape wrap.

The OSFM granted the state waiver to Sable in accordance with the terms of the Consent Decree between Plains Pipeline, L.P. (Plains), the United States of America, and the People of the State of California, DOJ Case Ref. No. 90-5-1-1-1130, as well as for variance from the evaluation and remediation requirements of 49 CFR § 195.452(h)(4)(iii)(H) for 113.56 miles of 30-inch diameter pipeline (Sable CA-325A/B) between Gaviota, Sisquoc, and Pentland, California. The state waiver requires Sable comply with over 60 conditions, including this pipeline be hydrostatically tested using a “spike” hydrostatic test prior to putting the pipeline into operation, and the pipeline be inspected with ultrasonic thickness wall measurement and ultrasonic shear wave crack detection in-line inspection tools capable of assessing seam integrity and detecting corrosion, deformation, and cracking-type anomalies within seven days of achieving initial steady state operation of the pipeline. Thereafter, the pipeline must be reassessed at least every year.

Pursuant to 49 USC § 60118(d), PHMSA does not object to granting of this waiver by the OSFM for the Sable CA-325A&B pipeline. PHMSA requests that a copy of OSFM's final waiver to Sable be forwarded to PHMSA within 30 days of the issuance.

If you wish to discuss this or any other pipeline safety matter, my staff would be pleased to assist you. Please contact Max Kieba, Director of Engineering and Research Division at 202-493-0595, for technical matters.

Sincerely,

ALAN KRAMER
MAYBERRY

Digitally signed by ALAN
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Date: 2025.02.11
12:30:44 -05'00'

Alan K. Mayberry,
Associate Administrator for Pipeline
Safety

EXHIBIT 12

From: [Michelle Pasini](#)
To: [Surmeier, Patrice](#)
Subject: FW: Notice of Planning Commission Hearing - SYU, POPCO Gas Plant, and Las Flores Pipelines Change of Owner/Operator/Guarantor
Date: Wednesday, October 16, 2024 10:40:15 AM
Attachments: [Notice of PC Hearing.pdf](#)

CAUTION: External Sender

Patrice – here’s the email I received yesterday. I assume this is going to their mailing list for everyone who has expressed interest in the project (or energy projects in general).

From: Ybarra, Jacquelynn <jybarra@countyofsb.org>
Sent: Tuesday, October 15, 2024 11:08 AM
To: Ybarra, Jacquelynn <jybarra@countyofsb.org>
Subject: Notice of Planning Commission Hearing - SYU, POPCO Gas Plant, and Las Flores Pipelines Change of Owner/Operator/Guarantor

Interested Parties,

This email serves to inform you that the County Planning Commission will hold a public hearing on **Wednesday, October 30, 2024** on the request of Sable Offshore Corporation to consider the approval of a Change of Owner, Operator, and Guarantor for the Santa Ynez Unit, Pacific Offshore Pipeline Company Gas Plant, and Las Flores Pipeline System Final Development Plan Permits. Notice will also be published in the Santa Barbara Independent and distributed to interested parties this week.

Please see the attached Notice of Public Hearing for more information. Additional project information can also be found at the County’s website at: <https://www.countyofsb.org/4189/SYU-POPCO-Gas-Plant-Las-Flores-Pipelines>

Sincerely,



Jacquelynn Ybarra (she/her)
Senior Planner
Planning & Development Department
County of Santa Barbara
123 E. Anapamu St.
Santa Barbara, CA 93101
jybarra@countyofsb.org
<https://www.countyofsb.org/160/Planning-Development>

County of Santa Barbara
County Planning Commission



NOTICE OF PUBLIC HEARING

Wednesday, October 30, 2024

Planning Commission Hearing Room
123 E. Anapamu Street, Santa Barbara, CA 93101
Hearing begins at 9:00 A.M.

On Wednesday October 30, 2024 the **County Planning Commission** will hold a public hearing to consider the following item:

Hearing on the request of Sable Offshore Corporation (Sable) to consider the approval of a change of Owner, Operator, and Guarantor for the following oil and gas facilities per Chapter 25B of the County Code:

- Santa Ynez Unit (SYU) Final Development Plan (FDP) Permit No. 87-DP-32cz (RV06) from ExxonMobil Corporation to Sable (Owner, Operator, and Guarantor);
- Pacific Offshore Pipeline Company (POPCO) Gas Plant FDP Permit No. 93-FDP-015 (AM03) from ExxonMobil Corporation to Sable (Operator and Guarantor); and
- Las Flores Pipeline System FDP Permit No. 88-DPF-033 (RV01)z, 88-CP-60 (RV01)(88-DPF-25cz;85-DP-66cz; 83-DP-25cz) from ExxonMobil Pipeline Company (EMPCo) to Sable (Operator), and ExxonMobil Corporation to Sable (Guarantor).

The applications involve facilities located in Las Flores Canyon along the Gaviota Coast within APNs 081-220-002, 081-220-014, 081-230-019, 081-230-025, and a linear pipeline system crossing various APNs spanning Santa Barbara County's First, Third, and Fourth Supervisorial Districts. Documents related to this request may be reviewed on the County website at: <https://www.countyofsb.org/4189/SYU-POPCO-Gas-Plant-Las-Flores-Pipelines>. The County Planning Commission hearing begins at 9:00 A.M. The order of items listed on the agenda is subject to change by the County Planning Commission. The staff analysis of the proposal may be viewed at <https://www.countyofsb.org/1625/County-Planning-Commission> prior to the hearing. For further information please contact Jacquelyn Ybarra, Planner, at jybarra@countyofsb.org.

IMPORTANT NOTICE REGARDING PUBLIC PARTICIPATION

The County Planning Commission provides in-person participation as well as virtual participation until further notice.

The following alternative methods of participation are available to the public:

1. You may observe the live stream of the County Planning Commission meetings on (1) Local Cable Channel 20, (2) online at: <http://www.countyofsb.org/ceo/csbtv/livestream.sbc>; or (3) YouTube at: <https://www.youtube.com/user/CSBTv20>
2. If you wish to provide public comment, the following methods are available:
 - **Distribution to the County Planning Commission** - Submit your comment via email prior to 12:00 p.m. on the Monday prior to the Commission hearing. Please submit your comment to the Recording Secretary at dvillalo@countyofsb.org. Your comment will be placed into the record and distributed appropriately.
 - **Attend the Meeting In-Person**: Individuals are allowed to attend and provide comments at the County Planning Commission meeting in-person.
 - **Attend the Meeting by Zoom Webinar** - Individuals wishing to provide public comment during the County Planning Commission meeting can do so via Zoom webinar by clicking the below link to register in advance. Register in advance for this meeting: After registering, you will receive a confirmation email containing important information about joining the webinar.

When: October 30, 2024, 09:00 AM Pacific Time (US and Canada)

Topic: County Planning Commission 10/30/24

Register in advance for this webinar:

https://countyofsb.zoom.us/webinar/register/WN_r-cxthwcTn-LSxI9D2mCgA

After registering, you will receive a confirmation email containing information about joining the webinar.

The County Planning Commission's rules on hearings and public comment, unless otherwise directed by the Chair, remain applicable to each of the participation methods listed above.

Attendance and participation by the public is invited and encouraged. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Hearing Support Staff (805) 568-2000. Notification at least 48 hours prior to the meeting will enable the Hearing Support Staff to make reasonable arrangements.

If you challenge the project in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence to the Planning Commission prior to the public hearing.

EXHIBIT 13



Planning and Development

Lisa Plowman, Director
Jeff Wilson, Assistant Director
Elise Dale, Assistant Director

February 12, 2025

Mr. Steve Rusch
Sable Offshore Corporation/Pacific Pipeline Corporation
12000 Calle Real
Goleta, CA 93117

Sent via email: srusch@sableoffshore.com

SUBJECT: Zoning Clearance Applications - 24ZCI-00090, 24ZCI-00091, 24ZCI-00095, and 24ZCI-00096

Mr. Rusch,

On November 22, 2024 and December 6, 2024, Santa Barbara County Planning and Development received four Zoning Clearance applications for pipeline "anomaly repair work" to Lines 324 and 325a. These applications stated that they sought to permit anomaly repair work in the enclosed descriptions of work for case numbers 24ZCI-00090, 24ZCI-00091, 24ZCI-00095, and 24ZCI-00096. Sable's position is that the Zoning Clearance process meets the requirements of the County's Local Coastal Program because it is a means for the County to determine if the activities fall within an existing Coastal Development Permit or if a new Coastal Development Permit is required.

The County conducted a detailed review of pipeline permitting history and the Coastal Zoning Ordinance. Planning and Development concludes that this pipeline anomaly repair work is authorized by the existing permits (Final Development Plan, Major Conditional Use Permit, and associated Coastal Development Permits) and was analyzed in the prior Environmental Impact Report/Environmental Impact Statement (EIR/EIS). The County previously exercised its authority under its Local Coastal Program and delegated Coastal Act authority in approving the permits and the requested anomaly repair work is within the scope of those approved permits. (Pub. Resources Code § 30519.) The County's assessment is consistent with the type of reviews conducted by the County, both inside and outside the Coastal Zone, on a regular basis to determine whether proposed development activities fall within the scope of existing permits. Planning and Development will be returning the Zoning Clearance applications to Sable without taking action on them. Alternatively, Sable can choose to withdraw the applications.



This conclusion is related to the requested pipeline anomaly repair work in case numbers 24ZCI-00090, 24ZCI-00091, 24ZCI-00095, and 24ZCI-00096 and the information supplied with those applications and does not speak to permitting or jurisdiction on any other past or future work on or changes to the Pipeline and associated equipment.

This is not a: 1) permit exemption; 2) Director determination on the meaning or applicability of the provisions of the Coastal Zoning Ordinance; 3) decision on an application for a Coastal Development Permit; or 4) any other ground set forth in Article II Section 35-182. Rather, this letter confirms that the requested anomaly repair work was contemplated, analyzed, and approved in the existing Final Development Plan, Major Conditional Use Permit, associated Coastal Development Permits and certified EIR/EIS. Thus, no further application to or action by the County is required. This conclusion is not appealable to the Planning Commission, Board of Supervisors, or Coastal Commission and it does not require a Notice of Final Action. (Article II §§ 35-182; 35-181.4.)

Planning and Development encourages and requests that Sable continue to provide information to the County about any future anomaly repair work consistent with what was supplied in the above-referenced application. Such information will allow the County to evaluate whether particular anomaly repair work results in any different conclusions than those set forth in this letter. That information can be directed to my attention.

Sincerely,



Errin Briggs
Deputy Director, Energy, Minerals, Compliance & Cannabis Division

Enclosures: 24ZCI-00090 Description of Work
24ZCI-00091 Description of Work
24ZCI-00095 Description of Work
24ZCI-00096 Description of Work

CC: Mickey Johnson, ExxonMobil Upstream Company, via email
mickey.d.johnson@exxonmobil.com

24ZC1-00090 + 91

Zoning Clearance Applications for CA-324 Pipeline Routine Anomaly Repair Work – Description of Work

Scope of Work

In order to repair an anomaly, Sable must undertake the following steps: (1) excavate the site where an anomaly was detected, including the dirt beneath the affected pipeline segment, (2) expose the pipeline segment by removing insulation and sandblasting, (3) evaluate whether a “Composite Repair”¹ or “Cut-Out Repair”² is required, (4) conduct the Composite or Cut-Out Repair as appropriate, sandblast the repaired pipeline segment, and apply an epoxy coating, pipe tape, and rockguard wrap, (5) backfill the anomaly site, and (6) conduct final site cleanup, including revegetation activities (collectively, the “Anomaly Repair Work”).

Sable previously commenced the Anomaly Repair Work in compliance with Sable’s obligation under federal regulations to take “prompt action” to address pipeline anomalies. (See 49 C.F.R., § 195.452, subd. (h)(1).) On September 27, 2024, the California Coastal Commission issued Sable Notice of Violation V-9-24-0152 (“NOV”) and required Sable to immediately stop all Anomaly Repair Work. In accordance with the NOV, Sable stopped undertaking the Anomaly Repair Work. On November 12, 2024, Commission staff issued Executive Director Cease and Desist Order No. ED-24-CD-02 (“EDCDO”), which required Sable to submit an Interim Restoration Plan to secure and backfill the open anomaly sites without completing the Anomaly Repair Work. Commission staff approved Sable’s proposed Interim Restoration Plan on November 20, 2024 with respect to the remedial grading and BMP segment of the Interim Restoration Plan. As of November 21, 2024, Sable and Commission staff were continuing to coordinate regarding the hydroseeding segment of the plan. Consistent with the Interim Restoration Plan, each anomaly site will be backfilled and restored to original grade without completing the Anomaly Repair Work.

As such, Sable’s Zoning Clearance applications seek *both*:

1. After-the-fact Zoning Clearances for the Anomaly Repair Work previously undertaken at each anomaly site identified in the applications; and
2. Zoning Clearances to complete the Anomaly Repair Work at each such anomaly site in the future (including by excavating the anomaly site again after it is backfilled and restored in compliance with the EDCDO and Interim Restoration Plan).

¹ A “Composite Repair” involves wrapping the exposed pipeline segment in a composite material and allowing the material to cure.

² A “Cut-Out Repair” involves cutting out and replacing the affected pipeline segment, welding the replaced pipeline segment in place, and X-raying the replaced pipeline segment to confirm successful replacement.

Location

45 anomaly sites require Anomaly Repair Work. As discussed above, these sites are located along existing pipeline CA-324 in APNs 081-140-019, 081-140-025, 081-150-002, 081-150-006, 081-150-007, 081-150-028, 081-150-032, 081-150-033, and 081-230-021. Table 1 details each anomaly site. Attachments C.1 and C.2 include overview and concentrated mapping depicting these sites.

Table 1. Anomaly Sites

Legend	
	Application #1
	Application #2

No.	Anomaly Number	Latitude	Longitude	APN	Application No.	Within 50 feet of ESHA?
1	0324-2022-0009495.75	34.464907	-120.052393	081-230-021	2	Yes
2	0324-2022-0028065.19	34.46834	-120.106234	081-150-007	1	No
3	0324-2022-0029534.66	34.469233	-120.110945	081-150-006	1	No
4	0324-2022-0029566.37	34.469275	-120.111038	081-150-006	1	No
5	0324-2022-0029824.49	34.469643	-120.111754	081-150-006	1	No
6	0324-2022-0030390.55	34.470461	-120.113328	081-150-006	1	No
7	0324-2022-0032500.09	34.473362	-120.119116	081-150-032	2	Yes
8	0324-2022-0033065.98	34.47309	-120.120851	081-150-032	1	No
9	0324-2022-0033494.92	34.473089	-120.12227	081-150-032	1	No
10	0324-2022-0033565.52	34.47309	-120.122504	081-150-032	1	No
11	0324-2022-0033621.39	34.47309	-120.122688	081-150-032	1	No
12	0324-2022-0033655.nn	34.473093	-120.123312	081-150-032	1	No
13	0324-2022-0033810.34	34.473093	-120.123312	081-150-032	1	No
14	0324-2022-0033814.99	34.473093	-120.123312	081-150-032	1	No
15	0324-2022-0033996.77	34.473106	-120.123926	081-150-033	1	No
16	0324-2022-0034153.09	34.473117	-120.124443	081-150-033	1	No
17	0324-2022-0034200.49	34.473121	-120.1246	081-150-033	1	No
18	0324-2022-0034234.83	34.473123	-120.124714	081-150-033	1	No
19	0324-2022-0039593.1	34.47553	-120.141705	081-150-002	2	Yes
20	0324-2022-0039919.56	34.475268	-120.142599	081-150-002	1	No
20.a	0324-2022-0041106.12	34.474858	-120.146417	081-150-028	1	No
21	0324-2022-0041678.93	34.474773	-120.148304	081-150-028	1	No
22	0324-2022-0041882.67	34.474769	-120.148975	081-150-028	1	No
23	0324-2022-0041886.92	34.474769	-120.148988	081-150-028	1	No
24	0324-2022-0041944.74	34.474769	-120.149179	081-150-028	1	No
25	0324-2022-0044830.73	34.473801	-120.158366	081-140-019	1	No
26	0324-2022-0044891.12	34.47377	-120.158562	081-140-019	1	No
27	0324-2022-0044951.nn	34.47377	-120.158562	081-140-019	1	No
28	0324-2022-0045197.92	34.47364	-120.159561	081-140-019	1	No

No.	Anomaly Number	Latitude	Longitude	APN	Application No.	Within 50 feet of ESHA?
29	0324-2022-0045321.21	34.473718	-120.159957	081-140-019	1	No
30	0324-2022-0046170.44	34.473334	-120.162532	081-140-025	1	No
31	0324-2022-0046208.31	34.473283	-120.162712	081-140-025	1	No
32	0324-2022-0046309.64	34.473135	-120.162993	081-140-025	1	No
33	0324-2022-0046332.77	34.473102	-120.163058	081-140-025	1	No
34	0324-2022-0046364.44	34.473057	-120.163146	081-140-025	1	No
35	0324-2022-0046378.46	34.473037	-120.163186	081-140-025	1	No
36	0324-2022-0046411.08	34.473005	-120.163285	081-140-025	1	No
37	0324-2022-0046472.47	34.472983	-120.163491	081-140-025	1	No
38	0324-2022-0046550.76	34.472965	-120.163748	081-140-025	1	No
39	0324-2022-0046848.73	34.472896	-120.164729	081-140-025	1	No
40	0324-2022-0046966.28	34.47287	-120.165099	081-140-025	1	No
41	0324-2022-0047470.3	34.472916	-120.166717	081-140-025	1	No
42	0324-2022-0047502.6	34.472924	-120.166815	081-140-025	1	No
43	0324-2022-0047508.88	34.472931	-120.166893	081-140-025	1	No
44	0324-2022-0047542.11	34.472935	-120.166941	081-140-025	1	No

The proposed work would utilize the existing roads to access each site. No new roads will be constructed.

Construction & Equipment

Excavation depth would vary for each anomaly site based on unique factors, including the number of immediately proximate anomalies and site-specific requirements. All material will be balanced onsite, and no material will be imported or exported. Shoring boards will be utilized to stabilize the excavation walls prior to entry. Equipment needed to complete the Anomaly Repair Work includes the following:

- Excavator(s)
- Light and heavy-duty work trucks
- Air compressor(s)
- Welding machine(s)
- Bulldozer(s)
- Front loader(s) with back drag
- Backhoe
- Reachlift
- Water buffalo
- Water trucks

Fire Protection

If welding is required, Sable will provide a mowed work area within a minimum of 50 feet around the welding activities and maintain a fire watch at the location with 500 gallons of

water onsite, in addition to the fire extinguisher requirements of the Office of the State Fire Marshal (OSFM) and the Santa Barbara County Fire Department (SBCFD).

Construction Best Management Practices

In addition to the Construction Best Management Practices (BMPs) identified in Attachments D.1 and D.2, the following BMPs will be implemented to ensure potential effects on various environmental resources are avoided:

- Define limits of disturbance including the length/width of dig excavation trench, trench soil stockpile, equipment, staging, access, vehicle parking.
- Before construction activities commence, conduct pre-construction a biological resources survey to confirm the expected limits of work and minimal impact, or ensure that a biologist is onsite the first day of construction to monitor excavation to salvage and release any wildlife encountered.
- Before construction activities commence, conduct an environmental awareness training for all onsite personnel to discuss BMPs and other potential biological resources issues. While not expected in any of the dig sites, awareness of potential occurrence of special-status species should be discussed.
- All oak tree impacts are to be avoided including no vehicles, equipment, or stockpile within the drip line of any oaks.
- Stockpiles should be in uplands and avoid any stockpile, materials storage, vehicles, equipment, etc. in any drainage features or riparian habitat.
- Topsoil (the first 6" to 12" inches) removed for the excavation should be stockpiled separately for use in restoring original contours and grade, and to promote rapid plant growth restoration.
- The open trench should be safely fenced (hog wire, orange construction fence, or similar) at the end of each workday to exclude wildlife entrapment.

Conclusion

Sable is committed to designing, constructing, operating and maintaining Line CA-324 and CA-325 in a safe and reliable manner, and to meeting or exceeding applicable federal, state, and local regulatory standards.

24 ZC-00095 ; 96

Zoning Clearance Applications for CA-324 and CA-325A Pipeline Routine Anomaly Repair Work – Description of Work

Scope of Work

In order to repair an anomaly, Sable must undertake the following steps: (1) excavate the site where an anomaly was detected, including the dirt beneath the affected pipeline segment, (2) expose the pipeline segment by removing insulation and sandblasting, (3) evaluate whether a “Composite Repair”¹ or “Cut-Out Repair”² is required, (4) conduct the Composite or Cut-Out Repair as appropriate, sandblast the repaired pipeline segment, and apply an epoxy coating, pipe tape, and rockguard wrap, (5) backfill the anomaly site, and (6) conduct final site cleanup, including revegetation activities (collectively, the “Anomaly Repair Work”).

Location

28 anomaly sites require Anomaly Repair Work. As discussed above, these sites are located along existing pipeline CA-324 and CA-325A in APNs 081-130-068, 081-140-023, 081-150-002, 081-150-028, 081-150-032, 081-270-011, 083-590-003, 083-650-008, 083-650-009, and 083-650-011. Table 1 details each anomaly site. Attachments C.1 and C.2 include overview and concentrated mapping depicting these sites.

Table 1. Anomaly Sites

Legend	
	Application #1
	Application #2

No.	Anomaly Number	Latitude	Longitude	APN	Application No.	Within 50 feet of ESHA?
F-1	0324-2022-0039763.37	34.475459	-120.14209	081-150-002	1	No
F-2	0324-2022-00039813.1	34.475366	-120.142337	081-150-002	1	No
F-3	0324-2022-0040844.81	34.474904	-120.145592	081-150-028	2	Potentially
F-4	0324-2022-0031629.86	34.472196	-120.116839	081-150-032	1	No
F-5	0324-2022-0031641.76	34.472196	-120.116839	081-150-032	1	No
F-6	0324-2022-0031710.31	34.472207	-120.117064	081-150-032	1	No

¹ A “Composite Repair” involves wrapping the exposed pipeline segment in a composite material and allowing the material to cure.

² A “Cut-Out Repair” involves cutting out and replacing the affected pipeline segment, welding the replaced pipeline segment in place, and X-raying the replaced pipeline segment to confirm successful replacement.

No.	Anomaly Number	Latitude	Longitude	APN	Application No.	Within 50 feet of ESHA?
F-7	0324-2022-0050408.79	34.473675	-120.176187	081-140-023	2	Potentially
F-8	0324-2022-0050421.48	34.473672	-120.176229	081-140-023	2	Potentially
F-9	0324-2022-0051757.7 / 0324-2022-0051781.24 ³	34.473331	-120.180629	081-140-023	2	Potentially
F-10	0324-2022-0056868.13	34.475761	-120.196403	081-130-068	2	Potentially
F-11	325A-2023-0010334.69	34.479002	-120.225849	081-270-011	1	No
F-12	325A-2023-0010879.52	34.478830	-120.227566	081-270-011	1	No
F-13	325A-2023-0010974.56	34.478879	-120.227858	081-270-011	1	No
F-14	325A-2023-0011203.75	34.479152	-120.228505	081-270-011	1	No
F-15	325A-2023-0011558.76	34.480095	-120.228780	081-270-011	1	No
F-16	325A-2023-0012084.97	34.481247	-120.229442	081-270-011	1	No
F-17	325A-2023-0013534.48	34.478472	-120.232424	083-650-011	2	Potentially
F-18	325A-2023-0016929.57	34.477695	-120.241564	083-650-011	1	No
F-19	325A-2023-0022057.18	34.487453	-120.240861	083-650-008	1	No
F-20	325A-2023-0022103.07	34.487568	-120.240897	083-650-008	1	No
F-21	325A-2023-0022703.65	34.488999	-120.241762	083-650-008	1	No
F-22	325A-2023-0022762.08	34.489104	-120.241909	083-650-008	1	No
F-23	325A-2023-0023122.77	34.489766	-120.242792	083-650-008	1	No
F-24	325A-2023-0024519.31	34.493156	-120.243801	083-650-009	1	No
F-25	325A-2023-0020090.71	34.483923	-120.244169	083-650-009	1	No
F-26	325A-2023-0020309.43	34.484404	-120.244033	083-650-009	1	No
F-27	325A-2023-0021547.53	34.486258	-120.240993	083-650-008	1	No
F-28	325A-2023.00027215.8	34.499924	-120.243416	083-590-003	1	No

The proposed work would utilize the existing roads to access each site. No new roads will be constructed.

Construction & Equipment

Excavation depth would vary for each anomaly site based on unique factors, including the number of immediately proximate anomalies and site-specific requirements. All material will be balanced onsite, and no material will be imported or exported. Shoring boards will be utilized to stabilize the excavation walls prior to entry. Equipment needed to complete the Anomaly Repair Work includes the following:

- Excavator(s)
- Light and heavy-duty work trucks
- Air compressor(s)
- Welding machine(s)
- Bulldozer(s)

³ F-9 is associated with two anomaly numbers from separate investigatory tool runs but is associated with one anomaly.

- Front loader(s) with back drag
- Backhoe
- Reachlift
- Water buffalo
- Water trucks

Fire Protection

If welding is required, Sable will provide a mowed work area within a minimum of 50 feet around the welding activities and maintain a fire watch at the location with 500 gallons of water onsite, in addition to the fire extinguisher requirements of the Office of the State Fire Marshal (OSFM) and the Santa Barbara County Fire Department (SBCFD).

Construction Best Management Practices

In addition to the Construction Best Management Practices (BMPs) identified in Attachments D.1 and D.2, the following BMPs will be implemented to ensure potential effects on various environmental resources are avoided:

- Define limits of disturbance including the length/width of dig excavation trench, trench soil stockpile, equipment, staging, access, vehicle parking.
- Before construction activities commence, conduct pre-construction a biological resources survey to confirm the expected limits of work and minimal impact, or ensure that a biologist is onsite the first day of construction to monitor excavation to salvage and release any wildlife encountered.
- Before construction activities commence, conduct an environmental awareness training for all onsite personnel to discuss BMPs and other potential biological resources issues. While not expected in any of the dig sites, awareness of potential occurrence of special-status species should be discussed.
- All oak tree impacts are to be avoided including no vehicles, equipment, or stockpile within the drip line of any oaks.
- Stockpiles should be in uplands and avoid any stockpile, materials storage, vehicles, equipment, etc. in any drainage features or riparian habitat.
- Topsoil (the first 6" to 12" inches) removed for the excavation should be stockpiled separately for use in restoring original contours and grade, and to promote rapid plant growth restoration.
- The open trench should be safely fenced (hog wire, orange construction fence, or similar) at the end of each workday to exclude wildlife entrapment.

Conclusion

Sable is committed to designing, constructing, operating and maintaining Line CA-324 and CA-325A in a safe and reliable manner, and to meeting or exceeding applicable federal, state, and local regulatory standards.

EXHIBIT 14

SANTA BARBARA COUNTY PLANNING COMMISSION
Staff Report for Change of Owner, Operator or
Guarantor for Certain Oil and Gas Facilities

Hearing Date: August 1, 2001
Staff Report Date: July 19, 2001
Case No.: 01-ORD-0000-00006
Environmental Document: exempt

Supervisorial District: All
Staff: John Day, Doug Anthony
Phone #: 568-2045, 568-2046

APPLICANT: Santa Barbara County

1.0 REQUEST

Conduct a public hearing on a proposed ordinance to recommend to the Board of Supervisors to establish uniform requirements and procedures to deal with changes of owner, operator or guarantor for onshore oil and gas facilities that support offshore oil and gas development and oil refineries.

2.0 RECOMMENDATION AND PROCEDURES:

Staff recommends that your Commission recommend to the Board of Supervisors that it adopt the proposed ordinance *Change of Owner, Operator or Guarantor for Certain Oil and Gas Facilities*, to set forth requirements, procedures and processes, and findings for the transfer of permits from one party to another for a specified class of development. Such transfers apply to changes in ownership, operator, or third-party guarantor.

Your Commission's motion should include the following:

- (A) The Planning Commission has held a duly noticed public hearing on the proposed amendment to the Santa Barbara County Code, at which this amendments was explained and comments invited from the persons in attendance.
- (B) In conclusion, the Santa Barbara County Planning Commission recommends that the Board of Supervisors amend the Santa Barbara County Code to add Chapter 25B, *Change of Owner, Operator or Guarantor for Certain Oil and Gas Facilities*, included herein as Attachment A and, in so doing, make the draft findings included herein as Attachment B.

The actions recommended today consist of Planning Commission recommendations to the Board of Supervisors to adopt a new chapter to the Santa Barbara County Code. Whichever action the Planning Commission decides to take on these recommendations will be transmitted to the Board of Supervisors and the Board will consider those recommendations in a duly noticed public hearing. In considering the Planning Commission's recommendations, the Board may adopt the new ordinance as submitted by the Planning Commission or a modified version thereof. Conversely, the Board may choose not to adopt the ordinance, either declining further

consideration at this time or deferring the ordinance back to the Planning Commission with specific direction for further consideration. If the Planning Commission declines to recommend adoption of the ordinance, the Board of Supervisors may uphold that recommendation, or reverse it by adopting the ordinance.

3.0 JURISDICTION

The California Constitution, Article XI, §7 confers on cities and counties the power to “make and enforce within [their] limits all local police, sanitary and other ordinances and regulation not in conflict with general laws. Regulation of land use is a manifestation of these local police powers.¹ The County’s local zoning ordinances set forth land use regulations that include procedures, processes, required findings, and standards for approval or disapproval of discretionary and ministerial permits for development. This proposed ordinance sets forth requirements, procedures and processes, and required findings for the transfer of such discretionary and ministerial permits, from one party to another, that have previously received the County’s approval for a specified class of development. Such transfers apply to changes in ownership, operator, or third-party guarantor.

The Planning Commission considers this proposed ordinance as part of the general authority delegated to it by the Board of Supervisors to conduct public hearings and make recommendations with regard to land-use policy and regulation, including consideration of new ordinances.

4.0 ISSUE SUMMARY

Santa Barbara County is a focus of oil and gas development. Among other things, it has permitted several facilities that support development of oil and gas reserves offshore.² Recent years have witnessed new trends in the ownership and operations of these facilities, as described in section 5.1.2. This ordinance is the first of three policy projects under development by the County that, in part, address these evolving trends. Those three policy projects include:

- Change of Owner, Operator, and Guarantor Ordinance, which is before the Planning Commission today.
- Abandonment Policies and Ordinances, which were initiated by the Planning Commission last fall and currently are undergoing environmental review.
- Financial Responsibility Ordinance, for which the Board of Supervisors has authorized funding with its development anticipated to commence next spring.

The oil and gas facilities covered by the proposed Change of Owner, Operator, and Guarantor Ordinance stand apart from most other permitted facilities in the County, in that they have the

¹ Curtin, Daniel. *Curtin’s California Land Use and Planning Law*. 1999. Page 1.

² In 1999, for example, 84% of all oil and 90% of all gas produced from the Pacific Outer Continental Shelf Region was landed in Santa Barbara County for handling.

potential for serious accidents and oil spills that could endanger the public, property, and environment. Development plans and conditional use permits for these facilities are conditioned to require safe operation and mitigation of environmental impacts. However, subsequent owners and operators may in some cases be less technically and financially capable than the original operators, or unwilling to comply with permits and regulations. Therefore, the County must exercise sufficient regulatory oversight of permit transfers to ensure that risks do not increase and permit compliance does not deteriorate when facilities change hands.

The County currently has no ordinance specifically formulated to regulate owner/operator changes. Most but not all permits and development plans contain some provision that require a permitting action if the project description changes, and such provisions have been the basis for many change of owner/operator permit actions. The Energy Division has processed these changes as permit revisions or substantial conformity determinations within the generic procedural framework of the Zoning Ordinance. The Zoning Ordinance, however, does not give adequate or definite guidance for evaluating and permitting owner or operator changes. To fill the gap, the Energy Division has evolved some basic internal principles, based on the Division's experience over the past eight years. Current practice for owner/operator change includes the following minimum requirements:

- a) written commitment from the applicant to accept the permit including all its conditions,
- b) written commitment and financial assurance for proper facility abandonment and land restoration at project completion,
- c) demonstration of adequate financial responsibility for operations, required mitigations, and clean-up costs for potential oil spills, and
- d) evidence of operator experience and expertise.

These practices are codified in the proposed ordinance, and form its central core.

Some issues have not resolved into practice. One case in point involves the specific criteria for determining whether an owner/operator change should be handled by the Director or heard by the Planning Commission. Which approval path to take is currently a gray area, partly because the Zoning Ordinance provisions that cover permit revisions, amendments, and substantial conformity determinations do not specifically address the major concerns about owner/operator change, such as financial responsibility and the risks that may come with a new operator. The proposed ordinance gives clear guidance on which approval path to take for any owner/operator change. Several new requirements are instituted in the proposed ordinance. These include accurate and truthful identification and naming on the permit of all owners, operators, and guarantors for a facility, and disclosure of facility condition to new owners.

The proposed ordinance deals with the following major substantive issues relating to change of owner, operator, or third-party guarantor:

- Identification of all owners, operators, and guarantors, and listing on permit.
- Acceptance of permit by owners and operators.

- Responsibility for facility abandonment.
- Financial responsibility for accidents and oil spills.
- Facility safety audit status; disclosure of audit report to new owners.
- Compliance of facility with permit and ordinances.
- Updating of emergency plans.
- Transitional plan for change of operator.
- New operator's experience, safe operating record.
- New operator's knowledge of safety plans and emergency procedures.

5.0 PROJECT INFORMATION

5.1 Setting

5.1.1 Facilities

The proposed ordinance pertains to onshore oil and gas processing plants and pipelines in the County that support production from offshore reserves. These facilities currently produce about 95% of the total oil and gas production under the County's jurisdiction, the remaining 5% being produced by onshore wells.³ Currently operating offshore-related onshore facilities include the following (together with any related pipelines, pump stations, and other associated facilities):

- Ellwood storage and processing facilities, including the marine terminal (Venoco)
- Ellwood Line 96 pipeline (Mobil Pacific Pipeline Co.)
- Las Flores Canyon oil processing and stripping gas treatment facility (Exxon Mobil Corp.)
- Las Flores Canyon gas processing plant (Pacific Offshore Pipeline Company)
- Molino Gas Project (Benton)
- Gaviota processing facility (Point Arguello partners)
- Gaviota Terminal (Gaviota Terminal Company)
- All American Pipeline
- Lompoc Oil and Gas Plant (Torch/Nuevo)
- Sisquoc and Unocap/Pedernales pipelines (Tosco)

The ordinance also pertains to any oil refineries that process oil originating either onshore or offshore. The Santa Maria Asphalt Refinery (Greka) is the only refinery currently operating in the County.

5.1.2 Ownership trends

The first generation of operators for oil and gas leases on the Outer Continental Shelf (OCS) and their related onshore facilities were major, vertically integrated oil companies (e.g., Exxon, Chevron, Texaco, and Unocal). Although company mergers, acquisitions and sales have featured prominently throughout the oil industry's history, Santa Barbara's offshore producers and related

³ Based on data from 1999 Annual Report of the State Oil and Gas Supervisor

onshore facilities have until recent years remained in the hands of the majors. The large amounts of capital and technical expertise required to successfully develop offshore leases precluded participation by independents and small operators.

A trend has emerged recently in which the major companies seek to divest themselves of offshore leases and related onshore infrastructure, as the fields enter mature stages of development. Decreasing production yields and the need for secondary and tertiary means of enhanced oil recovery reduces profits below those achievable in other regions or in foreign countries.

A second generation of operators views Santa Barbara offshore operations and their existing onshore support facilities as profitable investments, though they appear relatively unprofitable to the majors. This second generation includes independent firms such as Nuevo Energy Company, Torch Operating Company, and Venoco, Inc. As noted in a recent study that addressed the industrial history of petroleum extraction in and offshore Santa Barbara County:

“The business goals of these firms fit with the supply conditions of the area. They aimed to acquire existing producing properties and develop them using advanced recovery methods such as horizontal drilling and steam-assisted gravity drainage processes (SAGDs) to pull more crude oil out of the fields in an environment of steady or rising demand. As exploration and production companies neither refining nor distributing their own crude, they were especially subject to fluctuations in prices. While exploratory drilling in the area ceased entirely in 1995 for the first time since World War II, development activity was vigorous. The intensely competitive nature of this side of the business placed a premium on lease acquisition and the capacity to exploit existing reserves.”⁴

These second generation companies are relatively young and lack the vast array of financial assets and technical resources of the first generation. The success of their investment in local fields and supporting facilities depends on their ability to produce, process, and transport oil and gas at lower costs. Nevertheless, it would be a mistake to equate size and safety; examples can be found of majors with poor safety records, and of independents with good safety records.

A second shift towards more complicated ownership structures and new forms of business organization is also taking place, which potentially shields owners from liability. Gaviota Terminal offers an example. Gaviota Terminal is owned by Gaviota Terminal Company (GTC), a partnership of five entities, that include subsidiaries of four corporations and one limited liability company (LLC). GTC leases the facility to Point Arguello Terminal Company (PATC), a partnership consisting of eight companies that have interests in the Point Arguello Project (or their subsidiaries). The facility is currently operated by Equilon Pipeline Company, LLC, the managing partner of GTC. Equilon Pipeline Company, LLC, is a subsidiary of Equilon Enterprises, LLC, which is a joint venture between Shell and Texaco. The County addressed this

⁴ Nevarez, Leonard, et. al. *Petroleum Extraction in Santa Barbara County, California: An Industrial History*. (1998: Camarillo, CA, Minerals Management Service.) Page 3.2.42.

complex ownership by requiring all partners of GTC were required to be listed on the permit, demonstrate financial responsibility by means of insurance, and accept joint and several liability.

In other cases, ownership has changed hands, and while the new owner takes over the function of operator, the corporation of the former operator is retained as the permitted operator. An example is Pacific Offshore Pipeline Company (POPCO) that operated the gas processing plant at Las Flores Canyon. The facilities are now owned by Exxon Mobil Corp. and operated by ExxonMobil Production Company. The new owner has kept POPCO as a legally functioning corporation that remains permitted operator, though it no longer actually operates the facilities.

A third type of change involves the formation of limited liability companies and limited partnerships. Examples include All American Pipeline, L.P. and Equilon Pipeline Company, LLC. These forms of organization may provide greater protection of the owners' assets than is provided by setting up corporate subsidiaries, which are also widely utilized.

5.2 Project Description

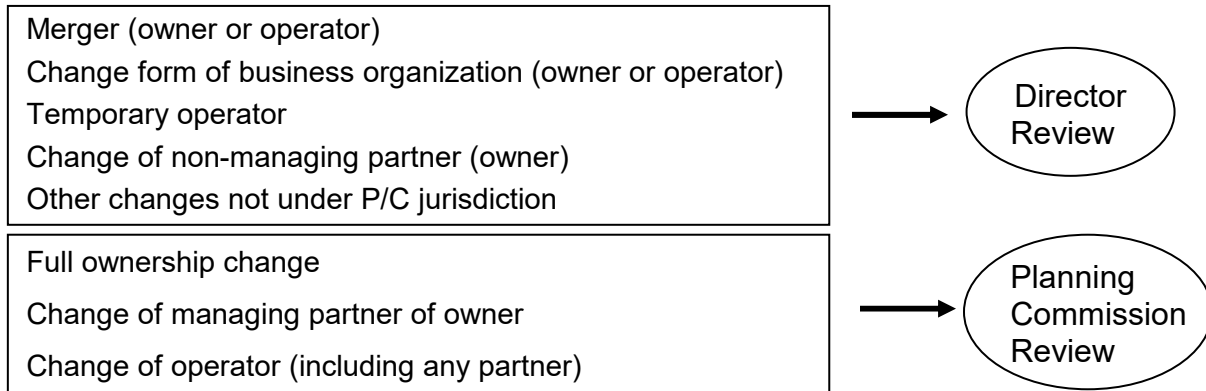
The purpose of this proposed ordinance is to establish requirements, processes, and findings for the transfer of permits when the owner, operator, or guarantor of the foregoing facilities changes. The proposed ordinance (Attachment A) is designed to fill a gap in existing regulations, providing a uniform mechanism for permit transfer that ensures the important issues are adequately addressed.

While the proposed ordinance has its roots in the Energy Division's experience, it also draws from the experience and practices of the Minerals Management Service (MMS) and State Lands Commission (SLC), which regulate offshore oil and gas operations. MMS and SLC face many of the same issues for change of owner/operator of offshore oil and gas projects that the County faces for the onshore facilities. Their proven practices, where relevant, have helped shape the proposed ordinance.

The functioning of the proposed ordinance is very straightforward: Any company that owns, operates, or provides financial guarantees for a facility must be named on the permit [§25B-4(1)]. Any change of the parties named on the permit requires a permit transfer, and transfer of a permit requires application and approval [§25B-4(3)]. Since a facility cannot legally operate without a permit, any change of an owner, operator, or guarantor requires a permit transfer, following the specified procedures.

All owners, operators, lessees, and guarantors are identified through a reporting requirement [§25B-6(1)]. Any changes require submission of an application [§25B-6(3-5)]. Owner/operator changes that can be handled by the Director of Planning and Development (Director) and those that must be heard by the Planning Commission follow separate approval paths [§25B-8]. The branching is accomplished by means of simple, objective criteria. The intention is to direct routine, generally administrative owner/operator changes to the Director, while bringing the more

substantive cases with potential for safety or environmental impacts or controversy to the Planning Commission for public hearing.



Applications handled by the Director may be approved, based on a short list of appropriate findings [§25B-9]. There are also separate lists of findings tailored for particular cases: change of guarantor, change of non-managing partner, and temporary operator.

Applications destined for the Planning Commission must satisfy one list of findings for owner change and a second list for operator change [§25B-10]. In all cases appeal may be made, following procedures patterned after the Zoning Ordinance. Enforcement of the Chapter is also fashioned after the Zoning Ordinance.

5.3 Owner/Operator Changes: Recent history and County practice

At least 22 changes of owner or operator have taken place since 1993 for the 12 facilities listed above (§5.1.1). Permit revisions for several of these changes are not yet settled, pending adoption of the proposed ordinance. The changes are a diverse assortment, involving sales or mergers that affect ownership, operator, partnership composition, parent companies, form of business organization, etc. (See Attachment B for a detailed outline of recent owner/operator changes.) For simplicity, the changes can be grouped into four categories: *facility sales*, *change of operator*, *change of parent company*, and *other change of ownership*.

5.3.1 Facility sales

The conceptually clearest type of owner/operator change is the sale of a facility from one company to another. In such cases, both the owner and operator are replaced, unambiguously, by new a new owner and operator. An example is the sale of the Ellwood facilities from Mobil to Venoco in 1997. Some facility sales involve a change of ownership control, but are not full ownership changes. An example is the sale of Chevron's share of the Point Arguello Project to Arguello, Inc. Since 1993, there have been 4 full facility sales and 5 major, but partial, ownership changes. (There have also been 4 sales that were presented to the County as changes of parent company, but are more accurately described as full facility sales. These cases will be discussed in

another section.) The Venoco and Arguello examples are described below to illustrate the range of issues that arise for facility sales.

The Ellwood case involved the sale of Platform Holly and the Ellwood onshore facilities from a major owner/operator to a small independent, both of which are corporations. The onshore facilities consist of the Marine Terminal, an oil and gas processing plant, storage tanks, and pipelines. These facilities had previously been permitted to Arco under County Ordinance 2919. Mobil purchased them in 1993 and sold them (except for the Line 96 onshore pipeline) to Venoco in 1997. The permit does not have any special provisions for approving a new owner or operator, or a mechanism to ensure the new owner has adequate financial resources or that the new operator is capable of operating safely. Therefore, neither the 1993 nor 1997 change of owner/operator required any permitting action. However, the Financial Responsibility Ordinance (FROG) (County Code, Chapter 25A) does require a demonstration of financial responsibility for the marine terminal portion of the facilities. Venoco satisfied the requirement with \$250 million of insurance, obtained prior to the permit transfer. Permit transfer to Venoco was handled by as an administrative change by the Energy Division, without a public hearing.

Following Venoco's purchase of the facilities, a hydrogen sulfide release prompted closer monitoring by the County. Many safety issues were discovered, which may have predated the sale. Venoco has since corrected, at considerable expense, most of the facility deficiencies identified in County-conducted audits.

The Chevron to Arguello Inc. case illustrates a far more complex situation. The Point Arguello facilities were originally permitted to Chevron. Subsequent to approval of the CDP, the County learned that the project was owned by the Point Arguello Partners, for which Chevron was the managing partner. The ownership arrangement is complicated. The project is divided into three operating entities, each a partnership of eight partners and each with a partially differing partnership composition. Point Arguello Partners includes all the partners that constitute these three partnerships. Chevron applied to transfer the permit to Arguello, Inc., a subsidiary that was formed by Plains Resources (a large independent) expressly for the purpose of managing the Point Arguello Project. Plains/Arguello, Inc. applied to replace Chevron as permittee, with contract operating services to be provided by Torch Operating Company.

The Chevron to Arguello Inc. permit change was brought before the Planning Commission, based on a condition of the development plan (Condition A-7) requiring a substantial conformity determination (SCD) or a new or modified permit for any change of the project description, including changes of owner or operator. Conditions similar to this are found in some but not all development plans for oil and gas facilities. Based on the significance of the proposed changes, the development plan was taken before the Planning Commission. Operator safety, financial responsibility for potential oil spills, and future facility abandonment were all major concerns. The proposal of Torch as operator, was highly controversial in the aftermath of Torch's 1997 Point Pedernales oil spill. The Planning Commission denied the development plan revisions, due to financial responsibility and operator safety issues. The revisions were approved in 2000 on appeal to the Board of Supervisors, following the addition of several new conditions, including

the following: a) Plains/Arguello Inc. to demonstrate \$260 million in liability insurance, b) all partners and operators to accept liability, c) explicit listing on the permit of all owners, managing partner, and operators, d) limitation of Torch role to non-management functions, e) Chevron to remain on permit for joint abandonment liability.

The Chevron sale consisted of a partial change of ownership and change of managing partner, in contrast to the Venoco sale, which involved a full ownership change. Such changes usually raise questions of financial responsibility, abandonment responsibility, liability, update of certain facility compliance plans, and owner acceptance of permits and plans. Where a change of operator accompanies the change of owner, as is typically the case, operator expertise and safety are matters of concern. Accurate characterization of facility ownership and operator may also be a significant issue, as it was for the Point Arguello Project. In current practice, full changes of ownership, changes of managing partner, and changes of operator are analyzed with respect to these issues and brought before the Planning Commission, except where permit conditions do not require a permit revision or SCD for changes of owner or operator.

5.3.2 Change of operator

As discussed above, a change of operator may occur in connection with a full or partial change in facility ownership. Two other kinds of operator change have recently occurred in the County: First is a change of operator without a change of owner. This has occurred twice since 1993. Second, is a de facto change of operator that takes place following the purchase of an owner/operator by a new parent company; this has occurred 4 times.

The pending application for change of operator of the Gaviota Terminal is an example of the first kind. Equilon Pipeline Company, LLC is managing partner for the Gaviota Terminal Company (GTC) partnership that owns the facility. Equilon Pipeline Company, LLC, and Equilon Enterprises, LLC, are listed on the permit as operator. Equilon plans to turn the operations over to Arguello, Inc., subsidiary of Plains Resources, with contract operating services to be provided by Torch. As Plains/Arguello, Inc. currently operates the Point Arguello facilities, which are interconnected with Gaviota Terminal facilities, the change makes good practical sense.

Many of the same issues that come up for facility sales also apply in this case, including financial responsibility, liability, updating of emergency plans, identification of all parties and naming them on the permit, and operator safety. New permit conditions addressing these issues have been under discussion for over a year. When the remaining issues are resolved, the permit revisions could be approved by the Director or brought before the Planning Commission.

Cases of de facto change of operator include Tosco's two pipelines, Greka's Santa Maria Asphalt Refinery (SMAR), and Pacific Offshore Pipeline Company (POPCO). The POPCO example shows how de facto change of operator can happen. POPCO, which operated the Las Flores Gas Plant, was bought by Exxon, owner of the adjacent LFC oil processing facilities. Shortly thereafter, Exxon merged with Mobil. POPCO remains an active, legal corporation, as a subsidiary of Exxon Mobil Corporation. Exxon Mobil maintains that POPCO continues to

operate the Gas Plant, but ExxonMobil Production Co. is the actual operator in fact, responsible for managing the operations and most business functions for POPCO.

This and the similar cases more closely resemble full changes of owner and operator than they do parent company changes. However, the permit does not reflect the change of operator, and the normal review process for operator change, including the new operator's acceptance of permit conditions, has been bypassed. At least part of the reason this is possible is that some permits lack clear language defining the operator and do not give explicit procedures for permit transfer. In such cases, identification of the actual operator is a basic issue for effective permitting and is the basis for establishing liability, financial responsibility, operator safety, permit enforcement and other issues.

5.3.3 Change of parent company

Changes of the parent company of an owner or operator may occur through sales or acquisitions of subsidiaries, mergers, or changes in the form of business organization. Two such cases have occurred since 1993. Permit action is not generally warranted, and is beyond the County's purview, in connection with changes of parent companies, providing that the owner and operator of the facility do not change, and guarantees for abandonment and financial responsibility are unaffected. For example, Goodyear Tire and Rubber Co. sold its subsidiary All American Pipeline Company to Plains Resources, Inc. No permitting action was required, since the pipeline owner and operator did not change.

5.3.4 Other ownership changes

A variety of other types of change of the facility owner or operator can and do occur, either alone or in combination with facility sales, operator change, or parent company change. At least 5 such cases have occurred recently. Examples include the following:

Exxon → Exxon Mobil Corp.	1999	merger of corporations
AAPL → AAPL, L.P.	1998	operator converted from corporation to limited partnership
GTC / Oryx + Kerr-McGee	1999	merger of a non-managing partner of owner
GTC → PATC lease	1997	GTC partnership leased the terminal to PATC partnership

This catch-all category includes mergers, changes in form of business organization, changes of non-managing partners, and miscellaneous other changes. Change of a financial guarantor also fits into this category. What these examples have in common is that they do not involve replacement of the operator or a discontinuity in ownership. In a sense they somewhat less substantive and more administrative than full ownership changes, changes of managing partners, or operator changes.

5.3.5 County practices

Of the owner and operator changes listed in Attachment C, in seven of the cases no permitting action was taken, such as a substantial conformity determination (SCD) or amendment. In two of these, the County was not informed of the change, and in the other five, there was no basis in the permit to require any action. Six cases are currently pending, and will most likely be processed under the proposed ordinance, if approved. Of the nine cases that have been resolved, eight were brought to the Planning Commission and one was handled as an SCD within the Energy Division.

Currently, the principal grounds for the County to require approval of owner or operator changes is a condition in most permits that requires an SCD in the event of a change of the project description, including any associated plans and environmental documents. An SCD is required because change of owner or operator constitutes a change of project description. In most cases, to approve an SCD, the Energy Division has required additional permit conditions aimed to assure that the new owner/operator provides adequate financial guarantees for potential accidents and spills and future facility abandonment, and that any new operator is capable of operating safely. Conditions specifically requiring approval of owner/operator changes have been added to several permits in recent years, but for most facilities the condition requiring approval of changes in project description remains the basis for the change of owner/operator approval process.

In all these cases, the same basic concerns come up repeatedly: acceptance of the permit by new parties, financial responsibility, abandonment responsibility, and operator safety. Other issues, such as identification and listing of non-managing partners on the permit, have arisen as secondary issues.

5.4 Regulatory Practices Elsewhere

5.4.1 Minerals Management Service practices for owner/operator change

The Minerals Management Service (MMS) has well defined procedures for change of owner/operator of offshore platforms in relation to both operational safety and financial responsibility.

The approval of a new operator is based on a system of ongoing audits, which include Focused Facility Inspections (FFI) in addition to annual inspections and unannounced partial inspections. The FFI is a new type of in-depth inspection by a multidisciplinary team. FFIs go beyond appraising maintenance, mechanical systems, etc., in that they study training, operating procedures, and examine whether the management style is conducive to safe operation. MMS indicates FFIs are useful in the context of change of operator, as they document what needs correction and also form a baseline against which to compare a new operator's performance and management approach. Prior to a change of operator, the current operator must remedy any identified facility deficiencies or agree to a schedule for correcting them.

The MMS procedure for approving a new operator is as follows:

- a) companies submit a transition plan;
- b) MMS audits facilities and requires repairs based on audit findings;

- c) cross training between old and new crew for three weeks to three months, depending on facility complexity;
- d) testing of new crew's competence, including emergency drills, oil spill response, fire shelter, and total emergency platform shutdown, followed by restart. Bringing a platform back up is a long, involved procedure that must be done gradually and carefully, and proper execution demonstrates full understanding of the system.

Before final approval, the new operator must certify that it belongs to an oil spill cooperative, and that it has the capability to respond to a worst case oil spill.

MMS requires three types of financial guarantee for offshore oil and gas development, all of which come up in connection with owner and operator changes. They are *general bonds* for fulfillment of lease terms, *supplemental bonds* to cover estimated costs of abandonment, and *oil spill financial responsibility* (OSFR) coverage of up to \$150 million. A fifteen-step procedure is followed, that assures the following:

- a) a single company provides acceptable guarantees of OSFR;
- b) authorized signatories are designated;
- c) general and supplemental bonds are received;
- d) operator's financial condition is reviewed;
- e) all companies involved in ownership and operation are jointly and severally liable for oil spill clean-up and damages.

In evaluating new operators, MMS employs a criterion of five years of demonstrated safe offshore operation. This means they have a good record, both financially and operationally. MMS increases the amount of security bonds for companies with poor records, because they represent high risks. New operators must show that they are sensitive to regulations and can operate in a heavily regulated environment. MMS has, on rare occasions, refused requests to change operator.

5.4.2 State Lands Commission practices

The State Lands Commission (SLC) considers both safety and financial responsibility in evaluating applications for change of owner/operator of oil and gas facilities in State waters.

SLC investigates the applicant's performance history, considering their track record of operations, safety, and financial responsibility. If the new lessee or operator is an unknown quantity, SLC reviews past experience outside of California, looking at such concerns as delinquencies on royalty payments, safety record, and reputation in the industry.

Safety audits were recently added to the lease transfer process. Prior to a transfer, SLC conducts a safety audit that is thorough, but does not involve safety drills. The assignor must correct any facility deficiencies, or, alternatively, the assignee may correct the deficiencies as a condition of the lease through agreement of all parties, including the SLC. The SLC also verifies that requisite contingency plans exist for the facility, including contingency plans for hydrogen sulfide release, oil spill, etc.

The SLC requires “structure bonds” to guarantee proper facility abandonment and performance bonds to assure payment of royalties. They do not require financial responsibility for oil spill clean-up and damage, as that is under the jurisdiction of the Department of Fish and Game’s Office of Oil Spill Prevention and Response (OSPR), which requires each facility owner and operator to obtain a Certificate of Financial Responsibility (CFR). OSPR requires proposed new responsible parties to qualify for and obtain a CFR. Principal financial responsibility resides with the lessees, not the operator. Assignment of the lease to a new lessee does not usually release the present lessee from liability, however, they may put up a bond to cover their responsibility.

Following investigation of the company’s finances, SLC evaluates the overall picture, including operating history and safety, and determines the amount of financial security required. The worse the record, the higher the bond. There are no formulas or explicit criteria for determining the amount.

6.0 PROJECT ANALYSIS

6.1 Applications and processing

The proposed ordinance is intended to cover all sales, mergers, changes of form of business organization, partnership composition, co-owners, operators, and guarantors. It is not intended to cover: a) changes in percentage share of ownership (providing they do not entail addition or removal of owners or affect financial guarantees), b) parent company changes (providing they are at arm’s length and do not involve changes in control of facility ownership or operator functions, or affect financial guarantees), and c) company name changes.

One important function of the proposed ordinance is to provide a roadmap for processing applications, for the benefit of County staff, the oil and gas industry, and the public. It does so by providing a clear framework for applications and timing [§25B-6] and specific criteria to determine how an application will be processed [§25B-8]. This process for change of owner/operator supercedes the provisions of the Zoning Ordinance previously utilized by the Energy Division for such cases [§25B-5].

In the proposed ordinance, applications for changes of owner or guarantor must be submitted within 30 days following a change, after which the County has 30 days to deem the application complete or to issue an incompleteness letter. Although it might seem desirable to require owners and guarantors to obtain County approval prior to a change, this is unworkable. Mergers and acquisitions can take place in corporate board rooms far away from Santa Barbara without prior approval from the County. The 30-day cycle of application and completeness determination is consistent with the County practice for CDP applications. The purpose of the 30 day cycle is to move the process along expeditiously. It is to the County's benefit, as well as the owner's, for a new owner to be listed on the permit and to have formally accepted the permit conditions as soon as possible. The previous owner or guarantor remains liable under the permit until the new owner or guarantor is approved.

Changes of operator, on the other hand, must be approved prior to an operator taking the charge of the controls. This is important to ensure the prospective new operator has a good working knowledge of the facility safety plans and procedures, and that the County has reviewed its safety record and found it satisfactory. (Mergers or changes of business organization of the operator that do not affect facility personnel or operations have the same 30 day application period as for changes of owner.) For similar reasons the Minerals Management Service and the State Lands Commission require approval of applications for change of operator of offshore facilities prior to the change of operator. Approval by these agencies requires extensive reviews of operator competence, facility condition, and financial responsibility.

6.2 Identifying and listing owners and operators

The proposed ordinance requires all owners and operators to be listed on the permit as permittees; guarantors must be listed with their responsibilities as guarantor identified [§25B-4(1)]. Furthermore, all owners and operators are required to accept the permit conditions [§25B-4(2)]. This may represent a change for some facilities. In the past, some permits have been in the name of the owner and others in the name of the operator. In two recent cases, the County required all partners of the facility owner to be listed on the permit, in addition to the managing partner and operator. The purpose is to provide assurance that they can be held responsible in case financial guarantees fail or are inadequate, and the named owner and operator disappear or go bankrupt.

Under §25B-6, there are three classes of owners, operators, and guarantors: “Existing” denotes those accurately represented on the permit at the time of ordinance adoption; “pending” denotes those not accurately named on permit at time of ordinance adoption (regardless of whether they have submitted an application); and “new” applies to companies will undergo a change of owner, operator, or guarantor anytime after ordinance adoption. Existing companies will be required to supply the required information, and the permit will simply be updated if necessary. Pending cases will be processed according to the ordinance, with any submitted application taken as at least a partial application.

6.3 Approval route

The approval process in the proposed ordinance is structured around a two-way branching of cases, between the Director and the Planning Commission [§25B-8]. The intention is to divide the applications so that primarily administrative cases, such as partial ownership changes, mergers, financial responsibility, etc. are handled by the Director, while more substantive cases such as full change of ownership or operator are directed to the Planning Commission, as most such cases have been directed in the past. The criteria in the bifurcation are objective, in that they depend only on the type of change. This makes it possible to determine the approval route without the need for a prior in-depth analysis. We anticipate that most cases that involve substantial issues or that could raise public concerns will follow the Planning Commission route.

The findings required, as well as the approval route, are predetermined by the type of change. This approach provides clear guidance for handling applications. It will expedite permit transfers for minor ownership changes, while requiring owner/operator changes with potentially problematic issues to undergo much closer and more comprehensive examination and a public hearing.

6.4 Appeals and enforcement

The appeals section of the proposed ordinance is adapted directly from the County Zoning Ordinance, and the provisions are substantially the same. Decisions of the Director may be appealed to the Planning Commission by applicants or interested parties. Planning Commission decisions may be appealed to the Board.

The enforcement section is taken from the County Code, Chapter 25A (financial responsibility for marine terminals), and closely resembles the Zoning Ordinance enforcement section. The County's remedies include civil penalties, criminal penalties, and injunction. In preliminary workshops, industry representatives have objected to the inclusion of provisions for civil penalties up to \$25,000 per day and possible criminal penalties, contending that these provisions are inappropriate for an ordinance that it views as largely administrative.

The answer is that minor infractions, such as forgetting to submit an information update, would not warrant the maximum penalty, and in many cases no penalty would be assessed. It has not been the Energy Division's practice to assess large penalties for minor violations under the Zoning Ordinance, nor would that be the practice here. However, there could be instances of violations of this ordinance that would demand progressively harsher civil penalties for serious violations that endanger public safety or threaten the environment. An example would be a transfer of operations to an unqualified operator without approval by the County. Even criminal penalties might be appropriate for flagrant, willful, repeat violations. Such penalties may only be sought by the District Attorney's Office. The enforcement authority in the ordinance is essentially the same as that under which changes of owner/operator are currently approved. This ordinance is not a departure from the current enforcement regulations or practice.

6.5 Rationale for findings; Director's findings

As shown in the table that follows, the proposed ordinance requires different sets of findings for different categories of application. Applications under the Director's jurisdiction do not involve full changes of ownership or operator (except temporary operator). Continuity of facility ownership and management persists during and following such changes. For instance, following a merger, some of the people, expertise, and culture of the former company carry over to the new entity. For this reason, the findings pertaining to facility condition and operator safety that are

required for the more substantive cases under Planning Commission jurisdiction are not required as Director’s findings. The sets of findings for each category of application under the Director’s jurisdiction are outlined below.

Findings required for change of owner or operator in proposed ordinance

Findings made by:	Director				Planning Commission	
	change of non-managing partner	temporary operator	change of guarantor	change of owner	full change of owner or managing partner	change of operator
Finding						
Acceptance of Permit						
Financial Guarantees						
Fees and Exactions						
Abandonment						
Facility Safety Audit						
Compliance With Existing Requirements						
Compliance Plans						
Transitional Plan						
Emergency Response Plan Drills						
Operation Record		operator capability				

Acceptance of Permit. All new owners and operators are required to certify that they accept the permit. This finding is the cornerstone of the approval process. It assures that owners and operators have read and agree to the permit(s), and it affirms their legal obligation to implement and abide by the permit conditions. It also serves to alert prospective new owners and operators to the County’s safety and environmental requirements, which may differ from those they are familiar with in other regions.

Financial Guarantees. Owners, operators, and guarantors are required under the proposed ordinance to provide any financial guarantees required by any permits and current or future ordinances. Sections 25B-9(5) and 25B-10(3) allow for the addition of further permit conditions to adjust the amount of financial responsibility, should the current amount be inadequate under the circumstances at the time of the change of owner. The finding does not specify who must provide the financial guarantees, only that they must be provided.

Securing adequate guarantees of financial responsibility for permitted facilities has figured prominently in changes of ownership during the past decade. Several facilities provide insurance or bonds in excess of \$100 million. The main concern is to assure compensation for clean-up and damages for potential future accidents and oil spills. Because onshore oil spills costing in the tens

of millions to over \$100 million can and do happen, securing adequate and enforceable guarantees is a critical element of the proposed ordinance. The importance of securing sound guarantees is closely linked to the observed trends described above (§5.1.2), namely, the entrance of smaller independents into the field and the introduction of more sophisticated devices to shield oil company assets. Industry representatives have voiced no opposition to this finding in public workshops.

Financial responsibility is an issue that relates to all facilities, not just those that happen to go through a change owner or operator. Specific detailed requirements, standards, and guidelines for financial responsibility need to apply across-the-board. The proposed ordinance will continue for the time being the present practice, which consists of case by case evaluation to determine, first, what is an adequate level of financial guarantees for the facility, and second, what types of guarantee are acceptable. This process is informed by past practice in the Energy Division, the practices of the MMS and California's Office of Oil Spill Prevention and Response, and the recommendations of County Counsel and Risk Management. If, in the future, an ordinance addressing financial responsibility for all facilities is adopted, then the specific detailed requirements will be codified at that time.

Fees and Exactions. This finding simply requires that the facility's accounts with the County be square before an application is approved.

Abandonment. The abandonment finding does not address the detailed requirements for future facility abandonment or financial guarantees relating to abandonment. It only requires that the owners, operators, and guarantors demonstrate that they have demonstrated the financial capability, through financial guarantees, to comply with applicable permits, and federal, state, and local laws concerning abandonment.

Like financial responsibility, abandonment of facilities is an important issue for the County. There is a possibility that following closure of a facility the owners will be without adequate resources for complete abandonment, site decontamination, and restoration. However, like financial responsibility, abandonment is an issue that applies across-the-board to all facilities. For that reason the detailed requirements, standards, and procedures are not placed in this ordinance, but will be squarely addressed in the proposed abandonment ordinance, which is under development. There is a clear nexus between abandonment responsibility and change of owner, and also between assessment of site contamination and change of owner. However, the detailed requirements are more appropriately and strategically located in a separate ordinance, where they will apply to all facilities.

6.5.2 Change of guarantor

Approval of a guarantor that is not an owner or operator requires only two findings: financial responsibility and abandonment. The *permit acceptance* and *fees and exactions* findings are not needed for guarantors for the following reasons. Guarantors are tied to the permit by virtue of providing a guarantee to the owner or operator. Therefore, additional permit acceptance is unnecessary. Moreover, the particular performance being guaranteed by a third-party guarantor

could often apply only to one or a few conditions of the permit rather than the entire permit. Because it is in the County's best interest not to impede the maintenance of financial responsibility, even if an owner is in arrears, the *fees and exactions* finding is not required in the case of guarantors.

6.5.3 Temporary operator

Under the branching rule, changes of operator, except mergers and changes of form of business organization, go before the Planning Commission. One further exception is the approval of a temporary operator [§25B-9(3)]. A temporary operator may be permitted to take over operations for up to six months when an owner demonstrates there is an urgent need to replace an operator.

This provision is intended to be used rarely, if at all, and then only under extraordinary circumstances. The case envisioned is that an operator is highly unsatisfactory, and both the owner and County want them removed. If a qualified operator is available to take over, it would be counterproductive to lock an owner into a long permitting process in this case or to limit the Director's options to the change of operator process. Without the safety valve afforded by a temporary operator, an owner might be forced to retain a poor operator, rather than shut down for an extended period, while pursuing a permanent change-of-operator approval through the Planning Commission. The intention in such a case would be for the temporary operator, or possibly another operator, to apply for permanent status through the normal change of operator approval process as soon as possible, so that approval would be granted prior to the expiration of the temporary operator term. Extensions of the temporary operating period are neither provided for nor prohibited, but would rarely be appropriate except under extraordinary circumstances.

The findings are abbreviated in this case, in reliance on the Director's good judgement. The *permit acceptance* and *financial guarantees* findings are required. In addition, the Director must make a finding, signifying that the proposed temporary operator has the skills and training necessary to operate the permitted facility in compliance with the law and has a good working knowledge of the safety and emergency plans. This represents a less rigorous analysis of the operator than is required in the Planning Commission findings for change of operator. However, if this provision is applied as intended, to defuse a unsafe operating situation until a permanent operator is approved, the lesser standard may be justified.

6.5.4 Change of non-managing partner of owners

A single finding applies to facility co-owners and non-managing partners that are not guarantors. Unless a non-managing partner serves as guarantor, the *financial guarantee* and *abandonment* findings are unnecessary. Only the *permit acceptance* finding is required. The part-owners considered here are not operating the project, and existing financial guarantees are already in place to ensure permit compliance. If they were active in the facility management, then they would be considered managing partners; in that case the ordinance would require them to apply for a change managing partner, as change of owner under Planning Commission jurisdiction. In short, the companies included in this category are part owners, not required to provide financial

guarantees because such guarantees are already in place, not the managing partner of the project, and not involved in facility operations.

The main reason to require such companies to accept the permit is liability. These companies are legally responsible for the facilities under both state and federal law. This is as it should be, since these companies share the profits of the enterprise. It is in the County's interest, and the public interest, to make sure that in the event of a catastrophic accident or oil spill, all responsible parties can be held liable. This purpose is furthered by requiring all co-owners non-managing partners to be listed on the permit and to agree to its responsibilities under the permit, including joint and several liability, a condition found in all permits.

In public workshops, this provision raised strong objections from oil industry representatives. One argument made was that it is absurd to make a minor owner located outside California accept all the conditions of a permit, since most of them do not apply. Responsibility for the obligations of the facility, however, goes with being an owner, and does apply to all owners, even 5% partners with out of state addresses.

6.6 Rationale for findings; Planning Commission's findings

Full ownership changes, changes of managing partner, and operator changes are brought to the Planning Commission, under the branching rules [§25B-8]. These are major changes that amount to a "changing of the guard" for an owner or operator. New owners will take charge of the project and will bear responsibility for the facilities and their eventual abandonment. New operators will take over the controls and will play the critical role in safe operations.

The basic set of findings described above (§6.5.1) for change of owner are also required for the more substantial cases that follow the Planning Commission approval route. They are needed for the same reasons. A group of three additional findings is required for all Planning Commission destined cases. These findings relate to facility condition and update of emergency plans. A second triad of findings applies only to change of operator. These relate to the transition of operations, and emergency training and operating record of the prospective operator.

6.6.1 Change of owner (Planning Commission jurisdiction)

The following three findings apply to both owner and operator changes.

Facility Safety Audit.

The County's Systems Safety and Reliability Review Committee (SSRRC), comprising representatives from the Energy Division, Building and Safety, the Fire Department, and the Air Pollution Control District, oversees a program of safety audits for the facilities covered in this ordinance. Audits are based on a facility's Safety Inspection Maintenance and Quality Assurance Program (SIMQAP) and are called SIMQAP audits. The SIMQAP audits are conducted with assistance from qualified outside oil and gas specialists. Audits include physical facilities and

records, and procedures. Following an audit, a report is generated listing violations of County Code, permit conditions, and SIMQAP requirements. The permit holder is required to remedy violations, and a schedule of repairs and changes is agreed upon. At present, all facilities have had a SIMQAP audit or are scheduled for one in the near future. SSRRC's goal is for annual audits of all facilities. Audits held at such frequent intervals may be partial, as opposed to comprehensive.

The *facility safety audit* finding requires that a comprehensive physical facility audit be conducted within the three years preceding a change of owner or operator, and that the audit results be disclosed to the new owner or operator. The finding is waived if the current owner is applying to become the operator, or vice versa. The finding serves two purposes. It assures that hazards and deficiencies of the physical facilities are well documented near the time of sale. At least as importantly, it discloses facility problems to the new owner or operator, just as a home inspection discloses needed repairs to a prospective buyer. Disclosure is relevant to both new owners and operators, not only because of the financial burden of correcting deficiencies and because of their impacts on operations, but because both owners and operators are responsible for compliance with applicable laws and permits and are liable for the facility. Requiring facility audits prior to owner/operator changes echoes the practice of both the MMS and SLC for offshore facilities.

This finding will help avert situations such as that encountered by Venoco following their purchase of the Ellwood facilities. In that instance, many facility deficiencies, apparently inherited from the previous operator, came to light after Venoco began operating, and Venoco was required to make the necessary repairs and upgrades at very considerable expense.

Building and Safety advises that three years is a more appropriate time frame than one year, as significant physical deterioration of facilities does not take place in the shorter time frame.

Compliance With Existing Requirements.

This finding piggybacks on the safety audit finding by requiring that safety violations and other facility deficiencies are addressed at the time of owner or operator change. Violations must be corrected before approval is granted, or, alternatively, the departing and incoming parties sign an agreement with the County specifying a schedule for correcting the violations. Either party may assume responsibility for required work. This idea, borrowed from MMS and SLC, will establish accountability and keep the compliance issues in the forefront following owner or operator changes.

Compliance Plans.

This finding requires proposed new owners or operators to update the critical safety and emergency plans with basic emergency contact information prior to application approval. If the specified, approved plans do not exist, then they must be prepared. Other, less vital plans must be updated within six months.

The main purpose of this provision is to assure emergency response is effective as soon as a new operator takes control. The requirement also applies to owners to assure they can be rapidly contacted in case of an accident. The scope of the requirement is intentionally restricted, so that, at a minimum, new owners and operators will have a working plan with accurate contact information.

A full update of all the plans might be desirable in some cases, especially where a new owner/operator has a network of resources or an overall company response plan for many facilities. However, such revisions take many months, and should not be forced into the time scale of a change of owner/operator. A mechanism is already available through the SSRRC for revising plans and obtaining County approval. A proposed owner or operator has the opportunity to produce fully revised plans that suit their circumstances better than existing plans, and to seek approval either before or after their owner/operator change application is approved.

6.6.2 Additional findings for change of operator (Planning Commission jurisdiction)

The following three findings apply to change of operator only.

Transitional Plan.

The requirement of a transitional plan is adapted from MMS procedures for change of operator. The finding requires a transitional plan to be submitted to and approved by the County. The plan is to be prepared by the proposed new operator, together with the owner or previous operator, to ensure that the new operator receives adequate training before assuming control of operations. Training includes cross training by the current operator “where feasible” and training to obtain working knowledge of the critical safety and emergency plans. The finding, or portions of it, may be waived for good cause.

The purpose of this finding is to provide assurance that a transition to a new operator is safe. Cross training between the existing and new operator is a useful practice in most cases, and is part of the MMS protocol for operator change. It is an efficient way to learn operating procedures and the idiosyncrasies of a facility. However, cross training could be counterproductive where the departing operator is a poor example. It makes little sense to train a new operator in poor practices. Also, in some facility sales, the departing owner/operator may limit the extent of cross training that is possible. Because of these and other examples, cross training is not an absolute requirement, but only where feasible. The waiver from the finding provides for the case of a transition that has already occurred, such as when a temporary operator is applying to be the permanent operator.

At workshops, industry representatives have expressed concern that this requirement would be over-zealously enforced by the County, so that if the plan called for 20 employees, and Joe Smith did not show up, the transition would be brought to a halt. A transitional plan need not be written in such exhaustive detail as to give rise this scenario. The clear intention of this finding is simply to assure that adequate training is provided and the transition proceeds in an orderly, safe fashion.

Emergency Response Plan Drills.

This finding requires that new operators have performed one or more emergency response drills with passing grades. The purpose is to verify that the new owner is adequately trained in the emergency plans prior to taking over the controls.

Such drills are held routinely at oil and gas facilities by the Fire Department Office of Emergency Services (OES). Verification that emergency plans are effective and that operators are adequately trained under them is a major issue of public safety. Based on experience at a facility, OES may decide to hold either announced or unannounced drills. The finding leaves the details of the required drills up to OES' discretion. Drills do not normally involve actual spills or emergency conditions. Rather, they present "what if" scenarios. "What would you do if such and such happened?" The operator can demonstrate the appropriate response without actually touching any controls, and this provides OES with sufficient information to evaluate training.

The *emergency drills* finding is an imperative element of the ordinance. Because an accident may occur before an operator is fully familiar with a facility, training in safety and emergency response is essential. This finding is the one provision of the ordinance that allows the County to test a new operator before they take charge of a complex and potentially hazardous operation. MMS tests a new offshore platform operating crew's competence in emergency drills, oil spill response, fire shelter, and total emergency platform shutdown, followed by restart. In the MMS case, the facilities are far more complex and MMS has greater technical expertise at their disposal than the County, so a direct comparison is not justified. Nonetheless, the basic principal of testing a new operator in safety and emergency response before they take charge is valid.

At workshops, industry representatives have indicated that because of liability and insurance policy concerns, a proposed new operator may not be allowed to touch the controls. However, hands-on drills are not essential to evaluate safety plan training, as explained above.

Operation Record.

Under this finding the facility owner and proposed operator must have submitted evidence of an acceptable accident and compliance record for the last seven years for similar facilities. If they do not have the seven year track record, they must show that key personnel have sufficient experience and expertise to operate the facility safely. A list of sources for information on the operator's history is appended, which identifies the information they are required to supply.

Both MMS and SLC examine an operator's accident and compliance records, and it can hardly be argued that the County should not also do so. The alternative is to accept any operator, regardless of whether they have a flawless or an abysmal record or no experience. However, quantitative criteria for determining the acceptability of operators is an inappropriate substitute for determination of acceptability based on the facts of each particular case. The goal of this finding is not to prohibit conscientious operators with normal industry track records, but to create a mechanism by which an application can be denied if an operator is truly substandard or hazardous. Frequency and size of accidents alone are not necessarily good criteria, unless one factors in accident causes, operator response, type and age of facility, and many other variables. Of necessity, the finding allows latitude for the Planning Commission to exercise discretion.

Environmental groups have commented that they would like to see a ten year track record instead of the five years published in a previous draft of the ordinance. The seven year time frame is a compromise, chosen partly because it corresponds to some record retention requirements. The longer time has the additional advantage that it allows trends to be more accurately interpreted. A trend could highlight either an improvement or decline in operator performance.

6.7 Environmental Review

Enactment of this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) for the following reasons.

The proposed ordinance is statutory exempted from CEQA because it does not qualify as a “project” as defined in CEQA and the CEQA Guidelines. Specifically, Public Resources Code § 21080(a) limits applicability of the act to “discretionary projects” and § 21065 defines a project as an activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment (also see CEQA Guidelines § 15061(b)(3)). CEQA Guidelines § 15378(b)(2) further clarifies that the continuing administrative and maintenance activities such as general policy and procedure making are not considered to be “projects” under CEQA unless they qualify under specific instances that are described in the statutory definition of a project.

The proposed ordinance constitutes general policy and procedure making limited to identifying requirements for the transfer of permits from one person to another where such permits have been previously issued by the County in full compliance with CEQA. The explicit purpose of the ordinance is to provide a procedure that governs the transfer of existing permits from one person to another to ensure continued safe operations, financial responsibility, and compliance with applicable law and permit requirements. As such, it causes neither a direct physical change in the environment nor a reasonably foreseeable indirect physical change in the environment. Any modifications to a facility that are requested by a new owner or operator require a finding of substantial conformity with the existing permit, a permit amendment, or a permit revision, all of which are governed by existing procedures found in Chapter 35 of the Santa Barbara County Code (Zoning Ordinances) and are subject to compliance with CEQA.

For this same reason, the proposed ordinance also qualifies under the categorical exemptions set forth in the CEQA Guidelines §§ 15307 and 15308, which exempt actions taken by a regulatory agency for the protection of natural resources and the environment, respectively. The explicit public purpose of the ordinance is to provide procedures that protect both natural resources and environment where an existing permit is transferred from one person to another. These procedures address continued safe operations, financial responsibility, and compliance with applicable law and permit requirements.

7.0 APPEALS PROCEDURE

The proposed ordinance is automatically forwarded to the Board of Supervisors for final action, therefore no appeal is required.

8.0 ATTACHMENTS

- A. Proposed Ordinance adding Chapter 25B to the County Code
- B. Draft Board of Supervisors Findings for Adoption of Proposed Ordinance
- C. Change of owner/operator summary

Attachment A

Proposed Ordinance Adding Chapter 25B to the County Code

Chapter 25B of Santa Barbara County Code (Proposed Ordinance)

CHANGE OF OWNER, OPERATOR OR GUARANTOR FOR CERTAIN OIL AND GAS FACILITIES

Sec. 25B-1. Purposes of Chapter.

The purposes of this Chapter are to protect public health and safety, and safeguard the natural resources and environment of the County of Santa Barbara, by ensuring that safe operation, adequate financial responsibility, and compliance with all applicable County laws and permits are maintained during and after all changes of owner, operator or guarantor of certain oil and gas facilities.

Sec. 25B-2. Applicability.

(1) This Chapter shall apply to any person who owns, operates or guarantees performance for or who seeks to own, operate or guarantee performance for any of the following facilities located in the unincorporated areas of the County of Santa Barbara:

- a) any facility involved in exploration, production, processing, storage or transportation of oil or gas extracted from offshore reserves;
- b) any oil refinery;
- c) any pier, supply base, marine terminal or staging area within the County's jurisdiction that supports development of offshore oil and gas reserves.

(2) This Chapter shall not apply to:

- a) the change of owner, operator or guarantor of the following:
 - i. sales gas pipelines operated by a public utility and regulated by the California Public Utilities Commission;
 - ii. trucks, railroads;
 - iii. facilities located in state waters;

- b) a change of ownership consisting solely of a change in percentage ownership of a facility and which does not entail addition or removal of an owner or affect any financial guarantee for a permit.

Sec. 25B-3. Definitions. As used in this Chapter:

“Director” shall mean the Santa Barbara County Director of Planning and Development.

“Existing guarantor” shall mean a guarantor who has guaranteed performance for an existing owner or operator, on the date of adoption of this chapter, but shall not include any person who is required to but has not yet obtained an amendment to a permit that requires County approval prior to listing that guarantor on the permit.

“Existing owner or operator” shall mean any person who owns or operates a facility identified as subject to this chapter pursuant to Section 25B-2 on the date of adoption of this chapter, but shall not include any person who owns or operates such a facility and is required to but has not yet obtained an amendment to a permit that requires County approval prior to the transfer of the permit to that owner or operator.

“Guarantor” shall mean any person who guarantees performance for any County permit or ordinance requirement for a facility subject to this Chapter. For purposes of this Chapter, guarantor may include any owner, operator, or third party.

“Managing partner” of a partnership shall mean the partner formally designated and vested by the partnership with authority to make all ordinary business decisions for the partnership on behalf of all partners. If no partner is so designated, then all partners shall be considered managing partners.

“Operator” shall mean any person having day-to-day control or management of operations of a facility, or a portion thereof, subject to this Chapter.

“Owner” shall mean any person that owns or leases a facility, or a portion thereof, subject to this Chapter.

“Pending owner or operator” shall mean any person who owns or operates a facility subject to this chapter and is required to but has not yet obtained an amendment to any necessary

permit that requires County approval prior to the transfer of the permit to that owner or operator.

“Person” shall include, but is not limited to, any individual, proprietorship, firm, corporation, partner, partnership, limited partnership, limited liability company, joint venture, business trust, or other business entity, or an association, or other organization.

Sec. 25B-4. Requirements.

- (1) Listing on Permit. Any person who owns or operates a facility that is subject to this Chapter pursuant to Section 25B-2 shall be listed as a permittee on the permit(s) issued for that facility, pursuant to Chapter 35 of the County Code, or Ordinances 661, 2919 or 3238. Any guarantor for such facility shall be listed on the applicable permit(s), identifying its responsibilities as guarantor. Should any owner, operator, or guarantor consist of a partnership, all partners shall be listed on the permit and, where applicable, the managing partner shall be identified in this list.
- (2) Acceptance of Permit. Prior to being listed on a permit, any owner or operator of a facility that is subject to this Chapter shall provide the County with a letter from a responsible official of the owner or operator formally accepting all conditions and requirements of the permit.
- (3) Permits Not Transferable. Any permit issued or authorized pursuant to Chapter 35 of the County Code, or Ordinances 661, 2919 or 3238, for a facility that is subject to this Chapter shall not be transferable, whether by operation of law or otherwise, from any existing owner, operator, or guarantor to a new owner, operator, or guarantor, except in accordance with this Chapter.
- (4) Ongoing Notification. All owners, operators, and guarantors shall, as an ongoing requirement, notify the Director in writing of any change in the information listed in 25B-6(1)(a-e) within thirty days of such change.
- (5) Change of Owner. Any change of owner, merger of the owner with another company, or change of form of business organization, shall require application and approval as provided in this Chapter. Until a change of owner is approved pursuant to this chapter, the former

owner(s) shall continue to be liable for compliance with all terms and conditions of the permit and any applicable County ordinances.

- (6) Change of Operator. Any change of operator shall not occur until approved in accordance with this Chapter, except as follows. Any change of operator that consists solely of a merger or change of form of business organization, but does not entail any change to operations or personnel of the facility, shall require an application within 30 days of the change, as provided in Section 25B-6(3) for change of owner.
- (7) Change of Guarantor. Any change of guarantor, including merger of the guarantor with another company or change of form of business organization, shall require application and approval as provided in this Chapter. Until a change of guarantor is approved pursuant to this chapter, the former guarantor(s) listed on the permit shall continue to be liable for compliance with all terms and conditions of the permit and any applicable County ordinance.
- (8) Liability for Compliance with Permit Conditions. Any owner, operator or guarantor listed on a permit pursuant to this Chapter shall comply with all conditions of such permit, as applicable, to owners, operators and guarantors. Failure to comply with such permit conditions shall subject the owner, operator or guarantor to the applicable penalty and enforcement provisions of Chapter 35 or other applicable ordinance for such permits.

Sec. 25B-5. Relation to permits and Zoning Ordinance.

- (1) The provisions of this Chapter shall, for applicable facilities, supercede any provision of Chapter 35, Articles II and III, governing the transfer of permits for such facilities. The procedures of this Chapter shall also supercede any procedures specified in any permit governing the transfer of permits for such facilities, but shall not invalidate any substantive requirements of such permits.
- (2) Permit amendments approved pursuant to this Chapter shall be entitled “25B Permit Amendments” and shall be enforceable as provided in this Chapter.

Sec. 25B-6. Applications.

- (1) Existing Owners, Operators, and Guarantors. Within 30 days of the effective date of this Chapter, any existing owner, operator or guarantor, shall submit a certification to the

Director, on a form approved by the Director, specifying the following information regarding the current owner(s), operator(s), and guarantor(s):

- a) name and address;
 - b) role in ownership, operation and management of facility, or in guaranteeing performance for an owner or operator;
 - c) names and addresses of official company representatives authorized and designated to execute applications, agreements and permits with the County on behalf of the company;
 - d) description of the company business organization, including relation to parent companies, partnership composition, and other information needed to fully and accurately disclose who it is that owns, operates, or is otherwise responsible for the facility;
 - e) expiration date of any company described in §25B-6(1)(a-d), above.
- (2) Pending Owners and Operators. Within 30 days of the effective date of this Chapter, any pending owner or operator shall submit an application to the Director requesting transfer of the applicable permit(s).
- (3) New Owners or Deletion of Owners. Prior to any transfer of a permit to a new owner or deletion of an owner from a permit the current owner(s) and proposed owner shall submit an application to the Director requesting such change. The application shall be filed before the transfer of ownership, or if not practicable, in no event, later than 30 days after the change of ownership.
- (4) New Operators. Prior to any transfer of permit to a new operator, the current permittee(s) and the proposed operator shall submit an application to the Director requesting such transfer.
- (5) New Guarantors or Deletion of Guarantors. Prior to the listing of a new guarantor or the deletion of a guarantor on a permit, the permittee(s), the current guarantor, and, as appropriate, the proposed guarantor shall submit an application to the Director requesting such transfer or deletion. The application shall be filed before the change of guarantor, or, in no event, later than 30 days after the change of guarantor.
- (6) Application Contents. Applications submitted pursuant to this Chapter shall include the following information:

(a) Information Required for Applications for Change of Non-Managing Partners and Non-Operators Pursuant to Section 25B-8(1)(a)(v).

- i. All information listed in Section 25B-6(1)(a-e) of this Chapter.
- ii. A brief statement of the changes or proposed changes.
- iii. A letter from the new owner accepting the permit(s).

(b) Information Required for All Applications, Except as Provided in Section 25B-6(6)(a):

- i. All information listed in Section 25B-6(1)(a-e) of this Chapter.
- ii. A detailed statement of the changes or proposed changes for which approval is sought.
- iii. General background information on any proposed new permittee or guarantor, including business plan, if available.
- iv. Financial information on any owner, operator, or other guarantor needed for the Director or Planning Commission to make the Financial Guarantees and Abandonment findings. This information shall include the previous year's annual report, audited financial statements, and required SEC filings.
- v. Any required letter accepting the permit(s).
- vi. Any other information that the Director or the Planning Commission may require to approve any change in owner, operator, or guarantor in accordance with this Chapter.

(c) Additional Information for Temporary Operator:

Evidence demonstrating that the proposed temporary operator has the necessary skills and training, as required by Section 25B-9(3)(c).

(d) Additional Information for Change of Owner Under Section 25B-8(2):

All documentation needed to make the findings required by this Chapter for Facility Safety Audit, Compliance With Existing Requirements, and Compliance Plans.

(e) Additional Information for Change of Operator Under Section 25B-8(2):

- i. All documentation needed to make the findings required by this Chapter for Facility Safety Audit, Compliance With Existing Requirements, and Compliance Plans.
- ii. Approved transitional plan.
- iii. Evidence that operating personnel have been trained in and have good working knowledge of the crucial compliance plans.
- iv. Evidence of satisfactory performance on emergency drills.

- v. Documentation of safe operating record or adequate experience and expertise, as required by Section 25B-10(2)(j).

Sec. 25B-7. Listing of owners, operators, guarantors and temporary operators on permits.

- (1) Existing Owners, Operators, and Guarantors. The Director shall list any existing owner, existing operator, or existing guarantor, as they are defined in Section 25B-3 of this Chapter, on the appropriate permit(s) upon finding that such person has submitted all information required in Section 25B-6(1) and has complied with Section 25B-4(2), if applicable.
- (2) New Owners, Operators, Guarantors, and Temporary Operators. The Director shall list any new owner, operator, guarantor, or temporary operator on the appropriate permit(s), and remove any previous owner, operator, guarantor, or temporary operator that no longer serves such role, upon approval of the permit transfer, pursuant to Sections 25B-9 and 25B-10.

Sec. 25B-8. Processing.

- (1) Applications Under Jurisdiction of the Director.
 - a) The Director shall approve or deny any application to transfer a permit for changes that consist solely of the following:
 - i. merger of a current owner or operator with another company;
 - ii. change in form of business organization of a current owner or operator, including change from corporation to limited partnership or limited liability company;
 - iii. change of a guarantor;
 - iv. substitution of a temporary operator;
 - v. addition or deletion of non-managing partner or non-operator under a joint operating agreement, where such person is not a guarantor;
 - vi. any other change of ownership not under the Planning Commission's jurisdiction.
 - b) Prior to approval of such application, the Director shall make all findings required by Section 25B-9(1),(2), (3), or (4), as applicable, and shall take all actions necessary under Section 25B-9(5).

- c) A public hearing shall not be required for applications approved or denied by the Director. Notice shall be given, however, at least ten (10) days prior to the date of the Director's decision, as provided in Santa Barbara County Code, Chapter 35, Article II, Section 35-181.2 or Article III, Section 35-326.2, as appropriate.

(2) Applications Under Jurisdiction of the Planning Commission.

- a) The Planning Commission shall approve or deny any application to transfer a permit for changes that consist of the following:
 - i. Full ownership change, that is, where there is a complete transfer of facility ownership to new owner(s);
 - ii. Operator change, except as specifically placed under the Director's jurisdiction in Section 25B-8(1)(a)(i, ii, or iv);
 - iii. Change of managing partner of an owner or any partner of an operator.
- b) Prior to approval of an application for change of owner, the Planning Commission shall make all findings required by Section 25B-10(1) and shall take all actions necessary under Section 25B-10(3). Prior to approval of an application for change of operator, the Planning Commission shall make all findings required by Section 25B-10(2) and shall take all actions necessary under Section 25B-10(3).
- c) A public hearing shall be required for applications approved or denied by the Planning Commission. Notice shall be given at least ten (10) days prior to the date of the hearing, as provided in Santa Barbara County Code, Chapter 35, Article II, Section 35-181.2 or Article III, Section 35-326.2, as appropriate.

(3) Combined Applications.

Applications that include a component under the Director's jurisdiction and another component under the Planning Commission's jurisdiction may, at the discretion of the Director, be processed with a combined application and decided by the Planning Commission. In such cases the findings required for approval of the component that falls under the Director's jurisdiction shall be those listed for a Director's Amendment (§25B-9(1), (2), or (4), as appropriate).

(4) Application Completeness

- a) An application shall be deemed accepted unless the Director finds the application incomplete and notifies the applicant of incompleteness by mail within thirty calendar days of receipt of the application.
- b) The applicant shall provide any additional information required by the Director in an incompleteness letter within thirty calendar days of issuance of the letter.

Sec. 25B-9. Director Approval: findings.

- (1) The Director shall approve an application to transfer a permit pursuant to Section 25B-8(1)(a)(i, ii, or vi) only if the Director makes the following findings:
 - a) Fees and Exactions. All outstanding County required fees and exactions due for the facility have been paid.
 - b) Financial Guarantees. The proposed owner, operator, or other guarantor has provided all necessary instruments or methods of financial responsibility approved by the County and necessary to comply with the permit and any County ordinance.
 - c) Abandonment. The proposed owner, operator, or other guarantor has demonstrated the financial capability through financial guarantees to comply with all federal, state and local law and permits regarding abandonment of the facility and remediation of contamination.
 - d) Acceptance of Permit. The proposed owner or operator has provided a letter from a responsible official representing the proposed owner or operator formally accepting all conditions and requirements of the permit.
- (2) The Director shall approve an application to transfer a permit pursuant to Section 25B-8(1)(a)(iii) for a change of guarantor only if the Director makes the following findings:
 - a) Financial Guarantees. The proposed guarantor has provided all necessary instruments or methods of financial responsibility approved by the County and necessary to comply with the permit and any County ordinance.
 - b) Abandonment. Where applicable, the proposed guarantor has demonstrated the financial capability through financial guarantees to comply with all requirements of federal, state and local law and permits regarding abandonment of the facility and remediation of contamination.

- (3) The Director may approve a qualified temporary operator pursuant to Section 25B-8(1)(a)(iv) where the owner demonstrates to the satisfaction of the Director that good cause exists for an immediate change of operator. The temporary operator may operate the facility for a period of no longer than 6 months. In order to approve a temporary operator, the Director must make the following findings:
- a) Financial Guarantees. The proposed temporary operator has provided all necessary instruments or methods of financial responsibility approved by the County and necessary to comply with the permit and any County ordinance.
 - b) Acceptance of Permit. The proposed temporary operator has provided a letter from a responsible official representing the proposed temporary operator formally accepting all conditions and requirements of the permit.
 - c) Operator Capability. The proposed temporary operator has the skills and training necessary to operate the permitted facility in compliance with all applicable law and has a good working knowledge of the crucial compliance plans listed in Section 25B-10(2)(g).
- (4) The Director shall approve an application to transfer a permit pursuant to Section 25B-8(1)(a)(v) for a change of non-managing partner or non-operator under a joint operating agreement, where such person is not a guarantor, only if the Director makes the following finding:
- a) Acceptance of Permit. The proposed owner has provided a letter from a responsible official representing the proposed owner formally accepting all conditions and requirements of the permit.
- (5) Upon making the findings listed in Section 25B-9(1), (2), (3), or (4), the Director shall approve the change of owner, operator, or guarantor, or approve the temporary operator. The Director may impose additional conditions on the permit, except for applications approved under Section 25B-9(4), in order to ensure that the new owner, operator, temporary operator, or other guarantor maintains adequate financial guarantees for operations and abandonment.

Sec. 25B-10. Planning Commission Approval: findings.

- (1) The Planning Commission shall approve an application for a change of owner only if the Planning Commission makes the following findings:
- a) Fees and Exactions. All outstanding County required fees and exactions due for the facility have been paid.
 - b) Financial Guarantees. The proposed owner or other guarantor has provided all necessary insurance, bonds and other instruments or methods of financial responsibility approved by the County and necessary to comply with the permit and any County ordinance.

- c) Abandonment. The proposed owner or other guarantor has demonstrated the financial capability through financial guarantees to comply with all federal, state and local law and permits regarding abandonment of the facility and remediation of contamination.
- d) Acceptance of Permit. The proposed owner has provided a letter from a responsible official representing the proposed owner formally accepting all conditions and requirements of the permit. If the proposed owner is a partnership, all partners have provided such letters, or the managing partner has provided a letter on behalf of all partners and has agreed to resubmit such letter should any partners change in the future.
- e) Facility Safety Audit. The County has completed a comprehensive safety audit for the physical facility within 3 years prior to submission of a complete application, and the current owner or operator has provided a copy of this audit, along with a description of the status of implementing its recommendations, to the proposed owner(s). A Safety Inspection Maintenance and Quality Assurance Program (SIMQAP) audit approved by the appropriate County official shall satisfy this requirement. This finding shall be waived if the application is for the current operator of a facility to become an owner.
- f) Compliance With Existing Requirements. The current owner(s) are in compliance with all requirements of the permit, including any requirement of a County required safety audit, any Notice of Violation, and any County ordinance, or the current and proposed owner(s) have entered into a written agreement with the Director that specifies an enforceable schedule to come into compliance with such requirements.
- g) Compliance Plans. The new owner or operator has updated any existing, approved Safety Inspection Maintenance and Quality Assurance Program, Emergency Response Plan, Fire Protection Plan, and Oil Spill Contingency Plan, or equivalent approved plans, with current emergency contact information pertaining to the new owner. If any of these plans did not previously exist or was not approved, the new owner or operator has prepared an acceptable plan and it has been approved by the appropriate County official. The new owner and operator have agreed in writing to revise all plans required by the permit or any County ordinance, as necessary to reflect the change of owner, and to do so with sufficient

diligence to obtain approval of the revised plans by the appropriate County official within six months after assuming ownership.

(2) The Planning Commission shall approve an application for change of operator only if the Planning Commission makes the following findings:

- a) Fees and Exactions. All outstanding County required fees and exactions due for the facility have been paid.
- b) Financial Guarantees. The current owner, proposed operator, or other guarantor has provided all necessary insurance, bonds and other instruments or methods of financial responsibility approved by the County and necessary to comply with the permit and any County ordinance.
- c) Abandonment. The proposed operator or other guarantor has demonstrated the financial capability through financial guarantees to comply with all federal, state and local law and permits regarding abandonment of the facility and remediation of contamination.
- d) Acceptance of Permit. The proposed operator has provided a letter from a responsible official representing the proposed operator formally accepting all conditions and requirements of the permit. If the proposed operator is a partnership, all partners have provided such letters.
- e) Facility Safety Audit. The County has completed a comprehensive safety audit for the physical facility within 3 years prior to submission of a complete application, and the current owner or operator has provided a copy of that audit, along with a description of the status of implementing its recommendations, to the proposed operator. A Safety Inspection Maintenance and Quality Assurance Plan (SIMQAP) audit approved by the appropriate County official shall satisfy this requirement. This finding shall be waived if a current owner of a facility becomes the operator.
- f) Compliance With Existing Requirements. The current operator is in compliance with all requirements of the permit, including any requirements of a required safety audit, any Notice of Violation, and any County ordinance, or the owner and proposed operator have entered into a written agreement with the Director that specifies an enforceable schedule to come into compliance with such requirements.

- g) Compliance Plans. The current owner and proposed operator have updated any existing, approved Safety Inspection Maintenance and Quality Assurance Program, Emergency Response Plan, Fire Protection Plan, and Oil Spill Contingency Plan, or equivalent approved plans, with current emergency contact information pertaining to the new operator. If any of these plans did not previously exist or was not approved, the current owner and proposed operator have prepared an acceptable plan and it has been approved by the appropriate County official. The current owner and proposed operator have agreed in writing to revise all plans required by the permit or any County ordinance, as necessary to reflect the change of operator, and to do so with sufficient diligence to obtain approval of the revised plans by the appropriate County official within six months after assuming operations.
- h) Transitional Plan. The current owner or operator and proposed operator have submitted a transitional plan that will ensure the proposed operator shall receive adequate training, including by means of cross training by the current operator, where feasible, and shall have a good working knowledge of the crucial compliance plans listed in Section 25B-10(2)(g) before assuming control of operations. The plan has been approved by the Director. The Planning Commission may exempt the current owner and proposed operator from this requirement, or portions thereof, for good cause.
- i) Emergency Response Plan Drills. The proposed operator has adequately performed one or more County approved emergency response plan drills necessary to respond to emergency episodes that may occur at the facility.
- j) Operation Record. The owner and proposed operator have submitted a list of any other facilities the proposed operator owns or operates, and have submitted the proposed operator's accident and compliance records for the last 7 years for operating facilities, if any, that are similar in nature to the facility subject to the permit. The records demonstrate the proposed operator has the skills and training necessary to operate the permitted facility in compliance with all applicable law. The accident and compliance records shall be obtained from the agencies listed in Appendix A. If the proposed operator is a new company or lacks a seven year operational record, the operator has demonstrated to the

County that the key personnel have sufficient experience and expertise to operate the facility safely.

- (3) Upon making the findings listed in Section 25B-10(1) or (2), the Planning Commission shall approve the change of owner or operator. The Planning Commission may impose additional conditions on the permit in order to ensure that the new owner, operator, or other guarantor maintains adequate financial guarantees for operations and abandonment.

Sec. 25B-11 . Administration and Fees.

The Director shall administer the procedures established by this chapter. Any applicant shall be assessed fees in an amount necessary to recover costs incurred by the County for processing applications for change of owner, operator, or guarantor required by this chapter. No application to change owner, operator, or guarantor shall be processed unless the applicant has entered into an Agreement for Payment of Processing Fees with the County and has provided the required deposit to cover a portion of the case processing fees.

Sec. 25B-12. Appeals.

(1) Appeals to the Planning Commission.

- a) The decision of the Director to approve or deny an application may be appealed to the Planning Commission by the applicant or any interested person adversely affected by such decision. The appeal, which shall be in writing, and accompanying fee shall be filed with the Planning and Development Department within ten (10) calendar days following the date of the Director's decision.
- b) The appellant shall state specifically in the appeal how 1) the Director's decision is inconsistent with the provisions or purposes of this Chapter or 2) there was an error or abuse of discretion by the Director.
- c) Prior to the appeal hearing, the Planning and Development Department shall transmit to the Planning Commission copies of the application, including all attachments and related materials, and a statement setting forth the reasons for the Director's decision.

- d) The Planning Commission hearing shall be *de novo* and the Commission shall affirm, reverse, or modify the Director's decision at a public hearing. Notice of the time and place of the hearing shall be given in accordance with Santa Barbara County Code, Section 35-326.2 (Noticing) or Section 35-181.2, as appropriate. Notice shall also be mailed to the appellant.

(2) Appeals to the Board Of Supervisors.

- a) The decision of the Planning Commission to approve or deny an application may be appealed to the Board of Supervisors by the applicant or any interested person adversely affected by such decision. The appeal, which shall be in writing, and accompanying fee shall be filed with the Clerk of the Board of Supervisors within ten (10) calendar days following the date of the Planning Commission's decision.
- b) The appellant shall state specifically in the appeal how 1) the Planning Commission's decision is inconsistent with the provisions or purposes of this Chapter or 2) there was an error or abuse of discretion by the Planning Commission.
- c) Prior to the appeal hearing, the Clerk of the Board of Supervisors shall notify the Planning Commission that an appeal has been filed. The Planning Commission shall then transmit to the Board of Supervisors copies of the application, including all attachments and related materials, and a statement of findings setting forth the reasons for the Planning Commission's decision.
- d) The Board of Supervisors hearing shall be *de novo* and the Board shall affirm, reverse, or modify the Planning Commission's decision at a public hearing. Notice of the time and place of the hearing shall be given in accordance with Santa Barbara County Code, Section 35-326.2 (Noticing) or Section 35-181.2, as appropriate. Notice shall also be mailed to the appellant.

Sec. 25B-13. Enforcement.

- (1) Civil Penalties. Any owner, operator, guarantor, or permittee who fails to comply with the provisions of this chapter is subject to a civil penalty not to exceed twenty-five thousand dollars per day of operation.

- (2) Criminal Penalties. Any person, whether as principal, agent, employee or otherwise, violating any provisions of this chapter shall be guilty of an infraction, and upon conviction thereof, shall be punishable by a fine not exceeding five hundred dollars for each violation. An offense that would otherwise be an infraction may, at the discretion of the district attorney, be filed as a misdemeanor. Upon conviction of a misdemeanor, punishment shall be a fine of not less than five hundred dollars nor more than twenty-five thousand dollars or imprisonment in the county jail for a period not to exceed six months or by both such fine and imprisonment. Each and every day during any portion of which any violation of this chapter is committed, continued or permitted by such person shall be deemed a separate and distinct offense.
- (3) Injunction. Whenever, in the judgment of the Director, any person has engaged in, is engaged in, or is about to engage in any act(s) or practice(s) which constitute or will constitute a violation of the provisions of this chapter of the Santa Barbara County Code, or any rule, regulation, requirement, or other order issued, promulgated, or executed thereunder, the district attorney or county counsel may make application to the Superior Court for an order enjoining such acts or practices, or for an order directing compliance, and upon a showing that such person has engaged in or is about to engage in any such acts or practices, a permanent or temporary injunction, restraining order, or other order may be granted. In any civil action brought pursuant to this chapter in which a temporary restraining order, preliminary injunction, or permanent injunction is sought, it shall not be necessary to allege or prove at any stage of the proceeding that irreparable damage will occur should the temporary restraining order, preliminary injunction, or permanent injunction not be issued; or that the legal remedies are inadequate.
- (4) Cumulative Remedies and Penalties. The remedies or penalties provided by this chapter are cumulative to each other and to the remedies or penalties available under all other laws of this state.

Sec. 25B-14. Severability.

If any provision of this chapter is determined to be invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

Appendix A. Source Agencies for Operator Accident and Compliance Records.

Accident and compliance records shall be obtained from the following agencies, as applicable:

Federal Agencies

- Environmental Protection Agency
- D.O.T. Office of Pipeline Safety
- Occupational Safety and Health
- Minerals Management Service
- Coast Guard
- Army Corps of Engineers

California Agencies

- State Fire Marshall
- Cal OSHA
- State Lands Commission
- Division of Oil, Gas, & Geothermal Resources
- Dept. of Fish and Game Office of Spill Prevention and Response
- California Coastal Commission
- Air Resources Board
- Office of Environmental Health Hazard Assessment
- Department of Toxic Substances Control
- State Water Resources Control Board

Agencies in Other States

If the facilities for which the records are obtained are located outside California, records shall be obtained from agencies that serve similar functions to the above agencies, where possible.

Regional and Local Agencies

Fire Department

- Water quality monitoring agency
- Air quality monitoring agency
- Agencies responsible for enforcing land use and zoning regulations
- Agencies responsible for enforcing safety regulations
- Agencies responsible for oversight of hazardous or toxic materials
- Agencies responsible for monitoring environmental pollution or contamination

Attachment B

Draft Board of Supervisors Findings For Adoption of Chapter 25B into The Santa Barbara County Code

Draft Findings of fact.

- (1) As part of its authority to regulate land use within its jurisdiction, Santa Barbara County requires discretionary and ministerial permits for development of oil refineries and development of onshore oil and gas facilities that support recovery of reserves offshore the County. Such permits contain conditions designed to ensure safe operations, proper abandonment of such facilities when their use has terminated, and adequate guarantees of financial responsibility.
- (2) All such permits were originally issued to major, vertically integrated oil companies (e.g., Exxon, Chevron, Texaco, ARCO, and Unocal), who have large amounts of capital and technical expertise required to successfully operate such facilities in full compliance with permit conditions and applicable law.
- (3) A trend has emerged in which the major companies seek to divest themselves of offshore leases, related onshore infrastructure, and onshore oil refineries, selling their operations to independent firms who are relatively young and often lack the vast array of financial assets and technical resources of the major, vertically-integrated oil companies.
- (4) A second trend towards more complicated structures of ownership and new forms of business organization has also emerged, which may obscure who is operationally and financially responsible for operations and abandonment of such facilities.
- (5) In the unincorporated area of Santa Barbara County, at least 22 changes of owner or operator have taken place since 1993 for 12 facilities that either refine oil or provide onshore handling of oil and gas extracted from reserves offshore the County. Six of these cases are pending County approval and more cases are expected to come before the County in the future.
- (6) The U.S. Department of the Interior's Minerals Management Service and the California State Lands Commission have well defined requirements and procedures that address operational safety and financial responsibility for change of owner, operator, or guarantor of facilities located on the Outer Continental Shelf or State Tidelands for purposes of recovering oil and gas.
- (7) While some discretionary permits require County approval to transfer the permit from one owner(s) or operator(s) to another, not all do so, and those that do are not fully consistent with each other as regards requirements and processes for obtaining County approval of such transfers.
- (8) The County stands to suffer significant adverse environmental impacts and substantial harm to public health, safety, and welfare unless all owners and operators are a) capable of operating oil refineries and onshore oil and gas facilities that support the recovery of offshore reserves in a safe manner and in full compliance with permit conditions and applicable law, b) financially capable of paying the cost of proper abandonment, including remediation of contaminated soils and waters, and c) financially capable of paying for all legally compensatory damages or injuries suffered by any property or person that result from or arise out of any oil spill or other accident.

Attachment C

Change of owner/operator summary

Available in hard copy only.