

MINUTE ITEM

This Calendar Item No. 34
was approved as Minute Item
No. 34 by the State Lands
Commission by a vote of 3
to 0 at its 9/23/91
meeting.

CALENDAR ITEM

34

A 36

S 18

09/23/91
PRC 5967
Townsend

AMENDMENT OF GENERAL LEASE - INDUSTRIAL USE

APPLICANT:

Union Oil Company of California
P. O. Box 6176
Ventura, California 93006

AREA, TYPE LAND AND LOCATION:

Two parcels of sovereign tide and submerged land totalling
11.39± acres located in Santa Barbara Channel, Ventura
County.

LAND USE:

Operation and maintenance of two offshore pipeline systems
from platforms Gina and Gilda. The pipelines convey
produced crude oil/water/natural gas to an onshore treating
facility immediately downcoast of the Mandalay Generating
Station in Oxnard.

TERMS OF ORIGINAL LEASE:

Initial period:
Twenty-five (25) years beginning April 1, 1981.

Surety bond:
\$50,000.

Public liability insurance:
Combined single limit coverage of \$1,000,000.

Consideration:
\$25,396.53 per annum; five-year rent review.

TERMS OF PROPOSED AMENDED LEASE, effective September 23, 1991:

Initial period:
Twenty-five (25) years beginning April 1, 1981.

Surety bond:
\$1,000,000.

Public liability insurance:

Combined single limit coverage of \$2,000,000.

CONSIDERATION:

\$39,251.83 per annum, effective April 1, 1991; with the State reserving the right to fix a different rental on each fifth anniversary of the lease. Provided, however, that the modification of the amount of rental consideration shall not be less than that rental which is determined by the following formula:

$$\text{Annual Rental} = \text{Base Rental} \times (\text{A} \div \text{B})$$

A = The Gross National Product Implicit Price Deflator average for the first four quarters immediately preceding July 1, of the year in which the modification of rental consideration will become effective.

B = The Gross National Product Implicit Price Deflator for 1987.

$$\text{Base Rental} = \$39,251.83$$

For example, in 1992, "A" will be the Gross National Product Implicit Price Deflator average for the four quarters beginning July 1, 1991 and ending June 30, 1992. In the event the Gross National Product Implicit Price Deflator is modified or eliminated, then the modified or closest comparable replacement index, to which Union and State mutually agree, shall be used in the above formula.

BASIS FOR CONSIDERATION:

Pursuant to 2 Cal. Code Regs. 2003.

APPLICANT STATUS:

Applicant is permittee of upland.

PREREQUISITE CONDITIONS, FEES AND EXPENSES:

Filing fee and processing costs have been received.

STATUTORY AND OTHER REFERENCES:

A. P.R.C.: Div. 6, Parts 1 and 2; Div. 13.

B. Cal. Code Regs.: Title 3, Div. 3; Title 14, Div. 6.

AB 884:

11/04/91

OTHER PERTINENT INFORMATION:

1. PRC 5967 is a General Lease - Industrial Use to Union Oil Company of California (Unocal) for the operation and maintenance of two offshore pipeline systems from platforms Gina and Gilda. The systems convey produced crude oil/water/natural gas to an onshore treating facility immediately downcoast of the Mandalay Generating Station in Oxnard, Ventura County, and return produced water to Platform Gilda for subsurface injection.

Unocal has applied to the State Lands Commission for an amendment of its lease to repair the 6-5/8-inch return water line from the Mandalay facility to Platform Gina. Subsequent to the repair, the pipeline will be converted from water return service to produced gas transport service to facilitate evaluating an exploratory well, H-14, and long-term field development.

The pipeline has not been in service since October 1988, when a leak was discovered near the Mandalay facility. The repair, which will be completed prior to converting the line to gas transport service, will replace 3,000 feet of the pipeline. This segment will extend from a point 700 feet above the Mean High Tide Line (MHTL) at the Mandalay facility to a point 2,300 feet.

The repair of the pipeline would be completed in three weeks. Unocal proposes to complete such work no later than June 30, 1992.

Staff recommends approval of the proposed lease amendment agreement, effective September 23, 1991, in the form on file in the offices of the State Lands Commission. The agreement incorporates present day lease language, provides for an increase in the insurance to \$2,000,000, an increase in the surety bond to \$1,000,000, and modification in lease rental to \$39,251.83 per annum, effective April 1, 1991, the fifth anniversary of the lease.

2. This activity involves lands identified as possessing significant environmental values pursuant to P.R.C. 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the significant environmental values that were originally identified are either no longer there or that such values are not within the project site and will not be affected by the proposed project.
3. A Negative Declaration was prepared and adopted for this project by the City of Oxnard. The State Lands Commission's staff has reviewed such document.

APPROVALS OBTAINED:

California Department of Fish and Game, United States Coast Guard, United States Army Corps of Engineers, Ventura County Air Pollution Control District, County of Ventura deferred to the City of Oxnard, and City of Oxnard.

FURTHER APPROVALS REQUIRED:

Minerals Management Service and California Coastal Commission.

EXHIBITS:

- A. Land Description
- B. Location Map
- C. City of Oxnard Authorization
- D. Notice of Determination
- E. Mitigation Monitoring and Reporting Plan

IT IS RECOMMENDED THAT THE COMMISSION:

1. FIND THAT A NEGATIVE DECLARATION WAS PREPARED AND ADOPTED FOR THIS PROJECT BY CITY OF OXNARD AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.
2. FIND THAT THIS ACTIVITY WILL INVOLVE LANDS IDENTIFIED AS POSSESSING SIGNIFICANT ENVIRONMENTAL VALUES PURSUANT TO P.R.C. 6370, ET SEQ., BUT THAT SUCH ACTIVITY WILL HAVE NO DIRECT OR INDIRECT EFFECT ON SUCH LANDS.
3. ADOPT SAID NEGATIVE DECLARATION AND THE MITIGATION MONITORING AND REPORTING PLAN, EXHIBIT "E", AND AUTHORIZE THE AMENDMENT OF A 25-YEAR GENERAL LEASE - INDUSTRIAL USE, EFFECTIVE SEPTEMBER 23, 1991, IN THE FORM ON FILE IN THE

CALENDAR ITEM NO. 34 (CONT'D)

OFFICES OF THE STATE LANDS COMMISSION, IN CONSIDERATION OF ANNUAL RENT IN THE AMOUNT OF \$39,251.83, EFFECTIVE APRIL 1, 1991, WITH THE STATE RESERVING THE RIGHT TO FIX A DIFFERENT RENTAL ON EACH FIFTH ANNIVERSARY OF THE LEASE; PROVISION OF A \$1,000,000 SURETY BOND; PROVISION OF PUBLIC LIABILITY INSURANCE FOR COMBINED SINGLE LIMIT COVERAGE OF \$2,000,000, FOR THE PLATFORM GINA RETURN WATER LINE REPAIR AND CONVERSION TO PRODUCED GAS WITH CONSTRUCTION TO BE COMPLETED NO LATER THAN JUNE 30, 1992 ON THE LAND DESCRIBED ON EXHIBIT "A" ATTACHED AND BY REFERENCE MADE A PART HEREOF.

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EXHIBIT "A"

PRC 5967.1

LAND DESCRIPTION

Two strips of tide and submerged land 10 feet in width situated in the Santa Barbara Channel, Ventura County, California, lying 5 feet on each side of the following described centerline:

PARCEL 1

BEGINNING at a point having California Coordinate system Zone 6 coordinates of $X = 1,092,802.00$ and $Y = 753,814.00$; thence $S 14^{\circ} 45' W$ 1,488.09 feet to the beginning of a tangent curve, concave to the west having a radius of 7,000.00 feet through a central angle of $9^{\circ} 40'$ and an arc distant of 1181.01 feet; thence $S 24^{\circ} 25' W$ 56.15 feet to the beginning of a tangent curve, concave to the east having a radius of 6,000.00 feet through a central angle of $6^{\circ} 33'$ and an arc distant of 685.91 feet; thence $S 17^{\circ} 52' W$ 10,742.67 feet to the beginning of a tangent curve, concave to the east having a radius of 20,000.00 feet through a central angle of $2^{\circ} 55'$ and an arc distant of 1,018.11 feet; thence $S 14^{\circ} 57' W$ 5,736.22 feet to the beginning of a tangent curve, concave to the east having a radius of 20,000.00 feet through a central angle of $1^{\circ} 04'$ and an arc distant of 372.34 feet; thence $S 13^{\circ} 53' W$, 2556.25 feet to the beginning of a tangent curve, concave to the east having a radius of 20,000.00 feet through a central angle of $0^{\circ} 42'$ and an arc distant of 244.35 feet; thence $S 13^{\circ} 11' W$ 3,524.95 feet to the beginning of a tangent curve, concave to the east having a radius of 20,000.00 feet through a central angle of $2^{\circ} 00'$ and an arc distant of 698.13 feet; thence $S 11^{\circ} 11' W$ 266.78 feet to the beginning of a tangent curve, concave to the west having a radius of 20,000.00 feet through a central angle of $3^{\circ} 24'$ and an arc distant of 1,186.82 feet; thence $S 14^{\circ} 35' W$, 562.83 feet more or less to the offshore boundary of the State of California and the herein described centerline.

PARCEL 2

BEGINNING at a point having California Coordinate system Zone 6 coordinates of $X = 1,092,754.07$ and $Y = 753,908.22$; thence $S 45^{\circ} 13' W$, 1396.46 feet to the beginning of a tangent curve, concave to the northwest having a radius of 8,000.00 feet through a central angle of $20^{\circ} 10'$ and an arc distant of 2,815.80

feet; thence S 65° 23' W 180.02 feet to the beginning of a tangent curve, concave to the north having a radius of 3,000.00 feet through a central angle of of 48° 36' and an arc distant of 2,544.96 feet; thence N 66° 00' W, 238.69 feet to the beginning of a tangent curve, concave to the south having a radius of 1,200.00 feet through a central angle of of 20° 04' and an arc distant of 420.28 feet; thence N 86° 05' W 1,272.74 feet to the beginning of a tangent curve, concave to the south having a radius of 4,000.00 feet through a central angle of of 11° 58' and an arc distant of 835.43 feet; thence S 81° 57' W 8,803.03 feet to the beginning of a tangent curve, concave to the north having a radius of 20,000.00 feet through a central angle of of 01° 16' and an arc distant of 442.15 feet; thence S 83° 13' W 360.22 feet more or less to the offshore boundary of the State of California and the herein described centerline.

EXCEPTING THEREFROM any portion lying landward of the ordinary high water mark of the Pacific Ocean.

This description is based upon the California Coordinate System Zone 6, NAD 1927.

END OF DESCRIPTION

PREPARED MARCH, 1991 BY LLB

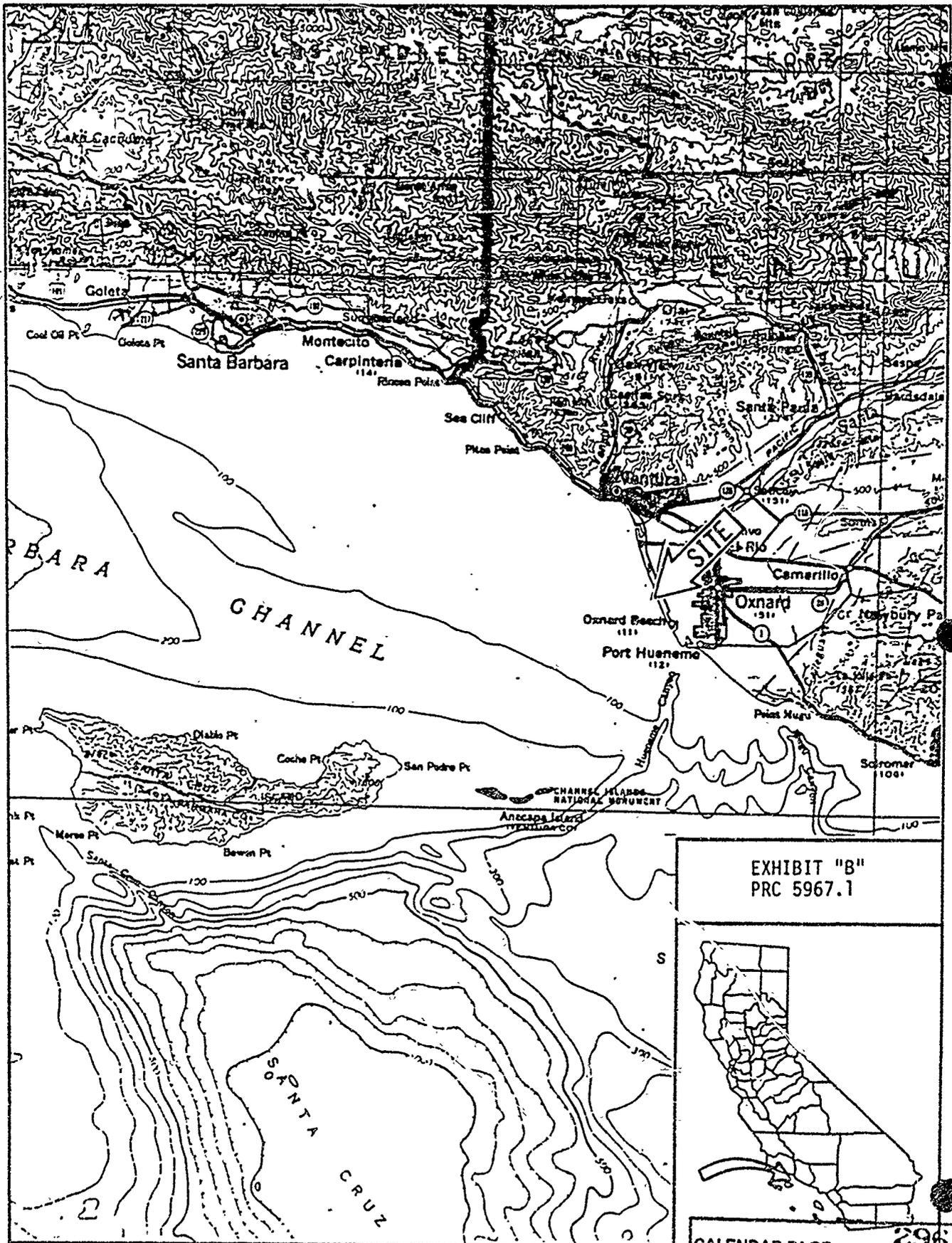


EXHIBIT "B"
 PRC 5967.1



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EXHIBIT C

RESOLUTION NO. 7519

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF OXNARD APPROVING MODIFICATION TO SPECIAL USE PERMIT NO. 806 APPLIED FOR BY UNOCAL OIL AND GAS DIVISION, POST OFFICE BOX 6176, VENTURA, CALIFORNIA 93003 TO REPAIR A PORTION OF THE 6-5/8" PIPELINE WHICH EXTENDS FROM PLATFORM GINA TO THE MANDALAY SEPARATION FACILITY AND THEN CONVERT THE USE OF THE PIPELINE FROM RETURN WATER SERVICE TO PRODUCED GAS TRANSPORT SERVICE. THE PIPE STAGING AND WELDING AREA IS NORTH OF THE ORIGINAL PIPELINE, TOWARD THE EDISON OUTFALL CANAL ON THE WEST SIDE OF THE SOUTHERN CALIFORNIA EDISON COMPANY MANDALAY FACILITY SITE, IN THE EC (COASTAL ENERGY FACILITY) ZONE, SUBJECT TO CERTAIN CONDITIONS.

WHEREAS, the Planning Commission of the City of Oxnard has considered an application for a modification to Special Use Permit No. 806, filed by Unocal Oil and Gas Division in accordance with Section 34-146 through 34-157.1 of the Oxnard City Code; and

WHEREAS, the Planning Commission finds that, after due study, deliberation and public hearing, the following circumstances exist:

1. That the proposed use is in conformance with the General Plan and other adopted policies of the City of Oxnard.
2. That the proposed use will not adversely affect or be materially detrimental to the adjacent uses, buildings or structures or to the public health, safety or general welfare.
3. That the site for the proposed use is adequate in size and shape to accommodate the setbacks, parking, landscaping, and other City standards except as may be specifically excepted by the special findings and conditions of this resolution.
4. That the site for the proposed use will be served by streets and highways adequate in width and structure to carry the kind and quantity of traffic such use will generate.
5. That the site for the proposed use will be provided with adequate sewerage, water, fire protection and storm drainage facilities.

WHEREAS, in accordance with the California Environmental Quality Act the Community Development Director has provided public notice of the intent of the City to adopt a negative declaration for this project and the Planning Commission has reviewed the initial study and staff report and hereby finds that this project will not have a significant effect on the environment and adopts said negative declaration; and

WHEREAS, the Planning Commission finds that the applicant agrees with the necessity of and accepts all elements, requirements, and conditions of this resolution as being a reasonable manner of preserving, protecting, providing for, and fostering the health, safety, and welfare of the citizenry in general and the persons who work, visit or live in this development in particular.

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NOW, THEREFORE, BE IT RESOLVED that the Planning Commission of the City of Oxnard hereby approves modification to Special Use Permit No. 806, subject to the following conditions:

1. The applicant shall comply with the intent and requirements of the City of Oxnard's letter of authorization extending the applicability of Coastal Development Permit No. 85-5 dated November 18, 1988, the conditions included in Coastal Development Permit No. 85-5, and Resolution No. 6218 approving Special Use Permit No. 806, plus references and all documents referred to in each such document.
2. Gas production from Platform Gina, pipeline repair, replacement, and conversion to produced gas transport service and the onshore receiving shall be in compliance with the procedures outlined in the Unocal Project Description (Platform Gina to the Mandalay Facility 6-5/8 Pipeline Repair and Conversion, Revision 1, prepared by Unocal Oil and Gas Division, December 1989) included as Exhibit A to the Initial Study and as described in the Risk Assessment Study, Platform Gina Gas Production and Pipeline Mandalay Onshore Receiving, prepared by EnerSource Engineering, November 21, 1989.
3. The hydrogen sulfide redundant monitoring, detection, shutdown and alarm system shall be implemented as described in the Unocal Project Description (Platform Gina to the Mandalay Facility 6-5/8 Pipeline Repair and Conversion, Revision 1, prepared by Unocal Oil and Gas Division, December 1989) included as Exhibit A to the Initial Study and as assessed in the Risk Assessment Study, Platform Gina Gas Production and Pipeline Mandalay Onshore Receiving, prepared by EnerSource Engineering, November 21, 1989.
4. The City reserves the right to review its policies concerning the assessment of franchise fees as they may apply to the conveying of fuel from the Mandalay Separation Facility to a public utility.
5. Applicant shall bury the new line to a depth of three feet after two years from the completion of construction should the line fail to do so, during the period under natural conditions.
6. Applicant shall provide the City with a report concerning the annual pipeline tests on an annual basis.
7. In the event that the existing pipeline is abandoned, it shall be filled with concrete.
8. Condition No. 4 of pipeline replacement approval dated November 18, 1988, is amended to require a guard 24 hours a day during construction. Condition No. 9 of the letter is amended to provide that during times of non-pipeline pulling operations construction activity landward of the mean high tide line is limited from 7:00 a.m. to 7:00 p.m. or a similar 12 hours within a 24-hour period.

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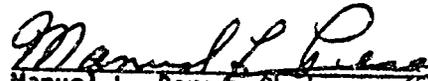
Resolution No. 7519
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PASSED AND ADOPTED by the Planning Commission of the City of Oxnard on this
7th day of February, 1991, by the following vote:

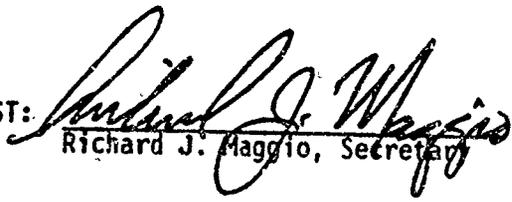
AYES: Commissioners: Schumacher, Duff, Flores, Grey, Spray, Dressler,
Perez

NOES: Commissioners: None

ABSENT: Commissioners: None


Manuel L. Perez, Chairman

ATTEST:


Richard J. Maggio, Secretary

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NOTICE OF DETERMINATION

EXHIBIT D

TO: COUNTY OF VENTURA
COUNTY CLERK

FROM: CITY OF OXNARD
COMMUNITY DEVELOPMENT DEPARTMENT

SUBJECT: Filing of Notice of Determination in compliance with Section 21108 or
21152 of the Public Resources Code.
Special Use Permit No. 806 - Major Modification

PERMIT NOS./PROJECT TITLE	Ralph J. Steele	90010478
PROJECT LOCATION	PLANNER	STATE CLEARINGHOUSE NO.
Change project description to allow platform Gina return waterline to be used for		
PROJECT DESCRIPTION		produced gas.

This is to advise that the CITY OF OXNARD approved the above described project on
February 7, 1991 and has made the following determinations regarding the
above described project:

1. The project _____ will, XX will not, have a significant effect on the environment.
2. An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA.
 A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.

The Environmental Impact Report or Negative Declaration and record of project approval may be examined at:

City of Oxnard
Community Development Department
305 West Third Street
Oxnard, California 93030
(805) 994-4658

3. Mitigation measures XX were, _____ were not, made a condition of the approval for this project.
4. A statement of Overriding Considerations _____ was, XX was not, adopted for this project.

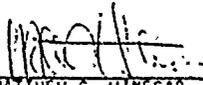
DE MINIMIS IMPACT FINDING

Findings of Exemption

The project will have no impact or reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, or reduce the number or restrict the range of a rare or endangered plant or animal.

CERTIFICATION:

I hereby certify that the public agency has made the above finding and that the project will not individually or cumulatively have an adverse affect on wildlife resources, as defined in Section 711.2 of the Fish and Game Code.


MATTHEW G. WINEGAR, AICP, CITY PLANNER

DATE RECEIVED FOR FILING

Lead Agency: Community Development Department

Date: February 12, 1991

NOTE: Authority cited: Section 21083, Public Resources Code: Reference: Sections 21109, 21152, and 21167, Public Resources Code.

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TRANSMITTAL MEMORANDUM

TO: CLERK OF THE BOARD OF SUPERVISORS

FROM: City of Oxnard
(name of agency)

DATE: February 12, 1991

RE: FILING FEES - NOTICE OF DETERMINATION
Fish and Game Code Section 711.4

A COUNTY CLERK FILING FEE IS REQUIRED TO ACCOMPANY ALL NOTICES OF DETERMINATION: (Fish and Game Code Section 711.4 (e) & Ventura County Ordinance No. 3962)

\$ 25.00 Total amount collected (including Clerk's filing fee)

Check No. 88303

Depositor: Unocal Inc.

Address: 2323 Knoll Drive, Ventura, CA 93003

Was a Negative Declaration Prepared? Yes

Was an EIR Prepared? No

Fee was not collected as this project is:

 Catagorically Exempt Statutorily Exempt

 A fee is required but was not collected. Why not?

Prepared by: Ralph J. Steele, Planner
Please print name and title

Do Not Write Below This Line

ntcdetform

ND #

Bank of America
New Market Square Branch
Los Angeles, California

Union Oil Company of California
Los Angeles California

10 66
1270

UNOCAL 76

88303

Pay TWENTY-FIVE AND NO/100----- (\$25.00)

to the order of
VENTURA COUNTY CLERK

Date	<u>February 8, 1991</u>	301
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Land Account		

By: [Signature]

EXHIBIT E

CALIFORNIA STATE LANDS COMMISSION
MITIGATION MONITORING AND REPORTING PLAN
FOR THE
PLATFORM GINA PROPOSED RETURN WATER LINE REPLACEMENT
AND CONVERSION TO PRODUCED GAS PROJECT

INTRODUCTION

This document contains the Mitigation Monitoring and Reporting Plan (the Plan) for Union Oil Company of California's (Unocal) replacement of a portion of a 6.625-inch diameter water line from Platform Gina to the onshore treating facility immediately downcoast of the Mandalay Generating Station in Oxnard, Ventura County, and conversion of the entire line to a produced natural gas pipeline.

Recently adopted California legislation (AB 3180, CORTESE) requires public agencies to adopt monitoring programs to ensure that mitigation measures contained in the environmental document adopted for a project are effectively implemented. This document is designed to ensure that mitigation measures contained in the Negative Declaration for "Platform Gina Proposed Return Water Line Replacement and Conversion to Produced Gas" (State Clearinghouse Number 90010478) are properly implemented.

This plan consists of a narrative text and attachments and will serve as a part of the California State Lands Commission's Mitigation Monitoring and Reporting Plan for this project.

IMPLEMENTATION

Responsibilities

Unocal (LESSEE), its representatives, or successors-in-interest remain responsible for full implementation of all mitigation measures adopted in the Negative Declaration.

The California State Lands Commission (SLC), as the State's trustee for the use of the sovereign tide and submerged lands, and as a Responsible Agency under the California Environmental Quality Act (CEQA), is responsible for assuring full compliance with the provisions of this Plan. The SLC may contract with outside consultants or contractors for monitoring activities. The SLC will also ensure that monitoring reports are received complete, in a timely manner, and that violations are promptly corrected.

The implementation requirements designed to achieve the environmental objectives of this construction project are as follows:

1. LESSEE shall allow LESSOR'S staff and/or LESSOR'S consultant open and non-discriminatory access to the pipeline repair and conversion project for the purposes of the Mitigation Monitoring and Reporting Plan (the Plan) including inspection of the construction and related operations.
2. LESSEE shall provide temporary field office space on or in close proximity to the project construction site for LESSOR'S staff use during the period of the project. The office shall be furnished for staff use and shall be supplied with electric power, light and telephone service. All costs associated with the provision of such field office shall be borne by LESSEE.
3. LESSEE shall provide LESSOR with copies of certified reports of all tests conducted by LESSEE or his appointed agent that verify the structural integrity and safety of all elements of the construction.

Such reports shall be provided to LESSOR promptly as they become available to LESSEE during the course of the project and they shall include but not be limited to:

- a. pipe manufacturer's mill tests to certify that the pipe supplied meets the project's structural and dimensional specifications.
- b. tests qualifying the application of the XTRU polypropylene corrosion coating, the concrete weight coating and the cathodic protection anodes, including their attachment to the pipe.
- c. test results qualifying the pipe welding procedure.
- d. test results qualifying project pipeline welders.
- e. non-destructive examination results of all welds, weld repairs and cut-out rewelds made on the pipeline including appurtenances (flanges, fittings, connectors, etc.). LESSOR'S staff shall be provided timely and unrestricted access to review all pipeline weld radiographic examinations.

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- f. manufacturer's report certifying the PLIDCO subsea fitting to be used on the project.
 - g. results of all hydrotesting or other pressure testing procedures conducted on the pipeline together with a certified analysis of each test's results.
 - h. any other reports or information related to the project when requested by LESSOR.
4. LESSEE shall inform LESSOR of what construction vessel is selected and submit a complete pipeline pulling operations plan for staff approval, a minimum of 60 days prior to the start of construction.
 5. LESSEE shall submit a complete set of construction contract documents, including construction drawings and specifications, together with the contractor's project execution plan and critical operations and curtailment plan, to the Commission staff for approval a minimum of 60 days prior to the start of construction.
 6. LESSEE shall provide LESSOR with written notice at least five (5) days in advance of any pressure test to be conducted on the pipeline.
 7. The replacement pipeline shall be buried under a minimum four (4) feet of sand cover across the beach area and seaward to at least zero (0) feet mean lower low water (MLLW).

In the event that natural conditions should fail to bury the new pipeline to a depth of two feet from zero (0) MLLW to minus fifteen (-15) below MLLW, within two (2) years from completion of construction, LESSEE shall bury the line with hydraulic jetting to three (3) feet below the sand bottom within these limits.

The replacement pipeline shall be placed so that a lateral separation of at least three (3) feet is maintained from any portion of the original (replaced) pipeline left in place.

8. In the event that LESSOR'S staff determines that the work being performed is not in conformance with the project plans and specifications, with LESSOR'S rules and regulations and generally accepted industry codes and standards governing the integrity and safety of the

construction, or with any of the conditions set forth in this lease amendment, LESSOR'S staff may immediately order LESSEE, either orally or in writing, to redirect or suspend a specific activity until LESSOR is assured that the non-conformance issue is resolved. If such redirection or suspension can be shown by LESSEE to be potentially threatening to life, health or safety, the required corrective action may be temporarily deferred but shall be implemented as soon as the potential threat is past.

9. LESSEE shall submit for LESSOR'S review and approval all contract changes affecting the design and/or construction of the project before such changes are implemented.
10. LESSEE shall make internal and external inspections of that portion of the pipeline on STATE tide and submerged lands at least once a year following the completion of the pipeline repair project. The internal inspection shall include running an electronic survey tool through the pipeline. If LESSEE can demonstrate that running an internal inspection tool is not feasible, LESSEE may submit an alternate testing procedure for review and approval by LESSOR'S staff. External inspections shall be visual for the purpose of determining evidence of unburial, free-spanning, corrosion or any other condition that may be hazardous to the pipeline. Upon the request of LESSEE the frequency and method of inspections may be reduced by LESSOR depending on the degree of corrosion or other observed problems.

LESSEE shall make additional internal or external inspections if so directed by LESSOR whenever LESSOR determines that such inspections are warranted by any unsafe or emergency conditions.

Copies of the results of all internal and external inspections including reports, analyses and recommendations prepared by or for LESSEE shall be submitted promptly to LESSOR.

11. LESSEE shall test the corrosion control cathodic protection system of the pipeline at least once a year to determine that the system meets its designed protection criteria and the cathodic protection requirements of Title 49 CFR (October 1990 Edition), Part 192, Subpart I - Requirements for Corrosion Control. LESSOR shall be promptly notified of any deficiencies indicated by the testing and any needed remedial action shall be taken as expeditiously as possible.

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12. LESSEE shall conduct semi-annual maintenance inspections to test the satisfactory operating condition of each emergency block valve and emergency shut-down valve protecting the pipeline. Any deficiencies discovered during such semi-annual inspections shall be corrected as expeditiously as possible. LESSEE shall provide LESSOR with a written report of each semi-annual inspection. The report shall describe any deficiencies discovered and the remedial action taken.
13. LESSEE shall provide LESSOR an "as-built" report within one hundred and twenty (120) days after completion of construction. This report shall include the results of a survey of the route of the pipeline and pertinent maps and text indicating any debris, potential hazards or changes to the seafloor that may have occurred during installation. Hazardous debris shall be removed and other concerns shall be mitigated as specified by LESSOR'S staff. Such "as-built" report shall consist of map(s) with grid references (Lambert and Latitude-Longitude coordinates) for all turning points in the line, beginning and end points, and other pertinent data as may be required by LESSOR'S staff. LESSEE shall submit a certified declaration by a licensed engineer or licensed surveyor indicating that the improvements are accurately located and depicted on the map(s).
14. The three thousand (3,000) foot portion of the original 6 5/8 inch pipeline that is to be replaced shall be removed from its onshore end to zero (0) feet below mean lower low water depth (MLLW). The remaining portion of the original pipeline left in place shall be filled with concrete for its entire length and it shall be capped with one quarter (1/4) inch steel cover plates welded onto each end. This option is to be considered a temporary abandonment of the concrete filled portion of the 6 5/8 inch pipeline left in place, with the understanding that complete removal of this portion may be required by LESSOR in the future if removal of the adjacent 10 3/4 inch line is also required upon its abandonment.
15. LESSEE shall furnish LESSOR a yearly report detailing the volume of gas or other fluid transported through the pipeline and an analysis of the gas or fluid content, especially the presence and concentration of any corrosive elements such as hydrogen sulfide (H₂S).

16. LESSEE shall assume full responsibility for keeping informed of and being in compliance with all federal, State, and local laws, ordinances and regulations which in any way govern the execution of the project. LESSEE shall ensure that LESSEE'S employees and LESSEE'S agents and their employees shall observe and comply with all such regulations.

LESSEE shall protect, indemnify and in all respects hold harmless LESSOR and all LESSOR'S staff and/or consultants against any claim or liability from any source or cause whatsoever arising from the execution of the project.

Reporting

Compliance with mitigation measures shall be verified by SLC's project monitor(s) using the enclosed reporting form.

COMPLIANCE

The SLC, or its designated site monitor(s), may be present at the project site throughout the construction phase of the project to ensure compliance. Within five (5) working days of completion of construction activities the SLC will notify LESSEE, in writing, of its determination that the required project construction mitigations have been complied with.

VIOLATIONS

If the monitoring reports identify violations of the mitigation program, the SLC shall:

- notify LESSEE or its designated representative(s) by telephone and order immediate compliance;
- prepare a written notification to LESSEE or its designated representative(s) of the violation ordering compliance; and
- identify the need for a follow-up field inspection.

If LESSEE fails to comply with the required mitigation plan, the SLC monitor(s) may order work to be stopped until compliance is achieved and notification is given by the SLC that work may commence.

If a dispute arises concerning the implementation or success of a mitigation, the dispute may be referred to the Chief of Enforcement and Compliance for a decision and for possible legal action. In such a case, work on the project will be stopped until the dispute is resolved.

COST REIMBURSEMENTS

All costs for the administration and implementation of the Plan shall be paid by LESSEE. Prior to commencement of construction, LESSEE shall execute a Reimbursement Agreement with the SLC to provide for the recovery of the total cost to implement the Plan. LESSEE shall deposit with the SLC an applicable expense deposit, including, but not limited to the amount required under the Reimbursement Agreement. The Plan fees are calculated based on actual or estimated costs plus proportional overhead. If the deposit amount is less than actual cost, LESSEE shall be required to submit additional costs within an allowable time period.

ENFORCEMENT AND PENALTIES

A determination of non-implementation or non-compliance will result in immediate notification by the SLC to LESSEE as described above. If possible, the SLC or its designated monitor(s) will order and achieve immediate compliance. If the project is not brought into immediate compliance, a stop-work-order may be prepared. The period of time the stop-work-order will be enforced will be the time required to assure compliance has been achieved. Work on the project may not be resumed until compliance is achieved. Violations of an approved mitigation measure which are not discovered until after construction has been completed will result in one or more of the following actions:

- written notification and demand by the SLC for correction,
- issuance of an infraction citation,
- forfeiture of any bond trust account, or other financial assurance, and/or
- action to recover funds assured under a letter of credit.

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