

CALIFORNIA COASTAL COMMISSION

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September 30, 1998

To: Coastal Commissioners

From: Peter Douglas, Executive Director
Susan Hansch, Deputy Director
Alison Dettmer, Supervisor, Energy & Ocean Resources Unit

Re: Unocal Guadalupe Oil Field Remediation Project

Item 27a Tuesday, October 13, 1998

(NOTE: REVISED NOTICE AND CHANGED DATE)

San Luis Obispo County Approved Project

On September 22, 1998, the San Luis Obispo County Board of Supervisors approved a coastal development permit for the Unocal Guadalupe Oil Field Remediation Project. The Board considered an appeal by Unocal of the County Planning Commission permit approval of August 13, 1998. The Board made some changes in the Planning Commission's approved conditions and approved a permit package with over 200 conditions.

Potential Appeal to Coastal Commission

Unocal has accepted the County's permit and will not appeal to the Commission. It also appears that no other parties are likely to appeal the County's action to the Commission.

We just received the package of the County's final conditions and therefore have not yet completed an analysis of whether or not we will recommend that two Commissioners appeal the County's action. We have scheduled a Commission briefing and discussion on the merits of a potential appeal for Tuesday, October 13 Item 27a. The appeal period will run through October 14 or October 15 (depending on when we officially receive the County's Notice of Final Action). Therefore, Commissioners will have the opportunity to discuss the option of an appeal before the appeal period runs.

Prior to the October Commission meeting, the Commission staff will prepare a synopsis of the County's action and the Department of Fish and Game/Unocal Settlement Agreement. We will also discuss whether we believe there are remaining Coastal Act issues that warrant an appeal.

Attached Documents

- Final San Luis Obispo County CDP Permit Conditions
- Settlement Agreement No. CV 75194

The complete set of San Luis Obispo County's Guadalupe permit conditions and the Department of Fish and Game Unocal settlement agreement are attached for your reference and review. These are the documents we are reviewing and will be discussing on October 13 so please keep them and bring them with you to the Commission meeting.

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SEP 28 1998

EXHIBIT E
CONDITIONS OF APPROVAL
Past Remedial and Characterization Projects

CALIFORNIA
 COASTAL COMMISSION

Approved Use

1. This Coastal Development Permit/Development Plan authorizes the following work that was completed by emergency permits pursuant to Coastal Zone Land Use Ordinance section 23.03.045 between March 1990 and November 1997:

<ol style="list-style-type: none"> a. SLO P890275E b. SLO P890275E (Modification #1) c. SLO P890275E (Modification #2) d. SLO P890275E (Modification #3) e. SLO P890275E (Modification #4) f. SLO P890275E (Modification #5) g. CCC E-94-12 h. SLO P890275E (Modification #6) i. SLO P890275E (Modification #7) j. CCC E-95-18-G k. CCC E-95-15-G l. CCC E-96-2-G m. CCC E-96-3-G n. SLO P970369E o. CCC E-98-09-G 	<ol style="list-style-type: none"> Installation of Bentonite Wall Installation of PVC Barrier Installation of Fish & Game Wells Installation of Pilot Recovery System 5X Excavation Support Facilities 5X Excavation Support Facilities 5X Beach Excavation Project Installation of Monitoring Wells Installation of Biosparging Wells Leroy 2 Sump Removal Installation of Sheetpile Wall (I) Installation of Sheetpile Wall (II) Installation of Sheetpile Wall (III) 7X Excavation A2A Excavation
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2. The conditions attached to these Emergency Permits are incorporated by reference herein as though set forth in full.

3. Implement the site abandonment plan to ensure the asphalt pad at Tank Battery 8 is removed.

4. Implement Mitigation Measure OBV-1(d) consistent with the time frames established in CAO 98-38.

5. Implement Condition No. 21 from the Coastal Commission Emergency Permit E-97-3-G requiring an ongoing monitoring program for the sheetpile wall.

6. Implement condition G-7-3 requiring the sheetpile wall to be removed at the earliest opportunity.

7. In conjunction with the routine surveys of beach transects at the 5X beach (E-97-3-G, Mitigation Measure 21) a control site north of the sheetpile wall and a test site at the wall

shall be compared on an annual basis, using data collected at the end of summer after the natural beach replenishment cycle. Differences in cross-sectional area must be converted to a volume and a replenishment program will be initiated. Sand used for replenishment shall be of compatible grain size (i.e., within 10 percent for each grain size category), or overfill ratios will be applied using the Shore Protection Manual procedures. Implementation of the sand replenishment program will depend on whether there is water directly in front of the wall:

- a. If there is water in front of the wall a "credit program" will be established whereby the sand required for replenishment is made available, but stockpiled on a cumulative basis for future use. Currently disturbed areas will be used for stockpile sites. When the lagoon recedes, the sand shall be placed on the beach to rebuild the beach to natural grade. Sufficient sand will be made available to cover the top of the sheetpile wall to a depth of at least two feet.
 - b. If there is no lagoon or water in front of the wall, the sand replenishment shall be conducted as soon as the need is identified.
8. Implement the Coastal Commission Emergency Permit E-95-18-G Condition 17 requiring a post-construction monitoring and restoration plan.
 9. The access road which was cleared for the Leroy 2 sump removal shall be restored to conditions immediately prior to the excavation project to the extent feasible.
 10. If required by RWQCB, Unocal shall monitor wells in close proximity to the edges of the sheet pile wall, as well as up- and down-gradient of the wall to compare vertical gradients below the wall to those above. This will assist in determining the flow paths in the vicinity of the wall and the amount of water containing diluent flowing around, below and through the sheetpile wall. The extraction system shall be re-evaluated semi-annually to ensure the continued efficiency of the capture zones and control of the movement of free product. Extraction well pump rates shall be increased in the event that water elevations behind the wall exceed current levels. Similar action shall be taken if diluent flowing around or through the wall rises above current levels.
 11. Unocal shall implement Mitigation Measure W-12 (Section 5.2 of this EIR) requiring a comprehensive Inspection and Maintenance (I and M) program for all control and treatment systems, including the interim containment system at the 5X site.
 12. An Emergency Response Plan shall be developed for the site that includes response procedures that provide for any release that may occur from the 5X plume. In addition, appropriate oil-spill response equipment shall be maintained on site throughout the operational life of the wall. This equipment shall be capable of containing a spill near the breach and skimming separate-phase diluent from river water prior to discharge to coastal

waters or migration to the upper reaches of the lagoon.

13. Remedial actions for the C12 plume, as approved by the RWQCB, shall be implemented to remove the source of contamination and control the migration of dissolved-phase diluent.
14. Disturbed foredune and backdune habitat shall be restored to pre-disturbance conditions. Non-native plant species (except sea rocket) shall be removed and replaced with native vegetation.
15. In areas where foredune and/or backdune habitat has been permanently disturbed, Unocal shall restore other disturbed areas onsite as a compensatory measure.
16. Protect existing snowy plover breeding habitat by posting signs and excluding any vehicle, pedestrian and domestic animal traffic.
17. Continue to enforce access limitations to the 5X area for maintenance of monitoring equipment so as to minimize impacts on sensitive species during the breeding season. Implement a training program for all personnel visiting the 5X Beach area which includes specific information on California snowy plovers, their habitat requirements and breeding behavior.
18. Implement the Coastal Commission Emergency Permit E-97-3-G Mitigation Measure (MM-14) requiring a foredune stabilization plan.
19. Continue monitoring of natural revegetation and erosion in the foredune habitat impacted by sheetpile wall installation. Monitor plant establishment and remove invasive exotics including beachgrass, veldtgrass, and iceplant. Monitor shall be a qualified biologist approved by the Coastal Commission in consultation with the County of San Luis Obispo. Identify contingencies if natural revegetation is not successful or if erosion becomes problematic. This could be done by expanding current Foredune Stabilization Plan (Entrix [Anderson], 1995) or developing a new Erosion Control Plan that incorporates the use of revegetation practices to promote sand stabilization. The plan shall be approved by the Coastal Commission and the County, and shall identify methods to collect seed from local sources and apply to areas where vegetation recovery is not adequate.
20. Implement revegetation of all foredune habitats directly or indirectly impacted by sheetpile wall installation procedures. Because there has been poor success with salvage and replanting of dune plant species, a combination of direct seeding and planting of container grown plants is recommended for this site. Seed can be collected from nearby undisturbed dunes and applied directly to the disturbed areas or grown in suitable containers and outplanted to the site. Collect seed of dunedelion and Blochman's leafy

daisy from local populations and disperse over the impact zone. Blochman's leafy daisy may be container grown from seed or cuttings (depending on timing) and replanted on the site. Monitor and record progress of revegetation. This information will be valuable for future restoration efforts at the Guadalupe Oil Field. Seed/propagule collection areas and methods; propagation techniques; growing facility and staff; and planting methods and staff shall be identified in a revegetation plan and approved by the Coastal Commission, the County of San Luis Obispo, and the California Department of Fish and Game prior to implementation.

21. Whenever the Santa Maria River flows along the beach, the river bank on the southeast corner of the sheetpile wall shall be monitored for erosion and loss of habitat and a report submitted monthly to appropriate agencies regarding activity; so that a record may be kept and a third-party expert can be hired to assess damage and suggest appropriate restoration measures. Lost habitat shall be compensated for by restoration of degraded foredune habitat in the vicinity of the 5X area.
22. Disturbed backdune habitat at C12 shall be restored to pre-disturbance conditions, and non-native plant species shall be removed and replaced with native vegetation.
23. Unocal shall restore habitat on the LeRoy #2 Well Sump access road if feasible and compensate for temporary habitat losses through a program to control the spread of invasive exotic plant species in the vicinity of the project location.
24. For those sections of the 5X sheetpile wall that are not scoured, Unocal shall ensure that the wall is covered with sand and is not visible from the beach.
25. Prior to implementation of the CAO for the Guadalupe Oil Field, Unocal, in collaboration with the San Luis Obispo APCD, shall investigate the feasibility of retrofitting construction equipment to be used for remediation with low-NOx technologies such as high pressure injectors, injection timing retard, and/or pre-chamber diesel engines.

Public Access

26. **Prior to issuance of a construction permit for Stage 1**, the applicant shall fund the community outreach and education programs described in the Nature Conservancy's Guadalupe-Nipomo Dunes Vision Statement for a period of three years which at a minimum shall include:
 - a. Operating Dunes Discovery Center
 - b. Recruiting and training skilled volunteers
 - c. Sponsoring community activities
 - d. Managing and coordinating outreach and education programs

Environmental Enhancement Easements

27. Due to the long term nature of the past remediation projects including installation of the bentonite wall, installation and operation of beach extraction wells, the 5X beach excavation, the three phase installation of the protective sheetpile wall, the Leroy 2 sump excavation, the 7X excavation, the A2A and associated sump excavations, and the significant, unavoidable environmental impacts (Class I) of these past projects, additional mitigation beyond that cited in the certified Final EIR is required.

Refer to the condition of approval No. 175 for the Phase I remediation project for implementation of the easements.

EXHIBIT F - D890558D
CONDITIONS OF APPROVAL
PHASE I REMEDIATION PROJECTS

SEP 28 1998
CALIFORNIA
COASTAL COMMISSION

Approved Project

1. This Coastal Development Permit/Development Plan (CDP/DP) approval authorizes Unocal to conduct remediation and site characterization activities at the Guadalupe oil field consistent with the California Regional Water Quality Control Board's (RWQCB) **Clean Up or Abatement Order No 98-38** adopted by the RWQCB on April 3, 1998 and incorporated herein as though set forth in full. Specifically, this approval authorizes the following remediation project elements:
 - a. **Stage 1**
 - I. Excavation of separate-phase diluent at plume areas **B-12, C-12, L-11, TB-1N, TB-1M and TB-1S** to start by December 31, 1998 and completed by December 31, 1999.
 - ii. One (1) horizontal biosparging well installed at B12 (post excavation), two (2) horizontal biosparging wells installed at L11 (post excavation); and two (2) horizontal biosparging wells installed at TB8.
 - iii. Pilot testing of dual pump recovery systems consisting of five (5) recovery wells installed at the Compressor Plant, five (5) wells installed at TB9 and a vacuum enhanced recovery system consisting of eight (8) wells at the Diluent Tank site will be used for pilot testing.
 - iv. A Land Treatment Unit (LTU) at Tank Battery 9.
 - b. **Stage 2**
 - I. Excavation of separate-phase diluent at plume areas **5X and A2AN** to start by December 31, 1999 and completed by December 31, 2000.
 - c. **Stage 3**
 - I. Excavation of separate-phase diluent at plume areas **M2 and M4** to start by June 30, 2000 and completed by December 31, 2000.
 - ii. Two (2) horizontal biosparging wells installed at M4 (post excavation).
 - d. **Stage 4**
 - I. Excavation of separate-phase diluent at plume areas **A5A and C8** starting by December 31, 2000 and completed by March 31, 2001.
 - ii. Two (2) horizontal biosparging wells installed at C8/D8 (post excavation).

- e. **Stage 5:** Excavation of separate-phase diluent at plume areas B2-3 and N12 starting by June 30, 2001 and completed by October 31, 2001.
 - f. **Stage 6:** Excavation of separate-phase diluent at plume areas C7(S) and B6 starting by December 31, 2001 and completed by June 30, 2002.
2. If it is determined by the Regional Board after excavation of plume TB1 that excavation is required at plume area C2, excavation of separate phase diluent shall start by December 31, 2001 and completed by June 30, 2002. Other remedial projects not included in the CAO, project modifications as approved by the RWQCB and these conditions may be authorized after the department's review and approval of specific workplans.

Excavation Mean Concentrations

3. The mean concentration of soil samples collected at the bottom of the excavations shall not exceed 700 mg/kg TPH. Concentrations of no more than 5% of samples collected at the bottom of the excavations shall exceed 1,000 mg/kg TPH. The RWQCB shall determine compliance with this condition.

Excavation Sampling

4. Samples of the excavation bottoms shall be collected at 25 foot centers, or as directed in the field by RWQCB staff. Excavations shall not be backfilled until RWQCB approval. If concentrations in more than 5% of samples collected at the bottom of the excavations exceed 1000 mg/kg TPH after Unocal has removed as much degraded soil as reasonably practicable, the RWQCB, with the advice of other interested agencies, will decide if further excavation or other clean up actions must be conducted, or if the excavation may be backfilled.

Location of Sheetpile

5. Sheetpile shall be installed at least 15 feet outside the 1,000 mg/kg TPH contour as interpreted using data collected from soil borings. Exceptions to this criterion may be approved for plume sites by the Executive Officer (RWQCB) based on field information. The department shall review and approve alternative sheetpile locations for compliance with mitigation measures and these conditions to ensure that site disturbance is minimized.

Alternative methods to shore the excavation may be proposed to the Director in certain limited circumstances. Alternative methods must be shown to have no greater impact on environmentally sensitive habitat than a sheetpile shored excavation.

Post-Excavation Groundwater Monitoring

6. Post excavation groundwater monitoring shall be conducted pursuant to the requirements and direction of the RWQCB. Locations of monitoring wells shall be approved by the department for compliance with mitigation measures and these conditions.

Natural Degradation

7. If the RWQCB determines that expected natural degradation rates have not been met, additional excavation may be required at plume sites. Prior to commencement of additional excavation, Unocal shall submit excavation plan to the department for compliance with these conditions of approval.

Continued Site Characterization

8. Unocal shall submit copies of any the plan submitted to the RWQCB plan for continued site characterization to the Department. The Plan shall include the areas to be investigated, measures to be taken to protect terrestrial and other sensitive resources including the methods used to access the sites. Results of site characterization shall be submitted to the department when available.
9. Prior to site characterization activities off of any road or pad, a biological reconnaissance shall be completed for all locations by a biologist/botanist approved by the Department. Sensitive species shall be identified and avoided. Access routes to assessment locations shall be surveyed.

Pilot Studies

10. The CAO approved by the RWQCB includes design and development of three pilot studies to remediate separate phase diluent without excavation. Prior to initiation of pilot studies, Unocal shall submit the pilot plans to the department for review for compliance with mitigation measures and these conditions of approval. Pilot studies may require environmental review and coastal land use permitting.

Soil Management

11. First stage excavation projects may stockpile contaminated soil at TB9 or TB8 pursuant to the Implementation Plan. Backfill sources for Stage 1 projects may include:
 - a. Treated soil that satisfies the RWQCB's treatment parameters for approved backfill material that is stockpiled at TB9, TB1 and other locations..
 - b. Borrow site Q11 (no other borrow sites are authorized).

- c. Soil from the LTU.
12. Stage II-VI excavation projects may stockpile contaminated soil at TB9 and TB8 pursuant to the Implementation Plan. Backfill sources for Stage II-VI projects may include:
- a. Treated soil that satisfies the RWQCB's treatment parameters for approved backfill material that is stockpiled at TB9 and other locations...
 - b. borrow site Q11
 - c. soil from the LTU.
 - d. material treated at an on-site thermal desorption units.
 - e. borrow site Q4 may be used as a borrow site if approved by the department after a site specific, independent biological and geomorphological review.

All treated soil to be used for backfill purposes for any Stage originating from TB9 shall be sampled and analyzed for TPH and other constituents as required by the RWQCB. Soils will not be used for backfill purposes unless it meets the requirements of the RWQCB. Results of sampling and analysis shall be submitted to the RWQCB for review and approval prior to its use as backfill. results of sampling and analysis shall be submitted to the department.

Waste Disposal

13. All wastes removed from the field, including but not limited to soil, petroleum and water shall be disposed of in accordance with all applicable laws and regulations.

Sumps

14. All sumps discovered as part of excavation activities shall be removed pursuant to the requirements of the South County Area Plan (Coastal). The CAO approved by the RWQCB requires Unocal to submit a report on all sumps and other waste management units located between the B Road and the ocean. Proposed sump remediation plans are to be submitted to the department for review and approval. Additional environmental review may be required prior to removal of any sump.

Permit Time Limits

15. This Coastal Development Permit/Development Plan approval is valid for a period of 24 months from the effective date of the decision. At the end of such time period, the land use permit shall expire and become void unless:
- a. Substantial site work toward establishing the authorized use has been performed

- b. pursuant to section 23.02.042 of the Coastal Zone Land Use Ordinance; or
- b. The project is completed pursuant to section 23.02.050 of the Coastal Zone Land Use Ordinance; or
- c. An extension has been granted pursuant to section 23.02.050 of the Coastal Zone Land Use Ordinance.
- d. Operational elements of the project, such as biosparge wells, will be considered substantially complete once they are in operation. They may continue to operate as required.

Title 19 Requirements

- 16. All excavation projects approved as part of this permit are subject to the provisions of Title 19 of the County Code. Excavation projects shall not proceed until construction and/or grading permits are issued by the Department of Planning & Building.
- 17. Unocal shall submit construction permit applications to the Building Division for new electrical services to pumps, compressors, wells, and other equipment for review and approval.

Permitting

- 18. **Prior to issuance of a construction and/or grading permit** for remediation activities for any stage, Unocal shall submit evidence that permits from all regulatory agencies have been received for that state of activities. These agencies include but are not limited to:
 - a. RWQCB
 - b. California Dept. Of Fish & Game
 - c. U.S Army Corps of Engineers
 - d. U.S. Fish & Wildlife Service
 - e. California Coastal Commission
 - f. State Lands Commission
 - g. Air Pollution Control District
 - h. Division of Oil & Gas and Geothermal Resources

Monitoring

- 19. **Prior to the issuance of a construction permit for Stage 1**, the applicant shall fund a qualified contractor to be selected by the County, after consultation with the applicant and other agencies. The monitor(s) shall be under contract with the County, to act as project monitor(s) and condition compliance inspector for the County of San Luis Obispo. The Monitor shall prepare a specific mitigation monitoring plan and submit it to the department for review and approval.

Changes to the Approved Project

20. To make changes to the approved project described above, the applicant shall submit to the county a written request with supporting materials pursuant to 23.02.038 of the Coastal Zone Land Use Ordinance. The Planning Director may approve a requested change upon verification of its conformity with Title 23, provided that such approval shall not modify the effective date of the land use permit. This condition shall be implemented by the applicant throughout the project.

Single Point of Contact

21. **Prior to issuance of a grading permit for each stage, Unocal shall designate a single point of contact to address compliance with these conditions. The County shall also designate a single point of contact and will request the same from other regulatory agencies.**

Indemnification

22. The applicant shall, as a condition of approval of this Coastal Development Permit/Development Plan defend, at his sole expense, any action brought against the County of San Luis Obispo, its present or former officers, agents, or employees, by a third party challenging either its decision to approve and issue this Coastal Development Permit/Development Plan or the manner in which the County is interpreting or enforcing the conditions of this Development Plan, or any other action by a third party relating to approval or implementation of this Development Plan. Applicant shall reimburse the County for any court costs and attorney's fees which the County may be required by a court to pay as a result of such action, but such participation shall not relieve applicant of his obligation under this condition.

Geology

23. The separate-phase diluent plume at 5X shall be remediated and sheetpile walls removed prior to expiration of the California Coastal Commission Emergency Permit E-96-3-G on January 1, 1999 **unless otherwise decided by the Coastal Commission.**
24. **Prior to issuance of a grading permit for any excavation project, Unocal shall submit pre-construction topographic survey information to the Department for review and approval. Prior to the commencement of next stage excavation projects, Unocal shall commence post-construction topographic surveys for areas that will not be utilized for future stages approved by the Department. Surveys are to be obtained to ensure dune replication is acceptable. The area surveyed must include the entire limits of work including access corridors, staging areas, overburden storage areas and topsoil storage**

areas.

25. Proposed overburden storage areas shall be prepared in a similar manner as the excavated area. This preparation includes perimeter staking, brush raking, surface soil removal and stockpiling and covering of topsoil (or other method, approved by the department, to protect the topsoil) and shall be monitored by the Department.
26. Overburden and affected soil shall be stockpiled in previously disturbed areas or future excavation areas and shall be unvegetated and altered areas to minimize impacts to erosion/sedimentation patterns. All proposed stockpile areas are subject to review and approval by the Department.
27. The applicant shall submit a time schedule and plan of excavation site sequencing to the Department for review and approval prior to the commencement of each stage. To reduce the length of exposure time of the excavated and soil storage areas, the clean overburden shall be used to immediately fill the cavity or clean sediment from a similar site shall be used to replace the excavated soil.
28. Sediment grain-size analysis of the overburden, affected soil and other replacement material shall be conducted, recorded and submitted to the Department for review and approval unless it can be shown that grain size is not a concern for any particular excavation due to the backfill sequence or excavation location. No filling of an excavated area shall occur until the grain-size compatibility is approved by regulatory agencies.
29. **After the completion of excavation projects and replanting activities**, soil compaction, grading, and post-construction survey shall be submitted to the Department for review and approval.
30. At a minimum, some or all of the following measures shall be implemented at any time when sustained wind speeds exceed 20 knots (25 mph) or when, determined by the monitors or APCD, an excessive amount of wind erosion is occurring to stockpiles or borrow sites, disturbed areas or other portions of the work site:
 - a. Water shall be applied to areas generating eroding areas.
 - b. Activities that increase erosion shall cease until conditions change.
 - c. Other anti-erosive measures approved by the department are implemented.
31. As part of design review and prior to **issuance of a grading permit for each excavation project**, the proposed project shall obtain a NPDES Construction Storm Water Activity Permit from the RWQCB. The permit's pollution prevention plan shall specify Best Management Practices (BMP) to reduce erosion of disturbed soils within construction staging areas. These may include, but are not limited to: utilization of hay bales, silt

- fences, sediment traps, coffer dams, containment berms, or other measures identified by the Unocal's contractor excluding the use of chemical soil stabilizers unless specifically allowed by the RWQCB and APCD, crude oil, and planting or seeding with exotics.
32. Drilling of horizontal and vertical biosparge wells shall include use of proper equipment, such as roll-off containers and vacuum trucks to contain spoils and wastewater generated by the drilling process. All drilling shall be conducted in accordance with the project's NPDES Storm Water Construction Activity Permit.
 34. The sheetpile walls shall be monitored during excavation to provide early detection of any movements. If movements occur, the excavation sequence or excavation area shall be adjusted to prevent large displacements.
 35. Several feet of sheetpile "freeboard" shall be left above the ground surface during excavation to restrain any sand that may move toward the excavation in order to minimize propagation of the failure up the slope.
 36. Sheetpile walls shall be designed to withstand appropriate earthquake loading with a Factor of Safety of 1.0.
 37. As part of grading permit approval, a registered engineer shall certify all excavation support systems.
 38. Open excavation areas will be backfilled as soon as possible as determined by the Department and the ground surface restored to its approximate original profile.
 39. In the event of a tsunami warning, construction equipment shall be removed from the beach area and moved to a safe elevation based upon the warning.
 40. All piping located within 300 feet of the ocean or in a location where the surface drainage would direct the flow toward the ocean shall be securely anchored.

Surface and Groundwater Quality

41. Monitoring wells or piezometers shall be installed adjacent to the wetlands and dune slacks to monitor the amount of drawdown that occurs with pumping. If drawdown exceeds levels established as the limits of natural variability, pumping rates shall be lowered and alternative methods of containment shall be evaluated. Monitoring frequency for long and short term impacts such as drawdown/dewatering shall be determined by the RWQCB.
42. Surface water and sediments in the dune slacks and wetlands shall be sampled for BTEX

and TPH as part of a regular monitoring program. The remedial activities mandated in Clean Up Order No. 98-38 should prevent transport of dissolved phase contamination to surface waters. Monitoring of long term impacts of remediation such as construction and operation, or long term dewatering shall be done quarterly. Monitoring for short term impacts such as excavation shall be done weekly. In the event the proposed remedial activities do not prevent increased contaminant concentrations in surface waters, the RWQCB has reserved the right to require the applicant to undertake additional actions to eliminate or reduce to the extent possible, discharges to all surface water as soon as possible. The applicant shall submit the planned actions to the department for review and approval based on consistency with CEQA review and these conditions of approval.

43. **Prior to issuance of grading permits for any/all excavations** a lateral and vertical assessment of hydrocarbon-affected soils shall be conducted to assess the dimensions of the excavated area. This program shall be consistent with the assessment activities conducted for the 7X excavation. If assessment activities determine the plume is larger than shown in construction drawings or if any new affected soils are identified (such as sumps), the department will determine if the changes are substantial enough to require additional environmental review.

Compounds designed to enhance biological degradation of remaining hydrocarbons, such as nutrients and oxygen-releasing substances, shall be added to the excavations before backfilling. The types and amounts of such compounds to be added shall be determined on a general site wide basis by the applicant and approved by the RWQCB before excavation.

44. The remedial activities mandated in Clean Up Order No. 98-38 are expected to prevent increase in surface water contaminant concentrations over time. In the event the proposed remedial activities do not prevent increased contaminant concentrations in surface waters, the RWQCB has reserved the right to require the applicant to undertake additional actions to eliminate or reduce to the extent possible, discharges to all surface water as soon as possible. The applicant shall submit the planned actions to the department for review and approval based on consistency with CEQA review and these conditions of approval.
45. Unocal shall monitor the Santa Maria River and surface water bodies near construction activities weekly for turbidity before and during construction activities to establish background levels. Turbidity shall be monitored upstream of the project in the river prior to construction activities to determine background levels. If project activities increase turbidity levels over 20 percent of background conditions, construction activities shall be halted until remedial actions can be taken. Similar monitoring shall be conducted at all locations where construction activities are planned within 100 ft of surface water resources.

46. Staging areas, equipment storage areas, materials storage areas, drilling fluids, and soil stockpiles shall be located away from surface water bodies to minimize the potential for releases into surface water.
47. Equipment and materials, particularly materials that can cause turbidity and sedimentation, shall be stored inside bermed areas where surface runoff can be controlled and kept away from surface water.
48. Silt fences or other containment devices shall be used in areas where sediment, suspended materials, and settleable materials could be released to surface water. Provisions for these devices should be documented in the Spill Response Plan submitted to the County and other agencies prior to issuance of a grading permit for any/all excavation projects.
49. Construction best management practices shall be implemented to minimize the potential for accidental release of materials that can cause turbidity, sedimentation, or result in suspended or settleable materials in surface water.
50. Use state and local agency-approved environmental monitors to ensure that all equipment maintenance, including refueling and lubrication, occurs at designated sites and at least 100 ft from the nearest water resource. There shall be no vehicle refueling on the beach unless adequate measures as outlined in the Fueling Contingency Plan are implemented. Additional designations shall be made for washing and cleaning of construction and remedial equipment where waste water and materials can be contained for subsequent removal.
51. Provide secondary containment or other methods identified in the Fueling Contingency Plan for parked construction equipment and fuel storage vessels to contain any possible leaking products. Proper containment techniques shall be used when cutting or draining pipelines. This includes the deployment of plastic sheeting, sorbent pads and booms, and vacuum trucks. All purge water and waste oil shall be disposed at a NPDES or other type of permitted facility. All storage vessels used for temporary containment of contaminated ground water or recovered product shall have adequate containment structures in place so that potentially spilled materials would not impact adjacent water resources.
52. Unocal shall submit a comprehensive Inspection and Maintenance (I and M) program for all control and treatment systems to the County and Regional Board for review and approval prior to issuance of any grading permit for excavation, or Notice To Proceed for any control and/or treatment system. Monitoring systems shall be installed on any critical process that, in the event of a failure, would result in the loss of hydraulic control of the separate-phase plumes or a shut down of a biosparge system. As with the existing extraction wells at the 5X site, these monitoring systems shall be checked daily.

53. In those areas where sheetpile walls are proposed to remain in place for an indefinite period of time, monitoring programs shall be implemented to detect any structural movement that may lead to complete or partial failure.
54. At all locations where partial separate-phase plumes will be left in place, HDPE walls shall be installed to prevent down-gradient migration of separate-phase diluent. If monitoring shows migration of product, ground water extraction wells shall be installed up-gradient of the HDPE walls in order to establish hydraulic control of the ground water and separate phase diluent within the vicinity of the HDPE walls.
55. Ground water elevations shall be monitored behind each sheetpile wall to track the depth to ground water, particularly in areas containing separate-phase diluent. These ground water elevations will be reported to the RWQCB.
56. Rising ground water elevations behind the sheetpile walls shall be mitigated by lowering the water table. The water table should be lowered by pumping the water from the areas where mounding occurs. Since the ground water is contaminated, treatment of the ground water would be required prior to discharge. Pumping and treatment plans shall be submitted to the Regional Board for review and approval.
57. Ground water flow modeling shall be used in the design phase of the HDPE wall system to determine the influence of the barriers on ground water flow. The model should be constructed and calibrated for natural flow conditions. If the model results indicate that dissolved-phase concentrations will migrate to new areas, then design changes should be made to offset this impact or additional monitoring should be established. Modeling and results shall be submitted to the Regional Board for review and approval and a copy to the department prior to installation of HDPE walls.
58. The piezometric surfaces of the zones of interest should be monitored to assess the magnitude of the drawdown and changes in vertical gradients. At a minimum, monitoring of TPH and water levels and should be conducted for both the dune sand aquifer and the regional aquifer. Special precautions shall be taken to prevent the drawdown of separate-phase diluent into the underlying finer-grained materials of the aquitard. "Depth to product" and "thickness of product" measurements shall be taken at every extraction well periodically when the cone of depression is being established to prevent contamination of the aquitard. The potential for dissolved-phase migration between the zones should be evaluated using ground water velocities, not strictly ground water gradients.
59. Prior to installation of sparge wells, Unocal shall submit information on the chemical nature of the drilling fluids to the RWQCB for review and approval.
60. Unocal shall research the literature and ask the vendor to provide information on the

biological degradation of the drilling fluids to ensure that hazardous by-products will not be formed in the process and shall report findings to the Regional Board pursuant to Condition No. W-19.

61. Chemical analyses for volatile organic compounds, semi-volatile organic compounds, metals, pH, and aquatic toxicity shall be performed on the drilling fluids and the results submitted to the RWQCB for review and approval prior to installation of the wells.
62. If the RWQCB finds a drilling fluid unacceptable, alternative drilling fluids shall be evaluated until a suitable material is found. If a suitable drilling fluid cannot be found other drilling methods and well constructions should be considered.
63. Prior to approval of excavation backfill activities for each excavation project, all treated backfill will be screened and analyzed for TPH and BTEX. Acceptable backfill levels will be established by the RWQCB. All imported backfill shall be screened for potential organic and inorganic pollutants.
64. The landfarming operation shall be designed and constructed to prevent further degradation of the dune sand aquifer and adjacent water resources. The treatment system shall contain a method for collecting excess water from wetting operations and storing it prior to treatment and disposal.
65. The landfarm areas shall be isolated from the ground surface by a barrier to prevent migration of treatment water into the dune sand aquifer and adjacent water resources unless otherwise determined by the RWQCB. The barrier system shall contain a method for collecting access water from wetting operations and storing it prior to treatment and disposal.
66. A survey of the inorganic compounds iron content in soil and ground water shall be conducted prior to installing the biosparging wells to identify areas where high concentrations of inorganics iron content may cause fouling of the air delivery system. The survey should be conducted in all areas selected for biosparging.
67. Unocal shall use materials for subsurface piping (air delivery system) that would be less prone to fouling and scaling by subsurface chemicals and biological activity..
68. Unocal shall use methods for reducing and mitigating the impacts of fouling and scaling in air sparging systems and to dissolve any iron precipitation.
69. Unocal shall prepare a Monitoring and Contingency Plan that should include provisions to monitor for fouling and scaling of the biosparging system as well as methods for mitigating fouling and scaling once detected. The contingency plan shall include

- procedures for dealing with biosparging system fouling and scaling. If antibiofouling chemicals are used, they shall be approved by the RWQCB.
70. Drilling logs, CPT logs and other geologic information shall be reviewed before constructing biosparge systems to identify potential areas of channeling. The "channeling analysis" shall be presented to the RWQCB for review and comment.
 71. **Prior to installation of biosparge subsurface piping**, a survey of dissolved oxygen levels in ground water shall be performed as a baseline. The survey shall be performed over the areas where biosparging will occur and in selected areas to serve as background locations. The survey will be repeated immediately following installation and again after three months of operation. The survey shall also include monitoring of water levels to detect evidence of mounding. Results of all surveys shall be submitted to the RWQCB for review and comment.
 72. In areas where channeling is preventing effective distribution of injected air, additional air sparging wells shall be used to increase dissolved oxygen levels in the oxygen-deficient areas.
 73. The injection rate and volume shall be monitored so that if a release occurs, it can be detected.
 74. The integrity of the injection well and associated equipment shall be evaluated prior to, and during operation of the injection system. A maintenance plan shall be established to assure the integrity of the system.
 75. The concentrations of biostimulatory substances (i.e., ammonia, nitrate, orthophosphate) shall be assessed in soil and ground water for all areas planned for nutrient injection. Nutrients should only be injected where nutrient levels are below optimal conditions. Nutrients should be injected into ground water at a concentration and rate that will be consumed by indigenous bacteria. Biological degradation rates and nutrient consumption rates should be considered. ORCs shall not be used without approval from RWQCB, USFWS and CDFG.
 76. The consumption rate of the nutrients shall be monitored and the data used to assist in determining if and when additional nutrients are injected into the subsurface.
 77. A series of ground water monitoring wells shall be established to monitor nutrient concentrations in ground water near surface water bodies if required by the RWQCB. Alternatively, biostimulatory substances could be monitored using microwells. The monitoring wells will serve as an early warning system for biostimulatory substances migrating to surface water via ground water.

78. If ground water monitoring shows that biostimulatory substances are threatening surface water quality and beneficial uses may be adversely impacted, the biostimulatory substances will have to be removed from ground water before continued migration of the substances results in aquatic growths in surface water.

Onshore Biological Resources

The U.S. Fish & Wildlife Service (USFWS) will either issue a Biological Opinion for Stage 1 of the proposed remediation project with either a Section 7 permit and/or a Section 10 permit. The Section 10 permit will include a Habitat Protection Plan (HCP) for the entire Phase. The California Dept. of Fish and Game will issue a Section 2081 permit. It is the intent of these conditions to not be in conflict with the approved permits issued by these two agencies. However, in instances where these conditions or the provisions of the permits are more stringent, the more stringent conditions shall apply. If these conditions are found to be in conflict with the approved Section 7 or 10 permits or the California Department of Fish and Game's (CDFG) 2081 permit, then the approved Section 7 or Section 10 permits or the 2081 permit shall prevail over these conditions of approval.

Sandy Beach

79. Remediation and abandonment activities on or near the beach and foredunes shall be scheduled to avoid Western snowy plover and California least tern habitat during their breeding seasons (from March 1 to September 15) to the maximum extent feasible as determined by the US Fish & Wildlife Service.
80. A qualified biologist with western snowy plover and California least tern experience approved by the USFWS and San Luis Obispo County shall visit the site regularly as determined by the USFWS throughout the construction phase and immediately prior to abandonment activities to ensure that all practicable measures are being employed to avoid incidental disturbance of sensitive species and sensitive species habitats. The biologist shall monitor the construction zone and suitable habitat within the project vicinity and shall be empowered through the onsite environmental coordinator (OEC) to halt construction or operations if necessary to avoid injury to individual sensitive species. The environmental monitor shall survey area prior to any disturbances in suitable habitat. The monitor shall be notified immediately if any sensitive species is observed inside the construction work area or within 200 feet of the zone. No other individuals except the biological monitor shall handle or approach any sensitive species.
81. Western snowy plover and California least tern populations shall be monitored by a qualified biologist to determine breeding success during the remediation and abandonment activities and for a duration determined by the USFWS and CDFG after remediation activities have been completed.

82. As early as possible during the startup of each excavation project, and as needed for new personnel, a qualified biologist approved by the County, USFWS and CDFG shall conduct a brief training session for all personnel working on the oil field. Training shall include a brief description of all sensitive species potentially occurring on or near sites, details on each species habitat and the protective measures to be implemented for each species.
83. Traffic shall be confined to existing roads and defined work areas. No equipment, vehicles, or personnel shall enter any biological resource exclusion zone or environmentally sensitive area designated by the environmental monitor, at any time. Lighting shall be shielded and directed away from the beach to the extent feasible. Specific areas of the oil field that are designated by the environmental monitors through the OEC as sensitive species habitat shall be traversed only on foot to protect sensitive biological features.
84. In the occurrence of a non-compliance with any of these listed protection measures that could result in the injury or death of any listed sensitive species or the unplanned disturbance to sensitive species habitat the biological monitor will notify appropriate authorities through the OEC.
85. The duration of time each site is disturbed and the total area of disturbance shall be minimized to the extent feasible. Decisions regarding site disturbance may be made in the field by the Environmental Monitors after consultation with RWQCB, USFWS and CDFG and Unocal.

Foredunes

86. Minimize disturbance to native habitats. For all sites where construction or installation of equipment is to be conducted the following shall apply:
 - a. Restrict construction activities and equipment to existing roads, pads or otherwise disturbed areas as much as possible.
 - b. Where access to sites or for pipeline abandonment must be through native habitats, a qualified biologist shall be consulted to determine the most suitable and least environmentally damaging access route to the site. This access route shall be clearly marked and will be considered part of the construction zone.
 - c. Limits of the construction zone will be clearly marked and delineated in the field prior to issuance of grading permit for each excavation project. No unauthorized personnel or equipment will be allowed in native habitats outside the construction limits.
 - d. Biologically sensitive areas will be clearly marked on grading plans and on site and avoided by personnel and equipment.

- e. At remediation sites, abandonment activities shall be completed prior to or concurrent with remediation, avoiding any redistribution following the completion of remediation. Following on-site remediation activities, foreign material (rock fragments, asphalt, abandoned equipment and debris) shall be removed from surface soils. Original topography shall be restored to the extent possible, and stabilized if necessary by physical means such as jute netting.
87. For sites where ongoing access is required (such as for monitoring or maintenance), a qualified biologist approved by the department, USFWS and CDFG shall be consulted to determine the most suitable access route. Access routes shall be clearly marked and off-road travel shall be confined to designated routes. Periodic surveys of the access routes shall be conducted by a qualified biologist to determine the presence of sensitive species and need for remedial action for environmental impacts, including weed establishment on the disturbed corridor. If it is determined that a more suitable route is present, then the new route shall be clearly marked and the old route shall be restored to preexisting conditions and clearly marked to preclude entry. Once the access routes are no longer required, they shall be restored to preexisting conditions.
88. For sites where large numbers of individuals of sensitive species, including Blochman's leafy daisy and/or dunedelion occur and remediation impacts are unavoidable, salvage and propagate individual plants and/or seed and incorporate into the on-site restoration after remediation activities are complete or other measures as required by CDFG.
89. **Prior to completion of Stage 1 remediation, a Revegetation, Habitat Restoration, and Monitoring Plan, developed in consultation with and approved by appropriate agencies, including the department, USFWS and CDFG, shall be prepared and implemented. The Revegetation, Habitat Restoration, and Monitoring Plan shall apply to remediation sites and sites affected by abandonment activities including well pads, roads, pipeline corridors, equipment pads, tanks all other areas disturbed by oil field operations and shall include all of the elements in Mitigation Measure V(1)(d) pages 5.3-56 of the Final EIR except that, with regard to the topsoil removal requirement, the number of "lifts" shall be determined by the Planning Director as part of review of the Plan in conjunction with revegetation specialists and other responsible agencies. Pre-project activities such as seed collection, weed treatment, and propagation of species to be transplanted shall commence concurrently with the start of Stage 1 remediation activities.**
90. **Prior to issuance of a grading permit for Stage 1 excavation projects, Unocal shall submit a soil stabilization and erosion control plan to the County for review and approval. The Plan shall be compatible with the Revegetation, Habitat Restoration, and Monitoring Plan objectives. Any soil stabilizers identified for erosion control would need to be compatible with native plant establishment and should break down within a reasonable period of time. The erosion control plan should include temporary soil**

stabilization methods to prevent the loss or movement of soil from clean or contaminated soil stockpiles.

91. **Prior to excavation, construction, installation of equipment, pipeline removal or any other activity associated with the proposed project**, a qualified botanist shall survey all proposed construction, staging, and access areas for presence of beach spectacle-pod and surf thistle. Colonies shall be mapped and clearly marked and numbers of individuals in each colony and their condition determined and recorded. Adjust or limit construction areas and access routes, as needed, to avoid impact to individuals of beach spectacle-pod and surf thistle.
92. Where impacts to these species are unavoidable, develop and implement a salvage, propagation, and replanting program that would utilize both seed and salvaged (excavated) plants constituting an ample and representative sample of each colony of the species that would be impacted. The program plan should include measures to perpetuate to the greatest extent possible the genetic lines represented on the impacted sites by obtaining an adequate sample prior to construction, propagating them and using them in the restoration of that site. The program plan would require approval from the County, USFWS and CDFG prior to its implementation and activities involving handling of beach spectacle-pod and surf thistle would require appropriate permits including a memorandum of understanding from CDFG.
93. The plan shall incorporate provisions for recreating suitable habitat and measures for re-establishing self-sustaining colonies of sensitive plant species on the site. The plan shall include provisions for monitoring and performance assessment including standards that will allow annual assessment of progress, and provisions for remedial action, should the species fail to re-establish successfully.
94. In addition to restoring suitable habitat and reestablishing colonies of sensitive plant species, such as beach-spectacle pod and surf thistle at sites disturbed by remediation and abandonment activities, identify other foredune sites in the Guadalupe oil field where conditions would be suitable for management actions such as control of invasive exotic species or selective planting that could lead to expanded or more secure populations of these species. This would help compensate for temporary loss of habitat during remediation and the uncertainties involved in reestablishment of populations. Population expansion can be accomplished either by facilitating the outward spread of existing colonies or facilitating an increase in density within existing colonies depending upon the specific circumstances. In any measure for population expansion, maintenance of the genetic diversity of beach spectacle-pod and surf thistle populations on site must be considered.

Backdune Areas

95. A qualified biologist shall be onsite during initial site preparation and ground disturbance activities (brush removal, well installation). To the extent feasible, wildlife including sensitive species such as California horned lizard and silvery legless lizard, shall be removed from these areas and relocated to suitable habitat out of potential danger unless other requirements are established by USFWS and/or CDFG. Lighting required for activities occurring at night shall be shielded and directed downward. Remediation sites shall be regularly monitored throughout the remediation activities to ensure that sensitive species have not re-entered the disturbance zones.
96. Treat area to be disturbed to kill or remove invasive exotic species prior to initiating any remediation or abandonment activity in order to prevent invasive exotic species from spreading out of the existing disturbed area.
97. As part of remediation and abandonment at disturbed sites, remove foreign materials and equipment, restore topography, and implement restoration measures and revegetation techniques (including sensitive species as appropriate). In areas where the soil may be unsuitable for plant establishment, the unsuitable soil shall be removed.

Dune Swales

98. Based on the most current description of the remediation or abandonment activities for each site, areas of potential impact should be calculated and totaled for the entire project. In consultation with the Corps, County, CDFG and US FWS, Coastal Commission, a dune wetland creation/restoration plan should be developed as part of the Revegetation, Habitat Restoration and Monitoring Plan [Mitigation Measure V1(d)] and implemented to create or restore dune wetlands at a minimum ratio of 2 acres created/restored or enhanced per acre impacted. This plan should also provide for restoration of transitional and upland habitats affected and include methods to restore and enhance native habitats, control non-native species that interfere with restoration, and monitor success of restoration. Monitoring should extend for 5 years or more until performance criteria have been met and it is clear that the restored habitat will be self-sustaining. This measure should be initiated concurrent with the initiation of remediation and abandonment activities.
99. Where excavation is the proposed remediation treatment, consideration should be given to wetland creation as an alternative to refilling the site with cleaned sand. Site excavation should be minimally sufficient to accomplish the aims of remediation, but could be modified to provide a geometry conducive to the formation of aquatic, wetland, and transition habitats.
100. Pre-project surveys shall be conducted by a qualified biologist throughout the proposed area of disturbance and within 500 feet of suitable habitat to document and remove any

sensitive wildlife species including two-striped garter snakes, southwestern pond turtles or other species of concern that are present and relocate them to suitable habitat outside the area of impact. Lighting required for activities occurring at night shall be shielded and directed downward. Remediation sites shall be fenced and regularly monitored to ensure that sensitive species do not enter areas where they would be exposed to hazards. Other specific protective measures may be required by other agencies.

101. Prior to excavation, construction, installation of equipment or any other activity associated with the proposed project in dune swale or Santa Maria River floodplain habitats, a qualified biologist shall survey all proposed construction, staging, and access areas for presence of La Graciosa thistle. Colonies shall be mapped and clearly marked and numbers of individuals in each colony and their condition determined and recorded. Limit construction areas and access routes, as needed, to avoid impacts to individuals or colonies of La Graciosa thistle.
102. Where impacts to listed species are unavoidable, develop and implement a salvage, propagation, and replanting plan that would utilize both seed and salvaged (excavated) plants constituting an ample and representative sample of each colony of the species that would be impacted. The program should consider perpetuating to the greatest extent possible the genetic lines represented on the impacted sites by obtaining an adequate sample prior to construction, propagating them and using them in the restoration of that site. The program would require approval from San Luis Obispo County, USFWS and CDFG prior to its implementation and activities involving handling of La Graciosa thistle would require appropriate permits including a Memorandum of Understanding from CDFG and USFWS.
103. The plan shall incorporate provisions for recreating suitable habitat and measures for re-establishing self-sustaining colonies of La Graciosa thistle on the site. The plan shall include provisions for monitoring, performance assessment including standards that will allow annual assessment of progress, and provisions for remedial action, should the species fail to re-establish successfully.
104. In addition to restoring suitable habitat and reestablishing colonies of La Graciosa thistle populations at sites disturbed by remediation activities, identify other dune swale sites suitable for planting with La Graciosa thistle to expand populations. This will help compensate for temporary loss of habitat during remediation and the uncertainties involved in reestablishment of populations. Expansion of the populations of these species may help offset direct or indirect impacts to these species. In any expansion proposal, maintenance of the genetic diversity of La Graciosa thistle populations on site must be considered.
105. At sites with California red-legged frog habitat, remediation and abandonment activities

shall be scheduled to avoid frog breeding season to the maximum extent feasible. Lighting, if required for night-time activities, shall be shielded and directed away from frog habitat. No activities shall occur within 200 feet of suitable California red-legged frog breeding habitat from January 1 to September 15 unless otherwise allowed by USFWS. Limit areas of disturbance and duration of activities wherever feasible.

106. Pre-project surveys shall be conducted by a qualified biologist (according to the USFWS survey protocol, February 18, 1997) throughout the proposed area of disturbance and within suitable habitat extending to a distance approximately 500 feet away from the remediation area.
107. Remediation sites within 500 feet of red-legged frog habitat shall be fenced to exclude California red-legged frogs from the disturbance zone. The disturbance zone shall be thoroughly searched by a qualified biologist approved by San Luis Obispo County and USFWS and holding appropriate permits to handle red-legged frogs if required by USFWS. Captured red-legged frogs shall be relocated to predetermined suitable habitat outside of the construction zone. The size, age-class, location of capture, and the relocation site shall be recorded for each individual frog relocated from the site. All non-native predators to the red-legged frog, including crayfish and bullfrogs captured during the relocation efforts, shall be destroyed.
108. A qualified biological monitor shall be present on site while remediation and abandonment activities occur in or within 500 feet of suitable California red-legged frog habitat. Biologist shall survey area prior to any disturbances in suitable habitat and remove any frogs within the disturbance area. Red-legged frogs shall be moved to the nearest suitable habitat not affected by activities.
109. Nighttime surveys for California red-legged frogs shall be conducted at least twice per week or as directed by USFWS for the duration of construction activities in the vicinity of red-legged frog habitat to ensure that red-legged frogs are not entering the work area.
110. After disturbances are complete, the project area shall be restored to replace affected wetland habitat. The entire construction footprint shall be surveyed by a qualified biologist at least two times during the spring following project completion. Surveys shall determine if sensitive species habitat present on site is similar to what was present prior to activities. If red-legged frogs or red-legged frog habitat is not present due to project related impacts, habitat must be created or enhanced to provide suitable conditions for red-legged frogs.
111. New or restored wetland habitat shall be created to replace impacted habitat (as described under section 5.3.5-V-3 of the FEIR). Restored sites shall be monitored after restoration is complete to ensure that red-legged frogs are using the area in a similar fashion to pre-

construction conditions.

112. In addition to measures V3(a) through V3(c), restore or enhance existing floodplain wetlands as compensation for unavoidable temporal losses in impacted areas by removal of imported fill and associated invasive exotic species such as iceplant.
113. To minimize mortality to sensitive species, surveys shall be conducted by a qualified biologist approved by San Luis Obispo County, the USFWS and CDFG within the disturbance area to document and remove any individuals of sensitive species. Remediation sites shall be fenced and regularly monitored to ensure that sensitive species do not enter areas where they would be exposed to hazards.
114. Schedule sheetpile removal for late fall or winter (about November through January) to avoid most nesting by tidewater gobies if the river or lagoon is present in front of the wall at the time of its removal unless otherwise allowed by the USF&WS. Scheduling the work during winter would increase the potential for temporary impacts to steelhead trout, if any were to use the river when work was being performed.
115. Prior to removal of the wall, contour the land on the west side of the site to a stable slope that would not cave into the lagoon or river once the sheetpile and HDPE walls are removed if feasible.

Field-Wide Biological Conditions

116. In addition to Mitigation Measures V3(a) through V3(d) (applicable to the Proposed Action), the following shall be implemented sites to be excavation:
 - a. For contiguous treatment areas, including but not limited to L11-M11 and M3-M4, integrated treatment and habitat restoration plans shall be prepared, addressing such combined sites as a single unit in terms of lessening impacts and providing for future habitat restoration.
 - b. A comprehensive non-native species eradication program shall be undertaken throughout the areas to be excavated and contiguous perimeter areas and pipeline abandonment corridors, commencing prior to excavation/remediation activities.
 - c. Under the direction of a qualified scientist, weed-free wetland topsoil and native plant materials suitable for translocation shall be salvaged from areas to be excavated, for timely use in the restoration of contiguous wetland and transition habitats.
 - d. To promote the reestablishment of desired wetland and transition habitats where these habitats have been excavated, post-treatment ground elevations shall be established so as to provide saturated surface soil conditions at the lowest points, surrounded by zones of gradual transition (averaging less than 5 percent slope) to

provide a range of microhabitats that can accommodate the requirements of sensitive plant species. Final elevations shall be determined based on monitoring records for the site and the observation of groundwater depths during remediation.

117. In addition to Mitigation Measures V3(a) through V3(d) (applicable to the Proposed Action), and V3(e), for sites to be excavated, the following measures should be implemented:
 - a. Restore or enhance habitat areas in the immediate vicinity of the wetland creation areas in acreages and types appropriate to offset the loss of upland habitat functions and values that would occur as a result of the wetland creation. Where feasible, weed-free topsoil and native plant materials suitable for translocation shall be salvaged from areas to be excavated, under the direction of a qualified scientist, for immediate use in the restoration of contiguous upland and transition habitats. To minimize temporal losses of habitat functions and values the restoration of adjacent habitats should start prior to the excavation activity.
 - b. Retain uncontaminated excavated sand for use where suitable in restoring topography and habitat altered by oil field remediation or abandonment activities.
118. Monitoring of dissolved-phase diluent on a monthly basis in the created wetlands to ensure detection of exposures approaching potential damage thresholds as determined by the USFWS and CDFG coupled with monitoring of habitat conditions and sensitive wildlife species populations including red-legged frog is required to ensure that inadvertent damage does not occur.
119. To promote the establishment and persistence of ecologically valuable wetlands and transition habitats where wetland creation is proposed, gentle slopes, averaging 5 percent or less, shall be graded across the transition between wetland and upland habitats. Final elevations in the wetland bottoms shall be low enough to provide permanent surface water in the event of foreseeable drought conditions. Final elevations shall be determined based on monitoring records for the site and the observation of groundwater depths during remediation. Wetland habitat recreation will be completed as determined by CDFG, USFWS and/or ACOE.
118. Monitoring of dissolved-phase diluent on a monthly basis in the created wetlands to ensure detection of exposures approaching potential damage thresholds as determined by the USF&WS. coupled with monitoring of habitat conditions and sensitive wildlife species populations including red-legged frog is proposed to ensure that inadvertent damage does not occur.
119. To promote the establishment and persistence of ecologically valuable wetlands and

transition habitats where wetland creation is proposed, gentle slopes, averaging 5 percent or less, shall be graded across the transition between wetland and upland habitats. Final elevations in the wetland bottoms shall be low enough to provide permanent surface water in the event of foreseeable drought conditions. Final elevations shall be determined based on monitoring records for the site and the observation of groundwater depths during remediation. Wetland habitat recreation will be completed as determined by USF&WS and/or ACOE.

120. Develop and implement a Comprehensive Ecosystem Monitoring and Management Program to be submitted to the department for review and approval prior to the end of Stage 1. The planning and implementation of this program, especially the exotic species control effort, should start immediately, prior to any additional exploration, monitoring, or remediation activities. Key elements that need to be included in this program include but are not limited to the mitigation measures listed in Measure C1(a) Page 5.3-118-121 of the Final EIR.
121. To mitigate temporary losses or impairment of habitat function and to comply with the provisions of the LCP and Coastal Act, if UNOCAL gains ownership of the oil field prior to Stage 5 activities, set aside and restore or enhance habitat in nearby areas that would not be affected by onsite remediation activities and that support resources (e.g., coastal dune scrub communities, coastal wetlands) subject to cumulative adverse effects on site. Develop site-specific habitat restoration/enhancement plans and cooperative agreements (such as a conservation agreement) with the land owner or land management entity that controls the property to allow for protection of the habitat in perpetuity. This would ensure the availability of substitute resources to compensate for lost use during the restoration phase. The plans shall be submitted to San Luis Obispo County, USFWS, CDFG and the California Coastal Commission for review and approval prior to the end of Stage 2 remediation activities.
122. Maintain a current database of state/federally listed rare, threatened or endangered species present in the oil field and seasonal/year round access restrictions or closures required for threatened/endangered species protection. Keep closure information posted in the field office and contractor trailers and notify all personnel of closed areas and penalties that Unocal will exact from its contractors and employees for non-compliance.
123. Clearly mark any particularly vulnerable locations of rare, threatened, or endangered species in the field to exclude vehicles or pedestrians (e.g., with traffic cones, t-bar and caution/DO NOT ENTER tape, t-bar and orange construction fence).
124. Confine all off-road vehicular use to designated construction areas and access corridors. These shall be surveyed by qualified biologists and routed to avoid impacts to sensitive plant (and wildlife) species and minimize impacts on native vegetation and soils. The corridors shall be clearly designated in the field using durable and conspicuous markers

- that can be removed before they degrade or that will degrade completely into environmentally harmless materials — suggest not using pin flags because of the residual rusty wire). Locations shall also be marked on maps. All personnel operating vehicles capable of off-pavement travel shall be informed of the restrictions on off-pavement travel and made responsible for adhering to them.
125. ATV use shall be minimized and confined to designated corridors with restrictions on top speed and noise generation. Access to monitoring wells shall be by the route employed to install them unless an ecologically preferable route is identified and approved by the OEC. Access routes to sites not accessible by designated corridors shall first be surveyed by a qualified biologist and approved by the OEC. An up-to-date sign-in log shall be maintained by Unocal (and its contractors) of all ATV use (including names of operators and passengers, routes traveled, dates and times in and out, and purpose). Access corridors shall be periodically surveyed by a qualified biologist to monitor their condition, including exotic species establishment, and absence of rare, threatened, or endangered species from the route (e.g., new establishment of beach spectacle pod). Establishment of exotic species along the corridor shall be monitored and eradication efforts implemented if the corridor is facilitating spread of invasive exotic species into areas where they are not already well-established.
126. Conduct a research program designed to foster the recovery of sensitive species affected by the project. The program should include development and testing of effective methods to propagate individuals and expand populations of these species, specifically including beach spectacle-pod, La Graciosa thistle, and Surf thistle. The plan should include appropriate experimental designs and monitoring to objectively compare methods and results of testing, and should be disseminated among restoration and habitat management practitioners and the scientific community. The program plan shall be approved by San Luis Obispo County, USFWS and CDFG prior to its implementation. The responsible party would be required to enter into a memorandum of understanding with CDFG and USFWS prior to implementing plan elements involving state-listed species including beach spectacle-pod, La Graciosa thistle, and Surf thistle.
127. Conduct yearly surveys (during the suitable season) for California red-legged frogs and western snowy plovers to determine relative population sizes, record evidence of breeding, and record distribution throughout the oil field. With data collected from these surveys, reassess the suitability and effectiveness of proposed mitigation and, if needed, implement additional mitigation determined to be appropriate by USFWS and San Luis Obispo County. Provisions of the biological opinion from USFWS may require temporary cessation of remediation activities in the area of breeding habitat and create new exclusion zones in order to avoid adverse impacts on threatened or endangered species. Document annually the location of the aquatic habitats associated with the Santa Maria River mouth and estuary and compare these locations with locations of past and

ongoing remediation activities and activities planned for the coming year. Identify any potential impediments to migration (e.g., water diversions needed) and potential for degradation of water quality and estuarine habitat, and identify additional mitigation measures necessary to maintain free movement and habitat quality for fish and wildlife species.

128. Conduct compensatory mitigation, including habitat restoration or enhancement (onsite and/or offsite), for temporary habitat losses and disturbances to populations as recommended and approved by USFWS, CDFG, San Luis Obispo County, and California Coastal Commission.
129. Prior to the issuance of a construction permit for each Stage, an exclusion plan shall be prepared either by the applicant and submitted to the department for review and approval, or by the department. The plan shall identify and map all exclusion zones that shall not be disturbed or disrupted by any element of the proposed projects. Exclusion zones shall include sensitive habitats such as wetlands, riparian vegetation, important terrestrial habitat and other biological resources.

Marine Water Quality

- 129b. Offshore emergency oil spill cleanup equipment, including skimmers and sorbent booms, shall be staged onsite during remediation and abandonment activities at sites 5X, A2A, A5A, 8X, A8, C7, and C8.
130. Weekly sampling of interstitial waters, sediments and in the water column shall be collected and analyzed at sites within the surf zone immediately adjacent to the 5X plume on a weekly basis during the 5X excavation. If it is determined that remediation activities are causing marine discharge of hydrocarbons, the activities will cease until it is determined how the activities can be conducted without causing additional discharges.
131. Excavation and grading activities near the water's edge in the supratidal zone of the 5X Area shall be limited to periods when exceedingly high tides and waves are not anticipated unless the safety officer determines otherwise.
132. Excavation and other construction activities near the shoreline at the 5X area shall be limited to periods when outflow from the lower Santa Maria River does not have the potential to negatively affect the project.
133. If a marine spill occurs, marine toxicity tests shall be conducted on the discharged contaminants and compared with Criterion 3. This measure would help evaluate the potential impact of the spill on marine resources and would guide response efforts.

134. Prior to implementation remediation at sites adjacent to the coast, a marine oil spill containment and cleanup contingency plan shall be developed. The contingency plan should specify HAZWOPER-certified personnel to deploy emergency response equipment. It should also include a wildlife contingency plan that specifies measures to deter marine animals from the remediation site and to provide care for animals that become oiled or injured during remediation activities.

Public Safety

135. All areas with hazards associated with mechanical equipment, physical barriers, excavation, and soil/water treatment shall be clearly marked, warning the public of the hazards, and informing the public of the activities that are taking place. Adequate fencing shall be constructed around these areas to prevent trespassing and vandalism throughout the remedial and restoration period. During active remediation activities that take place near points of public access at the beach, Unocal shall station a worker at the beach to keep the public at a safe distance from active remediation hazards.
136. Physical barriers that extend above ground level, or that have the potential to extend above ground level due to erosional events, shall be removed within the four year duration of the cleanup project.
137. Implement erosion control and sand augmentation programs to address physical barriers that extend above ground level, or that have the potential to extend above ground level due to erosional events, that will not be removed within the duration of the cleanup project.
138. Remedial projects that expose the public to safety hazards shall be scheduled for early completion in order to minimize the time that the public is exposed to the hazards.
139. All sheetpile walls shall be designed with appropriate safety factors to account for earth pressures, hydraulic head, earthquake loading, equipment loading, and other design features, as appropriate. The seaward edge of any sheetpile wall used to contain beach excavation activities shall be designed to withstand the maximum 100- year event wave runup height. FEMA has identified a 100-year wave runup height of 18 ft for Guadalupe.
140. **Prior to issuance of a construction permit for Stage 2 remediation activities,** An oil spill response plan, which includes procedures for a worst-case spill, shall be developed to the satisfaction of the California Department of Fish and Game, and oil spill response equipment, as specified in the approved oil spill response plan, shall be maintained to control and cleanup any petroleum hydrocarbon releases. Enough oil spill response equipment shall be maintained onsite to allow for an initial response for the first two hours until an oil spill cooperative can reach the site.

141. A staging area, located at least 100 feet from any surface water source, should be established for the storage of equipment and materials for the project. Fueling of vehicles and storage of heavy equipment should be in the staging area only unless other areas are identified in the Fueling Contingency Plan. The staging area should be constructed so fuel releases can be contained for recovery.
142. A fuel spill contingency plan should be developed to respond to fuel spills during the project. The contingency plan should include procedures and protocols for preventing fuel spills as well as for responding to fuel spills.

Visual Resources

143. For the B12/C12 Site, complete backfilling and dune stabilization measures, including distribution of stockpiled topsoil, detritus and vegetation, within the respective construction periods as required by the CAO and these conditions.
144. A licensed Landscape Architect or Architect experienced in choosing colors that blend with the outdoor contexts under conditions of variable lighting and viewing shall be consulted in the choice of colors to paint piping, pipe racks, and well monuments at the 5X, and B12/C12 Sites. The colors should be evaluated relative to each site and the relevant critical views. If the wood-planked equipment enclosure at the B12/C12 Site is noticeable by virtue of its color, it shall be painted to blend with the context as well. The process for choosing a color shall be as described for the other facilities noted.
145. Stabilize and revegetate areas where vegetation has been removed.
146. Schedule excavation such that construction activities occur during periods of lowest visitation to Rancho Guadalupe County Park to the maximum extent feasible.
147. Areas of wind scoured bare sand, such as borrow sites, shall be chosen for stockpiling excavated sand, topsoil, and racked debris and vegetative matter to the maximum extent feasible.

Air Quality

The APCD is directly addressing project related air quality mitigation measures through their own permitting process. Final mitigation measures will be established through the APCD permit process.

148. A Dust Control Plan shall be submitted to the San Luis Obispo APCD for approval prior to the start of each stage of remediation. The plan shall include measures for watering of disturbed areas stabilization of stockpiles, limitations of vehicle speeds, limiting of

activities on high-wind days, watering and cleaning of paved roads and entry/exit roads, tire cleaning on entry and exit, and inspection of heavy duty equipment to reduce particulate emissions.

149. An Emission Reduction Plan designed to reduce emissions from sources not covered by District permits shall be submitted to the San Luis Obispo Air Pollution Control District for approval prior to the initiation of remediation or abandonment activities. The plan shall specifically target onsite and offsite emissions from sources such as diesel powered mobile construction equipment, and heavy-duty on-road trucks. The Plan should include the following components at a minimum:
 - a. NO_x reduction strategies for off-road construction equipment, including possible implementation of injection timing retard (2-4 degrees) in conjunction with the installation of high pressure injectors or use of ceramic coated combustion chamber components, or equivalent low emission engine technologies, on all applicable heavy-duty diesel powered construction equipment to the fullest extent feasible. Use of CARB-approved diesel fuel for all diesel powered equipment.
 - b. NO_x and ROG reduction strategies for on-road heavy-duty trucks and other equipment. Potential strategies could include conversion of some equipment to use compressed natural gas (CNG) or other clean fuel; providing incentives to encourage subcontractors to use haul trucks that meet or exceed the 1994 or 1998 California on-road heavy-duty truck certification standard when bidding on contracts to haul contaminated material from Avila Beach; or other similar strategies. Use of CARB-approved diesel fuel for all diesel powered equipment.
 - c. All construction equipment not modified to reduce NO_x and ROG emissions shall be properly maintained to manufacturers specifications.
150. All construction equipment shall be maintained in-tune as per manufacturers specifications to reduce ROG, NO_x and PM₁₀ emissions. Exposed hydrocarbon areas associated with excavation shall be kept to a minimum and excavated material handled a little as possible in order to reduce the emissions of ROG due to off-gassing.
151. Exposed hydrocarbon areas associated with excavation shall be kept to a minimum and excavated material handled a little as possible in order to reduce the emissions of ROG due to off-gassing.
152. Emissions offsets shall be provided for pollutants that are anticipated to exceed the District's annual CEQA significance thresholds. The structure and nature of the offsets program shall be reviewed and approved by the SLOAPCD. Potential offset sources

should be located as close to the former Guadalupe Oil field site as possible including potential offset sources in northern Santa Barbara County in the vicinity of Santa Maria and the City of Guadalupe.

153. Thermal treatment of the contaminated sand may be implemented to reduce the hydrocarbon emissions associated with contaminated material handling, stockpiling and Landfarming. However, this mitigation measure would increase the NO_x, SO₂, and PM₁₀ emissions due to the operation of the thermal unit. Installation of a SO_x scrubber would reduce SO_x emissions by up to 98 percent and installation of NO_x control such as SCR or other catalytic reduction systems, if feasible, should be considered. Applicant shall coordinate with the San Luis Obispo APCD for the best approach. A program of monitoring shall be established to demonstrate that the TDU is operating effectively.
154. Implement an employee trip reduction program designed to reduce emission from employee commute trips including, but not limited to, incentives to facilitate car pooling and a shuttle bus system.
- 155a. Implement the use of vapor recovery and carbon canisters or other applicable device to reduce emissions associated with waste water, line draining, purging and abandonment. These may include covering of waste water collection systems and venting to a vapor recovery and control system. In addition, cover, as soon as possible and to the greatest extent possible, all exposed contaminated soils with appropriate covers. The area to cover should include soil stockpiles, transport trucks and excavation areas when not working.
- 155b. **Prior to issuance of a construction permit for any Stage**, the applicant shall prepare an Odor Control Plan to be approved by the SLOAPCD. The plan should include at a minimum, the identification and characterization of potentially odorous compounds (especially the highly odorous sulfur based compounds that can be associated with petroleum products) likely to be emitted during remedial activities, mechanisms of odorous compound release, location and characteristics of potential receptors, the identification of control measures and procedures to be implemented to reduce or abate potential odor nuisance conditions, and procedures for odor complaint response and District notification. This condition shall be included in construction plans submitted to the county and implemented by the applicant prior to the issuance of construction permits.
- 155c. The applicant shall prepare an Ambient Air Monitoring Plan to be implemented during remedial activities. The Plan shall identify, at a minimum, the target compounds to be monitored, sampling and analytical methods to be employed, location and frequency of sample collection, collection of supporting meteorological information, appropriate QA/QC measures, health effect criteria upon which to evaluate the significance of findings, and agency review of data. Due to the somewhat remote location of the site

with respect to potential receptors, a tiered monitoring plan is suggested that provides greater monitoring and control should high levels of ambient air contaminants be found at "primary" sampling points situated near areas of active excavation, contaminated stockpiles, or land farm areas. **The Air Monitoring Plan shall be submitted to SLOAPCD and County Health Department for review and approval prior to issuance of construction permits.**

Transportation/Circulation

156. All project-related traffic shall be restricted from travel on Route 166 between the hours of 4:30 p.m. and 5:30 p.m. Possible alternative routes are presented in Table 5.9.2 of the Final EIR.
157. Prepare a Traffic Control Plan to detail specific commuter and truck trip vehicle routes, peak hour and route restrictions; road surface maintenance; and traffic safety. This management plan shall be finalized and approved by the appropriate agencies.
158. Roads damaged by project-related truck traffic shall be properly restored to their pre-project condition. A pre-project survey of the proposed routes shall be conducted in order to assess the condition of the roads prior to the remediation and abandonment activities. Road damage monitoring shall be conducted throughout the project. The Applicant shall pay for road restoration.

Noise Controls

159. All construction activities involving motorized equipment shall be conducted between the hours of 7:00 a.m. and 9:00 p.m. to the extent practical.
160. Advance notice of project commencement shall be provided to the local community, including The Nature Conservancy as manager of the Guadalupe-Nipomo Dunes Preserve. Notification shall be by newspaper. The announcement shall state where and when construction will be scheduled. It shall also provide suggestions for residents to reduce noise intrusion (e.g., closing windows facing the oil field).
161. An 800 telephone number shall be established for receiving complaints and procedures shall be developed for responding. The number shall be included in the notification (N-2).
162. Mufflers on all internal combustion and vehicle engines shall be maintained to reduce noise to the maximum extent feasible.
163. Noise attenuation barriers shall be installed, as necessary.

164. All back-up beepers on equipment shall be turned down to the minimum allowed by OSHA.

Land Use & Recreation

165. Unocal shall coordinate with the Nature Conservancy and the California Department of Parks and Recreation to provide notice to beach users at least one week before beginning project activities. Signs in English and Spanish should be posted at the Rancho Guadalupe County Park and Oso Flaco Lake Natural Area parking lots. It should be made clear that the beach will remain open and that remedial activities do not pose a safety hazard to the public.

Cultural Resources

166. Remediation technology activities requiring ground disturbance within the SLO-851 buffer zone shall be preceded by controlled backhoe excavations under the direction of a County-qualified archaeologist and local Native American representative. The excavations shall be sufficient to evaluate the potential horizontal and vertical presence of buried cultural resources within the impacted buffer area. A proposal for this backhoe assessment shall be reviewed by San Luis Obispo County prior to excavation commencement. In the event potentially significant archaeological materials are identified, a Phase 2 archaeological assessment of the find shall be funded by the applicant. If the materials are determined to be significant under CEQA Appendix K criteria, the applicant shall fund a Phase 3 data recovery mitigation program to collect a representative sample of the materials that would be lost. All investigations shall be performed by a County-qualified archaeologist and local Native American representative retained by the applicant.
167. Remediation technology activities requiring ground disturbance shall be monitored by a County-qualified archaeologist and local Native American representative. In the event potentially significant archaeological materials are identified, work shall be temporarily redirected and a Phase 2 archaeological assessment of the find shall be funded by the applicant. If the materials are determined to be significant under CEQA Appendix K criteria, the applicant shall fund a Phase 3 data recovery mitigation program to collect a representative sample of the materials that would be lost. All investigations shall be performed by a County-qualified archaeologist and local Native American representative retained by the applicant.

Public Services

168. Prior to issuance of a construction permit for Stage 1 remediation activities, the applicant shall submit a detailed recycling plan for all materials leaving the site. The plan

should include the destination of recycled materials and how much of the materials are being recycled and how much are disposed of as solid waste.

169. Emergency response providers shall be notified of remediation and abandonment activities, locations, and dates prior to implementation.

Fencing

170. **Prior to the issuance of a construction permit for Stage 2**, the applicant shall submit a fencing plan to the department and the Coastal Commission that will effectively prohibit the passage of domestic livestock around and into wetland ponds A, B, and C and other wetlands identified in the jurisdictional wetland determination to prohibit the use of the area by cattle. The fencing shall be installed at the end of each Stage of remediation and abandonment activities in each wetland area.

Easements

171. **Prior to the lapse of existing offers of dedication**, the applicant shall offer for dedication to a public agency or private conservation organization approved by the Director, a conservation easement covering an area extending from the southerly boundary to the northern boundary of the site, from mean high tide easterly to the east side of the "B" Road. The offer-to-dedicate shall be effective for at least 25 years after the issuance of a closure letter for the site by the RWQCB and shall be consistent with the requirements of CDP 409-24 issued by the California Coastal Commission on January 4, 1980.
172. **Prior to the lapse of existing offers of dedication**, a public access easement shall be dedicated from the mean high tide line, east 300 feet from the southerly to the northerly property lines of the site. The offer-to-dedicate shall be effective for at least 25 years after the issuance of a closure letter for the site by the RWQCB and shall be consistent with the requirements of CDP 409-24 issued by the California Coastal Commission on January 4, 1980.

Unocal may secure the cooperation of a public agency or private non-profit corporation approved by the Director and the Coastal Commission to accept the existing offers of dedication for lateral access and biological protection prior to 2001. If an acceptable entity is not available to accept the offers of dedication and as a result, the offers lapse, then Unocal, prior to issuance of a construction permit for Stage 5, shall fund the purchase of similar easements covering a similar land area in the dunes complex or vicinity.

173. **If Unocal, prior to issuance of a construction permit for Stage 5, gains ownership of**

the oil field, the applicant shall offer for dedication to a public agency or private conservation organization approved by the Director, an open space easement covering the entire environmentally sensitive habitat area consistent with the Coastal Act and the LCP. Dedication of this easement, with acceptable indemnification agreement, shall satisfy EEF funding requirements.

If Unocal, prior to the issuance of a permit for Stage 5, does not own the site, the applicant may, in-lieu of dedicating on-site easements for protection of environmentally sensitive habitats, instead fund the purchase of off-site conservation easements containing similar environmentally sensitive habitats in the general vicinity of the project site. In addition to funding purchase of easements, the applicant may also fund restoration and revegetation projects elsewhere in the dunes complex. The funding for these easements and restoration projects shall be included in the satisfaction of the EEF requirements and shall not exceed \$6,153,500.

Public Shoreline Access

174. **Prior to the issuance of a construction permit for Stage 1**, the applicant shall fund the construction of public access improvements at the Rancho Guadalupe County Park according to the Vision Statement items 3b, 3c and 3d published by the Nature Conservancy. These improvements, at a minimum shall be located above the mean high tide line and in the least environmentally sensitive areas and shall include the following:
- a. Construct roadside view point
 - b. Construct new public facilities including yearly maintenance for a period of five years.
 - c. Provide interpretive signs for parking lot and roadside viewpoint

Environmental Enhancement Easements

175. The Class I impacts of the past and proposed clean up and site characterization projects require further mitigation pursuant to CEQA, the county's LCP and the Coastal Act. The approved project will have fifteen Class I environmental impacts as identified in the certified Final EIR. CEQA requires decision makers to find that benefits of a project over ride the negative environmental impacts of the project.

Prior to the issuance of a construction permit for Stage 5, Unocal shall offer in order of preference either: (1) offer an open space easement for the area of the project site designated as an environmentally sensitive habitat; or (2) acquire or cause the acquisition of perpetual protective easements over some combination of foredune environmentally sensitive habitats, backdune environmentally sensitive habitats and/or wetland environmentally sensitive habitats in the Guadalupe Dunes Complex that is the functional

biological equivalent of the area of the project site designated as an environmentally sensitive habitat area, as determined by and agreed upon by an environmental expert and offer to dedicate such easements to qualified non-profit conservation organizations or (3) in the discretion of the Board of Supervisors, pay in mitigation to the County, a sum of money equal to the value of such open space easement (valued as though the subject site was in a pristine condition) which value shall be agreed upon between Unocal and the County or if there is no agreement, then by appraisal by an MAI appraiser chosen by the Presiding Judge of the San Luis Obispo Superior Court, which fund will be used by the County for the purchase and/or restoration of property in the Guadalupe-Nipomo Dunes Complex.

Unocal and the County acknowledge that this condition is subject to potential modification by the Board of Supervisors pursuant to Coastal Zone Land Use Ordinance section 23.02.038.

EXHIBIT G
CONDITIONS OF APPROVAL
OIL FIELD ABANDONMENT

Approved Project

1. This Coastal Development Permit/Development Plan (CDP/DP) approval authorizes Unocal to conduct abandonment activities at the Guadalupe oil field pursuant to the **Final Pipeline and Surface Facility Abandonment Workplan** dated February 1996 and consistent with the mitigation measures of the certified Final EIR.
2. To make changes to the approved project described above, the applicant shall submit to the county a written request with supporting materials pursuant to 23.02.038 of the Coastal Zone Land Use Ordinance. The Planning Director may approve a requested change upon verification of its conformity with Title 23, provided that such approval shall not modify the effective date of the land use permit. Major changes to the project, as determined by the Planning Director, shall be requested through a CDP/DP modification application for Planning Commission consideration. **This condition shall be implemented by the applicant throughout the project.**

Phasing Schedule

3. Abandonment activities as described in the Workplan will be completed by the end of Stage 6 remediation projects. This approval authorizes an extended phasing schedule pursuant to CZLUO section 23.02.042 allowing abandonment activities to be conducted concurrently with remediation activities.

Commencement of Approved Activities

4. Abandonment activities shall commence prior to or concurrently with Stage 1 remediation projects. The applicant shall request issuance of a Notice To Proceed from the department after compliance with all pre-project conditions.

Surface Restoration and Revegetation

5. **Prior to the completion of Stage 1 remediation activities**, Unocal shall submit a Site Restoration and Revegetation Plan for Stage 1, focusing primarily on Stage 1 activities, coordinated with the plan required in Condition 46 of Exhibit G to the Director for review and approval. New plans will be provided for subsequent stages based on a schedule to be approved as part of the first stage. The Plan shall be reviewed for consistency with the Final EIR and shall address, at a minimum, the following elements:
 - a. Ultimate disposition such as removal, recontouring and revegetation of all oil well pads, roads, pipeline corridors, surface facilities and pads, storage tanks and pads,

office sites, power line poles, traffic barriers and all other site features related to oil field operations. The Plan shall presume that all man-made features established on the site for oil field purposes shall be removed and the areas recontoured, restored and revegetated, unless it can be shown that justification exists to allow any features to remain in place. Unless separate performance criteria are developed as part of the Plan, "ripping" of roads may be considered an acceptable restoration technique so long as the vegetation resotation performance criteria are met for the ripped areas.

- b. Phasing of restoration activities.
- c. Coordination with the property owner.
- d. Coordination with the Revegetation, Habitat Restoration and Monitoring Plan.
- e. Consultation with appropriate agencies.
- f. Acreage of area proposed for restoration.
- g. A minimum five year monitoring and maintenance plan starting from the end of Phase I remediation.

The Plan, as ultimately approved by the department, Coastal Commission, CDFG and USFWS shall be implemented in phases as remediation and abandonment activities on the site allow.

Monitoring

6. **Prior to the commencement of abandonment activities**, the applicant shall fund a qualified contractor to be selected by the County, after consultation with the applicant and other agencies. The monitor(s) shall be under contract with the County, to act as project monitor(s) and condition compliance inspector for the County of San Luis Obispo. The Monitor shall prepare a specific mitigation monitoring plan and submit it to the department for review and approval.
7. **Prior to the commencement of abandonment activities**, the applicant shall submit evidence that permits from all regulatory agencies have been issued. These agencies include but are not limited to:
 - a. RWQCB
 - b. California Dept. Of Fish & Game
 - c. U.S Army Corps of Engineers
 - d. U.S. Fish & Wildlife Service
 - e. California Coastal Commission
 - f. State Lands Commission
 - g. Air Pollution Control District
 - h. Division of Oil & Gas and Geothermal Resources

Surficial Geology

13. For Category A or B pipelines in steep slope areas (> 25 percent slope), the pipeline segments shall be abandoned in place if preliminary activities cause shallow sliding.

For Category C pipelines in steep slope areas, the number of access points shall be minimized to maximize the lengths of individual pipe runs cut, capped, and filled.
14. A degradable binder shall be applied with the approval of the county and other responsible agencies to the sand surface to form a temporary, low strength crust to impede the initiation of sliding.
15. Prepare an analysis for each pipeline to be abandoned that identifies the maximum potential drainage volume for each pipeline segment. During abandonment of pipelines equal to or larger than 6 inches, emergency oil spill response equipment, sufficient to contain and cleanup the maximum spill volume, shall be brought to the site where the pipeline is to be cut.
16. The lightest suitable equipment shall be used for activities near steep slopes to minimize vibrations.
17. Slope areas shall be visually observed during vibration-inducing activities, such as driving sheetpile, to detect early indications of slope movement. Construction activities will be halted temporarily, if necessary.
18. Sections of pipelines shall be drained, prepared for removal or abandonment, removed or filled with concrete or sand slurry, and the area restored to pre-existing contours and vegetation over a period of consecutive days.
19. Both Category A and B steel pipelines must be pulled along the pipeline axis wherever feasible or alternatively may be lowered down the face of a dune as opposed to dragging the pipe up the face of the slope.
20. Depressions caused by pipeline removal shall be backfilled along pipeline routes that are in active and stable dunes if their alignment is closer than 20 degrees to the dominant wind direction (i.e., northwest to southeast) unless otherwise determined by the monitor. Sediment of a compatible grain size must be used as backfill material in active dune areas.
21. The project geologist must be consulted to determine if backfill is required, to monitor sand migration in areas where depressions are deeper than six inches, and to evaluate stability at the toe of slopes steeper than 25 degrees.
22. All Category C pipelines seaward of the "B" road and located in bare sand areas shall be removed not simply abandoned. Excavation procedures and mitigation measures for Category A and B pipelines shall apply. If required by the department, biological surveys

and monitoring prior to and during abandonment of facilities and pipelines in these areas shall be conducted.

23. All bell hole excavations and stockpile areas must be restored to pre-construction contours and revegetated to stabilize the areas.
24. Bare sandy areas shall be revegetated immediately after facilities have been removed and grading has taken place.
25. Any new temporary or permanent roads or vehicle accessways that need to be constructed shall be aligned at angles farther out than 20 degrees to the dominant wind direction (i.e., northwest to southeast) and shall not cross ridgelines unless otherwise determined by the monitors.

Biological Resources

The U.S. Fish & Wildlife Service will either issue a Biological Opinion for Stage 1 of the proposed remediation project or will review and approve a Habitat Conservation Plan (HCP) for the entire Phase. It is the intent of these conditions to not be in conflict with the approved HCP. However, in instances where these conditions or the provisions of the Biological Opinion and/or HCP are more stringent, the more stringent conditions shall apply. If these conditions are found to be in conflict with the approved HCP or Biological Opinion, then the approved HCP and/or B.O. shall prevail.

- 25a. For areas where pipelines are proposed for removal, minimize the disturbance corridor as much as feasible. Avoid sensitive biological features such as colonies of sensitive plants, large shrubs, or others identified during preconstruction surveys by driving around them or selecting a different access route where appropriate. Where vegetation is disturbed by pipeline lifting or dragging, push vegetation back in place returning roots to soil immediately after pipeline removal to facilitate revegetation.
26. Remediation and abandonment activities shall be scheduled to avoid western snowy plover and California least tern habitat during their breeding seasons (from March 1 to September 15) to the maximum extent feasible as determined by the USFWS.
27. A qualified biologist with western snowy plover and California least tern experience approved by the USFWS and San Luis Obispo County shall visit the site regularly as determined by the USFWS throughout the construction phase and **immediately prior to abandonment activities** to ensure that all practicable measures are being employed to avoid incidental disturbance of sensitive species and sensitive species habitats. The biologist shall monitor the construction zone and suitable habitat within the project vicinity and shall be empowered through the onsite environmental coordinator (OEC) to halt construction or operations if necessary to avoid injury to individual sensitive species. The environmental monitor shall survey area prior to any disturbances in suitable habitat. The monitor shall be

- notified immediately if any sensitive species is observed inside the construction work area or within 200 feet of the zone.
28. Western snowy plover and California least tern populations shall be monitored by a qualified biologist to determine breeding success during the remediation and abandonment activities and for a duration determined by the USFWS after remediation activities have been completed.
 29. As early as possible during the startup of abandonment activities, and as needed for new personnel, a qualified biologist approved by the County shall conduct a brief training session for all personnel working on the oil field. Training shall include a brief description of all sensitive species potentially occurring on or near sites, details on each species habitat and the protective measures to be implemented for each species.
 30. Traffic shall be confined to existing roads and defined work areas. No equipment, vehicles, or personnel shall enter any biological resource exclusion zone or environmentally sensitive area designated by the environmental monitor, at any time. Specific areas of the oil field that are designated by the environmental monitors through the OEC as sensitive species habitat shall be traversed only on foot to protect sensitive biological features.
 31. In the occurrence of a non-compliance with any of these listed protection measures that could result in the injury or death of any listed sensitive species or the unplanned disturbance to sensitive species habitat the biological monitor will notify appropriate authorities through the OEC.
 32. The duration of time each site is disturbed and the total area of disturbance shall be minimized to the extent feasible.
 33. Minimize disturbance to native habitats. For all sites where construction or installation of equipment is to be conducted:
 - a. Restrict construction activities and equipment to existing roads, pads or otherwise disturbed areas as much as possible.
 - b. Where access to sites or for pipeline abandonment must be through native habitats, a qualified biologist approved by the County shall be consulted to determine the most suitable and least environmentally damaging access route to the site. This access route shall be clearly marked and will be considered part of the construction zone.
 34. Limits of the construction zone will be clearly marked and delineated in the field. No unauthorized personnel or equipment will be allowed in native habitats outside the construction limits.
 - a. Biologically sensitive areas will be clearly marked on grading plans and on site and

- avoided by personnel and equipment.
- b. At remediation sites, abandonment activities should be completed prior to or concurrent with remediation, avoiding any redisturbance following the completion of remediation. Following on-site remediation activities, foreign material (rock fragments, asphalt, abandoned equipment and debris) should be removed from surface soils. Original topography should be restored to the extent possible, and stabilized if necessary by physical means such as jute netting.
 - c. For areas where pipelines are proposed for removal, minimize the disturbance corridor as much as feasible. Avoid sensitive biological features such as colonies of sensitive plants, large shrubs, or others identified during preconstruction surveys by driving around them or selecting a different access route where appropriate. Where vegetation is disturbed by pipeline lifting or dragging, push vegetation back in place returning roots to soil immediately after pipeline removal to facilitate revegetation.
35. Prior to excavation, construction, installation of equipment, pipeline removal or any other activity associated with the proposed project, a qualified botanist shall survey all proposed construction, staging, and access areas for presence of beach spectacle-pod and surf thistle. Colonies shall be mapped and clearly marked and numbers of individuals in each colony and their condition determined and recorded. Adjust or limit construction areas and access routes, as needed, to avoid impact to individuals of beach spectacle-pod and surf thistle.
36. Where impacts to these species are unavoidable, develop and implement a salvage, propagation, and replanting program that would utilize both seed and salvaged (excavated) plants constituting an ample and representative sample of each colony of the species that would be impacted. The program plan should include measures to perpetuate to the greatest extent possible the genetic lines represented on the impacted sites by obtaining an adequate sample prior to construction, propagating them and using them in the restoration of that site. The program plan would require approval from San Luis Obispo County and CDFG prior to its implementation and activities involving handling of beach spectacle-pod and surf thistle would require appropriate permits including a memorandum of understanding from CDFG.
37. The plan shall incorporate provisions for recreating suitable habitat and measures for re-establishing self-sustaining colonies of beach spectacle-pod and surf thistle on the site. The plan shall include provisions for monitoring and performance assessment including standards that will allow annual assessment of progress, and provisions for remedial action, should the species fail to re-establish successfully
38. In addition to restoring suitable habitat and reestablishing colonies of beach spectacle-pod and surf thistle at sites disturbed by remediation and abandonment activities, identify other foredune sites in the Guadalupe oil field where conditions would be suitable for management actions such as control of invasive exotic species or selective planting that could lead to expanded or more secure populations of these species. This would help compensate for temporary loss of habitat during remediation and the uncertainties involved

in reestablishment of populations. Population expansion can be accomplished either by facilitating the outward spread of existing colonies or facilitating an increase in density within existing colonies depending upon the specific circumstances. In any measure for population expansion, maintenance of the genetic diversity of beach spectacle-pod and surf thistle populations on site must be considered.

39. At sites with California red-legged frog habitat, remediation and abandonment activities shall be scheduled to avoid frog breeding season to the maximum extent feasible. Lighting, if required for night-time activities, shall be shielded and directed away from frog habitat. No activities shall occur within 200 feet of suitable California red-legged frog breeding habitat from January 1 to September 15 unless otherwise allowed by USFWS. Limit areas of disturbance and duration of activities wherever feasible.
40. A qualified biological monitor shall be present on site while remediation and abandonment activities occur in or within 500 feet of suitable California red-legged frog habitat (or distance as required by USFWS). Biologist shall survey area prior to any disturbances in suitable habitat and remove any frogs within the disturbance area. Red-legged frogs shall be moved to the nearest suitable habitat not affected by activities.
41. Nighttime surveys for California red-legged frogs shall be conducted twice per week for the duration of construction activities in the vicinity of red-legged frog habitat to ensure that red-legged frogs are not entering the work area.
42. Foreign materials (asphalt, concrete, gravel, diatomaceous shale, imported soil) shall be removed from all pads and facilities sites and these shall be restored in an effort to offset the temporal losses of native habitat functions and values during remediation and restoration and as a partial mitigation for cumulative on-site habitat degradation. Sites not needed for use during the remediation effort shall be restored early during the remediation process to maximize the benefits from the restoration. Crude oil used to stabilize slopes can be left in place where a thriving, predominately native plant community has established through the dried oil. In sites severely infested with invasive exotic species, the dried oil shall be removed as part of abandonment, weed control, and habitat restoration activities.
43. Maintain a current database of state/federally listed rare, threatened or endangered species present in the oil field and seasonal/year round access restrictions or closures required for threatened/endangered species protection. Keep closure information posted in the field office and contractor trailers and notify all personnel of closed areas and penalties that Unocal will exact from its contractors and employees for non-compliance.
44. Clearly mark any particularly vulnerable locations of rare, threatened, or endangered species in the field to exclude vehicles or pedestrians (e.g., with traffic cones, t-bar and caution/DO NOT ENTER tape, t-bar and orange construction fence).

45. Confine all off-road vehicular use to designated construction areas and access corridors. These shall be surveyed by qualified biologists and routed to avoid impacts to sensitive plant (and wildlife) species and minimize impacts on native vegetation and soils. The corridors shall be clearly designated in the field using durable and conspicuous markers that can be removed before they degrade or that will degrade completely into environmentally harmless materials — suggest not using pin flags because of the residual rusty wire). Locations shall also be marked on maps. All personnel operating vehicles capable of off-pavement travel shall be informed of the restrictions on off-pavement travel and made responsible for adhering to them.
46. A Revegetation, Habitat Restoration, and Monitoring Plan, developed in consultation with and approved by appropriate agencies, including the County and CDFG, shall be prepared and implemented prior to the issuance of a construction permit for Stage 2. The Revegetation, Habitat Restoration, and Monitoring Plan shall apply to the entire site and is required in conjunction with the Coastal Zone Land Use Ordinance section 23.08.174 (e) including remediation sites, sites affected by abandonment activities and all other areas of the site previously used for oil production and associated activities and shall include the following:
- Treat area to be disturbed to kill invasive exotic species and limit their seed production during the growing season prior to initiating any activity with the objectives of (1) preventing invasive exotic species from spreading out of the disturbance area and (2) removing weed sources from the salvaged topsoil.
 - For areas where vegetation and soil are to be removed, salvage and replace topsoil that is reasonably weed-free. Use two lifts, the first to salvage the seed bank and the second to salvage soil biota in the root zone. Save in two separate covered stockpiles close to the project site. Replace accordingly after final reconfiguration of disturbed areas.
 - Replant with native species propagated from locally collected (within the oil field) seed or cuttings, including any sensitive species that would be impacted during construction activities.
 - Incorporate monitoring procedures and minimum performance criteria to be satisfied for revegetation and erosion control. Frequency of monitoring and sampling shall be specified for each parameter to be monitored. Identify appropriate remedial measures for implementation if the performance criteria are not met. Monitoring program performance criteria and remedial action need to consider the uncertainties of revegetation and restoration of dune habitats and sensitive plant species. Monitoring should extend for 5 years or more until performance criteria have been met and it is clear that the restored habitat will be self-sustaining.
 - Invasive exotic species should be controlled throughout the site for a minimum of 5 years or longer until performance criteria have been met, during which time the progress of revegetation should be monitored through surveys conducted at least twice annually as specified. Species to be controlled include veldt grass, pampas grass, beach grass, ice plant (*Carpobrotus spp.*), *conicosia*, *Senecio elegans*, *giant*

reed (Arundo), and tamarisk

- Prior to final approval, the Plan shall also incorporate measures to restore populations and habitat conditions for sensitive, rare, threatened, and endangered plant species (including those specified in measures V1(c), R2 (a-d), R3 (a-d), and related measures for other habitats (including measures specified in V2(a-b), V3(a-d), C1(a-b), and C2(a-e)).

47. **Prior to the issuance of a construction permit for Stage 2**, prepare and implement a soil stabilization and erosion control plan approved by San Luis Obispo County that is compatible with the Revegetation, Habitat Restoration, and Monitoring Plan objectives. Any soil stabilizers identified for erosion control would need to be compatible with native plant establishment and should break down within a reasonable period of time. The erosion control plan should include temporary soil stabilization methods to prevent the loss or movement of soil from clean or contaminated soil stockpiles.

Air Quality

48. The former Guadalupe Oil field Cleanup Project is subject to the federal requirements specified in Code of Federal Regulations (CFR) section 61.145 "Standards for Demolition and Renovation", as well as other applicable CFR sections. This includes, but is not limited to:

- The removal of any load bearing wall; or the removal or disturbance of any asbestos containing materials; or renovation of any structure.
- The moving of any structure.
- The demolition of any structure.

The applicant shall prepare, to the satisfaction of the SLOAPCD, an Asbestos Management Plan showing compliance with the applicable CFR requirements. The Plan should include, but not be limited to, the following information:

- a. contractors roles and responsibilities for work involving the asbestos survey, renovation and demolition, air monitoring clearance checks, etc.
- b. an asbestos survey of the site and all affected structures by an accredited person;
- c. a detailed time schedule and task list;
- d. provision for an independent, accredited person to work with the District to assure compliance;
- e. appropriate training in asbestos work hazards specified for all workers on-site;
- f. other elements as appropriate.

The Project is considered to be one site for the purpose of asbestos requirements. Thus, it is required that Unocal submit a comprehensive notification initially, with appropriate updates as required.

49. Emissions from pipeline and tank draining and purging operations shall be controlled with a suitable vapor recovery and removal system. Proposed pipeline and tank purging and draining techniques and emission control systems should be reviewed by the APCD prior to initiation of abandonment activities.

Environmental Enhancement Fund

50. The Class I impacts of the past and proposed clean up and site characterization projects require further mitigation pursuant to CEQA, the county's LCP and the Coastal Act. The approved project will have fifteen Class I environmental impacts as identified in the certified Final EIR. CEQA requires decision makers to find that benefits of a project override the negative environmental impacts of the project.

Prior to the issuance of a construction permit for Stage 5, Unocal shall either offer a open space easement for the area of the project site designated as an environmentally sensitive habitat; or shall contribute funding to an Environmental Enhancement Fund in the amount of \$6,153,500 for the establishment of protective easements and restoration projects in environmentally sensitive habitats in the vicinity of the project. See Condition 175 of Exhibit F for an explanation of how the EEF will be used.

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11

12 SUPERIOR AND MUNICIPAL COURTS OF THE STATE OF CALIFORNIA

13 COUNTY OF SAN LUIS OBISPO

14	PEOPLE OF THE STATE OF CALIFORNIA,)	No. CV75194
	ex rel. CALIFORNIA DEPARTMENT OF)	
15	FISH AND GAME, et al.,)	SETTLEMENT AGREEMENT
)	AND JUDGMENT
16	Plaintiffs,)	
)	
17	v.)	
)	
18	UNION OIL COMPANY OF CALIFORNIA)	
	dba UNOCAL, a California Corporation, et)	
19	al.,)	
)	
20	Defendants.)	
)	

21

22 1. Introduction

23 1.1. This Settlement Agreement and Judgment ("Stipulated Judgment") is entered
24 into by plaintiffs California Department of Fish and Game ("DFG"), the California Regional
25 Water Quality Control Board for the Central Coast Region ("Water Board"), California
26 Department of Toxic Substances Control ("DTSC"), California State Coastal Conservancy
27 ("Conservancy") and Attorney General Daniel E. Lungren ("Attorney General") (collectively
28 referred to as the "State plaintiffs"); and defendants Union Oil Company of California, dba

1 Unocal, a California corporation, and Unocal Corporation, a Delaware corporation
2 (collectively referred to as "Unocal"). The term "parties" in this Stipulated Judgment
3 collectively refers to the State plaintiffs and Unocal. By entering into this Stipulated
4 Judgment, the parties agree to the terms set forth in the paragraphs below and request the
5 Court to enter Judgment.

6 1.2. This action, filed on March 23, 1994, arose out of numerous alleged
7 discharges of diluent, a petroleum thinning agent used in the extraction of crude oil, into the
8 land, environment and waters of the State at the oil field known as "the Guadalupe Oil Field"
9 located in San Luis Obispo County, California, operated by Unocal. The State plaintiffs
10 alleged in this action that on numerous occasions since Unocal began using diluent at the
11 Guadalupe Oil Field, diluent has leaked from the pipelines and storage tanks at numerous
12 locations into the waters of the State, including groundwater, surface water and marine
13 water, directly and indirectly. Unocal denies that it violated any statutory or common law
14 obligations and disputes the allegations made by the State plaintiffs, including but not limited
15 to, the applicability of Proposition 65.

16 1.3. On July 22, 1994, the State plaintiffs filed a First Amended Complaint For
17 Civil Penalties, Civil Monetary Remedies, Natural Resources Damages, Costs, and Injunctive
18 Relief ("First Amended Complaint") against Unocal. The State plaintiffs alleged claims
19 under Water Code subsections 13350(a)(2) and 13350(a)(3); Fish and Game Code sections
20 5650, 5650.1, 12015, 12016, and 2014; Government Code sections 8670.25.5,
21 8670.66(a)(4), 8670.66(a)(3), 8670.56.5, and 12607; Harbors and Navigation Code section
22 151; Health & Safety Code sections 25249.5, 25249.6, 25189.2(c), 25189(d), 25189(b), and
23 25143.10; Business and Professions Code section 17200; Civil Code sections 3479, 3480,
24 and 3481; as well as claims for common law natural resource damages and negligence. On
25 January 12, 1995, the defendants answered the First Amended Complaint and noted that
26 Union Oil Company of California, dba Unocal, is a corporation organized and existing under
27 the laws of California, and that Unocal Corporation is a corporation organized and existing
28 under the laws of Delaware. Unocal Corporation is the parent company of Union Oil

1 Company of California. In its answer, Unocal also denied the allegations of statutory and
2 common law violations made in the First Amended Complaint.

3 2. Jurisdiction and Venue

4 The parties agree that this Court, the San Luis Obispo Superior and Municipal
5 Courts (the "Court"), has subject matter jurisdiction over the matters alleged in this action
6 and personal jurisdiction over the parties to this Stipulated Judgment. The parties further
7 agree that venue is proper in this Court.

8 3. Grounds for Settlement

9 The parties have expended substantial resources in a joint effort to resolve the
10 numerous legal and technical issues in this case. For the purpose of avoiding additional
11 protracted litigation, including a lengthy trial, the parties believe it is in their best interests to
12 resolve this case without further litigation. In addition, the State plaintiffs believe the terms
13 of this settlement are fair, reasonable and in the best interests of the public. By execution of
14 this Stipulated Judgment, Unocal does not admit any violations of state statutory or common
15 law as alleged in the First Amended Complaint.

16 4. Settlement of the State Plaintiffs' Claims for Damages, Civil Penalties and
17 Costs

18 4.1. The parties agree to settle all of the State plaintiffs' monetary claims, subject
19 to the provisions in paragraph 6 of this Stipulated Judgment, for \$43,800,000.00. Pursuant
20 to the terms of the Stipulation of Terms and Conditions of No Contest Plea in People v.
21 Beauchamp, San Luis Obispo County Municipal Court No. M202983 and the Stipulation for
22 Judgment and Judgment Pursuant to Business and Professions Code 17200 et seq. in People
23 v. Unocal Corporation, San Luis Obispo County Superior Court No. 075157, Unocal is
24 entitled to credit for \$1,300,000.00, which sum previously was paid by Unocal to San Luis
25 Obispo County. Therefore, Unocal will make settlement payments in the total sum of
26 \$42,500,000.00 (hereinafter referred to as "settlement funds") to resolve this civil action.

27 4.2. Within ten business days of the lodging of this Stipulated Judgment with the
28 Court, Unocal shall deposit, by electronic funds transfer or similar means, the sum of

1 \$42,500,000.00 in an interest-bearing escrow account to be established by Unocal at an
2 institution for which counsel for the State plaintiffs has provided written consent. The State
3 plaintiffs will provide the escrow instructions. Within ten days from the date this Stipulated
4 Judgment is deemed final, the escrow officer shall distribute the settlement funds in
5 accordance with the escrow instructions prepared by the State plaintiffs. If the Court decides
6 not to enter judgment based on this Stipulated Judgment, all funds in the escrow account
7 shall be returned to Unocal after the Court's order becomes final. For purposes of this
8 Stipulated Judgment, the Court's order either approving or not approving the Stipulated
9 Judgment shall be deemed final when the time for appeal of that order has expired without an
10 appeal being taken or when a final order is issued by an appellate court that is not subject to
11 further review.

12 4.3. The State plaintiffs agree that the settlement funds will be distributed as
13 follows:

14 a. \$9,000,000.00 to be dedicated as natural resource damages to fund
15 projects to restore, replace, rehabilitate and/or acquire the equivalent of the natural resources
16 and related services that were injured, lost, or destroyed by diluent releases at the Guadalupe
17 Oil Field. The funds for natural resources damages may be used to reimburse plaintiffs for
18 design, implementation, permitting (as necessary), monitoring and oversight associated with
19 the funded projects. The funds will be placed into the Guadalupe Natural Resources
20 Restoration Trust (as set forth in Exhibit A).

21 b. \$15,000,000.00 to be dedicated for water quality projects within the
22 Central Coast Region to be selected by the Water Board at public meetings. The funds for
23 water quality projects may be used to reimburse plaintiffs for selection, design,
24 implementation, permitting (as necessary), monitoring and oversight associated with the
25 projects. The funds will be placed into the Guadalupe Oil Field Settlement Water Quality
26 Project Trust (as set forth in Exhibit B).

27 c. \$500,000.00 as civil penalties to the State Water Pollution Cleanup and
28 Abatement Account.

- 1 d. \$160,000.00 as costs incurred up to February 6, 1998, by the Attorney
2 General in representation of the Water Board in relation to the Guadalupe Oil Field.
- 3 e. \$11,100,000.00 to DFG to be deposited into the Fish and Wildlife
4 Pollution Account in the Fish and Game Preservation Fund for inland resource protection and
5 pollution response.
- 6 f. \$375,000.00 as civil penalties to the Environmental Enhancement Fund
7 established under Government Code section 8670.70.
- 8 g. \$125,000.00 to the Oil Spill Prevention and Administration Fund
9 established under Government Code section 8670.38.
- 10 h. Up to \$4,840,000.00 as unreimbursed costs incurred by DFG and/or its
11 designees in relation to the Guadalupe Oil Field. This includes agency costs incurred up to
12 February 6, 1998.
- 13 i. \$700,000.00 to resolve the claims of DTSC, to be allocated as follows:
14 (1) \$236,422.00 as civil penalties to DTSC, pursuant to Health and Safety Code section
15 25192; (2) \$77,140.00 as civil penalties to be used to fund the activities of the local health
16 officer of San Luis Obispo County to enforce the provisions of Chapter 6.5 of the Hazardous
17 Waste Control Law, pursuant to Health and Safety Code section 25192; (3) \$200,000.00 to
18 fund Supplemental Environmental Projects, in the form of restoration projects to be
19 designated by DTSC, relating to natural resource damages at or in the vicinity of the
20 Guadalupe Oil Field, which will be deposited in the Guadalupe Natural Resources Trust as
21 set forth in Exhibit A; and (4) \$186,438.00 as reimbursement for costs of enforcement
22 incurred by DTSC in relation to the Guadalupe Oil Field.
- 23 j. \$700,000.00 to resolve the claims of the Attorney General, to be
24 allocated as follows: (1) Pursuant to Health and Safety Code section 25192, \$500,000 in
25 civil penalties payable in the amounts of \$250,000.00 to the Hazardous Substances Account
26 of the General Fund, \$125,000.00 to the local health officer of San Luis Obispo County, and
27 \$125,000.00 to the Attorney General; and (2) \$200,000.00 to the Public Health Institute to
28 provide resources for Proposition 65 enforcement activities.

1 k. Interest accrued in the escrow account described in paragraph 4.2 and any
2 amount remaining after paying the costs described in paragraph 4.3(f) to be distributed
3 evenly between the natural resource damages described in paragraph 4.3(a) and the water
4 quality projects described in paragraph 4.3(b).

5 4.4. In addition to the settlement funds described above in paragraphs 4.1 through
6 4.3, Unocal agrees to pay the reasonable costs incurred by the State plaintiffs' staff personnel
7 and attorneys for negotiating and finalizing this settlement and preparing settlement
8 documents, during the period from February 6, 1998 until the date of entry of the proposed
9 Judgment by the Court. The State plaintiffs agree to provide Unocal an invoice(s) for these
10 costs within 60 days after the date of entry of the Judgment by the Court. Unocal agrees to
11 pay the invoice within 30 days after the date of the invoice(s).

12 5. Settlement of the State Plaintiffs' Claims for Injunctive Relief

13 5.1. The parties agree to settle the State plaintiffs' claims for injunctive relief by
14 addressing immediate and long-term site cleanup issues through administrative directives and
15 orders of the Water Board. The staff of the Water Board and Unocal agree that the
16 remediation will proceed in phases. The first phase ("Phase I") of administrative decision-
17 making is set forth in Cleanup or Abatement Order No. 98-38 adopted by the Water Board at
18 its meeting on April 3, 1998 and amended on July 13, 1998 ("CAO 98-38"). The primary
19 goal of Phase I is to prevent discharges of diluent to surface waters. Failure of the remedial
20 action to satisfactorily achieve the goal may require further action at a specific location or
21 locations, even before the completion of all Phase I activities. Secondary goals of Phase I
22 include completing site characterization and investigating and testing alternative cleanup
23 technologies, especially those that have the potential to replace excavation as an effective
24 means of removal of separate phase diluent. Unocal agrees to comply with the requirements
25 set forth in CAO 98-38.

26 5.2. It is difficult to define the parameters of subsequent phases of remediation
27 because there are many variables at this time. For example, the potential impacts on the
28 principal aquifer have not been fully explored, all sources of diluent discharges to ground

1 and surface water have not been fully characterized, and the effectiveness or feasibility of the
2 remediation methods to be implemented as part of Phase I cannot be fully evaluated until
3 after the field work proceeds. Determinations by the Water Board regarding implementation
4 of additional phases of remediation will be based on, among other things, evaluation of
5 Phase I activities, the emergence of new technologies, and the results of existing and ongoing
6 site characterization. All such determinations will be made in accordance with the standards
7 set forth in State Water Resources Control Board Resolution No. 92-49, or the applicable
8 legal standards in existence at that time. Unocal reserves all of its rights under the Water
9 Code to pursue administrative appeals and subsequent litigation challenging any
10 administrative decisions of the Water Board, including decisions regarding compliance with
11 CAO 98-38, with respect to the Guadalupe Oil Field, except that Unocal waives its rights to
12 appeal CAO 98-38. Unocal will dismiss with prejudice its petition regarding CAO 98-38
13 filed with the State Water Resources Control Board within 5 days after this Stipulated
14 Judgment is deemed final as set forth in paragraph 4.2. Any administrative review and
15 litigation initiated by Unocal regarding decisions of the Water Board with respect to the
16 Guadalupe Oil Field shall be conducted in accordance with sections 13320, 13321, 13330 and
17 other applicable provisions of the Water Code.

18 5.3. Unocal and the Water Board agree that all issues that are now within the scope
19 of the CONCUR mediation process will continue to be addressed in that process. All future
20 disputes regarding site characterization and remediation under CAO 98-38, including but not
21 limited to, the performance of pilot tests and interpretation of pilot test results, will be
22 submitted to a mutually-acceptable mediation process, such as the current Concur mediation
23 process, after Unocal and the Water Board attempt informal dispute resolution. DFG may
24 participate at its discretion in the mediation process. Both parties agree to attempt to resolve
25 their dispute in mediation in good faith and mediation shall continue until the issue is
26 resolved or until either party decides to withdraw an issue from mediation and pursue
27 whatever recourse they have as authorized by law to resolve the dispute. An issue may also
28 be withdrawn from mediation upon determination by the mediator that there is not a

1 reasonable likelihood that the issue can be resolved in mediation. The Water Board
2 participation in the mediation process does not limit the Board's discretion to require what it
3 deems appropriate for investigation or cleanup.

4 5.4. Except as specifically provided in CAO 98-38, this Stipulated Judgment shall
5 not limit the State plaintiffs from exercising their authority under any law, statute, or
6 regulation, including, but not limited to, requiring appropriate investigative and cleanup
7 activities at the Guadalupe Oil Field; provided further, that if Unocal complies fully with the
8 requirements for excavation set forth in CAO 98-38, the Water Board may not require
9 Unocal to excavate in any area that has been excavated in compliance with the excavation
10 requirements of CAO 98-38, except in those areas where only partial excavation has been
11 required (for example, L11, M4 and B12).

12 5.5 a. While some chemicals listed under Proposition 65 are present at the
13 field, due to the extent of contamination with petroleum hydrocarbons, and the need for the
14 prompt initiation and completion of cleanup as described in paragraph 5.2, Proposition 65
15 compliance shall be achieved within the parameters of the CAO 98-38 process. The Water
16 Board, in setting final cleanup standards for the Field, shall consult with the Attorney
17 General and take into account the provisions of Proposition 65.

18 b. With respect to warnings required by Health and Safety Code section
19 25249.5, Unocal shall, no later than 10 days after the Court approves this Stipulated
20 Judgment, post one sign at the entrance to the Field and two beachfront signs containing the
21 following in conspicuous type: "This area contains chemicals known to the State of
22 California to cause cancer and birth defects or other reproductive harm."

23 c. In the event of new surface discharges causing potentially significant
24 exposures to Proposition 65 chemicals to those off-site, Unocal will immediately contact the
25 Attorney General to agree upon satisfactory methods of providing additional warnings.

26 5.6. Unocal agrees to provide the Water Board financial assurance of Unocal's
27 long-term capability to carry out remedial activities at the Guadalupe Oil Field as follows:

28 a. The financial assurance shall be in the form of a corporate guarantee

1 demonstrating that Unocal passes the financial test specified in California Code of
2 Regulations, title 22 ("22 CCR"), section 66264.143(f). Unocal shall submit to the Water
3 Board within 60 days of entry of this Judgment and annually thereafter the following
4 documents: (i) a letter from its Chief Financial Officer substantially similar to that
5 established by DTSC under 22 CCR section 66264.143(f)(3); and (ii) reports substantially
6 similar to those established by DTSC under 22 CCR section 66264.143(f)(3)(B) & (C).

7 b. The financial test will be based on the current estimate of total
8 remediation costs. Consistent with DTSC regulations, the remediation cost estimate will be
9 adjusted annually, and a revised financial test letter based on the adjusted cost estimate will
10 be provided.

11 c. If Unocal no longer meets the financial test specified in 22 CCR section
12 66264.143(f), including, but not limited to, an inability based on a change in ownership,
13 Unocal shall send notice to the Water Board of Unocal's intent to establish alternate financial
14 assurance as specified in 22 CCR section 66264.143. Unocal must send the notice within 90
15 days after any occurrence that prevents Unocal from meeting the financial test and Unocal
16 must provide the alternate financial assurance within 120 days after the end of its latest
17 completed fiscal year.

18 d. The Water Board may, based on a reasonable belief that Unocal may
19 no longer meet the requirements of the financial test referred to in paragraph 5.6(a), above,
20 require additional reports of financial condition at any time from Unocal. If the Water Board
21 determines that Unocal no longer satisfies the financial test referred to in paragraph 5.6(a)
22 above, Unocal shall provide alternate financial assurance within 30 days after notification of
23 the Water Board's determination.

24 e. If there is a change in ownership or corporate status of Unocal, Unocal
25 shall require its successor (i) to provide a financial test letter (or other form of financial
26 assurance acceptable to the Water Board) based on the then-current estimate of total
27 remediation costs and (ii) to provide a corporate guarantee to Unocal that substantially
28 conforms to the requirements of 22 CCR section 66264.143(f)(10) and provides that the

1 successor shall carry out the required remedial activities or shall establish a trust fund as
2 specified in 22 CCR section 66264.143(a) in the name of Unocal.

3 5.7. In accordance with Water Code section 13304 and other applicable law,
4 Unocal shall continue to pay (a) the reasonable costs of oversight incurred by the Water
5 Board and DFG in relation to remedial investigation and site cleanup activities at the
6 Guadalupe Oil Field, including reasonable agency overhead, if any, and the reasonable cost
7 of consultants to assist staff with their oversight work; and (b) the reasonable costs of
8 response incurred by the Water Board and DFG in relation to releases at the Guadalupe Oil
9 Field after February 6, 1998, including reasonable agency overhead, if any, and the
10 reasonable cost of consultants to assist staff with their response activities.

11 5.8. The parties acknowledge that, when this Stipulated Judgment is deemed final,
12 Unocal's criminal probation in San Luis Obispo County Municipal Court Case No. M202983
13 will terminate in accordance with paragraph 2(c) of the Stipulation of Terms and Conditions
14 of Settlement of Probation Violation, filed on April 22, 1997. Unocal shall provide notice to
15 the Municipal Court when this Stipulated Judgment is deemed final.

16 5.9. Within 90 days after the Stipulated Judgment becomes final, the Parties shall
17 exchange all data concerning the Guadalupe Field collected after December 1993 that the
18 parties have not previously exchanged; provided, however, that the parties shall not be
19 required to exchange any privileged interpretations of such data. The State Plaintiffs shall
20 provide all such data to Unocal; Unocal shall provide all such data to the Water Board and
21 Unocal shall also provide any data pertaining to the value of any losses of natural resources
22 or services provided by natural resources (including, but not limited, public surveys and
23 recreational use data) and toxicity data contained within that data to DFG. Unocal shall
24 reimburse the State plaintiffs for the reasonable costs associated with providing the data to
25 Unocal.

26 5.10 When Unocal has completed excavation of a particular area in accordance with
27 the excavation performance standards in CAO No. 98-38 and has completed backfilling of
28 the excavated area, the Water Board shall issue a certificate of completion of the excavation

1 task for each such area. This paragraph shall not apply to require a certificate of completion
2 for an area where only partial excavation has been performed (for example, L11, M4, and
3 B12). The Parties agree that the certificates of completion do not constitute final closure and
4 that final closure of particular areas will not occur until the Water Board determines that soil
5 and groundwater cleanup levels to be specified at a later date by the Water Board have been
6 achieved.

7 6. Matters Covered by this Stipulated Judgment

8 6.1. Subject to the reservations set forth in paragraphs 5.4, 5.5, 5.7 and 6.2
9 through 6.6 inclusive, final approval of this Stipulated Judgment by the Court and Unocal's
10 performance of all of the obligations set forth in this Stipulated Judgment resolves all civil,
11 criminal, and administrative claims of the State plaintiffs for the violations set forth in the
12 complaints referenced in paragraphs 1.2 and 1.3, for any claims based upon releases from
13 the Guadalupe Oil Field up to the date of execution of this Stipulated Judgment, including the
14 releases from the 5X area, the 3X area, the A2A area, and the Leroy 2 Access Road sump in
15 February and March, 1998, and for any other claims based on the underlying facts alleged in
16 the complaints referenced in paragraphs 1.2 and 1.3 that could have been asserted, including,
17 but not limited to, all California Water Code, Fish & Game Code, Proposition 65, Business
18 and Professions Code, Government Code, Harbors and Navigation Code, Civil Code, Health
19 and Safety Code, and any other federal or State statutory and common law claims for
20 injunctive relief and any form of monetary relief, including, but not limited to, civil
21 penalties, natural resource damages, tort damages, restitution, disgorgement of profits, cost
22 reimbursement, and attorneys' fees and costs against Unocal or its present, former, or future
23 parents, subsidiaries, directors, officers, consultants or agents. Nothing in this Stipulated
24 Judgment limits the Water Board's reservations of rights in CAO 98-38.

25 6.2. This Stipulated Judgment does not preclude the State plaintiffs from pursuing
26 administratively or judicially any statutory or common law claims they may have based upon
27 the presence of petroleum hydrocarbons, any hazardous substances or any waste in the
28 principal aquifer which is located, in part, beneath the Guadalupe Oil Field; provided,

1 however, that the State plaintiffs may only seek civil penalties for petroleum hydrocarbons
2 based on the petroleum hydrocarbons physically present in the principal aquifer at the time
3 the characterization and assessment of the principal aquifer commenced under the mediation
4 process is completed as determined under the mediation process or by the Water Board.

5 6.3. This Stipulated Judgment does not preclude the State plaintiffs from pursuing
6 administratively or judicially any statutory or common law claims they may have relating to
7 substances other than petroleum hydrocarbons in areas above the principal aquifer; provided,
8 however, that (a) a claim for monetary relief, including but not limited to civil penalties,
9 natural resource damages, tort damages, restitution, and disgorgement of profits, shall only
10 be available if the environmental harm that is caused by the substances other than petroleum
11 hydrocarbons is greater than or different from the environmental harm caused by the
12 presence of petroleum hydrocarbons on and beneath the Guadalupe Oil Field; and (b) relief
13 shall be based on the environmental harm that is greater than or different from the
14 environmental harm caused by the presence of petroleum hydrocarbons on and beneath the
15 Guadalupe Field, as well as other factors authorized by applicable law.

16 6.4. This Stipulated Judgment does not preclude plaintiffs from pursuing any claims
17 based upon violations of state or federal law occurring after the date of the lodging of this
18 Stipulated Judgment with the Court.

19 6.5. Unocal shall be liable for administrative or judicial civil liabilities and
20 penalties for any significant discharges of separate phase diluent to surface waters from the
21 diluent plume at the location commonly known as "5X" which occur after the lodging of this
22 Stipulated Judgment with the Court but prior to the completion of excavation at this location
23 in accordance with the excavation standards and applicable requirements set forth in CAO
24 98-38.

25 The State plaintiffs shall recover civil liabilities and penalties by commencing a new
26 administrative or judicial action within 3 years of the date of discovery of the discharge into
27 the surface water.

28 6.6. Except as specifically provided in this Stipulated Judgment, nothing in this

1 Stipulated Judgment shall preclude, prejudice, waive, or impair any right, remedy, or
2 defense that Unocal may have in any legal proceeding not covered by the release set forth in
3 Paragraph 6.1, above, or in any further proceeding regarding matters covered by this
4 Stipulated Judgment.

5 7. Attorneys Fees and Costs

6 Except as otherwise provided in paragraphs 4 and 8, the parties shall bear
7 their own costs and attorneys' fees.

8 8. Enforcement of Stipulated Judgment

9 Any party may, by noticed motion or other authorized means, apply to the
10 Court for enforcement of the terms of this Stipulated Judgment, except for issues relating to
11 compliance with or interpretations of CAO 98-38 which are to be resolved through the
12 dispute resolution process described at paragraph 5.3 or other remedies authorized by law.
13 In any action brought by the State plaintiffs under this paragraph, the State plaintiffs may
14 seek whatever fines, penalties, and other remedies are provided by law for failure to comply
15 with this Stipulated Judgment and either State plaintiffs or Unocal, whoever is the prevailing
16 party may be awarded attorney's fees and costs if available under applicable law. The Water
17 Board reserves its right to exercise any administrative remedy authorized by law in lieu of
18 proceeding by motion in this action and Unocal reserves its rights to exercise any
19 administrative or judicial challenges to any such administrative remedy exercised by the
20 Water Board.

21 9. Continuing Jurisdiction

22 The Court retains jurisdiction to enforce the terms of this Stipulated Judgment.

23 10. Authority to Stipulate to Enter Stipulated Judgment

24 Each signatory to this Stipulated Judgment certifies that he or she is fully
25 authorized by the party he or she represents to agree in full to the terms of this Stipulated
26 Judgment and to legally bind such party.

27 11. Modification

28 This Stipulated Judgment may be modified upon written approval of the parties

1 and entry of a modified judgment by the Court based thereon, or upon motion of any party
2 as provided by law and upon entry of a modified Judgment by the Court.

3 12. Court Approval

4 If the Judgment is not approved by the Court, it shall be of no force or effect
5 and cannot be used in any proceeding for any purpose.

6 13. Execution in Counterparts

7 This Stipulated Judgment may be executed in counterparts, or by facsimile
8 thereof, which taken together shall be deemed to constitute one document.

9 14. Persons Bound.

10 This Stipulated Judgment shall apply to and be binding upon the State plaintiffs
11 and Unocal and their directors, officers, employees, and agents and their successors or
12 assigns. Any change in ownership or corporate status of Unocal, including, but not limited
13 to, any transfer of assets or real or personal property shall not alter Unocal's responsibilities
14 under this Stipulated Judgment, except as otherwise set forth in paragraph 5.6.e. This
15 Stipulated Judgment shall not apply to or be binding on any federal, state or local
16 department, agency or entity that is not a party to this case.

17 15. Notice and Submittals.

18 When any party is entitled to receive any notice or other written
19 communication under this Stipulated Judgment, the notice or written communication shall be
20 sent by overnight courier service or facsimile to the person and address set forth in this
21 paragraph. Any party may modify the person and address to whom notice is to be sent by
22 sending each other party notice by certified mail, return receipt requested. Said change shall
23 take effect for any notice mailed at least five days after the date the return receipt is signed
24 by the party receiving the change. Notices or written communications shall be sent to the
25 following:

26 For Water Board, DFG, DTSC, Conservancy, and AG:
27 Mary E. Hackenbracht, Esq.
28 Office of the Attorney General
2101 Webster St., 12th Floor
Oakland, California 94612-3049

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Timothy R. Patterson, Esq.
Office of the Attorney General
110 West A St., Suite 1100
San Diego, California 92101

Jennifer Soloway, Esq.
State Water Resources Control Board
901 P Street
Sacramento, California 95814

Katherine Verrue-Slater, Esq.
Department of Fish and Game
Office of Spill Prevention and Response
1416 Ninth Street
P.O. Box 944209
Sacramento, California 94244-2090

Patricia S. Peterson, Esq.
Office of the Attorney General
2101 Webster St., 12th Floor
Oakland, California 94612-3049

Craig Thompson, Esq.
Office of the Attorney General
1300 I Street
P.O.Box 944255
Sacramento, California 94244-2550

For Unocal:
Mark A. Smith, Esq.
Unocal Corporation
2141 Rosecrans Ave., Suite 4060
El Segundo, California 90245

Patrick J. Cafferty, Jr.
Munger, Tolles & Olson
33 New Montgomery St., Suite 1900
San Francisco, California 94105

15. Integration Clause

This Stipulated Judgment constitutes the entire agreement between the parties
and may not be amended or supplemented except as provided for herein.

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16. Interpretation.

The terms of this Stipulated Judgment have been fully negotiated by the parties at arm's length, after advice by counsel and other representatives, chosen independently by each party, and the parties are fully informed with respect thereto. Therefore, none of the parties shall be deemed the scrivener of this Stipulated Judgment and the provisions of this Stipulated Judgment shall be construed as a whole according to their common meaning and not strictly for or against any party.

17. Headings.

The headings used in this Stipulated Judgment are for convenience of reference and should not be used to define the meaning of any provision.

This Stipulated Judgment is agreed to by the following representatives of the parties:

Plaintiffs:

CALIFORNIA DEPARTMENT OF FISH & GAME

DATED: _____

Pete Bontadelli
PETE BONTADELLI, Administrator
Office of Oil Spill Prevention and Response, California
Department of Fish and Game

CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD, CENTRAL COAST REGION

DATED: _____

Roger Briggs
ROGER BRIGGS, Executive Officer
California Regional Water Quality Control Board, Central
Coast Region

CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL

DATED: _____

Jesse Huff
JESSE HUFF, Director
California Department of Toxic Substances Control

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This Stipulated Judgment is agreed to by the following representatives of the parties:

Plaintiffs:

CALIFORNIA DEPARTMENT OF FISH & GAME

DATED: _____

PETE BONTADELLI, Administrator
Office of Oil Spill Prevention and Response, California
Department of Fish and Game

CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD, CENTRAL COAST REGION

DATED: 7/20/98

Paul Jagger

ROGER BRIGGS, Executive Officer
California Regional Water Quality Control Board, Central
Coast Region

CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL

DATED: _____

JESSE HUFF, Director
California Department of Toxic Substances Control

1 16. Interpretation.

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3 at arm's length, after advice by counsel and other representatives, chosen independently by
4 each party, and the parties are fully informed with respect thereto. Therefore, none of the
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7 not strictly for or against any party.

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10 and should not be used to define the meaning of any provision.

11 This Stipulated Judgment is agreed to by the following representatives of the parties:

12 Plaintiffs:

13 CALIFORNIA DEPARTMENT OF FISH & GAME

14 DATED: _____

15 PETE BONTADELLI, Administrator
Office of Oil Spill Prevention and Response, California
Department of Fish and Game

17 CALIFORNIA REGIONAL WATER QUALITY CONTROL
18 BOARD, CENTRAL COAST REGION

19 DATED: _____

20 ROGER BRIGGS, Executive Officer
California Regional Water Quality Control Board, Central
Coast Region

22 CALIFORNIA DEPARTMENT OF TOXIC
23 SUBSTANCES CONTROL

24 DATED: 7/20/98

25 JESSE HUFF, Director
California Department of Toxic Substances Control

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CALIFORNIA STATE COASTAL CONSERVANCY

DATED: 7/20/98

William Aher
WILLIAM AHERN, Executive Officer
California State Coastal Conservancy

DATED: 7/20/98

ATTORNEY GENERAL DANIEL E. LUNGREN
Craig C. Thompson
CRAIG C. THOMPSON, Supervising
Deputy Attorney General

DATED: 7/20/98

Counsel for Plaintiffs:
Mary E. Hackenbracht
MARY E. HACKENBRACHT, Supervising
Deputy Attorney General

Counsel for California Department of Fish and Game;
California Regional Water Quality Control Board, Central
Coast Region; and Attorney General Daniel E. Lungren

DATED: _____

TIMOTHY R. PATTERSON
Deputy Attorney General

Counsel for California Department of Toxic
Substances Control

DATED: 7/20/98

Patricia Sheehan Peterson
PATRICIA SHEEHAN PETERSON
Deputy Attorney General

Counsel for California State Coastal Conservancy

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CALIFORNIA STATE COASTAL CONSERVANCY

DATED: _____

WILLIAM AHERN, Executive Officer
California State Coastal Conservancy

ATTORNEY GENERAL DANIEL E. LUNGREN

DATED: _____

CRAIG C. THOMPSON, Supervising
Deputy Attorney General

Counsel for Plaintiffs:

DATED: _____

MARY E. HACKENBRACHT, Supervising
Deputy Attorney General

Counsel for California Department of Fish and Game;
California Regional Water Quality Control Board, Central
Coast Region; and Attorney General Daniel E. Lungren

DATED: 7-20-98



TIMOTHY R. PATTERSON
Deputy Attorney General

Counsel for California Department of Toxic
Substances Control

DATED: _____

PATRICIA SHEEHAN PETERSON
Deputy Attorney General

Counsel for California State Coastal Conservancy

UNION OIL COMPANY OF CALIFORNIA, dba
UNOCAL, a California Corporation, and
UNOCAL CORPORATION, a Delaware Corporation

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DATED: 7/17/98



PAUL T. WEST, General Manager
California Operating Services
Unocal Corporation

DATED: _____

DANIELE FACCHINI

Assistant Secretary
Unocal Corporation

On Behalf of All Defendants

Counsel for Defendants:

DATED: _____

MARK A. SMITH, ESQ.,

Assistant General Counsel
UNOCAL CORPORATION

DATED: _____

PATRICK J. CAFFERTY, JR., ESQ.

MUNGER, TOLLES & OLSON LLP

Counsel for Defendants Union Oil Company of California,
dba UNOCAL, and Unocal Corporation

Having considered the settlement terms set forth in this Stipulated Judgment and good cause
appearing therefore, IT IS SO ORDERED, ADJUDGED, AND DECREED.

DATED: _____

By: _____

HONORABLE BARRY C. HAMMER
JUDGE OF THE SUPERIOR COURT

UNION OIL COMPANY OF CALIFORNIA, dba
UNOCAL, a California Corporation, and
UNOCAL CORPORATION, a Delaware Corporation

1
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3 DATED: _____

PAUL T. WEST, General Manager
California Operating Services
Unocal Corporation

6 DATED: 7/17/98

Daniele Facchini
DANIELE FACCHINI
Assistant Secretary
Unocal Corporation

8
9 On Behalf of All Defendants

10
11 Counsel for Defendants:

13 DATED: _____

MARK A. SMITH, ESQ.,
Assistant General Counsel
UNOCAL CORPORATION

17 DATED: _____

PATRICK J. CAFFERTY, JR., ESQ.
MUNGER, TOLLES & OLSON LLP

19 Counsel for Defendants Union Oil Company of California,
20 dba UNOCAL, and Unocal Corporation

22 Having considered the settlement terms set forth in this Stipulated Judgment and good cause
23 appearing therefore, IT IS SO ORDERED, ADJUDGED, AND DECREED.

25 DATED: _____

By: _____
HONORABLE BARRY C. HAMMER
JUDGE OF THE SUPERIOR COURT

UNION OIL COMPANY OF CALIFORNIA, dba
UNOCAL, a California Corporation, and
UNOCAL CORPORATION, a Delaware Corporation

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DATED: _____

PAUL T. WEST, General Manager
California Operating Services
Unocal Corporation

DATED: _____

DANIELE FACCHINI
Assistant Secretary
Unocal Corporation

On Behalf of All Defendants

Counsel for Defendants:

DATED: July 17, 1998

Mark A. Smith

MARK A. SMITH, ESQ.,
Assistant General Counsel
UNOCAL CORPORATION

DATED: _____

PATRICK J. CAFFERTY, JR., ESQ.
MUNGER, TOLLES & OLSON LLP

Counsel for Defendants Union Oil Company of California,
dba UNOCAL, and Unocal Corporation

Having considered the settlement terms set forth in this Stipulated Judgment and good cause
appearing therefore, IT IS SO ORDERED, ADJUDGED, AND DECREED.

DATED: _____

By: _____
HONORABLE BARRY C. HAMMER
JUDGE OF THE SUPERIOR COURT

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UNION OIL COMPANY OF CALIFORNIA, dba
UNOCAL, a California Corporation, and
UNOCAL CORPORATION, a Delaware Corporation

DATED: _____

PAUL T. WEST, General Manager
California Operating Services
Unocal Corporation

DATED: _____

DANIELE FACCHINI
Assistant Secretary
Unocal Corporation

On Behalf of All Defendants

Counsel for Defendants:

DATED: _____

MARK A. SMITH, ESQ.,
Assistant General Counsel
UNOCAL CORPORATION

DATED: 7/17/98

Patrick J. Cafferty, Jr.

PATRICK J. CAFFERTY, JR., ESQ.
MUNGER, TOLLES & OLSON LLP

Counsel for Defendants Union Oil Company of California,
dba UNOCAL, and Unocal Corporation

Having considered the settlement terms set forth in this Stipulated Judgment and good cause
appearing therefore, IT IS SO ORDERED, ADJUDGED, AND DECREED.

DATED: _____

By: _____
HONORABLE BARRY C. HAMMER
JUDGE OF THE SUPERIOR COURT

EXHIBIT A

1 **GUADALUPE NATURAL RESOURCES RESTORATION TRUST**

2 This Trust is established with the National Fish and Wildlife Foundation (the
3 "Foundation") by Unocal for the benefit of the California Department of Fish and Game
4 ("DFG"), the California State Coastal Conservancy ("Conservancy"), and the Department of
5 Toxic Substances Control ("DTSC"), on behalf of the People of the State.

6 **DEFINITIONS**

7 1. "Natural Resource" and "Natural Resources" mean land, fish, wildlife, biota,
8 air, water, ground water, drinking water supplies, and other such resources belonging to,
9 managed by, held in trust by, appertaining to, or otherwise controlled by the State of
10 California.

11 2. "Restoration Project" means any action to restore or rehabilitate any injured,
12 lost, damaged, or destroyed Natural Resource (and the services provided by that Natural
13 Resource), or any action that replaces or acquires the equivalent of, the injured, lost, or
14 destroyed Natural Resource and affected services injured, lost, or destroyed as a result of the
15 diluent releases at Guadalupe Oil Field. Restoration projects shall be in the geographical
16 area of San Luis Obispo County and/or Santa Barbara County, as near as possible to the
17 Guadalupe Oil Field.

18 3. "Stipulated Judgment" means the Settlement Agreement and Judgment reached
19 by the parties in People v. Unocal, San Luis Obispo County Superior Court No. CV 075194
20 concerning diluent releases at Guadalupe Oil Field.

21 4. "MOU" means the Memorandum of Understanding Relating to the
22 Unocal/Guadalupe Oil Field Settlement entered into by DFG, the Conservancy, DTSC and
23 the California Regional Water Quality Control Board, Central Coast Region.

24 5. "Settlement Funds" means the money paid into this trust pursuant to paragraph
25 4.3 of the Stipulated Judgment, comprised of the following: \$9,000,000 as natural resource
26 damages; \$200,000 as Supplemental Environmental Projects; and half of the interest earned
27 in escrow less escrow fees and half of any amount remaining from the sum designated to pay

1 costs incurred by DFG and/or its designees.

2 **PURPOSE**

3 6. The purpose of this Agreement is to establish the Guadalupe Natural Resources
4 Restoration Trust ("Trust") and to appoint the Foundation as its Trustee. This Agreement
5 outlines the terms under which the Foundation shall exercise this function.

6 7. The purpose of the Trust is to receive, manage and disburse funds, in
7 accordance with the direction of DFG, the Conservancy, and DTSC for certain Restoration
8 Projects relating to diluent releases at the Guadalupe Oil Field.

9 **SETTLOR**

10 8. Unocal shall fund this Trust with certain settlement funds pursuant to a
11 requirement in the Stipulated Judgment. With the exception of the obligation to establish this
12 Trust, Unocal shall have no rights, duties, obligations, fiduciary or financial responsibilities
13 of any kind in connection with this Trust. Without limiting the foregoing, Unocal shall have
14 no rights, duties, obligations, fiduciary or financial responsibilities with respect to the
15 management of this Trust, the use of funds held in this Trust, property acquired with Trust
16 funds, or Natural Resource Restoration Projects funded by the Trust. This Trust is
17 irrevocable and Unocal retains no interest whatsoever in the corpus or proceeds of this Trust.

18 **TRUSTEE**

19 9. The Foundation shall be Trustee of the Trust.

20 10. The Foundation and/or any successor appointed by DFG and the Conservancy
21 jointly submits to the jurisdiction of the San Luis Obispo County Superior and Municipal
22 Courts ("the Court") for purposes of enforcement and supervision of the Trust.

23 11. DFG and the Conservancy jointly shall have the power to appoint a
24 replacement Trustee if the office of the Trustee becomes vacant.

25 12. DFG and the Conservancy jointly shall have the power to remove the Trustee
26 if at any time DFG and the Conservancy jointly determine that the Trustee is not performing
27 its duties in a manner that is consistent with the purposes of the Trust. DFG and the

1 Conservancy jointly shall have the right to ask the Court to remove the Trustee or to
2 terminate the Trust. The Foundation may resign as Trustee at any time for cause upon 90
3 days written notice to DFG, the Conservancy and DTSC. If the Foundation resigns, DFG
4 and the Conservancy jointly shall appoint a new Trustee or petition the Court to appoint a
5 new Trustee and the Foundation shall transfer any and all moneys in the restricted account
6 and all necessary records to the new Trustee as specified by DFG and the Conservancy and
7 shall promptly provide DFG, the Conservancy and DTSC with an accounting of the status of
8 the Trust. The change in Trustee shall not otherwise alter the terms of the Trust.

9 13. In addition to the powers expressly granted to the Trustee by this Agreement,
10 the Trustee shall have all other powers granted to Trustees under the laws of the State of
11 California, except as otherwise provided in this Agreement.

12 14. Unless otherwise agreed by DFG and the Conservancy, the Foundation shall
13 not hold an interest in any real or personal property acquired with settlement funds nor shall
14 it acquire, manage or dispose of such property. DTSC's concurrence shall be required for
15 real or personal property acquired in whole or in part by the \$200,000 allocated for
16 Supplemental Environmental Projects.

17 15. The settlement funds shall not be deemed federal funds within the meaning of
18 16 U.S.C. section 3703(e) and shall not be deemed State moneys within the meaning of
19 California Government Code section 16305.2.

20 **BENEFICIARIES**

21 16. The People of the State of California are the beneficiaries of the Trust.

22 **DUTIES OF THE TRUSTEE**

23 17. The Trustee shall maintain funds subject to the Trust in a Segregated Account
24 separate from all other Foundation accounts.

25 18. All funds held in the Segregated Account shall be invested as directed by DFG
26 and the Conservancy jointly, and, in the absence of specific instructions, shall be invested in
27 U.S. Treasury Bills and notes. Interest and earnings accruing to the Segregated Account

1 shall be reinvested in the Segregated Account and used to carry out the purpose of the Trust.

2 19. The Trustee is authorized and obligated to make disbursements of funds from
3 the Segregated Account pursuant to the requirements of this Trust document.

4 20. The Foundation shall appoint an individual, the Foundation Representative,
5 who will represent the Foundation in carrying out its obligations as Trustee under this
6 Agreement. The Foundation shall identify to DFG, the Conservancy, and DTSC, in writing,
7 the identity, mailing address, and phone number of the Foundation Representative. Any
8 change in the Foundation Representative shall be communicated to DFG, the Conservancy,
9 and DTSC within 10 business days of the change.

10 21. The Trustee shall fund, subject to paragraph 25 below, Restoration Projects
11 (including restoration planning activities, and oversight and monitoring) as directed by DFG,
12 the Conservancy and/or DTSC.

13 22. The Trustee shall submit to DFG, the Conservancy, and DTSC, an annual
14 report, by December 15 of each year, which itemizes all funds maintained, deposited,
15 accrued, and disbursed from the Segregated Account. The Foundation shall not be required
16 to submit an annual report to DTSC in subsequent years following the year that the \$200,000
17 identified for Supplemental Environmental Projects is disbursed in accordance with the
18 direction of DTSC.

19 SELECTION OF AUTHORIZED PROJECTS

20 23. DFG, the Conservancy, and DTSC shall, pursuant to the MOU, select
21 Restoration projects to be funded by the Trust. Disbursement of funds totalling no more than
22 \$200,000 shall be approved by DTSC as Supplemental Environmental Projects and evidenced
23 by a written authorization signed by DTSC. Disbursement of all other funds for Restoration
24 Projects shall be approved by DFG and the Conservancy and evidenced by a written
25 authorization signed by both DFG and the Conservancy.

26 24. DFG shall appoint a representative ("DFG Representative") for purposes of
27 communicating with the Foundation regarding management of the Trust and disbursements

1 from the Trust to facilitate Restoration Projects selected by DFG and the Conservancy and/or
2 DTSC. DFG shall give the Trustee Representative written notice of the name, address, and
3 telephone number of the DFG Representative. Any action taken by the Trustee in strict
4 accordance with this Trust Agreement and instructions from the DFG Representative shall be
5 considered authorized by DFG and the Conservancy and/or DTSC.

6 25. The Trustee shall make disbursements from the Trust only when the DFG
7 Representative has submitted to the Trustee a written authorization for the disbursements
8 approved by DFG and the Conservancy for Restoration Projects or by DTSC for
9 Supplemental Environmental Projects in accordance with paragraph 23.

10 PAYMENT OF TRUST EXPENSES AND DISBURSEMENT OF FUNDS

11 26. The Trustee shall receive, at the time funds are transferred to the Trust, an
12 initial administrative overhead reimbursement equal to two percent (2%) of the total funds
13 transferred to the Segregated Account. The uses of these funds include expenses for day to
14 day management of the Trust; initial bank charges for establishment of the Trust and bank
15 charges for the first year; and for personnel time for tracking, managing, and making
16 disbursements from the Trust. This initial administrative fee shall be made from the corpus
17 of the Trust. There shall be no liability for payment by Unocal beyond the Settlement Funds
18 required to be paid into this Trust pursuant to the Stipulated Judgment. The Trustee shall
19 make no charge against Unocal for the establishment of this Trust, and except as provided in
20 paragraph 27, no additional charges or deductions shall be made against the corpus of the
21 Trust in connection with the Administration of the Trust.

22 27. The Trustee will be reimbursed for extraordinary expenses not contemplated to
23 be incurred as part of normal management of the Trust, as set forth in paragraph 26,
24 provided such expenses are reasonable and actual expenses approved in writing by DFG and
25 the Conservancy and/or DTSC. Bank charges for the Trust after the first year may be paid
26 from interest collected on the Trust. For the first three years following deposit of funds into
27 the Trust, annual bank charges shall not exceed .025% of the corpus of the Trust.

1 28. Upon receipt from the DFG representative of the written authorization
2 approved by DFG and the Conservancy and/or DTSC to fund Restoration Project(s) pursuant
3 to paragraph 25 above, the Trustee is authorized and obliged to disburse funds in the
4 Segregated Account as directed by DFG and the Conservancy, and/or DTSC.

5 29. Nothing in this Agreement shall create any rights or causes of action in persons
6 who are not signatories to this Agreement.

7 AMENDMENTS

8 30. This Agreement may be amended only by written agreement of the Foundation
9 and DFG, the Conservancy, and DTSC.

10 NOTICES

11 31. Notices under this Agreement shall be made in writing and may be given by
12 delivery in person, by mail or by telecopy (fax).

13 Administrator, California Office of
14 Oil Spill Prevention and Response
15 1700 K Street, Suite 250
 Sacramento, CA 95814
 Fax: (916) 324-8829

16 Executive Officer, California State
17 Coastal Conservancy
18 1330 Broadway, Ste. 1100
 Oakland, CA 94612-2530
 Fax: (510) 286-0470

19
20 Director, California Department
21 of Toxic Substances Control
22 400 P Street
 Sacramento, CA 95814
 Fax: (916) 323-3215

23 32. Notices to the Foundation shall be sent to:

24 Eric Hammerling
25 National Fish and Wildlife Foundation
26 116 New Montgomery St., Ste 203
 San Francisco, CA 94105
 Phone: (415) 778-0999
27 Fax: (415) 778-0998

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EFFECTIVE DATE

33. The Trust shall become effective upon transfer of settlement funds to the Trustee pursuant to the Stipulated Judgment.

TERMINATION

34. The Trust shall terminate when all funds subject to the Trust have been disbursed and DFG, the Conservancy and DTSC agree to termination in writing.

FOR UNOCAL

Dated: 7/20/98 By: 
PAUL T. WEST, General Manager
California Operating Services
Unocal Corporation

FOR DFG

Dated: _____ By: _____
PETE BONTADELLI, Administrator
Office of Oil Spill Prevention and Response
California Department of Fish and Game

FOR THE CONSERVANCY

Dated: _____ By: _____
WILLIAM AHEARN, Executive Officer
California State Coastal Conservancy

FOR DTSC

Dated: _____ By: _____
JESSE HUFF, Director
California Department of Toxic Substances Control

FOR THE FOUNDATION

Dated: _____ By: _____
AMOS S. ENO
Executive Director

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TERMINATION

34. The Trust shall terminate when all funds subject to the Trust have been disbursed and DFG, the Conservancy and DTSC agree to termination in writing.

FOR UNOCAL

Dated: _____ By: _____
PAUL T. WEST, General Manager
California Operating Services
Unocal Corporation

FOR DFG

Dated: 7/20/98 By: *Pete Bontadelli*
PETE BONTADELLI, Administrator
Office of Oil Spill Prevention and Response
California Department of Fish and Game

FOR THE CONSERVANCY

Dated: _____ By: _____
WILLIAM AHEARN, Executive Officer
California State Coastal Conservancy

FOR DTSC

Dated: _____ By: _____
JESSE HUFF, Director
California Department of Toxic Substances Control

FOR THE FOUNDATION

Dated: _____ By: _____
AMOS S. ENO
Executive Director

1 **EFFECTIVE DATE**

2 33. The Trust shall become effective upon transfer of settlement funds to the Trustee
3 pursuant to the Stipulated Judgment.

4 **TERMINATION**

5 34. The Trust shall terminate when all funds subject to the Trust have been
6 disbursed and DFG, the Conservancy and DTSC agree to termination in writing.

7 **FOR UNOCAL**

8 Dated: _____ By: _____
9 PAUL T. WEST, General Manager
10 California Operating Services
11 Unocal Corporation

12 **FOR DFG**

13 Dated: _____ By: _____
14 PETE BONTADELLI, Administrator
15 Office of Oil Spill Prevention and Response
16 California Department of Fish and Game

17 **FOR THE CONSERVANCY**

18 Dated: 7/20/98 By: William Ahern
19 WILLIAM AHERN, Executive Officer
20 California State Coastal Conservancy

21 **FOR DTSC**

22 Dated: _____ By: _____
23 JESSE HUFF, Director
24 California Department of Toxic Substances Control

25 **FOR THE FOUNDATION**

26 Dated: _____ By: _____
27 AMOS S. ENO
Executive Director

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EFFECTIVE DATE

33. The Trust shall become effective upon transfer of settlement funds to the Trustee pursuant to the Stipulated Judgment.

TERMINATION

34. The Trust shall terminate when all funds subject to the Trust have been disbursed and DFG, the Conservancy and DTSC agree to termination in writing.

FOR UNOCAL

Dated: _____ By: _____
PAUL T. WEST, General Manager
California Operating Services
Unocal Corporation

FOR DFG

Dated: _____ By: _____
PETE BONTADELLI, Administrator
Office of Oil Spill Prevention and Response
California Department of Fish and Game

FOR THE CONSERVANCY

Dated: _____ By: _____
WILLIAM AHERN, Executive Officer
California State Coastal Conservancy

FOR DTSC

Dated: 7/20/98 By: 
JESSE HUFF, Director
California Department of Toxic Substances Control

FOR THE FOUNDATION

Dated: _____ By: _____
AMOS S. ENO
Executive Director

1 **EFFECTIVE DATE**

2 33. The Trust shall become effective upon transfer of settlement funds to the Trustee
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4 **TERMINATION**

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7 **FOR UNOCAL**

8 Dated: _____ By: _____
9 PAUL T. WEST, General Manager
10 California Operating Services
11 Unocal Corporation

12 **FOR DFG**

13 Dated: _____ By: _____
14 PETE BONTADELLI, Administrator
15 Office of Oil Spill Prevention and Response
16 California Department of Fish and Game

17 **FOR THE CONSERVANCY**

18 Dated: _____ By: _____
19 WILLIAM AHERN, Executive Officer
20 California State Coastal Conservancy

21 **FOR DTSC**

22 Dated: _____ By: _____
23 JESSE HUFF, Director
24 California Department of Toxic Substances Control

25 **FOR THE FOUNDATION**

26 Dated: 7/20/98 By: *Eric Hamner*
27 *for* AMOS S. ENO
Executive Director

EXHIBIT B

1 **GUADALUPE OIL FIELD SETTLEMENT**
2 **WATER QUALITY PROJECT TRUST**

3 This Trust is established with the National Fish and Wildlife Foundation (the
4 "Foundation") by Unocal for the benefit of the California Regional Water Quality Control Board,
5 Central Coast Region ("RWQCB") on behalf of the People of the State of California.

6 **PURPOSE**

7 1. The purpose of this Agreement is to establish the Guadalupe Oil Field Settlement
8 Water Quality Project Trust ("Trust") and to appoint the Foundation as its Trustee. This
9 Agreement outlines the terms under which the Foundation shall exercise this function.

10 2. The purpose of the Trust is to receive, manage and disburse funds, in accordance
11 with the direction of the RWQCB for certain water quality projects to be selected by the
12 RWQCB in accordance with the provisions of this Trust.

13 3. This Trust is created pursuant to the Settlement Agreement and Judgment reached
14 by the parties People v. Unocal, San Luis Obispo County Superior Court No. CV 075194
15 concerning diluent (a type of petroleum product) discharges to soil, ground water and surface
16 waters including the Santa Maria River and Estuary and the Pacific Ocean at Guadalupe Oil
17 Field by Unocal. ("Stipulated Judgment"). The Stipulated Judgment requires Unocal to
18 undertake certain site investigation and remediation activities and to make monetary payments,
19 which include, among other things, funding supplemental environmental projects that benefit
20 water quality. This Trust is created in order to administer the funds for the supplemental
21 environmental projects to be administered by the RWQCB. For the purpose of this Trust, the
22 term "settlement funds" means the

23 4. For the purpose of this Trust the term "water quality projects" means: projects
24 that directly benefit or study ground water or surface water quality and the beneficial use of
25 ground water or surface water. Types of projects that would fall within this definition include,
26 but are not limited to: water quality/water pollution monitoring programs (including long term
27 regional monitoring), studies or investigations; treatment of polluted soils, ground water or

1 surface water; restoration of and augmentation of aquatic and riparian and watershed habitat;
2 water pollution prevention; wetlands protection, studies, investigations, restoration, or
3 augmentation of marine and coastal habitat and waters; enhancement, restoration, or creation of
4 wetlands, aquatic habitat, and marine habitat; and conservation easement purchase, improvement
5 and management needed to protect or improve water quality or the beneficial uses of ground
6 water or surface water; study water quality impacts on endangered species (wildlife and flora),
7 address water rights for aquatic or wildlife habitat, municipal supply or other beneficial uses as
8 a water quality issue, projects to mitigate the impacts of water pollution; stream augmentation;
9 waste water reclamation; and planning, feasibility studies, oversight and other activities needed
10 to support the projects that have been selected for funding, including the costs of the RWQCB
11 incurred in the selection of projects for funding.

12 **SETTLOR**

13 5. Unocal shall fund this Trust with certain settlement funds pursuant to a
14 requirement in the Stipulated Judgment. With the exception of the obligation to establish this
15 Trust, Unocal shall have no rights, duties, obligations, fiduciary or financial responsibilities of
16 any kind in connection with this Trust. Without limiting the foregoing, Unocal shall have no
17 rights, duties, obligations, fiduciary or financial responsibilities with respect to the management
18 of this Trust, the use of funds held in this Trust, property acquired with Trust funds, or water
19 quality projects funded by the Trust. This Trust is irrevocable and Unocal retains no interest
20 whatsoever in the corpus or proceeds of this Trust.

21 **TRUSTEE**

22 6. The Foundation shall be Trustee of the Trust.

23 7. The Foundation and/or any successors appointed by RWQCB, submits to the
24 jurisdiction of the San Luis Obispo County Superior and Municipal Courts ("the Court") for
25 purposes of enforcement and supervision of the Trust.

26 8. The RWQCB shall have the power to appoint a replacement Trustee if the office
27 of the Trustee becomes vacant.

1 16. The Foundation shall appoint an individual, the Foundation Representative, who
2 will represent the Foundation in carrying out its obligations as Trustee under this Agreement.
3 The Foundation shall identify to the RWQCB, in writing, the identity, mailing address, and
4 phone number of the Foundation Representative. Any change in the Foundation Representative
5 shall be communicated to the RWQCB within 10 business days of the change.

6 17. The Trustee shall fund, subject to paragraph 19, below, water quality projects
7 (including reimbursement to the RWQCB for selection, design, implementation, permitting (as
8 necessary), monitoring and oversight associated with the funded projects) as directed by the
9 RWQCB.

10 18. The Trustee shall submit to the RWQCB an annual report, by December 15 of
11 each year, which itemizes all funds maintained, deposited, accrued, and disbursed from the
12 Segregated Account. The Trustee shall also provide the RWQCB any special periodic reports
13 of the Segregated Account's financial status upon request by the RWQCB.

14 **SELECTION OF AUTHORIZED PROJECTS**

15 19. The RWQCB, at public meetings, shall select water quality projects to be funded
16 by the Trust. Prior to selection, the RWQCB shall seek review and comment regarding projects
17 proposed for funding from the California Department of Fish and Game and the California State
18 Coastal Conservancy. The RWQCB may select for funding only water quality projects as
19 defined in paragraph 4, above. The RWQCB may also be reimbursed for selection, design,
20 implementation, permitting (as necessary), monitoring and oversight associated with the funded
21 projects. The RWQCB shall consider the following criteria in selecting water quality projects
22 for funding: 1) Geographical nexus (Santa Maria watershed, Santa Maria Ground Water Basin,
23 Nipomo Dunes, Near Coastal Waters); 2) Waste type nexus (petroleum); 3) Beneficial use nexus
24 (drinking water and agricultural supply (present/potential water supplies), aquatic habitat (fresh
25 and saline) and aquatic endangered species); 4) Institutional stability and capacity of the
26 recipients. Projects will be ranked based on the criteria, although greater weight will be given
27 to geographical criteria, and funding recipients must demonstrate sufficient institutional stability

1 and capacity to carry out the project. After the first round of project selection, the RWQCB
2 may review and modify these criteria from time to time. The RWQCB may only select projects
3 to be implemented within its geographical jurisdiction. The RWQCB may select projects that
4 will be implemented by the RWQCB.

5 20. RWQCB shall appoint a representative ("RWQCB Representative") for purposes
6 of communicating with the Foundation regarding management of the Trust and disbursements
7 from the Trust to facilitate Restoration Projects selected by RWQCB. RWQCB shall give the
8 Trustee Representative written notice of the name, address, and telephone number of the
9 RWQCB Representative. Any action taken by the Trustee in strict accordance with this Trust
10 Agreement and written instructions from the RWQCB Representative shall be considered
11 authorized by the RWQCB.

12 21. The Trustee shall make disbursements from the Trust only when the RWQCB
13 Representative has submitted to the Trustee an original signed written authorization for the
14 disbursements approved by the RWQCB.

15 **PAYMENT OF TRUST EXPENSES AND DISBURSEMENT OF FUNDS**

16 22. The Trustee shall receive, at the time funds are transferred to the Trust, an initial
17 administrative overhead reimbursement equal to two percent (2%) of the total funds transferred
18 to the Segregated Account. This initial administrative fee will be the sole charge for the cost
19 of day to day management of the Trust, initial bank charges for establishment of the Trust and
20 charges for the first year, and for personnel time for tracking, managing, and making
21 disbursements from the Trust. This initial administrative fee shall be paid from the corpus of
22 the Trust. There shall be no liability for payment by Unocal beyond the money paid pursuant
23 to paragraph 4.3 of the Stipulated Judgment comprised of the following: \$15,000,000.00 for
24 supplemental environmental projects; and half of the interest earned in escrow less escrow fees
25 and half of any amount remaining from the sum designated to pay costs incurred by DFG and/or
26 its designees. The Trustee shall make no charge against Unocal for the establishment of this
27 Trust, and except as provided in paragraph 23, below, no additional charges or deductions shall

1 be made against the corpus of the Trust in connection with the Administration of the Trust.

2 23. The Trustee will be reimbursed for extraordinary expenses not contemplated to
3 be incurred as part of normal management of the Trust, as set forth in paragraph 22, provided
4 such expenses are reasonable and actual expenses approved in writing by the RWQCB. Bank
5 charges for the Trust after the first year may be paid from interest collected on the Trust. For
6 the first three years following deposit of funds into the Trust, annual bank charges shall not
7 exceed .025% of the corpus of the Trust.

8 23. Upon receipt from the RWQCB representative of the written approval by RWQCB
9 to fund water quality projects selected pursuant to paragraph 19 above, the Trustee is authorized
10 and obliged to disburse funds in the Segregated Account as directed by the RWQCB.

11 24. Nothing in this Agreement shall create any rights or causes of action in persons
12 who are not signatories to this Agreement.

13 AMENDMENTS

14 25. This Agreement may be amended only by written agreement of the Foundation
15 and RWQCB.

16 NOTICES

17 26. Notices under this Agreement shall be made in writing and may be given by
18 delivery in person, by mail or by telecopy (fax).

19 27. Notices to the RWQCB shall be sent to:

20 Roger Briggs, Executive Officer
21 Regional Water Quality Control Board, Central Coast Region
22 81 Higuera Street, Suite 200
23 San Luis Obispo, CA 93401-5427
24 Phone: (805) 549-3147
25 Fax: (805) 549-0397

26 28. Notices to the Foundation shall be sent to:

27 Eric Hammerling
National Fish and Wildlife Foundation
116 New Montgomery St., Ste 203
San Francisco, CA 94105
Phone: (415) 778-0999
Fax: (415) 778-0998

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EFFECTIVE DATE

29. The Trust shall become effective upon transfer of settlement funds to the Trustee pursuant to the Stipulated Judgment.

TERMINATION

30. The Trust shall terminate when all funds subject to the Trust have been disbursed and the parties, excluding Unocal, agree to termination in writing.

FOR UNOCAL CORPORATION

Dated: 7/20/98 By: 

Paul T. West
General Manager
California Operating Services

FOR RWOCEB

Dated: _____ By: _____

Roger Briggs
Executive Officer

FOR THE FOUNDATION

Dated: _____ By: _____

Amos S. Eno
Executive Director

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FOR UNOCAL CORPORATION

Dated: _____ By: _____
Paul T. West
General Manager
California Operating Services

FOR RWOCB

Dated: 7-20-98 By: Paul Jaggan
Roger Briggs
Executive Officer

FOR THE FOUNDATION

Dated: _____ By: _____
Amos S. Eno
Executive Director

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FOR UNOCAL CORPORATION

Dated: _____ By: _____
Paul T. West
General Manager
California Operating Services

FOR RWOCB

Dated: _____ By: _____
Roger Briggs
Executive Officer

FOR THE FOUNDATION

Dated: 7/20/98 By: *Eric Hansen*
for Amos S. Eno
Executive Director

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UNION OIL COMPANY OF CALIFORNIA, dba
UNOCAL, a California Corporation, and
UNOCAL CORPORATION, a Delaware Corporation

DATED: _____

PAUL T. WEST, General Manager
California Operating Services
Unocal Corporation

DATED: _____

DANIELE FACCHINI
Assistant Secretary
Unocal Corporation

On Behalf of All Defendants

Counsel for Defendants:

DATED: _____

MARK A. SMITH, ESQ.,
Assistant General Counsel
UNOCAL CORPORATION

DATED: 7/17/98

Patrick J. Cafferty, Jr.
PATRICK J. CAFFERTY, JR., ESQ.
MUNGER, TOLLES & OLSON LLP

Counsel for Defendants Union Oil Company of California,
dba UNOCAL, and Unocal Corporation

Having considered the settlement terms set forth in this Stipulated Judgment and good cause
appearing therefore, IT IS SO ORDERED, ADJUDGED, AND DECREED.

DATED: JUL 22 1998

JAMES D. REAM
By: _____
HONORABLE BARRY C. HAMMER
JUDGE OF THE SUPERIOR COURT

