RESOLUTION NO. 2008-R __________

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY, CALIFORNIA, APPROVING A THIRD OPTION OF THE FRANCHISE OF EXXONMOBIL OIL CORPORATION TO OPERATE AND MAINTAIN A CERTAIN PIPELINE AND APPURTENANCES FOR THE TRANSPORTATION OF HYDROCARBON SUBSTANCES IN THE CITY OF CULVER CITY.

WHEREAS, on October 26, 1992, the Culver City City Council adopted Ordinance No. 92-014, which granted Mobil Oil Corporation a franchise to operate and maintain a certain pipeline and appurtenances for the transportation of hydrocarbon substances in the City of Culver City ("City"); and

WHEREAS, an initial term of five years and three five-year options were provided for under the terms of that franchise; and

WHEREAS, Mobil Oil Corporation exercised its first five-year option in 1997; and

WHEREAS, Mobil Oil Corporation changed its name to ExxonMobil Oil Corporation ("ExxonMobil") on June 1, 2001; and

WHEREAS, ExxonMobil exercised its second five-year option in 2002; and

WHEREAS, ExxonMobil has provided the City timely notice of its desire and intent to exercise its third five-year option; and

WHEREAS, ExxonMobil has been and is in compliance with the terms and conditions of its franchise; and

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WHEREAS, as verified by the Office of the State Fire Marshall, there have not been and are not now any violations of pipeline safety.

NOW, THEREFORE, the City Council of the City of Culver City, California, DOES HEREBY RESOLVE, as follows:

1. Pursuant to the terms of Ordinance No. 92-014, the franchise of Exxon Mobil to operate and maintain a certain pipeline and appurtenances for the transportation of hydrocarbon substances in the City of Culver City is hereby extended for a third five-year option, beyond the second five-year option which expired on November 25, 2007.

2. The term of the third five-year option began on November 26, 2007 and the expiration date for the third five-year option shall be November 25, 2012.

3. An administrative fee in the amount of $10,000 for processing costs shall be paid to the City, by ExxonMobil, before this option can become effective.

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4. The annual franchise fees for the third term shall be maintained as provided for in Ordinance No. 92-014, subject to the annual increases to the specified base rate. All other terms and conditions of the Franchise Ordinance shall remain in full force and effect.

APPROVED and ADOPTED this ______day of _______________, 2008.

____
ALAN CORLIN, MAYOR
City of Culver City, California

ATTEST:

____
CHRISTOPHER ARMENTA,
City Clerk
A08-00029

APPROVED AS TO FORM:

____
CAROL A. SCHWAB, City Attorney

C82

3

RESOLUTION NO. 2008-R_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY, CALIFORNIA, DECLARING ITS INTENT TO CONSIDER GRANTING A FRANCHISE TO EXXONMOBIL OIL CORPORATION TO OPERATE AND MAINTAIN A CERTAIN PIPELINE AND APPURTENANCES FOR THE TRANSPORTATION OF HYDROCARBON SUSBSTANCES AND SETTING THE TIME AND PLACE FOR THE RELATED PUBLIC HEARING.

WHEREAS, on October 26, 1992, the Culver City City Council adopted Ordinance No. 92-014, which granted Mobil Oil Corporation a franchise to operate and maintain a certain pipeline and appurtenances for the transportation of hydrocarbon substances in the City of Culver City ("City"); and

WHEREAS, an initial term of five years and three five-year options were provided for under the terms of that franchise; and

WHEREAS, Mobil Oil Corporation changed its name to ExxonMobil Oil Corporation ("ExxonMobil") on June 1, 2001; and

WHEREAS, Mobil Oil Corporation and ExxonMobil have completed the initial term of five years and exercised their three five-year options; and

WHEREAS, the third five-year option will expire in 2012; and

WHEREAS, ExxonMobil has requested that the City agree to consider granting a fourth and a fifth five-year option, which requires an amendment to the franchise agreement and granting of a franchise; and

WHEREAS, the City Council of the City of Culver City desires to conduct a public hearing, in compliance with Section 1700 of the City Charter, to consider any

C83

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protests or other comments from the public before making its decision regarding the granting of a franchise (to include the two additional five-year options) to ExxonMobil.

NOW, THEREFORE, the City Council of the City of Culver City DOES HEREBY RESOLVE as follows:

1. The City hereby declares its intent to consider granting a franchise (to include the two additional five-year options) to ExxonMobil.

2. The terms and conditions upon which it is proposed that this franchise be granted are as follows:

   a. The fourth and fifth options may be granted or denied at the City's sole discretion;

   b. ExxonMobil shall continue to pay the annual franchise fee and any other costs or penalties provided for in the existing franchise;

   c. Upon the exercise of the fourth and fifth option, ExxonMobil shall pay a non-refundable fee to the City to cover the City's administrative costs in processing such options.

3. The related public hearing is hereby set for February 25, 2008 at 7:00 pm in the City Hall Council Chambers, located at 9770 Culver Boulevard, Culver City, California.

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4. The City Clerk is hereby directed to publish this resolution in the Culver City News at least once within 15 days of its passage.

APPROVED and ADOPTED this _____ day of __________, 2008.

____
ALAN CORLIN, MAYOR
City of Culver City, California

ATTEST:

____
CHRISTOPHER ARMENTA, City Clerk
A08-00029

APPROVED AS TO FORM:

____
CAROL A. SCHWAB, City Attorney

C85

6

SECTION

D

PENALTY PAYMENTS

PAGES D1 - D4

ExxonMobil Pipeline Company
12851 East 166th Street
Cerritos, California 90703-2103

2002 OVER

ExxonMobil
Pipeline

March 18, 2003

RECEIVED
03 MAR 18 AM 10:16
CITY TREASURER
CULVER CITY CALIF

Ms. Carol A. Schwab – City Attorney
Mr. Mark A. Ambrozich – City Attorney
City of Culver City
9770 Culver Blvd.
Culver City, CA. 90232-0507

RE: Ordinance No. 92-014

Dear Ms. Schwab and Mr. Ambrozich:

In compliance with the current terms and conditions of Culver City Ordinance No. 92-014, specifically Mitigation Measure CC-23, enclosed is ExxonMobil Oil Corporation's Check No. 2500028486, issued to the City of Culver City in the amount of $949,091.25.

As stated in our previous correspondence, we request your consideration to modify condition CC-23 of said Ordinance in order to be consistent with the increased throughput allowance approved and authorized by the City of Los Angeles, pursuant to the First Addendum to the Final Environmental Impact Report/Statement for the M-70 Pipeline Replacement and Optimization Project.

Your response to our request to discuss the modification of Mitigation Measure CC-23 will be appreciated. Please contact me at (310) 212-1761.

Very truly yours,

Ruth Cronin-Fruitt

Ruth Cronin-Fruitt, Regional Mgr.
West Coast Right of Way Dept.

Enclosure
cc: Mr. Joel Larkin

D1
127

ExxonMobil Pipeline Company
12851 East 166th Street
Cerritos. California 90703-2103

2003 OVER

RECEI
04 MAR 12
CITY T...
CULVER CITY

ExxonMobil
Pipeline

VIA UPS DELIVERY

March 12, 2004

Mr. Mark Ambrozich
City Treasurer
City of Culver City
9770 Culver Blvd.
Culver City, CA 90232-0507

RE: City Ordinance No. 2003-16 and
City Ordinance No. 92-14

Dear Mr. Ambrozich:

In compliance with the terms and conditions of Culver City Ordinance No. 2003-16, (Amendment to Ord. 92-14, specifically Mitigation Measure CC-23, enclosed is ExxonMobil Oil Corporation's Check No. 2500352704, issued to City of Culver City in the amount of $181,934.25. Said payment is based on the M-70 pipeline's annual average throughput of 104,969 thousand barrels per day (TBD) for the 2003 calendar year. Payment computed as follows: 9,969 barrels in excess of 95,000 TBD; 9969x$0.05=$498.45 x 365 days = $181,934.25.

If you have any questions or require additional information, please contact me at (310) 212-1761.

Very truly yours,

Ruth Cronin-Fruitt

Ruth Cronin-Fruitt, Regional Mgr.
West Coast Right of Way Dept.

Enclosure
Rcf0312

cc: J. C. Larkin
M. Myers
T. Shinde

D2

132

ExxonMobil Pipeline Company
12851 East 166th Street
Cerritos, California 90703-2103

2004 OVER

RECEIVED
05 MAR -8 AM 10: 44
CITY TREASURER
CULVER CITY, CALIF.

ExxonMobil Pipeline

VIA UPS DELIVERY March 7, 2005

Ms. Crystal Alexander
City Treasurer
City of Culver City
9770 Culver Blvd.
Culver City, CA 90232-0507

RE: City Ord. No. 2003-16 and City Ord. #92-14

Dear Ms. Alexander:

In compliance with the terms and conditions of Culver City Ordinance No. 2003-16, (Amendment to Ordinance No. 92-14, specifically Mitigation Measure CC-23), enclosed is ExxonMobil Oil Corporation's Check No. 2500622057, issued to the City of Culver City in the amount of $3,504.00. Said payment is based on the M-70 pipeline's annual average throughput of 95,192 thousand barrels per day (TBD) for the 2004 calendar year. Payment computed as follows: 192 barrels in excess of 95,000 TBD; 192x$0.05 = $9.69 x 365 days = $3,504.00.

If you have any questions or require additional information, please contact me at (310) 212-1761.

Very truly yours,

R Cronin-Fruitt

Ruth Cronin-Fruitt, Regional Mgr.
West Coast/Rockies Right of Way Dept.
for ExxonMobil Oil Corporation

enclosure
rcf0307
cc: J. C. Larkin
S. Flota
T. Shinde

D3
130

ExxonMobil Pipeline Company
12651 East 166th Street
Cerritos, California 90703-2103

2005 OVER

VIA UPS DELIVERY

January 31, 2006

ExxonMobil Pipeline

RECEIVED 06 FEB -1 AM 10:41 CITY TREASURER CULVER CITY, CALIF.

Ms. Crystal Alexander
City Treasurer
City of Culver City
9770 Culver Blvd.
Culver City, CA 90232-0507

RE: City Ord. No. 2003-16 and City #92-14

Dear Ms Alexander:

In compliance with the terms and conditions of Culver City Ordinance No. 2003-16, (Amendment to Ordinance No. 92-14, specifically Mitigation Measure CC-23), enclosed is ExxonMobil Oil Corporation's Check No. 2500809663, issued to the City of Culver City in the amount of $26,950.25. Said payment is based on the M-70 pipeline's annual average throughput of 96,457 thousand barrels per day (TBD) for the 2005 calendar year. Payment computed as follows: 1,457 barrels in excess of 95,000 TBD; 1,457 x $0.05 = $72.85 x $365 days = $26,590.25. Also enclosed is a copy of the M-70 2005 Annual Throughput Report, which had previously been sent to Culver City's City Engineer.

If you have any questions or require additional information, please contact me at (310) 212-1761.

Very truly yours,

Ruth Cronin-Fruitt

Ruth Cronin-Fruitt, Regional Manager
West Coast/Rockies Right of Way Dept.
for ExxonMobil Oil Corporation

enclosures

cc: J. Rose
S. Flota

OX
142

SECTION E

AUDIT REPORTS

PAGES E1 - E20

CITY OF CULVER CITY

9770 CULVER BOULEVARD, CULVER CITY, CALIFORNIA 90232-0507

(310) 253-5870

FAX (310) 253-5880

~~September 05, 2002~~

Mr. M. Steve Brett, Field Supervisor Pipeline Operations
Exxon Mobil Pipeline Company
Torrance Meters
20225 South Van Ness Avenue
Torrance, California 90503

Dear Mr. Brett:

We have been reviewing the City's various agreements and franchises. The franchise agreement outlined in the City Ordinance 92-014, specifically Exhibit "C", Mitigation Measure "CC-22" states:

"Mobil shall provide the City on a quarterly basis, no later than 60 days after the end of any quarter, with throughput reports of the amount of crude oil transported through the M-70 Pipeline within Culver City. Such reports shall be based on the figures developed at the Torrance terminal of the M-70 Pipeline. At the City's request, Mobil shall provide an audit of such throughput reports by an independent internationally recognized accounting firm with significant crude oil accounting experience".

We believe that it is in the City's best interest to request an audit of all periods since the adoption of Ordinance 92-014 as outlined in Mitigation Measure CC-22.

Should you have any questions, please don't hesitate to call me at 310/253-5860.

Sincerely,

Mark A. Ambrozich
City Treasurer

MA/sp

Cc: Mayor and City Council
Mike Thompson, Chief Administrative Officer
Carol Schwab, City Attorney

E-1
149

ExxonMobil Pipeline Company
12851 East 166th Street
Cerritos, California 90703-2103

RECEIVED
03 MAR 26 PM 3:24
CITY ATTORNEY-RISK MGMT.
CITY OF CULVER CITY

ExxonMobil
Pipeline

VIA UPS DELIVERY

October 11, 2002

Mr. Mark A. Ambrozich
City Treasurer
City of Culver City
9770 Culver Blvd.
Culver City, CA 90232-0507

RECEIVED
02 OCT 14 PM 3:14
CITY TREASURER
CULVER CITY, CALIF.

RE: Ordinance No. 92-014

Dear Mr. Ambrozich:

In response to your request of September 5, 2002, pertaining to ExxonMobil Oil Corporation's (ExxonMobil) compliance with the City of Culver City's (City) Ordinance No. 92-014, specifically Mitigation Measure CC-22, please be advised that we are prepared to comply with said audit request.

With respect to the above, and pursuant to U.S. Department of Transportation Regulation 195.404, ExxonMobil is required to maintain pipeline operating records for a period of three (3) years. Therefore, consistent with federal law, the daily throughput records of the M-70 pipeline are available for audit for the years 1999, 2000 and 2001. We have selected Price Waterhouse Cooper, an internationally recognized accounting firm with significant crude oil accounting experience, to conduct the audit of the M-70 Pipeline throughput records for the above mentioned years. We anticipate the final audit findings report will be provided to you by mid-December, 2002.

We would like to take this opportunity to advise you that the First Addendum to the Final Environmental Impact Report/Statement for the M-70 Pipeline Replacement and Optimization Project was approved by the City of Los Angeles Department of Transportation (LADOT) on April 12, 2001. The First Addendum allows ExxonMobil to increase the annual average throughput of the M-70 pipeline from 95,000 barrels per day to 115,000 barrels per day (annual average). This increase was approved based on findings that the increased throughput would not present any new or additional significant environmental impacts beyond what was considered in the 1991 Final Environmental Impact Report/Statement. You will recall LADOT is the California Environmental Quality Act (CEQA) lead agency for the project identified above. A copy of the First Addendum along with LADOT's Board Report (dated April 12, 2001) and LADOT's notification to the CA. State Clearinghouse (dated June 28, 2001) is enclosed for your reference.

E-2
150

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Ordinance No. 92-014 contains a provision, Mitigation Measure CC-23, that limits the M-70 pipeline throughput to an annual average of 95,000 barrels per day based on the findings in the 1991 Final Environmental Impact Report/Statement. Because the basis for this mitigation measure has now been modified, we believe it is appropriate and supportable for the City of Culver City to also modify Mitigation Measure CC-23 to be consistent with the increased throughput allowance in the amended Final Environmental Impact Report/Statement. We therefore would appreciate you advising us of the process to effectuate such a modification to Mitigation Measure CC-23 found in Ordinance No. 92-014 to increase the allowable annual average throughput of the M-70 pipeline from 95,000 barrels per day to 115,000 barrels per day.

We look forward to hearing from you on the modification to Mitigation Measure CC-23 of Ordinance No. 92-014. In the meantime, if you have any questions or require additional information, please contact me at (310) 212-1761.

Very truly yours,

Ruth Cronin-Fruitt

Ruth Cronin-Fruitt, Regional Mgr.
West Coast Rights of Way Dept.

Enclosures

cc: Mr. Joel Larkin – w/o encl.
Mr. Joseph Perez – w/o encl.
Mr. Steve McDaniel – w/o encl.

CulverCity01

E-3
151

ExxonMobil Pipeline Company
12851 East 166th Street
Cerritos, California 90703-2103

C. Sch

RECEIVED
03 JAN 14 AM 11:33
CITY ATTORNEY-RISK MGMT.
CITY OF CULVER CITY

ExxonMobil Pipeline

02 DEC
CITY TR
CULVER CITY

VIA UPS DELIVERY December 26, 2002

Mr. Mark A. Ambrozich
City Treasurer
City of Culver City
9770 Culver Blvd.
Culver City, CA 90232-0507

RE: Ordinance No. 92-014

Dear Mr. Ambrozich:

Pursuant to your request of September 5, 2002 and my subsequent correspondence to you dated October 11, 2002, enclosed please find the audit report for the crude oil throughput volumes transported via ExxonMobil Oil Corporation's M-70 pipeline for the years 1999, 2000 and 2001. PRICEWATERHOUSECOOPERS LLP an internationally recognized accounting firm with significant crude oil accounting experience conducted said report.

Once you have had an opportunity to review said report, should you have any questions or require additional information, please contact me at (310) 212-1761.

In addition, I would appreciate the opportunity to discuss with you and the City Attorney, our request to modify Mitigation Measure CC-23 of City Ordinance No. 92-014 to be consistent with the increased throughput allowance for the M-70 pipeline as authorized in the First Addendum to the 1991 Final Environmental Impact Report/Statement for the M-70 Pipeline Replacement and Optimization Project.

I look forward to meeting you in early 2003 to discuss these issues.

Very truly yours,

Ruth Cronin-Fruitt

Ruth Cronin-Fruitt, Regional Manager
West Coast Right of Way Dept.

Enclosures
cc: Mr. Joe Perez- w/enclosure
Mr. Joel Larkin – w/o enclosure

E-X
152

PRICEWATERHOUSECOOPERS

ExxonMobil Oil Corporation

Schedule of Crude Oil Transported through the M-70 Pipeline within Culver City, California

December 31, 2001, 2000 and 1999

E-5
153

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
1201 Louisiana, Suite 2900
Houston TX 77002-5678
Telephone (713) 356 4000
Facsimile (713) 356 4717

Report of Independent Accountants

To the Management of
ExxonMobil Oil Corporation

We have examined the accompanying Schedule of Crude Oil Transported through the M-70 Pipeline within Culver City, California for the years ended December 31, 2001, 2000 and 1999 (the "Schedule"). ExxonMobil Oil Corporation's management is responsible for the completeness and accuracy of the Schedule. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the completeness and accuracy of the Schedule and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the crude oil volumes transported through the M-70 Pipeline at the Torrance terminus within Culver City, California for the years ended December 31, 2001, 2000 and 1999 based on the criteria set forth in Note 1.

This report is intended solely for the information and use of ExxonMobil Oil Corporation and the city of Culver City, California and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

November 8, 2002

E-6
154

ExxonMobil Oil Corporation
Schedule of Crude Oil Transported through the M-70 Pipeline within Culver City, California
Years Ended December 31, 2001, 2000 and 1999

(in barrels of oil)

Month	2001	2000	1999
January	3,008,336	2,886,783	2,542,024
February	2,592,381	2,725,510	2,137,250
March	2,842,320	2,744,236	2,828,444
April	2,539,001	2,768,088	2,918,949
May	2,630,808	3,124,523	3,025,129
June	2,612,797	3,052,827	2,865,279
July	2,920,593	3,175,659	2,778,892
August	2,914,408	3,168,271	2,697,109
September	3,111,360	3,093,118	2,475,379
October	3,117,335	2,210,650	2,647,885
November	2,920,393	2,756,882	2,593,873
December	3,213,418	2,950,324	2,827,819
Total	34,423,150	34,656,871	32,338,032

E-7
155

The accompanying notes are an integral part of this schedule.

ExxonMobil Oil Corporation
Notes to the Schedule of Crude Oil Transported through the M70 Pipeline within Culver City, California
December 31, 2001, 2000 and 1999

1. **Basis of Presentation**

The Schedule of Crude Oil Transported through the M-70 Pipeline within Culver City, California (the "Schedule"), as required by Culver City Ordinance No. 92-014 Mitigation Measure CC-22, details M-70 Pipeline throughput volumes required to be reported by ExxonMobil Oil Corporation ("ExxonMobil") to the city of Culver City, California. Mitigation Measure CC-22 requires that such report shall be based on the figures developed at the Torrance, California terminus of the M-70 Pipeline. The crude oil volumes in the Schedule reflect 60°F net barrels delivered at the Torrance, California terminus, measured in accordance with the ExxonMobil Pipeline Company Measurement Manual.

On November 30, 1999, Exxon Corporation (Exxon) merged with Mobil Corporation (Mobil) so that Mobil became a wholly-owned subsidiary of Exxon (the Merger). At the same time, Exxon changed its name to Exxon Mobil Corporation. All references to former Exxon and Mobil affiliates have been changed to give effect to the Merger.

2. **Comparison with Volumes Previously Reported**

A comparison of the volumes in the Schedule with those previously reported by ExxonMobil to the city of Culver City, California under Mitigation Measure CC-22 for the years ended December 31, 2001, 2000 and 1999 follows:

(in barrels of oil)

2001 **Month**	**Volumes per schedule**	**Volumes as previously reported**	**Difference**
January	3,008,336	3,016,064	(7,728)
February	2,592,381	2,598,539	(6,158)
March	2,842,320	2,854,521	(12,201)
April	2,539,001	2,426,224	112,777
May	2,630,808	2,630,032	776
June	2,612,797	2,612,798	(1)
July	2,920,593	2,920,586	7
August	2,914,408	2,914,408	
September	3,111,360	3,111,360	
October	3,117,335	3,117,335	
November	2,920,393	2,920,393	
December	3,213,418	3,213,417	1
Total	34,423,150	34,335,677	87,473

E-9
156

ExxonMobil Oil Corporation
Notes to the Schedule of Crude Oil Transported through the M70 Pipeline within Culver City, California
December 31, 2001, 2000 and 1999

(in barrels of oil)

2000 Month	Volumes per schedule	Volumes as previously reported	Difference
January	2,886,783	2,886,766	17
February	2,725,510	2,725,505	5
March	2,744,236	2,745,400	(1,164)
April	2,768,088	2,768,087	1
May	3,124,523	3,120,210	4,313
June	3,052,827	3,052,829	(2)
July	3,175,659	3,175,660	(1)
August	3,168,271	3,168,267	4
September	3,093,118	3,093,109	9
October	2,210,650	2,210,647	3
November	2,756,882	2,756,872	10
December	2,950,324	2,950,327	(3)
Total	34,656,871	34,653,679	3,192

(in barrels of oil)

1999 Month	Volumes per schedule	Volumes as previously reported	Difference
January	2,542,024	2,542,036	(12)
February	2,137,250	2,137,241	9
March	2,828,444	2,828,430	14
April	2,918,949	2,885,411	33,538
May	3,025,129	3,023,749	1,380
June	2,865,279	2,865,819	(540)
July	2,778,892	2,778,891	1
August	2,697,109	2,697,223	(114)
September	2,475,379	2,475,367	12
October	2,647,885	2,647,891	(6)
November	2,593,873	2,593,877	(4)
December	2,827,819	2,827,819	
Total	32,338,032	32,303,754	34,278

E-9
157

3. **Comparison of Annual Average of Daily Volumes Transported**

ExxonMobil previously reported to the city of Culver City, California an annual average of daily volumes transported through the M-70 Pipeline within Culver City, California. Average daily volumes per the Schedule (based on 365, 366 and 365 calendar days per year for 1999, 2000 and 2001, respectively) compared with the annual average of daily volumes previously reported to the city of Culver City, California are as follows:

(in barrels of oil)	**Annual average daily volumes per schedule**	**Annual average daily volumes previously reported**
For the years ended		
1999	88,597	88,503
2000	94,691	94,682
2001	94,310	93,813

E-10
158

CITY OF CULVER CITY

INTER-OFFICE CORRESPONDENCE

Date: January 29, 2003

To: Honorable Mayor and Council Members

From: Carol A. Schwab. City Attorney
Mark A. Ambrozich, City Treasurer

Subject: **ExxonMobil Pipeline Company (Exxon Mobil) Use of Pipeline**

At a recent meeting, Council Member Vera asked staff to review Exxon Mobil's use of the M-70 Pipeline to be sure Exxon Mobil was not transporting more oil through that pipeline than permitted by the City's franchise, which was granted by Ordinance No. 94-014 and extended by Resolutions No. 97-R080 and No. 02-R093. Before Council Member Vera raised the issue, the City Treasurer and City Attorney were already proceeding with an analysis of that situation. In fact, on September 5, 2002, the City Treasurer had requested Exxon Mobil to provide the audit report discussed below. He received that audit report on December 30, 2002.

Pursuant to the franchise, Exxon Mobil is permitted to transport an annual average of 95,000 barrels per day of oil through Culver City. If more than that 95,000 barrels is transported, then Exxon Mobil must pay a penalty in the amount of ten cents ($.10) for each barrel the cumulative amount exceeded the annual average of 95,000 barrels per day times the number of days in the year. If the number of barrels exceeds 100,000, then the penalty is an additional fifteen ($.15) per day per barrel over that 100,000.[1]

We have reviewed the audit report provided by PricewaterhouseCoopers, LLP for the years 1999, 2000, 2001. The annual average daily barrels were 88,597 for 1999, 94,691 for 2000 and 94,691 for 2001. Therefore, no penalty payment is due for any of those years.

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[1] By way of example only, if Exxon Mobil transported an annual average 105,000 barrels per day in a non-leap year, then that penalty would be $638,750. That results from the following calculation:

(105,000 – 95,000) x $.10 x 365 = 365,000
(105,000 – 100,000) x $.15 x 365 = 273,750

E-11

By transmitting a copy of this memo to Exxon Mobil, we are asking Exxon Mobil for an audit report for 2002. After we review that audit, we will provide an update to the Council.

As a further note of information, Exxon Mobil was recently granted permission, by Los Angeles, to transport 115,000 barrels per day. Exxon Mobil has requested the City likewise to modify our franchise to allow that increased flow. We will return to you with that item on an upcoming agenda.

c: Mike Thompson, Chief Administrative Officer
Eric Shapiro, City Controller
Ruth Cronin-Fruitt, Regional Manager ExxonMobil Pipeline Company

E-12
160

9770 CULVER BOULEVARD CULVER CITY, CA 90232-0507 www.culvercity.org

Culver CITY

December 21, 20006

Ms Ruth Cronin-Fruitt
Regional Manager,
West Coast / Rockies Right of Way Dept.
12851 East 166 Street
Cerritos, CA 90703-2103

Dear Ms. Cronin-Fruitt:

We refer to the City of Culver City's Ordinance number 92-014 which granted a non-exclusive franchise to Mobil Oil (Exxon Mobil's predecessor-in – interest) to construct, operate and maintain the M-70 pipeline system under the City of Culver City. This was updated by Ordinance number 2003-016 which dealt with Mitigation Measure CC-23.

The Franchise agreement outlined in the City's Ordinance 92-014, specifically Exhibit "C" Mitigation Measure CC-22 states:

"Mobil shall provide the City on a quarterly basis, no later than 60 days after the end of any quarter, with throughput reports of the amount of crude transported through the M-70 Pipeline within Culver City. Such reports shall be based on the figures developed at the Torrance terminus of the M-70 Pipeline. At the City's request, Mobil shall provide an audit of such throughput reports by an independent internationally recognized accounting firm with significant crude oil accounting experience".

Since the last audit was performed in 2002 for the years ended December 31, 1999, 2000, and 2001, we would like to request for an audit of the subsequent periods.

Should you have any questions, please do not hesitate to call the undersigned at (310) 253 5865.

Sincerely,

Crystal C Alexander

Crystal C. Alexander
City Treasurer

cc: Mayor and City Council
Jerry Fulwood, City Manager
Carol Schwab, City Attorney

E-13
161

CRYSTAL C ALEXANDER CITY TREASURER
CITY TREASURER'S OFFICE TEL 310.253.5865 FAX 310.253.5880

ExxonMobil Pipeline Company
12851 East166th Street
Cerritos, CA 90703-2103
(310) 212-1761 Telephone
(310) 212-1788 Facsimile

ExxonMobil
Pipeline

VIA UPS DELIVERY

June 11, 2007

RECEIVED
07 JUN 12 AM 10: 36
CITY TREASURER
CULVER CITY, CALIF.

Ms. Crystal C. Alexander
City of Culver City
City Treasurer
9770 Culver Blvd.
Culver City, CA 90232-0507

RE: Ordinance No. 92-014 – Audit Report
Our File: R/W 5531-11

Dear Ms. Alexander:

Per your request, and pursuant to Culver City Ordinance No. 92-014, specifically Exhibit "C" Mitigation Measure CC-22, enclosed are three copies of the M-70 pipeline throughput audit report for the years 2004, 2005 and 2006. This audit was conducted by Pannell Kerr Forster of Texas, P.C. (PKF). PKF is an independent internationally recognized accounting firm with significant crude oil accounting experience.

Should you have any questions pertaining to this audit, please contact me and I will direct you to the appropriate PKF representative. I can be reached at (310) 212-1761.

Very truly yours,

Ruth Cronin-Fruitt

Ruth Cronin-Fruitt, Regional Manager
West Coast/Rockies Right of Way Dept.
For ExxonMobil Oil Corporation

Enclosures

E-14
162

ExxonMobil Oil Corporation

Schedule of Crude Oil Transported through the M-70 Pipeline within Culver City, California

For the Years Ended December 31, 2006, 2005 and 2004

E-15
163

ExxonMobil Oil Corporation

December 31, 2006, 2005 and 2004

Table of Contents

E-16
164

PANNELL
KERR
FORSTER
OF TEXAS, P.C.

CPAs & Professional Advisors
5847 San Felipe, Suite 2400
Houston, Texas 77057-3092
Main: (713) 860-1400
Fax: (713) 355-3909
www.pkftexas.com

INDEPENDENT ACCOUNTANT'S REPORT

To the Management of
ExxonMobil Oil Corporation

We have examined the accompanying Schedule of Crude Oil Transported through the M-70 Pipeline within Culver City, California for the years ended December 31, 2006, 2005 and 2004 (the "Schedule"). This Schedule is the responsibility of the ExxonMobil Oil Corporation's management. Our responsibility is to express an opinion on this Schedule based on our audit.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the completeness and accuracy of the Schedule and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the barrels of crude oil volumes transported through the M-70 Pipeline at the Torrance terminus within Culver City, California for the years ended December 31, 2006, 2005 and 2004 based on the criteria set forth in Note 1.

The report is intended solely for the information and use of ExxonMobil Oil Corporation and the city of Culver City, California and is not intended to be and should not be used by anyone other than these specified parties.

Pannell Kerr Forster of Texas, P.C.

May 18, 2007

E-17
165

ExxonMobil Oil Corporation

Schedule of Crude Oil Transported through the M-70 Pipeline
within Culver City, California
(in barrels of oil)

Month	Years Ended December 31, 2006	2005	2004
January	2,794,812	2,656,330	2,878,255
February	1,651,939	2,544,784	2,022,180
March	918,897	3,009,634	2,390,938
April	1,892,776	3,052,454	2,766,245
May	3,008,202	3,012,297	3,060,567
June	2,874,393	2,925,515	3,044,602
July	2,646,731	2,968,033	3,266,023
August	2,512,230	3,053,489	3,210,967
September	2,679,354	3,023,319	3,056,150
October	2,769,582	3,152,240	3,176,954
November	3,055,892	2,897,939	3,064,440
December	3,080,215	2,911,062	2,799,396
Total	29,885,023	35,207,096	34,736,717

E-18
166

ExxonMobil Oil Corporation

Notes to the Schedule of Crude Oil Transported through the M-70 Pipeline within Culver City, California

Note 1 - Basis of Presentation

The Schedule of Crude Oil Transported through the M-70 Pipeline within Culver City, California (the "Schedule"), as required by Culver City Ordinance No. 92-014 Mitigation Measure CC-22, details M-70 Pipeline throughput barrels of crude oil volumes required to be reported by ExxonMobil Oil Corporation ("ExxonMobil") to the city of Culver City, California. Mitigation Measure CC-22 requires that such report shall be based on the figures developed at the Torrance, California terminus of the M-70 Pipeline. A barrel of crude oil is equivalent to 42 U.S. gallons. The crude oil volumes in the Schedule reflect 60° F net barrels delivered at the Torrance, California terminus, measured in accordance with the ExxonMobil Pipeline Company Measurement Manual.

Note 2 - Comparison with Crude Volumes Previously Reported

A comparison of the crude oil volumes, in barrels, in the Schedule with those volumes previously reported by ExxonMobil to the city of Culver City, California under Mitigation Measure CC-22 for the years ended December 31, 2006, 2005, and 2004 are as follows:

2006

Month	Volumes per Schedule	Volumes as previously reported	Difference
January	2,794,812	2,797,207	(2,395)
February	1,651,939	1,652,553	(614)
March	918,897	929,246	(10,349)
April	1,892,776	1,892,853	(77)
May	3,008,202	3,008,376	(174)
June	2,874,393	2,874,597	(204)
July	2,646,731	2,646,714	17
August	2,512,230	2,512,283	(53)
September	2,679,354	2,679,739	(385)
October	2,769,582	2,769,685	(103)
November	3,055,892	3,055,752	140
December	3,080,215	3,080,442	(227)
Total	29,885,023	29,899,447	(14,424)

2005

Month	Volumes per Schedule	Volumes as previously reported	Difference
January	2,656,330	2,656,292	38
February	2,544,784	2,544,705	79
March	3,009,634	3,009,685	(51)
April	3,052,454	3,052,471	(17)
May	3,012,297	3,012,431	(134)
June	2,925,515	2,925,539	(24)
July	2,968,033	2,967,818	215
August	3,053,489	3,053,508	(19)
September	3,023,319	3,023,263	56
October	3,152,240	3,152,321	(81)
November	2,897,939	2,897,925	14
December	2,911,062	2,910,817	245
Total	35,207,096	35,206,775	321

E-19
167

ExxonMobil Oil Corporation

Notes to the Schedule of Crude Oil Transported through the M-70 Pipeline within Culver City, California

Note 2 - Comparison with Crude Volumes Previously Reported (continued)

2004 Month	Volumes per Schedule	Volumes as previously reported	Difference
January	2,878,255	2,878,221	34
February	2,022,180	2,029,878	(7,698)
March	2,390,938	2,390,111	827
April	2,766,245	2,766,196	49
May	3,060,567	3,060,250	317
June	3,044,602	3,044,493	109
July	3,266,023	3,265,914	109
August	3,210,967	3,211,313	(346)
September	3,056,150	3,056,402	(252)
October	3,176,954	3,178,900	(1,946)
November	3,064,440	3,063,174	1,266
December	2,799,396	2,800,229	(833)
Total	34,736,717	34,745,081	(8,364)

Note 3 - Comparison of Annual Average of Daily Volumes Transported

ExxonMobil previously reported to the city of Culver City, California an annual average of daily volumes transported through the M-70 Pipeline within Culver City, California. Average daily volumes per the Schedule (based on 365, 365 and 366 calendar days per year for 2006, 2005 and 2004, respectively) compared with the annual average of daily barrels of crude oil volumes previously reported to the city of Culver City, California are as follows:

For the years ended December 31,	Annual average daily volumes per schedule	Annual average daily volumes previously reported	Difference
2006	81,877	81,916	(39)
2005	96,458	96,457	1
2004	94,909	95,192	(283)

E-20
168

SECTION F

ADDITIONAL DOCUMENTS

9 October 1991

Mr. Steven Gourley
Feinstein, Gourley and Burnstein
1111 West Olympic Boulevard Suite 300
Los Angeles, California 90064

Re: MOBIL M-70 'REPLACEMENT' PIPELINE PROJECT

Dear Steven,

Please find enclosed herewith copies of many of the letters c oppoition to the above-captioned project. Not included at this time is the letter of opposition of State Senator Diane Watso which we will forward as soon as we receive it from her Chief o Staff in her Sacramento Office.

Especially do we bring your attention to the recent virtual expos by the Los Angeles Times of the negligent and extremely dangerou practices of the Mobil Oil Corporation at its major Torranc refinery. A close read of this article is in order as i underscores many of the serious and well-grounded concerns of th Coalition Against Pollution and the Pipeline.

Please note that the federal NEPA process is not over, and that a number of legislators have joined with us to appeal the Initia Record of Decision of the Forest Service.

We trust in the democratic processes of Culver City. To this point, we request that we be put on the mailing lists of all notices as to hearing and decision-making on this proposal. We are fully available to you and the City to present vital information which will enable you and the City to properly make your decision.

Regards,

Michele Grumet John Aubuchon

Michele Grumet John Aubuchon
Co-Directors
Coalition v. Pollution & Pipeline
P.O.Box 42177 L.A.,CA. 90042-0177
(213) 257-2203 FAX (213) 750-6604

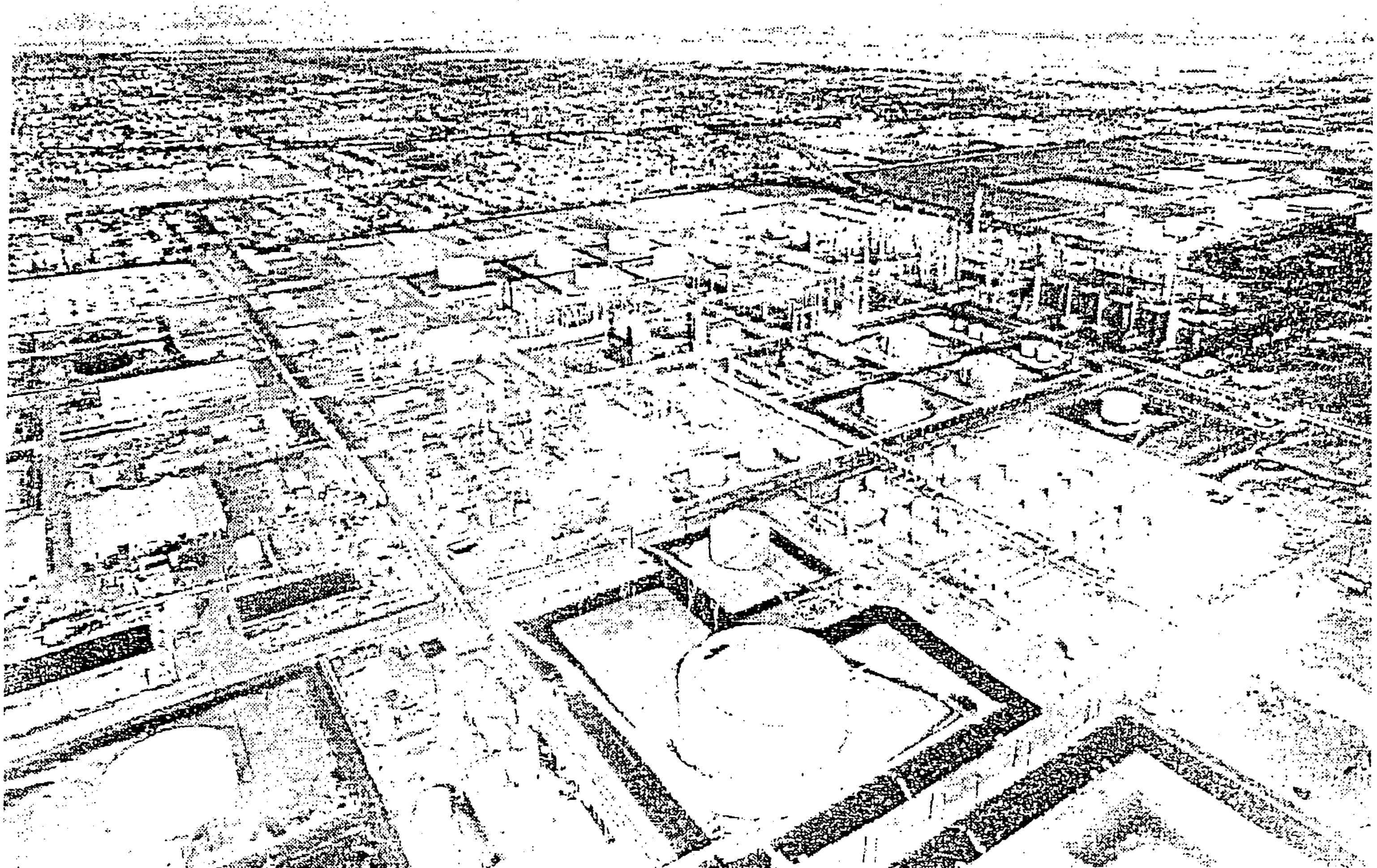
encs.

F1

South Bay News

Document Alleges Hazards at Refinery

TORRANCE'S SECRET CASE AGAINST MOBIL



Troubles have plagued the Mobil Oil refinery, which sits on 750 acres in northeast Torrance. At least six fatalities, have occurred at the plant since 1979. It is the only major refinery in the region that uses hydrofluoric acid, which can

F2

REFINERY: Brief Alleges Hazards at Torrance Plant

Excerpts from Torrance's Arguments

Here are selected excerpts and summaries of a confidential draft of the arguments the city of Torrance made a year ago in its landmark public nuisance lawsuit against the Mobil refinery. Filed almost 2½ years ago, the case never went to trial, and all of the documents the city gathered during 18 months of trial preparation were kept secret. This is the public's first look at what the city believed in October, 1990, were the most compelling reasons for seeking court-ordered regulation of the sprawling refinery in northeast Torrance. A consent decree signed that October avoided a trial. Mobil agreed to modify or phase out the use of highly toxic hydrofluoric acid by the end of 1997, and accept the appointment of an outside safety adviser to monitor refinery operations.

"Mobil . . . poses a public nuisance":

■ One million people live within a few miles of the refinery, and three schools and several hospitals are within one-third of a mile. Fires, explosions and other accidents at the refinery have injured scores of persons on- and off-site, and have killed at least six people since 1979.

■ The refinery has emitted toxic fumes and noxious odors that have sickened workers and nearby residents, hospitalized schoolchildren and caused street closures. And it has sprayed oil that has spotted "pets, lawns, houses, hanging laundry and cars."

"Regulatory efforts fall short":

■ Mobil has internally acknowledged responsibility for the hydrogen sulfide release that sent eight students and two teachers at Magruder Middle School to the hospital in March, 1989, but has never revealed that to the South Coast Air Quality Management District, and has never been cited for a pollution violation. When prosecuted for pollution violations, Mobil generally pleads no contest and pays no more than $1,500 in fines.

■ Mobil, whose net profits are $4 million to $8 million per month, considers the $900,000 annually it paid the AQMD in 1988 and 1989 for excess emissions a cost of doing business.

Mobil's use of independent contractors:

■ On July 15, 1988, two explosions involving outside contract workers disrupted work at the refinery. The second one, involving Cal Cat Chemical Co., killed one worker and seriously burned two others. In May, 1989, Mobil rehired the same contractor—which had changed its name to Erikson Environmental—despite its poor safety record "simply because they charged lower rates than other potential contracters for this job."

■ Mobil and other refineries hire contractors because they are cheaper by the hour and relieve the refineries of paying for employee benefits. Mobil "also hires contractors in order to attempt to distance itself from liability suits and criminal and civil regulatory enforcement actions. . . ."

"Mobil's longstanding disregard of safety:"

■ "Mobil's own documents admit that the Torrance refinery is one of Mobil's oldest refineries and that management makes only 'Band-Aid repairs' instead of spending money to implement a strong preventive maintenance program and to replace potentially hazardous equipment. . . ."

■ A 1988 chart prepared by Mobil showed that 62 of the refinery's 85 storage tanks have been used since before 1950, despite having a useful life of only 15 years. Some moved to the site in the 1930s were still in use at the beginning of 1990.

■ Mobil's headquarters management in Fairfax, Va., strongly objected to Torrance management's request to double-bottom six particular storage tanks. "The refinery was criticized for not sharing management's 'philosophy' regarding repairs. . . ."

■ Flammable hydrocarbons have seeped into the refinery's fire water and steam system, which are intended to snuff out flash fires and cool process units during major blazes. On occasion, "employees tried to use the systems to put out small fires and ended up spraying oil, not water, on the fires."

"Mobil has repeatedly failed to meet reporting requirements":

■ During a legislative inquiry, Mobil claimed only 32 injuries from 1980 to 1989. But documents show there were 392 injuries from 1985 to 1988 alone.

F3

Torrance and the Mobil Refinery

The Mobil Oil Corp. refinery occupies ibout 750 acres in northeast Torrance and is .he city's largest taxpayer and landholder. l'he plant has 1,000 full-time workers and a /ariety of contractors.

The refinery, which opened in 1929, was 'ebuilt in the late 1960s. It can process 130,000 barrels of crude oil and produce 30,000 to 100,000 barrels of gasoline daily, ibout 13% of the gasoline consumed in Southern California.

It is the only major refinery in the region .hat uses hydrofluoric acid to make gasoline. Oil industry tests in 1986 showed that a 1,000-gallon spill of hydrofluoric acid could produce a toxic cloud lethal to all exposed to it within a range of five miles. Mobil typically stores an estimated 29,000 gallons of the acid at the plant.

The refinery has had two major fires in 12 years.

In 1979, three people were killed, including a teen-age motorist whose car stalled in a cloud of butane gas that drifted over Crenshaw Boulevard from the tank farm. When she restarted her engine, the large cloud ignited; she and two refinery workers were fatally burned.

On Nov. 24, 1987, the refinery unit that uses hydrofluoric acid exploded. The 17-hour fire at the alkylation unit injured 10 and caused $17 million in damage. About 100 pounds of hydrofluoric acid were released, apparently harming no one.

It was after that accident that Torrance officials began to raise questions about safety procedures at the refinery. Here is a summary of the major developments since then:

- The Torrance City Council, in May, 1988, hired an outside consultant to study the refinery and later ordered Mobil to write a risk-management prevention plan. City officials concluded that neither report was adequate.
- There were two more worker deaths in 1988, one of them in a fall. The second happened July 15, when the refinery experienced two explosions. In the more serious incident, chemicals in a tank being cleaned exploded, killing one worker and seriously burning two others.
- During 1988, the federal Occupational Safety and Health Administration conducted two investigations at the plant. The inquiry into the 1987 alkylation unit fire found four "serious violations" of federal safety regulations. OSHA defines a serious violation as one "where there is a substantial probability that death or serious physical harm could result and where the employer knew, or could have known, of the hazard." Mobil paid a $4,000 fine.
- The second OSHA investigation, which covered the entire plant, began in September, 1988. It led to 35 citations of Mobil, including 12 for serious violations. Mobil has contested the findings.
- On April 7, 1989, Torrance sued Mob[i]l asking the Superior Court to declare the refinery a public nuisance and let the cit[y] regulate it. A confidentiality agreement provided that all material shared in the landmark case be kept secret.
- On Oct. 18, 1990, before the trial, Torrance halted its suit in return for Mob[il] agreeing to a consent decree governing p[lant] operations. The decree's chief ingredient[s:] Mobil's modifying or phasing out the use [of] hydrofluoric acid by the end of 1997, and appointment of a safety adviser to monit[or] refinery safety. A retired judge oversees [the] agreement, which will be in effect at leas[t] through 1997.
- On May 30, the judge picked as safety adviser Westinghouse Electric Corp., Mo[bil's] preference. Torrance officials, who have spent $1.4 million on the lawsuit, express[ed] disappointment in the choice.
- On Sept. 3, Westinghouse set up the safety adviser, who began work this sum[mer] in an office in Cypress.

Los Angeles

Fire rages after explosion at the Mobil refinery in 1987. The fire injured 10 pec

'I believe that there have been modifications made that address some of the issues of concern to the city . . . Certainly we're not hearing the explosions or seeing the big puffs of smoke as frequently.'

KATY GEISSERT
Torrance mayor

'Whatever validity the may have been to the contents in the brief i history. Whatever it sa about the refinery an its employees attemp to describe the past, n the present.'

JIM CARBONETTI
Mobil spokesman

F4

TORRANCE'S SECRET CASE AGAINST MOBIL

'Running From the Scene'

The draft document containing the city of Torrance's arguments in its landmark public nuisance lawsuit against the Mobil Oil refinery describes this scene at the refinery on Nov. 24, 1987, during a fire in the alkylation unit. That fire and explosion caused $17 million damage to the refinery and injured 10 people.

Torrance firefighters will testify at trial that when they showed up at the refinery gates to respond to this explosion, there was no one to be found because everyone in the refinery, including the operators of the unit, were running as fast as they could away from the scene of the explosion. This abandonment of their positions literally left no one at Mobil to take corrective steps or to provide information to the firefighters as to what was involved in the fire and how best they should fight it. . . . Two of the firefighters will testify that a Mobil supervisor ran up to them as they were setting up their hoses and frantically told them to redirect their water streams toward a particular process unit. The supervisor told them that the unit contained hydrofluoric acid and if they didn't cool down the unit in three minutes it would blow up and "everyone within three miles will be dead." The supervisor then told the firefighters that he was "getting the hell out of here," and ran as fast as he could away from the unit.

Mobil Responds

The following is a statement released Wednesday by Mobil spokesman James A. Carbonetti in response to requests for comment on the draft document obtained by The Times:

September 11, 1991

This brief was never made available to us, so we don't know what it says. But a brief is a lawyer's opening argument, not a court's conclusion. As such, it will contain biased and unverified informatior and statements.

Most important is this: Whatever validity there may have been to the contents in the brief is history. Whatever it says about the refinery and its employees attempts to describe the past, not the present.

The brief in question was prepared for the city. We encourage you to talk with the mayor, the fire chief and other city officials and civic leaders with firsthand knowledge of our safety practices and responsiveness to community concerns.

Any news story that purports to tell what was or may have been at this refinery can only misinform and mislead its readers if it doesn't also give at least equal attention to the situation and views that exist today.

Over the past three years, there isn't an industrial facility in this state that has invested more time, energy and money to make certain its operations are safe for its employees and the community.

We continue to improve a range of safety programs whi believe are now among the best in the industry. They inclu and safety training, accident investigations reviews, contr safety, and monthly safety performance audits.

The real proof of these improvements is results. The refi surpassed 1 million work hours without a lost workday inju the past year our refinery safety statistics have improved c and currently rank us in the top 10% of all US refineries.

No industrial facility has established more effective prog open and full communications with the community—to list community, hear its concerns and inform it of what we are day in and day out to run a safe plant.

As part of our settlement with the city, we agreed to have independent safety adviser. That's unprecedented, and offe community even greater assurance that our refinery is oper with safety as the paramount concern.

As to the questions on earthquakes, the seismic integrity facility was addressed in the risk-management prevention p submitted to the Torrance Fire Department.

If the residents of Torrance have any doubts about our commitment to safety and the environment, come tour the r and talk to Joel Maness, the refinery manager, about our pro and activities in these areas. Our gates are open.

—J.A. CARB

E5

SOUTH BAY NEWS

TORRANCE'S SECRET CASE AGAINST MOBIL

REFINERY: Brief Alleges Plant Unsafe

■ **Lawsuit:** Confidential draft of legal brief asserts that Mobil officials took a "Band-Aid approach" to repairs and tried to downplay hazards.

By JANET RAE-DUPREE and DEBORAH SCHOCH
TIMES STAFF WRITERS

Before Torrance and Mobil Oil Corp. reached a legal truce last year, lawyers for the city were prepared to argue in court that a dizzying array of management and safety problems—many never publicly disclosed—plagued the company's Torrance refinery.

According to a draft of a confidential legal brief obtained by The Times, Torrance had concluded during pretrial preparations that Mobil managers repeatedly placed profit ahead of safety at the refinery, where there have been at least six fatalities, two major fires, numerous accidents and scores of injuries since 1979.

Because the brief, largely based on Mobil documents turned over to the city, includes the legal arguments Torrance planned to use against the company, no Mobil officials have ever seen it. But the company believes any problems that did exist at the time the document was written last October have been, or soon will be, resolved.

Calling the brief "a lawyer's opening argument, not a court's conclusion," Mobil spokesman Jim Carbonetti said it likely contains "biased and unverified information and statements."

In a statement released Wednesday, Carbonetti also said: "Whatever validity there may have been to the contents in the brief is history. Whatever it says about the refinery and its employees attempts to describe the past, not the present."

Some city officials, including the mayor and fire chief, said they believe Mobil is more sensitive to safety concerns now than it was last year.

"There were a number of very frightening discoveries made in preparation for the suit. Our suit was our reaction to them," Mayor Katy Geissert said. "I believe that there have been modifications made that address some of the issues of concern to the city. . . . Certainly we're not hearing the explosions or seeing the big puffs of smoke as frequently."

The 70-page draft of the brief asserts that Mobil officials took a "Band-Aid approach" to repairs, thwarted safety surveys, tried to downplay the dangers posed by the refinery's use of hydrofluoric acid and used unqualified contractors for dangerous jobs.

In addition, the document said the refinery could be hit by earthquakes from any of several nearby faults, toppling tanks filled with hazardous chemicals and setting up a catastrophic chain-reaction explosion.

The brief was submitted as part of an effort to resolve without a trial Torrance's public nuisance lawsuit against Mobil. The lawsuit was filed in Los Angeles Superior Court in April, 1989.

Although the document obtained by The Times is a draft, city officials indicated it likely had no major changes before it was submitted to the court on Oct. 2, 1990. The trial was set for Nov. 5.

Attorneys gave the brief, which summarized the city's trial strategy and exhibits, to retired Superior Court Judge Harry V. Peetris, who was assigned the case.

Within days of the brief's presentation to the judge, the city agreed not to go to trial. In return,

Please see REFINERY, B5

Continued from B3

Mobil said it would phase out or modify use of hydrofluoric acid by the end of 1997 and allow a court-supervised safety adviser to monitor refinery operations.

Without a trial, however, public disclosures of the extent of problems at the refinery were precluded.

Peetris has been considering since February a request by The Times and Copley Press to review more than 70,000 pages of material Mobil gave the city during 18 months of trial preparation. Torrance this week refused to release the final brief, citing a confidentiality agreement it signed with Mobil in August, 1989.

As a result, the draft provides the first intensive look at what the city believed in October, 1990, were its most compelling reasons for seeking court-ordered regulation of the sprawling, 750-acre refinery.

PROFIT AHEAD OF SAFETY

According to the draft, Mobil's own documents said that the Torrance refinery, one of the company's oldest facilities, had Mobil's worst overall safety record for several years.

"Mobil's own documents admit . . . that management makes only 'Band-Aid repairs' instead of spending money to implement strong preventive maintenance programs and to replace potentially hazardous equipment," the brief said.

The brief cited a July, 1987, letter written by then-refinery manager Wyman Robb in which he calls the Torrance facility "a bit of a bootstrap operation."

The brief said: "One of the most disturbing discoveries made during plaintiff's review of Mobil's documents is the number of major repair and replacement projects at the refinery which have been delayed, ignored, or reduced in scope or funding years after the problem first was noted by refinery employees."

"One employee characterized Mobil's attitude toward preventive maintenance as 'run it until it breaks.' "

Attorneys for the city urged in the brief that Peetris place Mobil under strict court supervision.

"The city can ill afford to have Mobil executives deciding, on the basis of their own cost-benefit analysis, how long a dangerous condition will be permitted to exist before it becomes cost justified, in Mobil's eyes, to repair it," the brief said. "If Mobil'

HYDROFLUORIC ACID HAZARDS

Among the more alarmi lations in the brief is a stu by a consultant—Technic hired by Mobil to help with ration of a risk-manageme vention plan for the city in

Technica studied safety refinery's alkylation unit, hydrofluoric acid is usec catalyst to boost the oct unleaded gasoline. The acid can form a lethal, ground-h cloud when spilled, seriou jures and kills at very low c trations.

Technica researchers con that Mobil's unit was "almos times as likely as the averag to have a major catastrophe brief said.

"Some of the key problem noted were: nonexistent, i plete or conflicting written p dures; severe under manning unit requiring qualified ope to work a 67-hour week, incl 18-hour shifts; poor control design, including inadequate l ing, ineffective alarms and ou date process schematics; oper receiving no training to h emergencies or abnormal op ing conditions; and indicatio the log book that leaks of one or another are a recurrent p lem," the brief said.

Mobil managers decided n use Technica's results in the

Please see REFINERY

Continued from B5

prevention plan delivered t city's Fire Department.

"Due to the poor sho Technica will not show the r as part of the risk assessment could be devastating," no second Mobil consultant quo the brief.

The brief criticized safety sures put in place by Mol lessen danger in the event accidental hydrofluoric acid sp

Water spray monitors, inst to check the spread of hydr fluoride fumes created by an release, are "designed to still a 20% of the hydrofluoric ac form a poisonous cloud," the said.

F6

TORRANCE'S SECRET CASE AGAINST MOBIL

Even Mobil's insurers warned he company of "a domino-type atastrophe should even one unit ecome involved in a major fire," he brief said.

Two minor earthquakes in recent years have caused some damge to the refinery. On Oct. 11, 987, a quake registering about 3.2 n the Richter Scale caused liqueaction of the soil beneath a concrete-lined canal in one unit, racking it.

Then, on Nov. 19, 1988, a 4.5 uake broke a pipeline in the efinery's nitrogen plant, releasing large cloud of the chemical. lthough harmless, the release of e inert gas "drives home the reat posed if a major earthquake nould sever a pipeline containing ighly toxic hydrofluoric acid or ighly explosive gases such as ropane or butane," the brief said.

Additionally, a strong quake ould knock out much of Mobil's rater supply for fighting fire and ould cut off the electricity needed o control the process units, the rief said..

While city officials interviewed his week repeated their concern bout earthquake hazards at the efinery, they said Mobil has been vorking to correct problems. In ddition, the court-supervised afety adviser has hired another onsultant to conduct a thorough eismic audit of the refinery. Work vill begin with a two-day survey f the plant on Sept. 30.

OUTSIDE CONTRACTORS

Other safety hazards were due in art to the large number of outside ontractors—many of them unqualified—working at the refinery. he brief said.

"Mobil's own internal documents rag that Mobil pays the lowest ate for its contractors of any efiners on the West Coast," the brief said. "Moreover, Mobil's documents and incident reports show that an extremely high percentage of accidents at the refinery, more than 40% in some years, are due to untrained contractors working at the refinery."

Also of concern was an acid vacuation system installed by Mobil in 1990 to remove the refinry's 29,000 gallons of hydrofluoric cid to an underground tank in the vent of an explosion. Because the ank is only 100 feet from Crenhaw Boulevard, "if it or its pipes

City officials rejected the initial risk-management prevention plan and worked until April of this year with Mobil to create a new one, Torrance Fire Chief Scott Adams said Tuesday.

The new plan calls for a number of improvements to the alkylation process, he said.

"They have spent, and will be spending, a considerable amount of money on that [alkylation] unit," Adams said. "I'm pleased by what is happening.".

EARTHQUAKE HAZARDS

One of the paramount concerns cited in the brief is the earthquake hazard to the refinery. The city's attorneys promised "extensive expert testimony" during trial on the refinery's earthquake hazards.

Noting that at least six different faults are close enough to the refinery to generate a significant quake, the brief said "the potential catastrophe at the Torrance refinery arising from a significant earthquake on any of the faults in the Los Angeles Basin is extreme."

Dames & Moore, a consultant hired by Mobil to prepare the seismic portion of the risk-management prevention plan in 1988, "was tightly monitored by Mobil and its reports were highly edited by both Mobil management and its attorneys," the brief said.

Nevertheless, the consultant's reports revealed a number of possible earthquake hazards at the refinery, according to the brief.

"Mobil's own documents will prove that, due to the age of the Torrance refinery, its process units are highly congested and do not even meet Mobil's minimum fire and safety standards for separation between the units," the brief said.

___at cited an explosion that killed one contract worker and seriously injured two others when chemicals in a tank they were trying to clean were mixed improperly.

The contract company, Benecia-based Cal Cat Chemical Co., and its president pleaded no contest last year to misdemeanor labor code violations in connection with the July 15, 1988, blast. Mobil and two of its former executives were acquitted of criminal charges.

In May, 1989, Mobil again hired the same contractor—which had changed its name to Erikson Environmental—to do the same job "simply because they charged low-

Fire Department inspectors, alerted to the fact that Mobil again had hired the same contractor, went to the refinery and discovered that Erikson did not have the proper business license or permits to do tank cleaning.

Mobil eventually hired a different contractor for the job. That company and Mobil argued repeatedly against a fire inspector's instruction that workers be kept away from the tank when the chemicals were mixed, the brief said.

Ultimately, the inspector's demand was met. Because of that no one was hurt when there was another powerful explosion and flash fire during the process, the brief said.

DISREGARD FOR REGULATIONS

The brief said that internal Mobil documents about refinery inspections included reports from workers who bragged about being "able to pull the wool over the eyes" of an inspector for the South Coast Air Quality Management District. In one case, the brief said, the Mobil documents told of an employee standing in front of leaking equipment so an inspector would

Please see REFINERY, B7

Continued from B6

not notice it.

When Torrance sent in two consultants to conduct a safety and environmental audit of the refinery in 1988, officials at Mobil's Fairfax, Va., headquarters made a "conscious decision not to provide the consultants full access to necessary refinery documents," the brief said, citing an April, 1989, letter written by a Fairfax official.

The brief also claimed the company repeatedly refused to take responsibility for emissions and problems. It cited as an example a March, 1989, release of hydrogen sulfide which sent eight students and two teachers at nearby Magruder Middle School to area hospitals.

"Even though Mobil has internally acknowledged its responsibility for [the release], Mobil never disclosed this fact to the South Coast Air Quality Management District," the brief said. Because the cloud had dissipated before regulators could arrive, the AQMD never issued a citation for the incident.

Even when violations were is-

"Mobil often is no misdeeds and, in t where it is, it can negotiate the fines to fails to make even corporate profits," the

□

In concluding the b attorneys noted tha searchers began look natives to hydrofluori after a series of 1986 demonstrated the le of the chemical in a l lated area. Mobil alr to stop using the ch year 2000. But "ten y too long to wait," the

"Only the appointm itor with the wide-ra set forth in the cit consent decree will fo ery to 'clean up its ac concluded. "The city the relief it requests b late."

F7

MAXINE WATERS
MEMBER OF CONGRESS
29TH DISTRICT, CALIFORNIA

COMMITTEES:
BANKING, FINANCE AND URBAN AFFAIRS
VETERANS' AFFAIRS

Congress of the United States
House of Representatives
Washington, DC 20515

PLEASE REPLY TO:
☐ 1207 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20
(202) 225-2201
(202) 225-7854 F.

☐ DISTRICT OFFICE
4509 S. BROADWAY
LOS ANGELES, CA 900
(213) 233-0733
(213) 233-0788 F.

July 18, 1991

Ms. K.J. Silverman
Regional Appeals Manager
United States Forest Service
Department Of Agriculture
630 Sansome Street
San Francisco, California 94111

Dear Ms. Silverman:

I am writing to express my opposition to the Mobile M-70 Pipeline Replacement Project. My opposition is based on several factors. The project line has a capacity of between 50% and 100% more than the existing line. Because the line is a common carrier, Mobile can be forced to allow other companies to use the line. While Mobile has promised that its increased throughput in the line will be offset by decreases in oil imported by other means, other companies are not bound by such limitations. Thus, the project could lead to an increase in the amount of oil refined in the Los Angeles basin, which is already so heavily polluted that it is at the top of EPA's non-attaintment list. The EIR-EIS failed to recognize the potential danger posed by this project to our air quality. Further, it does not consider the impact of this project when viewed in conjunction with the effect of other known or foreseeable projects, such as Chevron's planned line and the pipeline planned for Alameda Street in Los Angeles.

Another environmental impact that was inadequately analyzed by your EIS is the danger to our drinking water posed by the line, especially from earthquakes. The project line passes near or through important surface and underground waters sources and runs next to a major water processing plant in the San Fernando Valley. It also contains an inadequate discussion of mitigation measures to address these dangers by failing to specify the amount by which pipeline and encasement thickness is to be increased at fault crossings and near water resources.

Adequate consideration was not given to project alternatives. The Celeron-All American Pipeline is not mentioned. The discussion of project alternatives does not include the possibility of replacing only the old sections of the line. This a major inadequacy, because over 80% of the line is under 25 years of age.

The possibility of a refinery in Kern County is dismissed as infeasible without any supporting financial data and as environmentally dangerous without any consideration of the benefits from refinement outside the ...

F8

evidence is included in support of the claim that transportatic refined products by pipeline is more dangerous than in transportation of unrefined crude. Thus, this important alternative was not seriously considered.

Also, the alternative of small diameter lines was unfairly dismissed by the undocumented representation that they would en an increased and unquantified risk of pipeline corrosion.

The EIR/EIS was financed by Mobil, which certainly gives an appearance of conflict. It also appears that your agency has m decisions that are not independent of those taken by the City o Angeles. Thus, I am concerned that NEPA may have been violated procedural as well as substantive terms due to the lack of an independent EIR/EIS and the lack of an independent analysis and decision.

Another concern is the handling of emergency situations. The m central emergency control system is located in Dallas, Texas. addition, the jurisdictions through which the pipeline will pas not have adequate hazardous materials emergency equipment or personnel to handle potential problems.

My office appeals your decision and strongly encourages you to conduct public hearings on this vital issue.

I look forward to your response to the issues raised. Thank you for your consideration.

Sincerely,

Maxine Waters

MAXINE WATERS

MW:kh

F9

MERVYN M. DYMALLY
THIRTY-FIRST DISTRICT
CALIFORNIA

1717 LONGWORTH BUILDING
WASHINGTON, DC 20515
(202) 225-5425

COMMITTEES:
FOREIGN AFFAIRS
CHAIRMAN, SUBCOMMITTEE ON AFRICA
DISTRICT OF COLUMBIA
CHAIRMAN, SUBCOMMITTEE ON JUDICIARY AND EDUCATION
POST OFFICE AND CIVIL SERVICE

Congress of the United States
House of Representatives
Washington, DC 20515

July 8, 1991

Regional Forester
Appeals Section
Pacific Southwest Region, USDA-Forest Service
630 Sansome Street
San Francisco, California 94111

RE: Appeal concerning approval of Mobil M-70 Pipeline Project

I am writing to express my opposition to Mobil Oil Corporation's M-70 Pipeline Replacement project. I share the concern of many of my constituents about the effects that the pipeline and its construction may have on our neighborhoods and the environment.

There are several matters regarding the pipeline issue which need to be resolved including the effects of the construction on surrounding communities, "common carrier" status, and clean air laws. It is my understanding that the new expanded pipeline would increase its capacity of crude oil from 63,500 barrels to 95,000 barrels a day, leading to increased refining. Additional refining would have an adverse affect on the air quality in Los Angeles and the surrounding areas.

I urge you to reconsider your approval of the pipeline project and to examine in greater depth the possible adverse environmental effects of the proposal. Further, I urge you to explore other alternatives to correct the problems with the existing pipeline.

Sincerely,

MERVYN M. DYMALLY
Member of Congress

F10

Sacramento Address
State Capitol
P.O. Box 942849
Sacramento, CA 94249-0001
Telephone: (916) 445-8800
Fax: (916) 324-6862

District Office Address
3683 Crenshaw Boulevard
5th Floor
Los Angeles, California 90016
Telephone: (213) 292-0605
Fax: (213) 736-3099

Assembly California Legislature

GWEN MOORE
ASSEMBLYWOMAN, FORTY-NINTH DISTRICT
MAJORITY WHIP

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and Workers I
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Savings and L
Law and Regu
Select Committe
Regional Gove
Chairwoman
Select Committe
Public Procure
Task Force on Te
the Legislature
Co-Chairperso

July 25, 1991

Regional Forester
Pacific Southwest Region
USDA -- Forest Service
630 Sansome St.
San Francisco, CA 94111
Attention: Appeals Section (Fax. No. 415-705-2836)

Re: Mobil Oil's M-70 Replacement Pipeline

Dear Regional Forester,

I am writing as an intervenor to express my concerns about the possible adverse effects that the proposed Mobil M-70 Replac Pipeline could have on life in southern California. This propos pipeline will go through my district, and I am concerned about a possible negative effects it could have on the people who live h

I am concerned about the very real possibility that life for those who live along the pipeline route could be significan disrupted, with increased traffic and other congestion, increase pollution, and potential health hazards.

I am also concerned about the potential for a significant increase in air and other pollution in the Los Angeles basin due the increased oil refining capacity that will exist once this ne pipeline is in place. If the pipeline is used as a common carri for other companies in our area, the potential harm could be com

Medical studies have shown a link between increased air, gr and water pollution and increases in a number of serious disease Our health care crisis is worsening; we must come to grips with The Los Angeles basin is already too polluted, and too congested We need to resolve these problems, and give great care to preven

F11

a worsening of these problems when we consider embarking upon new projects.

I believe there are enough concerns and unanswered questions concerning this project to warrent further input from expert witnesses and the public. Additional public hearings should be helc to have a full discussion of all concerns, and these hearings shoulc be widely advertised in order to solicit the broadest input possible

Thank you for your consideration.

Sincerely yours,

Gwen Moore
Member of the Assembly
49th AD

F12

☐ SACRAMENTO ADDRESS
STATE CAPITOL
SACRAMENTO, CA 95814
(916) 445-1616

☐ TRANSPORTATION COMMITTEE
STATE CAPITOL
SACRAMENTO, CA 95814
(916) 445-7278

☐ DISTRICT ADDRESS
9140 VAN NUYS BLVD., SUITE 109
PANORAMA CITY, CA 91402
(818) 894-3671

Assembly
California Legislature

RICHARD KATZ
ASSEMBLYMAN, THIRTY-NINTH DISTRICT
Chairman,
ASSEMBLY TRANSPORTATION COMMITTEE

COMMITTEES:
Environmental Sa[illegible]
Toxic Materials
Water, Parks and
Elections, Reappo[illegible]
Constitutional A[illegible]

July 8, 1991

Regional Forester
Pacific Southwest Region
USDA - Forest Service
630 Sansome Street
San Francisco, CA 94111

Ref: Final Environmental Impact Statement
Proposed Mobil Oil Corporation M-70 Pipeline Project

This letter is to request an administrative review of your agency's decision on the proposed Mobil Oil Corporation M-70 pipeline replacement and system optimization project. I believe a public hearing to review the findings is necessary.

Specifically, I find the report's discussion on mitigation and monitoring wholly inadequate. Simply stating that Mobil is currently in compliance with the Mineral Leasing Act and that mitigation measures found within this body of law will "provide for all feasible means to avoid or substantially reduce environmental harm from the project" tells me and the community nothing. I want to know what these mitigation measures are and how they will be monitored.

I urge the USDA Forest Service to grant an appeal to the community so these and other findings can be fully reviewed.

Sincerely,

Richard Katz

RICHARD KATZ

F13

C A L I F O R N I A L E G I S L A T U R E

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CHAIRMAN

July 22, 1991

Regional Forester
Pacific Southwest Region
USDA - Forest Service
630 Sansome Street
San Francisco, CA 94111

Dear Sir:

On April 25, 1990 I submitted comments to the U.S. Forest Service relative to the Draft Environmental Impact Report/Statement (DEIR/S) for the Proposed M-70 Pipeline Replacement and Systems Optimization Project for the Mobil Oil Corporation. The U.S. Forest Service is currently reviewing the Final Environmental Impact Report/Statement (EIR/S) for the Proposed M-70 Pipeline. Having reviewed the EIR/S I have found it to be inadequate and should therefore be rejected. I have identified several of the most critical failures of the current EIR/S for your review.

THE PROJECT DESCRIPTION IS INADEQUATE

The EIR/S provides only a description of the construction and operation of the isolated pipeline without any consideration of the crude oil that is being transported. The project is, in reality, the movement and use of crude oil not the simple construction of the pipeline.

A "project" should describe the "whole of an action" which has a potential for resulting in a physical change in the environment. It is clearly illegal to consider one small part of the overall environmental effect. The "chopping-up" of this project to treat the pipeline as a 90 mile long crude oil storage tank is contrary to the intent of the law and court interpretations [Citizens Ass'n for Sensible Development of Bishop Area v. County of Inyo (1985) 172 Cal. App. 3rd 151].

F14

Regional Forester
July 23, 1991
Page 2

The Proposed pipeline will substantially increase the amount of crude oil that can be shipped into the Los Angeles basin for refining. The project not only increases the capacity of the existing line but also extents the life of the current M-70 pipeline. The appropriate project description must include the effects of refining the additional oil that is transported into Los Angeles.

The short term effect of the M-70 expansion would apparently increase the daily flow of crude oil by pipeline to the Torrance Refinery from 63,500 Barrels Per Day to 95,000 BPD. The EIR/S fails to describe the effects of this oil on the refinery air emissions or other environmental effects. The total 95,000 BPD is in fact the appropriate description of the project and the EIR/S must consider both the effects of refining and use of the petroleum products.

The long-term impact of the project that should be considered in the EIR/S is the amount of crude oil that is transported into Los Angeles by the extended life of the M-70 pipeline. The M-70 project will substantially extend the life of the existing pipeline and that extension should be considered in the project description.

FAILURE TO CONSIDER OTHER PROJECTS

The environmental review should look at the "big picture" and disclose in the EIR/S document how a particular project being considered relates to past, present, and reasonable anticipated future projects, including those outside the control of the lead agency.

The failure of the EIR/S to provide a realistic picture of the effect that the Angeles Pipeline is likely to have on the future of the M-70 line is a serious shortcoming of the document. The proposed Angeles pipeline is designated as a "common carrier pipeline," meaning that the Angeles pipeline would be available to all shippers on equal terms and as currently proposed would be able to accommodate the projected increased crude oil from the San Joaquin Valley which the Mobil M-70 is being expanded to carry. The completion of both pipelines must be anticipated and/or considered in the M-70 EIR/S.

F15

The current EIR/S cursory treatment of this issue provides no usable information to decision makers on this critical issue of cumulative effects.
It should be noted that the EIR/S for the Angeles pipeline has not been certified and should therefore not be relied on to characterize the environmental effects of either the Angeles or M-70 pipeline projects.

FAILURE TO PROVIDE ENERGY SAVINGS

As the lead federal agency you have a responsibility to require the proposed project to include mitigation measures that minimize the significant effects. These mitigation measures must include steps to provide energy conservation. In the case of the proposed increased crude oil importation and refining in the Los Angeles area it is especially appropriate for the project to provide mitigation measures that will reduce the use of petroleum products in the Los Angeles area. The current EIR/S completely fails to meet this requirement of CEQA.

For these reasons I believe the EIR/S fails to provide a usable description of the proposed project and fails to adequately consider the potential adverse environmental effects that are inherent in the M-70 pipeline project.

I look forward to your agency's review of these comments and to your actions to halt this project.

Sincerely,

Art Torres

ART TORRES
Chairman

AT:bfs

F16

STATE CAPITOL
P. O. BOX 942849
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ONE MANCHESTER BLVD.
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Assembly
California Legislature

CURTIS R. TUCKER, JR.
ASSEMBLYMAN, FIFTIETH DISTRICT

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HAZARDOUS MATERIALS, PIPELINE, CHEMICAL PL AND REFINERY SAFETY
UNLICENSED CONTRACTC
JOINT COMMITTEE
ORGANIZED CRIME AND GANG VIOLENCE

April 20, 1990

Mr. Richard Borden
USDA, Forest Service
701 N. Santa Anita Avenue
Arcadia, CA 91006-2799

Dear Mr. Borden:

I submit to you the following correspondence for consideration and inclusion in the Draft EIS/EIR as part of Mobil Oil Corporation's application for their M-70 Pipeline Replacement Project.

Given the tremendous social and economic costs associated with a project of this magnitude, I and most of my constituents would prefer that no replacement take place, as long as the pipeline continues to meet the strictest safety standards and in no way in its current condition does it jeopardize public safety.

Mobil contends that it is necessary to replace the entire pipeline to realize substantial safety and environmental benefits and to remove a "bottleneck" in their crude oil transport system. But the public should not bear the costs (traffic congestion, construction inconveniences, increased refining and pollution potential, etc.) because Mobil seeks to make their pipeline more efficient, and thus more profitable. However, if it is deemed necessary by the appropriate reviewing agencies that because of the unsafe condition of the pipeline (due to corrosion), then the replacement project should be considered.

However, such an effort does not justify Mobil's desire to increase the capacity of their pipeline, from a diameter of 10"-16" to a uniform diameter of 16". This action would result in an increased capacity of 63,500 to 95,000 barrels-per-day.

F17