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ALJ/CAB/h12

Date of Issuance 12/21/2007

Decision 07-12-035 December 20, 2007

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Rita Boppana,

Complainant,

vs.

Southern California Gas Company,

Defendant.

Case 00-05-010
(Filed May 11, 2000)

And Related Matters.

Case 00-05-011
(Filed May 11, 2000)
Case 00-05-012
(Filed May 11, 2000)

**OPINION ADOPTING SETTLEMENT AGREEMENT REGARDING
MONITORING AND REPORTING ON STATUS OF SOUTHERN CALIFORNIA
GAS COMPANY'S DEL REY NATURAL GAS STORAGE OPERATION**

Summary

This decision adopts all provisions of the Settlement Agreement (SA) presented by Southern California Gas Company (SoCalGas) and the Grassroots Coalition (GR)¹ outlining principles for the process and reporting by SoCalGas on the status of the Playa Del Rey (PDR) natural gas storage operations with

¹ The three proceedings, now consolidated, were filed on May 24, 2000 by residents living near SoCalGas' PDR storage facility. GR has represented these complainants and, with this settlement, all issues raised in the three complaints are addressed and the complaints will be dismissed.

— 015. Compl.

respect to the effects the operations have on the neighboring community. The SA is attached as Appendix A.

Background

JAN 6, 2000
MAY 4, 2000
amended
compl.

— included
acres

On May 24, 2000, three residents living near SoCalGas' PDR storage facility filed complaints with the Commission alleging that SoCalGas' storage facility had released gas to the atmosphere and that its storage reservoir leaked gas. GR has represented these complainants and other nearby residents in pursuing claims against SoCalGas related to the gas company's PDR gas storage reservoir. SoCalGas denied the allegations in the complaints and filed a Motion to Dismiss the complaints which the Commission denied, without prejudice. After a lengthy discovery period, the matter was set for evidentiary hearing for April 18-20, 2005. On March 30, 2005, GR submitted prepared testimony.

After three days of evidentiary hearings, the hearings were postponed so that the parties could pursue mediation. At the point the hearings were deferred, GR had not completed its case-in-chief and SoCalGas had not either refuted GR's testimony or produced its own testimony. SoCalGas and GR then met on several occasions, with the assistance of a Commission-appointed mediator, to address whether these cases could be settled in lieu of completing the evidentiary hearing. As a result of these discussions, SoCalGas and GR reached agreement on the issues raised by GR and the Complainants in this proceeding. This agreement is reflected in the SA filed concurrently herewith.

Although GR and SoCalGas were the only parties who actively participated in the litigation and the mediation, pursuant to Rule 12.1 of the

Commission's Rules of Practice and Procedure,² the SA was mailed to the service list on September 10, 2007, and parties had 30 days in which to respond. No responses were received. Once the SA was filed, the Administrative Law Judge (ALJ) suspended the procedural schedule and the matter was considered submitted on September 12, 2007.

Settlement Agreement

SoCalGas and GR were the only active litigants in this proceeding and the SA represents a complete negotiated resolution of the factual and legal issues that were raised in the proceeding. In accordance with Rule 12.1(d), the Commission will not approve a settlement "unless the settlement is reasonable in light of the whole record, is consistent with law, and in the public interest."

In summary, the SA addresses the key health and safety concerns raised in the complaints and that was "whether the SoCalGas PDR gas storage facility is leaking or venting gas or depositing carcinogens into the air or soil to the detriment of the health or safety of the neighboring community."³

The SA is a reasonable accommodation to the concerns raised by the community because SoCalGas is agreeing to take the following actions:

- To undertake a program to monitor whether natural gas is present in the soil where SoCalGas owns or leases land for its PDR storage operations;

² Hereinafter, reference to Rules is to the Rules of Practice and Procedure of the Public Utilities Commission.

³ Scoping Memo, March 7, 2005, p. 3.

- To undertake measures to test for gas⁴ at any location where SoCalGas abandons a well to ensure that such wells are not leaking or acting as a conduit for indigenous gas before SoCalGas sells or otherwise disposes of any property located above an abandoned well;
- To take specific actions to reduce natural gas vented to the atmosphere at its PDR storage facility and to reduce air emissions from its storage compressor engines;
- To promote transparency and disclosure to the PDR neighborhood by notifying area residents of the SA once the Commission approves it and by providing a link to the SoCalGas website where area residents can:
 1. View the chemical composition of gas withdrawn from storage;
 2. View the results of the soil gas and subsidence monitoring programs required by the SA; and
 3. Request prior notification of planned venting and after-the-fact notification of unplanned venting.

The Settlement Agreement is Reasonable

The SA must be evaluated in light of the whole record and found to be reasonable. As set forth above, the allegations raised in the complaints and by GR centered around SoCalGas' operation of its gas storage operations and (1) whether or not carcinogens were released, through planned or unplanned venting activities, into the atmosphere; (2) did gas leak into the soil area; and (3) did the abandoned wells act as a conduit for indigenous non-storage gases to migrate to the surface. GR presented oral direct testimony, along with multiple

⁴ SoCalGas is agreeing to undertake these steps outlined in the SA in addition to any measures required by the California Division of Oil, Gas, and Geothermal Resources (DOGGR).

exhibits, during the three-day evidentiary hearing, that GR believed supported its claims. SoCalGas denied all of these allegations and asserted that it operated the storage facility in a safe and reasonable manner, complied with all applicable state and federal regulations, including the DOGGR regulations for abandoning wells, and regularly tested the air and soil to ensure that its PDR facility does not pose any public health or safety risk.

Although SoCalGas did not have an opportunity to present all the testimony and exhibits it planned to in support of its defense to the GR claims before mediation began, it is apparent the SoCalGas had evidence it believes supports its claims that it operated the gas storage facility in a safe and healthy manner. However, as part of the SA, and without admitting any wrongdoing, SoCalGas agreed to undertake the additional safety and monitoring activities outlined above, and contained in Attachment A to the SA, in order to assuage GR's concerns.

When the GR complaints are put side-by-side with the activities that SoCalGas agrees to undertake, it is apparent that the SA reasonably addresses all the GR concerns. For example, SoCalGas agreed to implement a soil gas monitoring program on all the land it owns or leases to ensure that the PDR storage operations are not causing storage gas to leak into the area soils. In addition, SoCalGas agreed to monitor the soil around and above any abandoned well for at least several months after abandonment and to not sell any property located over abandoned wells until continuous testing demonstrates no evidence of gas. SoCalGas is doing this, in addition to its DOGGR required actions for abandoning wells, to ensure GR that SoCalGas' abandoned wells are not leaking gas or acting as a conduit for local indigenous gases to migrate to the surface. SoCalGas also agreed to specific other monitoring and reporting actions to make

sure that there is no “overpressure” leading to subsidence in the area above the storage reservoir, and if any is found, to take corrective action.

The SA addresses another GR concern, and also one raised by many community members who attended public participation hearings in the area, that SoCalGas vented gas and/or exhaust from compressor engines into the atmosphere at its PDR facility. SoCalGas claims it has taken numerous actions in this regard and to minimize the release to the atmosphere of “greenhouse gases” and to maintain compliance with air quality permits. These actions are summarized in Attachment B to the SA. SoCalGas agrees in the SA to continue those efforts to minimize the releases and to continue to comply with air quality permits.

As another example of how the SA addresses GR’s concerns, SoCalGas has agreed that if there is ever a liquid release incident due to a valve failure, such as occurred in April of 2003, SoCalGas will test any liquid released for Polychlorinated Biphenyls (PCB), metals and volatile organic compounds and post the test results on its website. SoCalGas will also periodically post on its website the PCB content of liquids collected from gas entering and exiting the PDR storage field.

The SoCalGas web site will function as a notice board to the PDR community and the utility agreed in the SA to post the following on the web site, as well as to give notice, in some instances, to the nearby residents:

- Results of soil gas and subsidence monitoring;
- The chemical composition of gas withdrawn from the PDR storage reservoir;
- The level of PCBs contained in pipeline liquids;
- Prior notification of planned gas venting and after-the-fact notification of unplanned venting; and

- A revised version of Appendix B, so persons without technical backgrounds can understand the steps SoCalGas has taken to reduce odors and emissions at its PDR facility.

SoCalGas agreed to take the above actions to provide a level of disclosure and transparency to the nearby residents to provide information that should assuage their concerns about safety and health issues from the PDR storage operations.

The fact that GR and SoCalGas were able to craft a SA that spoke to the GR concerns and proposed steps that SoCalGas agreed to take to address those issues speaks to the reasonableness of the settlement. These consolidated complaints led to over seven years of intense litigation with still the possibility of protracted evidentiary hearings and an uncertain outcome in the future.

Through the mediation process, without any findings that either GR proved its case-in-chief, or that SoCalGas showed that nothing more needed to be done at its PDR facility to address the safety and health issues raised by GR, the parties agreed to the compromises set forth in the SA, in exchange for an end to the litigation.

We find, therefore, that the SA is reasonable in light of the whole record in this proceeding.

The Settlement Agreement is Consistent with Law

The SA does not contravene any state statutes or Commission decisions. SoCalGas did raise a concern that some of the requested recommendations by GR might be under the jurisdiction of DOGGR or the South Coast Air Quality Management District. However, the actions SoCalGas has agreed to undertake as part of the settlement do not intrude upon the jurisdiction of any other agency and are within the Commission's jurisdiction and purview pursuant to §§ 761

and 768 of the Pub. Util. Code. We find therefore, that the SA is consistent with law.

The Settlement Agreement Will Promote the Public Interest

As discussed in the section on the reasonableness of the settlement, the SA brings about a resolution of strongly contested issues in a manner that is satisfactory to both SoCalGas and GR. Continued litigation, including more evidentiary hearings and post-hearing briefs would have taken the time and attention of GR, SoCalGas and the Commission and most likely would have resulted in a Commission decision that would not have been acceptable to one side, likely leading to post-decision appeals. It bears emphasis that the SA represents a compromise of disputed litigation positions. Neither SoCalGas nor GR would advocate the adoption of the compromises made in the SA if this proceeding were instead to continue to a litigated outcome. Each party has agreed to the SA in recognition of the uncertain possible outcomes associated with further litigation.

Most importantly, however, pursuant to the SA, SoCalGas has agreed to undertake additional monitoring steps and to disclose the results. The monitoring, evaluation and disclosures will address the concerns raised by the nearby residents about whether SoCalGas' PDR gas storage facility is leaking or venting gas or depositing carcinogens into the air or soil to the detriment of their health and safety. Therefore, not only is the SA addressing the issues raised by GR, but it is globally giving voice to the general concerns of the neighborhood. The additional monitoring of the soil gas will assure residents that the abandoned wells are not leaking storage gas or acting as a conduit for indigenous gases to migrate to the surface from one underground zone to

another. If a leak is found, SoCalGas has agreed to take immediate corrective action.

Whether or not there is any safety or health issue related to SoCalGas' venting of storage gas, the community is worried about the associated odors from the venting. The SA requires SoCalGas to take numerous steps to reduce such odors.

When the additional monitoring and disclosure requirements are paired with the end of seven years of litigation, it is reasonable to find that the SA promotes the public interest.

In summary, upon a thorough perusal of the SA, we find that it is reasonable in light of the whole record, is consistent with law and promotes the public interest. The SA clearly meets the requirements of Rule 12.1(d) and we adopt it, in its entirety, as part of the decision.

Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

Assignment of Proceeding

John A. Bohn is the assigned Commissioner and Carol A. Brown is the assigned ALJ in these consolidated proceedings.

Findings of Fact

1. Grass Roots and SoCalGas presented the Commission with a SA that the parties agree resolves all outstanding legal and factual issues in the three complaints filed May 11, 2000.

2. The SA is the result of years of litigation, including evidentiary hearings, and is the product of mediation before a neutral facilitator from the Commission.

3. The SA addresses the scope of the proceeding and that was “to determine if the SoCalGas PDR gas storage facility is leaking or venting gas or depositing carcinogens into the air or soil to the detriment of the health or safety of the neighboring community.”

4. The SA, Appendix A, including Attachments A and B, sets forth the activities SoCalGas has agreed to do to assure Grassroots and the neighboring community that it is operating the PDR gas storage facility in a manner to ensure that the facility is not leaking or venting gas or depositing carcinogens into the air or soil to the detriment of the health or safety of the community.

5. We find that the SA reaches a compromise that is reasonable in light of the whole record.

6. We find that the SA is consistent with law and that the activities SoCalGas is agreeing to undertake are properly within the jurisdiction of this Commission.

7. We find that the SA benefits the public by providing additional monitoring, evaluation and disclosure activities that should assure the community that the PDR gas storage facility is not leaking or venting carcinogens into the air or soil; or, if any leaks are found, SoCalGas will take immediate corrective action.

Conclusions of Law

1. The SA meets the requirements of Rule 12.1 of the Commission’s Rules of Practice and procedure and is adopted by the Commission.

2. In accordance with Rule 12.5, the settlement is binding on all parties in this proceeding and resolution in this settlement is limited to the issues in this

C.00-05-010 et al. ALJ/CAB/hl2

proceeding. Adoption of this SA does not extend to substantive issues which may come before the Commission in other or future proceedings.

IT IS ORDERED that:

1. The Settlement Agreement entered into between Grassroots Coalition and Southern California Gas Company, attached as Appendix A, is adopted.
2. The three subject complaints: Case (C.) 00-05-010, C.00-05-011, and C.00-05-012 are dismissed with prejudice.
3. C.00-05-010, C.00-05-011, and C.00-05-012 are closed.
4. This order is effective today.

Dated December 20, 2007, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners

APPENDIX A

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

_____)	
Rita Boppana,)	
)	
Complainant,)	
)	
vs.)	Case 00-05-010
)	(Filed May 11, 2000)
Southern California Gas Company,)	
)	
Defendant.)	
_____)	
And Related Matters.)	Case 00-05-011
)	(Filed May 11, 2000)
)	Case 00-05-012
_____)	(Filed May 11, 2000)

SETTLEMENT AGREEMENT

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Attorney for
SOUTHERN CALIFORNIA GAS
COMPANY

September 10, 2007

SPECIFIC TERMS OF SETTLEMENT AGREEMENT

(1) SoCalGas accepts responsibility for any natural gas outside SoCalGas' Playa del Rey ("PDR") storage reservoir that: (1) is its storage gas; (2) uses an active or abandoned SoCalGas well as a conduit to migrate to the surface or from one underground zone to another; or (3) originates from any SoCalGas underground pipeline. For purposes of this settlement, "storage gas" is defined as any natural gas that SoCalGas has ever injected underground at its PDR storage operations. "Pipeline gas" is defined as gas flowing through SoCalGas' pipeline(s) in the PDR area at any point in time.

(2) SoCalGas shall undertake a soil gas monitoring program as described in Attachment "A" hereto. The analyses described in Attachment "A" shall be performed by a qualified consultant selected by SoCalGas in consultation with the Commission.

(3) In approving this settlement, the Commission will specifically order SoCalGas to undertake the monitoring program described in Attachment "A." SoCalGas will provide the results of the analyses detailed in Attachment "A" to the Commission Utilities Safety and Reliability Branch ("USRB") and will post them on its website. If SoCalGas or the Commission determines that the results of testing indicate that SoCalGas storage or pipeline gas is present outside the storage reservoir, or that one of its active or abandoned wells is acting as a conduit for non-storage gas to migrate to the surface or from one underground zone to another, SoCalGas will, in conjunction with the USRB and the California Division of Oil, Gas, and Geothermal Resources ("DOGGR"), immediately

investigate the source of this gas and take corrective actions to stop any flow of SoCalGas storage gas outside of its PDR storage reservoir, any flow of leaking SoCalGas pipeline gas, or any flow of non-storage gas using a SoCalGas active or abandoned well as a conduit to migrate to the surface, into the nearby soil, or from one underground zone to another.

(4) SoCalGas will monitor subsidence at the entire 460-acre land surface that is immediately above SoCalGas' underground storage reservoir for a period of 5 years. SoCalGas will submit the results of such monitoring to the USBR and will post the results on its website. Should this program produce any evidence of subsidence on the land above SoCalGas' storage field, SoCalGas will immediately investigate the cause of this subsidence and provide a report to the USBR and to DOGGR. SoCalGas will also post a copy of this report on its website. If SoCalGas concludes that the subsidence is in any way caused by SoCalGas' underground storage operations, including its water pumping operations, SoCalGas will propose to the USBR and to DOGGR a water injection program or other appropriate steps designed to arrest any such subsidence.

(5) SoCalGas will maintain the reservoir pressure in the "Townsite" area of its storage reservoir at no greater than 3400 psi by its fluid pumping operations for as long as SoCalGas operates a storage field at PDR.

(6) SoCalGas agrees to continue to take the actions set forth in Attachment "B" to minimize emissions and odors at its PDR storage facility.

(7) Within two months of abandoning a well at its PDR storage operations, SoCalGas will install soil gas monitoring probes on the lot where the

abandoned well is located at a depth of four feet in a manner similar to that described in Attachment "A," except that at least one such probe will be located directly above the abandoned well. If no "gaseous anomaly" (as that term is used in Attachment "A") is found using the four-foot probes for a period of two months, SoCalGas will remove these probes and may proceed to sell or otherwise dispose of the subject lot. If any "gaseous anomaly" is identified by such probes, SoCalGas will install 20-foot probes as described in Attachment "A." If the 20-foot probes are installed, SoCalGas will monitor for gas for a period of no less than six months. If no detectable quantities of natural gas are identified for a period of six consecutive months, SoCalGas will remove these probes and may sell or otherwise dispose of the subject lot.

(8) SoCalGas shall post on its website the chemical composition of the natural gas that is withdrawn from the PDR storage field, and will update this information monthly.

(9) If SoCalGas should release any liquid to the atmosphere that reaches any PDR residence, SoCalGas shall test the liquid for Polychlorinated Biphenyls ("PCBs"), metals, and volatile organic compounds and will post the results of this analysis on its website. SoCalGas will also post on its website the PCB content of liquid collected at the Del Rey Junction station as those liquids are periodically collected and analyzed.

(10) Within 60 days of Commission approval of this SA, SoCalGas shall provide residents located within the SoCalGas PDR storage field "area of influence" with written notice that summarizes the terms of this settlement;

describes the items identified in Attachment "B" in language more understandable to persons without technical backgrounds; provides the cell phone number of the on-call PDR storage operator in the event that a resident smells gas; describes a procedure by which residents located within the SoCalGas PDR storage field "area of influence" can be notified of planned venting operations prior to such venting and can be notified of unplanned venting after-the-fact²; and provides a link to the SoCalGas website posting the chemical composition of gas withdrawn from SoCalGas' storage reservoir, the PCB levels contained in liquids collected at the Del Rey Junction station, and the results of the soil gas and subsidence monitoring addressed herein. For purposes of this paragraph, "area of influence" is defined as the aerial geographical boundaries of SoCalGas' PDR storage reservoir plus one quarter mile in all directions.

(11) The "Complaint Cases" (C.00-05-010, -011, -012) will be dismissed with prejudice. GR and its members, assigns, or successors will be barred from raising any issue as against SoCalGas in any Commission or civil proceeding that was raised by GR in the Complaint Cases. However, this provision is intended to

² SoCalGas will notify those residents/businesses within the "area of influence" that have subscribed to an automated text message/e-mail/phone call system for the following events:

- A planned venting of gas for maintenance activity releasing more than 50 mcf of gas. Residents will be contacted with as much advance notice as possible up to 24 hours.
- An unplanned venting of gas lasting longer than 10 minutes or releasing more than 50 mcf of gas. Residents will be contacted as soon as possible within the following 24 hours.

The message will include the estimated time of the release and the estimated volume. A brief reason will be included (equipment failure, unplanned maintenance/repair, work to be done, etc.). A phone number will be provided in the notice in the event that further information is requested.

have prospective application only and is not intended to preclude GR from participating in any civil lawsuits underway as of the date of this settlement.

(12) It is understood and agreed to by the parties that this settlement is a compromise of disputed claims and is not to be construed as an admission of liability on the part of SoCalGas, by whom any wrongdoing or liability is expressly denied.

(13) SoCalGas and GR acknowledge that the positions expressed in the SA were reached after consideration of all positions advanced in the prepared testimony of SoCalGas and GR, as well as proposals offered during the settlement negotiations. This document sets forth the entire agreement of SoCalGas and GR on all of those issues.

Respectfully submitted,

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By: David J. Gilmore
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Attorney for
SOUTHERN CALIFORNIA GAS
COMPANY

September 10, 2007

ATTACHMENT A

SOIL GAS MONITORING PROGRAM

The subject soil gas investigation shall be conducted in two (2) phases. Under the first phase of the investigation, one hundred fifty (150) soil probes shall be advanced to depths of 4.0' (bg) on a 100 ft. x 100 ft. grid over all SoCalGas surface fee or leasehold interest lands. Resultant soil gases shall be analyzed for C1-C7 hydrocarbons by a laboratory certified by the City of Los Angeles. Chain-of-Custody shall be maintained during all sample handling.

Under the second phase of the investigation, twenty-five (25) deeper multi-interval monitoring probes shall be advanced to depths of 20.0' (bg) with sampling intervals at 5.0', 10.0' and 20.0'. Monitoring probes shall be secured in at-grade vaults for long term monitoring. Each monitoring probe shall be analyzed for C1-C7 hydrocarbons and gaseous pressure. Where methane is present at a concentration in excess of 50,000.0 ppmv, helium concentration shall be analyzed. Analyses of helium may be made by SoCalGas or another competent analytical laboratory. Where methane concentrations exceed 25,000 ppmv, analyses of delta ¹³C on methane shall be made. Where methane concentrations exceed 250,000 ppmv, samples may be subjected to delta C¹⁴ age determination. Where methane exceeds 25,000 ppmv, analyses of aromatic hydrocarbons shall be made. Gaseous pressure shall be determined. Probe locations shall be at all gaseous anomalies (>5,000.0 ppmv) identified by the shallow probe assessment and spaced throughout the property. Multi-interval probe locations shall be established in consultation with GR.

Sampling methodologies shall be similar to those described by Exploration Technologies, Inc. (ETI) and summarized in a report prepared by Camp Dresser & McKee Inc. dated November 9, 2000 entitled "Report of Sampling and Analysis of Soil Gas for Methane in Tracts 49104-01, -03, -05, and -06 Playa Vista, Area D" and more specifically described in "Methane Mitigation Standards" of the City of Los Angeles dated 4/20/04.

ATTACHMENT B

ODOR MINIMIZATION PROGRAM

Odor Minimization at Playa del Rey Natural Gas Storage Field

Minimizing public exposure to odors emanating from the Playa Del Rey Storage Facility is part of several objectives which involve similar actions.

- Minimize unpleasant odors affecting our neighbors
- Minimize gas venting for greenhouse gas reductions
- Minimize gas venting for safety purposes
- Minimizing gas loss to avoid losing assets
- Compliance with volatile organic compound (VOCs) emission limits per SCAQMD permits and rules

Southern California Gas Company has been pursuing odor mitigation for many years. Here is a summary of what we currently do to accomplish our goal and some items we are working on to improve our results.

CURRENT EFFORTS

1. **Routine well and facility patrols by Operations will reveal odor presence**
 - o immediate response and mitigation if possible
2. **Planned natural gas venting during maintenance activities**
 - Choose optimal time of day for minimal odor impacts (weekdays 8 AM – 4 PM). Winds are blowing for dispersion purposes and people are awake.
 - Coordinate activities to vent during optimal wind direction and speed. Determine if winds are blowing towards or away from homes.
 - Attempt to control the amount/velocity of gas venting when possible by:
 - o Reducing pressures in pipelines/equipment to be completely blown down to atmospheric pressure by using compressors and/or bleeding gas into lower pressure Transmission/Distribution lines.
 - o Isolate smallest section of pipelines/equipment to minimize gas volume vented
 - o Use of "hot tapping" welding procedures for pipeline or vessel connection installation in field result in essentially no gas losses to atmosphere
3. **Minimization of engine and exhaust odors:**
 - Natural gas compressor engine exhaust catalysts installed (2001) and recently increased the amount of catalysts to significantly reduce emissions
 - Natural gas compressor crankcase venting cleaned up by internal filtering (2004)
 - Eliminated the use of 2 smaller internal combustion engine driven compressors due to inefficiency – these 2 had higher emissions than the remaining 3 engines. Associated auxiliary equipment not run either -- 3 internal combustion engine driven water pumps not operating due to engine operation reduction (2005)
 - Installed 3 Strobic fans on compressor building to substitute for 90' tall stacks

- Engine performance improvements - better efficiency of the compressors results in less run time. In recent years, the following compressor engine performance improvements have been implemented:
 - Waste gate systems upgraded (waste gate uses engine exhaust to operate turbo charger for air intake)
 - Engine ignition systems upgraded to electronic type
 - Electronic governors installed for fuel intake
 - Fuel pressure regulating systems redesigned
 - Mist extractors installed on engine crankcase vent lines
 - Strobic fans in exhaust manifolds installed for improved exhaust dispersion
- 4. **Minimizing fugitive emissions**
 - Vapor recovery relief valves (a.k.a. Verac's) in tank farm overhauled and maintenance increased since 2003.
 - Daily check made by SCG operators
 - Monthly evaluation made by outside party (TEAM Environmental)
 - Leaks repaired within 48 hours
 - Quarterly check and parts (gasket) replacement by outside party (SC Fields) since 2004
 - Leaks repaired immediately
 - Two sumps monitored
 - Monthly evaluation made by outside party (TEAM Environmental)
 - Slops sump vapors are vented (under vacuum) to Thermal oxidizer
 - Valves & flanges
 - Appropriate maintenance of valves and flanges
 - Monthly sniff by TEAM Environmental
 - Leaks repaired within 48 hours
 - Leak rate survey conducted on compressor station by independent third party-all possible fugitive leak mitigation methods completed
 - Elimination of Wemco water treating tank due to improvements in waste water handling process. The Wemco unit had numerous seals that potentially could leak.
- 5. **Meteorological station (rented since 2004)**
 - root cause investigation
 - venting optimization

ON-GOING AND FUTURE EFFORTS

1. Vapor recovery for oil loading operations. Permit application will be submitted as soon as similar project permit clears at Montebello.
2. Continuing conversion of natural gas pneumatic supply systems to compressed air. In 2006, we converted numerous storage field well sites in the main base to air supplied systems.
3. Appropriate conversion of natural gas powered equipment to electricity
4. Continuing elimination of unused pipelines/equipment in order to minimize flanges/valves exposed to natural gas and thus reduce potential for fugitive emissions
5. Install permanent meteorological station
6. Use of charcoal canisters to mitigate odors when applicable.

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **SETTLEMENT AGREEMENT** on all known interested parties of record in C.00-05-010, C.00-05-011, and C.00-05-012 by electronic mail and by mailing by first-class, U.S. mail a copy thereof properly addressed to all parties included on the list appended to the original document filed with the Commission.

Dated at Los Angeles, California, this 10th day of September, 2007.



Becky Roberts

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(END OF APPENDIX A)