

MEMORANDUM OF UNDERSTANDING
CEQA AIR QUALITY MITIGATION PROGRAM
AS REQUIRED BY THE
GUADALUPE RESTORATION PROJECT
FINAL SUPPLEMENTAL ENVIRONMENTAL IMPACT REPORT DATED JUNE 2005

This Agreement is entered into this _____ day of _____, 2006 by and between the San Luis Obispo County Air Pollution Control District (SLOAPCD), Santa Barbara County Air Pollution Control District (SBCAPCD) and Union Oil Company of California (Unocal).

1. Background

The November 16, 1998 MOU and the March 1998 Environmental Impact Report (EIR) identified the on and off-site air quality mitigation measures that were necessary to control the impacts from the remediation and abandonment of Unocal's former Guadalupe oil field. The remediation of this site is necessary to prevent the discharge of oil and oil-related substances into the environment. The originally selected remediation plan was to excavate the affected material and then treat and dispose of it on site. The June 2005 Supplemental EIR (SEIR) identified the additional on and off-site air quality mitigation that is necessary for the modified disposal plan; off-site hauling of the affected material to the Santa Maria landfill.

The remediation and abandonment processes are also subject to permits and mitigation by a variety of agencies, including the SLOAPCD, SBCAPCD, and the County of San Luis Obispo (SLO). In the County permit the SLOAPCD has been designated as the agency responsible for assuring that a variety of air quality permit conditions are adhered to by Unocal. In addition to the EIR & SEIR mitigation measures, the SLOAPCD permits for this remediation project contain on-site conditions to reduce air pollutant emissions.

2. MOU Purpose

The purpose of this MOU, which is subject to ratification by the SLOAPCD and SBCAPCD Boards, is to provide an instrument whereby Unocal can adequately mitigate the air quality impacts from off-site hauling of affected materials as required by Mitigation Measure AQ-2.3 in the SEIR. To obtain the required air quality mitigation in southern SLO and northern Santa Barbara (SB) Counties, the SLOAPCD, SBCAPCD and Unocal agree that Unocal will fund a second Guadalupe Oil Field Air Quality Mitigation Program (Guad2 Program) that will provide funds for emission reduction projects in the impacted region. Further, all parties agree that this is in the best interest of the public, Unocal, SLOAPCD, and SBCAPCD.

3. Terms

Unocal agrees to fund the Guad2 Program at a rate of \$13,600 per ton of nitrogen oxide (NOx) emissions associated with the soil hauling process described in the SEIR. All hauling emissions are in excess of the emissions that were mitigated under the original EIR and must therefore be fully mitigated. Since the trucking emissions are expected to be about evenly divided between SLO and SB Counties, it is hereby agreed that half of the Unocal Guad2 program payments will be made to SLOAPCD and half will be made to SBCAPCD. Calculations of the total tons of NOx emissions from the hauling operation identified in the SEIR will be refined by Unocal using project specific data from project contractors and then submitted to SLOAPCD for review and final approval. Payments shall be submitted to each APCD in four quarterly payments, with the first payment due within 30 days following SLOAPCD approval of the refined emission calculations and associated Guad2 program funding amount. Unocal may, at its discretion, accelerate the payment schedule.

The SLOAPCD and SBCAPCD agree that fulfillment of the above terms will relieve Unocal of any further responsibility for the off-site mitigation of hauling operation emissions as covered under the SEIR. However, SLOAPCD, SBCAPCD and Unocal also agree that the hauling operation is further subject to conditions required in:

- a. Mitigation measures AQ-2.1 & 2.2 in the SEIR;
- b. SLOAPCD permits; and
- c. SLO County permits.

4. Additional Considerations

Air quality impacts from the hauling operation are expected to occur along pre-defined routes in southern SLO and northern SB counties. Thus, it is the intent and desire of Unocal and the APCDs for all of the Guad2 Program funds to be spent on projects directly benefiting and protecting public health in these areas. The SLO and SBC APCDs will each independently receive and manage their portion of the Guad2 Program funds to complete emission reduction projects in southern SLO and northern SB counties respectively based on the programs available in each jurisdiction.

5. Modification

Modifications altering this agreement may be effected by written agreements between Unocal, SLOAPCD and SBCAPCD.

6. Termination Date

This agreement shall terminate upon Unocal completing the off-site hauling work specified in the SEIR and of payment of all mitigation funds.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first hereinabove written.

**Union Oil Company of
California**

**San Luis Obispo County
Air Pollution Control District**

Christopher A. Meyer
It's Attorney-in-fact

Larry R. Allen
SLO County
Air Pollution Control Officer

Approved as to legal form and content:

Raymond A. Biering
SLOAPCD Counsel

Santa Barbara County Air Pollution Control District Signature Page:

ATTEST:
TERRY DRESSLER
Clerk of the Board

Santa Barbara County Air
Pollution Control District

By: _____
Deputy

By: _____
Chair

APPROVED AS TO FORM:

RAY AROMATORIO
Risk Program Administrator

By: _____

ROBERT W. GEIS
Auditor Controller

By: _____

STEPHEN SHANE STARK
County Counsel

By: _____