

EXHIBIT

**MEMORANDUM OF UNDERSTANDING
FOR A
JOINT COORDINATION COMMITTEE FOR NRDA, CEQA
AND OTHER STUDIES RELATED TO THE ASSESSMENT OF ENVIRONMENTAL
IMPACTS OF GUADALUPE OIL FIELD DILUENT RELEASES**

I. Introduction

Following releases of diluent into the coastal waters of California from the Guadalupe Oil Field operated by the Union Oil Company of California (Unocal), local, State and federal government agencies and other potentially affected parties, both unilaterally and in cooperation with Unocal, have instituted efforts to analyze the environmental effects of those releases, and the possible remediation of any such effects and restoration of any injured resources. Those efforts include: 1) a Natural Resources Damage Assessment (NRDA), portions of which are being conducted jointly by the California Department of Fish and Game (CDFG), the U.S. Fish and Wildlife Service (USFWS) and the Regional Water Quality Control Board for the Central Coast Region (hereinafter "the Regional Board") (collectively referred to as "the Trustees") and Unocal; 2) review of groundwater and soil remediation by the Regional Board; 3) permitting of site remediation/abandonment activities by the State of California Coastal Commission (hereinafter "the Coastal Commission"); 4) the preparation of an Environmental Impact Report (EIR) by the County of San Luis Obispo (hereinafter "SLO County") acting as the Lead Agency, prior to the permitting of remedial activities at the Oil Field; 5) the SLO County permit process for site remediation/abandonment; and 6) review of site remediation and review and approval of the site abandonment process by the Department of Conservation, Division of Oil, Gas and Geothermal Resources (hereinafter "DOGGR").¹ In addition, Santa Barbara County and the California Coastal Conservancy, which have interests in property adjacent to the Guadalupe Oil Field site have expressed concern over the scope of these studies. These parties want an opportunity to evaluate whether the studies adequately address impacts to their property interests.

II. Purposes of the Joint Coordination Committee

Coordination among the parties regarding Guadalupe Oil Field activities would help avoid unnecessary duplication of effort, facilitate the exchange of information among the parties, schedule studies to assure that information is available when needed, and coordinate the timing of restoration and remediation activities. Accordingly, the parties hereto agree by becoming signatories to this document (hereinafter "the Agreement") to establish the Joint

¹ The order in which these government activities are listed is not intended to infer priority of importance.

Coordination Committee (hereinafter the "JCC") for the purpose of promoting improved coordination among the parties. The parties agree that meeting on a regular basis and reviewing the activities described in this Agreement will promote coordination.

III. Scope of Agreement

This Agreement addresses the coordination of: the activities to be conducted pursuant to the Joint Study Plan Agreement (JSPA) entered into by Unocal and the Trustees for the conduct of certain phases of the NRDA at the Guadalupe Oil Field; the activities to be conducted in connection with groundwater and soil remediation review and approval by the Regional Board; the activities to be conducted in connection with the Coastal Commission and SLO County permit processes; the activities to be conducted for the Environmental Impact Report (EIR); and the activities to be conducted for site abandonment.

Phase 1:

- Review by the JCC of the study plans developed pursuant to the JSPA for the NRDA which have been agreed upon by the Cooperative Assessment Group (hereinafter "the CAG") comprised of technical members from the Trustee agencies and Unocal responsible for implementing joint NRDA studies, and of studies to be conducted in connection with groundwater and soil remediation, the Coastal Commission and SLO County permitting processes, the EIR process, and the site abandonment process. The intent of this review is to generate recommendations to eliminate overlap, avoid duplication of effort, and provide an opportunity to comment upon the adequacy and efficacy of proposed studies and /or permit conditions before they become final.
- The review will include the following: 1) the study plans agreed upon by the CAG for the NRDA; 2) groundwater and soil assessment/remediation studies under review by the Regional Board; 3) the technical studies, monitoring reports and environmental analysis required by or in association with permits to be issued by the Coastal Commission and SLO County; 4) studies associated with the EIR process being conducted under the purview of SLO County; and 5) the technical studies, monitoring reports, and environmental analysis required by or in association with the site abandonment process.
- Following this review, any member or members of the JCC may offer recommendations as follows: 1) for topics where duplication exists in ongoing or currently planned studies, recommendations may be made to the respective parties that the studies be combined to eliminate duplication (this may include modifications of one study to meet additional objectives); 2) for relevant topics/concerns not addressed that may be appropriately incorporated into proposed studies/permit conditions, recommendations may be made to the parties involved regarding suitable modifications to those studies/permits.

Phase 2:

The JCC may recommend schedules for completion of the studies for the NRDA, groundwater and soil remediation, permitting, and the EIR processes or other work related to the Guadalupe Oil Field releases. The members of the JCC may identify major milestones and/or priorities associated with information needs of the regulatory processes under its purview. These milestones and priorities may then be compared with the existing schedules for availability of information from the ongoing and planned programs. The JCC may identify in this process the need to advance schedules to increase the efficiency and coordination of the program and may offer recommendations to the respective parties concerning appropriate schedule modifications.

Phase 3:

The JCC may assist the Trustees, the Regional Board, SLO County, and the Coastal Commission in coordinating the implementation of remediation or restoration that may occur at the Guadalupe Oil Field site.

IV. Composition of JCC

The members of the JCC shall be designated representatives of the Trustees, the Regional Board, SLO County, Santa Barbara County, the Coastal Commission, the DOGGR, the Coastal Conservancy, and Unocal.

V. Reservation of Rights and Claims

A. Nothing in this Agreement is intended to or shall ever be represented or construed to be an admission of liability or responsibility by or on the part of Unocal or any other party to this Agreement in any dispute or action between the parties to this Agreement or between any party and a third party concerning the identity of the person or persons responsible for the above-referenced diluent releases.

B. Nothing in this Agreement is intended or represents a limitation of authority of any governmental agency or a delegation of authority by any governmental agency to any party or to the JCC; nor are any of the governmental agencies bound by or required to follow the recommendations of the JCC or any of its members. Failure of the JCC to review, comment or agree upon an issue in a timely manner shall not delay any of the processes covered by this Agreement, including but not limited to establishing permit conditions, establishing timelines, finalizing study plans, or enforcement or implementation of any order or directive

or any other term or condition of any permit issued by the Coastal Commission, the Regional Board, or any other party to this Agreement.

C. The parties to this Agreement are not endorsing the validity of studies or actions upon which the JCC or any of its members makes recommendations and are not liable for the actions of any other party.

D. Nothing in this Agreement will prohibit Unocal or any other party to this Agreement from submitting to a court, administrative body, or any other forum evidence related to the nature and extent of the activities within the scope of this Agreement and their cost, or the amount Unocal contributed to the funding of such activities.

E. Nothing in this Agreement shall be construed to limit the rights of the public or any other individual or entity to access documents by virtue of the California Public Records Act, the Federal Freedom of Information Act, or any other applicable laws. In addition, nothing in this Agreement shall obligate any party to release drafts of documents to the JCC which are not intended for public review.

VI. Termination of Agreement

A. The parties agree that this Agreement may be terminated with respect to a particular activity. Termination of less than all of the activities contemplated within the scope of this Agreement shall not void the Agreement as to the remaining activities.

B. In the event this Agreement is terminated, the parties agree that the initiation of the efforts contemplated by this Agreement and the sharing of information does not constitute any waiver of attorney-client, work product or any other privilege that may otherwise be asserted in this and other related matters with respect to information provided prior to such termination.

VII. Notices/Representatives

All written communications, submission of data, and notices shall be sent to the following designated representatives of parties:

Unocal: William L. Sharrer
Manager, Environmental Affairs
P.O. Box 661
San Luis Obispo, California 93406
TEL: (805) 547-7263
FAX: (805) 547-7290

California Department of Fish and Game,
Office of Oil Spill Prevention
and Response: Robert W. Ricker
1700 K. Street, Suite 250
Sacramento, CA 95814
TEL: (916) 323-0635
FAX: (916) 324-8829

U.S. Fish and Wildlife Service: Toni Abajian
2140 Eastman Avenue, Suite 100
Ventura, California 93003
TEL: (805) 644-1766
FAX: (818) 904-6288

Regional Water Quality Control Board for
the Central Coast Region: Lou Blanck
81 Higuera Street, Suite 200
San Luis Obispo, California 93401
TEL: (805) 542-4326
FAX: (805) 543-0397

California Coastal Commission: Alison Dettmer
45 Fremont Street, Suite 2000
San Francisco, California 94105
TEL: (415) 904-5246
FAX: (415) 904-5400

San Luis Obispo County: John Euphrat
Department of Planning and Building
County Government Center
San Luis Obispo, California 93408
TEL: (805) 781-5194
FAX: (805) 781-5624

Department of Conservation, Division of
Oil, Gas, and Geothermal Resources: William E. Brannon
5075 South Bradley Road, N221
Santa Maria, California 93455
TEL: (805) 937-7246
FAX: (805) 937-0673

Santa Barbara County:

Luis Perez (Jennifer Foster)
P & D Energy Division
1226 Anacapa Street
Santa Barbara, California 93101-2010
TEL: (805) 568-2040
FAX: (805) 568-2522

California Coastal Conservancy:

Elena Egar
1330 Broadway, Suite 1100
Oakland, California 94612
TEL: (510) 286-4089
FAX: (510) 286-0470

VIII. Revisions/Modifications of the Agreement

It is recognized by the parties hereto that it may be necessary, from time to time, to revise or modify this Agreement. Such changes may include addenda or substantive changes in the Agreement itself. Any such changes shall not affect the Agreement except as specifically stated. Any such revision or modification of the Agreement must be in writing and executed by all of the parties to the Agreement.

IX. Formalities

This Agreement may be executed in one or more counterparts, all of which may be considered an original.

Through their duly authorized representatives the parties here execute this agreement on the day and year appearing next to their signature. This Agreement shall be fully effective as of the last date of execution.

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UNOCAL:

By:

William L. Sharrer
William L. Sharrer, Manager, Environmental Affairs

Date:

2/28/96

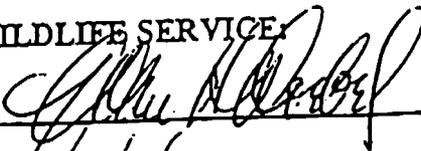
CALIFORNIA DEPARTMENT OF FISH AND GAME, OFFICE OF OIL SPILL
PREVENTION AND RESPONSE:

By: Pete Bontadelli
Pete Bontadelli, Administrator

Date: 19 April, 1994

per number 26-8 A.C.

U.S. FISH AND WILDLIFE SERVICE

By:  JOHN H. DOESEL

Date: 4/10/96

REGIONAL WATER QUALITY CONTROL BOARD, CENTRAL COAST REGION:

By: 
Roger W. Briggs, Executive Officer

Date: 2-27-96

STATE OF CALIFORNIA COASTAL COMMISSION:

By: Susan M. Hansch Deputy Director for Energy Ocean Resources
 Susan M. Hansch, Deputy Director for Energy and Technical Services
 Date: March 9, 1976

**CHAIRPERSON OF THE BOARD OF SUPERVISORS
FOR SAN LUIS OBISPO COUNTY:**

By:

Laurence L. Laurent

APR 02 1996

Laurence L. Laurent, Chairman

Date:

**APPROVED AS TO FORM
AND LEGAL EFFECT**

**JAMES B. LINDHOLM, JR.
COUNTY COUNSEL
SAN LUIS OBISPO COUNTY**

By

J. B. Lindholm, Jr.
Deputy County Counsel

Date:

2/26/96

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RECEIVED

DEPARTMENT OF CONSERVATION, DIVISION OF OIL, GAS, AND GEOTHERMAL RESOURCES: MAR 12 1996

OSPH

By: William J. Dumbly
William Guerard, State Oil and Gas Supervisor

Date: 3/7/76

APR 12 1996

CHAIRPERSON OF THE BOARD OF SUPERVISORS
FOR SANTA BARBARA COUNTY:

By: Jeanne Gruffy
Jeanne Gruffy, Chairperson

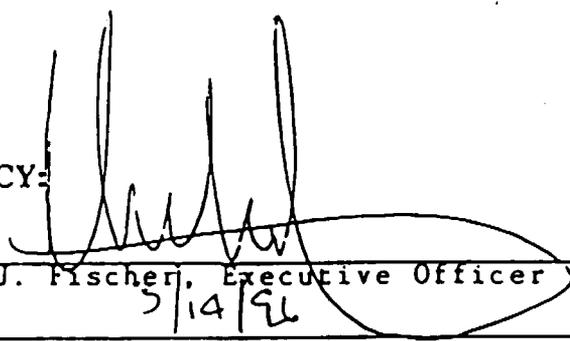
Date: April 2, 1996

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COASTAL CONSERVANCY:

By:



Michael J. Fischer, Executive Officer

Date:

5/14/96
