BEFORE THE STATE WATER RESOURCES CONTROL BOARD

In the Matter of Appeal of Water Code Section 13267 Order for Technical Report Pursuant to Water Code Section 13267

Pursuant to Section 13320 of California Water Code and Section 2050 of Title 23 of the California Code of Regulations (CCR), CRIMSON PIPELINE, L.P. ("Petitioner") petitions the State Water Resources Control Board ("State Board") to review and vacate or amend the Order for Technical Report Pursuant to Water Code Section 13267 issued April 26, 2011 ("Order") of the California Regional Water Quality Control Board for the Los Angeles Region ("Regional Board") which ordered Petitioner to submit a work plan to delineate the vertical and lateral extent of petroleum at a site within the Dominguez Channel in Carson, approximately 400 feet South of Carson Street ("Site"). The Order specifies that the work plan "be prepared with the intent of determining (1) extent of petroleum impact from the Site and (2) if your facility has contributed to the release in the Dominguez Channel." However, the Order is not based on any credible evidence and is inconsistent with the manner in which the Regional Board has treated other similarly situated parties in the area. Petitioner requests the Order be stayed pending review due to substantial costs that would be incurred by Petitioner pending this review. Additionally, Petitioner requests that the State Board vacate, or in
the alternative, stay the requirements of the Site Cleanup Program Oversight Cost Reimbursement Letter issued to Petitioner and dated May 10, 2011 ("Letter").

The issues raised in this petition were raised in timely written request to reconsider the Order. Moreover, the relief requested herein will not interfere with the investigation of the Site because the Region Board has issued orders to other, more appropriate parties that, unlike Petitioner, are known to have used, stored and transported the hazardous materials at issue in this matter.

1. **NAME AND ADDRESS OF THE PETITIONERS:**

   Crimson Pipeline, L.P.  
   2459 Redondo Avenue  
   Long Beach, CA 90755  
   Attn: Larry Alexander

2. **THE SPECIFIC ACTION OR INACTION OF THE REGIONAL BOARD WHICH THE STATE BOARD IS REQUIRED TO REVIEW AND A COPY OF ANY ORDER OR RESOLUTION OF THE REGIONAL BOARD WHICH IS REFERRED TO IN THE PETITION:**

   Petitioner seeks review of Order for Technical Report Pursuant to Water Code Section 13267, dated April 26, 2011 ("Order"). A copy of the Order is attached hereto, and filed concurrently, as Exhibit 1. Petitioner also seeks relief from the Site Cleanup Program Oversight Cost Reimbursement Letter issued to Petitioner and dated May 10, 2011 ("Letter"). A copy of the Letter is attached hereto, and filed concurrently, as Exhibit 2.

3. **THE DATE ON WHICH THE REGIONAL BOARD ACTED OR REFUSED TO ACT OR ON WHICH THE REGIONAL BOARD WAS REQUESTED TO ACT:**

   April 26, 2011.

4. **A FULL AND COMPLETE STATEMENT OF THE REASONS THE ACTION OR FAILURE TO ACT WAS INAPPROPRIATE OR IMPROPER:**

   Petitioner contends that the following actions by the Regional Board were improper and lacked merit:

   1. The Order is issued to Petitioner under Water Code Section 13267. The Order is issued to Petitioner on the basis of its ownership of a petroleum facility in the vicinity of the Site. Petitioner owns an idle crude oil pipeline adjacent to the Dominguez Channel. The pipeline was
acquired by Petition in 2007. The pipeline was taken out of service, emptied of crude oil, nitrogen purged and sealed by its former owner in 1999.

2. There is no evidence of a discharge from the pipeline. The records of former owners contain no evidence of any leak or other release from the pipeline during its operation.

Petitioner is conducting tests to confirm the integrity of the pipeline. In the absence of any evidence of a release of crude oil from the pipeline, Petitioner cannot be held responsible for the release at the Site.

3. The pipeline connected crude oil production locations to a crude oil pipeline during its operation. Crude oil is the only substance that was transported or could have been transported through the pipeline. The records of the former owner and its predecessors establish the pipeline transported crude oil and no other substance.

4. The substance found at the site is light non-aqueous phase liquid ("LNAPL"). LNAPL could not have originated from a release of crude oil. The pipeline could not have been the source of a release of LNAPL during its operation.

5. In order for Petitioner's pipeline to have been use to transport products that could be a source of LNAPL, such as gasoline or jet fuel, the pipeline would have had to be registered with the California State Fire Marshal as a jurisdictional pipeline. The California State Fire Marshall has no records of the registration the pipeline as a products pipeline.

6. The Regional Board contends it has found "smaller fractions of heavier-end (diesel and oil range) hydrocarbons" at the Site. This contention is based primarily on a single sample taken at the Site. The analytical "Results" for the referenced sample states "[i]t is not possible based on the analysis conducted to determine if the heavier petroleum product is lubricating oil or a degraded fuel oil due to the limited quantity of product in the sample." A copy of the Results is attached hereto, and filed concurrently, as Exhibit 3. Lubricating oil and fuel oil are refined products that are not transported in crude oil pipelines. The analytical data contradicts the Regional Board's contention that this sample may have contained crude oil. The Regional Board has no analytical data supporting its claim that a sample contained crude oil.
7. The method used to collect that sample may have allowed contamination of the sample with hydrocarbon molecules from sediments in the Dominguez Channel from sources other than release that is the subject of the Order.

8. The Regional Board contends that it observed products that could be crude oil in drains at the Site. Such products may be residue from LNAPL or other refined hydrocarbons, such as lubricating oil or fuel oil. The mere presence of a “dark brown to black and translucent” substance containing hydrocarbons is not proof of a release of crude oil.

9. The Regional Board has no credible or scientifically valid evidence to support its contention that crude oil is a constituent of the release.

10. Petitioner’s pipeline is adjacent to an active crude oil pipeline. Despite it being an active pipeline, the Regional Board has not issued a similar order to the operator of that pipeline. Instead, the Regional Board has allowed the operator to conduct integrity assessment on their pipeline rather than pursue the investigation requested of Petitioner. Petitioner is merely seeking similar treatment from the Regional Board. There are additional active crude oil pipelines in the vicinity of the Site. Assuming crude oil is present in the Release, which Petitioner does not admit, Petitioner’s idle pipeline is the least probable source of such crude oil.

5. THE MANNER IN WHICH THE PETITIONS ARE AGGRIEVED.

The Petitioner is being ordered to investigate and remediate contamination for which it is not responsible and for which it could not have been responsible. The Regional Board lacks any basis to suspect Petitioner’s idle pipeline is the source of any release at the Site. The Order and Letter are premature until the Regional Board has evidence that Petitioner’s pipeline is contributed to the release or could have contributed to the release.

Petitioner will be aggrieved if it is compelled expend funds and resources to prepare and implement a work plan for investigation of the Site or is compelled to respond to the Letter and contribute to the costs of any investigations. Petitioner requests that the State Board vacate the Order and Letter or stay the Order and Letter until Petitioner completes its integrity testing and the Regional Board has an opportunity to reconsider its Order and Letter on the basis of those results.
6. **THE SPECIFIC ACTION BY THE STATE OR REGIONAL BOARD WHICH PETITIONER REQUESTS.**

The Petitioners seek an immediate stay of the Order and Letter, while the Board reviews this Petition.

Further, the Petitioners seek the following action:

1) The Petitioner respectfully requests that the Board vacate the Order and Letter.

2) In the alternative, the Petitioners request that the Board amend the Order in the following manner:

   a) limit the requirement of the Petitioner to conducting integrity testing of its pipeline;

   b) withdraw the requirement to conduct any additional activity until such testing is completed; and

   c) release Petitioner from the requirements of the Letter until the integrity testing is completed.

7. **A STATEMENT OF POINTS AND AUTHORITIES IN SUPPORT OF LEGAL ISSUES RAISED IN THE PETITION.**

Water Code section 13267 confers authority on Regional Boards to issue orders only to “any person who has discharged, discharges, or is suspected of having discharged or, discharging, or who proposes to discharge waste into its region . . .” California Water Code section 13267.

The Regional Board has no factual support for its contention that Petitioner’s pipeline may have transported any substance other than crude oil. The Regional Board lacks credible scientific evidence to support its contention that crude oil is a constituent of the release at the Site. Therefore, the Regional Board had no factual basis to attribute the discharge at the Site to Petitioner or to suspect that Petitioner’s pipeline is the source of that discharge.

As established in prior State Board precedent cited in the Regional Board’s Order, the Regional Board must show “substantial evidence” to name a party as a discharger. See WQ 86-16 (Stinnes-Western Chemical Corp.) and WQ 85-7 (Exxon). The Regional Board has no factual support for its conclusion that the current release is the result of a discharge from Petitioner’s long-idled pipeline. Therefore, the Regional Board has no authority to issue the Order or the Letter.
8. **A STATEMENT THAT THE PETITION HAS BEEN SENT TO THE APPROPRIATE REGIONAL BOARD AND TO THE DISCHARGERS, IF NOT THE PETITIONER.**

A true and correct copy of this Petition and all supporting documentation were sent via overnight delivery and electronically to:

1) State Water Resources Control Board  
   Office of Chief Counsel  
   Jeannette L. Bashaw, Legal Analyst  
   P.O. Box 100  
   Sacramento, CA 95812-0100  
   jbashaw@waterboards.ca.gov

2) Regional Water Quality Control Board – Los Angeles Region  
   Mr. Greg Bishop, P.G.  
   Engineering Geologist  
   320 W. 4th Street, Los Angeles, CA 90013  
   gbishop@waterboards.ca.gov

3) Regional Water Quality Control Board – Los Angeles Region  
   Mr. Samuel Unger, P.E.  
   Executive Officer  
   320 W. 4th Street, Los Angeles, CA 90013  
   sunger@waterboards.ca.gov

9. **A STATEMENT THAT THE ISSUES RAISED IN THE PETITION WERE PRESENTED TO THE REGIONAL BOARD BEFORE THE REGIONAL BOARD ACTED, OR AN EXPLANATION OF WHY THE PETITIONER COULD NOT RAISE THOSE OBJECTIONS BEFORE THE REGIONAL BOARD.**

The issues raised in the Petition were first presented to the Regional Board in Petitioner’s letter to the Regional Board dated May 6, 2011, attached hereto as Exhibit 4, in which Petitioner requested reconsideration of the Order and stated grounds for reconsideration. Additionally, Petitioner has raised the issued set forth in the Petition in multiple conversations with staff members...
of the Regional Board. Petitioner's request for reconsideration was denied by a letter from the Regional Board dated May 23, 2011.

DATED: May 26, 2011

COX, CASTLE & NICHOLSON LLP

By:

Perry S. Hughes
Attorneys for Petitioners Crimson Pipeline, L.P.
April 26, 2011

Mr. Mike Romley  
Crimson Pipeline  
2459 Redondo Avenue  
Long Beach, CA 90755

SUBJECT: REQUIREMENT FOR TECHNICAL REPORT – PURSUANT TO CALIFORNIA WATER CODE SECTION 13267 ORDER

SITE/CASE: DOMINGUEZ CHANNEL, SOUTH OF CARSON STREET  
CARSON, CALIFORNIA

Dear Mr. Romley:

The California Regional Water Quality Control Board, Los Angeles Region (Regional Board) is the public agency with primary responsibility for the protection of groundwater and surface water quality for all beneficial uses within major portions of Los Angeles and Ventura counties, including the referenced Site. To accomplish this, the Regional Board oversees the investigation and cleanup of unregulated discharges adversely affecting the State’s water, authorized by the Porter-Cologne Water Quality Control Act (California Water Code [CWC], Division 7).

Since January 2011, light non-aqueous phase liquids (LNAPL) have been appearing within the Dominguez Channel in Carson, California, approximately 400 feet south of Carson Street. The petroleum product has been observed (1) entering into channel waters from sediments within the bottom of the channel and (2) within horizontal, perforated sub-drain pipe systems installed within both the west and east channel levees.

This Regional Board has been working in collaboration with other agencies, under United States Environmental Protection Agency (USEPA) lead, to facilitate the assessment and remedy of the release. As the channel owner and operator, the Los Angeles County Department of Public Works (LADPW) has been performing containment operations using booms and absorbent pads in the channel. In addition to the recovery of released product to channel waters, this Regional Board has requested that LADPW extract LNAPL from the sub-drain piping systems on both sides of the channel.

Samples of product entering channel waters from sediments in the bottom of the channel have been determined to contain primarily gasoline-range hydrocarbons, with smaller fractions of heavier-end (diesel- and oil-range) hydrocarbons. Product examined from the western sub-drain system was observed to be approximately 0.25 inch thick on one occasion with a clear and colorless appearance. Product examined from the eastern sub-drain system was observed to be dark brown to black and translucent. Based upon the variation in the visual appearance of the product, this Regional Board suspects that multiple releases of petroleum may be involved. The sources of the release have not been identified.

California Environmental Protection Agency
We have determined that, to protect the beneficial uses of the waters beneath the Site, an assessment of the full extent of impacts to the subsurface from the identified contaminants of concern is required.

Enclosed is a Regional Board Order requiring, pursuant to section 13267 of the CWC, that you complete assessments of the contaminants of concern impacting soil, soil vapor, and groundwater at the Dominguez Channel and determine the extent to which your facility may have contributed to the release.

Similar Orders are being sent to multiple suspected Responsible Parties in the vicinity of the release, including you. The attached Order includes a table that lists these parties. At your discretion, you may collaborate with some or all of the other parties to satisfy the requirements of the Order.

If you have any questions, please contact Mr. Greg Bishop at (213) 576-6727 or gbishop@waterboards.ca.gov.

Sincerely,

Samuel Unger, P.E.
Executive Officer

Enclosure
REQUIREMENT TO PROVIDE A TECHNICAL REPORT ON  
SOIL AND GROUNDWATER INVESTIGATION  
(CALIFORNIA WATER CODE SECTION 13267')

DIRECTED TO “CRIMSON PIPELINE”
FORMER UNION OIL PIPELINE  
WITHIN PERRY STREET, BENEATH ACTIVE RV (1202 E. CARSON STREET), AND  
ADJACENT TO THE DOMINGUEZ CHANNEL  
CARSON, CALIFORNIA

You are legally obligated to respond to this Order. Please read this carefully.

Since January 2011, light non-aqueous phase liquids (LNAPL) have been appearing within the Dominguez Channel in Carson, California, approximately 400 feet south of Carson Street. The petroleum product has been observed (1) entering into channel waters from sediments within the bottom of the channel and (2) within horizontal, perforated sub-drain pipe systems installed within both the west and east channel levees.

Pursuant to section 13267(b) of the California Water Code (CWC), you are hereby directed to submit the following:

1. By June 8, 2011, a work plan to delineate the vertical and lateral extent of petroleum impact in the vicinity of the release. The work plan shall be prepared with the intent of determining (1) the extent of petroleum impact from the Site and (2) if your facility has contributed to the release in the Dominguez Channel. The work plan shall place an emphasis on expedient groundwater delineation but shall also include plans to delineate soil and soil gas impacts. The work plan shall propose initial sampling locations, describe proposed sampling and analytical techniques, provide a proposed timeline for activities, and include provisions for follow-up work in the event the proposed work does not sufficiently define the extent of impact.

2. After approval by the Regional Board Executive Officer, implement the work plan and report results in accordance with the approved work plan schedule.

California Environmental Protection Agency

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California Water Code section 13267 states, in part: (b)(1) In conducting an investigation..., the regional board may require that any person who has discharged, discharges, or is suspected of having discharged or, discharging, or who proposes to discharge waste within its region... shall furnish, under penalty of perjury, technical or monitoring program reports which the regional board requires. The burden, including costs, of these reports shall bear a reasonable relationship to the need for the report and the benefits to be obtained from the reports. In requiring those reports, the regional board shall provide the person with a written explanation with regard to the need for the reports, and shall identify the evidence that supports requiring that person to provide the reports.
The work plan shall be submitted via e-mail (in portable document format [pdf]) with one paper hard-copy to:

Mr. Greg Bishop, P.G.
Engineering Geologist
Regional Water Quality Control Board – Los Angeles Region
320 W. 4th Street, Los Angeles, CA 90013
(213) 576-6727
gbishop@waterboards.ca.gov

Pursuant to section 13268(b)(1) of the CWC, failure to submit the required technical or monitoring report described in paragraph 1 above may result in the imposition of civil liability penalties by the Regional Board, without further warning, of up to $1,000 per day for each day the report is not received after the due dates.

The Regional Board needs the required information to determine (1) the extent of petroleum impact beneath and near the ongoing release within the Dominguez Channel, approximately 400 feet south of Carson Street in Carson, California and (2) whether your facility has contributed to the petroleum release.

The evidence supporting this requirement is your operation of a petroleum facility near the release site (see the attached table).

We believe that the burdens, including costs, of these reports bear a reasonable relationship to the need for the reports and the benefits to be obtained from the reports. If you disagree and have information about the burdens, including costs, of complying with these requirements, provide such information to Mr. Greg Bishop within ten days of the date of this letter so that we may reconsider the requirements.

Please note that effective immediately, the Regional Board, under the authority given by California Water Code (CWC) section 13267, subdivision (b)(1), requires you to include a perjury statement in all reports submitted under the 13267 Order. The perjury statement shall be signed by a senior authorized Chevron Company representative (not by a consultant). The perjury statement shall be in the following format:

“I, [NAME], do hereby declare, under penalty of perjury under laws of State of California, that I am [JOB TITLE] for Chevron Company, that I am authorized to attest, that veracity of the information contained in [NAME AND DATE OF THE REPORT] is true and correct, and that this declaration was executed at [PLACE], [STATE], on [DATE].”

The State Water Resources Control Board (State Water Board) adopted regulations requiring the electronic submittals of information over the Internet using the State Water Board GeoTracker data management system. You are required not only to submit hard copy reports required in this Order, but also to comply by uploading all reports and correspondence prepared to date on to the GeoTracker data management system. The text of the regulations can be found at the URL:

Any person aggrieved by this action of the Regional Water Board may petition the State Water Board to review the action in accordance with Water Code section 13320 and California Code of Regulations, title 23, sections 2050 and following. The State Water Board must receive the petition by 5:00 p.m., 30 days after the date of this Order, except that if the thirtieth day following the date of this Order falls on a Saturday, Sunday, or state holiday, the petition must be received by the State Water Board by 5:00 p.m. on the next business day. Copies of the law and regulations applicable to filing petitions may be found on the Internet at:

http://www.waterboards.ca.gov/public_notices/petitions/water_quality

or will be provided upon request.

SO ORDERED.

Samuel Unger, P.E.
Executive Officer

Enclosure: Recipients of CWC Section 13267 Orders Associated with a Petroleum Release near Carson Street in Dominguez Channel, Carson, California, April 26, 2011
### Recipients of CWC Section 13267 Orders
Associated with a Petroleum Release near Carson Street in the Dominguez Channel, Carson, California
April 26, 2011

<table>
<thead>
<tr>
<th>Recipient</th>
<th>First Name</th>
<th>Last Name</th>
<th>Company</th>
<th>Address</th>
<th>City</th>
<th>State</th>
<th>Phone</th>
<th>E-Mail</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Mr. Jahn</td>
<td>John</td>
<td>Crippen</td>
<td>Chevron Pipeline</td>
<td>14401 Trojan Way</td>
<td>La Mirada</td>
<td>CA</td>
<td>90638</td>
<td>714-516-6678</td>
<td><a href="mailto:johnj@chevron.com">johnj@chevron.com</a></td>
</tr>
<tr>
<td>2 Mr. Holly</td>
<td>Holly</td>
<td>Quasem</td>
<td>ConocoPhillips Company</td>
<td>3900 Olhy Airport Way, Suite 210</td>
<td>Long Beach</td>
<td>CA</td>
<td>90805</td>
<td>562-230-3737</td>
<td><a href="mailto:holly.quasem@contractor.conocophillips.com">holly.quasem@contractor.conocophillips.com</a></td>
</tr>
<tr>
<td>3 Mr. Mike</td>
<td>Mike</td>
<td>Nethery</td>
<td>Crimson Pipeline</td>
<td>2458 Redondo Avenue</td>
<td>Long Beach</td>
<td>CA</td>
<td>90713</td>
<td>562-579-9663</td>
<td><a href="mailto:marenley@crimsonpi.com">marenley@crimsonpi.com</a></td>
</tr>
<tr>
<td>4 Mr. Eugene</td>
<td>Eugene</td>
<td>Frels</td>
<td>Shell Oil Products US</td>
<td>1045 S. Wilmington Avenue</td>
<td>Carson</td>
<td>CA</td>
<td>90810-1039</td>
<td>310-933-5336</td>
<td><a href="mailto:eugene.frels@shell.com">eugene.frels@shell.com</a></td>
</tr>
<tr>
<td>5 Mr. Daniel</td>
<td>Daniel</td>
<td>Gabel</td>
<td>Tesoro Corporation</td>
<td>1350 E. Pacific Coast Highway</td>
<td>Wilmington</td>
<td>CA</td>
<td>90744-2191</td>
<td>310-512-8602</td>
<td></td>
</tr>
<tr>
<td>6 Mr. Courtless</td>
<td>Courtless</td>
<td>Powell</td>
<td>Powell Family Trust</td>
<td>3977 Mistletoe Road</td>
<td>Huntington Beach</td>
<td>CA</td>
<td>92649</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>7 Mr. Bob</td>
<td>Bob</td>
<td>Speer</td>
<td>Chevron Environmental Management Company</td>
<td>6001 Florence Pl B104A</td>
<td>Brea</td>
<td>CA</td>
<td>92821</td>
<td>714-719-1627</td>
<td><a href="mailto:bobsp@chevron.com">bobsp@chevron.com</a></td>
</tr>
<tr>
<td>8 Ms. Donna</td>
<td>Donna</td>
<td>Dineck</td>
<td>BP Pipelines</td>
<td>1100 Pier B Street</td>
<td>Long Beach</td>
<td>CA</td>
<td>90813</td>
<td>562-619-2902</td>
<td><a href="mailto:donnadi@bp.com">donnadi@bp.com</a></td>
</tr>
</tbody>
</table>

**Legend**
- **UST:** Underground Storage Tank Program
- **SCP:** Site Cleanup Program
- **TPHd:** Total Petroleum Hydrocarbons (Diesel Range)
- **TPHg:** Total Petroleum Hydrocarbons (Gasoline Range)
- **MTBE:** Methyl tert-butyl ether
- **TBA:** Tert-Butyl Alcohol
- **LNAPL:** Light Non-Aqueous Phase Liquids
Exhibit 2
May 10, 2011

Mr. Mike Romley
Crimson Pipeline
2459 Redondo Avenue
Long Beach, CA 90755

SUBJECT: SITE CLEANUP PROGRAM OVERSIGHT COST REIMBURSEMENT ACCOUNT

SITE/CASE: DOMINGUEZ CHANNEL RELEASE, CARSON, CALIFORNIA (SCP NO. 1260)

Dear Mr. Romley:

The California Regional Water Quality Control Board (Regional Board), Los Angeles Region, is the public agency with primary responsibility for the protection of ground and surface water quality for all beneficial uses within major portions of the Los Angeles and Ventura Counties, including the referenced site.

Since January 2011, light non-aqueous phase liquids (LNAPL) have been appearing within the Dominguez Channel in Carson, California, approximately 400 feet south of Carson Street in the vicinity of your petroleum infrastructure. The petroleum product has been observed (1) entering into channel waters from sediments within the bottom of the channel and (2) within horizontal, perforated sub-drain pipe systems installed within both the west and east channel levees. On April 26, 2011, this Regional Board issued a California Water Code (CWC) Section 13267 Order to you to provide a work plan to investigate the extent to which your facility may have impacted the subsurface in the vicinity of the release.

Section 13304 of the CWC (Porter Cologne Act) allows the Regional Board to recover reasonable expenses from a responsible party or parties for overseeing the investigation and cleanup of unregulated discharges adversely affecting the State's waters. In compliance with Section 13365 of the California Water Code, this letter is being sent to provide you the following information regarding costs for regulatory oversight work.

I. Estimate of Work To be Performed

The Regional Board staff estimates that during the Regional Board's 2010/2011 fiscal year (July 1, 2010 to June 30, 2011), regulatory oversight work may include but not limited to the following tasks to be performed at the site:

1. Review technical reports and determine if the contamination sources and plumes are fully delineated vertically and laterally;
2. Request and review of additional assessment workplans and reports, detailed remediation design and installation plan, progress and monitoring reports, risk assessment workplans and reports, and other technical reports as necessary;
3. Prepare comment letters on various reports and communicate findings to responsible parties;
4. Conduct site inspections, collect split samples, and attend meetings with environmental consultants and responsible parties; and
5. Conduct internal and external communications (i.e. meetings, memos) about or related to the site.

II. Statement of Expected Outcome

The expected outcome of work that will be performed includes providing written comments on the submitted reports and workplans, verifying the adequacy of reports, and determining the need to further investigate the impact to soil and groundwater as well as risk to human health and environment, and responding to public inquiries about site investigations and cleanups as needed.

III. Billing Rate

Attached are the Site Cleanup Program, Monthly Salary Scales by Job Classification (Attachment 1) for employees expected to perform the work and the Reimbursement Process for Regulatory Oversight (Attachment 2). The names and classifications of employees that charge time to this site will be listed on the invoices. The average billing rate is about $150.00 per hour.

IV. Estimation of Expected Charges

A. Regional Board staff expects to charge about 40 hours for work related to this site during fiscal year 2010/2011. Based on the average billing rate of $150.00 per hour, the estimated billing charge by the Regional Board staff for this site during this fiscal year is about $6,000, which does not include possible contract charges stated in B (below). Please note that this is neither a commitment nor a contract for regulatory oversight. It is only an estimate of the work, which may be performed.

B. To better evaluate the potential health risk from the detected or residual contaminants posed to the current/future occupants of the site and the immediate site vicinity, the Regional Board has established a contract with the State Office of Environmental Health Hazard Assessment (OEHHA), to have their toxicologists review the submitted health risk assessment reports. OEHHA will review, evaluate if appropriate, and provide comments on risk assessment reports. When requested, OEHHA toxicologists will provide the Regional Board consultation services on issues concerning human health and/or environmental risks.

Under the Cost Recovery Program, the responsible party (parties) is (are) required to reimburse the Regional Board for the cost incurred by OEHHA review. Occurred charges by OEHHA staff will be included in our invoices under the contract charges category. All quarterly invoices generated for this project will be sent to your provided billing contact by the Site Cleanup Program (SCP), State Water Resources Control Board.

V. Landowner Notification and Participation Requirements

Pursuant to Division 7 of the Porter Cologne Water Quality Control Act under section 13307.1, the Regional Board is required to notify all current fee title holders for the subject site prior to considering corrective action or granting case closure. Therefore, you are required to provide the name, mailing address and telephone numbers for all record fee title holders for the site together with a copy of county record of current ownership, available from the County Recorder’s Office, or complete the attached Certification Declaration Form (Attachment 3) and submit it to our office.

California Environmental Protection Agency

[Recycled Paper]
Mr. Mike Romley
SCP Case: 1260

May 10, 2011

Please sign and return the enclosed landowner's information (Attachment 3) and “Acknowledgment of Receipt of Cost Reimbursement Account Letter” (Attachment 4) to Mr. Greg Bishop (case manager) of the Regional Board by May 31, 2011.

VI. Other Requirements

1. **Change of Ownership:** You must notify the Executive Officer, in writing at least 30 days in advance of any proposed transfer of this cost reimbursement account’s responsibility to a new owner containing a specific date for the transfer. In addition, you shall notify the succeeding owner of the existence of this cost reimbursement account by letter, copy of which shall be forwarded to the Board.

2. **Public Participation:** With increased public interest in our programs and the public knowledge of threat to human health and the environment, the Regional Boards are increasing our effort in getting the public more involved in our decision making process. The Regional Boards are also required to involve the public in site cleanup decisions under State law (including Health & Safety Code section 25356.1). You may be required to prepare and implement a public participation plan. Regional Board staff will provide you with additional guidance as appropriate.

3. **Electronic Submittals:** In September 2004, the State Water Resources Control Board adopted regulations (Chapter 30, Division 3 of Title 23 & Division 3 of Title 27, California Code of Regulation) requiring the electronic submittal of information (ESI) for all site cleanup programs, starting January 1, 2005. Currently, all of the information on electronic submittals and Geotracker contacts can be found at http://www.waterboards.ca.gov/ust/electronic_submittal.

   Due to resource constraints at this time, we request that you continue to submit hard copies of all documents and data in addition to ESI to Geotracker, until further notice.

*If you have any questions, please contact Mr. Greg Bishop at (213) 576-6727 (gbishop@waterboards.ca.gov).*

Sincerely,

for \[signature\]
Samuel Unger, PE
Executive Officer

Attachments:
1. Monthly Salary Scales by Job Classification
2. Reimbursement Process for Regulatory Oversight
3. Certification Declaration Form
4. Acknowledgment of Receipt of Cost Reimbursement Account Letter

*California Environmental Protection Agency*

Recycled Paper
## Employee Salary and Benefits by Classification

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<tr>
<td>Associate Governmental Program Analyst</td>
<td>5,852 - 7,113</td>
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<tr>
<td>Engineering Geologist</td>
<td>9,213 - 11,201</td>
</tr>
<tr>
<td>Environmental Scientist</td>
<td>4,092 - 7,596</td>
</tr>
<tr>
<td>Office Assistant (G)</td>
<td>2,758 - 3,684</td>
</tr>
<tr>
<td>Office Assistant (T)</td>
<td>2,850 - 3,759</td>
</tr>
<tr>
<td>Office Technician (G)</td>
<td>3,509 - 4,268</td>
</tr>
<tr>
<td>Office Technician (T)</td>
<td>3,572 - 4,341</td>
</tr>
<tr>
<td>Principal Water Resources Control Engineer</td>
<td>13,090 - 14,434</td>
</tr>
<tr>
<td>Sanitary Engineering Associate</td>
<td>6,597 - 8,016</td>
</tr>
<tr>
<td>Sanitary Engineering Technician</td>
<td>4,543 - 6,339</td>
</tr>
<tr>
<td>Senior Engineering, Water Resources</td>
<td>9,811 - 13,090</td>
</tr>
<tr>
<td>Senior Engineering Geologist</td>
<td>10,802 - 13,127</td>
</tr>
<tr>
<td>Senior Environmental Scientist</td>
<td>7,248 - 8,749</td>
</tr>
<tr>
<td>Senior Water Resources Control Engineer</td>
<td>10,802 - 13,127</td>
</tr>
<tr>
<td>Staff Counsel</td>
<td>6,216 - 10,411</td>
</tr>
<tr>
<td>Staff Counsel III</td>
<td>10,217 - 12,606</td>
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<tr>
<td>Staff Counsel IV</td>
<td>11,286 - 13,934</td>
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<tr>
<td>Staff Environmental Scientist</td>
<td>7,242 - 8,745</td>
</tr>
<tr>
<td>Student Assistant</td>
<td>2,663 - 2,938</td>
</tr>
<tr>
<td>Student Assistant Engineer</td>
<td>2,663 - 3,985</td>
</tr>
<tr>
<td>Supervising Engineering Geologist</td>
<td>10,769 - 13,090</td>
</tr>
<tr>
<td>Supervising Water Resources Control Engineer</td>
<td>10,769 - 13,090</td>
</tr>
<tr>
<td>Water Resources Control Engineer</td>
<td>7,883 - 11,144</td>
</tr>
</tbody>
</table>

### Operating Expenses and Equipment

<table>
<thead>
<tr>
<th>Classification</th>
<th>Salary Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses and Equipment (both Headquarters and Regional Board offices)</td>
<td>135%</td>
</tr>
</tbody>
</table>

### Billing Example

**Water Resources Control Engineer**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$11,144</td>
</tr>
<tr>
<td>Overhead (indirect costs)</td>
<td>$15,044</td>
</tr>
<tr>
<td>Total Cost per month</td>
<td>$26,188</td>
</tr>
</tbody>
</table>

Divided by 176 hours per month equals per hour: $148.80

Due to the various classifications that expend SCP resources. An average of $150.00 per hour can be used for projection purposes.

---

1. The name and classification of employees performing oversight work will be listed on the invoice you receive.
2. The examples are estimates based on recent billings. Actual charges may be slightly higher or lower.
REIMBURSEMENT PROCESS FOR REGULATORY OVERSIGHT

We have identified your facility or property as requiring regulatory cleanup oversight. Pursuant to the Porter-Cologne Water Quality Control Act, reasonable costs for such oversight can be recovered by the Regional Water Quality Control Board (RWQCB) from the responsible party. The purpose of the enclosure is to explain the oversight billing process structure.

INTRODUCTION
The Porter-Cologne Water Quality Control Act authorizes the State Water Resources Control Board (SWRCB) to set up Cost Recovery Programs. The Budget Act of 1993 authorized the SWRCB to establish a Cost Recovery Program for Site Cleanup Program (SCP). The program is set up so that reasonable expenses incurred by the SWRCB and RWQCBs in overseeing cleanup of illegal discharges, contaminated properties, and other unregulated releases adversely impacting the State's waters can be reimbursed by the responsible party. Reasonable expenses will be billed to responsible parties and collected by the Fee Coordinator at the SWRCB in the Division of Financial Assistance (DFA).

THE BILLING SYSTEM
Each cost recovery account has a unique Site ID number assigned to it. Whenever any oversight work is done, the hours are entered into the SCP Cost Recovery/daily logs database. The cost of the staff hours is calculated by the State Accounting System based on the employee's salary and benefit rate and the SWRCB overhead rate.

SWRCB and RWQCB Administrative charges for work such as accounting, billing preparation, general program meetings and program specific training cannot be charged directly to an account. This work will be charged to Administrative accounting codes one per Region. The Accounting Office totals these administrative charges for the billing period and distributes them back to all of the accounts based on the number of hours charged to each account during that billing period. These charges show as State Board Program Administrative Charges and Regional Board Program Administrative Charges on the Invoice.

The current billing period charges will include associated labor costs, risk assessment contract charges, overhead charges, SWRCB/DFA Administrative charges, and RWQCB Administrative charges. The overhead charges are based on the number of labor hours charged to the account. The overhead charges consist of rent, utilities, travel, supplies, training, and accounting services. Most of these charges are paid in arrears. The Accounting Office keeps track of these charges and distributes them back monthly to only those accounts having Labor hours charged to them for the period being billed. No site will be billed for overhead during a billing period unless Labor hours have been posted to the RWQCB employee's daily logs residing in the SCP Cost Recovery database.

Invoices are issued quarterly, one quarter in arrears. If a balance is owed, a check is to be remitted to the SWRCB with the invoice remittance stub within 30 days after receipt of the invoice. The Fee Coordinator inputs a record of all checks received directly or by the Accounting Office on a daily basis.
Copies of the invoices are sent to the appropriate RWQCBs so that they are aware of the oversight work invoiced. Questions regarding the work performed should be directed toward your RWQCB case worker.

**DISPUTE RESOLUTION**
If a dispute regarding oversight charges cannot be resolved with the RWQCB, Section 13320 of the California Water Code provides a process whereby persons may petition the SWRCB for review of RWQCB decisions. Regulations implementing Water Code Section 13320 are found in the Title 23 of the California Code of Regulations, Section 2050.

**DAILY LOGS**
A detailed description (daily log) of the actual work being done at each specific site is kept by each employee in the Regional Water Board who works on the cleanup oversight at the property. This information is provided on the quarterly invoice using standardized work activity codes to describe the work performed. *Upon request, a more detailed description of the work performed is available from the RWQCB staff.*

**REMOVAL FROM THE BILLING SYSTEM**
After the cleanup is complete, the RWQCB will submit a closure form to the SWRCB to close the account. If a balance is due, the Fee Coordinator will send a final billing for the balance owed. The responsible party should then submit a check to the SWRCB to close the account.

**AGREEMENT**
No cleanup oversight will be performed unless the responsible party of the property has agreed in writing to reimburse the State for appropriate cleanup oversight costs and submitted to the RP. You may wish to consult an attorney in this matter. As soon as the letter is received, the account will be added to the active Site Cleanup program Cost Recovery billing list and oversight work will begin.
CERTIFICATION DECLARATION FOR COMPLIANCE WITH FEE TITLE HOLDER NOTIFICATION REQUIREMENTS (California Water Code Section 13307.1)

Please Print or Type

Fee Title Holder(s):

Mailing Address:

Contact Person:

Telephone Number / Fax Number:

Site Name:

Address:

County Assessor Parcel Number (APN):

Contact Person:

Telephone Number / Fax Number:

File Number: SCP No. 1260

“I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.” (See attached page for who shall sign the Certification Declaration).

Printed Name of Person Signing

Official Title

Signature

Date Signed
The certification declaration form must be signed as follows:

1. For a corporation - by a responsible corporate officer, which means; (i) by a president, secretary, treasurer, or vice president of the corporation in charge of a principal business function, or any other person who performs similar policy of decision making functions for the corporation, or (ii) the manager of one or more manufacturing, production, or operating facilities employing more than 250 persons or having gross annual sales or expenditures exceeding $25 million, if authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures.

2. For a partnership or sole proprietorship – by a general partner or the proprietor respectively.

3. For a municipality, state, federal, or public agency - by either a principal executive officer or ranking elected official. A principal executive officer of a federal agency includes (i) the chief executive officer of the agency or (ii) a senior executive officer having responsibility for the overall operations or a principal geographic unit.
ACKNOWLEDGEMENT OF RECEIPT OF OVERSIGHT COST REIMBURSEMENT ACCOUNT LETTER

I, ________________________________, acting within the authority vested in me as an authorized representative of ________________________________, a corporation, acknowledge that I have received and read a copy of the attached REIMBURSEMENT PROCESS FOR REGULATORY OVERSIGHT and the cover letter dated May 10, 2011, concerning cost reimbursement for Regional Board staff costs involved with oversight of cleanup and abatement associated with the Dominguez Channel release in Carson, California in Los Angeles County. The release is occurring within the Dominguez Channel, approximately 400 feet south of Carson Street in Carson, California.

I understand the reimbursement process and billing procedures as explained in the letter. Our company is willing to participate in the cost recovery program and pay all subsequent billings in accordance with the terms in your letter and its attachments, and to the extent required by law. I also understand that signing this form does not constitute any admission of liability, but rather only an intent to pay for costs associated with oversight, as set forth above, and to the extent required by law. Billings for payment of oversight costs should be mailed to the following individual and address:

BILLING COMPANY ____________________________________________

BILLING CONTACT ____________________________________________

BILLING ADDRESS ____________________________________________

____________________________________ E-Mail ______________________

TELEPHONE NO. ____________________________________________

RESPONSIBLE PARTY’S SIGNATURE ________________________________ (Signature)

____________________________________ (Title) ______________________

DATE: ______________________________________________________

SCP NO. 1260 SITE ID NO. _______________________________________

California Environmental Protection Agency

Our intention is to preserve and enhance the quality of California’s water resources for the benefit of present and future generations.
Exhibit 3
United States Coast Guard  
Marine Safety Laboratory  
Oil Spill Identification Report  
11-125

Requestor: U. S. EPA Region IX  
Unit Case/Activity Number: E11908  
Received: 15-Feb-11  
Via: Federal Express  
8710 1056 5463

RESULTS:

1. Sample 11-125-1 was specified to be representative of spilled oil. Analysis indicates this sample contains gasoline mixed with traces of heavier petroleum oil. It is not possible based on the analysis conducted to determine if the heavier petroleum product is lubricating oil or a degraded fuel oil due to the limited quantity of product in the sample.
Exhibit 4
May 6, 2011

Mr. Greg Bishop, P.G.
Engineering Geologist
Regional Water Quality Control Board – Los Angeles Region
320 W. 4th
Los Angeles, CA 90013

Subject: Requirement for Technical Report
Dominguez Channel
Carson, California

Dear Mr. Bishop:

Crimson Pipeline L.P. (Crimson) is in receipt of the Regional Water Quality Control Board’s (RWQCB) letter of April 26, 2011 concerning the subject site (Site). Crimson does own an idle crude oil pipeline which parallels and is adjacent to the Dominguez Channel in the vicinity of the Site. The pipeline is known as the Dominguez Gathering pipeline. It is a 6-inch diameter crude oil pipeline originally constructed by Unocal.

Our records indicate that this pipeline was previously in crude oil service only and that the pipeline has been emptied of all crude oil, purged with nitrogen, and has been in an idle status since 1999. The pipeline was idled as a result of the shutdown of the crude oil production sites connected to the pipeline. A review of our records did not find any reports or documents indicating that the pipeline ever had a release in the vicinity of the subject site.

Crimson is in the process of conducting further integrity evaluations of the pipeline. We believe that these evaluations will support our position that this pipeline is not a contributory source to the petroleum hydrocarbons referenced in the Order. Further, it should be noted that this pipeline only transported crude oil and would therefore, not be a likely contributor to the "gasoline-range" or other refined petroleum products referenced in the Order.

Upon completion of our evaluations, Crimson will provide a report to the RWQCB of our findings. However, at this time, we believe that preparing a Work Plan to
delineate the vertical and lateral extent of petroleum impacts of the Dominguez Channel is unnecessary as our records indicate that it is unlikely that this pipeline is a contributor to the petroleum hydrocarbons present in the Dominguez Channel.

Sincerely,

[Signature]

Larry Alexander
President
I, Larry Alexander, declare as follows:

1. I am the President of Crimson Pipeline, L.P. ("Petitioner"). The facts stated in this Declaration are true of my personal knowledge, and if called as a witness to testify, I could and would competently do so to each fact stated.

2. The Order for Technical Report Pursuant to Water Code Section 13267 ("Order") was issued to Petitioner on the basis of its ownership of a petroleum facility in the vicinity of a site within the Dominguez Channel ("Site"). Petitioner owns an idle crude oil pipeline adjacent to the Site. The pipeline was acquired by Petitioner in 2007. The pipeline was taken out of service, emptied of crude oil, nitrogen purged and sealed by its former owner in 1999.

3. There is no evidence of a discharge from the pipeline. The records of former owners contain no evidence of any leak or other release from the pipeline during its operation. Petitioner is conducting tests to confirm the integrity of the pipeline.
4. The pipeline connected crude oil production locations to a crude oil pipeline during its operation. Crude oil is the only substance that was transported or could have been transported through the pipeline. The records of the former owner and its predecessors establish the pipeline transported crude oil and no other substance.

5. The substance found at the site is light non-aqueous phase liquid ("LNAPL"). LNAPL could not have originated from a release of crude oil. The pipeline could not have been the source of a release of LNAPL during its operation.

6. In order for Petitioner's pipeline to have been use to transport products that could be a source of LNAPL, such as gasoline or jet fuel, the pipeline would have had to be registered with the California State Fire Marshal as a jurisdictional pipeline. The California State Fire Marshall has no records of the registration the pipeline as a products pipeline.

7. The Regional Board contends it has found "smaller fractions of heavier-end (diesel-and oil range) hydrocarbons" at the Site. This contention is based primarily on a single sample taken at the Site. The analytical "Results" for the referenced sample states "[i]t is not possible based on the analysis conducted to determine if the heavier petroleum product is lubricating oil or a degraded fuel oil due to the limited quantity of product in the sample." A copy of the Results is attached to the Petition as Exhibit 3. Lubricating oil and fuel oil are refined products that are not transported in crude oil pipelines. The analytical data contradicts the Regional Board's contention that this sample may have contained crude oil. The Regional Board has no analytical data supporting its claim that a sample contained crude oil.

8. The method used to collect that sample may have allowed contamination of the sample with hydrocarbon molecules from sediments in the Dominguez Channel from sources other than release that is the subject of the Order.

9. The Regional Board contends that it observed products that could be crude oil in drains at the Site. Such products may be residue from LNAPL or other refined hydrocarbons, such as lubricating oil or fuel oil. The mere presence of a "dark brown to black and translucent" substance containing hydrocarbons is not proof of a release of crude oil.
10. Petitioner's pipeline is adjacent to an active crude oil pipeline. Despite it being an active pipeline, the Regional Board has not issued a similar order to the operator of that pipeline. Instead, the Regional Board has allowed the operator to conduct integrity assessment on their pipeline rather than pursue the investigation requested of Petitioner. Petitioner is merely seeking similar treatment from the Regional Board. There are additional active crude oil pipelines in the vicinity of the Site. Assuming crude oil is present in the Release, which Petitioner does not admit, Petitioner's idle pipeline is the least probable source of such crude oil.

I declare under penalty of perjury under the laws of the state of California that the foregoing is true and correct, and that this declaration was executed in Long Beach, California.

DATED: May 26, 2011

By: Larry Alexander
President of Crimson Pipeline, L.P.
URGENT

Date: May 26, 2011
Sender: Perry S. Hughes
            Direct 310.284.2276
            phughes@coxcastle.com
Pages: (incl. cover) 3
File: 99129/Crimson/RWQC1B

Recipient:
State Water Resources Control Board
Office of Chief Counsel
Jeannette L. Bashaw, Legal Analyst
(916) 341-5199 F

Regional Water Quality Control Board - Los Angeles Region
Mr. Greg Bishop, P.G., Engineering Geologist
(213) 576-6640 F
(213) 576-6600 P

Message:

999994082777v1
BEFORE THE STATE WATER RESOURCES CONTROL BOARD

In the Matter of Appeal of Water Code Section 13267 Order for Technical Report Pursuant to Water Code Section 13267

PETITION FOR REVIEW AND REQUEST FOR STAY OF ORDER

Pursuant to Section 13320 of California Water Code and Section 2050 of Title 23 of the California Code of Regulations ("CR"). CRIMSON PIPELINE, L.P. ("Petitioner") petitions the State Water Resources Control Board ("State Board") to review and vacate or amend the Order for Technical Report Pursuant to Water Code Section 13267 issued April 26, 2011 ("Order") of the California Regional Water Quality Control Board for the Los Angeles Region ("Regional Board") which ordered Petitioner to submit a work plan to delineate the vertical and lateral extent of petroleum at a site within the Dominguez Channel in Carson, approximately 400 feet South of Carson Street ("Site"). The Order specifies that the work plan "be prepared with the intent of determining (1) extent of petroleum impact from the Site and (2) if your facility has contributed to the release in the Dominguez Channel." However, the Order is not based on any credible evidence and is inconsistent with the manner in which the Regional Board has treated other similarly situated parties in the area. Petitioner requests the Order be stayed pending review due to substantial costs that would be incurred by Petitioner pending this review. Additionally, Petitioner requests that the State Board vacate, or in
the alternative, stay the requirements of the Site Cleanup Program Oversight Cost Reimbursement Letter issued to Petitioner and dated May 10, 2011 ("Letter").

The issues raised in this petition were raised in timely written request to reconsider the Order. Moreover, the relief requested herein will not interfere with the investigation of the Site because the Region Board has issued orders to other, more appropriate parties that, unlike Petitioner, are known to have used, stored and transported the hazardous materials at issue in this matter.

1. NAME AND ADDRESS OF THE PETITIONERS:

   Crimson Pipeline, L.P.
   2459 Redondo Avenue
   Long Beach, CA 90755
   Attn: Larry Alexander

2. THE SPECIFIC ACTION OR INACTION OF THE REGIONAL BOARD WHICH
   THE STATE BOARD IS REQUIRED TO REVIEW AND A COPY OF ANY ORDER
   OR RESOLUTION OF THE REGIONAL BOARD WHICH IS REFERRED TO IN
   THE PETITION:

   Petitioner seeks review of Order for Technical Report Pursuant to Water Code Section 13267, dated April 26, 2011 ("Order"). A copy of the Order is attached hereto, and filed concurrently, as Exhibit 1. Petitioner also seeks relief from the Site Cleanup Program Oversight Cost Reimbursement Letter issued to Petitioner and dated May 10, 2011 ("Letter"). A copy of the Letter is attached hereto, and filed concurrently, as Exhibit 2.

3. THE DATE ON WHICH THE REGIONAL BOARD ACTED OR REFUSED TO ACT
   OR ON WHICH THE REGIONAL BOARD WAS REQUESTED TO ACT:

   April 26, 2011.

4. A FULL AND COMPLETE STATEMENT OF THE REASONS THE ACTION OR
   FAILURE TO ACT WAS INAPPROPRIATE OR IMPROPER:

   Petitioner contends that the following actions by the Regional Board were improper and lacked merit:

   1. The Order is issued to Petitioner under Water Code Section 13267. The Order is issued to Petitioner on the basis of its ownership of a petroleum facility in the vicinity of the Site. Petitioner owns an idle crude oil pipeline adjacent to the Dominguez Channel. The pipeline was
acquired by Petition in 2007. The pipeline was taken out of service, emptied of crude oil, nitrogen purged and sealed by its former owner in 1999.

2. There is no evidence of a discharge from the pipeline. The records of former owners contain no evidence of any leak or other release from the pipeline during its operation. Petitioner is conducting tests to confirm the integrity of the pipeline. In the absence of any evidence of a release of crude oil from the pipeline, Petitioner cannot be held responsible for the release at the Site.

3. The pipeline connected crude oil production locations to a crude oil pipeline during its operation. Crude oil is the only substance that was transported or could have been transported through the pipeline. The records of the former owner and its predecessors establish the pipeline transported crude oil and no other substance.

4. The substance found at the site is light non-aqueous phase liquid ("LNAPL"). LNAPL could not have originated from a release of crude oil. The pipeline could not have been the source of a release of LNAPL during its operation.

5. In order for Petitioner’s pipeline to have been use to transport products that could be a source of LNAPL, such as gasoline or jet fuel, the pipeline would have had to be registered with the California State Fire Marshal as a jurisdictional pipeline. The California State Fire Marshall has no records of the registration the pipeline as a products pipeline.

6. The Regional Board contends it has found “smaller fractions of heavier-end (diesel-and oil range) hydrocarbons” at the Site. This contention is based primarily on a single sample taken at the Site. The analytical “Results” for the referenced sample states “[i]t is not possible based on the analysis conducted to determine if the heavier petroleum product is lubricating oil or a degraded fuel oil due to the limited quantity of product in the sample.” A copy of the Results is attached hereto, and filed concurrently, as Exhibit 3. Lubricating oil and fuel oil are refined products that are not transported in crude oil pipelines. The analytical data contradicts the Regional Board’s contention that this sample may have contained crude oil. The Regional Board has no analytical data supporting its claim that a sample contained crude oil.
7. The method used to collect that sample may have allowed contamination of the sample with hydrocarbon molecules from sediments in the Dominguez Channel from sources other than release that is the subject of the Order.

8. The Regional Board contends that it observed products that could be crude oil in drains at the Site. Such products may be residue from LNAPL or other refined hydrocarbons, such as lubricating oil or fuel oil. The mere presence of a "dark brown to black and translucent" substance containing hydrocarbons is not proof of a release of crude oil.

9. The Regional Board has no credible or scientifically valid evidence to support its contention that crude oil is a constituent of the release.

10. Petitioner's pipeline is adjacent to an active crude oil pipeline. Despite it being an active pipeline, the Regional Board has not issued a similar order to the operator of that pipeline. Instead, the Regional Board has allowed the operator to conduct integrity assessment on their pipeline rather than pursue the investigation requested of Petitioner. Petitioner is merely seeking similar treatment form the Regional Board. There are additional active crude oil pipelines in the vicinity of the Site. Assuming crude oil is present in the Release, which Petitioner does not admit, Petitioner's idle pipeline is the least probable source of such crude oil.

5. **THE MANNER IN WHICH THE PETITIONS ARE AGGRIEVED.**

   The Petitioner is being ordered to investigate and remediate contamination for which it is not responsible and for which it could not have been responsible. The Regional Board lacks any basis to suspect Petitioner's idle pipeline is the source of any release at the Site. The Order and Letter are premature until the Regional Board has evidence that Petitioner's pipeline is contributed to the release or could have contributed to the release.

   Petitioner will be aggrieved if it is compelled expend funds and resources to prepare and implement a work plan for investigation of the Site or is compelled to respond to the Letter and contribute to the costs of any investigations. Petitioner requests that the State Board vacate the Order and Letter or stay the Order and Letter until Petitioner completes its integrity testing and the Regional Board has an opportunity to reconsider its Order and Letter on the basis of those results.
6. **THE SPECIFIC ACTION BY THE STATE OR REGIONAL BOARD WHICH PETITIONER REQUESTS.**

The Petitioners seek an immediate stay of the Order and Letter, while the Board reviews this Petition.

Further, the Petitioners seek the following action:

1) The Petitioner respectfully requests that the Board vacate the Order and Letter.

2) In the alternative, the Petitioners request that the Board amend the Order in the following manner:
   a) limit the requirement of the Petitioner to conducting integrity testing of its pipeline;
   b) withdraw the requirement to conduct any additional activity until such testing is completed; and
   c) release Petitioner from the requirements of the Letter until the integrity testing is completed.

7. **A STATEMENT OF POINTS AND AUTHORITIES IN SUPPORT OF LEGAL ISSUES RAISED IN THE PETITION.**

Water Code section 13267 confers authority on Regional Boards to issue orders only to "any person who has discharged, discharges, or is suspected of having discharged or, discharging, or who proposes to discharge waste into its region ..." California Water Code section 13267.

The Regional Board has no factual support for its contention that Petitioner's pipeline may have transported any substance other than crude oil. The Regional Board lacks credible scientific evidence to support its contention that crude oil is a constituent of the release at the Site. Therefore, the Regional Board had no factual basis to attribute the discharge at the Site to Petitioner or to suspect that Petitioner's pipeline is the source of that discharge.

As established in prior State Board precedent cited in the Regional Board's Order, the Regional Board must show "substantial evidence" to name a party as a discharger. See WQ 86-16 (Stinnes-Western Chemical Corp.) and WQ 85-7 (Exxon). The Regional Board has no factual support for its conclusion that the current release is the result of a discharge from Petitioner's long-idled pipeline. Therefore, the Regional Board has no authority to issue the Order or the Letter.
8. **A STATEMENT THAT THE PETITION HAS BEEN SENT TO THE APPROPRIATE REGIONAL BOARD AND TO THE DISCHARGERS, IF NOT THE PETITIONER.**

   A true and correct copy of this Petition and all supporting documentation were sent via overnight delivery and electronically to:

1) State Water Resources Control Board  
   Office of Chief Counsel  
   Jeannette L. Bashaw, Legal Analyst  
   P.O. Box 100  
   Sacramento, CA 95812-0100  
   jbashaw@waterboards.ca.gov

2) Regional Water Quality Control Board – Los Angeles Region  
   Mr. Greg Bishop, P.G.  
   Engineering Geologist  
   320 W. 4th Street, Los Angeles, CA 90013  
   gbishop@waterboards.ca.gov

3) Regional Water Quality Control Board – Los Angeles Region  
   Mr. Samuel Unger, P.E.  
   Executive Officer  
   320 W. 4th Street, Los Angeles, CA 90013  
   sunger@waterboards.ca.gov

9. **A STATEMENT THAT THE ISSUES RAISED IN THE PETITION WERE PRESENTED TO THE REGIONAL BOARD BEFORE THE REGIONAL BOARD ACTED, OR AN EXPLANATION OF WHY THE PETITIONER COULD NOT RAISE THOSE OBJECTIONS BEFORE THE REGIONAL BOARD.**

   The issues raised in the Petition were first presented to the Regional Board in Petitioner's letter to the Regional Board dated May 6, 2011, attached hereto as Exhibit 4, in which Petitioner requested reconsideration of the Order and stated grounds for reconsideration. Additionally, Petitioner has raised the issues set forth in the Petition in multiple conversations with staff members.
of the Regional Board. Petitioner's request for reconsideration was denied by a letter from the Regional Board dated May 23, 2011.

DATED: May 26, 2011

COX, CASTLE & NICHOLSON LLP

By: Perry S. Hughes
Attorneys for Petitioners Crimson Pipeline, L.P.
April 26, 2011

Mr. Mike Romley
Crimson Pipeline
2459 Redondo Avenue
Long Beach, CA 90755

SUBJECT: REQUIREMENT FOR TECHNICAL REPORT – PURSUANT TO CALIFORNIA WATER CODE SECTION 13267 ORDER

SITE/CASE: DOMINGUEZ CHANNEL, SOUTH OF CARSON STREET
CARSON, CALIFORNIA

Dear Mr. Romley:

The California Regional Water Quality Control Board, Los Angeles Region (Regional Board) is the public agency with primary responsibility for the protection of groundwater and surface water quality for all beneficial uses within major portions of Los Angeles and Ventura counties, including the referenced Site. To accomplish this, the Regional Board oversees the investigation and cleanup of unregulated discharges adversely affecting the State’s water, authorized by the Porter-Cologne Water Quality Control Act (California Water Code [CWC], Division 7).

Since January 2011, light non-aqueous phase liquids (LNAPL) have been appearing within the Dominguez Channel in Carson, California, approximately 400 feet south of Carson Street. The petroleum product has been observed (1) entering into channel waters from sediments within the bottom of the channel and (2) within horizontal, perforated sub-drain pipe systems installed within both the west and east channel levees.

This Regional Board has been working in collaboration with other agencies, under United States Environmental Protection Agency (USEPA) lead, to facilitate the assessment and remedy of the release. As the channel owner and operator, the Los Angeles County Department of Public Works (LADPW) has been performing containment operations using booms and absorbent pads in the channel. In addition to the recovery of released product to channel waters, this Regional Board has requested that LADPW extract LNAPL from the sub-drain piping systems on both sides of the channel.

Samples of product entering channel waters from sediments in the bottom of the channel have been determined to contain primarily gasoline-range hydrocarbons, with smaller fractions of heavier-end (diesel- and oil-range) hydrocarbons. Product examined from the western sub-drain system was observed to be approximately 0.25 inch thick on one occasion with a clear and colorless appearance. Product examined from the eastern sub-drain system was observed to be dark brown to black and translucent. Based upon the variation in the visual appearance of the product, this Regional Board suspects that multiple releases of petroleum may be involved. The sources of the release have not been identified.

California Regional Water Quality Control Board
Los Angeles Region
320 West Fourth Street, Suite 200, Los Angeles, California 90013
(213) 576-6600 • FAX (213) 576-6640
http://www.waterboards.ca.gov/losangeles

Edmund G. Brown Jr.
Governor

Linda S. Adams
Acting Secretary for Environmental Protection
April 26, 2011

Mr. Mike Romley
Crimson Pipeline

We have determined that, to protect the beneficial uses of the waters beneath the Site, an assessment of the full extent of impacts to the subsurface from the identified contaminants of concern is required.

Enclosed is a Regional Board Order requiring, pursuant to section 13267 of the CWC, that you complete assessments of the contaminants of concern impacting soil, soil vapor, and groundwater at the Dominguez Channel and determine the extent to which your facility may have contributed to the release.

Similar Orders are being sent to multiple suspected Responsible Parties in the vicinity of the release, including you. The attached Order includes a table that lists these parties. At your discretion, you may collaborate with some or all of the other parties to satisfy the requirements of the Order.

If you have any questions, please contact Mr. Greg Bishop at (213) 576-6727 or gbishop@waterboards.ca.gov.

Sincerely,

Samuel Unger, P.E.
Executive Officer

Enclosure
REQUIREMENT TO PROVIDE A TECHNICAL REPORT ON
SOIL AND GROUNDWATER INVESTIGATION
(CALIFORNIA WATER CODE SECTION 13267')

DIRECTED TO "CRIMSON PIPELINE"
FORMER UNION OIL PIPELINE
WITHIN PERRY STREET, BENEATH ACTIVE RV (1202 E. CARSON STREET), AND
ADJACENT TO THE DOMINGUEZ CHANNEL
CARSON, CALIFORNIA

You are legally obligated to respond to this Order. Please read this carefully.

Since January 2011, light non-aqueous phase liquids (LNAPL) have been appearing within the Dominguez Channel in Carson, California, approximately 400 feet south of Carson Street. The petroleum product has been observed (1) entering into channel waters from sediments within the bottom of the channel and (2) within horizontal, perforated sub-drain pipe systems installed within both the west and east channel levees.

Pursuant to section 13267(b) of the California Water Code (CWC), you are hereby directed to submit the following:

1. By June 8, 2011, a work plan to delineate the vertical and lateral extent of petroleum impact in the vicinity of the release. The work plan shall be prepared with the intent of determining (1) the extent of petroleum impact from the Site and (2) if your facility has contributed to the release in the Dominguez Channel. The work plan shall place an emphasis on expedient groundwater delineation but shall also include plans to delineate soil and soil gas impacts. The work plan shall propose initial sampling locations, describe proposed sampling and analytical techniques, provide a proposed timeline for activities, and include provisions for follow-up work in the event the proposed work does not sufficiently define the extent of impact.

2. After approval by the Regional Board Executive Officer, implement the work plan and report results in accordance with the approved work plan schedule.

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1 California Water Code section 13267 states, in part: (b)(1) In conducting an investigation... the regional board may require that any person who has discharged, discharges, or is suspected of having discharged or, discharging, or who proposes to discharge waste within its region... shall furnish, under penalty of perjury, technical or monitoring program reports which the regional board requires. The burden, including costs, of these reports shall bear a reasonable relationship to the need for the report and the benefits to be obtained from the reports. In requiring these reports, the regional board shall provide the person with a written explanation with regard to the need for the reports, and shall identify the evidence that supports requiring that person to provide the reports.
The work plan shall be submitted via e-mail (in portable document format [pdf]) with one paper hard-copy to:

Mr. Greg Bishop, P.G.
Engineering Geologist
Regional Water Quality Control Board – Los Angeles Region
320 W. 4th Street, Los Angeles, CA 90013
(213) 576-6727
gbishop@waterboards.ca.gov

Pursuant to section 13268(b)(1) of the CWC, failure to submit the required technical or monitoring report described in paragraph 1 above may result in the imposition of civil liability penalties by the Regional Board, without further warning, of up to $1,000 per day for each day the report is not received after the due dates.

The Regional Board needs the required information to determine (1) the extent of petroleum impact beneath and near the ongoing release within the Dominguez Channel, approximately 400 feet south of Carson Street in Carson, California and (2) whether your facility has contributed to the petroleum release.

The evidence supporting this requirement is your operation of a petroleum facility near the release site (see the attached table).

We believe that the burdens, including costs, of these reports bear a reasonable relationship to the need for the reports and the benefits to be obtained from the reports. If you disagree and have information about the burdens, including costs, of complying with these requirements, provide such information to Mr. Greg Bishop within ten days of the date of this letter so that we may reconsider the requirements.

Please note that effective immediately, the Regional Board, under the authority given by California Water Code (CWC) section 13267, subdivision (b)(1), requires you to include a perjury statement in all reports submitted under the 13267 Order. The perjury statement shall be signed by a senior authorized Chevron Company representative (not by a consultant). The perjury statement shall be in the following format:

"I, [NAME], do hereby declare, under penalty of perjury under laws of State of California, that I am [JOB TITLE] for Chevron Company, that I am authorized to attest, that veracity of the information contained in [NAME AND DATE OF THE REPORT] is true and correct, and that this declaration was executed at [PLACE], [STATE], on [DATE]."

The State Water Resources Control Board (State Water Board) adopted regulations requiring the electronic submittals of information over the Internet using the State Water Board GeoTracker data management system. You are required not only to submit hard copy reports required in this Order, but also to comply by uploading all reports and correspondence prepared to date on to the GeoTracker data management system. The text of the regulations can be found at the URL:

Any person aggrieved by this action of the Regional Water Board may petition the State Water Board to review the action in accordance with Water Code section 13320 and California Code of Regulations, title 23, sections 2050 and following. The State Water Board must receive the petition by 5:00 p.m., 30 days after the date of this Order, except that if the thirtieth day following the date of this Order falls on a Saturday, Sunday, or state holiday, the petition must be received by the State Water Board by 5:00 p.m. on the next business day. Copies of the law and regulations applicable to filing petitions may be found on the Internet at:

http://www.waterboards.ca.gov/public_notices/petitions/water_quality

or will be provided upon request.

SO ORDERED.

Samuel Unger, P.E.
Executive Officer

Enclosure: Recipients of CWC Section 13267 Orders Associated with a Petroleum Release near Carson Street in Dominguez Channel, Carson, California, April 26, 2011
<table>
<thead>
<tr>
<th>No.</th>
<th>Ref.</th>
<th>Source</th>
<th>Chemical Type</th>
<th>Address</th>
<th>Phone</th>
<th>Resp.</th>
<th>Action Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td>Mech Residue 1</td>
<td>11633 Jordan Way</td>
<td>215-995-7095</td>
<td><a href="mailto:dspo@calson.com">dspo@calson.com</a></td>
<td>Reject Bio Oil residue within Fency St, behind house 1, and refer to the Dominquez Channel</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td>Cen's MFG Co.</td>
<td>3300 Eton Ave, Ste 720</td>
<td>215-399-5797</td>
<td><a href="mailto:holly@calson.com">holly@calson.com</a></td>
<td>Manufacturer Cameron Oil Co. no longer operating at site, but asked to refer to the Dominquez Channel</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td>vnly Residue</td>
<td>4151 Redondo Ave</td>
<td>215-182-9263</td>
<td><a href="mailto:jgrimes@calson.com">jgrimes@calson.com</a></td>
<td>Reopen Mech Oil residue within Fency St, behind house 1, and refer to the Dominquez Channel</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td>Shell Oil Products</td>
<td>1245 S. Wilshire Avenue</td>
<td>310-591-5236</td>
<td><a href="mailto:smpeniu@calson.com">smpeniu@calson.com</a></td>
<td>Phone co with Fency St, formerly behind house 1 and Dominquez Channel</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td>Fency Residue</td>
<td>4151 Redondo Ave</td>
<td>215-182-9263</td>
<td><a href="mailto:jgrimes@calson.com">jgrimes@calson.com</a></td>
<td>Reopen Mech Oil residue within Fency St, behind house 1, and refer to the Dominquez Channel</td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td>Power's Refinery</td>
<td>1245 S. Wilshire Avenue</td>
<td>215-591-5236</td>
<td><a href="mailto:smpeniu@calson.com">smpeniu@calson.com</a></td>
<td>Phone co with Fency St, formerly behind house 1 and Dominquez Channel</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td>Chevron Refining Co</td>
<td>1245 S. Wilshire Avenue</td>
<td>215-182-9263</td>
<td><a href="mailto:jgrimes@calson.com">jgrimes@calson.com</a></td>
<td>Reopen Mech Oil residue within Fency St, behind house 1, and refer to the Dominquez Channel</td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td>Chevron Refining Co</td>
<td>1245 S. Wilshire Avenue</td>
<td>215-182-9263</td>
<td><a href="mailto:jgrimes@calson.com">jgrimes@calson.com</a></td>
<td>Reopen Mech Oil residue within Fency St, behind house 1, and refer to the Dominquez Channel</td>
</tr>
</tbody>
</table>
Exhibit 2
May 10, 2011

Mr. Mike Romley
Crimson Pipeline
2459 Redondo Avenue
Long Beach, CA 90715

SUBJECT: SITE CLEANUP PROGRAM OVERSIGHT COST REIMBURSEMENT ACCOUNT

SITE/CASE: DOMINGUEZ CHANNEL RELEASE, CARSON, CALIFORNIA (SCP NO. 1260)

Dear Mr. Romley:

The California Regional Water Quality Control Board (Regional Board), Los Angeles Region, is the public agency with primary responsibility for the protection of ground and surface water quality for all beneficial uses within major portions of the Los Angeles and Ventura Counties, including the referenced site.

Since January 2011, light non-aqueous phase liquids (LNAPL) have been appearing within the Dominguez Channel in Carson, California, approximately 400 feet south of Carson Street in the vicinity of your petroleum infrastructure. The petroleum product has been observed (1) entering into channel waters from sediments within the bottom of the channel and (2) within horizontal, perforated sub-drain pipe systems installed within both the west and east channel levees. On April 26, 2011, this Regional Board issued a California Water Code (CWC) Section 13267 Order to you to provide a work plan to investigate the extent to which your facility may have impacted the subsurface in the vicinity of the release.

Section 13304 of the CWC (Porter Cologne Act) allows the Regional Board to recover reasonable expenses from a responsible party or parties for overseeing the investigation and cleanup of unregulated discharges adversely affecting the State's waters. In compliance with Section 13365 of the California Water Code, this letter is being sent to provide you the following information regarding costs for regulatory oversight work.

I. Estimate of Work To be Performed

The Regional Board staff estimates that during the Regional Board's 2010/2011 fiscal year (July 1, 2010 to June 30, 2011), regulatory oversight work may include but not limited to the following tasks to be performed at the site:

1. Review technical reports and determine if the contamination sources and plumes are fully delineated vertically and laterally;
2. Request and review of additional assessment workplans and reports, detailed remediation design and installation plan, progress and monitoring reports, risk assessment workplans and reports, and other technical reports as necessary;
3. Prepare comment letters on various reports and communicate findings to responsible parties;

California Regional Water Quality Control Board
Los Angeles Region

Linda S. Adams
Acting Secretary for
Environmental Protection

320 West Fourth Street, Suite 200, Los Angeles, California 90013
(213) 76-6600 * Fax (213) 76-6640
http://www.waterboards.ca.gov/losangeles

Edmund G. Brown Jr.
Governor

RECEIVED ON
MAY 13 2011
BY: CRIMSON PIPELINE L.P.
4. Conduct site inspections, collect split samples, and attend meetings with environmental consultants and responsible parties, and
5. Conduct internal and external communications (i.e. meetings, memos) about or related to the site.

II. Statement of Expected Outcome

The expected outcome of work that will be performed includes providing written comments on the submitted reports and workplans, verifying the adequacy of reports, and determining the need to further investigate the impact to soil and groundwater as well as risk to human health and environment, and responding to public inquiries about site investigations and cleanups as needed.

III. Billing Rate

Attached are the Site Cleanup Program, Monthly Salary Scales by Job Classification (Attachment 1) for employees expected to perform the work and the Reimbursement Process for Regulatory Oversight (Attachment 2). The names and classifications of employees that charge time to this site will be listed on the invoices. The average billing rate is about $150.00 per hour.

IV. Estimation of Expected Charges

A. Regional Board staff expects to charge about 40 hours for work related to this site during fiscal year 2010/2011. Based on the average billing rate of $150.00 per hour, the estimated billing charge by the Regional Board staff for this site during this fiscal year is about $6,000, which does not include possible contract charges stated in B (below). Please note that this is neither a commitment nor a contract for regulatory oversight. It is only an estimate of the work, which may be performed.

B. To better evaluate the potential health risk from the detected or residual contaminants posed to the current/future occupants of the site and the immediate site vicinity, the Regional Board has established a contract with the State Office of Environmental Health Hazard Assessment (OEHHA), to have their toxicologists review the submitted health risk assessment reports. OEHHA will review, evaluate if appropriate, and provide comments on risk assessment reports. When requested, OEHHA toxicologists will provide the Regional Board consultation services on issues concerning human health and/or environmental risks.

Under the Cost Recovery Program, the responsible party (parties) is (are) required to reimburse the Regional Board for the cost incurred by OEHHA review. Occurred charges by OEHHA staff will be included in our invoices under the contract charges category. All quarterly invoices generated for this project will be sent to your provided billing contact by the Site Cleanup Program (SCP), State Water Resources Control Board.

V. Landowner Notification and Participation Requirements

Pursuant to Division 7 of the Porter Cologne Water Quality Control Act under section 13307.1, the Regional Board is required to notify all current fee title holders for the subject site prior to considering corrective action or granting case closure. Therefore, you are required to provide the name, mailing address and telephone numbers for all record fee title holders for the site together with a copy of county record of current ownership, available from the County Recorder’s Office, or complete the attached Certification Declaration Form (Attachment 3) and submit it to our office.

California Environmental Protection Agency

Recycled Paper
Please sign and return the enclosed landowner’s information (Attachment 3) and “Acknowledgment of Receipt of Cost Reimbursement Account Letter” (Attachment 4) to Mr. Greg Bishop (case manager) of the Regional Board by May 31, 2011.

VI. Other Requirements

1. Change of Ownership: You must notify the Executive Officer, in writing at least 30 days in advance of any proposed transfer of this cost reimbursement account’s responsibility to a new owner containing a specific date for the transfer. In addition, you shall notify the succeeding owner of the existence of this cost reimbursement account by letter, copy of which shall be forwarded to the Board.

2. Public Participation: With increased public interest in our programs and the public knowledge of threat to human health and the environment, the Regional Boards are increasing our effort in getting the public more involved in our decision making process. The Regional Boards are also required to involve the public in site cleanup decisions under State law (including Health & Safety Code section 25356.1). You may be required to prepare and implement a public participation plan. Regional Board staff will provide you with additional guidance as appropriate.

3. Electronic Submittals: In September 2004, the State Water Resources Control Board adopted regulations (Chapter 30, Division 3 of Title 23 & Division 3 of Title 27, California Code of Regulation) requiring the electronic submittal of information (ESI) for all site cleanup programs, starting January 1, 2005. Currently, all of the information on electronic submittals and Geotracker contacts can be found at http://www.waterboards.ca.gov/ust/electronic_submittal.

Due to resource constraints at this time, we request that you continue to submit hard copies of all documents and data in addition to ESI to GeTracker, until further notice.

If you have any questions, please contact Mr. Greg Bishop at (213) 576-6727 (gbishop@waterboards.ca.gov).

Sincerely,

Samuel Unger, PE
Executive Officer

Attachments:
1. Monthly Salary Scales by Job Classification
2. Reimbursement Process for Regulatory Oversight
3. Certification Declaration Form
4. Acknowledgment of Receipt of Cost Reimbursement Account Letter

California Environmental Protection Agency
Recycled Paper
SITE CLEANUP PROGRAM (SCP)
BILLING COST EXPLANATION

Employee Salary and Benefits by Classification ¹  ABR

<table>
<thead>
<tr>
<th>Classification</th>
<th>SALARY SCALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associate Governmental Program Analyst (AGPA)</td>
<td>5,852 – 7,113</td>
</tr>
<tr>
<td>Engineering Geologist (EG)</td>
<td>9,213 – 11,201</td>
</tr>
<tr>
<td>Environmental Scientist (ES)</td>
<td>4,092 – 7,586</td>
</tr>
<tr>
<td>Office Assistant (OA)</td>
<td>2,758 – 3,684</td>
</tr>
<tr>
<td>Office Technician (OT)</td>
<td>3,509 – 4,268</td>
</tr>
<tr>
<td>Principal Water Resources Control Engineer (PWRCE)</td>
<td>13,090 – 14,434</td>
</tr>
<tr>
<td>Sanitary Engineering Associate (SEA)</td>
<td>6,597 – 8,016</td>
</tr>
<tr>
<td>Sanitary Engineering Technician (SET)</td>
<td>4,543 – 6,339</td>
</tr>
<tr>
<td>Senior Engineering, Water Resources Control Engineer (SWRCE)</td>
<td>9,811 – 13,090</td>
</tr>
<tr>
<td>Senior Engineering Geologist (SEG)</td>
<td>10,802 – 13,127</td>
</tr>
<tr>
<td>Senior Environmental Scientist (SRES)</td>
<td>7,248 – 8,749</td>
</tr>
<tr>
<td>Senior Water Resources Control Engineer (SRWRCE)</td>
<td>10,802 – 13,127</td>
</tr>
<tr>
<td>Staff Counsel (STCOUN)</td>
<td>6,216 – 10,411</td>
</tr>
<tr>
<td>Staff Counsel III (STCOUNIII)</td>
<td>10,217 – 12,606</td>
</tr>
<tr>
<td>Staff Counsel IV (STCOUNIV)</td>
<td>11,286 – 13,934</td>
</tr>
<tr>
<td>Staff Environmental Scientist (SES)</td>
<td>7,242 – 8,745</td>
</tr>
<tr>
<td>Student Assistant (SA)</td>
<td>2,683 – 2,938</td>
</tr>
<tr>
<td>Student Assistant Engineer (SAE)</td>
<td>2,683 – 3,985</td>
</tr>
<tr>
<td>Supervising Engineering Geologist (SUEG)</td>
<td>10,769 – 13,090</td>
</tr>
<tr>
<td>Supervising Water Resources Control Engineer (SUWRCE)</td>
<td>10,769 – 13,090</td>
</tr>
<tr>
<td>Water Resources Control Engineer (WRCE)</td>
<td>7,883 – 11,144</td>
</tr>
</tbody>
</table>

Operating Expenses and Equipment ² (both Headquarters and Regional Board offices)

Indirect Costs (Overhead – cost of doing business) 135%

Billing Example

Water Resources Control Engineer

Salary: $ 11,144
Overhead (indirect costs): $ 15,044
Total Cost per month: $ 26,188.

Divided by 176 hours per month equals per hour: $ 148.80
(Due to the various classifications that expend SCP resources. An average of $ 150.00 per hour can be used for projection purposes.)

¹ The name and classification of employees performing oversight work will be listed on the invoice you receive.
² The examples are estimates based on recent billings. Actual charges may be slightly higher or lower.
ATTACHMENT 2

REIMBURSEMENT PROCESS FOR REGULATORY OVERSIGHT

We have identified your facility or property as requiring regulatory cleanup oversight. Pursuant to the Porter-Cologne Water Quality Control Act, reasonable costs for such oversight can be recovered by the Regional Water Quality Control Board (RWQCB) from the responsible party. The purpose of the enclosure is to explain the oversight billing process structure.

INTRODUCTION
The Porter-Cologne Water Quality Control Act authorizes the State Water Resources Control Board (SWRCB) to set up Cost Recovery Programs. The Budget Act of 1993 authorized the SWRCB to establish a Cost Recovery Program for Site Cleanup Program (SCP). The program is set up so that reasonable expenses incurred by the SWRCB and RWQCBs in overseeing cleanup of illegal discharges, contaminated properties, and other unregulated releases adversely impacting the State's waters can be reimbursed by the responsible party. Reasonable expenses will be billed to responsible parties and collected by the Fee Coordinator at the SWRCB in the Division of Financial Assistance (DFA).

THE BILLING SYSTEM
Each cost recovery account has a unique Site ID number assigned to it. Whenever any oversight work is done, the hours are entered into the SCP Cost Recovery/daily logs database. The cost of the staff hours is calculated by the State Accounting System based on the employee's salary and benefit rate and the SWRCB overhead rate.

SWRCB and RWQCB Administrative charges for work such as accounting, billing preparation, general program meetings and program specific training cannot be charged directly to an account. This work will be charged to Administrative accounting codes one per Region. The Accounting Office totals these administrative charges for the billing period and distributes them back to all of the accounts based on the number of hours charged to each account during that billing period. These charges show as State Board Program Administrative Charges and Regional Board Program Administrative Charges on the Invoice.

The current billing period charges will include associated labor costs, risk assessment contract charges, overhead charges, SWRCB/DFA Administrative charges, and RWQCB Administrative charges. The overhead charges are based on the number of labor hours charged to the account. The overhead charges consist of rent, utilities, travel, supplies, training, and accounting services. Most of these charges are paid in arrears. The Accounting Office keeps track of these charges and distributes them back monthly to only those accounts having Labor hours charged to them for the period being billed. No site will be billed for overhead during a billing period unless Labor hours have been posted to the RWQCB employee's daily logs residing in the SCP Cost Recovery database.

Invoices are issued quarterly, one quarter in arrears. If a balance is owed, a check is to be remitted to the SWRCB with the invoice remittance stub within 30 days after receipt of the invoice. The Fee Coordinator inputs a record of all checks received directly or by the Accounting Office on a daily basis.
Copies of the invoices are sent to the appropriate RWQCBs so that they are aware of the oversight work invoiced. Questions regarding the work performed should be directed toward your RWQCB case worker.

**DISPUTE RESOLUTION**
If a dispute regarding oversight charges cannot be resolved with the RWQCB, Section 13320 of the California Water Code provides a process whereby persons may petition the SWRCB for review of RWQCB decisions. Regulations implementing Water Code Section 13320 are found in the Title 23 of the California Code of Regulations, Section 2050.

**DAILY LOGS**
A detailed description (daily log) of the actual work being done at each specific site is kept by each employee in the Regional Water Board who works on the cleanup oversight at the property. This information is provided on the quarterly invoice using standardized work activity codes to describe the work performed. *Upon request, a more detailed description of the work performed is available from the RWQCB staff.*

**REMOVAL FROM THE BILLING SYSTEM**
After the cleanup is complete, the RWQCB will submit a closure form to the SWRCB to close the account. If a balance is due, the Fee Coordinator will send a final billing for the balance owed. The responsible party should then submit a check to the SWRCB to close the account.

**AGREEMENT**
No cleanup oversight will be performed unless the responsible party of the property has agreed in writing to reimburse the State for appropriate cleanup oversight costs and submitted to the RP. You may wish to consult an attorney in this matter. As soon as the letter is received, the account will be added to the active Site Cleanup program Cost Recovery billing list and oversight work will begin.
ATTACHMENT 3

CERTIFICATION DECLARATION FOR COMPLIANCE WITH FEE TITLE HOLDER NOTIFICATION REQUIREMENTS (California Water Code Section 13307.1)

Please Print or Type

Fee Title Holder(s):
Mailing Address:
Contact Person:
Telephone Number / Fax Number:
Site Name:
Address:
County Assessor Parcel Number (APN):
Contact Person:
Telephone Number / Fax Number:
File Number: SCP No. 1260

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations." (See attached page for who shall sign the Certification Declaration).

Printed Name of Person Signing

Official Title

Signature

Date Signed

California Environmental Protection Agency

Our mission is to preserve and enhance the quality of California's water resources for the benefit of present and future generations.
The certification declaration form must be signed as follows:

1. For a corporation - by a responsible corporate officer, which means; (i) by a president, secretary, treasurer, or vice president of the corporation in charge of a principal business function, or any other person who performs similar policy of decision making functions for the corporation, or (ii) the manager of one or more manufacturing, production, or operating facilities employing more than 250 persons or having gross annual sales or expenditures exceeding $25 million, if authority to sign documents has been assigned or delegated to the manager in accordance with corporate procedures.

2. For a partnership or sole proprietorship - by a general partner or the proprietor respectively.

3. For a municipality, state, federal, or public agency - by either a principal executive officer or ranking elected official. A principal executive officer of a federal agency includes (i) the chief executive officer of the agency or (ii) a senior executive officer having responsibility for the overall operations or a principal geographic unit.
ACKNOWLEDGEMENT OF RECEIPT OF OVERSIGHT COST REIMBURSEMENT ACCOUNT LETTER

I, ______________________________________, acting within the authority vested in me as an authorized representative of ____________________________________________________________, a corporation, acknowledge that I have received and read a copy of the attached REIMBURSEMENT PROCESS FOR REGULATORY OVERSIGHT and the cover letter dated May 10, 2011, concerning cost reimbursement for Regional Board staff costs involved with oversight of cleanup and abatement associated with the Dominguez Channel release in Carson, California in Los Angeles County. The release is occurring within the Dominguez Channel, approximately 400 feet south of Carson Street in Carson, California.

I understand the reimbursement process and billing procedures as explained in the letter. Our company is willing to participate in the cost recovery program and pay all subsequent billings in accordance with the terms in your letter and its attachments, and to the extent required by law. I also understand that signing this form does not constitute any admission of liability, but rather only an intent to pay for costs associated with oversight, as set forth above, and to the extent required by law. Billings for payment of oversight costs should be mailed to the following individual and address:

BILLING COMPANY ____________________________________________________________

BILLING CONTACT ____________________________________________________________

BILLING ADDRESS ____________________________________________________________

TELEPHONE NO. ____________________ E-Mail ____________________

RESPONSIBLE PARTY'S SIGNATURE ____________________ (Signature)

______________________ (Title)

DATE: ____________________

SCP NO. 1260 SITE ID NO. ____________________
Exhibit 3

Exhibit 3
United States Coast Guard
Marine Safety Laboratory
Oil Spill Identification Report
11-125

Requester: U. S. EPA Region IX
Unit Case/Activity Number: E11908
Received: 15-Feb-11 Via: Federal Express 8710 1056 5463

RESULTS:

1. Sample 11-125-1 was specified to be representative of spilled oil. Analysis indicates this sample contains gasoline mixed with traces of heavier petroleum oil. It is not possible based on the analysis conducted to determine if the heavier petroleum product is lubricating oil or a degraded fuel oil due to the limited quantity of product in the sample.
Exhibit 4
May 6, 2011

Mr. Greg Bishop, P.G.
Engineering Geologist
Regional Water Quality Control Board – Los Angeles Region
320 W. 4th
Los Angeles, CA 90013

Subject: Requirement for Technical Report
Dominguez Channel
Carson, California

Dear Mr. Bishop:

Crimson Pipeline L.P. (Crimson) is in receipt of the Regional Water Quality Control Board’s (RWQCB) letter of April 26, 2011 concerning the subject site (Site). Crimson does own an idle crude oil pipeline which parallels and is adjacent to the Dominguez Channel in the vicinity of the Site. The pipeline is known as the Dominguez Gathering pipeline. It is a 6-inch diameter crude oil pipeline originally constructed by Unocal.

Our records indicate that this pipeline was previously in crude oil service only and that the pipeline has been emptied of all crude oil, purged with nitrogen, and has been in an idle status since 1999. The pipeline was idled as a result of the shutdown of the crude oil production sites connected to the pipeline. A review of our records did not find any reports or documents indicating that the pipeline ever had a release in the vicinity of the subject site.

Crimson is in the process of conducting further integrity evaluations of the pipeline. We believe that these evaluations will support our position that this pipeline is not a contributory source to the petroleum hydrocarbons referenced in the Order. Further, it should be noted that this pipeline only transported crude oil and would therefore, not be a likely contributor to the “gasoline-range” or other refined petroleum products referenced in the Order.

Upon completion of our evaluations, Crimson will provide a report to the RWQCB of our findings. However, at this time, we believe that preparing a Work Plan to
delineate the vertical and lateral extent of petroleum impacts of the Dominguez Channel is unnecessary as our records indicate that it is unlikely that this pipeline is a contributor to the petroleum hydrocarbons present in the Dominguez Channel.

Sincerely,

Larry Alexander
President
BEFORE THE STATE WATER RESOURCES CONTROL BOARD

In the Matter of Appeal of Water Code Section 13267 Order for Technical Report Pursuant to Water Code Section 13267

VIA: Electronic Submission with Hardcopy to Follow

DECLARATION OF LARRY ALEXANDER IN SUPPORT OF PETITION FOR REVIEW AND REQUEST FOR STAY OF ORDER

I, Larry Alexander, declare as follows:

1. I am the President of Crimson Pipeline, L.P. ("Petitioner"). The facts stated in this Declaration are true of my personal knowledge, and if called as a witness to testify, I could and would competently do so to each fact stated.

2. The Order for Technical Report Pursuant to Water Code Section 13267 ("Order") was issued to Petitioner on the basis of its ownership of a petroleum facility in the vicinity of a site within the Dominguez Channel ("Site"). Petitioner owns an idle crude oil pipeline adjacent to the Site. The pipeline was acquired by Petitioner in 2007. The pipeline was taken out of service, emptied of crude oil, nitrogen purged and sealed by its former owner in 1999.

3. There is no evidence of a discharge from the pipeline. The records of former owners contain no evidence of any leak or other release from the pipeline during its operation. Petitioner is conducting tests to confirm the integrity of the pipeline.
4. The pipeline connected crude oil production locations to a crude oil pipeline during its operation. Crude oil is the only substance that was transported or could have been transported through the pipeline. The records of the former owner and its predecessors establish the pipeline transported crude oil and no other substance.

5. The substance found at the site is light non-aqueous phase liquid ("LNAPL"). LNAPL could not have originated from a release of crude oil. The pipeline could not have been the source of a release of LNAPL during its operation.

6. In order for Petitioner's pipeline to have been used to transport products that could be a source of LNAPL, such as gasoline or jet fuel, the pipeline would have had to be registered with the California State Fire Marshal as a jurisdictional pipeline. The California State Fire Marshall has no records of the registration the pipeline as a products pipeline.

7. The Regional Board contends it has found "smaller fractions of heavier-end (diesel-and oil range) hydrocarbons" at the Site. This contention is based primarily on a single sample taken at the Site. The analytical "Results" for the referenced sample states "[i]t is not possible based on the analysis conducted to determine if the heavier petroleum product is lubricating oil or a degraded fuel oil due to the limited quantity of product in the sample." A copy of the Results is attached to the Petition as Exhibit 3. Lubricating oil and fuel oil are refined products that are not transported in crude oil pipelines. The analytical data contradicts the Regional Board's contention that this sample may have contained crude oil. The Regional Board has no analytical data supporting its claim that a sample contained crude oil.

8. The method used to collect that sample may have allowed contamination of the sample with hydrocarbon molecules from sediments in the Dominguez Channel from sources other than release that is the subject of the Order.

9. The Regional Board contends that it observed products that could be crude oil in drains at the Site. Such products may be residue from LNAPL or other refined hydrocarbons, such as lubricating oil or fuel oil. The mere presence of a "dark brown to black and translucent" substance containing hydrocarbons is not proof of a release of crude oil.
Petitioner's pipeline is adjacent to an active crude oil pipeline. Despite it being an active pipeline, the Regional Board has not issued a similar order to the operator of that pipeline. Instead, the Regional Board has allowed the operator to conduct integrity assessment on their pipeline rather than pursue the investigation requested of Petitioner. Petitioner is merely seeking similar treatment from the Regional Board. There are additional active crude oil pipelines in the vicinity of the Site. Assuming crude oil is present in the Release, which Petitioner does not admit, Petitioner's idle pipeline is the least probable source of such crude oil.

I declare under penalty of perjury under the laws of the state of California that the foregoing is true and correct, and that this declaration was executed in Long Beach, California.

DATED: May 26, 2011

By: Larry Alexander
President of Crimson Pipeline, L.P.