

CALIFORNIA COASTAL COMMISSION

45 FREMONT, SUITE 2000
 SAN FRANCISCO, CA 94105-2219
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ENERGY, OCEAN RESOURCES, AND FEDERAL CONSISTENCY DIVISION REPORT

FOR THE

MARCH 12, 2010 MEETING OF THE CALIFORNIA COASTAL COMMISSION

TO: Commissioners and Interested Parties

FROM: Alison Dettmer, Deputy Director
 Energy, Ocean Resources & Federal Consistency

EMERGENCY PERMIT		
APPLICANT	PROJECT	LOCATION
E-10-002-G LCW Oil Operations LLC	Relocate and replace three corroded oil well-flow-pipelines from the wetland areas onto the adjacent work road in the Bixby "A" oil lease in Los Cerritos wetlands.	Los Cerritos Wetlands Long Beach



CALIFORNIA COASTAL COMMISSION

NORTH CENTRAL COAST DISTRICT
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EMERGENCY PERMIT

Ken Ehrlich
Jeffer, Mangels, Butler & Marmaro LLP
1900 Avenue of the Stars, 7th Floor
Los Angeles, California 90067

Date: February 25, 2010
Emergency Permit No. E-10-002-G

LCW Partners, LLC
6433 E. 2nd Street
Long Beach CA 90803

LOCATION OF EMERGENCY

The project work site is located at the corner of 2nd Street and Shopkeeper Road, in the Bixby "A" oil lease in the Los Cerritos Wetlands.

EMERGENCY WORK

Re-locate and replace three corroded oil well-flow-pipelines from the wetland areas onto the adjacent work-road. One of these oil well-flow lines had a pin-hole rupture that leaked between 11-17 gallons of crude oil into a wet cell of the Los Cerritos Wetlands on February 15, 2010. Another flow-lines connected to this pipeline system had a pin-hole rupture that leaked and created an oil spill sheen into the same wet cell area on February 4, 2010. The oil well that is connected to the ruptured well-flow-line has been shut-down, therefore there is no imminent threat of another oil spill. However, the existing pipelines are directly in and above a wetland water area, and should be moved to a less environmentally sensitive location as soon as possible in order to avoid future potential releases into the wetland habitat area.

The Permittee proposes to build three new pipeline sections (on pipe-racks) that will be re-located approximately 40 feet to the east to the adjacent work-road. Once the new pipelines are approved and put into service, the existing shut-in pipelines will be flushed and capped, and then left in place temporarily until the 2010 dry season (spring and summer), at which time the Permittee proposes to remove them completely. The removal of the three existing pipelines is not authorized by this emergency permit.

The Permittee proposes to replace approximately 500 feet of pipeline. The new pipeline will be constructed of 2.5" schedule 80 seamless steel pipe sleeved and sealed inside of a 4" steel pipe. The pipes will have internal corrosion inhibitor and external casing to prevent corrosion. All well heads connected to the pipelines will have high/low pressure shut downs. When the new pipelines are complete they will be hydro-tested according to API standards. The pipelines will be built to the following standards: ASTM A53B-2002

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/ A106B-2002a / ASME SA53B/SA106B-2004, API B/X42, PSL-2004, NACE MR-0175-1999.

This letter constitutes approval of the emergency work that you or your representative have requested to be done at the location listed above. I understand from your information that an unexpected occurrence was discovered by LCW personnel in the form of two oil spills on Bixby Lease "A;" one on February 4, 2010, and one on February 15, 2010. The spills occurred as the result of pin-hole leaks in the flow lines due to corrosion. (See the attached US EPA Pollution Reports.) Replacement of these corroded and ruptured pipelines requires immediate action to prevent or mitigate loss or damage to life, health, property or essential public services pursuant to 14 Cal. Admin. Code Section 13009. The Executive Director of the California Coastal Commission hereby finds that:

- (a) An emergency exists that requires action more quickly than permitted by the procedures for administrative or ordinary coastal development permits (CDPs), and that the development can and will be completed within 30 days unless otherwise specified by the terms of this Emergency Permit; and
- (b) Public comment on the proposed emergency development has been reviewed if time allows.

The emergency work is hereby approved, subject to the conditions listed on the attached pages.

Sincerely,



ALISON DETTMER

Deputy Director

cc: Steve Sawyer, California Office of Spill Prevention and Response
Chris Wiese, California Office of Spill Prevention and Response
Cory Kong, California Office of Spill Prevention and Response
Rob Wise, U.S. Environmental Protection Agency
Martin Wells, California Division of Oil and Gas and Geothermal Resources
Chuck Posner, California Coastal Commission

Enclosure: Acceptance Form

CONDITIONS OF APPROVAL:

1. The enclosed Emergency Permit Acceptance form must be signed by the property owner and returned to our office **within 15 days**.
2. Only that work specifically described in this permit and for the specific property listed above is authorized, except for the removal of the existing pipelines which is not authorized by this emergency permit. Work shall be limited to what is proposed and described in the emergency permit application.
3. All work shall occur at a time and in a manner that will avoid or minimize (solely if it cannot be avoided) any potential damages to sensitive natural resources. Special attention shall be made to avoid and minimize (solely if it cannot be avoided) potential impacts to the following sensitive species that are known to inhabit or may inhabit the wetland and wetland transition areas surrounding the proposed project site: pickleweed, *Salicornia virginica*, saltgrass, *Distichlis spicata*, alkali heath, *Frankenia salina*, southern tarplant, *Centromadia parryi australis*, salt marsh wandering skipper, *Panoquina errans*, and Belding's savannah sparrow, *Passerculus sandwichensis beldingi*.
4. The work authorized by this permit must be completed **within 60 days** of the date of this permit, which shall become null and void after that time passes unless extended by the Executive Director for good cause.
5. The Permittee recognizes that the emergency work is considered temporary and subject to removal unless and until a regular coastal development permit permanently authorizing the work is approved. A regular permit would be subject to all of the provisions of the California Coastal Act and may be conditioned accordingly. These conditions may include provisions for procedures for the operation and shut down of pipelines to prevent oil spills and for the protection of sensitive species and habitat.
6. In exercising this permit, the Permittee agrees to hold the California Coastal Commission harmless from any liabilities for damage to public or private properties or personal injury that may result from the project.
7. A copy of the signed Emergency Permit shall be maintained in a conspicuous location at the staging area site at all times, and such copy shall be available for public review on request. All persons involved with the construction shall be briefed on the content and meaning of the Emergency Permit, including all of its terms and conditions, prior to commencement of construction.
8. This permit does not obviate the need to obtain necessary authorizations and/or permits from other agencies, including but not limited to, Division of Oil and Gas and

Geothermal Resources (DOGGR), City of Long Beach Fire Department, California Department of Fish & Game, U.S. Fish & Wildlife, and the U.S. Army Corps of Engineers. All work conducted under this emergency permit shall comply with the conditions and requirements of all necessary authorizations and/or permits.

9. All new pipelines constructed under this emergency permit shall meet the federal and state pipeline standards (as specified in DOGGR's regulations: 14 CCR Division 2 Section 1774) and shall include but not be limited to the following standards: ASTM A53B-2002 / A106B-2002a / ASME SA53B/SA106B-2004, API B/X42, PSL-2004, NACE MR-0175-1999. All new pipelines shall have cathodic protection to prevent corrosion in accordance with the applicable federal and state pipeline cathodic protection standards. All new pipelines shall be tested in accordance with the DOGGR pipeline testing standards in the presence of DOGGR staff before they are put into service.
10. The existing old flow lines that are located in the wet cell areas of the wetland shall remain shut down, and will be flushed and capped after DOGGR approves the new replacement pipelines for service. During the flushing and capping of the existing old flow lines, LCW's oil spill response contractor, ACTI, shall be onsite with oil spill response equipment ready for immediate deployment in the event of an accidental spill from the flushing operations.
11. The flushed and capped old well-flow lines will remain in place temporarily until the dry season of 2010 (spring and summer), at which time they shall be removed by LCW. The removal of these pipelines is not authorized by this emergency permit. LCW must obtain approval for the removal of these pipelines as part of the follow-up regular coastal development permit before it may commence removal of these pipelines.

Construction Responsibilities:

12. Construction activities and equipment shall avoid wetlands and wetland transition areas and minimize disturbance adjacent to these areas to the maximum extent feasible by project design and implementation including, but not limited to, confining construction to the roadbed. No construction equipment, materials, or debris shall be placed in wetlands or wetland transition areas.
13. All construction activities that result in discharge of materials, polluted runoff, or wastes to wetlands and wetland transition areas shall be prohibited. The Permittee shall collect, contain, and properly dispose of all construction leaks, drips, by-products, and any similar contaminants through the use of containment structures or equivalent as necessary (including through the use of collection devices and absorbent materials placed below any above-ground work where such contaminants are possible and/or expected). A straw

waddle shall be placed around all active portions of the construction site where any debris could enter wetland standing water. Equipment washing, refueling, and/or servicing shall not take place near the wetland, on the roadway or the project site. Contractors shall insure that work crews are carefully briefed on the importance of observing the appropriate precautions and reporting any accidental spills. .

14. The construction site and staging area(s) shall be maintained with good construction housekeeping measures (e.g., clean up all leaks, drips, and other spills immediately; keep materials covered and out of the rain); the permittee shall dispose of all wastes properly, place trash receptacles on site for that purpose, and cover open trash receptacles during wet weather; and remove all construction debris from the roadbed. The Permittee shall dispose of all hazardous materials properly in accordance with State and Federal regulations.

Post-Construction Responsibilities:

15. **Within seven days** of completion of the construction work authorized by the Emergency Permit, the Permittee shall submit photographic evidence of compliance with the Emergency Permit.
16. **Within 30 days** of completion of the construction work authorized by this Emergency Permit, the Permittee shall submit as-built plans of the new pipeline construction that clearly identifies the work completed under the emergency authorization and a narrative description of all emergency construction activities undertaken pursuant to this Emergency Permit. The Permittee shall also provide records of the actual cost of completing the authorized work.
17. **Within 60 days** of the date of this Emergency Permit, the Permittee shall apply for a regular coastal development permit to have the emergency work be considered permanent. The application for this regular permit shall provide for the removal of the three old corroded pipelines that were replaced. If no such application is received, the emergency work shall be removed in its entirety within 150 days of the date of this permit unless waived by the Director.
18. If any wetlands, wetland transition areas, or buffer zones adjacent to the roadway (except for the access roadway) are impacted by the work authorized by the Emergency Permit, a restoration plan may be required in the follow-up regular permit process.
19. **Failure to submit a follow-up coastal development permit application in a timely manner will constitute a Coastal Act violation and may result in formal enforcement action by the Commission. This formal action could include a recordation of a**

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notice of violation on your property, a civil lawsuit, the issuance of a cease and desist and/or restoration order, and/or imposition of monetary penalties, including daily penalties of up to \$15,000 per day under section 30820(b) and other applicable penalties pursuant to chapter 9 of the Coastal Act.

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EMERGENCY PERMIT ACCEPTANCE FORM

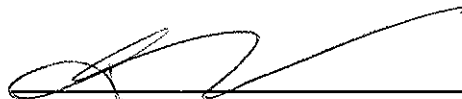
TO: CALIFORNIA COASTAL COMMISSION
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(415) 904-5240 FAX (415) 904-5400

RE: **Emergency Permit No. E-10-002-G** (LCW Partners LLC)

INSTRUCTIONS: After reading the Emergency Permit, please sign this form and return to the Energy and Ocean Resources Unit in the San Francisco office within 15 working days from the permit's date.

I hereby understand all of the conditions of the emergency permit being issued to me and agree to abide by them.

I also understand that the emergency work is TEMPORARY and that a regular Coastal Permit is necessary for any permanent installation. I agree to apply for a regular Coastal Permit by April 17, 2010 or remove the emergency work in its entirety by July 16, 2010.



Signature of property owner or
Authorized Representative

Tom Deane Money Deane
Name

LCW Partners
Address

3026 Loy Beach Blvd
LB CA 90807

2.25.2010
Date of Signing