

**MEMORANDUM OF AGREEMENT
BETWEEN
MINERALS MANAGEMENT SERVICE,
PACIFIC OUTER CONTINENTAL SHELF REGION,
U. S. DEPARTMENT OF THE INTERIOR;
WESTERN REGION, OFFICE OF PIPELINE SAFETY,
RESEARCH AND SPECIAL PROGRAM ADMINISTRATION,
U. S. DEPARTMENT OF TRANSPORTATION;
THE CALIFORNIA STATE LANDS COMMISSION;
THE CALIFORNIA STATE FIRE MARSHAL
AND
THE CALIFORNIA DEPARTMENT OF CONSERVATION,
DIVISION OF OIL, GAS, AND
GEOTHERMAL RESOURCES**

I. INTRODUCTION

Various federal, state and local agencies have imposed inspection requirements on offshore pipelines in accordance with their respective jurisdictional authorities, responsibilities and interests. In recognition of each of the Parties' respective regulatory responsibilities, the U. S. Department of the Interior's Minerals Management Service (MMS), the U. S. Department of Transportation's Office of Pipeline Safety (OPS), the California State Lands Commission (CSLC); the California State Fire Marshal (CSFM); and the California Department of Conservation, Division of Oil, Gas, and Geothermal Resources (DOGGR) agree that a Memorandum of Agreement (MOA) is needed to assure coordination and consultation during the implementation of regulatory requirements, to facilitate comparable regulatory requirements for all offshore pipelines and to avoid conflict and unnecessary duplication.

The purpose of this MOA is to implement the Offshore California Pipeline Inspection Survey (OCPIS) Plan process and procedures. The OCPIS Plan will provide a coordinated analytical framework for assessing the present condition and inspection needs of offshore pipelines.

The OCPIS Plan was developed by the MMS sponsored Pipeline Inspection Quality Improvement Team (PIQIT). The PIQIT is a multi-agency team composed of representatives of the Parties to this MOA. The OCPIS Plan is a coordination process to evaluate the condition of pipelines, their risk potential for accidents or failures and the operators regulatory compliance history. The OCPIS Plan underscores the importance of coordination between agencies early in the process to identify issues and concerns and develop consensus on regulatory actions.

II. AUTHORITY

The MMS administers the following laws as they relate to offshore pipelines: (1) The Outer Continental Shelf Lands Act for the production of minerals, which includes their transportation to shore; (2) the Federal Oil and Gas Royalty Management Act of 1982 for oil and gas production measurement; (3) the Oil Pollution Act of 1990 (OPA); and (4) the Federal Water Pollution Control Act (FWPCA), as amended by the OPA and implemented under Executive Order (E.O.) 12777.

The OPS administers the following laws as they relate to pipelines: (1) The pipeline safety law (49 U.S.C. 60101 et seq.); (2) the Deepwater Port Act of 1974 (33 U.S.C. 1501-1524); (3) The FWPCA, as amended by the OPA (P.L. 101-380) and implemented under E.O. 12777; and (4) the Hazardous Materials Transportation Act (49 U.S.C. 5101 et seq.).

The CSLC administers the following laws as they relate to offshore pipelines: (1) Division 6 of the California Public Resources Code for the leasing of State owned lands as pipeline rights of way, and for the production of minerals from the tide and submerged lands owned by the State of California, which includes their transportation to shore, and for the promulgation and enforcement of all reasonable and proper rules and regulations consistent with law for the purpose of carrying out the provisions of that Division; (2) the California Code of Regulations, Title 2, Division 3, Article 3.3/Section 2132(h) for the inspection of oil and gas pipeline operations and maintenance; and (3) the California Public Resources Code, Division 7.8, Section 8750 for the inspection of pipelines.

The CSFM administers the following laws and regulations as they relate to pipelines: (1) The California Government Code Chapter 5.5 for the enforcement of safety requirements on intrastate hazardous liquid pipelines and (2) the CSFM acts as an agent for OPS to implement federal pipeline safety regulation 49 CFR Part 195, as it applies to those portions of interstate pipelines located within the State of California.

The DOGGR administers the following laws and regulations as they relate to pipelines: (1) Division 3 of the California Public Resources Code for petroleum exploration and production operation in California, including pipelines located within the administrative boundaries of oil fields, and not subject to regulation pursuant to the Elder Pipeline Safety Act of 1981; and (2) California Code of Regulations, Title 14, Division 2, Chapter 4.

III. PARTIES

The Parties to this Memorandum of Agreement are the U.S. Department of the Interior's MMS Pacific OCS Region (POCSR); the U.S. Department of Transportation, Office of Pipeline Safety (OPS); the California State Lands Commission (CSLC); the California State Fire Marshal (CSFM); and the California Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR).

IV. DEFINITIONS

Except where otherwise specifically defined in the context of its use herein, or where specifically set forth below, terms used in this Memorandum of Agreement (MOA) shall have the meaning as set forth in Federal law and applicable State law.

Specific definitions for the purpose of this MOA:

- A. **Coast Line:** The line of ordinary low water along that portion of the coast which is in direct contact with the open sea and the line marking the seaward limit of inland waters, as defined by the Submerged Lands Act (43 U.S.C. 1301(c)).
- B. **Lead Agency:** The agency which has initiated an OCPIS Plan review, either by request of an operator or upon its own determination, and which will be responsible for the review process as described in the OCPIS Plan, and which will make the initial determination as to whether a group review is necessary or desirable.
- C. **Offshore Facility:** A structure of any kind which is permanently or temporarily attached to the seabed seaward of the coast line and designed for the drilling, exploring, producing, storing, handling, transferring, processing, supporting, or transporting oil, gas and sulphur. The term excludes deepwater ports and their associated pipelines, but includes other pipelines used for one or more of these purposes. The term also excludes marine terminals where oil is transferred to and from tankers or barges.
- D. **Outer Continental Shelf (OCS):** All submerged lands lying seaward and outside of the area of lands beneath navigable waters as defined in section 2 of the Submerged Lands Act (43 U.S.C. 1301) and of which the subsoil and seabed appertain to the United States and are subject to its jurisdiction and control.
- E. **Pipeline:** New and existing piping, risers, and appurtenances, rights-of-way, and any equipment, facility, or building used or intended for use in the transportation of oil, gas, sulphur and produced waters.
- F. **State Waters:** Those navigable waters of the United States which lie seaward of the coast line and within the three mile geographical line from the coast line and are within the jurisdiction of the State of California.

V. OFFSHORE PIPELINE INSPECTION SURVEYS

A. Offshore California Pipeline Inspection Survey Plan (OCPIS):

Pipeline inspections are required by both State and Federal law. The OCPIS Plan provides the Parties with a process to effectively review a pipeline's present condition and its inspection needs so the agencies can make informed decisions on the feasibility of an operator's inspection plans, waiver requests and other related issues, while avoiding conflict and unnecessary duplication. The Parties agree to strive for consensus in resolving issues of mutual concern.

Action:

1. The Parties agree to adopt and implement the OCPIS Plan to the extent practicable, as permitted by applicable laws, regulations and procedures.
2. The Parties agree to review the OCPIS Plan annually and revise as needed.
3. The Parties will strive towards achieving a consensus decision on a proposed inspection plan, waiver request and other related issues.

B. Lead Agency

Some pipelines offshore California are subject to inspection requirement of more than one agency. The Parties recognize the critical roles each has within their respective areas of authority regarding offshore pipelines. The OCPIS plan underscores the importance of coordination between agencies. The Lead Agency will initiate the OCPIS Plan and determine if a joint review or consultation is needed.

1. The Parties agree to identify the Lead Agency based on the following criteria, as outlined in the OCPIS Plan:
 - a. The MMS or OPS will be the Lead Agency for pipelines used in the transportation of oil, gas, sulphur and produced waters that originate or terminate at an offshore facility located in federal waters or for an incident occurring in federal waters;
 - b. The CSLC, DOGGR, CSFM or OPS will be the Lead Agency for pipelines located entirely within state waters; or
 - c. The agency initiating the action or whose requirements motivated the action.

2. For scenarios not encompassed in V.B.1.a-c above, the Parties agree to determine the Lead agency on a case-by-case basis, subject to conditions in other MOA/MOU's an agency may be a party to, regarding offshore pipelines.

C. Default Inspection Policy

The OCPIS Plan recognizes that the best approach to inspecting offshore pipelines is to critically examine each line individually and develop an inspection program for each based on the present condition and risk potential of the line. In the absence of an inspection program for a specific pipeline, the OCPIS Plan recommends a default policy be used until either the operator or jurisdictional agency initiates an action through the OCPIS Plan process.

Action:

The Parties agree to develop a default policy that establishes a common ground between the agencies in areas of inspection technologies and procedures and provides a level of safety suitable for a "generic" offshore pipeline.

D. Technical Specifications

Effective pipeline survey strategies utilize a variety of inspection tools and methods in concert to identify anomalous conditions which may affect the integrity and safe operation of the pipeline.

Action:

1. The Parties shall develop baseline technical specifications for equipment used in external, internal, and cathodic protection surveys of offshore pipelines considering the Best Available and Safest Technology or BAST.

2. The Parties agree to hold meetings at least once a year to review and update the technical specifications as the need arises.

3. The Parties agree to jointly develop and release a Notice to Lessees and Operators (NTL) transmitting a policy on pipeline inspections. The NTL may include the technical specifications for equipment used in external, internal, and cathodic protection surveys of offshore pipelines, inspection frequency, and submittals.

VI. INFORMATION SHARING REGARDING OFFSHORE PIPELINES AND STUDIES

The exchange of information between the Parties regarding an offshore pipeline's present condition and inspection history is necessary to develop appropriate pipeline inspection strategies and to make accurate and consensus-based decisions regarding an operator's waiver request or inspection plan submittal. Transmissions of information shall be in accordance with procedures adopted by the Parties for that purpose.

Action:

- A. The Parties agree to share, to the fullest extent possible, information regarding an offshore pipeline, including specifications and operating conditions, inspection and maintenance history, and incidents occurring from the pipeline.
- B. The Parties agree to identify and attempt to resolve concerns regarding an operator's waiver request or inspection plan submittal through coordination and negotiations with all affected parties, when possible. The Parties agree to share draft decision documents before finalizing approval/denial of waiver requests or inspection plan submittals.
- C. The Parties agree, subject to limitations imposed by applicable laws and regulations, to share information from relevant pipeline studies.
- D. The Parties shall cooperate in the coordination and implementation of research and other informational programs of mutual benefit. Cooperation will include granting access to and sharing of non-confidential data, providing joint funding for research programs of mutual interest where funding is available, and developing various analytical methodologies.
- E. The Parties agree to hold periodic meetings to discuss the progress made in implementing this information sharing agreement and to discuss future information sharing strategies. Meetings between the Parties shall be held at least once per year. In addition, the Parties agree to timely notify each other of events that may affect the organizations.

VII. ISSUANCE OF REGULATIONS REGARDING OFFSHORE PIPELINES

Federal and State laws provide for the issuance of regulations pertaining to the inspection and maintenance of offshore pipelines. It is the intention of the Parties to maintain close communications regarding each other's proposed rulemaking to reduce conflict and inconsistent rulemaking between each Party's regulations, permits, directives, and instructions; wherever possible, subject to applicable procedural rules.

Action:

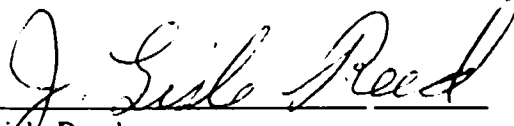
- A. To the extent permitted under applicable laws, the Parties agree to cooperate in the execution of their respective regulatory responsibilities, to minimize duplication of effort, and seek to identify opportunities for innovative, optimal effective implementation within the context of the OCPIS Plan.
- B. The Parties recognize the importance of encouraging cross-training in each other's regulations and rules.
- C. In addition to the respective Federal and State procedures for notice of opportunity to comment and consideration of existing rules, the Parties anticipate that the concerns of each will be discussed and given due consideration through their participation on committees and day-to-day working communications.

VIII. MISCELLANEOUS

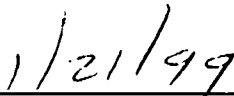
- A. This agreement represents a voluntary understanding between the MMS, POCSR; OPS; CSLC; CSFM; and DOGGR.
- B. The terms of this agreement may be changed at any time by the Parties by a written amendment, signed by the Parties hereto or their successors, with or without notice to any other person.
- C. The agreement may be terminated by any Party upon 60-days notice to the other Parties and without notice to any other person.
- D. No rights, duties, obligations, or liabilities enforceable at law are created by this agreement.
- E. No action based upon this agreement may be brought against the United States or the State of California by any person.
- F. This agreement does not alter, modify, abridge, or in any way affect any rights, duties, obligations, or liabilities of any person under the laws of the United States or the State of California.
- G. This Memorandum of Agreement is not intended to, nor shall it be interpreted as; limiting, modifying, or waiving the regulatory jurisdiction and authority of the parties. In the event that individual and severable portions of this agreement are found to be in conflict with either State or Federal law, regulations or policies and, therefore, of no effect, the agreement will remain in effect without those provisions unless one of the Parties notifies the others in writing that the entire agreement is terminated.

H. All Parties agree that it will be responsible for its own acts and the results thereof, and shall not be responsible for the acts of the other Parties and the results thereof. All Parties therefore agree that it will assume all risk and liability to itself, its agents or employees, for any injury to persons or property resulting in any manner from the conduct of its own operations, and the operations of its agents or employees, under this Agreement: and for any loss, cost, damage, or expense resulting at any time from any and all causes due to any act or acts, negligence, or the failure to exercise proper precautions, of or by itself or its own agents or its own employees, while occupying or visiting the premises under and pursuant to the Agreement. The United States liability shall be governed by the provisions of the Federal Tort Claims Act (28 U.S.C. 2671-80).


IX. This MOA is effective upon signature by all Parties.



 J. Lisle Reed
 Regional Director
 Pacific OCS Region
 U. S. Minerals Management Service



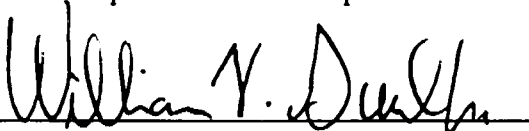
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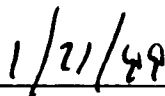
 Chris Hoidal
 Director, Western Region
 Office of Pipeline Safety
 U. S. Department of Transportation



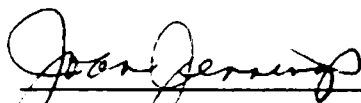
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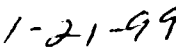
 William F. Guerard, Jr.
 State Oil and Gas Supervisor
 California Department of Conservation
 Division of Oil, Gas and Geothermal Resources



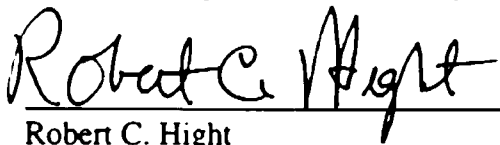
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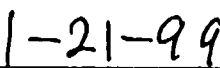
 Joan Jennings
 Chief, Fire Prevention
 California State Fire Marshal
 California Department of Forestry and Fire Protection



 Date



 Robert C. Hight
 Executive Officer
 California State Lands Commission



 Date