

APPENDIX C: RESPONSE TO COMMENT LETTERS

405 S. Flower Street, Suite 2000

Post Office Box 161

San Pedro, CA 90733-0161

June 23, 2000

TEDD 310SEA-FOR

www.portla.com

South Coast Air Quality Management District
21865 E. Copley Drive,
Diamond Bar, California 91765-4182



Richard J. Bordas, Mayor
City of Los Angeles

Board of Harbor
Commissioners

Theodore Stein, Jr., Director
Junction Y Thruway, Inc. Director

Carol L. Brown
1-1
John M. Wilson

Fernando Flores, Sr.
Larry A. Karr
Harbor Director
1-2

1-3

1-4

**SUBJECT: COMMENTS REGARDING THE NEGATIVE DECLARATION,
TOSCO LOS ANGELES REFINERY ETHANOL IMPORT AND
DISTRIBUTION PROJECT**

We have reviewed the Negative Declaration for the project identified above and have the following comments, primarily with respect to the Tosco Marine Terminal which operates within the jurisdiction of the Los Angeles Harbor Department (LAHD).

- 1. Area and Zoning:** The area of the Tosco Marine Terminal is approximately 18 acres, including the wharf area, and is zoned [Q]M3 (Qualified Commercial/Industrial: Liquid bulk).
- 2. Permits:** Approvals will be required from the LAHD for any physical alterations at the Marine Terminal. Depending on the magnitude of the changes to the existing operations, an amendment to the lease may also be required. Additionally, the Port has some concern about proposed modifications to the facility on a portion of the site that has been considered for deletion from Tosco's lease in the near future.
- 3. Proposed Project:** The description of the proposed project indicates that the modifications at the Marine Terminal will "include" some listed, relatively minor, operational and physical changes. It is not clear from this list how extensive some of this work may be. Given that the existing facility has potential source control problems, the project description should identify in some detail all contemplated physical modifications to the terminal.
- 4. Environmental checklist and discussion for section III, Geology and Soils:** We do not agree with the assessment of "less than significant impact" with regard to items III. a, b and c: ground rupture, seismic ground shaking and liquefaction, respectively.

The significance criteria in section 3.3.1 include exposure of people or structures to these effects, and the discussion admits that impacts from earthquakes "...could include structural failure, spill, etc." The basis of the less than significant impact determination includes the fact that most earthquakes in recent historical times have

1-4
cont.

not occurred in proximity to the project areas; the lack of earthquake damage over the life of the facilities; the lack of known faults or fault related features within the project sites; the fact that new structures will be built to current Uniform Building Code requirements; and, with specific reference to the location of the Marine Terminal within an area of historic liquefaction, that no liquefaction has been observed during past earthquakes. With respect to the Marine Terminal, we believe that the potential for seismic activity and significant impact are understated.

Table 3-1 indicates that the Palos Verdes Fault is located 1-2 miles from the Tosco Marine Terminal. Based on work conducted for the USGS and the Port of Los Angeles (Fischer, 1982) as well as the most recent geologic map published of the Palos Verdes vicinity (Dibblee, 1999), this site is immediately adjacent to, and possibly within, the Palos Verdes Fault Zone. This also appears to be the case for the Tosco LAR Wilmington Plant.

The Palos Verdes Fault has not been zoned as an Earthquake Fault Zone under the Alquist-Priolo Act, but it is listed as active in the Safety Element for Los Angeles County. It has been inferred that 2 to 5 five moderate earthquakes have occurred on this fault during late-Holocene time (Fischer et al., 1987). We believe that there is a significant potential for high ground accelerations, strong to intense ground motion, liquefaction, and surface ground rupture at this site. Furthermore, for this site, as for much of the Harbor area, the potential for liquefaction during a major or great earthquake on even more distant faults, such as the San Andreas or Newport-Inglewood Fault, is high.

We recognize that earthquake-related hazards cannot be avoided in Southern California, including the Harbor area. Ongoing operations that predate current seismic design requirements CEQA requirements are conducted at many sites. While the proposed project does not involve new geologic hazards, it does involve exposure of the site to a new chemical hazard, in combination with the continuing hazards posed by storage of large quantities of hazardous materials on a seismically vulnerable site. We believe that the seismic hazards at this site represent potentially significant impacts that warrant serious evaluation of measures that could be implemented to reduce the risk associated with the continued operation of the Marine Terminal.

5. Environmental checklist and discussion for section IV, Water: We believe that the proposed Negative Declaration has understated the potential risk of impact to ground and surface waters. Brief reference is made to the current hydrocarbon-impacted groundwater conditions at the Tosco Marine Terminal. This impact includes MTBE. It must be recognized that uncontrolled releases to soil and groundwater have occurred historically at the Marine Terminal and may continue without substantial modifications to existing facilities. At the present time there is no formal Source Control Program in place as part of a lease agreement with the Port to prevent uncontrolled releases to soil and groundwater. Any modifications to the terminal for import and storage of a new product will require that the issue of source control be addressed by developing and implementing an appropriate Source Control Program approved by the LAHD. We believe that continued releases of product to soil and groundwater are a significant environmental impact.

1-5

1-5
cont.

The Negative Declaration implies that the replacement of MTBE by ethanol will have benefits to current groundwater contamination: "...the proposed project is expected to generate improvements to currently contaminated ground water by eliminating one known groundwater contaminant" (section 3.4.2, page 3-12). We do not believe that there will be any improvement to existing groundwater contamination by simply removing MTBE from the current formulation of gasoline. The implication in this and other statements is that future groundwater conditions may be improved by removal of MTBE from gasoline. We believe that unless the overall issue of prevention of soil and groundwater contamination is addressed, this is merely a substitution of ethanol for MTBE. Given that MTBE contamination is present under the Marine Terminal it can be presumed that ethanol will be released.

Potential significant impacts to soil and groundwater quality from ethanol contamination were not evaluated. The Negative Declaration cites an Office of Environmental Health Hazard Assessment report (OEHHA 2000) in stating that ethanol is not expected to present major long-term groundwater contamination problems. The major concern with ethanol as a potential soil and groundwater contaminant is the effect of ethanol on the fate and transport of other hydrocarbon compounds. Because of the hygroscopic nature of ethanol, it will be handled as a pure product until mixed with gasoline for delivery in the final stage of distribution process. A report prepared by Lawrence Livermore National Laboratory (UCRL-AR-135949, 1999) indicates a number of concerns regarding the possible impacts of ethanol releases into soil and groundwater, particularly where there is potential for a release of pure ethanol product, such as at the Tosco Marine Terminal.

The Lawrence Livermore study notes potential effects of ethanol on hydrocarbon contaminants in the unsaturated zone and groundwater may include, but are not limited to:

- decreases in surface and interfacial tensions causing a reduction in entrapment of gasoline in the unsaturated zone;
- decreased thickness and increased areal extent of gasoline unsaturated zone pools;
- changes in pore structures of clay lenses in the vadose zone, allowing gasoline to be entrapped with the clay lens as a hard to remediate LNAPL source;
- dehydration of clays, resulting in micro-scale cracks and increased porosity, with increased permeability and potential for ethanol-gasoline to penetrate aquitards that were previously impermeable to gasoline;
- mobilization of existing unsaturated zone contaminants, including those heavier than gasoline;
- increased aqueous solubility of other hydrocarbons; and
- increased length of benzene groundwater plumes.

The report suggests that neat ethanol releases at terminals where pure ethanol is handled could magnify these negative effects. There is significant groundwater contamination at this site, including LNAPL product and dissolved phase MTBE, petroleum hydrocarbons, benzene, and chlorinated volatile organic compounds.

We believe that the enhanced mobilization of the existing contamination by an ethanol release could move contaminants into other adjacent parcels or through the rock riprap shoreline to harbor waters, and therefore, represents a significant potential impact to surface water, as well as to groundwater.

If you have any questions, please contact Kenneth Ragland at (310) 732-3912.

Sincerely,



DONALD W. RICE
Director of Environmental Management

cc
DWR:PJ:KR
ADP NO: 000608-525.

REFERENCES:

- Dibblee, Thomas W. Jr. 1999. *Geologic Map of the Palos Verdes Peninsula and Vicinity, Los Angeles County, California*. Dibblee Geological Foundation. May, 1999.
- Fischer, Peter J. 1982. *Activity and Earthquake Potential of the Palos Verdes Fault, San Pedro Bay, California*. Final Report 82-12, Marine Environmental Science Associates, Inc. August 13, 1982.
- Fischer, Peter J., et al. 1987. *The Palos Verdes Fault Zone: Onshore to Offshore Geology of the Palos Verdes Peninsula and San Pedro Bay*. Pacific Section SEPM Field Trip and Guide Book Number 55, p. 91-134.
- Lawrence Livermore National Laboratory, University of California. 1999. *Health and Environmental Assessment of the Use of Ethanol as a Fuel Oxygenate*. Report to the California Environmental Policy Council in Response to Executive Order D-5-99. UCRL-AR-135949. December, 1999.
- OEHHA. 2000. *Potential Health Risks of Ethanol in Gasoline*. Office of Environmental Health Hazard Assessment, California Environmental Protection Agency. February 15, 2000.

RESPONSE TO COMMENTS

LETTER FROM PORT OF LOS ANGELES

Don Rice
June 23, 2000

RESPONSE 1-1

The Final Negative Declaration has been revised to reflect the additional information provided in this comment related to the acreage and zoning of the Marine Terminal.

RESPONSE 1-2

As stated in Section 1.4.2 of the Negative Declaration, the changes to the Marine Terminal include storage tank service changes, pump service changes, and piping modifications on existing pipeline. To accommodate pump service changes, impellers will be upgraded. Piping modifications will consist of some new piping and upgrades of existing piping by removing redundant valves and unnecessary flanges. As stated in Section 3.5.2, no excavation is planned or anticipated at the Marine Terminal as part of this project. Further, no new structures or foundations are included as part of the proposed project. The determination of whether permit approvals are needed from the Port must be made by the Port. However, Tosco will review these changes with the Port to assure that the appropriate permits or approvals are obtained.

Your concern has been noted regarding modifications made to the facility on a portion of the site under review during lease negotiations. Due to the short time period for implementation of the proposed project (October, 2000), the proposed project modifications will use existing piping systems and existing storage tanks at the Marine Terminal. Tosco and the Port have been conducting lease negotiations for the last five years and the negotiations have not yet been concluded. These negotiations are independent of the Ethanol Import and Distribution project before the District. Although as part of the lease negotiation process some of the existing equipment and structures at the site may need to be removed or relocated, any physical modifications required as an outcome of lease negotiations will be reviewed as a separate project. Since there is no definition of any project resulting from the lease negotiations, the physical changes to the terminal that may occur as a result of lease negotiations are speculative at this time.

RESPONSE 1-3

With regard to the project description, Marine Terminal modifications in particular, the commentator is referred to the response to comment 1-2. Section 3.4.2 also states that the proposed project would use Tank 378 at the Marine Terminal that is currently in MTBE service to store ethanol for transfer to Refinery storage tanks. Tank 378 is equipped with a double bottom and leak detection system. In addition, existing pipelines will be utilized and upgraded to manage ethanol.

These pipeline modifications involve removing valves and sections of pipeline to avoid cross contamination of ethanol with other products. No new pipelines are being constructed. Section 3.5.2 also states, the project is estimated to reduce the number of valves and flanges at the Marine Terminal by 76 and 35, respectively. Reducing the number of valves and flanges reduces fugitive emissions by eliminating potential fugitive emission sources.

RESPONSE 1-4

The comment generally describes the existing environment and concludes that the geological hazards associated with the existing environment are significant and, therefore, the proposed project has significant impacts. The SCAQMD disagrees with the commentator's opinion expressed in this comment because it is based on an incorrect analysis under the CEQA requirements. CEQA analysis involves the following steps: (1) a discussion of the existing environment; (2) a description of the proposed project; (3) an analysis of the proposed project impacts by comparing the existing environment to the environment as it would exist following implementation of the proposed project to determine any incremental impacts. Significance criteria are used as a measure to determine if the project-related incremental change would be considered "significant." Incremental changes less than the significance criteria are not expected to be significant. The proposed project changes, especially at the Marine Terminal, are minor (as described in response to comment 1-2 and the Negative Declaration) and will not result in increased geological hazards for the reasons discussed below; therefore, the proposed project impacts were considered to be less than significant. Further, CEQA does not require mitigation of existing hazards but requires mitigation of project-related impacts. The following provides more details that address the specific issues raised by the commentator on the potential geological hazards related to the existing environment and the proposed project impacts.

The Negative Declaration indicates, as part of the environmental setting, that Southern California is a seismically active area. The Negative Declaration identifies the maximum credible earthquake along the Palos Verdes Fault Zone as a magnitude 7.0. This discussion is included as part of the existing environment (or the environmental setting). The significance criteria indicates that the impacts on the geological environment will be considered significant if the proposed project results in the "exposure of people or structures to major geologic hazards such as earthquake surface rupture, ground shaking, seiche or tsunami." For any new structures in a proposed project, the basis for the less than significant impact is that the construction of new structures must comply with the Uniform Building Code Zone 4 requirements. Issuance of building permits assures compliance with the Uniform Building Code. In previous environmental documents prepared for the Marine Terminal, the Los Angeles Harbor Department concluded that "the existing structures at the Terminal were designed to meet building code requirements. . ." (LAHD, 1994).

The Uniform Building Code is considered to be a standard safeguard against major structural failures and loss of life. The goal of the code is to provide structures that will: (1) resist minor earthquakes without damage; (2) resist moderate earthquakes without structural damage, but with some non-structural damage; and (3) resist major earthquakes without collapse, but with some structural and non-structural damage.

APPENDIX C: RESPONSE TO COMMENT LETTERS

The Uniform Building Code bases seismic design on minimum lateral seismic forces ("ground shaking"). The Uniform Building Code requirements operate on the principle that providing appropriate foundations, among other aspects, helps to protect buildings from failure during earthquakes. The basic formulas used for the Uniform Building Code seismic design require determination of the seismic zone and site coefficient, which represent the foundation conditions at the site. These formulas take into account the potential for liquefaction. In areas with the potential for liquefaction, the building codes require the construction of stronger and deeper foundations to minimize the impacts on the structures in the event of strong ground shaking.

There is not expected to be a significant impact because no new structures are being proposed as part of the proposed project at the Marine Terminal (see response to comment 1-2 and the Negative Declaration, Chapter 1, Project Description). The proposed project modifications at the Marine Terminal are limited to changing the use of an existing storage tank and existing pumps from MTBE to ethanol service. Piping modifications will consist of modifications to the existing piping by removing redundant valves and unnecessary flanges to allow for a dedicated ethanol pipeline and avoid cross contamination with other petroleum products.

Table 3-1 has been revised to eliminate the reference to the distance of the various faults from the "site." As indicated in this comment, portions of the proposed project may be closer to certain faults (e.g., the Marine Terminal to the Palos Verdes fault) and portions of the proposed project may be further away from certain faults (e.g., the Colton Terminal to the Palos Verdes fault).

As the commentator indicates, the "proposed project does not involve new geologic hazards" at the Marine Terminal. Because there are no new geologic hazards, the proposed project will not expose additional people or structures to new geologic hazards. Therefore, the proposed project impacts on geological hazards are less than significant.

The commentator further states that the proposed project involves exposure to a new chemical hazard. The hazards related to the use of ethanol versus MTBE were addressed in the Negative Declaration under Hazards (see page 3-34 of the Negative Declaration). As described in the Negative Declaration, the proposed project will reduce the hazards related to the transport of oxygenate used for blending because 18 fewer marine vessels per year will deliver oxygenate to the Marine Terminal, thus providing an environmental benefit by reducing the probability of a hazardous incident. (Note that the final Negative Declaration has been revised to indicate that 14 fewer marine vessels per year will deliver oxygenate to the marine terminal, instead of 18 fewer vessels).

The Negative Declaration provides a comparison of the hazards between ethanol and MTBE (see page 3-36). The overall hazards associated with the handling and transport of ethanol are expected to be less than those associated with MTBE. Ethanol has a lower vapor pressure than MTBE (49-56.5 mmHg for ethanol as compared to 245-256 mmHg for MTBE). Therefore, a release of ethanol would travel a smaller distance than a release of MTBE, given the same conditions. In addition, the toxicity of ethanol is less than the toxicity of MTBE. Therefore, the health impacts in the event of a release of ethanol also are expected to be less than the health impacts associated with an MTBE release. Consequently, the proposed project will result in the use of a less hazardous

material (ethanol) than MTBE. The proposed project will also result in the transport, transfer and storage of less ethanol than MTBE providing additional environmental benefits.

Further, the Marine Terminal has a Spill Prevention, Control and Countermeasures (SPCC) Plan to minimize the potential for a release of spilled materials at the site, including ethanol. Also, all tanks at the site have secondary containment to prevent the release of materials off-site in the event of a tank failure.

In conclusion, the geological impacts on the Marine Terminal less than significant because: no new structures will be constructed at the site; no new people will be exposed to geological hazards at the site; and even though no new structures are included as part of the proposed project, any new structures require compliance with the Uniform Building Code which has been designed to account for development in seismically active areas.

RESPONSE 1-5

The Negative Declaration indicates that ground water contamination already exists at the Marine Terminal (see Page 3-11) and appropriately describes this as part of the existing environment. Additional information regarding the existing MTBE contamination and source control measures at the Marine Terminal has been added into the Final Negative Declaration. Existing MTBE contamination at the Marine Terminal was associated with the use of a sump. The sump has been closed and removed from the site so that further ground water contamination from this source is not expected. Further, MTBE concentrations in the ground water at the Marine Terminal have been decreasing since elimination of the sump. The proposed project entails continued use of Tank 378 at the Marine Terminal, which is equipped with a double bottom and a leak detection system for storing ethanol instead of MTBE. Therefore, the proposed project is not expected to contaminate ground water with ethanol because ethanol at the Marine Terminal will be stored in a tank with a double bottom and leak detection system. Significant impacts on the existing hydrocarbon contamination are not expected because leaks from the equipment that will handle ethanol are not expected. In the event that leaks occur from Tank 378, measures are in place to detect a leak prior to migration from the immediate area. Pipelines, including those that transport ethanol, are required to be inspected on a yearly basis for leaks. Tosco will include analysis of ethanol as part of a background ground watering sampling analysis and during semi-annual ground water monitoring that is currently conducted at the Marine Terminal. The proposed project is not expected to adversely impact ground water quality or the existing ground water monitoring/remediation program and no mitigation measures are required.

In regards to the Source Control Plan (SCP) comment, an SCP was developed in 1994 at the request of the Port during Unocal's tenancy of the Marine Terminal. The program was implemented at the request of the Port while review and approval were pending. Following acquisition of the Marine Terminal by Tosco, Tosco submitted a revised SCP in 1998 and is also awaiting the Port's review and approval. Tosco has continued to implement the same type of upgrades outlined in the SCP (e.g., addition of double bottoms to existing storage tanks) while review and approval are pending.

APPENDIX C: RESPONSE TO COMMENT LETTERS

The proposed project has been designed to eliminate the use of MTBE in compliance with the new regulations developed by CARB in response to an Executive Order from Governor Davis. As indicated in the Negative Declaration, the long-term benefit associated with the elimination of MTBE is to remove it from use and prevent any further MTBE contamination of ground water. The major concerns from the use of MTBE, the slow degradation rate in soil and ground water releases and large ground water plume size, are not concerns when ethanol is used.

Regarding the comment on neat (or pure) ethanol releases, note that the Marine Terminal will receive denatured ethanol (not pure ethanol). Denatured ethanol will be mixed with and contain about 5 percent gasoline. Therefore, pure ethanol will not be handled at the Marine Terminal, the Refinery, or the truck terminals.

The Lawrence Livermore National Laboratory (LLNL) report (UCRL-AR-135949, 1999) presents information on releases of ethanol to soil and surface waters. This document was prepared as part of Senate Bill 521 (SB 521), enacting the MTBE Public Health and Environmental Protection Act of 1997 which directed the University of California to conduct research on the effects of MTBE. SB 521 also required the Governor to take appropriate action based on the findings of the report and information from public hearings. In consideration of this study, public testimony, and other relevant information, California's Governor Davis found that, "on balance, there is significant risk to the environment from using MTBE in gasoline in California." In response to this finding, on March 25, 1999, the Governor issued Executive Order D-5-99 which directed, among other things, that California phase out the use of MTBE in gasoline by December 31, 2002.

The impacts of ethanol on an existing subsurface release are expected to be less than significant for this project, for the reasons identified below. First, as explained above, leaks of ethanol are not expected due to existing source control programs, the use of double bottom tanks, the required annual testing of pipelines, and so forth. Second, the volume of ethanol required to oxygenate fuels is close to 50 percent less than MTBE so less volume of ethanol that will be used, transported, and stored. Third, the Tosco facilities have existing ground water sampling programs. These programs will be modified to test for the presence of ethanol in ground water prior to bringing any ethanol to the facilities. In addition, ethanol will be included in the semi-annual ground water sampling and analysis so that leaks of ethanol would be more readily detected. Finally, it should be noted that even though the presence of ethanol in the subsurface environment could have adverse impacts on existing ground water contamination, the LLNL report concluded that "the estimated potential future increase in public wells impacted by MTBE is significantly higher if MTBE remains the primary fuel oxygenate" as compared to the use of ethanol. Therefore, the commentator's concern that enhanced mobilization of the existing contamination by an ethanol release is not substantiated by the LLNL report and does not represent a significant potential impact to surface water and ground water at the Marine Terminal.

TOSCO REFINING CO.

STATE OF CALIFORNIA

GRAY DAVIS, Governor

CALIFORNIA STATE LANDS COMMISSION
100 Howe Avenue, Suite 100-South
Sacramento, CA 95825-8202



PAUL D. THAYER, Executive Officer
(916) 574-1800 FAX (916) 574-1810
California Relay Service From TDD Phone 1-800-735-2922
from Voice Phone 1-800-735-2929

Contact Phone: (916) 574-1872
Contact FAX: (916) 574-1885

June 22, 2000

File Ref: W9777.92

Ms. Nadell Gayou
The Resources Agency
1020 Ninth Street, 3rd Floor
Sacramento, CA 95814

Mr. Michael Krause
South Coast Air Quality Management District
21865 E. Copley Drive
Diamond Bar, CA 91765-4182



Dear Ms. Gayou and Mr. Krause,

The Staff of the California State Lands Commission (CSLC) has reviewed the Negative Declaration (ND) for Tosco's Los Angeles Refinery Ethanol Import and Distribution Project (SCH #20005115). Based on this review, we offer the following comments.

CSLC Jurisdiction

The proposed project involves sovereign tidelands and submerged lands granted in trust, by the Legislature, to the City of Los Angeles, to the State of California. The California State Lands Commission (CSLC) is, therefore, a Trustee Agency under the California Environmental Quality Act (CEQA).

2-1

Additionally, as a result of the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act (Act) of 1990, as amended, California State Lands Commission (CSLC) has adopted regulations for the inspection and monitoring of marine oil terminals, inspection and testing of marine oil terminal pipelines, testing and certification of marine oil terminal personnel, and structural requirements for vapor recovery systems (2 CCR 2300 through 2571). In further keeping with the mandates of the Act (Public Resources Code § 8755) regulations on performance standards of existing and proposed marine terminals within the state are in the draft stages.

Ms. Gayou and Mr. Krause

2

June 22, 2000

2-1
cont.

On October 8, 1999, the Governor of California signed into law AB703, "The Ballast Water Management For Control of Nonindigenous Species Act" (Act), which became effective January 1, 2000 (Public Resources Code § 71200 - 71271). The Act established a statewide mandatory ballast water management and control program under the jurisdiction of the CSLC (Public Resources Code § 71206 - 71207).

Specific Comments

2-2

1. Subsection 1.4.2 Tosco Marine Terminal, Page 1-6: Will the proposed modification at the marine terminal result in pipelines and storage tanks exclusively dedicated to ethanol? Alternatively, will other byproducts, such as oil based additives be transferred via these lines? If so, CSLC has jurisdiction (2 CCR 2560(c)) over the pipelines that are within or a part of the marine terminal and are used to transfer oil.

2. Section 1.5 Required Permits: The following information should be included in the document. CSLC requires, under 2 CCR 2563, that "any repairs, alterations or modifications to existing transfer pipeline systems shall meet the design and construction criteria specified in Subparts C and D, Part 195, Titled 49 of CFR" and undergo "Static Liquid Pressure Test" as described in 2 CCR 2565.

2-3

It is recommended that all marine oil terminal design changes be reviewed by CSLC staff for compliance with appropriate API and OCIMF standards, guidelines and recommended practices.

CSLC requires the Operations Manual to accurately list each product transferred at the terminal (CCR Section 2385(d)(E)). The applicant will be required to amend their Operations Manual, as described in CCR Section 2385(f), prior to the transfer of ethanol at this terminal.

2-4

3. Risk of Upset: If the marine oil terminal (MOT) intends to continue receiving and delivering petroleum products during project construction, the scheduling of the proposed construction activities should not coincide with transfer operations. To reduce any potential fire hazard during the project construction period, the MOT shall not perform any construction activities during petroleum transfer operations because most construction equipment requiring electricity is not intrinsically safe, arc or gas welding is an ignition source, and sparks may be inadvertently generated from impact of metal tools or construction materials (see National Electric Code).

2-5

4. Although ethanol may not be a regulated product, CSLC has an interest in the design and safe operation of a dedicated ethanol transfer pipeline at the MOT. A fire event caused by the ethanol could cause a petroleum product release from adjacent pipelines.

2-6

5. The facility should verify existing HAZOPS to determine the impact of proposed changes.

Ms. Gayou and Mr. Krause

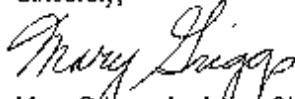
3

June 22, 2000

6. The current Integrated Contingency Plan for the Los Angles Refinery Complex (Sept. 1998) should be revised to include ethanol as a product/chemical of concern in § 2.5 of Annex 3.

Thank you for your consideration of these comments. If you have any questions, please contact Maurya Falkner, Marine Facilities Division, Long Beach at (562) 499-6312.

Sincerely,



Mary Griggs, Assistant Chief
Division of Environmental Planning
And Management

cc: Gary Gregory
Maurya Falkner

RESPONSE TO COMMENTS

LETTER FROM CALIFORNIA STATE LANDS COMMISSION

**Mary Griggs
June 22, 2000
(Postmarked June 29, 2000)**

RESPONSE 2-1

This comment provides information of the California State Lands Commission (CSLC) as a trustee agency as well as providing information on some of its general regulatory responsibilities and the enabling legislation for these responsibilities. Since the comment does not specifically refer to the CEQA document for the proposed project, no response is necessary.

RESPONSE 2-2

As described in Section 1.4.2 of the Negative Declaration (page 1-6), the proposed changes at the Marine Terminal will result in pipelines and storage tanks exclusively dedicated to ethanol storage and transport. No other products will be stored or transferred in the ethanol pipelines because contamination of ethanol with other oil-based additive would render it ineffective as an oxygenate in reformulated gasoline.

RESPONSE 2-3

Tosco has designed the system to ANSI, API, ASME, and other recognized industry standards for the transfer piping system, where applicable. The Tosco design standards meet or exceed the design and construction criteria specified in the comment (Subparts C and D of Part 195 Title 49 CFR and 2 CCR 2565). The existing piping system is pressure tested by a third party contractor annually and will be tested prior to being placed in ethanol service. The pressure testing requirements meets or exceeds the requirements for pressure testing under 2 CCR 2565. The results of the pressure testing are kept on-site and available for review by any appropriate regulatory agency.

It has not yet been determined whether the proposed pipeline changes require review by the California State Lands Commission. Tosco will review the project with representatives of the State Lands Commission and, if determined appropriate, the project design will be submitted to the State Lands Commission for review. In any case, the Tosco pipeline changes have been designed to meet or exceed the design and construction criteria specified in this comment.

As identified in the comment, Tosco will revise its Operations Manual to include ethanol, prior to the transfer of ethanol at the Terminal.

RESPONSE 2-4

As noted in this comment, any physical modifications associated with construction activities at the Marine Terminal will not coincide with petroleum transfer operations at the Terminal. The Marine Terminal will be shut down during construction activities.

RESPONSE 2-5

The comment regarding the California State Lands Commission's concern regarding the design and safe operation of ethanol pipelines is noted. As stated in the Negative Declaration (see Section 3.9.2), the overall hazards associated with the handling and transport of ethanol are expected to be less than those associated with MTBE. Ethanol has a lower vapor pressure than MTBE (49-56.5 mmHg for ethanol as compared to 245-256 mmHg for MTBE).

RESPONSE 2-6

Tosco has completed a Safety and Health Impact Assessment to manage the proposed changes based on the facility's existing HAZOP and in accordance with Process Safety Management regulations for the use, storage and transfer of ethanol at its facilities. The Assessment has indicated that no changes to the facility systems are required.

RESPONSE 2-7

Tosco maintains an Integrated Contingency Plan for multiple agencies including the U.S. Coast Guard, the U.S. Department of Transportation, the California Department of Fish and Game and the State Lands Commission. The current Integrated Contingency Plan will be revised by Tosco to include ethanol within 30 days of the change to ethanol, as required by regulations.

M:\MRB\1942\1942ISRC