

BEFORE THE STATE OF WASHINGTON

ENERGY FACILITY SITE EVALUATION COUNCIL

In the Matter of Application No. 96-1)
)
OLYMPIC PIPE LINE CO.,) CROSS CASCADE PIPELINE
) PROJECT SETTLEMENT
CROSS CASCADE PIPELINE PROJECT) AGREEMENT
)
_____)

I. PARTIES

Olympic Pipe Line Co. (OPL) has filed an application for a Site Certification Agreement (SCA) from the Energy Facility Site Evaluation Council (EFSEC), Application No. 96-1, to construct and operate a refined petroleum products pipeline (Project).

Washington Department of Ecology (Ecology) is a party to the site certification adjudication before the Washington State Energy Facility Site Evaluation Council (EFSEC).

II. PURPOSE AND INTENT

OPL and Ecology (collectively, "the Parties") have been involved in discussions and negotiations related to the Project's potential effect upon the state's air quality. Through this agreement, Ecology and OPL set forth obligations and restrictions related to air quality that the Parties intend to have incorporated into the SCA as conditions for the Project should EFSEC recommend that the Project be certified. The obligations and restrictions set forth in this Agreement relate to resources that will be affected by construction and operation of the Project, as these components are proposed at the time of entry of this Agreement. The Agreement does not address issues that may be raised at EFSEC proceedings outside the adjudicative hearing for the review of the final SEPA documents.

III. WITHDRAWAL OF OBJECTIONS

Based on the restrictions on the Project set forth below and agreed to by OPL and the information provided to Ecology by OPL in the documents listed in Attachment A, Ecology stipulates to the withdrawal of its air quality issues from the adjudicative hearing, except for air quality issues regarding the Notice of Construction air quality permit.

1. Operation of the equipment shall be conducted in accordance with data and specifications contained in Section 2.11, Section 3.2 and Section 6.1 of Application for Site Certification Agreement, May 11, 1998, except where other requirements pertain which are more protective of air quality.

2. Restrictions shall apply to Olympic Pipe Line Co. and any successors as owners or operators of the Cross Cascade Pipeline. Records required shall be retained for ten years or for the duration of the operating life of the Project, whichever is longer, and shall be made available to regulators upon request.

3. Storage tank fuel throughput shall not exceed 36,639,000 barrels per year in any consecutive 12-month period. Throughput of each fuel type (gasoline, diesel, jet turbine fuel) shall be measured by metering device and recorded.

4. At the Kittitas Terminal, total loading rack fuel throughput shall not exceed 1,020,000 gallons per day in any 24-hour period measured from midnight to midnight. On a daily basis, fuel type and quantities loaded shall be recorded. No storage tank at the Kittitas Terminal shall be located within 100 feet of the fence line.

5. In the event that Olympic Pipe Line Co. proposes modifications that would cause an increase in a given pollutant, such proposals shall be analyzed by considering the total of the new and the old emissions from the source for that pollutant. For example, if benzene emissions at the Kittitas Terminal after start of operations are 390 pounds per year and Olympic Pipe Line Company requests permission to increase benzene emissions by 10 pounds per year, air quality dispersion modeling would be conducted using an emission rate of 400 pounds per year per emissions, not using an emission rate of 10 pounds per year of "new" emissions. Modifications causing or contributing to a predicted concentration which exceeds an ambient air quality standard or acceptable source impact level shall not be authorized.

6. At the Kittitas Terminal, emissions from the loading rack shall be controlled with a properly designed and operated vapor control system with an efficiency of 99.9 percent or greater. Loading rack operations shall not be conducted unless the vapor recovery system is operating properly.

7. Emissions of Volatile Organic Compounds (VOC) from the Kittitas Terminal shall not exceed 17 tons per years on a rolling annual basis calculated monthly. Emissions of benzene from the Kittitas Terminal shall not exceed 390 pounds per year on a rolling annual basis calculated monthly. At the end of each month, Olympic Pipe Line Co. shall calculate and record VOC and benzene emissions for the 12-month period just ended. Such emissions calculations shall be based on average Reid Vapor Pressure of gasoline transported during the month, which shall be recorded and retained.

8. Reid Vapor Pressure of gasoline transported shall not exceed 10.0 on a monthly average for the months of May, June, July and August. Reid Vapor Pressure of gasoline

transported shall not exceed 13.0 on a monthly average for the months of January, February, March, April, September, October, November and December.

9. If odor from the Kittitas Terminal is detected beyond the site boundary, Olympic Pipe Line Co. shall take measures to correct the situation and shall prepare a written report on the effectiveness of measures within 120 days of discovery that odor has been detected beyond the site boundary. If odor from the Project is subsequently detected beyond the site boundary, Olympic Pipe Line Co. shall install and operate a vapor recovery system to collect and control VOC emissions from the storage tanks. The control efficiency of the control device shall exceed 99.9 percent.

10. Fugitive dust shall be controlled in accordance with a Construction Phase Fugitive Dust Control Plan to be prepared by Olympic Pipe Line Co. in accordance with the document Control of Open Fugitive Dust Sources, United States Environmental Protection Agency, September, 1988, EPA-450/3-88-008. The Construction Fugitive Dust Control Plan shall include, but not be limited to, the following:

10.1 Vehicles associated with the project traveling on the right-of-way or on unpaved roads within 500 feet of the right-of-way shall not exceed 10 miles per hour.

10.2 Water or approved chemical dust suppressants shall be applied to the right-of-way and access roads at regular intervals specified in the Construction Phase Fugitive Dust Control Plan.

10.3 Unless other environmental considerations (e.g., construction windows for protection of fish and wildlife or moisture so high that runoff decreases water quality) prevent it, excavation shall be scheduled when moisture content of soil is greatest.

10.4 In the event that dust is observed leaving the right-of-way on a given day, no excavation, travel on unpaved roads, or backfilling shall take place during the remainder of the day on which such an observation is made unless the following has been satisfied:

10.4.1 Sufficient water to reasonably control dust has been applied to the area to be excavated, traveled upon or backfilled prior to the excavation, travel, or backfilling.

10.5 Tire washing or other specific measures that will be employed to prevent vehicle trackout onto paved roads.

10.6 Stockpiles will be located to minimize exposure to wind and covered with tarps, except that tarping is not required for temporary stockpiles (i.e., stockpiles that exist for two days or less) that produce no visible emissions.

10.7 Loads of sand, soil, gravel or rock will be covered by tarp during truck transport which takes place outside of the right-of-way.

11. The project shall cause no exceedance of national or state ambient air quality standards. For the construction phase, this condition shall be judged to be complied with if modeling shows that no exceedance is predicted at a distance 10 meters or greater from the right-of-way. A Notice of Construction permit issued by EFSEC is required prior to start of construction of the Project.

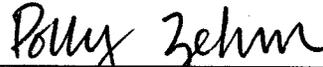
12. Open burning of vegetation or any other material associated with construction or operation of the Project is prohibited.

13. The emergency firewater pump at the Kittitas Terminal shall be driven by an engine which employs Best Available Control Technology. Emissions from the emergency firewater pump shall be included in Kittitas Terminal emissions for the purpose of demonstrating that no ambient air quality standard or acceptable source impact level will be exceeded. Written approval from the Department of Ecology that such a demonstration has been made by Olympic Pipe Line Co. is required prior to start of construction of the Project.

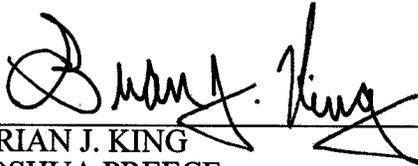
DATED this 30th day of December, 1998.



KURT B. PETERSON
REBECCA McINTEER
Assistant Attorney General
Attorneys for Department of Ecology



POLLY ZEHM
Regional Director
Central Regional Office
Department of Ecology



BRIAN J. KING
JOSHUA PREECE
KAREN McGAFFEY
Bogle & Gates P.L.L.C.
Attorneys for Olympic Pipe Line Co.

ATTACHMENT A

Documents Containing Information Regarding Cross Cascade Pipeline Proposal Provided to Ecology From OPL Regarding Air Quality Issues:

1. Application for Site Certification Agreement, Application No. 96-1, Olympic Pipe Line Co., Cross Cascade Pipeline, Revised May 11, 1998.
2. Correspondence, Jerry W. Lynch, Olympic Pipe Line Co., to Susan Billings, Department of Ecology, March 24, 1997.
3. Facsimile, Lisa Graham, Dames and Moore, to Bob Swackhamer, Department of Ecology, March 6, 1998.
4. Correspondence, William Mulkey, Olympic Pipe Line Co., to Bob Swackhamer, Department of Ecology, December 1, 1998.
5. Correspondence (unsigned), Lisa Graham, Dames and Moore, to Bob Swackhamer, Department of Ecology, April 20, 1998.
6. Diskette, 3.5 floppy, air quality emissions and dispersion modeling, prepared by Dames and Moore, modified March 20, 1997.