2: Project Description

2.1 Introduction

This project description identifies the activities and assets involved from initiation of cushion gas recovery to formal transfer of ownership of all assets to new owner(s). The MGSF decommissioning and sale includes the following:

1. Recovery and sale of cushion gas
2. Decommissioning of the MGSF including
   - Abandonment of wells
   - Removal of site improvements and facilities (above and below grade)
3. Sale of all MGSF assets including
   - Main Facility (consisting of 6 parcels and a total of 29 ac of land)
   - East Site (consisting of 2 parcels and a total of 11 ac of land)
   - 14 Townsite lots (3 ac of land)

SCG proposes to commence the project immediately, dependent on CPUC approval.

2.2 Project Location

The MGSF lies predominately in the north-central area of the City of Montebello, north of Beverly Boulevard, west of Montebello Boulevard, and south of the Operating Industries Inc. (OII) Landfill and the City of Monterey Park (Figure 2.2-1). The 29 acre Main Facility is located west of Howard Avenue, just north of Lincoln Boulevard. A small triangle-shaped parcel (referred to as Monterey Park Lots; 1 acre included in 29 acre total for Main Facility) that is also considered a part of the Main Facility is located east of the Main

Facility and is the only portion of the MGSF located within the City of Monterey Park. This small parcel abuts the OII Landfill.

The 11 acre East Site is located west of Montebello Boulevard and north of Lincoln Boulevard.

The 14 individual Townsite Lots (3 acres) are distributed in north central Montebello within a 4,000-ft radius of the facility (Figure 2.2-2).

The MGSF makes use of the deep zones of the West Montebello Field, which was discovered in 1938 and converted to gas storage in 1956. During the last 45 years the areas surrounding the Main and East Sites have been developed to their current urban development pattern that includes single and multi-family residential and some commercial uses. The Townsite Lots are distributed throughout long-established Montebello residential neighborhoods.

Figure 2.2-1: Aerial Photograph

SOURCE: From an aerial photograph provided by the Southern California Gas Company. July 19, 2000. Chambers Group.

Figure 2.2-2: Annotated Site Map of Main Facility

SOURCE: From an aerial photograph provided by the Southern California Gas Company. July 19, 2000. Chambers Group.

2.3 Recovery and Sale of Cushion Gas

The MGSF currently operates under a variety of permits granted to SCG and the facility by various public agencies as noted in Section 1. Over the years that SCG has operated the facility the level of operation (injection and recovery of natural gas) has fluctuated to respond to market conditions. For the purposes of this analysis the baseline condition is assumed to be the currently permitted levels of operation. These current permits allow for operation of the MGSF for the storage of natural gas, which includes:

- Injection and recovery of natural gas
- Operation and maintenance of all existing wells
- Operation and maintenance of all MGSF facilities
- Periodic facility and equipment upgrading

SCG's proposal includes the recovery and sale of "cushion gas." Cushion gas is natural gas and is distinguished only by its function within the MGSF. Cushion gas is the quantity of natural gas that is required to maintain the field's geologic ability to receive and store injected gas and to allow the recovery of stored "working gas." There is approximately 23.7 Bcf of cushion gas stored in the Storage Zone of the West Montebello Field and was injected more than 40 years ago. Recovery of the cushion gas would lead to the ultimate loss of storage capability in the Storage Zone and would effectively render the MGSF unusable for gas storage.

2.4 Decommissioning

Decommissioning of the MGSF would result in all of the various sites being cleared of any remnants, including contamination, of the gas storage operations. Included in the decommissioning process would be the abandonment of all wells, except for those required by DOGGR for long term monitoring, and the removal of all above and below grade facilities including buildings and equipment. The exception to this would be an existing communications tower that SCG proposes to retain and operate and any facilities required for gas-related remediation.

Following decommissioning, the various MGSF sites would be suitable for new uses compatible with the General Plans and zoning ordinances of the cities of Montebello and Monterey Park.

As a practical alternative to SCG completing the decommissioning process, the November 22, 2000 Settlement provides for two options after SCG has recovered a majority of the cushion gas. The settlement provides SCG the opportunity to conduct an environmental and economic investigation of the property to determine where and how much hydrocarbon or other contamination exists. The new owner(s) would be offered either a "clean and clear" site or one requiring further remediation. Depending on which option maximizes net benefits, SCG would either remediate discovered contamination at the field prior to sale or would sell the field "as is" with the purchaser indemnifying SCG for future remediation. If SCG elects to sell the field "as is," completion of all remaining mitigation measures identified in this Initial Study would be made a condition of sale. In either option, the MGSF would become available for future development by others.

2.5 MGSF Assets for Sale

The MGSF includes several groups of assets:

- Cushion gas
- Gas injection / withdrawal and treatment facilities
- Mineral and storage rights owned by SCG in Zones A, B, and 1-8 situated under the cities of Montebello and Monterey Park (an area of 85 sq mi / 54,400 ac)
- Various operating permits
- Two large land areas of 29 ac (Main Facility) and 11 ac (East Site)
- 14 individual building lots (Townsite Lots, 3 acres) within a 4,000 ft radius of the Main Facility

LANDS AND RIGHTS

SCG has storage rights for approximately 700 ac of the deep Storage Zone 8, located beneath the City of Montebello, with a small portion of the Zone located beneath the City of Monterey Park. The area of storage rights lies within the area of influence, an east-west oriented oval approximately 8,600 ft in length and approximately 4,200 ft in width and centered at the Lincoln Avenue / Taylor Avenue intersection.

The Main Facility consists of six parcels while the East Site consists of two parcels. A total of 32 active wells are located on the Main Facility and a total of 11 active or abandoned wells are located on the East Site.

Property information for the Main Facility and the East Site is summarized in Table 2.5-1.

Surface Equipment

SCG would either remove all above grade equipment or sell the property and allow the new owner(s) to conduct the removal. It is anticipated that above grade equipment would be sold as-is and purchasers would remove it either as used equipment or as scrap steel. All equipment would be thoroughly cleaned of any contaminants and be suitable for sale as clean used steel. The surface equipment is shown in Table 2.5-2.

Communication Systems

A small portion (50 x 50 ft) of the upper area of the Main Facility is now used for a SCG communication tower and associated ground level equipment. SCG has indicated that they will retain this portion of the Main Facility. An easement for vehicular access, an electrical power line and a communications cable line would be retained by SCG across the Main Facility after ownership transfer to allow for operation and servicing of the communications system and equipment.

Wells

SCG owns 52 active wells of various types, plus an additional ground gas remediation system (see Table 2.5-1). Of the 52 active wells, 32 lie totally within the Main Facility, while two operating and nine abandoned wells lie within the East Site. The remaining active 18 wells include two operating wells on four lots east of the Main Facility, three wells on five lots west of the Main Facility, and five operating wells on lots not owned by

Table 2.5-1: Project Lots to be Sold and Related Wells

Main Facility

Parcel #	APN	Lot #	Acres	Location	Wells*
12	5293-018-800	145 & 146	2.0	831 N Howard Ave.	
15	5293-021-802	32	14.38	831 N Howard Ave.	MGS 22-1, MGS 21-2, MGS 23-3, MGS 6-4, MGS 7-5, MGS 1-6, MGS 18-7, MGS 8-8, MGS 17-9, MGS 2-10, MGS 9-11, MGS 16-12, MGS 20-13, MGS 5-14, MGS 10-15, MGS 11-16, MGS 12-17, MGS 3-18, MGS 28-19, MGS 13-20, MGS 4-21, MGS 14-22, MGS 19-23, MGS 24-24, MGS 25-25, MGS 26-26, MGS 27-27, MGS 15-28, OWC, OWB, OWA, Drillsite #1 OWW
16	5293-021-803	2	7.04	831 N Howard Ave.	
17	5293-021-804	2	0.51	831 N Howard Ave.	
18	5293-021-805	32	2.64	831 N Howard Ave.	
19	5293-021-806	147	1.69	831 N Howard Ave.	
14	5293-021-800	Lot 1	0.23	Yorktown Avenue	Stocker Merced 1[2]
14	5293-021-800	Lot 2	0.91	Yorktown Avenue	Stocker Merced 1[2]

East Site

Parcel #	APN	Lot #	Acres	Location	Wells*
4**	5293-011-801	1	9.13	Jefferson Blvd.	Baldwin 174[1], Baldwin 175[2], Baldwin 176[1], Baldwin 128[1], Baldwin 42[1], Baldwin 61A[1]
5*	5293-011-800	1	1.60	SWC Montebello Blvd.	Baldwin 141[1], Baldwin 61[1], La Merced 11A[2], La Merced 11[1], La Merced 28[1]

Townsite Lots

Parcel #	APN	Lot #	Acres	Location	Wells*
1	5294-005-800	69	.23	1516 El Camino	Monterey No. 39[1]
2	5293-014-800	21	.24	900 Rocky Hill Avenue	Monterey No. 35[2]
3	5269-023-800	28	.28	411 Edwin Aldren Circle	Harris 1[1]

Table 2.5-1: Project Lots to be Sold and Related Wells (continued)

Townsite Lots

Parcel #	APN	Lot #	Acres	Location	Wells*
3	5269-023-801	37	.24	413 Oakmont Drive	La Merced 32[1]
6	5293-015-800	49	.30	813 Lexington Avenue	Monterey 43[2]
7	5293-015-801	69	.26	848 Adelita Street	Monterey 19[2]
8	5269-006-800	12	.13	708 Avenida de la Mercer	Mulholland 4[4]
9	5269-025-800	45	.20	508 Oakmont Drive	La Merced 33[2]
9	5269-025-801	61	.16	513 Avenida de la Merced	
10	5294-013-802	1	.14	Grandview Avenue	Burke-Comm No 1[2]
10	5294-013-803	2	.15	Grandview Avenue	
11	5294-013-800	14	.30	Grandview Avenue	Burke-Comm OWW-1[3]
11	5294-013-801	15	.30	Grandview Avenue	Burke 3[2]
13	5269-007-801	73	.15	816 North Third Street	La Merced 30[2]

* - All wells on the Main Facility are Active Wells
** - In application under Tab B the APN numbers were reversed for these two parcels
[1] Abandoned Wells Not Under Structure
[2] Active Wells
[3] Observation Well - Water
[4] Injection Well

SOURCE: MHA, from data provided by SCG

Table 2.5-2: Surface Equipment

Building/Structures	Compressor Building #1 (7,750 sq. ft) Compressor Building #2 (4,850 sq. ft) Auxiliary (generator) Building (4,610 sq. ft) Fire Pump & Maintenance Building (1,400 sq. ft) Carport / Storage Canopy (1,200 sq. ft) Main Office Building (1,100 sq. ft) Lower Site Warehouse / Office (4,200 sq. ft) Lower Site Equipment Storage / Welding Shop (1,400 sq. ft)
Major Equipment	7 Cooper Bessemer Natural Gas Driven Compressors (clean burn modified) 2 Ingersoll Rand Natural Gas Driven Compressors 1 Worthington Natural Gas Driven Compressor 4 “Electric Machinery” Electric Generators 2 Waukesha Natural Gas Driven Emergency Fire Pumps (Model #135GZBU, 108 hp) 1 Waukesha Natural Gas Driven Emergency Well Kill Pump (Model #6-WAK-B, 290 hp) 2 Boilers, Natural Gas Cyclotherm (Model #2100D-N-43, 2.01 mmbtu / hr) 1 Boiler, Natural Gas, Cyclotherm (5 mmbtu / hr)
Oil/Water Separation and Storage	2 Tanks, Crude Oil Storage (fixed roof, 2,000 bbl capacity) 1 Tank, Wash (fixed roof, 750 bbl capacity) 1 Tank, Wash (fixed roof, 2,4000 bbl capacity) 1 Tank, Waste Water Surge (fixed roof, 3000 bbl capacity) 1 Tank, Waste Water Separation (fixed roof, 1,046 bbl capacity)
Lube Oil Storage	1 Tank, Lube Oil Storage (fixed roof, 1,000 bbl capacity)
Gasoline Storage	1 Underground Storage Tank (buried, 8,000 gallons capacity)
Other Process-Related Equipment	Pressure Vessels Scrubbers Separators Contactors Rectifiers Heat Exchangers Air Cooled Steam Glycol

SOURCE: MHA, from data provided by SCG

SCG. The lots not owned by SCG are not subject to this application; only the SCG wells on the SCG lots are evaluated.

Directional Wells Cluster

A total of 32 operating wells are located within the central area of the Main Facility, arranged along two east-west oriented rows. There are 28 in one row, three in another row, and one isolated observation water well. These wells were directionally drilled into the Storage Zone (Zone 8) during the late 1950s. Their creation allowed for the abandonment of vertical wells over the West Montebello Field. All but two of the vertical wells on the Main Facility were abandoned and the underlying lots sold. The remaining vertical wells are shallow zone observation and collection wells.

Neighborhood Wells

A total of 20 operating wells are located outside of the Main Facility. All but four of these are connected to the Main Facility by pipelines; of these six wells are located on lots owned by others and are held by SCG under an oil and gas lease. These six wells would be abandoned and the lots quitclaimed back to their fee owners.

Non-Operating Wells

There are nine abandoned wells on the East Site, and two abandoned wells on two lots owned by SCG. These lands would be sold as part of the current proposal. SCG has previously abandoned wells located on non-SCG lands and these wells are not part of the current proposal.

Gas Pipelines and Controls

Main Gas Transmission Pipelines

Two main SCG transmission pipelines serve the MGSF. The pipelines would remain in operation as part of SCG's transmission system, although they will be disconnected from the MGSF following decommissioning.

Gas Collection Pipelines

Most gas collection pipelines pass beneath the streets of Montebello and enter the Main Facility at three points along the south and east boundaries. Collection pipelines from the central and western portions of the field generally reach Lincoln Avenue near Howard Street then pass through a common corridor easement between Howard (E) and Taylor (W) Avenues or along Howard Avenue to the south and southeast end of the Main Facility. Two collection pipelines plus a third from Taylor Avenue then pass across six residential lots before entering the site at the very south end of the Main Facility. A fourth pipeline from the central and west portions of the field continues along Howard Avenue north of Lincoln Avenue before entering the Main Facility. A fifth pipeline connects wells in the eastern portion of the field with the northeast corner of the Main Facility at the Lexington Avenue and Howard Avenue/Jefferson Avenue intersection.

Pipelines under the streets of Montebello would be abandoned in place and filled with cement slurry. Another abandonment process would be employed if required by appropriate agencies. Onsite pipelines within SCG properties would be removed and the ground surface restored.

Remediation System (Michael Collins Circle Venting System)

SCG installed a ground gas collection / venting system beneath the Michael Collins Circle area east of the East Site. This area lies within the Storage Rights area and Area of Influence within Storage Zone 8. Ground gases were detected and were determined to be from the Storage Zone. SCG installed and has operated the system under a Conditional Use Permit issued by the City of Montebello.

SCG would retain the responsibility for operating this system as long as it is required, unless approval to transfer responsibility to another party or government agency is granted by the City of Montebello, or responsibility and liability is transferred to the new owner(s). If recovery of cushion gas from the Storage Zone results in cessation of the need for the system, SCG may decommission the system, subject to the approval of the City of Montebello.

Permits

The MGSF operates under a variety of permits issued by various governmental agencies as briefly outlined in Table 2.5-3.

Table 2.5-3: Operating Permits

Agency	Permit
South Coast Air Quality Management District	Facility Permit to Operate Annual 301 Emissions Fees APEP Annual Permit Emission Program Toxic Hot Spots Program for 1996-7 Source Test Review Title V Permit (application deemed complete September 6, 1997)
State Of California Department of Conservation Division of Oil, Gas, and Geothermal Resources	Project Approval Letter
Los Angeles Regional Water Quality Control Board	National Pollutant Discharge Elimination Systems (NPDES)
Sanitation District of Los Angeles County	Industrial Wastewater Discharge Permit (approximately 400 capacity units)
County of Los Angeles	Hazardous Waste License
County of Los Angeles	Public Health License
City of Montebello	Business License Municipal Code Section 5.08 Natural Gas Storage, Oil Well Operator Municipal Code Section 5.52.150 Well Inspection Special Use Permit (Resolution No. 5484) Conditional Use Permit 5-57 Fire Department Permit

SOURCE: MHA, from data provided by SCG

2.6 Proposed Schedule of Gas Recovery, Decommissioning and Sale

SCG's Application and Settlement does not specify the total assets, activities, schedule or sequence for the total project. The following discussion outlines the general phases and sequence for implementation of the proposed project:

- Cushion gas recovery
- Well abandonment
- Decommissioning
- Land transfer

The overall schedule would most likely extend over a minimum period of five years, although it could be accomplished in a lesser time frame, or may extend further than 5 years. Some phases of the project could overlap with some land transfers occurring before completion of decommissioning.

CUSHION GAS RECOVERY

Recovery of the cushion gas would involve activities and processes similar to the MGSF's normal operations. The existing dehydration facility would be operated to condition the gas. It is conceivable that at some point during the removal of cushion gas existing units may be replaced by smaller skid-mounted, electrically driven dehydration units. As the storage zone pressure is reduced, several of the compressors would be used to compress the gas up to pipeline pressure. As the storage zone pressure is further reduced, some wells may require changes in tubing sizes or installation of downhole pumps to keep the wells unloaded and the gas flowing. Operation of the shallow zone collection and monitoring system would continue to ensure that gas is removed from the shallow zones above the storage zone. Handling, processing, and disposition of liquids (oil and water) would be similar to normal operations.

Recovery of cushion gas is estimated to proceed according to the schedule shown in Table 2.5-4:

Table 2.5-4: Cushion Gas Recovery Schedule

Year	Volume (Bcf) Remaining
1	12.2
2	7.0
3	2.6
4	1.3
5	0.6

SOURCE: MHA, from data provided by SCG

By the fifth year the Storage Zone pressure is projected to be reduced to the level that existed when storage operations began. Most cushion gas would be recovered by the fifth year.

During recovery of cushion gas, SCG would continue to report to DOGGR on a monthly basis regarding the volumes of gas, oil and water removed and the well pressures. As the cushion gas is recovered, pressures in the storage zone and in the wells and pipelines would decline and would be much lower than when the MGSF was actively injecting gas (1700 psi down to less than 400 psi). The reduced pressure would reduce the possibility of leaks from active and abandoned wells or pipelines. SCG would continue to monitor abandoned wells within the area of influence for the storage zone using flame ionization detectors. SCG would also continue to monitor active wells, pipelines, and other facilities for leakage, as required by DOGGR and CPUC regulations.

Physical Changes and Facilities Involved

Other than the abandonment of a few non-useful wells and sale of the associated lots, there would be no significant physical change at the MGSF Main Facility until the fifth year (e.g. 2006) when most of the wells would be abandoned and the structures and equipment removed.

Operational Changes

Operations during removal of the cushion gas would be similar to when the field was in full operation, except for field pressures. Pressures in the field would be much lower, since no gas injection would take place. Storage Zone 8 pressure would continually decline.

Initiation and Duration

It is expected that the recovery of cushion gas would begin within one month following action by the CPUC if the proposal is approved, with a total of approximately 5 years required to recover all of the cushion gas. During the last year of that period most of the wells would be abandoned. Structures and other facilities would be demolished during the fifth or succeeding year. The activities would likely be arranged in the following sequence:

1. Begin cushion gas recovery;
2. Produce and test shallow zone wells to ensure no free gas exists in any shallow zones;
3. Begin abandoning wells. As wells are abandoned, remove associated piping and structures, and perform environmental cleanup and testing of the wellsite (except for drillsite wells, which would be cleaned up all at once);
4. Begin demolition of structures and other facilities not required for final gas recovery;
5. Complete abandonment of all wells except those required to be retained by DOGGR for long-term monitoring. Complete demolition of structures and facilities, and cleanup and soil testing of associated land areas;
6. Market remaining properties.

WELL ABANDONMENT

The abandonment of wells generally requires that wells be sealed to specified depths to close the conduit between the storage zone and the surface. Several shallow zone wells may be abandoned within the first year. Most shallow zone wells would be retained during the 5-year cushion gas recovery process to continue their existing function of monitoring pressures in the various zones. These wells may also be used to periodically produce gas and liquids to ensure no free gas exists in these zones. Most Storage Zone wells would be retained for the 5-year period in order to maximize cushion gas recovery rates.

At approximately the beginning of year five, a work-over rig similar to the ones used for previous well work-overs and abandonments would begin abandoning wells. SCG estimates that all existing wells (except for up to four wells) would be abandoned. DOGGR has authority to require long-term monitoring of wells if they believe it would be necessary to ensure adequate monitoring. During the cushion gas recovery period, SCG would meet periodically with DOGGR to review field behavior. DOGGR's final determination of long-term monitoring well requirements would depend on zone and field repressurization rates and other factors that would be determined as the cushion gas is recovered.

Prior to initiating well abandonments, SCG would confer with DOGGR and review previous and current well abandonment practices in SCG's fields as well as other fields within the Los Angeles basin. The best practices for abandoning wells in an urban environment would be established where the wells would be likely to have structures built over them. The best practice could include the following measures that extend beyond current DOGGR well abandonment requirements, subject to approval by DOGGR:

- Removal of all strings of casing to the depth necessary to eliminate an annulus between strings of casing that are difficult to seal with cement
- Installation of a permanent bridge plug or retainer to provide a positive shut off inside each casing string
- Topping of the bridge with cement
- If an inner casing string is stuck or cannot be removed and the annulus between casing strings cannot be removed, a section would be milled in the casing and cemented

During recovery of the cushion gas, SCG would continue its current practice of monitoring abandoned wells for leakage. Prior to transfer to a new owner(s), SCG would provide training to the new owner(s) and to the cities of Montebello and Monterey Park on abandoned well monitoring.

It is anticipated that well abandonment would focus on a sequence of abandonment that would allow the most valuable assets to be released as soon as possible. Well abandonment may begin with all wells not on SCG lands, if current owners choose to have the wells abandoned. The two Townsite wells at Maple/Victoria occupy a total of four lots. Well abandonment could be conducted in a short time, perhaps less than 2 months, on the East Site. Early abandonment could allow the East Site to be sold earlier than the Main Facility site. Because of the large number of wells at the Main Facility, well abandonment may require a year to complete.

DECOMMISSIONING

Equipment Removal

Equipment removal activities would occur at the Main Facility over the course of 3 to 5 years. Some equipment could be removed during the first few years of salvage work; other equipment, such as compressors and the tank farm, would be required to remain until all recoverable cushion gas was removed.

Except for the compressor buildings, all buildings are single story and primarily constructed of metal siding that can be easily removed. The offices and welding shop are of brick and block construction. Building removal would occur at the Main Facility as the need for the particular building is eliminated. The compressor building and an office building would be required until cushion gas removal is near completion.

Demolition

As each facility or element of the MGSF ceases to operate or is no longer required for the overall decommissioning process, it is anticipated that the associated equipment and buildings would be removed from the site. It is possible that some of the equipment may be relocated either to other SCG facilities or to a new owner(s) for use in other gas storage fields. Failing reuse of the equipment, it is anticipated that the equipment will be sold as scrap and the buildings demolished. The brick in some of the buildings may have value for use as used brick in construction projects if it is not contaminated with hazardous materials.

Site Clearing

After removal of the facility and demolition of the structures and foundations, the site would be cleared of all debris and dirt. The physical state of the site would be maintained as is. The site clearing is anticipated to occur over a period of 3 to 5 years.

Grading

It is anticipated that only the minimum grading necessary to abandon wells, remove equipment and demolish structures and foundations would be performed by SCG. It is expected that all open excavations would be filled. Grading permits would be obtained from the cities of Montebello and Monterey Park if required.

Remediation - Michael Collins Circle Venting

If the Michael Collins Circle venting system is no longer needed due to the removal of the cushion gas, it is anticipated that SCG would abandon the system in place or remove the vent wells and piping, as may be required by the City of Montebello. If the system continues to be required, SCG (or a new owner) would continue to operate and monitor it as a condition of sale.

Communications Tower

SCG has indicated that they intend to continue to operate a communications tower on the Main Facility after its complete decommissioning and sale. SCG has indicated that they will need to maintain an access roadway to the tower as well as install electrical and communication lines in an easement to be created prior to the Main Facility's sale.

Installation of electrical and communication lines would require the installation of three poles along an existing access road. SCG has also indicated that they would install a chain link fence around the communications tower for security. The access and utility easement may be relocated to a location that more easily conforms with future development plans after the Main Facility's sale.

2.7 Land Transfer

Decommissioning of the MGSF would generally result in a "clean and clear" condition for all of the properties. As indicated above, some Townsite Lots and the East Site could be decommissioned and available for sale before the Main Facility. SCG proposes that most lands would be released for purchase and future development by others. Minor land holdings and easements would continue under SCG to maintain operations of the onsite communication tower and various ongoing remediation systems. The following discussion clarifies the anticipated transfer methods and conditions for the future owner(s).

OWNERSHIP TRANSFER

The following section outlines some of the special conditions that are expected to accompany lands transferred from SCG to new owners during and following the project's implementation.

Conditions of Transfer

Mitigation measures included in this Initial Study, as well as other conditions that may be attached if approval is granted by the CPUC would be attached to all sales agreements so that each measure that has not been completed by SCG prior to sale would be fully complied with by subsequent property owner(s).

Liability

It is anticipated that a thorough environmental site investigation would be performed prior to transfer of the properties. If not prepared by a prospective purchaser, the purchaser(s) would be provided with the investigations' results. It would be further anticipated that a purchaser would have the right to terminate or amend a purchase agreement depending on the results of the site investigation. Any property that might be sold "as is" would presumably include a provision for indemnification of SCG and of the ratepayers from any future liability for contamination found on the property.

It is anticipated that SCG would prequalify prospective purchasers to ensure that they possess adequate resources or could secure some form of insurance to ensure that any liability would not fall back on SCG and the ratepayers due to financial failure of the purchaser.

Environmental Compliance

If the CPUC were to approve the proposed project it is presumed that compliance with all applicable environmental laws, permits, and approvals would be made a condition of sale to a new property owner(s).

Open Space and Gas-Related Easements

If SCG or any regulatory agencies were to determine that there were any continuing issues that require ongoing monitoring or mitigation after removal of the cushion gas, SCG would retain adequate easements on any of the MGSF properties to allow such monitoring or mitigation to be conducted.