

Exhibit B-2

EXHIBIT B-2: Conditions of Approval – County Preempted Due To Federal Law (DRC2012-00095)

1. **MM AQ-2/3 - Prior to issuance of the Notice to Proceed, the Applicant** shall provide a mitigation, monitoring and reporting plan. The plan shall investigate methods for reducing the offsite locomotive emissions through contracting arrangements that require the use of Tier 4 locomotives or equivalent emission levels. The plan shall indicate that, on an annual basis, if the mainline rail emissions of ROG+NO_x with the above mitigations still exceed the applicable Air District thresholds, the Applicant shall secure emission reductions in ROG+NO_x emissions or contribute to new or existing programs within each applicable Air District, similar to the emission reduction program utilized by the SLOCAPCD, to ensure that the main line rail ROG+NO_x emissions do not exceed the Air District thresholds for the life of the project. The Applicant shall provide documentation from each Air District to the San Luis Obispo County Planning and Building Department that emissions reductions have been secured for the life of the project prior to issuance of the Notice to Proceed.
2. **MM AQ-6 - Prior to issuance of the Notice to Proceed**, the Applicant shall provide a GHG mitigation, monitoring and reporting plan for offsite GHG emissions. The plan shall indicate that, on an annual basis, if offsite GHG emissions exceed the thresholds, the Applicant shall provide GHG emission reduction credits for all of the project offsite GHG emissions. Coordination with the San Luis Obispo Planning and Building Department should begin at least six (6) months prior to issuance of operational permits for the Project to allow time for refining calculations and for the San Luis Obispo Planning and Building to review and approve the emission reduction credits.
3. **MM BIO-11 - The Applicant's contract with UPRR**, shall include a provision to provide that UPRR has an Oil Spill Contingency Plan in place for all mainline rail routes in California that could be used for transporting crude oil to the SMR. The Oil Spill Contingency Plan shall at a minimum include the following:
 1. A set of notification procedures that includes a list of immediate contacts to call in the event of a threatened or actual spill. This shall include a rated oil spill response organization, the California Office of Emergency Services, California Department of Fish and Wildlife, Oil Spill Prevention and Response, and appropriate local emergency responders.
 2. Identification of the resources that could be at risk from an oil spill equal to 20% of the train volume. The resources that shall be identified in the plan, and shown on route maps, include but are not limited to the following:
 - a. Habitat types, shoreline types, and associated wildlife resources in those locations;
 - b. The presence of state or federally-listed rare, threatened or endangered species;
 - c. The presence of aquatic resources including state fish, invertebrates, and plants including important spawning, migratory, nursery and foraging areas;
 - d. The presence of terrestrial animal and plant resources;

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- e. The presence of migratory and resident state bird and mammal migration routes, and breeding, nursery, stopover, haul-out, and population concentration areas by season;
 - f. The presence of commercial and recreational fisheries including aquaculture sites, kelp leases and other harvest areas.
 - g. Public beaches, parks, marinas, boat ramps and diving areas;
 - h. Industrial and drinking water intakes, power plants, salt pond intakes, and important underwater structures;
 - i. Areas of known historical and archaeological sites (but not their specific description or location);
 - j. Areas of cultural or economic significance to Native Americans (but not their specific description or location).
 - k. A description of the response strategies to protect the identified site and resources at risk.
 - l. A list of available oil spill response equipment and staging locations along the mainline tracks and shall include.
 - m. A program for oil spill training of response staff and a requirement for annual oil spill drillings.
3. The oil spill contingency plan must be able to demonstrate that response resources are adequate for containment and recovery of 20% of the train's volume within 24 hours. In addition, within six hours of the spill the response resources shall be adequate for containment and recovery of 50% of the spill, and 75% of the spill within 12 hours.

The Applicant's contract with UPRR, shall include provision that UPRR's Oil Spill Contingency Plan shall be reviewed and approved by California Department of Fish and Wildlife, Office of Spill Prevention and Response prior to delivery of crude oil by rail to the Santa Maria Refinery.

In addition, the Applicant's contract with UPRR, shall include provisions to provide a copy of UPRR's Oil Spill Contingency Plan to all first response agencies along the mainline rail routes in California that could be used by trains carrying crude oil to the Santa Maria Refinery for the life of the project. Only first response agencies that are able to receive security sensitive information as identified pursuant to Section 15.5 of Part 15 of Title 49 of the Code of Federal Regulations, shall be provided this information.

4. **MM CR-6 - As part of the Applicant's contract with UPRR**, it shall require that a qualified archaeologist, architectural historian, and paleontologist who meet the Secretary of the Interior's Professional Qualification Standards prepare an Emergency Contingency and Treatment Plan for Cultural and Historic Resources along the rail routes in California that could be used to transport crude oil to the SMR. The treatment plan shall include, but not be limited to, the following components:

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- a. Protocols for determining the cultural resources regulatory setting of the incident site;
- a. Provide various methodologies for identifying cultural resources, as needed, within the incident site (e.g., California Historical Resources Information System records search, agency contact, field survey); and
- b. If cultural resources are present, identify measures for their avoidance, protection, and treatment.

The Treatment Plan shall be in place prior to delivery of crude by rail to the Santa Maria Refinery.

5. **MM HM-2b - For crude oil shipments via rail to the SMR** a rail transportation route analysis shall be conducted annually. The rail transportation route analysis shall be prepared following the requirements in 49 CFR 172.820. The route with the lowest level of safety risk and security risk shall be used to transport the crude oil to the Santa Maria Refinery.
6. **MM HM-2c - The Applicant's contract with UPRR**, shall include a provision to require that Positive Train Control (PTC) be in place for all mainline rail routes in California that could be used for transporting crude oil to the SMR.
7. **MM PS-4a - The Applicant shall provide advanced notice of all crude oil shipments to the Santa Maria Refinery**, and quarterly hazardous commodity flow information documents to all first response agencies along the mainline rail routes within California that could be used by trains carrying crude oil to the Santa Maria Refinery for the life of the project. Only first response agencies that are able to receive security sensitive information as identified pursuant to Section 15.5 of Part 15 of Title 49 of the Code of Federal Regulations, shall be provided this information. The plan for providing notice to first response agencies shall be in place and verified by the County Department of Planning and Building prior to delivery of crude by rail to the Santa Maria Refinery.
8. **MM PS-4c - The Applicant shall provide annual funding for first response agencies** along the mainline rail routes within California that could be used by the trains carrying crude oil to the Santa Maria Refinery to attend certified offsite training for emergency responders to railcar emergencies, such as the 40 hour course offered by Security and Emergency Response Training Center Railroad Incident Coordination and Safety (RICS) meeting Department of Homeland security, NIIMS, OSHA 29CFR 1910.120 compliance. The Applicant shall fund a minimum of 20 annual slots per year for the life of the project. The plan for funding the emergency response training shall be in place and verified by the Cal Fire/County Fire prior to delivery of crude by rail to the Santa Maria Refinery.
9. **MM PS-4d - As part of the Applicant's contract with UPRR**, it shall require annual emergency responses scenario/field based training including Emergency Operations Center Training activations with local emergency response agencies along the mainline rail routes within California that could be used by the crude oil trains traveling to the Santa Maria Refinery for the life of the project. A total of four training sessions shall be conducted per year at various locations along the rail routes. This contract provision shall be in place and verified by the Cal Fire/County Fire prior to delivery of crude by rail to the Santa Maria Refinery.

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10. **MM PS-4e - As part of the Applicant's contract with UPRR**, it shall require that all first response agencies along the mainline rail routes within California that could be used by trains carrying crude oil traveling to the Santa Maria Refinery be provided with a contact number that can provide real-time information in the event of an oil train derailment or accident. The information that would need to be provided would include, but not be limited to crude oil shipping papers that detail the type of crude oil, and information that can assist in the safe containment and removal of any crude oil spill. This contract provision shall be in place and verified by the Cal Fire/County Fire prior to delivery of crude by rail to the Santa Maria Refinery.
11. **MM TR-4 - The Applicant shall work with UPRR** to schedule unit trains serving the Santa Maria Refinery so that they do not interfere with passenger trains traveling the Coast Rail Route.