



U.S. Department
of Transportation

Research and
Special Programs
Administration

Office of the
Chief Counsel

400 Seventh St. S.W.
Washington, D.C. 20590

DEC 21 2004

Mr. Richard N. Warne
City Manager
City of Coalinga
155 West Durian Avenue
Coalinga, CA 93210

Re: CPF Nos. 5-2003-0013, 5-2000-0003, 58005, 54017

Dear Mr. Warne:

Enclosed is your copy of the Settlement Agreement concerning payment of the civil penalties assessed in the above-referenced cases. Under the agreement, payment of the civil penalties is stayed pending determination of the City of Coalinga's performance with respect to the terms of the Compliance Orders in those cases.

Sincerely,

A handwritten signature in cursive script, appearing to read "Benjamin Fred".

Benjamin Fred
Attorney

Enclosure

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

NOW THEREFORE, in consideration of the premises herein, the undersigned agree as follows.

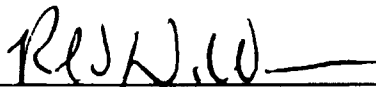
1. Upon execution of this agreement, payment of the civil penalties assessed by the above-referenced orders shall be stayed and shall not become due until such time as OPS has determined, by administrative action or by reference of the matter to the Attorney General for judicial enforcement, that there has been a violation of the terms of the Compliance Orders issued in the above-referenced cases or the terms of this Settlement Agreement, but upon notice by OPS that such determination has been made, the civil penalty shall become due immediately.

Upon execution of this agreement, Respondent waives any rights to further administrative or judicial review of the Final Orders and agrees to pay the civil penalties upon notice by OPS of a determination of violation of the terms of the Compliance Orders.

Upon execution of this agreement, Respondent waives any rights to further administrative or judicial review of the validity of the Compliance Orders and, for the purposes of this agreement and the obligation to pay the civil penalties which would arise thereunder, accepts as final and waives any right to seek judicial review of the determination referred to in paragraph 1, above.

4. Upon execution of this agreement, Respondent will keep an accounting of all moneys spent to achieve compliance with the Compliance Orders and include this accounting in the semi-annual progress reports submitted pursuant to those Orders.
5. Upon written notice by OPS that the corrective action required by the Compliance Orders is satisfactory and that the above-referenced cases are closed and provided the civil penalties have not become due and payable because of a determination referred to in paragraph 1, above, OPS shall be forever barred from commencement or institution of a civil action or other claim for recovery of said civil penalties.
6. Nothing in this agreement limits or otherwise modifies the rights which OPS has to seek enforcement of the terms of the Compliance Orders by administrative civil assessment of penalty or judicial action.
7. Nothing in this agreement modifies the findings made in the above-referenced orders.
8. The terms of this Agreement are in addition to the duties imposed on Respondent by the pipeline safety laws and regulations promulgated thereunder. Compliance with the terms of this Agreement shall not excuse any failure to comply with these laws and regulations. Nothing in this agreement limits or otherwise modifies the rights which OPS has to enforce the pipeline safety laws and regulations.

9. Respondent voluntarily signs this agreement and states that no promises or representations have been made to Respondent other than the agreements and considerations herein expressed.



Richard N. Warne
City Manager
City of Coalinga



Date



for Stacey Gerard
Associate Administrator for Pipeline Safety
Research and Special Programs Administration

DEC 21 2004

Date