COUNTY OF GLENN
AGENDA ITEM TRANSMITTAL

MEETING DATE: November 19, 2013
Submitting Department(s):
Planning & Public Works Agency

Brief Subject/Issue Description:
Conduct a Public Hearing to Introduce by title and waiving further reading, an Ordinance amending Ordinance #1244 (for consideration of subsequent Adoption) "Granting to Vintage Production California LLC a Franchise to Operate and Maintain Certain Pipelines and Appurtenances for the Transportation of Substances in the County of Glenn".

Contact: Matt Gomes, Di Aulabaugh Interim Deputy Directors
Phone: (530) 934-6541

AGENDA PLACEMENT
APPOINTMENT – Appearances by: (Specify Name & Title)
Matt Gomes, Di Aulabaugh Interim Deputy Directors

Required 15 Minutes

Business – No □ Consent □
Correspondence □ Reports & Notices □

AFFECTED DEPARTMENT(S)

Receive Concurrency

ATTACHMENTS

Board Report □
Letter □
Minute Order □
Contract □
Transfer □
Grant App. □
Resolution □

LEGAL/PERSONNEL/FISCAL

County Counsel □
Personnel □
Finance □

CLERK INSTRUCTIONS
Return Minute Order □
Return Certified Copy Of: □
Other:
Return copy of signed Ordinance

PUBLIC HEARINGS & COMMITTEE VACANCIES

State □ Federal □

Public Hearings:
Published □
Affidavit on File w/Clerk □
Affected Parties Notified □

Committees:
Vacancy Posted □
Application Attached □

LEGISLATION

Bill#: __
Latest Version of Bill □
Draft Letter Attached □
List of Supporters/Opposers □
Statement of Relevance to County Interests □
Description Attached □

FUNDING SOURCE/IMPACT

General Fund Impact □
Other: ______
Budgeted □
Transfer Attached □
4/5ths Vote Required □
Contingency Request □

CONTRACTS, LEASES & AGREEMENTS

New □ Renewal □
Amendment □
Insurance Certificate □
Contract Report □

Date of Original Contract: Ordinance
Contract No.: 1244
Fiscal Year:

RECOMMENDED ACTION/MOTION:
Introduce, by title and waiving further reading, an Ordinance amending Ordinance #1244 (for consideration of subsequent Adoption) "Granting to Vintage Production California LLC a Franchise to Operate and Maintain Certain Pipelines and Appurtenances for the Transportation of Substances in the County of Glenn"; and thereby rescinding Ordinance 1120.

Reviewed By (if applicable):
Personnel Director
Department of Finance

Interim Deputy Director

Interim Deputy Director

cc:
BOARD REPORT

EXECUTIVE SUMMARY:

Planning & Public Works wishes to recognize the purchase of Towne Exploration Company assets by Vintage Production California, LLC, and move forward with an Amendment of the Franchise Pipeline Agreement (Ordinance #1244). The proposed Amendment includes the former property (Exhibit A) under Towne Exploration Company, LP; therefore, the action includes rescinding the previous Towne Exploration Company Ordinance #1120.

RECOMMENDATION(S):

Introduce, by title and waiving further reading, an Ordinance Amending Ordinance #1244 (for consideration of subsequent Adoption) "Granting to Vintage Production California LLC a Franchise to Operate and Maintain Certain Pipelines and Appurtenances for the Transportation of Substances in the County of Glenn"; and thereby rescinding Ordinance #1120.

HISTORY AND BACKGROUND:

Planning & Public Works staff in cooperation with then County Counsel Norm Herring developed a standard Franchise Pipeline Agreement. That document, adopted by Ordinance on November 17, 1998, has become the standard used for all Franchise Pipeline Agreements adopted since. These agreements include provisions for liability insurance coverage over the life of the franchise, road usage and damage protections, 24-hour emergency response staff, and other conditions of approval set during the environmental and planning review processes. Pipeline construction standards including but not limited to underground service alert (USA) registration, conformance with American National Standard Codes for Pressure Piping and certified testing and 5-year capital improvement plans are also components of the agreements.

FISCAL/PERSOENNEL IMPACT(S):

Vintage Production California LLC has provided the County with the amendment application and transfer documents. Annual franchise fees are collected according to the Public Utilities Code (PUC) Section 6231, which takes into consideration the diameter of pipe installed and the length of right of way occupied. Agreements are reviewed annually and if warranted the annual fees are increased in accordance with a formula based on the Producer Price Index for all commodities, defined in the agreement and prescribed by the PUC.

ANALYSIS/DISCUSSION:

The proposed amendment would formalize the assignment of the Franchise Pipeline Agreement, currently held by Towne Exploration Company, to Vintage Production California LLC.
ORDINANCE #1244 OF THE COUNTY OF GLENN, CALIFORNIA,
AMENDING ORDINANCE #1244, A PIPELINE FRANCHISE AGREEMENT
GRANTING TO VINTAGE PRODUCTION CALIFORNIA LLC, A FRANCHISE TO
OPERATE AND MAINTAIN A CERTAIN PIPELINE AND APPURTEMENTS FOR
THE TRANSPORTATION OF SUBSTANCES IN THE COUNTY OF GLENN

WHEREAS, the Board of Supervisors hereby grants to VINTAGE PRODUCTION
CALIFORNIA, LLC a non-exclusive franchise for the transmission of oil and gas or other
petroleum products in a County right of way for a period of five years, with three five-year
renewal terms, conditioned upon payment of the annual franchise fees as determined by the
established formula, posting of appropriate security bonds, and satisfaction of safety
requirements established by the County.

PROPOSED AMENDMENT: Exhibit A as attached is to be made a part of Ordinance #1244
of the County of Glenn, California granting to Vintage Production California, LLC a franchise to
operate and maintain a certain pipeline and appurtenances for the transportation of substances in
the County of Glenn.

THE FOREGOING ORDINANCE AMENDMENT was introduced at a regular meeting of
the Board of Supervisors of the County of Glenn on Tuesday, November 19, 2013, and adopted
by the following vote on ____________________________.

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

_______________________________
JAMIE CANNON, Clerk of the Board of
Supervisors, Glenn County, California

JOHN K. VIEGAS, Chairman
Board of Supervisors,
Glenn County California

APPROVED AS TO FORM:

_______________________________
HUSTON T. CARLYLE, JR, County Counsel
Glenn County, California
EXHIBIT A

This Exhibit A is attached to and made a part of Ordinance 1244 of the County of Glenn, California granting to Vintage Production California, LLC a franchise to operate and maintain a certain pipeline and appurtenances for the transportation of substances in the County of Glenn.

Project Locations:

1. **Borquist-Lowe (4,265 feet)**
   Commencing on the Southside of County Road 200 at Assessor Parcel Number 027-270-008 approximately 3,570 feet West of the intersection of County Road DD and County Road 200 extending to the West 4,265 feet; and leaving the County Right-of-Way on Assessor Parcel Number 027-270-011.

2. **Leonardo 2-11 (7,795 feet)**
   Commencing on County Road W at Assessor Parcel Number 019-010-022 and following said road along the Westside North to a distance of 6,845 feet to the intersection of County Road 37 a distance of 950 feet; then North under said County Road 37 and leaving the County Right-of-Way on Assessor Parcel Number 019-009-003.

3. **Transamerica 69-1 (2,671 feet)**
   Commencing on the West line of County Road WW at the Southeast corner of Assessor Parcel Number 016-100-013 and following said road South a distance of 2,671 feet; leaving the County Right-of-Way at the Northwest corner of Assessor Parcel Number 016-110-025.

Total footage in County right of way is 14,731
(Fourteen Thousand Seven Hundred Thirty One)
ORDINANCE 1244

AN ORDINANCE OF THE COUNTY OF GLENN, CALIFORNIA, GRANTING TO VINTAGE PRODUCTION CALIFORNIA LLC A FRANCHISE TO OPERATE AND MAINTAIN CERTAIN PIPELINES AND APPURTENANCES FOR THE TRANSPORTATION OF SUBSTANCES IN THE COUNTY OF GLENN.

WHEREAS, VINTAGE PRODUCTION CALIFORNIA LLC has applied to the County of Glenn for issuance of a franchise for a pipeline and appurtenances to transport natural gas under the public streets, highways and public rights of way of Glenn County; and

WHEREAS, the Board of Supervisors declared its intention to grant a non-exclusive franchise and set a public hearing on the proposed new franchise for VINTAGE PRODUCTION CALIFORNIA LLC which was held on September 3, 2013; and

WHEREAS, on September 17, 2013, the Board of Supervisors held its public hearing on the proposed franchise and, following public testimony and thorough discussion of the application, determined to issue a franchise to VINTAGE PRODUCTION CALIFORNIA LLC on the terms and conditions provided herein.

NOW THEREFORE, the County of Glenn, California, DOES HEREBY ORDAIN as follows:

SECTION 1. TERMS AND CONDITIONS OF FRANCHISE.

A. Terms of Franchise.

This franchise is hereby granted to VINTAGE PRODUCTION CALIFORNIA LLC, hereinafter referred to as Grantee, for a term of five years (the “Initial Term”) from the effective date of this franchise, subject to all of the limitations and restrictions herein contained. This franchise may be terminated by voluntary surrender or abandonment by Grantee, or by forfeiture for non-compliance of the terms and provisions hereof. Grantee shall further have the option to extend this franchise for three additional five-year terms (the “Subsequent Terms”) for a fee as agreed to by the parties or determined to be reasonable in light of franchise fees then being charged by jurisdictions for rights-of-way of similar size and type. Grantee may exercise its rights to extend this franchise by notifying the County of its election to extend this franchise in writing no later than ninety (90) days prior to the expiration of the then current term.

B. Grant of Franchise.

This franchise grants to Grantee the right and privilege to install, operate, maintain, replace and repair a four-inch diameter pipeline, for the transportation of natural gas or water in, under, along and across certain public streets, highways and public rights of way, hereinafter referred to as “streets,” in the County of Glenn, California, hereinafter referred to as “County”, as described in Exhibit “A”, attached hereto and shown on the map attached hereto as Exhibit “B”.
C. Appurtenances.
   The Grantee shall have the right to operate, maintain, repair or replace such scraper traps, manholes, flanges, conduits, culverts, valves, appliances, cathodic protection systems, attachments and other appurtenances (hereinafter for convenience collectively referred to as "appurtenances") as may be necessary or convenient for the proper maintenance and operation of the pipeline under this franchise, provided, however, that Grantee shall first secure the requisite permits and/or approvals from County for construction or excavation.

SECTION 2. MAINTENANCE AND REPAIR.
   A. Grantee shall maintain the pipeline in good, work-like manner and in conformity with all applicable and lawful federal, state and local rules and regulations and shall perform any necessary repairs. County agrees to process all permit and excavation applications in a timely manner and according to the county's fee schedule.

   B. Grantee shall conduct maintenance and repair of the pipeline with the least possible hindrance to the use of the streets for purposes of travel and, within 30 calendar days, all portions of the streets which have been excavated or otherwise damaged thereby shall be repaired in cooperation with and to the satisfaction of the County. The term "repair" as used in this ordinance shall mean compliance with Glenn County Code Section 13.04.090. In the activities, the Grantee shall indemnify the County as provided in Section 11.

   C. Grantee, upon completing any street opening, shall repair all streets, highways, private and public property to the satisfaction of the County and does by this franchise guarantee that the work of restoration shall be good against all faulty workmanship and materials and shall, for a period of one (1) year therefore, maintain all such restored street surfaces in as good condition as other portions of said street, and according to current ordinances of the County, not disturbed by said opening.

   D. Grantee shall make such deposits of money or shall file such bonds upon request of the County, with County as may be required to ensure satisfaction and completion of all construction activity, both in connection with the initial construction of the pipeline and with the subsequent repairs of same within public rights of way.

   E. In all duties of the Franchisee, time is of the essence.

SECTION 3. SAFETY REQUIREMENTS.
   A. Conformance with Pressure Piping Code.
      The pipeline and appurtenances shall be operated, maintained, replaced or repaired in accordance with the latest revision of the "American National Standard Code for Pressure Piping ANSI/ASME B31.-1979;" American Petroleum Institute standard 1104; Code of Federal Regulations, Part 195, Title 49 U.S.C. and other applicable standards and codes, whichever is the most stringent.

   B. Conformance with Federal and State Codes.
      The pipeline and appurtenances shall be operated, maintained, replaced or repaired in accordance with all federal standards for the constructing of interstate pipelines as set forth in
Federal laws, rules or regulations. Whenever there is a conflict with the federal or state standards, the more stringent standard will prevail.

C. Conformance with County Ordinances and Permits.
The pipeline and appurtenances shall be operated, maintained, replaced or repaired in conformity with all ordinances, rules or regulations in effect at the time of granting of this franchise, or as prescribed by the Board of Supervisors and in accordance with the terms and conditions of any permit issued by the County Engineer.

D. Certified Test Results.
For those pipelines subject to the provisions of the Pipeline Safety Act of 1981, (California Government Code Section 51010, et seq.), the testing shall be conducted as required by the state fire marshal, and certified test results shall be requested by the County from the fire marshal. In the event the state fire marshal shall fail to provide such certified test results to the County, grantee shall provide such test results to the County upon request.

SECTION 4. STREET EXCAVATION RULES.
A. Permit Required.
Except in an emergency, the Grantee shall not excavate in a country road or right of way without having first obtained all permit and excavation applications from the County Engineer. The Grantee shall pay any fees required by such a permit. Such application may include a traffic control plan and other information as required by the County Engineer. As used herein, "emergency" shall refer to situations in which persons are endangered or property or environmental damage may result, or other requirements of law, rule or regulation, or government order may be violated, if work is delayed pending issuance of a permit, and "County Road" shall mean any public street, alley, way, or any property owned by the County.

B. Duty to Repair Streets and County Roads.
As soon as any street excavation work is completed, all portions of the streets excavated or otherwise damaged thereby shall be repaired consistent with existing ordinances to the satisfaction of the County Engineer. All street repair work shall be made by the Grantee at the expense of the Grantee in accordance with the ordinances of the County and the conditions of the Construction-Excavation Permit issued therefor by the County Engineer.

C. Capital Improvement Plan.
Annually, prior to January 1st, the Grantee shall submit a project five-year capital improvement plan for its facilities subject to this ordinance. Scheduling for repair, replacement or modifications shall be described by year and location in order to provide information to the County for coordination with its public works capital improvement program. Projects not on such a schedule may be denied a permit unless the work is an emergency or the need is unforeseen. Justification may be required from the Grantee.

SECTION 5. CLEAN-UP OF BREAKS AND LEAKS.
Grantee shall report immediately any spills or leaks to the appropriate State and Federal Agencies and to the County Engineer. If any portion of any street or County road shall be damaged by reason of breaks or leaks in any pipe or conduit operated or maintained under this
franchise, or if any street, sidewalk, sewer, storm drain or other facility be contaminated with crude oil, waste water, diesel fuel, gasoline or other substance transported in said pipelines, the Grantee shall, at its own expense, immediately repair or clean up or cause to be repaired or cleaned up any such damage or contamination and repair such street, sidewalk, sewer, storm drain or other facility to the satisfaction of the County Engineer. Such clean ups shall be accomplished in a timely manner, with as little public disruption as possible.

The Grantee shall be responsible to reimburse the County for all costs associated with County services provided during such break or leak. The reimbursement shall include the current rate of overhead being charged by the County for reimbursable work. Reimbursable work shall include, but not be limited to, inspection, traffic control, police, fire, street, environmental and other County response forces.

SECTION 6. EMERGENCY CREWS.
At all times during the term of this franchise, the Grantee shall maintain on a twenty-four (24) hour basis personnel to operate the pipeline system, including leak detection system and any communications cable. In addition, during the term of this franchise, the Grantee shall maintain on a twenty-four (24) hour basis adequate standby equipment and properly trained emergency standby crews for the purpose of implementing emergency response such as repairs, cleanup, preventing or minimizing damage or the threat of damage to the people or the environment in the event of an emergency resulting from an earthquake, act of war, civil disturbance, flood, leakage or other cause. The emergency standby crews and equipment shall be capable of being at the site requiring the emergency call-out within two (2) hours. All vaults within the County, if any, shall be adequately secured, and County personnel briefed in obtaining access and shutting off valves.

SECTION 7. COMPENSATION TO THE COUNTY.
A. Upon approval of this ordinance, the Grantee shall pay to the County the sum of $1,250 which shall be an administrative fee for County services incurred by the County in processing this franchise application.

B. During the Initial Term, Grantee shall pay to the County for deposit in the County Road Fund a base annual fee calculated as described in 7C. Said fee shall not be less than $250 (Two hundred fifty dollars) for a one-foot wide right-of-way to install, repair and have access to the four-inch diameter pipeline. The first fee shall be paid upon acceptance of the franchise and annually thereafter by the anniversary date pursuant to Section 1.A. Grantee shall pay on or before the first day of any Subsequent Term the new annual fee agreed to by the parties and on each successive anniversary date of the franchise thereafter.

C. Compensation provided for in Section 7.B. shall pay on or before the first day of any Subsequent Term the new annual fee agreed to by the parties and on each successive anniversary date of the franchise thereafter during the term of this franchise. The amount of increase shall be computed pursuant to the Producer Price Index for All Commodities in the following manner:

The base for computing the adjustment is the Producer Price Index for All Commodities, published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), which is published for the month nearest the date of the commencement of the term of this franchise ("Beginning Index"). If the Index published nearest the anniversary date ("Extension Index") has increased over the Beginning Index, the franchise fee for the following year (until
the next adjustment) shall be set by multiplying the franchise fee set forth in Section 7.B. by a fraction, the numerator of which is the Extension Index and the denominator of which is the Beginning Index. In no case shall this increase compensation be less that the franchise fee set forth in Section 7.B. If the Index is discontinued or revised during the term, such mutually agreeable governmental index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the index had not been discontinued or revised.

D. The franchise fee set out in this Section shall in no way limit Grantee’s obligation to compensate County or any private citizen for any damage, claim, expense, or loss whatsoever as set forth in this franchise.

E. Compensation Adjustments and Compensation in the Event of Removal or Abandonment. Notwithstanding the provisions of paragraphs 7.B. and 7.C., the Grantee shall be liable to pay the County the annual fee for the period to and including the date of either actual removal of the facilities or the effective date of the properly approved abandonment “in place,” authorized by the County, and until the Grantee shall have fully complied with all the provisions of law or ordinances relative to such abandons.

In the event of partial abandonment of facilities with the approval of the County as elsewhere in the ordinance provided, or in the event of partial removal of such facilities by the Grantee, the payments otherwise due the County for occupancy of the streets by such facilities shall be reduced by the length of pipeline abandoned times the rate per foot to be charged beginning with the first day of the next succeeding franchise year and for each franchise year thereafter, provided, however, that the said base rate shall be modified to reflect the Price Index adjustment (per paragraph 7.C.) applicable to such abandoned or removed pipeline at the beginning of the next succeeding franchise year following abandonment or removal.

F. Grantee shall pay to the County, on demand, the cost of all repairs to public property made necessary by any operation of the Grantee under this franchise.

G. Any payment due from Grantee to County under any provision of this franchise which is not paid when due shall bear interest at the highest amount allowable by law, but the payment of such interest shall not excuse nor cure any other default by Grantee under this franchise. All payments shall be paid, without deduction or offset except as herein provided, to the office of the Public Works and Development Services Agency at P.O. Box 1070, Willows, CA 95988, or at such place as the County shall from time to time designate in writing.

In the event any payment required under this Section 7 is late, the following schedule of late charges shall be applicable to that portion which is overdue:

(1) Late 10 days but less that 30 days--2% of the amount due; plus:

(2) For each additional 30 days or fraction thereof over 30 days--an additional 2% of the amount, including interest due under this Section 7. G.
SECTION 8. REMOVAL OR ABANDONMENT OF FACILITIES.

A. Application to County Engineer.

At the expiration, revocation or termination of this franchise or of the permanent discontinuance of the use of its facilities or any portion thereof, the Grantee shall, within thirty (30) days thereafter, make a written application to the County Engineer for authority to abandon all or a portion of such facilities. Such application shall describe the facilities desired to be abandoned or removed by reference to the map or maps required by Section 1 of this ordinance and shall also describe with reasonable accuracy the relative physical condition of such facilities. Abandonment of the pipeline shall be accomplished as required by the Pipeline Safety Act, State or Federal regulations, or any successor legislation.

B. Determination of County Engineer.

The County Engineer shall determine whether such abandonment or removal which is thereby proposed may be affected without detriment to the public interest or under what conditions such proposed abandonment or removal may be safely affected. He shall then notify the Grantee, and according to such requirements as shall be specified in the County Engineer’s order and applicable state and federal regulations, the Grantee shall, within ninety (90) days thereafter, either:

1. Remove all or a portion of such facilities; or
2. Abandon in place all or a portion of such facilities, as set forth in the County Engineer’s order.

C. Failure to Properly Abandon.

If any facilities to be abandoned in place subject to prescribed conditions shall not be abandoned in accordance with all such conditions, the County Engineer may make additional appropriate orders, including, if he deems desirable, an order that the Grantee shall remove all such facilities in accordance with applicable requirements of the Pipeline Safety Act or other governing law or statute. In the event the Grantee shall fail to remove any facilities which it is obligated to remove in accordance with such applicable requirements within such time as may be prescribed by the County Engineer, the County may remove or cause to be removed such facilities at the Grantee’s expense and the Grantee shall pay to the County the actual cost thereof plus the current rate of overhead being charged by the County for reimbursement work. The insurance provided at Section 12, shall be available to the County to recover such expense.

SECTION 9. REARRANGEMENT OF FACILITIES.

A. Expense of Grantee.

Whenever, during the existence of this franchise, the County shall change the grade, width or location of any street or road or improve any street or road in any manner including the laying of any sewer, storm drain, conduits, gas, water or other pipes owned or operated by the County or any other public agent, or construct any pedestrian tunnels, or other work of the County (the right to do all of which is specifically reserved to the County without any admission on its part that it would not otherwise have such rights) and such work shall, in the opinion of the County Engineer, render necessary any change in the position or location of any facilities of the Grantee in the street, the Grantee shall, at its own cost and expense, do any and all things to effect such change in position or location in conformity with the written notice of the County Engineer as
provided in paragraph D below; provided however, that the County shall not require the Grantee to remove its conduits or lines entirely from the street.

B. Expense of Others.
Except as provided in paragraph A of this Section 9, when such rearrangement is done for the accommodation of any person, firm or corporation, the cost of such rearrangement shall be borne by the accommodated party. Such accommodated party, in advance of such rearrangement, shall (a) deposit with the Grantee either cash or a corporate surety bond in an amount, as in the reasonable discretion of the Grantee shall be required to pay the costs of such rearrangement; and (b) shall execute an instrument agreeing to indemnifying and hold harmless the Grantee from any and all damages or claims caused by such rearrangement.

C. Rearrangement of the Facilities of Others.
Nothing contained in this franchise shall be construed to require the County to move, alter or relocate any of the facilities upon said streets or roads, at its own expense, for the convenience, accommodation or necessity of any other public utility, person, firm, or corporation; or to require County or any person, firm or corporation now or hereafter owning a public utility system of any type or nature, to move, alter or relocate any part of its system upon said streets for the convenience, accommodation or necessity of the Grantee.

D. Notice.
The Grantee shall be given not less than thirty (30) days’ written notice of any rearrangement of facilities which the Grantee is required to make hereunder. Such notice shall specify the time that such work is to be accomplished. In the event that the County shall change the provision of any such notice given to the Grantee, the Grantee shall be given an additional period not less than thirty (30) days to accomplish such work.

SECTION 10. SUSPENSION OF OPERATIONS.
If, for any reason, Grantee suspends operations on the pipeline contained in this franchise for a period in excess of thirty (30) days, he shall notify the County Engineer. During this period of suspended operations, the Grantee shall maintain its normal pipeline integrity. This shall continue until such a time as the line is returned to service or abandoned according to Section 8 herein.

SECTION 11. INDEMNIFICATION BY GRANTEE.
A. Grantee shall indemnify, defend, and hold County, its Board of Supervisors, boards and commissions, officers, agents, servants and employees harmless from and against any and all claims, demands or causes of action which may be asserted, prosecuted or established against them, or any of them, for damage to persons or property, of whatever nature, arising out of the use by it of the County roads hereunder or arising out of any of the operations or activities of the Grantee pursuant to the franchise, whether such damage shall be cause by negligence or otherwise, including reasonable attorneys’ fees regardless of the merit or outcome of any such claim or suit.

B. Grantee shall indemnify, defend and hold harmless the County, its Board of Supervisors, boards, and commissions, officers, agents, servants and employees, from and against any and all
claims and losses whatsoever, including reasonable attorneys’ fees, accruing or resulting to any
and all persons, firms or corporations furnishing or supplying work, services, materials,
equipment or supplies to Grantee or to its contractors in connection with activities or work
conducted or performed pursuant to this franchise and arising out of such activities or work, and
from any and all claims or losses whatsoever, including reasonable attorneys’ fees, accruing or
resulting to any person, firm or corporation for damage, injury or death arising out of Grantee’s
operations.

C. Grantee shall indemnify, defend and hold harmless the County, its Board of Supervisors,
boards, and commissions, officers, agents, servants and employees, from and against any and all
claims and losses whatsoever, including reasonable attorneys’ fees, for any act in connection
with approving the franchise.

SECTION 12. INSURANCE REQUIREMENTS.

A. Type and Amount.

Within five (5) days after the effective date of this franchise, the Grantee shall furnish to the
Clerk of the Board of Supervisors evidence of insurance, including special endorsements,
applicable to all activities conducted under this franchise and including the liability arising out of
the existence of real property, in the following forms and amounts:

(1) Comprehensive Public Liability Insurance.

Grantee at all times during the term of this franchise shall maintain liability insurance in
an amount not less than $10,000,000 to cover any claim, expense, or loss arising out of the
operation, use, maintenance or other privilege exercised under this franchise, including Grantee’s
contractual liability to indemnify County. The County, its Board of Supervisors, boards, and
commissions, officers, agents, servants, and employees shall be named as additional insured in
said policy of insurance for all operations of Grantee relating to the operation of the pipeline
within the County. Said policy of insurance shall contain the following provisions or
endorsements:

(a) The naming of an additional insured shall not affect any recovery to which such
additional insured would be entitled under this policy if not named as such additional insured.

(b) An additional insured named herein shall not be held liable for any premium or
expense of any nature on this policy or any extension thereof.

(c) The provision of the policy will not be changed, suspended, cancelled or otherwise
terminated as to the interest of an additional insured named herein without first delivering to
County sixty (60) days notice of such intention. In such event, Grantee shall secure replacement
insurance in the amount and with the endorsements set forth in this Section.

(2) Workers’ Compensation Insurance.

Covering the Grantee’s statutory obligations under California Law for injury to employees.
If Grantee is self-insured, evidence must be provided of current State Certificate to Self Insure
and that the required self-insurer’s bond is in effect. Each insurer shall be admitted in California,
or authorized to conduct business in California, and shall be rated by Best’s Insurance guide (or
in the event Best’s is not in publication, its successor) as Class X. The County has the right
during the terms of this franchise to amend the insurance requirements to increase the amount
and scope of coverage.
SECTION 13. DEFAULT.

A. Effect of Default.

In the event that the Grantee shall default in the performance of any of the terms, covenants and conditions herein and such default is curable, the County may give written notice to the Grantee of such default. In the event that the Grantee does not commence the work necessary to cure such default within thirty (30) days after such notice is sent or prosecute such work diligently to completion, the County may declare this franchise forfeited. Upon giving written notice thereof to the Grantee, this franchise shall be void and the rights of the Grantee hereunder shall terminate and the Grantee shall execute an instrument of surrender and deliver the same to the County. Upon giving notice of such forfeiture to Grantee and the State Fire marshal, the County may shut off the valve at County Roads R and 39.

B. Force Majeure.

In the event Grantee is unable to perform any of the terms of this franchise by reason of strikes, riots, acts of God, acts of public enemies or other such cause beyond its control, it shall not be deemed to be in default or have forfeited its rights hereunder if it shall commence and prosecute such performance with all deliberate speed.

C. Cumulative Remedies.

No provision herein made for the purpose of securing the enforcement of terms and conditions of this franchise shall be deemed an exclusive remedy or to afford the exclusive procedure for the enforcement of said terms and conditions, but the remedies and procedures herein provided, in addition to those provided by law, shall be deemed to be cumulative.

SECTION 14. SCOPE OF RESERVATION.

The enumeration herein of specific rights reserved shall not be construed as exclusive or as limiting and general reservation herein made or as limiting such rights as the County may now or hereafter have in law.

SECTION 15. NOTICE.

Any notice required to be given under the terms of this franchise, the manner of services of which is not specifically provided for, may be served as notice:

(1) Upon the County, by serving the Clerk of the Board of Supervisors personally, or by addressing a written notice to the Clerk of the Board of Supervisors of 525 West Sycamore Street, Willows, California 95988, or at such address as may be subsequently provided to Grantee, and depositing such notice in the United States mail, postage prepaid or;

(2) Upon the Grantee, by personal delivery to the Secretary, or by addressing a written notice to Grantee addressed to VINTAGE PRODUCTION CORPORATION, 9600 MING AVENUE, SUITE 300, BAKERSFIELD, CALIFORNIA, 93311, and depositing such notice in the United States mail, postage prepaid, or such other address as may from time to time be furnished in writing by one party to the other, and depositing said notice in the United States mail.

When the service of any such notice is made by mail, the time of such notice shall begin with and run from the date of the deposit of the same in the United States mail.
SECTION 16. SUCCESSORS.
The terms herein shall inure to the benefit of or shall bind, as the case may be, the successors and assigns of the parties hereto. Assignment of this franchise shall require the approval of the County, which approval shall not unreasonably be withheld. This franchise is granted exclusively to Grantee. The County may demand proof of financial responsibility of any proposed assignee of Grantee.

SECTION 17. ACCEPTANCE OF FRANCHISE.
This Franchise is granted and shall be held and enjoyed only upon the terms and conditions herein contained, and the Grantee must, within ten (10) days after the adoption of the ordinance granting said franchise, file with the Clerk of the Board of Supervisors a written acceptance of such terms and conditions.

SECTION 18. COSTS OF LITIGATION.
If any legal action is necessary to enforce any provision hereof or for damages by reason of an alleged breach of any provisions of this franchise, the prevailing party shall be entitled to receive from the losing party reasonable costs and expenses in such amount as the court or arbitrator may adjudge to be reasonable attorney’s fees and costs incurred by the prevailing party in such action or proceeding. The arbitrator shall make and issue written findings of fact and conclusions of law regarding any issue presented for arbitration.

SECTION 19. COMPLIANCE WITH MITIGATION MEASURES SET FORTH IN EIR/EIS (Reserved).

SECTION 20. CAPTIONS FOR CONVENIENCE.
The captions herein are for convenience and references only and are not part of this franchise and do not in any way limit, define or amplify the terms and provisions hereof.

SECTION 21. FRANCHISE TO BE STRICTLY CONSTRUED AGAINST GRANTEE.
A. The franchise is granted upon each and every condition herein contained and shall ever be strictly construed against Grantee. Nothing shall pass hereby unless it be granted in plain unambiguous terms. Each of said conditions and representations made by Grantee and its representatives at the hearing on this ordinance is a material and essential condition to the granting of the franchise.

B. Any provision of the Glenn County Code, appendices thereto, or any other ordinance of the County inconsistent herewith, to the extent of such inconsistencies and no further, are hereby repealed.

C. If any section, subsection, sentence or clause or phrase of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. The Board of Supervisors hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases are declared invalid or unconstitutional.
Franchise Pipeline Agreement Ordinance # 1244

SECTION 22. GOVERNING LAW.
This franchise has been made and shall be constructed and interpreted in accordance with the laws of the State of California.

SECTION 23. ARBITRATION.
All disputes arising hereunder shall be referred to binding arbitration under the rules then obtaining of Judicial and Mediation Services, Inc. Grantee agrees to advance the costs of the arbitrator. If the County shall be the prevailing party, then Grantee shall bear the costs of the arbitration. The Arbitrator shall support any decision with written findings of fact and conclusions of law.

SECTION 24. EXECUTION.
The Chairman of the Board of Supervisors shall sign and the Clerk of the Board of Supervisors shall attest to the passage of this ordinance. This ordinance shall take effect thirty (30) days from the date of its adoption and prior to the expiration of fifteen (15) days from the adoption hereof the Clerk of the Board of Supervisors, pursuant to Government Code Section 36933(c)(1) shall cause a summary of this ordinance to be published in the Sacramento Valley Mirror along with the record of the vote for approval and adoption and shall post a certified copy of the full text of this ordinance along with the record of the vote thereon.

THE FOREGOING ORDINANCE was introduced at a regular meeting of the Board of Supervisors of the County of Glenn on September 17, 2013, and adopted by the following vote on October 1, 2013.

AYES: Supervisors Foltz, Mc Daniel, Soeth, and Viegas (Chairman)

NOES: None

ABSTAIN: None

ABSENT: None

RECUSED: Supervisor Murray

ATTEST:

JAMIE CANNON, CLERK OF THE BOARD OF SUPERVISORS,
GLEN COUNTY, CALIFORNIA

JOHN K. VIEGAS, Chairman
Board of Supervisors
Glenn County California

APPROVED AS TO FORM:

HUSVON T. CARLYLE, JR, County Counsel
Glenn County, California
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EXHIBIT A

County Road M, commencing at County Road 24 to County Road 27, then east on County Road 27 to County Road N, and County Road N south from County Road 30 to County Road 33 to County Road P; and

County Road MM, commencing at County Road 200, thence South to County Road 20, thence West to County Road M, and County Road M South to a point one quarter mile North of County Road 24.
EXHIBIT B