

629

Unocal Midstream & Trade  
14141 Southwest Freeway  
Sugar Land, Texas 77478  
Telephone (281) 287-6097  
Facsimile (281) 287-5182



Joseph A. Blount, Jr.  
President & COO

October 2, 2001

Mr. James Connaughton, Chair  
Council on Environmental Quality  
Executive Office of the President  
17th and G Streets, N.W.  
Washington, D.C. 20503

**Re: Energy Task Force: August 20, 2001 Notice and Request  
for Comments (66 Fed. Reg. 43,586)**

Dear Mr. Connaughton:

On behalf of Unocal Corporation ("Unocal"), I am pleased to submit these comments in response to the Council on Environmental Quality ("CEQ") Notice and Request for Comments (the "Notice"), published at 66 Fed. Reg. 43,586 (2001), soliciting public comments on the establishment of the federal Energy Task Force ("Task Force"), as required by Executive Order 13212.

Unocal recognizes that the establishment and effective operation of the Task Force will contribute significantly to achievement of the President's objective of meeting the nation's energy needs in an environmentally responsible manner.

Unocal's wholly-owned subsidiary, BOOTS, LLC, is in the process of preparing an application for a license to construct and operate a deepwater port facility in the Gulf of Mexico that will provide safe and efficient transmission of crude oil to refineries in Texas and Louisiana. As a result of its ongoing efforts to obtain the necessary permits and licenses for this facility under the Deepwater Port Act and other authorities, BOOTS, LLC is well aware of the need for a central mechanism to coordinate agencies' input and expedite permitting.

Mr. James Connaughton  
October 2, 2001  
Page 2

In response to the Notice, these comments are intended to serve two purposes. First, we identify BOOTS as a "major pending project" meriting the Task Force's immediate attention. Second, we provide comments on the proposed structure and activities of the Task Force, in support of its goal to streamline energy permitting decisions.

## I. MAJOR ENERGY PROJECT: BOOTS

**Project Name:** The Bulk Oil Offshore Transfer System ("BOOTS") is a major energy project designed to enhance the nation's energy infrastructure. BOOTS is presently under development and would benefit from immediate interagency coordination.

**Project Proponent:** The project proponent is BOOTS, LLC, a wholly-owned subsidiary of Unocal. Unocal was originally founded as Union Oil Company of California and incorporated in California over 110 years ago. Since that time, Unocal has become one of the world's largest independent oil and gas exploration and production companies with major activities, including pipelines, in the United States and Asia.

**Description of Project:** BOOTS is a proposed deepwater port to be located about 70 miles offshore Texas in the Gulf of Mexico in approximately 90-100 feet of water. BOOTS will be capable of receiving crude oil from tankers of various sizes, including fully-loaded very-large crude-carriers ("VLCCs"). BOOTS will enhance the efficient transportation of domestic crude oil, as it will be able to facilitate transmission of deepwater Gulf of Mexico resources. In addition, BOOTS will provide an economical alternate delivery point for oil from Western Hemisphere sources such as Mexico and South America.

BOOTS will reduce the environmental risks associated with lightering from crude oil tankers and other near-shore vessel traffic by transporting crude to onshore terminal facilities and/or refineries by means of a 48-inch diameter pipeline, approximately 100 miles in total length. The pipeline's capacity will be over one million barrels per day. BOOTS will include both offshore and onshore components. Offshore components will consist of three unloading buoys with hoses to connect to tankers, submarine pipelines from the buoys to a central pumping platform, a manned offshore platform with pumps, control systems and ancillary equipment, and the pipeline (approximately 70 miles) to shore at a location in Texas. Onshore, the pipeline will extend approximately 30 miles from its coastal

Mr. James Connaughton  
October 2, 2001  
Page 3

landing site to a centrally located onshore termination point, which has access to the local refineries and storage facilities.

BOOTS will help to achieve the National Energy Policy's goals of modernizing the nation's energy infrastructure to ensure that energy supplies can be transported safely, reliably and affordably. Through its expected emphasis on Western Hemisphere sources of crude, BOOTS also will enhance our nation's energy security. Briefly, BOOTS will achieve the President's objectives by:

- *improving the nation's energy transportation infrastructure* throughout the transit chain, from the load port to the refinery. BOOTS will receive and transfer large volumes of crude oil, reducing bottlenecks in coastline port facilities, increasing feedstock reliability for refiners, and maximizing the loading capabilities and efficiency of Western Hemisphere loading ports allowing for tankers calling on those ports to be fully loaded;

- *improving environmental performance* by reducing the number of tankers operating in or near narrow and congested ship channels which traverse environmentally sensitive areas, by creating an opportunity for substantial improvements to the air quality in the region, and by reducing environmental risks associated with repetitive transfer of crude oil to smaller tankers (lightering) for onshore delivery to coastal ports;

- *increasing energy supplies* by facilitating quick and efficient transfer of crude oil produced in deep waters of the Gulf of Mexico, which will be developed utilizing waterborne crude transportation systems options such as floating production, storage, and offloading ("FPSO") systems, and by encouraging increased imports of crude oil from Latin America, Mexico and South America, in line with the President's desire to encourage trade with these areas;

- *improving national energy security* by potentially replenishing the Department of Energy ("DOE") Strategic Petroleum Reserves in Texas and Louisiana; and

- *lowering oil delivery costs* by avoiding port delays, daylight restrictions, and other obstacles, freeing capital for customers to invest in refinery capacity expansion and onshore infrastructure improvements, and stabilizing nation-wide fuel costs.

Mr. James Connaughton

October 2, 2001

Page 4

**Category:** BOOTS is a deepwater port for the transmission of crude oil from offshore to the onshore market. The project is not a complete match within the specific categories suggested in the CEQ Notice, but it does meet several important goals of the National Energy Policy. Rather than relegate comprehensive projects, such as BOOTS, to a catchall category labeled "Other," we recommend that a new category be created for "Offshore Transmission / Infrastructure Projects."

**Agency Approvals Required:** BOOTS will require a federal deepwater port license, which is approved by the Secretary of the Department of Transportation ("DOT") pursuant to the Deepwater Port Act ("DWPA"), 33 U.S.C. §§ 1501 *et seq.* A deepwater port license subsumes necessary federal approvals for the offshore portion of the project seaward of the high water mark. The federal licensing process entails extensive interagency consultation and agency concurrence on multiple issues. Onshore components of the project likely will require separate, coordinated federal and state permitting efforts. The federal process also requires the timely completion of a detailed Environmental Analysis that will put the federal licensing agencies in a position to promptly issue a defensible Environmental Impact Statement ("EIS"), which is mandatory under the DWPA.

Within DOT, various responsibilities for DWPA licensing will be discharged by the Office of the Secretary, Coast Guard, Maritime Administration ("MARAD") and Office of Pipeline Safety. In addition, DOT must consult with a large number of sister departments and agencies, including DOE, Environmental Protection Agency, Department of Commerce, Department of Defense, Department of the Interior, Department of State, and CEQ. Within several of these federal agencies and departments, multiple program offices will be involved, and personnel from both headquarters and regional or field offices will participate. These consultations are necessary to secure determinations from those agencies on several aspects of the license, including national security, spill prevention and response, use of best available technology to reduce environmental impacts, safety, and financial responsibility. Attached is a matrix depicting the necessary federal approvals and consultations. *See Attachment 1.*

Furthermore, multiple state and local agencies—perhaps from several states—will be expected both to provide input to the federal DWPA licensing process and to process additional permit applications at the state or local level. In Texas, state agencies that will need to be consulted or whose approval will be needed include: the General Lands Office; the Railroad Commission of Texas; Texas Natural Resource Conservation Commission; Texas Parks and Wildlife Department;

Mr. James Connaughton  
October 2, 2001  
Page 5

Texas Coastal Coordination Council; Texas Department of Health; and Texas Historic Commission. Local zoning, health, and other agencies also must be involved.

There is an obvious coordination challenge of major proportions within this complex process, and Unocal has growing concerns with respect to the federal government's present ability to meet this challenge. The Coast Guard's deepwater port licensing program has grown stale, if not moribund, through two decades of virtual inactivity and dwindling staff resources available to manage the licensing process. As presently staffed, DOT will be hard pressed to handle this important project. DWPA licensing efforts require the reinvention and modernization of this entire program in order to:

- Encourage DOT to adequately staff the license review/approval process, and to undertake licensing and EIS preparation in an efficient, timely manner;
- Utilize the expertise of staffs of other agencies, particularly the Minerals Management Service ("MMS"), that have extensive experience in permitting offshore facilities;
- Accelerate regulatory processes. The license application process is further complicated at this time because the Coast Guard is in the early stages of revising its deepwater port regulations, its guidance for preparation of a port's Operations Manual, and its guidance for preparation of Environmental Analyses, all of which must be completed if applicants are to fully understand current licensing requirements;
- Create consultation mechanisms. No institutional mechanism exists to manage the extensive DWPA consultation process among federal and state agencies, and few federal agencies outside DOT have even a passing familiarity with the DWPA licensing process.

If the Task Force takes the initiative in recognizing and addressing these needs immediately, licensing of deepwater ports may proceed promptly and efficiently, allowing BOOTS' benefits to be felt as soon as reasonably possible.

As CEQ is aware, BOOTS representatives have begun the process of meeting with interested federal and state agencies, including CEQ, in advance of submitting the formal DWPA application, and have urged the federal government to ensure that the staff and other resources for processing the application will be made

Mr. James Connaughton  
October 2, 2001  
Page 6

available. We also have asked the federal government to establish a mechanism for effective coordination among the many agencies that will be involved in reviewing this application and providing necessary permits and approvals. See Attachment 2 (correspondence to Coast Guard and MARAD proposing the creation of Agency-BOOTS, LLC working groups). The Task Force, which has been established specifically to expedite permitting for projects such as BOOTS, would be ideally suited to assume a central role with respect to licensing of this project. Since BOOTS, LLC expects to submit a complete DWPA application to DOT in about six months, it is essential that the project be accorded high priority and that the coordination process begin as soon as possible.

## II. RECOMMENDATIONS FOR ENERGY TASK FORCE STRUCTURE AND ACTIVITIES

### Background: Energy Task Force Purpose and Objectives

The Notice sets forth the text of Executive Order 13212, which directs establishment of the Energy Task Force, and then provides a brief discussion of CEQ's initial concepts for implementing it. Many specific issues are raised by the Executive Order and the Notice. Before addressing specific issues, it may be helpful to review the genesis and purpose of the Executive Order against the backdrop of the National Energy Policy.

Executive Order 13212 was a direct outgrowth of a recommendation in the Administration's May, 2001 National Energy Policy report. That report outlined the critical national goal of promoting dependable, affordable and environmentally sound energy supplies for the economic and strategic security of the nation. The report noted in particular the importance of improving the country's energy transportation infrastructure, improving refinery capacity, and enhancing energy security. See NATIONAL ENERGY POLICY at 7-14 to 7-18. The report identified delays in permitting as one of the obstacles to achieving those goals and recommended that the President issue an executive order addressing these problems to ensure that, in the future, important energy-related projects do not get mired in layers of bureaucracy and overlapping or inconsistent regulations.

Shortly after the National Energy Policy was released, the President issued Executive Order 13212, "Actions to Expedite Energy-Related Projects," which requires federal agencies to expedite review of permits or take other actions to accelerate the completion of projects that (like BOOTS) "will increase the

Mr. James Connaughton  
October 2, 2001  
Page 7

production, transmission or conservation of energy.” Exec. Order No. 13212 § 1, 66 Fed. Reg. 28,357 (2001). The Order also established an interagency task force to monitor and assist agencies in their efforts to expedite such projects, and their efforts to coordinate federal, state, tribal and local permitting in geographic areas where increased permitting activity is expected. *See id.* § 3.

According to the Notice, and pursuant to Executive Order 13212, the Task Force will work with and monitor federal agencies, and help the agencies coordinate federal, state and local permitting. This will be accomplished through an approach that “facilitates interagency coordination and addresses impediments to federal agencies’ completion of decisions about energy-related projects.” 66 Fed. Reg. at 43,587. In the Notice, CEQ solicits comments on how to accomplish these objectives.

### Recommendations

Unocal fully supports the goals outlined in Executive Order 13212 and the Notice. Unocal has encountered many of the problems that the Administration has identified and could resolve through the Energy Task Force. We urge CEQ to address these issues soon and effectively. The following recommendations, based on the BOOTS experience, are intended to help CEQ accomplish that task.

**Organization:** Executive Order 13212 lists a large number of agencies that will be represented on the Task Force. With such a large number of participants, and an unknown number of major energy projects, it is essential that the Task Force be well organized and efficient. Otherwise, the Task Force may delay, rather than expedite, permitting and approval. Using the authority of the President as expressed in the Executive Order, CEQ and the Task Force should take immediate steps, discussed below, to avoid such a result.

Unocal recommends that each agency on the Task Force be asked to appoint a high-level representative to be responsible for coordination within that agency. Unocal also supports CEQ’s proposal to create a working group that would be responsible for day-to-day operations. In addition, the Task Force should utilize subcommittees, as appropriate, to maximize efficiency.

The CEQ Notice indicates that the Task Force’s work and staff will be organized according to eight functional categories: pipelines; refineries; electricity generation; nuclear; electricity transmission; hydropower; renewable sources; and conservation. Unocal believes that to more effectively address the recommendations

Mr. James Connaughton  
October 2, 2001  
Page 8

in the President's National Energy Policy, the functional categories should be expanded to better accommodate overall energy transportation projects, particularly projects located offshore or in coastal waterways. See NATIONAL ENERGY POLICY at 7-14 (May 2001).

Recently, a surge of deepwater exploration and production activity, coupled with simultaneous bottlenecking of coastline ports, has led to the proposal and anticipation of major energy infrastructure developments in the Gulf of Mexico. For example, in February 2001, MMS prepared a programmatic EIS on the "Proposed Use of Floating Production, Storage, and Offloading Systems on the Gulf of Mexico Outer Continental Shelf" (MMS 2000-090). FPSOs are floating production systems that store crude oil in tanks located in the hull of the system and offload the crude to vessels—either shuttle tankers or articulated tug barges—for transport to the market. Deepwater ports such as BOOTS are capable of receiving crude oil from FPSOs offtake vessels, as well as from VLCCs, and transporting the oil to existing terminals and infrastructure via a pipeline.

The use of FPSOs and deepwater ports has the potential to enhance national energy and environmental security and expand industry's ability to develop domestic oil and gas reserves in areas that otherwise would challenge or exceed the limits of current deepwater production and energy transportation infrastructure and technologies. The Task Force has the opportunity to support the improvement of the energy transportation infrastructure and should focus on such projects by creating a specific category for "Offshore Transmission / Infrastructure Projects."

**Resources:** The Task Force should recognize that lack of sufficient staff and contractor resources at reviewing agencies is a major obstacle to streamlining the permitting process. Deepwater port licensing is an example of such resource constraints. The Coast Guard's staff for reviewing deepwater port license applications once numbered 20 full-time employees, but has dwindled to one or two part-time employees. The Task Force should analyze which agencies need additional resources and should make recommendations for augmenting or reallocating resources, or in some instances combining staff from various agencies into coordinated working groups. The BOOTS experience demonstrates that DOT will have to substantially augment its program staff and other resources in order to review a deepwater port license application within the one-year time frame established by the DWPA. See DWPA, 33 U.S.C. § 1504 (requiring the Secretary to approve or deny a complete application within 356 days of submittal). The Task

Force should bring experts from other agencies, such as MMS, to assist DOT in its role as the central agency for processing deepwater port license applications.

Another way the Task Force should address resource constraints is to encourage agencies to utilize existing studies and data where possible instead of generating entirely new data and analyses. For example, the FPSO EIS, prepared recently by MMS, contains information that will be useful in evaluating a variety of Gulf of Mexico activities, such as deepwater ports, and could help to conserve agency resources needed for evaluation of such projects. We note that the Department of the Interior has still not yet released the Record of Decision ("ROD") for the FPSO EIS. Facilitating the release of the ROD could be another item for the Task Force, since the release would both conserve resources and clear a potential bottleneck in the current permitting process.

***Establishing Priorities:*** CEQ has recognized that it will be necessary for the Energy Task Force to develop a prioritization scheme that will ensure that the projects that are most likely to achieve important Administration goals are addressed first, and less important projects can be handled over a longer period. See 66 Fed. Reg. at 43,587. Because the Notice can be expected to lead commenters to identify a large number of major energy projects, the Task Force will need to establish criteria for prioritizing among projects. We recommend that priorities be based on factors including: (1) the project's relevance to the objectives of the National Energy Policy; (2) the number of agencies whose approval will be required; and (3) timing urgency. Certain projects, such as BOOTS, can provide significant national benefits within the next several years, and should be among the highest priorities. Using these criteria, a subcommittee of the Energy Task Force should meet regularly to review proposed projects, establish priorities for the projects, and communicate lists of projects and their priorities, clearly and expeditiously, to all agencies responsible for making permitting decisions.

***Pre-application consultation/facilitation:*** The Task Force should recognize that one of the best methods for streamlining permitting processes is early coordination among project sponsors and the agencies whose approval is required. Permit applicants should be able to learn, in advance, the agencies' concerns, work through them with the agency staff and address all concerns in the formal application. The Task Force can and should play an important role by coordinating meetings for this purpose or, in some cases, causing agencies to convene pre-application working groups, consisting of project sponsors and agency staff, that can facilitate communication and permitting processes.

***Streamlining Permitting/NEPA Processes:*** The Task Force should take appropriate steps to initiate and support efforts to streamline and expedite existing permitting processes. One of the most significant potential sources of delay in the permitting of major energy projects is the need to commence the EIS development process through public scoping meetings. The National Environmental Policy Act (NEPA) scoping process usually is initiated only *after* receipt of the developer's complete license application and environmental analysis. This is the standard approach used by most federal agencies to address the NEPA scoping process. Scoping meetings are held in the vicinity of proposed projects to brief the public and receive suggestions as to the scope of the issues that must be addressed and the nature of the analysis that must be provided in the final EIS. At that point (*i.e.*, post application submission), however, the applicant's environmental analysis ordinarily would have been completed without the benefit of public scoping, and any new, legitimate issues that arise would require supplementation, or perhaps even significant revision of, that analysis, resulting in costly delays. Moreover, even if new issues are not raised, the scoping process itself will add 3-4 months to the EIS development effort.

The Task Force should encourage procedural approaches to address this issue. Building on recent streamlining efforts, including those of the Federal Energy Regulatory Commission, the Federal Aviation Administration and the states, the Task Force should encourage agencies to commence the scoping process *well in advance* of receiving license applications. Such an expedited, streamlined scoping process not only advances the letter and spirit of NEPA for facilitating early public involvement, but also supports the goals of the President's Executive Order and the National Energy Policy. In addition, to the extent practicable, the EIS scoping process, EIS preparation, and public review process should be structured to integrate data requirements of permit preparation and EIS preparation.

***Data Availability:*** A central web site or other mechanism should be created to allow both project proponents and reviewers easy and quick access to data and information that may be useful in permitting. Such information would include recent permits, supporting technical analyses and new agency regulations or interpretations related to the types of projects and permits that are within the scope of the Task Force's activities. Links to relevant information on Agency web sites might be the best way to make such information available. In addition, the Task Force should be prepared to facilitate requests for information, particularly those made under the Freedom of Information Act.

Mr. James Connaughton  
October 2, 2001  
Page 11

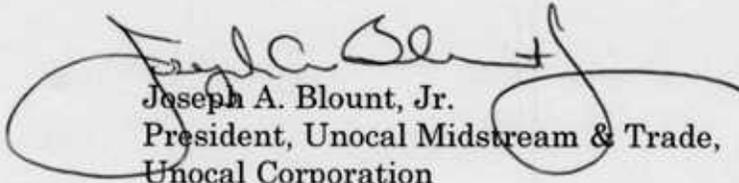
**Measuring Progress:** The Task Force should establish a tracking system that will identify, for each high-priority project, the agencies whose approvals are needed, principal contact persons, and milestones and deadlines for making sure requests for permits or approvals receive prompt attention. A minor problem at a single agency or department can cause a lengthy delay in the approval of an entire project. The tracking system should encourage high-level accountability. Whenever it appears that progress is not being made, the principal agency representative on the Task Force should be alerted immediately and asked to take appropriate action to ensure that permitting activities proceed expeditiously.

### III. CONCLUSION

Based on our experience with the BOOTS project, we believe that the Energy Task Force is a much-needed vehicle for achieving the President's goals, as set forth in the National Energy Policy, to provide the nation with safe, affordable, and environmentally sound energy supplies. Achieving these goals will not be possible without a central body to coordinate agency activities and ensure that permitting of major energy projects proceeds expeditiously. CEQ is uniquely qualified to play a pivotal role in this process.

The BOOTS project will advance many of the President's objectives. Lack of agency resources and lack of coordination among agencies could hinder BOOTS' ability to provide these benefits quickly and efficiently unless and until the federal government organizes a strong mechanism for coordinating the activities of the many agencies whose approvals are required. Unocal urges the Energy Task Force to make the BOOTS project a high and immediate priority. We recommend that the Task Force appoint a representative or subcommittee to manage BOOTS permitting activities and to convene a meeting of representatives of all agencies involved—along with BOOTS representatives—as soon as possible.

Sincerely,

  
Joseph A. Blount, Jr.  
President, Unocal Midstream & Trade,  
Unocal Corporation

Enclosures

**Attachment 1**

**Federal Interagency Coordination and Decision Matrix**

**BOOTS**  
Federal Interagency Coordination and Decision Matrix

	A. Issue License	B. Finding of "In the National Interest"	C. Finding re National security	D. Finding re National of high seas	E. Finding re Navig. & use sufficiency Goals	F. Finding re Energy Available Technology	G. Finding of Best quality goals	H. Finding re Env'tl.	I. NPDES Compliance	J. 401 Certification	K. CAA Compliance	L. CZMA Progress	M. MPRSA Compliance	N. 404 / 10 Compliance	O. NEPA Compliance	Q. ESA Compliance	P. MMPA Compliance	Q. Designation of "adjacent" states	R. OCS Pipeline Leasing	S. Finding of Effective competition		
1	DOT / USCG / MARAD	●	●	●	●	●	●	●														
2	Department of Energy	○	○	○	○	○	○	○														
3	Env'tl. Protection Agency	○	○	○	○	○	○	○														
4	Office of Water																					
5	Office of Air																					
6	O. Internatl. Activ.																					
7	O. Congr. & Intergov. Rel.																					
8	O. Fed. Activ. (in OECA)																					
9	Department of Commerce	○	○	○	○	○	○	○														
10	NOAA																					
11	NMFS																					
12	Internatl. Trade Admin.																					
13	Department of Defense	●	●	●	●	●	●	●														
14	Army	●	●	●	●	●	●	●														
15	Corps. of Engrs.																					
16	Department of the Interior	○	○	○	○	○	○	○														
17	FWS																					
18	Min. Mgmt. Serv./BLM	○	○	○	○	○	○	○														
19	Department of State	●	●	●	●	●	●	●														
20	Council on Env'tl. Quality	○	○	○	○	○	○	○														
21	FERC	○	○	○	○	○	○	○														●

**KEY**  
 ● Decision Authority  
 ◐ Formal Consultation  
 ○ Informal Consultation

**Attachment 2**

**Correspondence from BOOTS, LLC to Coast Guard  
Regarding Proposed Working Groups**

HOGAN & HARTSON  
L.L.P.

JAMES T. BANKS  
PARTNER  
(202) 637-5802  
JTBANKS@HHLAW.COM

June 15, 2001

COLUMBIA SQUARE  
555 THIRTEENTH STREET, NW  
WASHINGTON, DC 20004-1109  
TEL (202) 637-5600  
FAX (202) 637-5910  
WWW.HHLAW.COM

Mark Prescott, Commander  
Chief, Vessel & Facility Operating  
Standards Division (G-MSO-2)  
USCG Headquarters -- Room 1210  
2100 Second Street, SW  
Washington, D.C. 20593-0001

Doris Bautch  
Chief, Division of Ports  
Maritime Administration  
400 Seventh Street, S.W.  
Room 7201  
Washington, DC 20590

**RE: Designation of BOOTS L.L.C. Working Group Members**

Dear Commander Prescott and Ms. Bautch:

Pursuant to our discussion on June 6, 2001, I am writing to provide you with the names of individuals who will represent BOOTS L.L.C. in the Working Groups we hope to establish with your agencies for managing the BOOTS licensing effort. As discussed, the purpose of these Working Groups is to promote the efficient development, submission and review of the BOOTS Deepwater Port License Application and Environmental Analysis. By assigning various components of the application process to separate Groups comprised of both government and private members with the requisite expertise, we believe that information sharing and issue resolution can be managed quickly and effectively.

We propose that three technical Working Groups be established, and that they would be coordinated by a Process Management/Interagency Coordination Group. To facilitate the application process, the management and coordination Group should be comprised of individuals with decision-making authority and the ability to direct resources. The three technical Groups would address different aspects of the license development and review process: Environmental Analysis/Environmental Impact Statement; Design/Construction of the Port; and Operation/Navigation issues. Ideally, these three technical Groups will be comprised of individuals who have both the relevant expertise and decision making authority.

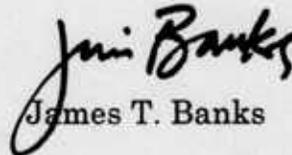
Mark Prescott  
Doris Bautch  
June 15, 2001  
Page 2

Attached is a copy of the proposed Working Group organizational chart, in which we have entered our designations for BOOTS L.L.C. participation. We also have provided a brief description of the role of each individual, as well as their contact information. As discussed, we are eager to receive a similar list of the government designees who will be participating in the Working Groups.

Your prompt consideration of this suggested structure would greatly appreciated. Please feel free to contact me or Joanne Rotondi with any questions you may have. Joanne is reachable via phone at (202) 637-6470, fax (202) 637-5910 and email ([jrotondi@hhlaw.com](mailto:jrotondi@hhlaw.com)).

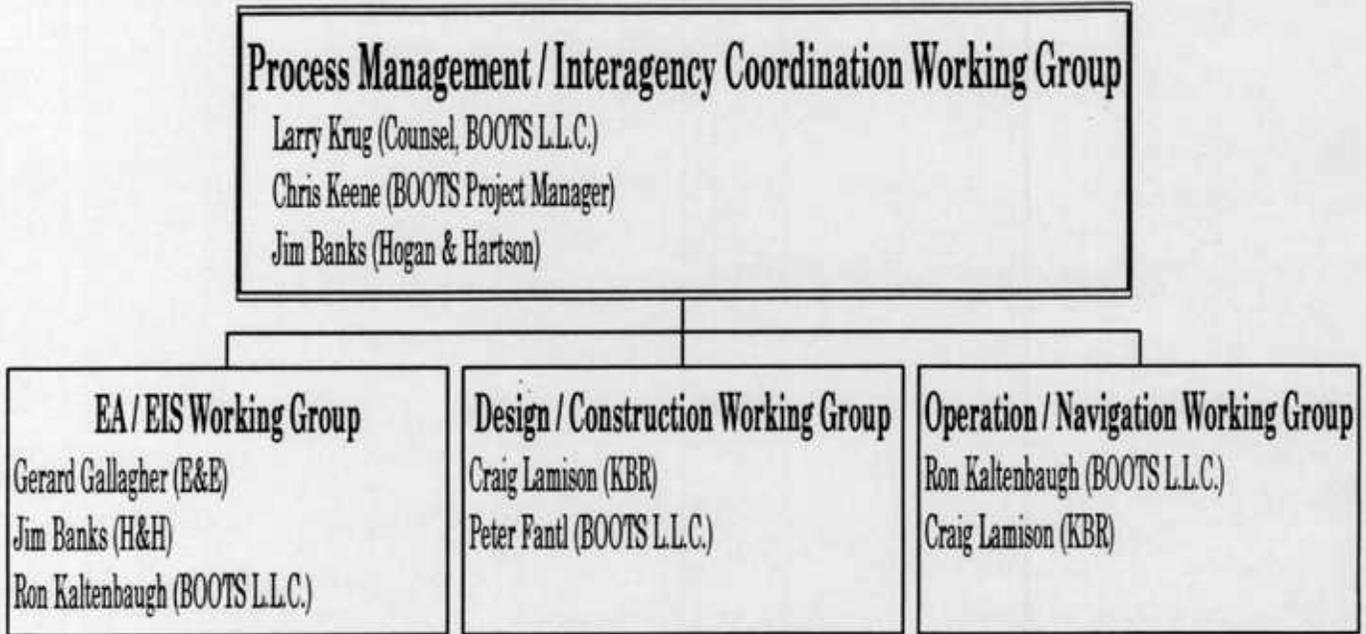
Thank you.

Sincerely,

  
James T. Banks

cc: Josh Peters, USCG  
Charles Srioudom, USCG

**PROPOSAL FOR AGENCY-BOOTS LLC  
WORKING GROUP ORGANIZATION**



**PROPOSED WORKING GROUP SCHEDULE**

- June 15 -- Designation of Group Members
- June 25 -- Selection of Tasks and Priorities
- June 30 -- Kick-off Meetings / Schedule Development
- Biweekly -- Regular Progress Meetings / Conference Calls

**Contact Information for BOOTS Working Group Members**

Jim Banks – (Counsel) Hogan & Hartson, Washington DC Office  
Phone: 202-637-5802, Fax: 202-637-5910, Email: [JTBanks@hhlaw.com](mailto:JTBanks@hhlaw.com)

Peter Fantl – (Manager, Engineering & Construction) BOOTS L.L.C.  
Phone: 281-287-7605, Email: [pcfantl@unocal.com](mailto:pcfantl@unocal.com)

Gerard Gallagher – (Environmental Consultant) Ecology & Environment  
Phone: 850-574-1400, Fax: 850-574-1179, Email: [gagallagher@ene.com](mailto:gagallagher@ene.com)

Ron Kaltenbaugh – (Manager, Midstream Services) BOOTS L.L.C.  
Phone: 281-287-5964, Fax: 281-287-7327, Email: [kaltenbaugh@unocal.com](mailto:kaltenbaugh@unocal.com)

Christopher Keene – (BOOTS Project Manager) BOOTS L.L.C.  
Phone: 281-287-5437, Fax: 281-287-7331, Email: [chris.keene@unocal.com](mailto:chris.keene@unocal.com)

Larry Krug – (Counsel) BOOTS L.L.C.  
Phone: 281-287-7694, Fax: 281-287-7116, Email: [lkrug@unocal.com](mailto:lkrug@unocal.com)

Craig Lamison – (Engineering Consultant, Offshore) Kellogg, Brown & Root  
Phone: 281-575-5211, Fax: 281-575-5066, [craig.lamison@halliburton.com](mailto:craig.lamison@halliburton.com)

**HOGAN & HARTSON**  
**L.L.P.**

**JAMES T. BANKS**  
PARTNER  
(202) 637-5602  
JTBANKS@HHLAW.COM

COLUMBIA SQUARE  
555 THIRTEENTH STREET, NW  
WASHINGTON, DC 20004-1109  
TEL (202) 637-5600  
FAX (202) 637-5910  
WWW.HHLAW.COM

July 6, 2001

Mark Prescott, Commander  
Chief, Vessel & Facility Operating  
Standards Division (G-MSO-2)  
USCG Headquarters -- Room 1210  
2100 Second Street, S.W.  
Washington, D.C. 20593-0001

Doris Bautch  
Chief, Division of Ports  
Maritime Administration  
400 Seventh Street, S.W.  
Room 7201  
Washington, D.C. 20590

**RE: Suggested Tasks and Priorities for Agency-BOOTS L.L.C.  
Working Groups**

Dear Commander Prescott and Ms. Bautch:

Pursuant to our discussion on June 6, 2001, we are forwarding for your consideration our suggestions for the tasks and priorities of the proposed Agency-BOOTS L.L.C. Working Groups that we hope to establish for managing the BOOTS licensing effort. We had expected to send you these suggestions by early last week. We apologize for the delay.

We also had proposed to begin "kick-off" meetings of these joint Working Groups as early as June 30, 2001. Please let us know when it will be possible to establish the Agency-BOOTS Working Groups and to begin holding Working Group meetings.

The attached, updated Working Group document sets forth our suggestions for the tasks and priorities that should be assigned to each group. We also have provided suggestions for the agencies that should be represented in each group. As discussed, we are eager to receive a similar list of tasks and priorities from your offices, as well as your lists of government designees for each of the Working Groups.

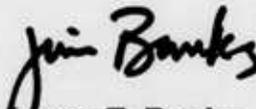
HOGAN & HARTSON LLP

Mark Prescott  
Doris Bautch  
July 6, 2001  
Page 2

We would appreciate your consideration of this suggested structure and task list at your earliest convenience. Please feel free to contact Joanne Rotondi or me with any questions you may have. Joanne is reachable via phone at (202) 637-6470, fax (202) 637-5910 and email ([jrotondi@hhlaw.com](mailto:jrotondi@hhlaw.com)).

Thank you.

Sincerely,

  
James T. Banks

cc: Josh Peters, USCG  
Charles Srioudom, USCG

**PROPOSAL FOR AGENCY-BOOTS LLC  
WORKING GROUP ORGANIZATION**

**Process Management / Interagency Coordination Working Group**

Larry Krug (Counsel, BOOTS LLC.)  
Chris Keene (President, BOOTS LLC.)  
Jim Banks (Hogan & Hartson)

**EA / EIS Working Group**

Gerard Gallagher (E&E)  
Jim Banks (H&H)  
Ron Kaltenbaugh (Vice President, BOOTS LLC.)

**Design / Construction Working Group**

Engineering Representative (KBR)  
Peter Fantl (BOOTS LLC.)

**Operation / Navigation Working Group**

Ron Kaltenbaugh (Vice President, BOOTS LLC.)  
Engineering Representative (KBR)

**PROPOSED WORKING GROUP SCHEDULE**

- June 15 -- Designation of Group Members
- June 25 -- Selection of Tasks and Priorities
- June 30 -- Kick-off Meetings / Schedule Development
- Biweekly -- Regular Progress Meetings / Conference Calls

**Contact Information for BOOTS Working Group Members**

Jim Banks – (Counsel) Hogan & Hartson, Washington DC Office  
Phone: 202-637-5802, Fax: 202-637-5910, Email: [JTBanks@hhlaw.com](mailto:JTBanks@hhlaw.com)

Peter Fantl – (Manager, Engineering & Construction) BOOTS L.L.C.  
Phone: 281-287-7605, Email: [pcfantl@unocal.com](mailto:pcfantl@unocal.com)

Gerard Gallagher – (Environmental Consultant) Ecology & Environment  
Phone: 850-574-1400, Fax: 850-574-1179, Email: [gagallagher@ene.com](mailto:gagallagher@ene.com)

Ron Kaltenbaugh – (Vice President) BOOTS L.L.C.  
Phone: 281-287-5964, Fax: 281-287-7327, Email: [kaltenbaugh@unocal.com](mailto:kaltenbaugh@unocal.com)

Christopher Keene – (President) BOOTS L.L.C.  
Phone: 281-287-5437, Fax: 281-287-7331, Email: [chris.keene@unocal.com](mailto:chris.keene@unocal.com)

Larry Krug – (Counsel) BOOTS L.L.C.  
Phone: 281-287-7694, Fax: 281-287-7116, Email: [lkrug@unocal.com](mailto:lkrug@unocal.com)

Engineering Representative -- Kellogg, Brown & Root

## Working Groups Tasks & Priorities

### Process Management / Interagency Coordination

#### Working Group

*Primary Goal* – Ensure that BOOTS Application is complete and meets all statutory conditions for issuance of a deepwater port license. Ensure that BOOTS project is in the national interest and consistent with energy security goals.

#### General Tasks

- ◆ Coordinate Federal and state agency consultation and review of permit application; coordinate interaction with consultants; and facilitate and coordinate cooperation between applicant, its consultants, and public agencies.
- ◆ Work with agency staff to define standard for Secretarial determination that the BOOTS project is in the “national interest.”
- ◆ Oversee EA/EIS, Design/Construction and Operation/Navigation Working Groups.
- ◆ Allocate resources, as required, to assure prompt completion of assigned tasks.
- ◆ Provide oversight of application development process.

#### Specific Priorities

- ◆ Manage development of DRAFT Application: consistently review, drafts of the BOOTS Application, make sure that relevant agency staff and consultants review and comment on applicable sections in a timely and complete manner.
- ◆ Create and manage Application development and review schedule.
- ◆ Facilitate agency/BOOTS LLC coordination by arranging meetings, conducting follow-up, and maintaining constant communication.
- ◆ Provide administrative support, as necessary for the achievement of the development and review schedule.

#### Suggested Participants:

Government: USCG, MARAD, DOT Secretary's Office

BOOTS LLC: Larry Krug, Chris Keene, Jim Banks (H&H)

In addition to ensuring that the BOOTS Application is complete and that the BOOTS project conforms to all applicable laws, the technical working groups should also have the specific enumerated goals and tasks.

## EA / EIS Working Group

Primary Goals – Ensure that project avoids and/or minimizes adverse impact on the marine and onshore environment and complies with all applicable environmental laws, state and federal, as well as the environmental review criteria of the Deepwater Port Act. Strive to streamline the environmental review process.

### General Tasks

- ◆ Identify and evaluate potential benefits and adverse impacts of the proposed project location, design, construction and operation on the environment.
- ◆ Coordinate communication among and between Federal and State agencies responsible for applicable environmental laws.
- ◆ Coordinate with Design / Construction and Operation / Navigation Working Groups to ensure that BOOTS project uses best available technology for siting, design, construction, operation, and land use.

### Specific Priorities

- ◆ Establish comprehensive contact list for agencies that must be consulted and/or have jurisdiction over environmental laws, regulations and conditions of the license.
- ◆ Create comprehensive list of environmental permits/clearances that must be obtained from the above agencies.
- ◆ Schedule and hold meetings with applicable environmental agencies and BOOTS LLC representatives/consultants.
- ◆ Ensure that the BOOTS Environmental Analysis is consistent with the revised "Guide to Preparation of an Environmental Analyses for Deepwater Ports" document.
- ◆ Establish timeline for receiving offshore AND onshore permits/clearances.
- ◆ Establish timeline for the environmental review process and streamline the NEPA process, especially with regards to scoping, including by holding public meetings with interested environmental groups in the Gulf of Mexico region to ensure that stakeholder viewpoints are reflected and addressed in the final Environmental Impact Statement.
- ◆ Review and incorporate as appropriate streamlining initiatives from other agencies, such as FERC and FAA.
- ◆ Manage preparation of DRAFT Environmental Analysis: review drafts of Environmental Analysis and make sure that relevant Agency staff review and comment on applicable sections in a timely and complete manner.
- ◆ Facilitate incorporation, during early stages of the Environmental Analysis preparation, of existing data and analyses in the DOT EIS.

Suggested Participants:

Government: USCG, MARAD, EPA and MMS (EPA and MMS are suggested for their resources and experience with environmental reviews) and counterpart state agencies.

BOOTS LLC: Gerry Gallagher (E&E), Jim Banks (H&H), Ron Kaltenbaugh

## Design / Construction Working Group

Primary Goal – Ensure that BOOTS project is designed and constructed using best available technology to prevent or minimize adverse impact on the marine environment.

### General Tasks

- ◆ Minimize impact of project location, design and construction on the marine and onshore environment.
- ◆ Coordinate with EA / EIS and Operation / Navigation Working Groups to ensure that BOOTS project uses best available technology for siting, design, construction, operation, and land use.

### Specific Priorities

- ◆ Work with DOI (MMS) and DOT to plan route for fairways, offshore terminal location and pipeline rights-of-way.
- ◆ Establish comprehensive contact list for agencies that must be consulted and/or have jurisdiction over laws, regulations and conditions of the license that pertain to design and construction of the deepwater port and its onshore components, including the pipelines.
- ◆ Create a comprehensive list of clearances that must be obtained from the above agencies and a schedule for integrating such clearances into the deepwater ports licensing process.
- ◆ Schedule and hold meetings with applicable agencies and BOOTS LLC representatives/consultants.
- ◆ Manage Design and Construction portions of the DRAFT Application: review draft design and construction portions of the BOOTS Application and make sure that relevant Agency staff review and comment on applicable sections in a timely and complete manner.

### Suggested Participants:

Government: USCG, MARAD, MMS (New Orleans), RSPA (Office of Pipeline Safety), Army Corps of Engineers (Galveston District)

BOOTS LLC: Engineering Representative (KBR), Peter Fantl

## Operation / Navigation Working Group

Primary Goals – Ensure that BOOTS project will operate so as to prevent or minimize adverse impact on the marine environment. Ensure that BOOTS will be compatible with navigation and other operations in the Gulf of Mexico and will operate safely.

### General Tasks

- ◆ Minimize impact of project operation and resulting navigation on the marine and onshore environment.
- ◆ Coordinate with the EA / EIS and Design / Construction Working Groups to ensure that BOOTS project uses best available technology for siting, design, construction, operation, and land use.

### Specific Priorities

- ◆ Consult with applicable departments (including DOT, Department of State and possibly Department of Commerce) regarding international navigation concerns and laws.
- ◆ Establish comprehensive contact list for agencies, state and federal, that must be consulted and/or have jurisdiction over laws, regulations and conditions of the license that pertain to operation of the deepwater port and its onshore components, excluding environmental laws.
- ◆ Create comprehensive list of clearances that must be obtained from the above agencies.
- ◆ Schedule and hold meetings with applicable agencies and BOOTS LLC representatives/consultants.
- ◆ Establish timeline for receiving offshore AND onshore operational permits/clearances.
- ◆ Manage preparation of DRAFT Operations Manual: review drafts of Operations Manual and make sure that relevant Agency staff review and comment on applicable sections in a timely and complete manner.

### Suggested Participants:

Government: USCG, MARAD, RSPA, Department of State (for international/Law of the Sea expertise)

BOOTS LLC: Ron Kaltenbaugh, Engineering Representative (KBR), Operational Consultant