

ANALYSIS

This ordinance grants a proprietary petroleum pipeline franchise to E&B Natural Resources Management Corporation, a California corporation ("Franchisee"), to operate and maintain its existing petroleum pipeline system for a period of five (5) years, beginning on October 23, 2025, and expiring on October 22, 2030. The base annual fee payable to the County of Los Angeles by Franchisee will be determined according to a formula set forth in Section 2 of this franchise ordinance. Franchisee will also pay the County a granting fee of ten thousand dollars (\$10,000).

Very truly yours,

DAWYN R. HARRISON
County Counsel

By 

GRACE V. CHANG
Principal Deputy County Counsel
Public Works Division

GVC:le

Requested:

03/11/25

Revised:

07/29/2025

ORDINANCE NO. _____

An ordinance granting a proprietary petroleum pipeline franchise to E&B Natural Resources Management Corporation, a California corporation, to operate and maintain its existing petroleum pipeline system for a period of five (5) years, beginning on October 23, 2025, and expiring on October 22, 2030.

The Board of Supervisors of the County of Los Angeles ordains as follows:

Section 1. Franchise Term; Grant.

A petroleum pipeline franchise is hereby granted to E&B Natural Resources Management Corporation, a California corporation ("Franchisee"), and its successors and assigns, for a period of five (5) years, beginning on October 23, 2025, and expiring on October 22, 2030, to operate and maintain its pipes and pipelines existing, and in the same manner, as of the operative date of the grant of this franchise for the collection, transportation, or distribution of petroleum, oil, gas, gasoline, wet gas, industrial gas, chemicals, mud, steam, water, waste water, and other hydrocarbon or liquid substances, excluding any hazardous substances or hazardous waste within the meaning of the "Comprehensive Environmental Response Compensation and Liability Act of 1980" (42 U.S.C. § 9601 et seq.), as may be hereafter amended, and the "Federal Water Pollution Control Act," commonly referred to as the "Clean Water Act" (33 U.S.C. § 1251 et seq.), as may be hereafter amended, together with all manholes, valves, cathodic protection systems, appurtenances, and connections necessary or appropriate for the operation of said pipes or pipelines, including poles, conduits, wires, cables, including adjunct communications lines, and other appurtenances and

equipment for fiber optic or telephone lines, or both, necessary or appropriate solely for Franchisee's operations in, on, along, upon, under, or across any and all highways, as defined in Los Angeles County Code ("County Code") Section 16.36.080 ("County Highway"), now or hereafter dedicated to public use within the following described franchise area within the unincorporated territory of the County of Los Angeles ("County"), State of California, as described below and as depicted on the Exhibit Map attached hereto as Exhibit "A" and made a part hereof:

Beginning at the intersection of the westerly boundary line of Vermont Avenue with the northerly boundary line of 245th Street, in the County of Los Angeles, California; thence southerly along the westerly boundary line of Vermont Avenue to the southerly boundary line of Lomita Boulevard; thence easterly along the southerly boundary line of Lomita Boulevard to the easterly boundary line of Vermont Avenue; thence northerly along the easterly boundary line of Vermont Avenue to the northerly boundary line of 245th Street; thence west to the point of beginning, as said streets, highways, centerlines, and boundary lines existed on January 1, 2024.

Section 2. Consideration; Payment of Fees.

During such time as Franchisee's operations and rates for transportation are subject to the provisions of California Public Utilities Code section 6231.5, the consideration shall be calculated pursuant to said section or other maximum amount permitted by law.

A. Granting Fee. As consideration for the franchise granted, transferred, extended, or otherwise amended, Franchisee shall pay to the County a fee of

ten thousand dollars (\$10,000) within thirty (30) days after the adoption of this ordinance.

B. Annual Franchise Fee. As additional consideration for the franchise granted or extended, Franchisee shall pay to the County annually in arrears, on or before April 15 following the end of each calendar year ("Fee Payment Date"), for each year during the life of the franchise, in lawful money of the United States, a franchise fee computed annually ("Annual Franchise Fee"), as set forth below.

C. The Annual Franchise Fee payment by Franchisee shall accrue to the County on January 1 of each year for the highway space occupied by Franchisee's facilities as of December 31 of the calendar year immediately preceding the applicable Fee Payment Date. The Annual Franchise Fee shall be comprised of the base annual fee, which shall be calculated as set forth in subsection 2.E., below, ("Base Annual Fee"), multiplied by the volume of highway space occupied by Franchisee's pipes and conduits as set forth in subsection 2.D., below, including the highway space occupied by the pipelines and/or conduits, including the protective coverings, pipe casings, pipe connections, and any other appurtenance(s), such as manholes, valves, cathodic protection systems, connections, and any other structure(s), and adjusted by the annual increase in the Consumer Price Index for all Urban Consumers, as set forth in subsection 2.F., below.

D. To calculate the volume of highway space occupied by Franchisee's pipes and conduits (metal or plastic), the nominal internal diameter of the pipes and conduits shall be adjusted upward as follows:

1. The adjusted diameter of metal pipes and conduits shall be one (1) inch greater than the nominal internal diameter of such pipes and conduits;
2. The adjusted diameter of plastic pipes and conduits shall be two (2) inches greater than the nominal internal diameter of such pipes and conduits; and
3. In no event shall the adjusted diameter of any pipe or conduit (metal or plastic) be less than six (6) inches.

E. The Base Annual Fee shall be calculated in accordance with the following:

1. The Base Annual Fee shall be calculated at the rate of two dollars and ten cents (\$2.10) per cubic foot of highway space occupied, with an adjustment to that calculation by the ratio of the price index as set forth in subsection 2.F., below, and computed to the nearest one-tenth (1/10) of a cent.

The diameter of pipe and conduit, as adjusted pursuant to subsection 2.D., above, shall be used to determine the applicable linear footage base rate per one (1) foot of highway space occupied as set forth in the schedule of base rates, below:

A	B	C
Adjusted Diameter of Pipe and Conduit (In Inches)	Volume Per Foot (In Cubic Feet)	Base Rate Per Linear Foot (Based on \$2.10 Per Cubic Feet)
6.00	0.1964	\$0.41
7.00	0.2673	\$0.56
8.00	0.3491	\$0.73
9.00	0.4418	\$0.93
10.00	0.5454	\$1.15
11.00	0.6600	\$1.39
12.00	0.7854	\$1.65
13.00	0.9218	\$1.94
14.00	1.0690	\$2.24
15.00	1.2272	\$2.58
16.00	1.3963	\$2.93
17.00	1.5763	\$3.31

18.00	1.7672	\$3.71
19.00	1.9690	\$4.13
20.00	2.1817	\$4.58
21.00	2.4053	\$5.05
22.00	2.6398	\$5.54
23.00	2.8853	\$6.06
24.00	3.1416	\$6.60
25.00	3.4089	\$7.16
26.00	3.6870	\$7.74
27.00	3.9761	\$8.35
28.00	4.2761	\$8.98
29.00	4.5870	\$9.63
30.00	4.9088	\$10.31
31.00	5.2415	\$11.01
32.00	5.5851	\$11.73
33.00	5.9396	\$12.47
34.00	6.3050	\$13.24
35.00	6.6814	\$14.03
36.00	7.0686	\$14.84

2. The linear footage base rate (depicted in column C, above) is derived based on the following:

$$Pi = 3.1416$$

$r = \text{radius of pipe or conduit (in inches)} = \text{adjusted diameter (in inches)} / 2$

$L = \text{length of pipe or conduit (in inches)}$

$L / 12 = \text{length of pipe or conduit (in feet)}$

$\text{Volume of pipe or conduit (in cubic inches)} = Pi \times r^2 \times L$

$\text{Volume of pipe or conduit (in cubic feet)} = Pi \times r^2 \times L / 1,728 \text{ inches}$

$\text{Base Annual Fee} = \text{Volume of pipe or conduit (in cubic feet)} \times \2.10
per cubic foot = $(Pi \times r^2 \times L / 1,728 \text{ inches}) \times \2.10

Linear footage base rate = Base Annual Fee per linear foot of pipe
 $= (\pi \times r^2) \times (12 \text{ inches} / 1,728 \text{ inches}) \times \2.10

Base Annual Fee = Linear footage base rate x Length of pipe or
conduit (in feet) = $(\pi \times r^2) \times (12 \text{ inches} / 1,728 \text{ inches}) \times \$2.10 \times (L / 12 \text{ inches}) =$
 $(\pi \times r^2 \times L / 1,728 \text{ inches}) \times \2.10

3. For pipelines with an adjusted diameter greater than six (6) inches and not listed above, the fees shall be in the same proportion to the fees of a twelve (12) inch diameter pipe as the diameter of the unlisted pipe is to twelve (12) inches.

4. The volume of highway space occupied by any other appurtenance(s), such as manholes, valves, cathodic protection systems, connections, and any other structures, shall be computed using the outside dimensions of the structures.

5. The highway space occupied by overhead communications lines shall be taken as one-fifth (1/5) cubic foot per linear foot of highway route occupied, being equivalent to a rate of forty-two cents (\$0.42) per linear foot ($\$2.10 \times 1/5 = \0.42).

F. The Base Annual Fee shall be calculated as set forth in subsection 2.E., above, and adjusted each calendar year, including the year of the granting of this franchise, on the applicable Fee Payment Date in accordance with the following formula to derive the Annual Franchise Fee; provided, however, in no event shall the Annual Franchise Fee be less than seven thousand five hundred dollars (\$7,500).

1. The Base Annual Fee shall adjust annually on January 1 of each calendar year by an amount equal to one hundred percent (100%) of the increase in the

Consumer Price Index for all Urban Consumers (CPI-U) for the Los Angeles-Long Beach-Anaheim California Metropolitan Area (1982-84=100), All Items, as published by the United States Department of Labor, Bureau of Labor Statistics/Office of Information ("Bureau"), which shall be defined as the "index," and such index as it stands on December 1, 2021 (i.e., 297.925), shall be defined as the "base index," and the index for the month of September immediately preceding the Fee Payment Date shall be defined as the "current index."

2. If the current index differs from the base index, then the Base Annual Fee shall increase or decrease by the percentage increase or decrease between the current index and the base index, provided that, if the current index drops below the base index, no adjustment shall be made. The Base Annual Fee shall be multiplied by an adjustment factor determined by dividing the current index by the base index. For example, if the base index is one hundred (100) and the current index is two hundred and ten (210), the Annual Franchise Fee shall be two hundred and ten percent (210%) (i.e., $210 / 100 = 2.1 = 210\%$) times the Base Annual Fee; provided, however, under no circumstances shall the multiplying factor be less than one, nor shall the Annual Franchise Fee calculated using said factor be less than the Base Annual Fee. If the Bureau revises the index, the parties hereto shall accept the method of revision for conversion recommended by the Bureau.

3. If the Bureau discontinues the preparation or publication of the CPI-U for the area, and if no transposition table prepared by the Bureau is available to the year of 1982, then the amount of each Annual Franchise Fee shall be computed by

reference to such other price index as may be chosen by the County, and the County shall be the sole judge of comparability of successive indices and its determination on this point shall be final and conclusive. In no event shall the Annual Franchise Fee adjusted by reference to such other price index be less than the Base Annual Fee as set forth in subsection 2.E., above.

G. In addition to the foregoing Annual Franchise Fee, Franchisee shall also pay to:

1. The Los Angeles County Department of Public Works ("Public Works"), on or before the Fee Payment Date, for each year of the life of the franchise, an initial construction fee calculated at a rate of one hundred dollars (\$100) per mile, and a prorated fraction thereof for any remainder equaling less than one mile, for all new main lines laid during that preceding calendar year; and

2. The County Auditor-Controller, on or before the Fee Payment Date, for each year during the life of the franchise, an annual fee of twenty-five dollars (\$25) per mile, and a prorated fraction portion thereof for any remainder equaling less than one mile, for aerial or above-ground lines, and twenty-five dollars (\$25) per mile, and a prorated fraction thereof for any remainder equaling less than one mile, for underground conduits, wires, cables, or telephone or telegraph lines maintained under the franchise during the preceding calendar year.

H. Franchisee shall also pay any application fees, administrative fees, processing fees, late charges, accrued interest, and penalties required in connection with this franchise, all of which may be charged at the then-current applicable rates.

Section 3. Reports.

Franchisee shall, during the life of the franchise:

A. File with the County Auditor-Controller and Public Works, on or before the Fee Payment Date, with one copy to each, a report, verified under oath by a duly authorized representative of Franchisee, showing as of December 31 of the immediately preceding calendar year ("Franchise Report Period"), the length of the Franchisee's main lines in highways, the nominal internal diameter of such main lines, the "rate per foot per year," defined as the amount payable per linear foot per year under Section 2, and the computation of the total amount of the Annual Franchise Fee due to the County, together with such data as is necessary in the opinion of the County Auditor-Controller and/or Public Works to calculate or verify the calculation of the Annual Franchise Fee as required by Section 2, above.

B. Show in the report prepared pursuant to subsection 3.A., above, any change in franchise footage since the end of the most recent Franchise Report Period, segregating such footage as to new main lines laid, old main lines removed, old main lines abandoned in place, including the internal diameter of such main lines laid, removed, and/or abandoned in place; the footage of new conduits laid for wires, cables, telegraph lines or telephone lines, old conduits removed, old conduits abandoned in place; the diameter of such conduits laid, removed, and/or abandoned in place; and the footage and internal diameter of main lines and conduits in territory annexed or incorporated since the last day of the most recent Franchise Report Period.

C. File with Public Works, on or before the Fee Payment Date, a report showing the permit number of each permit obtained, in accordance with Section 16.52.270 of the Los Angeles County Code, for the installation of new main lines and conduits during the most recently completed Franchise Report Period, together with the length and size of such main lines and conduits.

D. Within one year of the operative date of this franchise ordinance:

1. Prepare and submit to Public Works procedures and a schedule for conducting routine and as-needed safety inspections and integrity testing ("Testing") of Franchisee's inactive pipelines ("Inactive Pipelines"), in compliance with all applicable federal, State, and local pipeline laws and regulations and the Los Angeles County Code (collectively "Pipeline Laws"). Inactive Pipelines are defined as Franchisee's static, idle, inactive, and out-of-service pipelines, excluding any water or wastewater pipelines.

2. Perform Testing of Franchisee's Inactive Pipelines through an independent third-party testing company, with oversight by appropriate agencies, or as may otherwise be requested by Franchisee and approved by Public Works, in compliance with the Pipeline Laws.

3. Provide evidence satisfactory to Public Works that each Pipeline not currently in use, in compliance with the Pipeline Laws, has either undergone required Testing and has been approved for active use or has been approved for removal or abandoned in place.

E. Comply with the Pipeline Laws, including but not limited to those pertaining to testing, operating, and maintaining, as applicable, with respect to all of Franchisee's pipelines subject to this franchise that are in active use or have been abandoned, throughout the term of the franchise.

Section 4. Late Payments.

A. In the event Franchisee fails to make any of the payments provided for herein on or before the dates they are due, Franchisee shall pay a late charge of ten percent (10%) of the amount due, said ten percent (10%) being due on the sixty-first (61st) day after the Fee Payment Date.

B. In the event full payment of any rate, payment, or fee, including the ten percent (10%) late charge, is not received within ninety (90) days after the Fee Payment Date, an assessment of interest shall accrue on the unpaid balance at ten percent (10%) per month, beginning on the ninety-first (91st) day after the Fee Payment Date until full payment is received. Should the franchise payment not be provided to the County, County reserves the right to terminate the franchise. Upon termination of this franchise, operation of the facilities covered by the franchise would no longer be authorized, and Franchisee will be liable for costs associated with such termination, including but not limited to, the costs of abandonment and/or removal of Franchisee's facilities. This term shall survive the expiration or termination of this franchise.

Section 5. Indemnification, Insurance, and Bonding.

Franchisee shall meet the following indemnification, insurance, and bonding requirements:

A. Franchisee shall indemnify, defend, and hold harmless, the County and its special districts, elected and appointed officers, employees, and agents ("County's Agents") from and against any and all expenses, costs, fees, damages, claims, liabilities, and lawsuits of any nature, including, without limitation, those involving, relating to, or asserting bodily injury, personal injury, death, property damage, encroachment, or encumbrance upon property rights or interests, infringement of property rights or interests, loss of property value, defense costs, attorneys' fees, workers' compensation benefits, expenses, and damages of any other type (collectively "Claims"), that relate to or arise from: (1) the County's grant and/or extension of the franchise; (2) Franchisee's use or exercise of the franchise and/or the operations or services provided by Franchisee, its employees, agents, servants, receivers, contractors, subcontractors, successors, or assignees ("Franchisee's Agents") in connection with the franchise; and/or (3) any acts or omissions of Franchisee, Franchisee's Agents, or any person in connection with activities or work conducted or performed pursuant to the franchise and/or arising out of such activities or work. In furtherance of, and in no way limiting the foregoing, Franchisee shall indemnify, defend, and hold harmless the County and the County's Agents from and against any and all Claims that relate to, arise from, or involve pollution, contamination, degradation, and/or environmental non-compliance, relating to, arising from, or involving the franchise, or

Franchisee's use or exercise thereof, including, but not limited to, any Claims arising from or relating to any threatened, actual, or alleged discharge, dispersal, release, or escape of any substance, including, but not limited to, any pollutant or contaminant of any kind, into or upon any person, thing, or place, including, but not limited to, the land, soil, atmosphere, man-made structure, and/or any above or below ground watercourse or body of water.

B. Public Works shall be immediately notified by Franchisee of any discharge, release, or escape of any petroleum, oil, gas, gasoline, other liquid hydrocarbon products, wet gas, industrial gas, chemicals, steam, water, wastewater, mud, or any other substances from Franchisee's pipelines and appurtenances within the franchise area. All actions to investigate, remove, or remediate any substance reasonably demonstrated to be discharged, dispersed, released, or escaped from Franchisee's pipelines, and actions to repair or restore Franchisee's pipelines and appurtenances shall be the sole responsibility of Franchisee and shall be conducted by Franchisee or Franchisee's Agents, in conformance with any and all laws, ordinances, rules, regulations, requirements, and orders whatsoever, present or future, of the federal, State, County, or other applicable local government at Franchisee's sole cost and expense, and shall be immediately undertaken by Franchisee or Franchisee's Agents. If Franchisee fails to take any action required pursuant to this Section, the County may, but shall not be obligated to, take all actions it deems appropriate at Franchisee's sole expense. Upon written demand by the County, Franchisee shall reimburse the County for all County expenses reasonably incurred in connection with

the County's actions, including, but not limited to, all direct and indirect costs relating to investigation, remediation, and removal.

C. Without limiting Franchisee's indemnification of the County or the County's Agents, Franchisee shall provide and maintain at its own expense, during the term of this franchise, the following programs of insurance. Such programs and evidence of insurance are required to be satisfactory to the County, and shall be primary to, and not contributing with, any other insurance or self-insurance programs maintained by the County.

1. Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered to Public Works on or before the operative date of this franchise ordinance, and on or before the expiration date of each term of insurance.

Such certificates or other evidence of coverage shall:

- a. Specifically identify this franchise ordinance;
- b. Clearly evidence all insurance required in this franchise ordinance;
- c. Contain the express condition that the County is to be given written notice by registered mail at least thirty (30) days in advance of any modification, non-renewal, cancellation, expiration, or termination of any program of liability insurance, and at least thirty (30) days in advance of any modification, non-renewal, cancellation, expiration, or termination of any program of Workers' Compensation or other insurance required by this Section;

d. Include a copy of the additional insured endorsement to the commercial general liability policy, adding the County and County's Agents as additional insureds for all activities arising from this franchise; and

e. Show Franchisee's insurance as primary to the County's insurance and self-insurance programs. This may be evidenced by adding a statement to the additional insured endorsement required in subsection 5.C.1.d., above, stating: "It is further agreed that the insurance afforded by this policy is primary to any insurance or self-insurance programs maintained by the additional insureds, and the additional insureds' insurance and self-insurance programs are excess and non-contributing to Named Insured's insurance."

2. The County reserves the right to require copies of Franchisee's insurance policies at the County's request.

3. Insurance is to be provided by an insurance company with an A. M. Best rating of not less than A:VII, unless otherwise approved by the County.

4. Franchisee shall release the County and the County's Agents and waive its rights of recovery against them under the insurance policies specified in this franchise unless injury, death, loss, damage, or destruction is caused by either willful misconduct or sole negligence of the County.

5. Such insurance shall be endorsed naming the County and the County's Agents as additional insureds, and shall include, but not be limited to:

a. Commercial General Liability insurance written on a commercial general liability form (ISO policy form CG 00 01, or its equivalent, unless

otherwise approved by the County), with a combined single limit of not less than fifteen million dollars (\$15,000,000) per occurrence.

i. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination, expiration, or cancellation of this franchise.

b. Comprehensive Auto Liability insurance (written on ISO policy form CA 00 01, or its equivalent, unless otherwise approved by the County), endorsed for all owned, non-owned, and hired vehicles with a limit of not less than two million dollars (\$2,000,000) per occurrence.

c. Environmental Impairment Liability insurance, which insures liability for environmental impairment, including cleanup costs endorsed for "Sudden and Accidental" contamination or pollution. Such coverage shall be in an amount and form to meet all applicable State and federal requirements but in no event less than thirty million dollars (\$30,000,000) per occurrence.

i. If written with an annual aggregate limit, the policy limit should be three (3) times the above-required occurrence limit.

ii. If written on a claims-made form, such insurance shall be endorsed to provide an extended reporting period of not less than two (2) years following termination, expiration, or cancellation of this franchise.

6. A program of Workers' Compensation insurance in an amount and form to meet all applicable requirements of the California Labor Code and the "Longshoreman and Harbor Worker Compensation Act," (33 U.S.C. § 901 et seq.), as it

may hereafter be amended, including Employer's Liability with not less than a one million dollar (\$1,000,000) limit, covering all persons providing services on behalf of Franchisee and all persons Franchisee is legally required to cover.

D. Franchisee shall furnish Public Works, within thirty (30) days of the operative date of this franchise ordinance and within thirty (30) days of the expiration date of each term of insurance, either certified copies of the policies required by subsection 5.C., or a certificate of insurance for each of said policies executed by Franchisee's insurance agent, or by the company issuing the policy, certifying that the policy is in force.

E. Notwithstanding anything to the contrary contained in this Section 5, Franchisee may provide evidence of a program of self-insurance with evidence of financial worth of Franchisee by a Certified Public Accountant showing Franchisee has the financial ability to meet the insurance requirements contained herein. The County may allow Franchisee to self-insure provided the self-insurance program complies with the provisions and specified limits contained herein and is approved by the County.

F. Within thirty (30) days following the operative date of this franchise ordinance, Franchisee shall provide to Public Works a faithful performance bond in the sum of not less than two hundred thousand dollars (\$200,000), payable to the County of Los Angeles and executed by a corporate surety acceptable to the County and licensed to transact business as a surety in the State of California. Such bond shall be conditioned upon the faithful performance by Franchisee of the terms and conditions of this franchise and shall provide that, in case of the breach of any material condition of

this franchise, the whole amount of the penal sum of two hundred thousand dollars (\$200,000), or any portion thereof, shall be forfeited and shall be immediately payable to the County by the principal and surety(ies) of the bond.

1. Throughout the term of this franchise, Franchisee shall maintain the faithful performance bond in the amount specified herein. Within ten (10) business days after receipt of notice from the County that any amount has been withdrawn from the bond as provided in this section, Franchisee shall immediately restore the bond to the full amount specified herein.

2. The faithful performance bond shall continue to exist for one (1) year following the expiration or termination of this franchise. The County, in its sole discretion, may release said bond prior to the end of the one-year period upon satisfaction by Franchisee of all its obligations under the franchise.

3. At its sole option, the County may accept Certificates of Deposit, Cash Deposits, irrevocable letters of credit, or U.S. Government Securities in lieu of, or in addition to, commercial bonds to meet the above bonding requirements. Such alternative instruments shall be made payable to the County and shall be deposited with the County's Auditor-Controller and/or Treasurer and/or Treasurer Tax Collector, as applicable.

G. The types and amounts of said insurance coverage and bonding shall be subject to review and reasonable adjustment by the County, in its sole discretion, at any time during the term of the franchise. In the event of such adjustment, Franchisee shall

obtain said adjusted insurance coverage and bonding, in type(s) and amount(s) determined by the County, within thirty (30) days after written notice from the County.

H. Failure on the part of Franchisee to procure or maintain the required insurance and bonding, or to provide evidence of current insurance and bonding, shall constitute a material breach of the terms of this franchise upon which the County may immediately terminate or suspend this franchise.

I. It is the obligation of Franchisee to provide evidence of current insurance policies and bonding. Any franchise operations shall not commence until Franchisee has complied with the provisions of this Section, and any operations shall be suspended during any period that Franchisee fails to obtain or maintain the insurance and bonding required hereunder.

Section 6. Transfers and Assignments.

A. Franchisee shall not sell, transfer, exchange, assign, lease, or divest itself of this franchise or any part thereof (each of which is hereinafter referred to as an "Assignment"), to any other person or entity ("Transferee"), except as provided in this Section, and after payment of a transfer fee detailed in subsection 6.G., below.

B. Franchisee shall inform Public Works of any pending Assignment, except as excluded in subsection 6.E., below, and shall provide all documents requested by the County, as set forth in subsection 6.F., below. Consent to any such Assignment shall only be refused if the County finds that Franchisee is not in compliance with the terms and conditions of the franchise and/or that the proposed Transferee, as applicable, is lacking in sufficient experience and/or financial ability to meet the franchise obligations.

Consent shall be conditioned upon the terms and conditions set forth in the Assignment documents delivered to Public Works, the assumption by the proposed Transferee, as applicable, of all Franchisee's covenants and obligations under the franchise, and all information provided to the County being true and correct as of completion of the Assignment. Upon receipt of such consent from the County, Franchisee may proceed to consummate the Assignment.

C. Franchisee shall file with Public Works, within thirty (30) days after the effective date of any Assignment, a certified copy of the duly executed instrument(s) that officially evidence(s) such Assignment. If any such duly executed instrument(s) is not filed with Public Works within thirty (30) days after the effective date of such proposed Assignment, or if any condition to consent by the County has not been met, then the County may determine, and then notify Franchisee and the proposed Transferee, that the Assignment has no force or effect and/or that the franchise is forfeited.

D. As a condition to granting consent to such Assignment, the County may impose such additional terms and conditions upon the Franchisee and/or the proposed Transferee as the Board deems to be in the public interest. Nothing contained herein shall be construed to grant Franchisee the right to complete an Assignment except in the manner aforesaid, whether by operation of law, by voluntary act of Franchisee, or otherwise.

E. Notwithstanding the foregoing, shareholders, partners, and/or any other person or entity owning an interest in Franchisee may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein without the consent of the

County so long as such sale, transfer, exchange, Assignment, divestment, or other change, including a merger, does not result in giving majority control of Franchisee to any person or persons, corporation, partnership, or legal entity other than the person or entity with the controlling interest in Franchisee on the operative date of the franchise or the effective date of the last approved Assignment. Otherwise, consent thereof shall be required as otherwise provided in this Section.

F. Except for any Assignments made pursuant to subsection 6.E., above, upon notice by Franchisee of any proposed Assignment, the proposed Transferee shall submit an application to Public Works, which shall contain, at a minimum:

1. Identification of the proposed Transferee, which indicates the corporate or business entity organization, including the submission of copies of the corporate or business formation papers (e.g., articles of incorporation and by-laws, limited partnership agreements, and/or operating agreements), and the names and addresses of any parent or subsidiary of the proposed Transferee, or any other business entity owning or controlling the proposed Transferee in part or in whole.

2. A current financial statement, which has been audited by a certified public accountant, demonstrating conclusively to the satisfaction of the County that the proposed Transferee has all the financial resources necessary to carry out all of the terms and conditions of the franchise. The financial statement shall include a balance sheet, a profit and loss statement for at least the three (3) most recent years, and a statement of changes in financial position; however, if the proposed Transferee has been in existence for less than three (3) years, then for such period of existence.

3. A copy of the proposed agreement of sale, letter of understanding, or other documentation, which details the proposed Assignment ("Assignment Documents").

4. Other information that may be required by the County to assess the capability of the proposed Transferee to operate and maintain the franchise.

G. A transfer fee of ten thousand dollars (\$10,000) shall be submitted with Franchisee's request for the County's consent to any Assignment described in subsection 6.A., above. If the County's actual costs to process the proposed Assignment application, including any consultant fees incurred by the County to assist in evaluating the application, exceed the transfer fee amount of ten thousand dollars (\$10,000), Franchisee and the proposed Transferee, or either, shall pay any additional costs incurred by the County in processing the Assignment application. Such additional costs shall be paid by Franchisee and the proposed Transferee, or either, prior to final consideration of the request for Assignment by the County or the Board, as applicable.

Section 7. Removal or Abandonment of Facilities.

At the time of expiration, revocation, or termination of this franchise or of the permanent discontinuance of the use of Franchisee's pipes and appurtenances, Franchisee shall, within sixty (60) days thereafter, make a written application to Public Works for permission to engage in one of the following in accordance with applicable federal, State, and local laws and regulations: (1) abandon all, or a portion, of such pipes and appurtenances in place; or (2) remove all, or a portion, of such pipes and

appurtenances. Such application will describe the pipes and appurtenances desired to be abandoned by reference to the map attached to this franchise and will describe with reasonable accuracy the relative physical condition of the pipes and appurtenances. Upon receipt of written application, Public Works will determine within ninety (90) days whether any abandonment, removal, or transfer that is proposed may be effected without detriment to the public interest or under what conditions the proposed abandonment, removal, or transfer may be safely effected and will promptly notify the Franchisee of any such requirements. If, for any reason, Franchisee suspends operations of any of the pipes and appurtenances contained in this franchise for a period more than ninety (90) days, Franchisee will notify Public Works. During this period of suspended operations, Franchisee will maintain said pipes and appurtenances in accordance with all applicable federal and/or State standards as directed by the California State Fire Marshal, and/or local laws and regulations.

If any pipes and appurtenances to be abandoned in place subject to prescribed conditions are not abandoned in accordance with all such conditions, then Public Works may make additional appropriate orders at its sole discretion, including, but not limited to, an order that Franchisee remove all such pipes and appurtenances in accordance with applicable requirements. In the event Franchisee fails to remove any pipes and appurtenances that it is obligated to remove in accordance with applicable requirements within such reasonable time as may be prescribed by Public Works, then the County may remove such pipes and appurtenances at Franchisee's expense and Franchisee will pay to the County within sixty (60) days after delivery of an itemized bill the cost of

removal including, but not limited to, reasonable overhead expenses in the sum no greater than an additional thirty percent (30%) of the actual cost of such work.

Abandoned pipelines on County highways remain property of Franchisee. Should the abandoned pipelines interfere with other uses in the right-of-way, including future utilities or underground facilities, said pipelines shall be removed by Franchisee, as necessary, at Franchisee's sole cost and expense. Alternatively, the County may remove or cause to be removed said pipelines at Franchisee's sole cost and expense, and Franchisee will pay to the County within sixty (60) days after delivery of an itemized bill therefor. For the purposes of the payment of fees provisions in Section 2 of this franchise, such facilities shall continue to be included in the calculation of fees until inspection reports prepared by Public Works indicate the work of removal or abandonment has been completed to the County's satisfaction.

This Section will survive the termination or expiration of this Franchise.

Section 8. Relocation of Pipelines.

In the event the County provides Franchisee notice to relocate its pipelines, facilities, and appurtenances, should Franchisee, after receipt of any such notice, neglect or fail to relocate its pipelines, facilities, and appurtenances in a timely manner and in accordance with applicable federal, State, and local laws and regulations, Franchisee shall be solely responsible for, and shall reimburse the County for any and all costs or expenses incurred by the County due to, or resulting from, such neglect or failure with respect to relocation of the same.

Section 9. Pipeline Franchise Ordinance.

Franchisee acknowledges that it must comply with all applicable federal, State, and local laws and regulations, including the County Code, as may be amended hereafter, to the extent Franchisee continues to conduct activities within the County's right-of-way, and/or Franchisee's facilities continue to occupy the County's right-of-way, following the termination or expiration of this franchise.

Section 10. County Addresses.

All fee payments and reports required hereunder, except those expressly directed to be sent to Public Works, shall be sent to the County and addressed as follows:

Franchise/Concessions Section
County of Los Angeles
Office of the Auditor-Controller
Administrative Services, Room 515
500 West Temple Street
Los Angeles, California 90012-2713

Applications, reports, notices, and other documents and information referenced in this franchise shall be sent to the County, at the same address referenced above, with a copy to:

Los Angeles County Public Works
Attention: Survey/Mapping & Property Management Division
900 South Fremont Avenue
Alhambra, California 91803

Any notice, request, instruction, or other document to be given to Franchisee shall be addressed as follows:

E&B Natural Resources Management Corporation
Attn: Land Manager
1608 Norris Road
Bakersfield, California 93308

Section 11. Franchise Ordinance Operative Date.

The operative date of this ordinance shall be October 23, 2025.

Section 12. Termination.

If Franchisee fails to comply with any of the requirements of the franchise, the County may, in its sole discretion, terminate the franchise and/or seek any and all available remedies at law or in equity.

[E&BNATRESFRNGCCC]

EXHIBIT A: MAP

