

**MEMORANDUM OF UNDERSTANDING
TO WORK COOPERATIVELY TO MAXIMIZE THE USE OF RECYCLED
WATER AND MINIMIZE GROUNDWATER PRODUCTION AND IMPORTED
WATER USE IN OIL REFINERY OPERATIONS IN THE WEST COAST BASIN.**

This Memorandum of Understanding between BP, Los Angeles Department of Water and Power, Metropolitan Water District of Southern California, Water Replenishment District of Southern California, West Basin Municipal Water District, City of Torrance, California Water Service Company, Los Angeles County Office of Water Recycling (collectively "Parties") is made and entered into this _____ day of _____, 2008.

RECITALS

1. Whereas the West Coast groundwater basin provides 60,000 acre-feet of potable and industrial water in an average year.
2. Whereas the State of California urges the use of recycled water for non-potable use, when available, in place of potable water.
3. Whereas recycled water is an alternative to groundwater and imported water for industrial users in the West Coast Basin.
4. Whereas the use of recycled water instead of groundwater and imported water could increase water supply reliability for industrial uses and reduce operating costs for groundwater management.
5. Whereas the recent discussion of California Assembly Bill 640 has served to re-invigorate efforts for public and private interests to work cooperatively to explore methods of reducing cost of groundwater replenishment in the West Coast Basin.

AGREEMENT

1. The Parties agree to work together to plan cost-effective approaches to maximizing the use of recycled water for industrial uses currently supplied by groundwater production and imported water.

BP

_____, 2008

By _____

Title _____

LOS ANGELES DEPARTMENT OF WATER AND
POWER

_____, 2008

By _____

Title _____

METROPOLITAN WATER DISTRICT OF
SOUTHERN CALIFORNIA

_____, 2008

By _____

Title _____

WATER REPLENISHMENT DISTRICT OF
SOUTHERN CALIFORNIA

_____, 2008

By _____

Title _____

WEST BASIN MUNICIPAL WATER DISTRICT

_____, 2008

By _____

Title _____