Exhibit B

SUPERIOR COURT OF THE STATE OF CALIFORNIA COUNTY OF ORANGE, COMPLEX JUSTICE CENTER DEPARTMENT CX104

THE PEOPLE OF THE STATE OF CALIFORNIA,

Plaintiff,

VS.

SHELL OIL COMPANY, etc., et al., Defendants.

ORIGINAL

No. 804031

HONORABLE DAVID C. VELASQUEZ, JUDGE PRESIDING
REPORTER'S TRANSCRIPT

JANUARY 5, 2005

(Appearances on the following page:)

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As you know, Your Honor, this case, as of tomorrow, ironically this case has been on file for six years. It was originally filed by the People on January 6th of 1999. The First Amended Complaint was filed in May of '01; so nearly three years ago.

And the People -- the Orange County Water District has known for years about the existence of this lawsuit. And indeed as you know, Your Honor, the Orange County Water District made a judgment to file its own lawsuit in May of '03, nearly two years ago. It did not seek to intervene in this lawsuit at that time. It -- it did not seek to intervene in this lawsuit at any time over the last two years, even though it was well known by the Water District that the parties were in settlement discussions.

They could read the Complaint. If they had some issue about their interest being affected by this lawsuit, they knew exactly what they could do. They could have timely filed for leave to intervene.

I submit, Your Honor, that this is untimely and should be rejected out of hand.

Let me make one other point, Your Honor. It's interesting that Mr. Miller has not suggested to you what possible relief he is seeking. Section 387 does talk about the discretion that the Court has. Even if this were timely, I believe that the rule talks about

the effect on the parties and the effect on the lawsuit, the delaying the lawsuit and changing the calculus for the existing parties to the lawsuit.

Mr. Miller hasn't said what relief he wants but, by definition, he seems to be seeking to upset the entire settlement.

As you know, Your Honor, the Orange County Water District lawsuit against the Shell defendants was originally in your court. And I think you know, but I'll just remind you, that that case was removed to Federal Court and was transferred back as part of a multidistrict litigation to the Southern District of New York; that the MDL, including the Orange County Water District litigation, is now before Judge Shinlin in the Southern District of New York.

I submit, Your Honor, that in addition to the untimeliness problem that Mr. Miller has, if there is an issue as to the effect, if any, of this settlement on the Orange County Water District case, Mr. Miller and his client has ample opportunity to litigate that case, litigate that issue, before the proper forum; and that is the Judge who has the Orange County Water District case.

They can make whatever arguments they want before Judge Shinlin, and we will make whatever arguments we have before Judge Shinlin. But it is

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entirely inappropriate, as I say, at the 12th hour, in essence, for Mr. Miller to come in and, I guess, seek sort of an advisory opinion from you about the effect of this settlement on that lawsuit.

I submit, Your Honor, that what Mr. Miller is trying to do at the 12th hour is to, in effect, go around the back door of the MDL, to circumvent the MDL proceeding, to try to avoid the fact that his lawsuit is now back in the Southern District of New York, and to circumvent the authority of Judge Shinlin.

So I join with the District Attorney's office and the People and ask you to enter the settlement forthwith and leave to another day for Judge Shinlin the issue of what effect, if any, this settlement may have on the Orange County Water District litigation.

THE COURT: The Court -- I have a question,
Mr. Miller. The Court has not heard a request for this
Court to make any findings, whether advisory or
otherwise.

What I thought I heard was a request of the parties to make certain concessions, if the Court were to move forward on the proposed settlement or, by inference, I guess, Mr. Miller, you're suggesting that that's not forthcoming, meaning a stipulation and concession by the parties, some sort of continuance or stay of today's proceedings.

consider the timeliness of the request.

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This is a very late request. In fact, the Court now has basically pen to paper with respect to approving the settlement agreement.

And the case, People versus Superior Court, does say that trial Court possesses its discretion to deny intervention, even if direct interest is shown by the purported third-party intervenor where the original litigant rights or interests outweigh the intervenor's concern, potential delay, multiplicity of actions, which the Court sees great prejudice to these parties, having worked very hard on the settlement and also worked very hard of getting the case ready for trial before settlement discussions were made known to this Court.

So the Court would exercise its discretion not to take any action to delay proceedings.

I make no findings about the effect of this settlement on any other action. I'll let an appropriate Court at the appropriate time make those determinations.

The Court had earlier at a prior hearing met with the parties in this action, has reviewed the proposed final judgment; and but for a couple of provisions which -- which I think are now corrected concerning the manner in which the provisions would be