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October 28, 2016

**VIA EMAIL**

Santa Barbara County Board of Supervisors  
c/o Clerk of the Board  
105 East Anapamu Street, Suite 407  
Santa Barbara, CA 93101

Re: Pacific Coast Energy Company Orcutt Hill Resource Enhancement Plan Project  
(November 1, 2016 Agenda, Case No. 16APL-00000-00020)

Dear Honorable Supervisors:

On behalf of Pacific Coast Energy Company, I would like to confirm our commitments, as outlined below, that I made to you and to the Planning staff regarding the Orcutt Hill Resource Enhancement Plan Project. We believe that in working with the Board and the Planning staff, we have ensured that the Project is protective of the environment, provides great jobs for the community and creates long term revenues for the County. We appreciate your time and consideration, and respectfully request that the Board grant PCEC's appeal of the Planning Commission's decision and approve the Project with the Careaga Exclusion Alternative.

As reflected in the proposed conditions of approval in your Board package, we are committed to the following:

- Careaga Exclusion Alternative. As part of the Project, PCEC will not drill new or replacement wells through or underneath the Careaga tar zone, which is the geologic formation from which seeps originate. This eliminates the possibility of seeps associated with the new wells.
- Project Labor Agreement. PCEC has already signed a binding commitment with the California Building Trades that the Project will be covered by a Project Labor Agreement, ensuring high-paying, high quality union jobs for local families.
- Net Benefit to California Tiger Salamander. Our commitment to the permanent conservation of CTS breeding habitat (including ponds) on Orcutt Hill furthers the U.S. Fish and Wildlife Service recovery goals for CTS in the County. As confirmed by the U.S. Fish and Wildlife Service's letter to the County, the value of the permanently conserved breeding habitat is much greater than the upland habitat affected by the Project and will aid in recovery of the species. We are firmly committed to the conservation of this habitat (it is included as a proposed condition) and the long-term protection of CTS.

- Funding for Important Lompoc Yerba Santa Research. The Lompoc yerba santa is thriving on Orcutt Hill, with coverage tripling since 2008 from 8 to 23 acres. In addition, PCEC has agreed to fund \$125,000 over a five-year period to support research regarding the propagation of Lompoc yerba santa in the wild. Like our commitment to CTS, we are firmly committed to ensuring the long-term success of LYS.
- Mitigation of Greenhouse Gas Emissions to Zero. PCEC has committed to mitigate all greenhouse gas emissions to zero, not only offsetting all allowances earned under AB 32 but also offsetting below the County's threshold. PCEC also will pursue local programs, like the refrigerator replacement program we created in partnership with the Community Action Commission, to create local GHG reductions, where feasible.

### **Alternatives Comparison**

We understand the Board also had questions regarding the impacts of the Project as compared to the Careaga Exclusion Alternative and the combined Careaga & CTS Exclusion Alternative. A table comparing the originally proposed Project and the effect of the alternatives is attached as Attachment A.

The new development associated with the proposed Project involves very few actual impacts since the Project would largely use existing infrastructure, new wells would be drilled on existing graded pads, and new pipelines would be placed along existing roads and pipeline corridors.

The Project as originally proposed would affect 1.21 acres of previously undisturbed habitat within the 10,000-acre state-designated oil field. The Careaga Exclusion Alternative would reduce this amount by 0.04 acre. The Careaga & CTS Exclusion Alternative would reduce this amount by 0.17 acre.

The Project as originally proposed involved 96 wells and 48 replacement wells. The Careaga Exclusion Alternative would reduce the number of new wells from 96 to 88 wells, and the number of replacement wells from 48 to 24 wells, for a total reduction in well count of 32 wells. In contrast, the Careaga & CTS Exclusion Alternative would reduce the number of new wells to 53 wells, and reduce the total well count by 67 wells. This level of reduction substantially affects the economic viability of the Project and may effectively result in a no project alternative.

Even if we were able to move forward with the Project under the Careaga & CTS Exclusion Alternative, the combined alternative dramatically reduces production and capital investment which results in corresponding reductions in the overall economic benefits to the County, including a \$1.6 million reduction in annual property tax revenue to the County, an \$80 million reduction in short-term economic benefits to the County, and a \$650 million reduction in long-term economic benefits to the County. These economic losses to the County under the Careaga & CTS Exclusion Alternative are very significant, particularly when viewed in the context of the minimal reduction in upland habitat impacts of 0.13 acre under this alternative.

The Project site does not include any CTS breeding ponds or breeding habitat. It is important to note that CTS have never been seen in the Project site or in the area of PCEC's operations. Two of the proposed Project pods (existing graded well pads) are at the periphery of a 2,200 foot radius from known breeding pond ORCU-12, and one of these pods and an additional pod are at the periphery of a 2,200-foot radius from an "undetermined pond." Both ponds are located adjacent to the Project site and neither pond will be impacted by the Project. Our commitment to permanently conserve this breeding habitat area, as reflected in the proposed conditions of approval, provides a net benefit to the species and helps to ensure its long-term recovery.

As concluded in the EIR, Project construction activities would occur in previously disturbed areas that would not likely support CTS habitat and are not expected to impact CTS. Since potential CTS impacts are not attributed to Project construction, eliminating surface activities within the CTS Exclusion Alternative area is not necessary and does not provide any benefit to CTS. Moreover, with the adoption of the Careaga Exclusion Alternative, possible seeps related to the Careaga tar zone and the potential impact of these seeps on CTS habitat is virtually eliminated. It also is important to understand that given the intervening topography, vegetation and elevation changes between the proposed drilling pods and the ponds, it is unlikely that any CTS would traverse the area to access any drilling pods.

We do not believe there is meaningful benefit to the CTS as a result of the adoption of the combined Careaga & CTS Exclusion Alternative, and the minimal amount (0.13 acre) of additional potential CTS upland habitat it would avoid does not warrant the disproportionate reduction in the scope of the Project and overall economic benefits to the County. We believe our commitment to permanently conserve the 21-acre breeding habitat area, including ponds, offers enhanced benefits to CTS that are much more meaningful for the recovery of the species.

### **Potential Additional Conditions**

Based on comments from the Board on October 11, the Planning Department memorandum to the Board for the November 1, 2016 hearing includes several potential additional conditions for the Board's consideration. We have reviewed these potential conditions and offer the following comments:

1. SSRRC and SIMQAP. PCEC takes safety seriously and is committed to providing safe facilities and operations. We understand the County's Systems Safety and Reliability Review Committee (SSRRC) and Safety, Inspection, Maintenance, and Quality Assurance Program (SIMQAP) conditions are typically applied to offshore facilities, refineries, and processing plants, and have not previously been applied to this type of project.
2. Seep Notification and Reporting Condition. PCEC is amenable to the proposed condition.
3. Air Quality Monitoring Station in Vicinity of Project. We note that the APCD Board of Directors was informed by APCD staff at its October 20, 2016, meeting that there is no need for any additional monitoring stations. As APCD staff

advised the APCD Board of Directors, the County's existing monitoring network is "robust" and meets and exceeds the Environmental Protection Agency's recommendations. Therefore, we respectfully request that the Board not adopt this condition.

4. Community Workshops and Periodic Reporting to the Board. PCEC is amenable to the proposed condition.

We respectfully request that the Board grant our appeal, approve the Careaga Exclusion Alternative and certify the EIR. PCEC is proud of its stewardship of Orcutt Hill and the enhancements that have been made to the Project to ensure that its benefits to the environment, the community, and the County will outweigh the minimal impacts. We appreciate your consideration of these comments.

Sincerely,



Randall Breitenbach  
Chief Executive Officer

Attachment

cc: Peter Cantle, County of Santa Barbara Planning and Development  
Errin Briggs, County of Santa Barbara Planning and Development  
Phil Brown, Pacific Coast Energy Company  
Shivaun Cooney, Latham & Watkins LLP  
George Muhlsten, Latham & Watkins LLP

**ATTACHMENT A**

**ALTERNATIVES COMPARISON TABLE**

**OHREP ALTERNATIVES COMPARISON**

	<b>New Disturbed Area (CTS Upland Habitat)<sup>1</sup></b>	<b>Number of New Wells</b>	<b>Total Wells (including replacement wells)</b>	<b>Annual Property Tax to County</b>	<b>Short Term Economic Benefits to County</b>	<b>Long Term Economic Benefits to County</b>
<b>Originally Proposed Project</b>	1.21 acre	96 wells	144 wells	\$2.6 million	\$200 million	\$1.3 billion
<b>Careaga Exclusion Alternative</b>	1.17 acre <sup>2</sup>	88 wells	112 wells	\$1.8 million	\$160 million	\$930 million
<b>Careaga &amp; CTS Exclusion Alternative</b>	1.04 acre <sup>3</sup>	53 wells	77 wells	\$1.0 million (or \$0 if not viable)	\$120 million (or \$0 if not viable)	\$650 million (or \$0 if not viable)
<b>Seep Can Only Alternative</b>	0 acre	0 wells	0 wells	\$0	\$0	\$0

<sup>1</sup> Does not include 6.09 acres of impacts associated with past seep management activities (which are the same under all alternatives) or proposed project development within existing developed and disturbed/ruderal areas. Final EIR, Table 4.3-4.

<sup>2</sup> Final EIR, Section 5.2.4.

<sup>3</sup> Final EIR, Tables 2-1 and 2-2.