

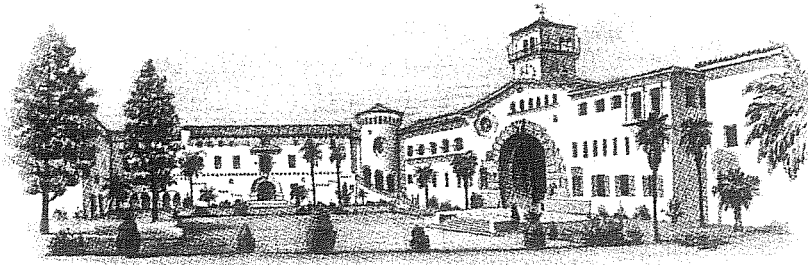
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COUNTY OF SANTA BARBARA

May 19, 2009

The Honorable John Garamendi, Lieutenant Governor
Chairman, California State Lands Commission
100 Howe Ave, Suite 100 South
Sacramento, CA 95825-8202

RE: Renewal of Venoco's Ellwood Marine Terminal Offshore Lease

Dear Chairman Garamendi:

The Ellwood Marine Terminal operation carries a high and unnecessary risk of damage to the marine environment from an oil spill. This terminal loads up to 55,000 barrels of crude oil onto the single-hulled Barge Jovalon approximately 25 times per year, even though an overland pipeline alternative can feasibly accomplish this task with substantially less risk to the environment. Accordingly, Santa Barbara County requests your Commission to take two critical actions:

- (1) Terminate operation of the Ellwood Marine Terminal as soon as legally allowable, and
- (2) Direct removal of the offshore mooring immediately thereafter.

Santa Barbara County has long understood that overland pipeline is the environmentally superior mode of transporting offshore crude oil to refineries. In 1985, the County adopted policy and regulation to require overland pipeline transportation for new offshore production. Subsequent installation of major overland pipelines now provides six times the needed capacity to transport all offshore oil production. Venoco's operation is the last remaining marine crude oil terminal on the Central Coast. All other oil producers offshore Santa Barbara County have long switched to overland pipelines to move crude oil to refineries, and all other marine terminals have been decommissioned (Estero Bay, Port San Luis, Cojo Bay, Gaviota, Carpinteria, and Ventura).

In 1990, the County changed the land-use and zoning designations of the of the Ellwood Marine Terminal's onshore site, converting it to a legal non-conforming use. This action prohibits expanded use of the terminal beyond that vested under pre-existing permits, and seeks its eventual elimination.

Venoco has long recognized the high risk of its marine terminal operation and the availability of the overland pipeline option, but until recently, has attempted to use the pipeline alternative as leverage to win approval of its proposed South Elwood Full Field Development.

“Current operations at the EMT [Ellwood Marine Terminal] consist of the periodic transfer of crude oil from two 65,000-bbl onshore storage tanks to the Barge Jovalon via subsea pipeline. This activity occurs every 5-to-12 days and loads are limited to 55,000 bbl. The entire operation takes approximately 17 hours to complete. ... The greatest oil spill risk associated with current operations comes from marine-transportation related accidents” (Venoco, Inc., Development Plan Application for Extended Field Development from Platform Holly, December, 2001, page D-28)

The Environmental Impact Report (EIR) for this lease renewal clearly indicates that overland pipeline is environmentally superior, as noted on page 4.2-76 of the public draft: *“Risks from oil transportation by pipeline are the lowest of any form of transportation.”* Additionally, Table 3-3 and supporting text in the Final EIR show the pipeline alternative to be substantially superior to continued marine barging.

We urge your Commission to renew the lease only for the period of time necessary for Venoco to install a suitable pipeline alternative to barging. If, however, your Commission determines that it is legally bound to renew the lease, your action should restrict continued barging to a double-hulled barge, such as the *Olympic Spirit*, and further direct Venoco to replace barging with a pipeline option as soon as it can be permitted and installed. Thank you for your consideration.

Respectfully submitted,

Joseph Centeno, Chair
Board of Supervisors

CC: John Chiang, California State Controller and State Lands Commissioner
Michael C. Genest, Director, California Department of Finance/State Lands Commissioner
Cindy Aronberg, California State Controller's Office
Tom Sheehy, California Department of Finance
Steve Greig, Venoco, Inc.