EMERGENCY PERMIT
13EMP-00000-00004

X **Countywide:**
Subject to the requirements of Section 35.82.090 of the Santa Barbara County Land Use & Development Code.

☐ **Montecito:**
Subject to the requirements of Section 35.472.080 of the Santa Barbara County Montecito Land Use & Development Code

Case Name:	PCEC Emergency Permit-Seep Cans 087-093
Case Number:	13EMP-00000-00004
Site Address:	1555 Orcutt Hill Rd, Orcutt, CA 93455
APN:	101-020-074
Applicant/Agent Name:	John Fox, Pacific Coast Energy Company
Owner Name:	Pacific Coast Energy Company (PCEC)

ZONING PERMIT
ISSUED
SANTA BARBARA CO. PLANNING & DEVELOPMENT

South County Office
123 E. Anapamu Street
Santa Barbara, CA 93101
(805) 568-2000

Energy Division
123 E. Anapamu Street
Santa Barbara, CA 93101
(805) 568-2040

North County Office
624 W. Foster Road
Santa Maria, CA 93454
(805) 934-6250

RECEIVED
DEC 16 2013
S.B. COUNTY (NORTH)
PLANNING & DEVELOPMENT

PERMIT APPROVAL:

This is to inform you that an Emergency Permit has been approved for the following activities:

On July 29, 2013, Pacific Coastal Energy Company (PCEC) removed contaminated soil and installed seep can 087 to control and contain seep oil that was discovered near its oil and gas operation on Orcutt Hill on July 29, 2013. Grading consisted of a total of 20 cubic yards of cut and 15 cubic yards of fill. The total area disturbed was approximately 40 square feet. No vegetation or trees were removed.

On July 10, 2013, PCEC removed contaminated soil and installed seep can 088 to control and contain seep oil that was discovered near its oil and gas operation on Orcutt Hill on July 6, 2013. Grading consisted of a total of 10 cubic yards of cut and 20 cubic yards of fill. The total area disturbed was approximately 4505 square feet. An access path was made to respond to the seep can and vegetation impacts were minimal.

On August 20, 2013, PCEC removed contaminated soil and installed seep can 089 to control and contain seep oil that was discovered near its oil and gas operation on Orcutt Hill on August 13, 2013. Grading consisted of a total of 50 cubic yards of cut and 15 cubic yards of fill. The total area disturbed was approximately 950 square feet. An access path was made to respond to the seep can and vegetation impacts were minimal.

On August 21, 2013, PCEC removed contaminated soil and installed seep can 090 to control and contain seep oil that was discovered near its oil and gas operation on Orcutt Hill on July 26, 2013. Grading consisted of a total of 20 cubic yards of cut and 20 cubic yards of fill. The total area disturbed was approximately 85 square feet. An access path was made to respond to the seep can and vegetation impacts were minimal.

On August 30, 2013, PCEC removed contaminated soil and installed seep can 091 to control and contain seep oil that was discovered near its oil and gas operation on Orcutt Hill on August 22, 2013. Grading consisted of a total of 20 cubic yards of cut and 20 cubic yards of fill. The total area disturbed was approximately 1000 square feet. An access path was made to respond to the seep can and vegetation impacts were minimal.

On November 11, 2013, PCEC removed contaminated soil and installed seep can 092 to control and contain seep oil that was discovered near its oil and gas operation on Orcutt Hill on the same day. Grading consisted of a total of 50 cubic yards of cut and 40 cubic yards of fill. The total area disturbed was approximately 3,100 square feet. A small access path was made to respond to the seep can and vegetation impacts were minimal.

On November 26, 2013, PCEC removed contaminated soil and installed seep can 093 to control and contain seep oil that was originally reported to the Energy and Minerals Division on November 4, 2013, but did not require a seep can at that time. Grading consisted of a total of 30 cubic yards of cut

and 30 cubic yards of fill. The total area disturbed was approximately 120 square feet. No vegetation or trees were removed.

Oil seeps that are not contained can develop into larger oil spills which can result in both immediate and long-term damage to sensitive biological resources and surface/groundwater quality. Therefore, this situation constitutes an emergency in accordance with the applicable Development Code indicated above and immediate action is warranted. As the required findings (listed below) can be made, the emergency work is hereby approved, subject to compliance with the attached conditions of approval. This permit is not valid until signed by the owner/applicant and subsequently issued by the Department upon verification that all conditions of approval requiring action prior to permit issuance are satisfied.

Sincerely,

FOR

GLENN RUSSELL, Ph.D.
Director

APPROVAL DATE: December 12, 2013

OWNER/APPLICANT AGREEMENT:

The undersigned permittee acknowledges receipt of this permit and agrees to abide by all terms and conditions of approval incorporated herein. The undersigned also acknowledges and agrees that:

- This Emergency Permit provides only temporary authorization for the proposed action and other applicable permits (such as a Conditional Use Permit, Coastal Development Permit, Land Use Permit, Building Permit) are required by law to validate the emergency work as permanent.
- Any evidence or findings contained herein, or upon which this permit relies, shall not constitute any limitation on the authority of the County to issue, grant, deny, rescind, or revoke this permit or any future permit(s) required for the activities described herein, or on the authority of the County to analyze, mitigate, or condition any future permit(s) required for the activities described herein.
- This permit does not authorize any work or construction activities outside of the scope of the project as indicated in the project description, conditions of approval and approved plans.
- This permit shall not be construed to authorize any violation of County ordinance or policy, or the violation of any State or Federal regulation.

John Fox		12/17/2013
Print Name	Signature	Date

PERMIT ISSUANCE:

Kimberlee Probert		12/17/2013
Print Name	Signature	Date

BACKGROUND:

Current PCEC operations in the Diatomite formation include 96 oil wells using cyclic steaming to enhance production at depths ranging from 300 to 800 feet, use of steam generators, an oil & gas processing and separation facility, hydrogen sulfide removal equipment, and steam and oil pipelines. These activities are permitted under an existing Oil Development and Production Plan (ODPP), Case No. 05PPP-00000-00001. PCEC discovered seven new oil seeps on their property as follows:

- July 6, 2013, on the hillside to the south of well site (pod) 7.
- July 26, 2013, on the roadside past pod 6.
- July 29, 2013, within the diatomite pod 6 area.
- August 13, 2013, on the roadside northeast from Newlove 68.
- August 22, 2013, located in non-native/native grassland to the south of the entrance to pod 7.
- November 11, 2013, located south and adjacent pod 7 (Newlove 66) road.
- November 21, 2013, located adjacent to a disturbed oil field road.

In response, PCEC removed vegetation and performed grading activities, where necessary, in order to provide access to the seep sites and control and contain the seeps as required by: The California Code of Regulations, Title 14, Division 2, Chapter 4, Section 1722 and 1779; California Division of Oil, Gas, and Geothermal Resources (DOGGR) letter dated June 9, 2012; Section 25.37 of the County Petroleum Ordinance; and Condition 11 of 05PPP-00000-00001. In order to prevent seepage fluids from impacting sensitive biological resources and surface/groundwater, PCEC installed seven seep can collection systems. These installations occurred as follows: July 10, 2013 (seep can 088), July 29, 2013 (seep can 087); August 20, 2013 (seep can 089), August 21, 2013 (seep can 090), August 30, 2013 (seep can 091), November 11, 2013 (seep can 092), and November 26, 2013 (seep can 093).

New pathways were created to provide access to seep cans 088, 089, 091, 092 and 093. Seep can 087 was located within the existing pod 6 location and no disturbance to vegetation occurred. No trees were removed during creation of the access pathways or installation of the seep cans. The contaminated soil was disposed of at PCEC's waste pile management facility on Orcutt Hill as part of standard clean-up operations. Impacted soils are either used in the beneficial reuse program, pursuant to Regional Water Quality Control Board approvals, or disposed of at a permanent waste disposal site.

FINDINGS OF APPROVAL

A. **Findings required for all Emergency Permits.** Pursuant to Land Use Development Code (LUDC), Section 35.82.090(E)(2), the Director may grant an Emergency Permit upon reasonable terms and conditions, including an expiration date and a requirement for subsequently obtaining the planning permit(s) customarily required by this Development Code if the Director first makes all of the following findings:

a. An emergency exists and requires action more quickly than provided for by the customary procedures for permit processing.

Between July 6, 2013 and November 26, 2013, Pacific Coast Energy Company (PCEC) discovered seven oil seeps near at its oil and gas operation. PCEC notified the Planning and Development Department (P&D) of their discovery in a series of emails during this period of

time. The Energy and Minerals Division determined that quick control and containment of the seven seeps was necessary to comply with state and local regulations (see Chapter 25 of the Santa Barbara County Code) and minimize the potential to impact sensitive biological resources. Accordingly, P&D provided authorization to PCEC to control and contain the seven seeps and directed PCEC to apply for an emergency permit. Between July 10, 2013 and November 26, 2013, PCEC removed contaminated soil and installed the requisite seep cans to achieve control and containment of the seeps. The P&D also directed PCEC to include permitting of the seep cans in their current request for a revised Oil Drilling and Production Plan (13PPP-00000-00001). This directive is restated herein as Condition 2. Therefore, this finding can be made.

b. The action proposed is consistent with the policies of the Comprehensive Plan, including any applicable community or area plan and the requirements of this Development Code.

Land Use Element Policies

- **Hillside and Watershed Policy 1**: *Plans for development shall minimize cut and fill operations. Plans requiring excessive cutting and filling may be denied if it is determined that the development could be carried out with less alteration of the natural terrain.* The installation of seep cans required the following cut/fill, export/import and surface disturbance:

Seep Can	Cut	Fill	Export	Import	Surface Disturbance (square feet)
087	20	15	5	0	40 (disturbance limited to within operational area
088	10	20	0	10	4505
089	50	15	35	0	950
090	20	20	0	0	85
091	20	20	0	0	1000
092	50	40	10	0	3,100
093	30	30	0	0	120

This amount of cut and fill required for each seep can represents the minimal amount of cut and fill necessary to remove contaminated soils, and excavate a hole to install the seep can.

- **Hillside and Watershed Policy 2**: *All development shall be designed to fit the site topography, soils, geology, hydrology, and any other existing conditions and be oriented so that grading and other site preparation is kept to an absolute minimum. Natural features, landforms, and native vegetation, such as trees, shall be preserved to the maximum extent feasible. Areas of the site which are not suited to development because of known soil, geologic, flood, erosion or other hazards shall remain in open space.*

The seep cans are approximately 24 inches in diameter and less than 6 feet in height. No trees were removed and removal of vegetation was limited to the affected areas. Avoidance of the site in consideration of known soil, geologic, flood, erosions or other hazards was not feasible because installation of the seep cans was dictated by the location of uncontrolled oil seeps.

- **Hillside and Watershed Policy 5**: *Temporary vegetation, seeding, mulching, or other suitable stabilization method shall be used to protect soils subject to erosion that have been disturbed during grading or development. All cut and fill slopes shall be stabilized as rapidly as possible with planting of native grasses and shrubs, appropriate non-native plants, or with accepted landscaping.*

  Condition 11, herein, requires the applicant to acquire necessary grading and erosion control permits from the County and to provide suitable stabilization for protection of soils in the disturbed areas. Pursuant to Condition 9, herein, requires that special status plant species or sensitive habitat (maritime chaparral, dune scrub, wetland, riparian) removed shall be replaced at the ratio of 10:1.

- **Hillside and Watershed Policy 7**: *Degradation of the water quality of groundwater basins, nearby stream, or wetlands shall not result from development of the site. Pollutants, such as chemicals, fuels, lubricants, raw sewage, and other harmful waste, shall not be discharged into or alongside coastal stream or wetlands either during or after construction.*

  The purpose of this development is to control and contain seven oil seeps so that they do not develop into larger oil spills and damage sensitive biological resources and impact surface/groundwater.

- **Historical and Archaeological Sites Policy 2**: *When developments are proposed for parcels where archaeological or other cultural sites are located, project design shall be required which avoids impacts to such cultural sites if possible.*

  Response to the seeps required removal of contaminated soil and installation of seep cans both within and outside of previously developed oil pad areas. The Mitigated Negative Declaration (06NGD-00000-00018) for the existing ODPP indicates that the well pad areas were surveyed for cultural resources, and no archaeological sites were identified as a result of those surveys. However, some seeps may have occurred outside of these previously surveyed pad areas. Condition 12 , herein, requires that a Phase 1 Cultural Resources study be performed as part of the application completeness for the revised ODPP (13PPP-00000-00001). If resources are identified, it would not be possible to avoid them due to the need to control and contain the seep. For this reason, the condition also requires that, in the event that cultural resources are identified in these areas, additional studies shall be completed in accordance with the County Cultural Resources Guidelines. These studies will be determined by P&D and could include Phase 2 work to assess resource significance project effects, and Phase 3 mitigation of impacts to resources determined to be significant.

Conservation Element Policies

- Oak Tree Protection Policy 1: *Native oak trees, native oak woodlands and native oak savannas shall be protected to the maximum extent feasible in the County's rural and/or agricultural lands. Regeneration of oak trees shall be encouraged. Because of the limited range and increasing scarcity of valley oak trees, valley oak woodlands and valley oak savanna, special priority shall be given to their protection and regeneration.*

  No oak trees have been removed or damaged as a result of the installation and operation of these seep cans. The emergency action is consistent with the requirements of the LUDC as described below with reference to applicable development standards:

Land Use Development Code, Chapter 35.52 Oil and Gas Facilities – Inland Area

- *Section 35.52.050(B)(1)(b), in addition to the well spacing and setback requirements of County Code Chapter 25 (Oil and Petroleum Wells), Section 25-21 (Spacing, oil or gas drilling or related facilities shall not be allowed within 500 feet of an occupied residence within a residential or commercial zone.* The seep cans and related access are not within 500 feet of a residential or commercial zone.

- *Section 35.52.050(B)(1)(e), grading and alteration of natural drainage patterns shall be minimized to preserve the natural contour of the lands.* Grading is minimized to a 6,580 square-foot area to remove contaminated soils, install/operate the seven seep cans, and to provide access to the locations not served by existing roadways.

  Based upon the above analysis and Conditions herein, this finding can be made.

c. *Public comment on the proposed emergency action has been reviewed.*

Pursuant to LUDC Section 35.106.070, notice of the application for an Emergency Permit shall be given in compliance with the following:

1) *The Department shall provide mailed notice of applications for Emergency Permits to all owners of property located within a 300 foot radius of the exterior boundaries of the subject lot.*

2) *The names and addresses used for such notice shall be those appearing on the equalized County assessment roll, as updated from time to time.*

3) *The Department shall also conspicuously post a notice in three locations on the subject lot.*

4) *The mailing or posting of notice is not required to precede the actual commencement of the emergency work.*

On October 1, 2013 and November 15, 2013, notice of an application for this Emergency Permit was mailed to property owners within 300 feet of the subject parcel and posted at the PCEC property. No public comments were received. The public will have additional opportunity to comment on the activities completed under this Emergency Permit during the noticing and processing of the required follow-up permit. Therefore, this finding can be made.

B. This action is not subject to the provisions of the California Environmental Quality Act, pursuant to State CEQA Guidelines Section 15269(c), statutory exemption for emergency projects.

EMERGENCY PERMIT CONDITIONS OF APPROVAL

1. This Emergency Permit is based upon and limited to compliance with the project description, and the conditions of approval set forth below. Any deviations from the project description or conditions must be reviewed and approved by the County for conformity with this approval. Deviations without the above-described approval will constitute a violation of permit approval. If it is determined that project activity is occurring in violation of any or all of the following conditions, the Director may revoke this permit and all authorization for development. The decision of the Director to revoke the Emergency Permit may be appealed to the County Planning Commission

   The project description is as follows:

   Installation of seven seep cans to prevent the seepage of fluids from oil and gas wells from impacting the environment. PCEC currently operates 96 existing oil wells using cyclic steaming under their existing Oil Drilling and Production Plan, Case No. 05PPP-00000-00001. Between July 10, 2013 and November 26, 2013, PCEC cleared vegetation to gain access to discovered oil seeps, removed contaminated soils and installed seven seep cans (numbered 87, 88, 89, 90, 91, 92, and 93) to control and contain the seep oil without the necessary Planning and Development Department permits. The California Department of Conservation Division of Oil, Gas and Geothermal Resources (DOGGR) requires remedial actions to reduce the occurrence of seeps and to control and contain the seeps that have occurred. This protocol includes installation of seep cans. A seep can is a corrugated metal pipe approximately 15 feet in length and 24 inches in diameter that is inserted into the ground to collect the seeping oil. Some seep cans include a French drain system to direct oil flow to the can. Oil that accumulates in the seep cans is either periodically pumped out with vacuum trucks, flows by gravity or is connected to a pump and flow line to an existing producing well. Installing the seep can collection system controls and contains the seeps to minimize potential impacts to sensitive biological resources and surface/groundwater quality. Approximately 9,800 square feet of vegetation were disturbed to provide site access, to remove contaminated soil and install the seep cans. These activities required approximately 200 cubic yards of cut and 160 cubic yards of fill. No trees were removed. PCEC is proceeding in accordance with the Draft Supplemental Pollution Control Plan (May 25, 2012) which sets forth procedures and protocols for monitoring, assessing, controlling, and reporting surface expressions and seeps occurring at the property.

2. An application(s) for the required permits necessary to validate the emergency work as permanent shall be submitted by the applicant to the Department no later than 30 days following the issuance of this Emergency Permit. The applicant has requested the necessary follow up permit required pursuant to LUDC Section 35.53.040 under case no. 13PPP-00000-00001.

3. Any materials required for a completed application, as identified in the initial review of the original application required pursuant to Condition #2 above, shall be submitted within 90 days after written notification of the application deficiencies is provided to the applicant. This time period may be extended by the Director.

4. Only that emergency work specifically requested and deemed an emergency for the specific property mentioned is authorized. Any additional emergency work requires separate authorization from the Director. The work authorized by this permit must be commenced within 30 days of the date of issuance of the emergency permit.

5. This permit does not preclude the necessity to obtain authorization and/or permits from other departments or agencies.

6. The Director may order the work authorized under this emergency permit to stop immediately if it is determined that unanticipated and substantial adverse environmental effects may occur with continued construction.

7. **SPEC BIO-EMP-01.** A qualified biologist shall document the vegetation occurring within 50 feet of each work site, and provide a quantative estimate of biological impacts resulting from the installation of the seep can and a description of the vegetation that was removed from to the site, including the access corridor to the site. This analysis shall be provided to P&D, in a letter report including a vicinity map and a site-specific map of vegetation at a 1 inch = 100 foot scale and an estimate of impacts. Vegetation terminology shall correspond to the Manual of California Vegetation (Sawyer, Keeler-Wolf and Evens, 2009). **PLAN REQUIREMENTS:** The Owner/Applicant shall submit the above report to P&D for review and approval. **TIMING:** The required letter report shall be submitted within 30 days of emergency permit approval.

8. **SPEC BIO-EMP-02.** The specific work site shall be monitored monthly for the first three months and quarterly thereafter for two years by a qualified biologist for early detection of invasive exotic species and to ensure these species do not spread or become prevalent at the site or in the vicinity. If invasive species are detected on the site, a plan for weed removal shall be prepared at the time detection is documented and submitted to P&D for approval. **TIMING:** Implementation of the approved weed removal plan shall occur within two weeks of approval. **MONITORING:** The Owner/Applicant shall demonstrate to P&D compliance monitoring staff that all required components of the approved plan are in place as required.

9. **SPEC BIO-EMP-03**. Consistent with Conditions 6 and 7 for 05PPP-00000-00001, any native trees or special status plant species or sensitive habitat (maritime chaparral, dune scrub, wetland, riparian) removed shall be replaced at the ratio of 10:1 as specified in the original conditions of approval. See 05PPP-00000-00001 for requirements, timing and monitoring provisions.

10. **SPEC BIO-EMP-04.** This emergency permit site is within the range of the California tiger salamander, a listed Endangered species under the authority of the federal Endangered Species Act of 1973 (as amended), and the California Endangered Species Act. The work site is approximately 2,300 feet from ORCU-12, which is a known breeding pond for California tiger

salamander. The issuance of this permit does not relieve the permit-holder of any duties, obligations, or responsibilities under the federal or state Endangered Species Acts or any other law.

11. **SPEC GEO-EMP-01.** Erosion and Sediment Control Plan. Where required by Chapter 14 of the Santa Barbara County Code, an Erosion and Sediment Control Plan (ESCP) shall be implemented as part of the project. The Owner/Applicant shall submit ESCP using Best Management Practices (BMP) designed to stabilize the site, protect natural watercourses/creeks, prevent erosion, convey storm water runoff to existing drainage systems keeping contaminants and sediments onsite. The ESCP shall be a part of the Grading Plan submittal and will be reviewed for its technical merits by P&D. Information on erosion control requirements can be found at http://sbcountyplanning.org/building/grading.cfm). **PLAN REQUIREMENTS:** The ESCP shall be designed to address erosion, sediment and pollution control during all phases of development of the site until all disturbed areas are permanently stabilized. **TIMING:** Owner/applicant shall submit required permit applications to P&D within 30 days of the granting of this emergency permit, and make all good faith efforts to acquire approval of necessary grading and erosion-control permits within 60 days of granting of this permit to fulfill requirements of Chapter 14 of the Santa Barbara County Code. **MONITORING:** P&D staff shall perform site inspections to monitor success of the ESCP's implementation. PCEC shall apply for any necessary grading and erosion-control permits that are required to implement the ESCP.

12. **SPEC CULRES-01 Phases 1, 2, and 3.** All ground disturbances shall be subject to a Phase 1 archaeological survey in compliance with the provisions of the County Archaeological Guidelines. If significant resources are encountered and potential impacts are unavoidable, the Owner/Applicant shall have a P&D approved archaeologist prepare and complete a Phase 2 subsurface testing program in coordination with P&D. If the Phase 2 program finds that one is warranted, the Owner/Applicant shall have a P&D approved archaeologist prepare and complete a Phase 3 data recovery excavation consistent with County Archaeological Guidelines. All work shall be funded by the Owner/ Applicant. **PLAN REQUIREMENTS:** The Owner/Applicant shall submit the above report(S) to P&D for review and approval. **TIMING:** Any required archaeological studies shall be submitted to P&D as a component of its revised Oil Drilling and Production Plan application. Notes and/or depictions of plan components shall be included on plans prior to issuance of grading/building permits. The Owner/Applicant shall install any required resource protection measures or carry out required recovery onsite prior to issuance of grading/building permits and pre-construction meeting. **MONITORING:** P&D planning staff shall receive study(s) for review and approval as a component of the applicant's submittal of the revised ODPP (13PPP-00000-00001) application.

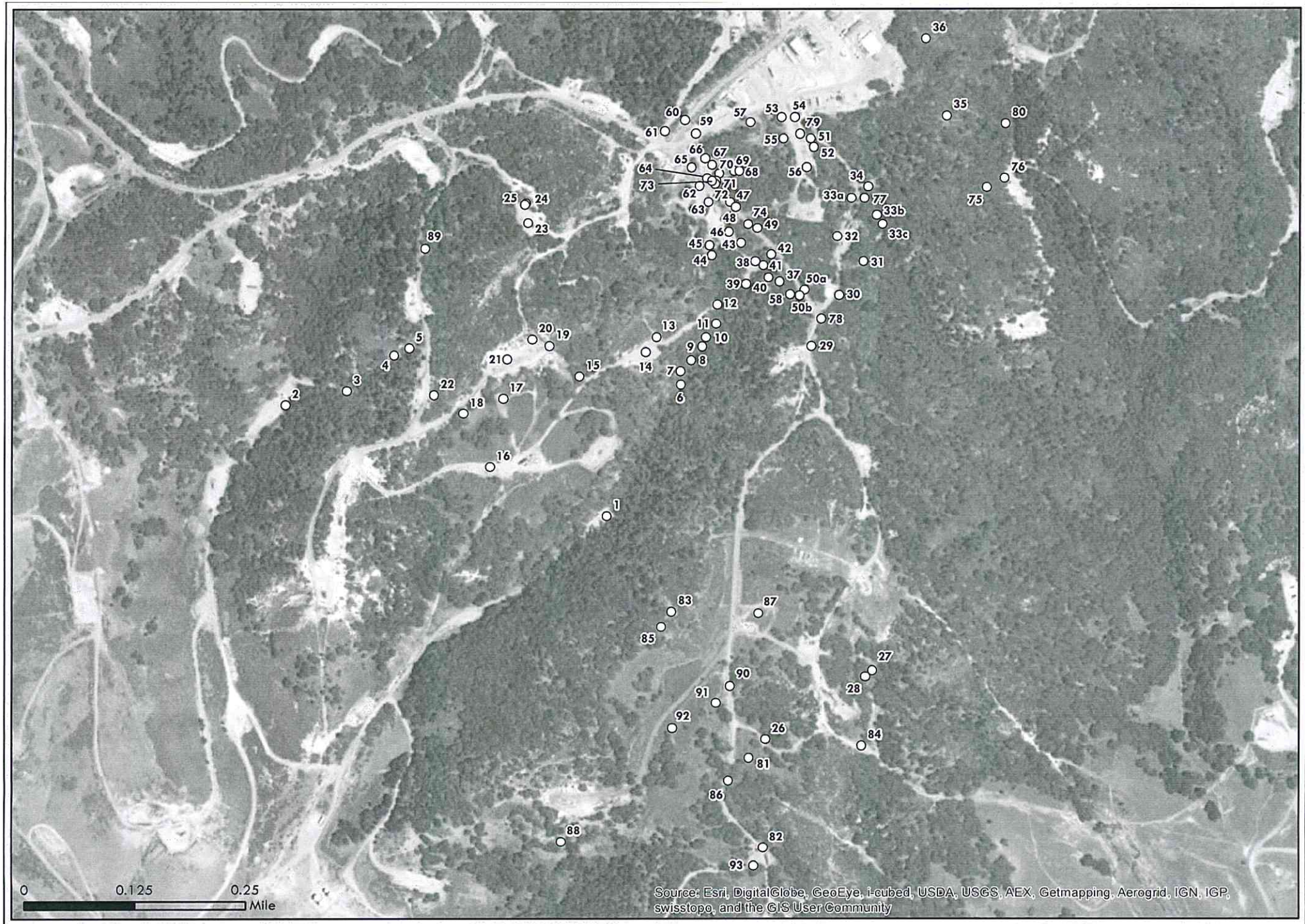
13. **SPEC ELECTRICAL-EMP-01.** All installation of electrical equipment shall be subject to approval of an Electrical Permit P&D, Building & Safety Division. **TIMING:** Owner/applicant shall submit required permit applications to P&D within 30 days of the granting of this emergency permit, and make all good faith efforts to acquire approval of necessary grading and erosion-control permits within 60 days of granting of this permit to fulfill requirements of Chapter 10 of the Santa Barbara County Code. **MONITORING:** P&D staff shall perform site inspections to monitor code compliance.

14. **Indemnity.** The applicant shall defend, indemnify and hold harmless the County or its agents or officers and employees from any claim, action or proceeding against the County or its agents, officers or employees, to attack, set aside, void, or annul, in whole or in part, the County's granting of this emergency permit. In the event that the County fails to promptly notify the Applicant of any such claim, action or proceeding, or that the County fails to cooperate fully in the defense of said claim, this condition shall thereafter be of no further force or effect.

Attachments:

A. Seep Can Location Map
B. CEQA Notice of Exemption
C. Pat Abel, District Deputy, DOGGR letter dated June 9, 2012

cc: Supervisor Peter Adam, 4th District
Glenn Russell, Ph.D., Director
Errin Briggs, Energy Specialist
Case File



PREPARED BY SCS TRACER
JANUARY 2014
GCS, NAD 83
SOURCE: USGS, CASIL

SCS TRACER ENVIRONMENTAL

PACIFIC COAST ENERGY COMPANY
ORCUTT OILFIELD
SANTA BARBARA COUNTY, CALIFORNIA

○ SEEP CAN LOCATION

EXISTING SEEP CAN LOCATIONS

ORCUTT OILFIELD
ORCUTT HILL RESOURCE ENHANCEMENT PLAN

NOTICE OF EXEMPTION

2013 NOV 21 PM 1:25

COUNTY OF SANTA BARBARA
CLERK OF THE
BOARD OF SUPERVISORS

TO: Santa Barbara County Clerk of the Board of Supervisors

FROM: Susan Curtis, Planning & Development

The project or activity identified below is determined to be exempt from further environmental review requirements of the California Environmental Quality Act (CEQA) of 1970, as defined in the State and County Guidelines for the implementation of CEQA.

APN: 101-020-074

Case Nos.: 13EMP-00000-00004

Location: Pacific Coast Energy Company (PCEC) Orcutt Oil Field, 1555 Orcutt Hill Road, Orcutt

Project Title: PCEC Seep Cans Emergency Permit

Project Applicant: Pacific Coast Energy Company (PCEC) Orcutt Oil Field

Project Description:

Installation of six seep cans to prevent the seepage of fluids from oil and gas wells from impacting the environment. PCEC currently operates 96 existing oil wells using cyclic steaming under their existing Oil Drilling and Production Plan, Case No. 05PPP-00000-00001. Between July 10, 2013 and November 11, 2013, PCEC cleared vegetation to gain access to discovered oil seeps, removed contaminated soils and installed six seep cans (numbered 87, 88, 89, 90, 91, and 92) to control and contain the seep oil without the necessary Planning and Development Department permits. The California Department of Conservation Division of Oil, Gas and Geothermal Resources (DOGGR) requires remedial actions to reduce the occurrence of seeps and to control and contain the seeps that have occurred. This protocol includes installation of seep cans. A seep can is a corrugated metal pipe approximately 15 feet in length and 24 inches in diameter that is inserted into the ground to collect the seeping oil. Some seep cans include a French drain system to direct oil flow to the can. Oil that accumulates in the seep cans is either periodically pumped out with vacuum trucks, flows by gravity or is connected to a pump and flow line to an existing producing well. Installing the seep can collection system controls and contains the seeps to minimize potential impacts to sensitive biological resources and surface/groundwater quality. Approximately 9,680 square feet of vegetation were disturbed to provide site access, to remove contaminated soil and install the seep cans. These activities required approximately 170 cubic yards of cut and 130 cubic yards of fill. No trees were removed. PCEC is proceeding in accordance with the Draft Supplemental Pollution Control Plan (May 25, 2012) which sets forth procedures and protocols for monitoring, assessing, controlling, and reporting surface expressions and seeps occurring at the property.
Name of Public Agency Approving Project: County of Santa Barbara

Name of Person or Agency Carrying Out Project: John Fox, PCEC

Exempt Status: (Check one)

_____ Ministerial
__X__ Statutory Exemption
_____ Categorical Exemption
_____ Emergency Project
_____ Declared Emergency

Cite specific CEQA and/or CEQA Guideline Section: 15269(c) – Emergency Projects, specific actions necessary to prevent or mitigate an emergency.

Reasons to support exemption findings: This section allows for emergency actions necessary to prevent or mitigate an emergency, in this case, control and contain oil seepage in order to minimize impacts to sensitive biological resources and surface/groundwater quality.

Lead Agency Contact Person: Susan Curtis Phone #: 568-3573

Department/Division Representative: Susan Curtis Date: 11/26/13

Acceptance Date: _____

distribution: Hearing Support Staff

Project file (when P&D permit is required)
Date Filed by County Clerk: _____.

NATURAL RESOURCES AGENCY

EDMUND G. BROWN JR., GOVERNOR

DEPARTMENT OF CONSERVATION

Managing California's Working Lands

Division of Oil, Gas, & Geothermal Resources

195 S. BROADWAY • SUITE 101 • ORCUTT, CALIFORNIA 93455

PHONE 805 / 937-7246 • FAX 805 / 937-0673 • WEB SITE conservation.ca.gov

June 9, 2012

Brad Pierce, Agent
Pacific Coast Energy Co. LP
515 S. Flower St., Suite 4800, 48th Floor
Los Angeles, CA 90071

Cyclic Steaming Project
Orcutt Field
Main Area
Diatomite Pool

Dear Mr.Pierce:

The expansion of the project designated above is approved provided that all field operations pertaining to this project must conform to Division statutes and regulations referenced in the California Public Resources Code, Division 3, Chapters 1- 3 and 5 and the California Code of Regulations, Title 14, Division 2, Chapters 2 and 4, including any subsequent additions or amendments to those statutes and regulations. In addition, the Division's approval is strictly limited to injection operations conducted in accordance with the conditions specified by the Division. The conditions of approval of this injection project specified below may be subsequently modified by the Division in response to surface and well conditions.

Conditions of Approved Injection:

Prevention Conditions

1. Oil, steam, and/or water are prevented from flowing to the surface as a result of cyclic steaming operations, either through new or existing seeps, fissures, or other conduits associated with improperly cased and/or cemented wells.

2. A continuous tilt meter array, or other approved ground monitoring system shall be employed that will give adequate warning to prevent surface expressions.

3. Pacific Coast Energy Co. LP (PCEC) shall employ a continuous real-time well monitoring system with automatic alerts for abnormal conditions to give adequate warnings to prevent surface expressions. The Division may request, upon notice to PCEC, periodic updates on the performance of the monitoring system in relation to the prevention of surface expressions in the project area.

4. Pacific Coast Energy Co. LP (PCEC) can initiate injection into any well for cyclic steaming only upon completion of the automatic alert system of any upset or abnormal operation condition for that particular well. The Division may observe, upon notice to Pacific, that this automatic alert system is installed and operating properly.

5. Pacific Coast Energy Co., LP shall have staff on site to monitor operations 24-hours a day when cyclic steam operations are being conducted.

6. Injection-zone pressure, as determined by pressure monitoring during the soak portion of the cycle, does not exceed hydrostatic pressure in the general area affected by the project.

7. A report shall be submitted to the Division every quarter listing the injection anomalies, if any, that caused modifications to the injection activity. This report shall include ground monitoring data, casing integrity data, and any other data indicating the anomalies, and shall indicate what steps were taken to prevent surface expressions.

8. The Division shall be notified of any anticipated changes in the project that will alter any conditions as originally approved, such as: expansion of the project area; a change of injection interval; a change in injection-fluid constituents; a significant increase in volume; or, an increase of injection pressure. No such changes shall be carried out without prior Division approval. Some changes, such as an expansion of the project, may result in a formal project revision.

9. The casing of any well used for cyclic steam injection must be pressure-tested prior to commencing injection and once every 5 years thereafter or as requested by the Division. The Division shall be notified of the scheduled tests, as a Division representative may witness the test.

10. A mechanical integrity test (MIT) must be conducted within 90 days of commencing cyclic steam injection and the results filed within thirty days of completion of the MIT. A MIT shall be performed on all cyclic steam wells at least once every 5 years or as requested by the Division. The Division shall be notified of the scheduled tests, as a Division representative may witness the test.

11. The maximum allowable injection-pressure gradient is limited to a pressure that prevents the steam from migrating out of the intended zone.

12. All injection piping, valves and facilities shall meet or exceed design standards for the maximum anticipated injection pressure and shall be maintained in a safe and leak-free condition.

13. Precautions are taken to prevent corrosion from occurring in meter runs, wellheads, wellhead valves, casing, tubing, and packers. This Division shall be furnished with a report detailing the measures to be taken to prevent corrosion.

14. To prevent the steam from migrating out of the intended zone of injection, the operator shall continuously monitor steam injection rates and pressures. If, over a 24 hour period, injection pressures show a variance of more than 15% or the injection rate shows a variance of more than 30%, the operator shall notify the Division and conduct a diagnosis within 12 hours, including but not limited to:

    (1) Confirmation of data.
    (2) Inspection of wells and facilities.
    (3) Review of overall system operations.
    (4) Evaluation of tilt meter and/or ground monitoring data.

    Any abnormalities in the injection program shall be documented and made available to Division personnel upon request. If the diagnosis indicates that there is a threat of steam leaving the intended zone of injection, then the operator shall immediately terminate steam injection for wells with a bottom-hole location within 150 feet of the variance. The operator shall obtain written approval from the Division prior to resuming injection.

15. Daily visual inspection of wells, facilities, flow lines, and roads shall be made by the operator.

<u>Operating Conditions</u>

16. Any measure to address seeps or surface expressions shall be designed, and the construction supervised, by a registered civil engineer. This includes, but is not limited to cisterns, culverts, French drains or collection wells or boxes. Upon completion, all measures, including and not limited to cisterns, culverts, French drains and collection wells or boxes, shall be clearly marked with warning placards and clearly identified at the surface.

17. All measures to address seeps or surface expressions shall be mapped and the locations and type of measure utilized must be submitted to the Division upon completion.

18. The Division shall be notified to observe and document the installation of cisterns, culverts, French drains, collection wells or boxes, and other measures during the construction phase and upon completion.

19. Wells shut-in associated to surface expressions shall be prominently flagged at the wellhead.

Response Conditions

20. Any water, steam, or oil flowing from a seep or surface expression shall be immediately controlled and contained. All discharged material shall be removed and disposed of in a manner approved by all state and local agencies.

21. All seeps or surface expressions shall be cordoned off and clearly marked to prevent inadvertent access.

22. Air sampling of any emissions, associated to a recent surface expression, shall be done in accordance to the local air board requirements to ensure a health hazard condition does not exist.

23. All surface expressions and seeps within 300 feet of the project must be reported immediately to the Division. This includes reactivation of historic seeps, or increased flow from existing seeps. Steam injection shall be suspended for every well where the bottom-hole location is located within a 150 foot radius from the surface expression until such time that PCEC can demonstrate to the District office that such wells do not have an adverse impact on the surface expression. If the surface expression continues to flow after 5 days, all wells within a 300 foot radius shall cease steaming until the surface expression ceases to active. Wells may be returned to cyclic steaming operations at such time that PCEC demonstrates to the District office that such wells do not have an adverse impact on the surface expression If the surface expression continues to be active, the damage will be evaluated at the Supervisor's discretion, and will be addressed according to Section 3106 of the Public Resources Code and existing laws and regulations.

24. Prior to re-initiating cyclic steaming within a 150 foot radius of a surface expression, PCEC shall make a presentation to the District office detailing the results of the investigation into the cause of the surface expression, including all data pertinent to the determination of the cause and identification of the relevant well(s). The presentation shall include all the steps PCEC will implement to prevent occurrence of a further surface expression. PCEC may re-initiate cyclic steaming operations in the area of the surface expression upon written approval from the District office

25. Any well to which cyclic steaming has been suspended to prevent or stop surface expressions must be reported to the District office within 24 hours of taking the well out of cyclic steaming. In addition, any well within the project area of PCEC that develops mechanical integrity issues that would potentially provide a conduit outside the intended zone, shall be reported to the District office immediately. Injection within 150 feet of the well with mechanical integrity issues shall be suspended until the well is either repaired or plugged and abandoned, or until PCEC has demonstrated to the District office that the surrounding well(s) will not adversely impact the compromised well. Cyclic steaming shall not recommence in the area until written approval is granted by the Division.

General Conditions

26. A Notice shall be submitted to the Division whenever wells are going to be added, or when wells are to be reworked or plugged and abandoned. The mechanical conditions of immediately offsetting wells to the proposed cyclic steam well shall be evaluated and any mechanical issues addressed prior to commencing steam injection. This information must be submitted with the notice.

27. A monthly injection report is filed with the Division on Form OG110B, or by electronic or magnetic media approved by the Division, on or before the last day of each month, for the preceding month, showing the amount of fluid injected, the surface pressure required, and the source of injection water for each injection well.

28. All production, from methods not associated with a well, shall be reported to the Division on a monthly basis.

29. A chemical analysis of the fluid to be injected is made and filed with this Division initially and whenever the source of cyclic steam injection fluid is changed, or as requested by the office. ALL FLUIDS MUST CONFORM TO THE DEFINITION OF A CLASS II FLUID AS DEFINED BY THE EPA.

30. All fluid sampling and analysis required by the Division must be done in accordance with the provisions of the Division's Quality Assurance Program. Please refer to the Division's "Notice to Oil & Gas Operators" dated November 17, 1986 (copy attached).

31. An accurate operating pressure gauge or pressure-recording device is available at all times during cyclic steaming operations, and all cyclic steam wells are equipped for installation and operation of such a gauge or device. Any gauge or device permanently affixed to the well, or any part of the injection system, must be calibrated at least every six months. Portable gauges must be calibrated at least every two months. Evidence of such calibration must be made available to the Division upon request.

32. Data are maintained to establish that no damage to life, health, property, or natural resources is occurring by reason of the project. Injection shall be stopped if there is evidence of such damage, or loss of hydrocarbons, or upon written notice from the Division. Project data must be available for periodic inspection by Division representatives. Additional data shall be supplied to the Division upon request.

33. Any remedial well work needed as a result of this cyclic steam injection project to repair idle, abandoned, or deeper-zone wells to protect oil, gas, or freshwater zones, will be the responsibility of the project operator.

34. The Division is notified immediately if there is a new or re-activated seep or surface expression, if the project is terminated, or if problems occur with operation of the project.

35. All new or reactivated seeps or surface expressions that discharge oil in a reportable quantity shall be reported as an oil spill to the California Emergency Management Agency at (800) 852-7550.

36. An annual project review meeting is held with Division personnel. Information which may be discussed and reviewed include: (1) project & individual well cyclic steam graphs; (2) graphs/statistics outling the incremental oil production from enhanced oil recovery; (3) Project expansion plans including facilities, new wells & reworks; (4) Recent fluid analysis;(5) Any problems, complaints, or other aspects of the project.

The issuance of this revised injection approval letter does not relieve you of your obligation to obtain necessary permits and approvals from local, state, and federal agencies.

Sincerely,

Patricia A. Abel
District Deputy

RB:pd

Attachment

cc: Regional Water Quality Control Board
Project File
Tom McCollum
Chrono