BOARD OF SUPERVISORS AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name:	Community Services
Department No.:	057
For Agenda Of:	May 13, 2025
Placement:	Departmental
Estimated Time:	90mins
Continued Item:	No
If Yes, date from:	N/A
Vote Required:	Majority

TO:	Board of Supervisors	
FROM:	Department Director	Jesús Armas, Community Services Director
	Contact Info:	Garrett Wong, Sustainability Division Manager
SUBJECT:	**Options to Address Emissions from Oil & Gas Operations**	

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Planning & Development

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

a. Provide direction to staff regarding potential actions to address emissions from oil and gas operations, including:
   i. Preparation of ordinance amendments prohibiting new drilling, or
   ii. Maintain status quo and allow acceptance of permits applications for new drilling; or
   iii. Provide other direction to staff, as appropriate;

b. Direct staff to maintain status quo and exclude oil and gas operations from the 2030 Climate Action Plan; and

c. Determine that the proposed actions are not a project pursuant to California Environmental Quality Act Guidelines (CEQA Guidelines) Section 15378(b)(5) because providing direction to staff is an organizational or administrative activity of the government that itself will not result in direct or indirect physical changes in the environment.

Summary Text:

In August 2024, the Board approved the Climate Action Plan. Additionally, the Board approved a resolution directing staff to identify potentially viable measures and goals to address greenhouse gas emissions from oil and gas extraction and processing. Of the options noted here, staff believe prohibiting new oil drilling to be the most viable and the least resource-intensive to develop, adopt, implement and ensure that there be no net increase in onshore oil production from new drilling. Staff request that the Board provide direction regarding the potential actions. If directed to pursue an ordinance to prohibit new drilling, staff would develop a scope of work and budget to bring to the Board for consideration and approval to proceed.

Staff evaluated other options that are not being recommended at this time due to the limited emissions reduction potential and the capacity of the County to implement and enforce potential policies.

Staff also assessed the potential implications of incorporating emissions from oil and gas into the County's greenhouse gas inventory, emission reduction targets and 2030 Climate Action Plan. Given the additional resources and time to do so, with the increased burden, challenges and uncertainty associated with oil and gas activity, staff do not recommend incorporating oil and gas emissions into the CAP and County emissions reduction target.

Background:

On August 27, 2024, the Board adopted the 2030 Climate Action Plan. In addition, the Board adopted a resolution directing staff to identify potentially viable measures and goals to address greenhouse gas emissions from oil and gas extraction and processing.

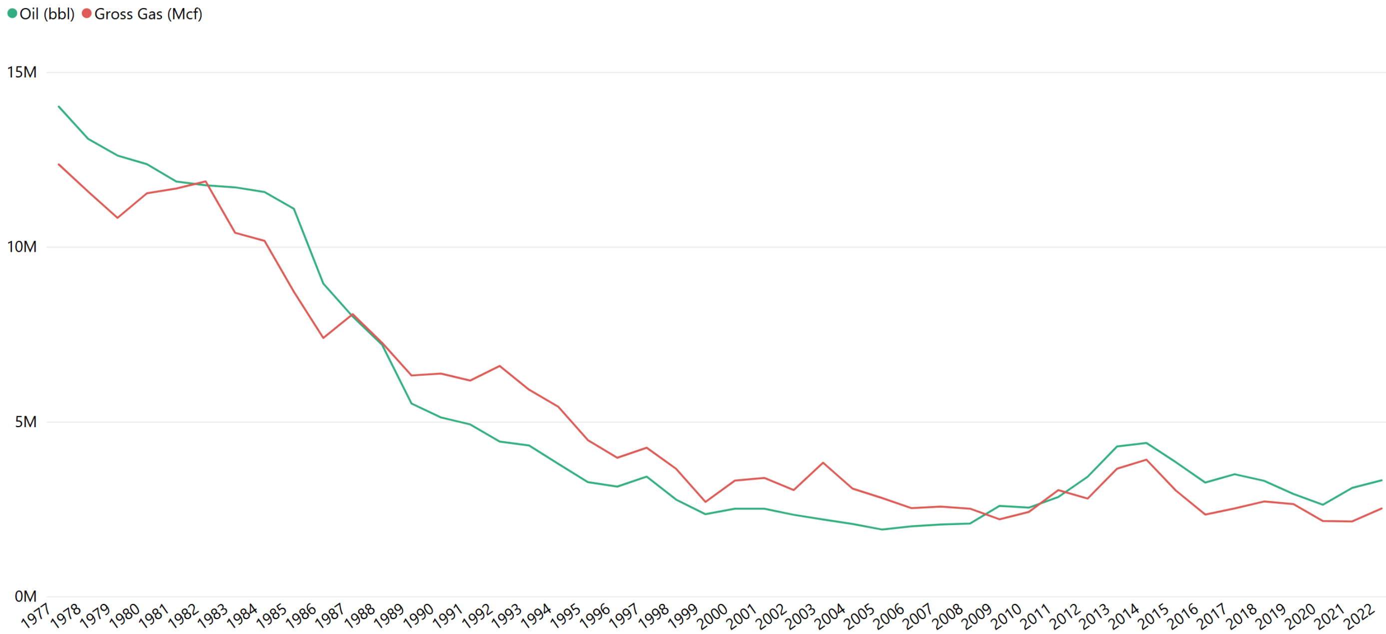
Subsequently, on September 25, 2024, Governor Newsom signed AB 3233 (Attachment A) which gives local jurisdictions greater authority to impose restrictions by ordinance to prohibit oil and gas operations or development in its jurisdiction or impose regulations, limits, or prohibitions on oil and gas operations or development that are more protective of public health, the climate, or the environment than those prescribed by a state law, regulation, or order. The amendment authorizes these limitations or prohibitions to cover methods of oil and gas operations or development and the locations of oil and gas operations or development.

This Board Letter begins with a description of local oil and gas activity, presents information regarding emissions associated with oil and gas production, continues with an overview of state regulations and programs, provides a summary of what other local jurisdictions are doing to address this very issue, and concludes with a description of possible next steps.

Local Oil and Gas Activity

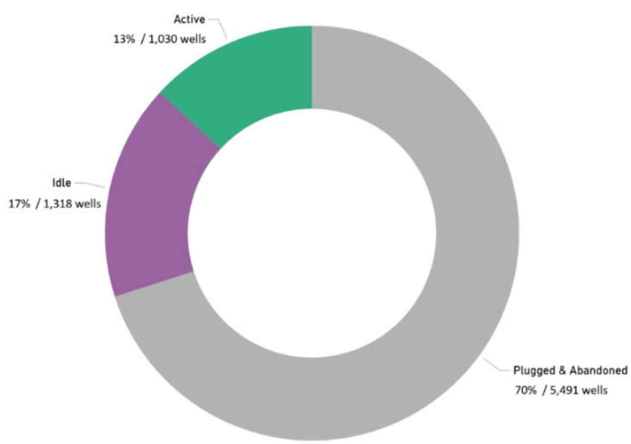
Oil production in Santa Barbara County has been steadily declining over time. Production significantly declined as a result of the All Plains American pipeline spill in 2015, effectively shuttering production at all but one offshore oil platform.

Figure 1. Santa Barbara County Historical Oil & Gas Production
Source: CalGEM



Currently there are 2,348 active and idle oil wells across the County (excluding nearly 2,500 wells which are deemed plugged and abandoned). Of those wells, 1,030 are active (Figure 2) and 1,318 wells are considered idle by the California Geologic Energy Management Division (CalGEM); CalGEM defines an idle well as a well that has not been used for two years or more and has not yet been properly plugged and abandoned (sealed and closed). It should be noted that the definition of "idle well" in Chapter 25 of the Santa Barbara County Code is different. See Attachment B for a detailed glossary of terms.

Figure 2. Count and Status of Wells in Santa Barbara County
Source: CalGEM



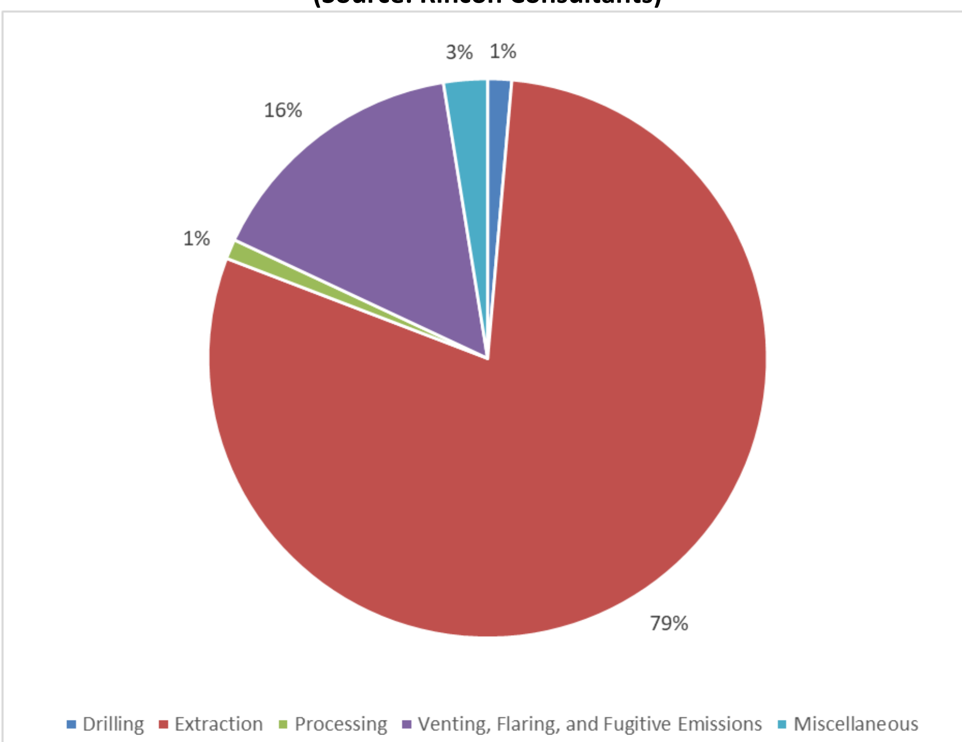
In order to analyze the emission reduction potential from oil and gas activity, the County's consultant, Rincon Consultants, estimated the emissions specific to oil and gas operations (See Attachment C, Rincon's report). From 2018 to 2023, total emissions from oil and gas increased by 33,488 metric tons of CO2e.

Table 1. Oil & Gas Production Emissions

Year	Metric tons CO2e
2018	98,868
2023	132,356

Most emissions resulting from oil and gas production in Santa Barbara County come from the extraction process which includes generating steam or other methods for loosening and removing oil from the basin. The other large source is flaring which includes combusting gases like methane which are released by the extraction process. The emissions by activity for oil and gas production are included in Figure 3.

Figure 3. Emissions from Oil Production by Activity (Source: Rincon Consultants)



State Regulations & Programs

The California Geologic Energy Management Division (CalGEM) has a number of regulations and programs that affect local oil and gas production activities.

Idle Well Program

An idle well, according to CalGEM, is a well that has not been used for two years or more and has not yet been properly plugged and abandoned (sealed and closed)[1]. Plugging and abandonment involves permanently sealing the well with a cement plug to isolate the hydrocarbon-bearing formation from water sources and prevent leakage to the surface.

To reduce the number of idle wells for which CalGEM may become responsible, legislative and regulatory changes have been made to create incentives for operators to manage and eliminate their idle wells by entering into Idle Well Management Plans (IWMPs). By filing an IWMP, the operator is committing to eliminating a specific number of long-term idle wells per year based on the operator's idle well inventory[2].

If an operator does not have an IWMP, it must pay annual idle well fees which are deposited into the Hazardous and Idle-Deserted Well Abatement Fund to help fund the permanent sealing and closure of deserted wells.[3]

Plug and Abandonment Program

If CalGEM determines a well has been idle-deserted, then CalGEM may order the plugging and abandonment or may undertake the plugging and abandonment of the well itself. CalGEM's options for funding the plugging and abandonment differs depending upon the solvency of the operator. For example, 209 wells formally owned by Greka have been orphaned; 171 of which were properly abandoned recently through the State's Abandonment Program (also known as Project Plug). The work included the proper closure and removal of associated pipelines and facilities. The remaining 38 wells will be addressed in a subsequent phase, as they may require more complex remedial work.

[1] Chapter 25 of the Santa Barbara County Code defines idle wells differently than CalGEM. See Attachment B for a detailed Glossary of Terms.

[2] The rate of elimination is determined as follows:

- Operators with 250 or fewer idle wells are required to eliminate 4% of their long-term idle wells each year, and in no case, less than 1 long-term idle well.
- Operators with 251 - 1,250 idle wells are required to eliminate 5% of their long-term idle wells each year, and in no case, less than 1 long-term idle well.
- Operators with 1,251 or more idle wells are required to eliminate 6% of their long-term idle wells each year, and in no case, less than 1 long-term idle well.

[3] Idle well fees are calculated as follows:

- One hundred fifty dollars ($150) for each well that has been an idle well for three years or longer, but less than eight years.
- Three hundred dollars ($300) for each well that has been an idle well for eight years or longer, but less than 15 years.
- Seven hundred, fifty dollars ($750) for each well that has been an idle well for 15 years or longer, but less than 20 years.
- One thousand, five hundred dollars ($1,500) for each idle well that has been an idle well for over 20 years or longer.

Local Government Actions

On September 25, 2024, Governor Newsom signed AB 3233 which gives a jurisdiction greater authority to impose restrictions by ordinance, to prohibit oil and gas operations or development in its jurisdiction or impose regulations, limits, or prohibitions on oil and gas operations or development that are more protective of public health, the climate, or the environment than those prescribed by a state law, regulation, or order.

The bill authorizes these limitations or prohibitions to cover methods of oil and gas operations or development and the locations of oil and gas operations or development. Additionally, if a local jurisdiction limits or prohibits oil and gas operations, the owner or operator is responsible for plugging and abandoning its wells, decommissioning attendant production facilities, and related measures, pursuant to the rules of the oil and gas statutory division.

Other local governments have taken steps to limit the increase of oil and gas extraction and phase it out altogether. Staff have established a working group of these local governments and others to share updates and resources.

- In 2016, Monterey County voters approved Measure Z which prohibits land uses that support new oil and gas wells and phases out oil industry wastewater disposal over the next five to 15 years. The measure was challenged in court and was overturned by the California Supreme Court. AB 3233 made amendments to the Public Resources Code to clarify that local governments can limit or ban certain methods or locations of oil and gas extraction. The County is in the process of developing a new climate action plan and is considering options to address oil and gas.
- In 2020, Ventura County updated its General Plan, which included several policies limiting the location of new wells, the use of trucking and flaring and energy sources for extraction processes. The County was sued and entered into a settlement agreement with some defendants that modified the language on venting and flaring to include "if feasible."
- In 2021, Culver City adopted an ordinance that prohibits the drilling of any new wells, the redrilling of any existing wells, requires the plugging and abandonment of all oil and gas wells and termination of oil and gas operations within the City by 2026. The City entered into a settlement agreement with one local operator regarding the ordinances as applied to that operator to plug and abandon all wells by 2029, along with meeting other interim metrics.
- In 2022, the City of Los Angeles adopted an ordinance that prohibited new oil and gas extraction and required that all existing operations stop production within 20 years. This ordinance was challenged in court and Los Angeles County Superior Court determined the ban was preempted by State law. Subsequently, AB 3233 made amendments to the Public Resources Code to clarify that local governments can limit or ban certain methods or locations of oil and gas extraction. The City may re-adopt this ordinance given the new legislation.
- In 2022, Los Angeles County adopted an ordinance similar to the City of Los Angeles. The County and City of Los Angeles collaboratively facilitate a Just Transition Task Force, which includes industry stakeholders, labor unions and environmental groups. The purpose of the Task Force is to identify pathways to transition local workforce from fossil fuel industries.

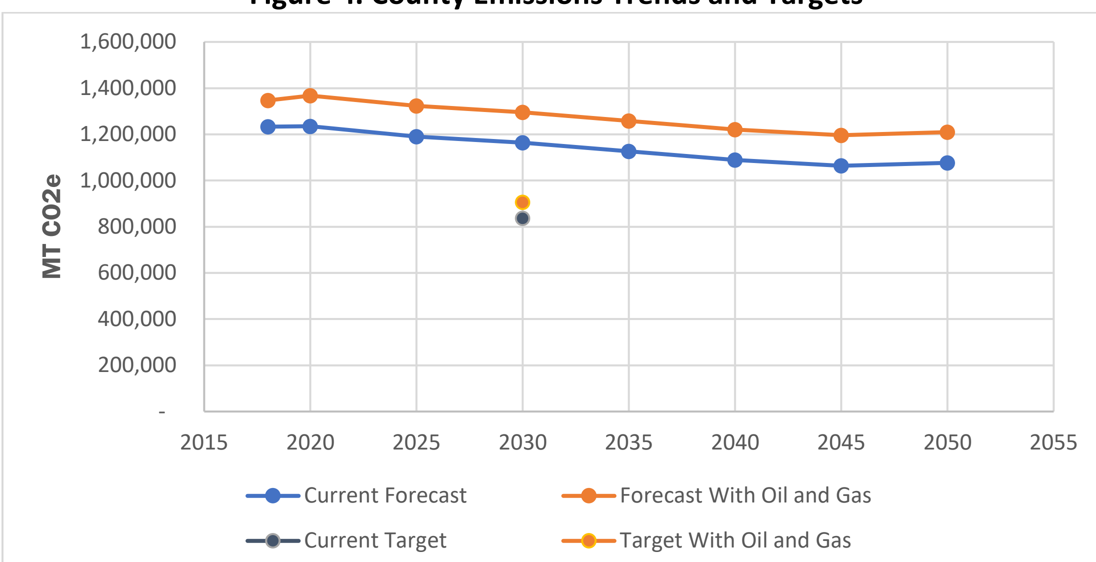
Impacts to Climate Action Plan

The 2030 Climate Action Plan (CAP) has a goal to reduce emissions communitywide by 50% below 2018 baseline levels by 2030. This reduction target does not include emissions from oil and gas operations. (Staff are preparing a CAP Implementation Progress Report and 2023 Greenhouse Gas Inventory which will be presented to the Board in late summer of 2025.)

When just looking at oil and gas against the CAP's 2018 baseline year and the most recent year (2023), it appears that emissions from oil and gas have increased (Table 1). When taking a longer view (Figure 1, above), emissions have declined significantly due to decreases in offshore production and the closure of refining operations (subject to change based on possible reactivation of the Santa Ynez Unit).

Adding oil and gas emissions to the County's community greenhouse gas emissions inventory would have several impacts. The primary impacts would be increasing the emissions across the baseline (2018) inventory, forecast, and targets (Figure 4). This would make achieving the 2030 reduction target more difficult because the County's emission reduction target is based on a baseline of 2018[4], at which point oil and gas emissions were at an all-time low.

Figure 4. County Emissions Trends and Targets



The variability in oil and gas emissions and the unexplored capability of the County to ensure reductions poses a challenge to its ability to achieve its overall GHG reduction target if included. The addition of oil and gas could also divert staff and financial resources from other sectors that could provide more direct benefits, such as improved air quality and cost savings from renewable energy, efficiency and non-vehicular transportation alternatives, etc.

[4] The Board voted to change the County's baseline inventory year from 2007 to 2018 to provide more consistency of methodologies between inventory years.

If directed to incorporate oil and gas, staff and consultants would need to update the GHG inventory and targets, measures and actions within the CAP to ensure that substantial evidence would be available to demonstrate the County would meet the targets. Either certain policies ensuring the long-term decline of oil and gas operations would *have* to be adopted to meet reduction targets or additional emission reductions would be needed from other sectors to both offset the oil and gas and its increases to the inventory. If added to the CAP and a particular oil and gas operation complied with the CAP measures, a future project's CEQA analysis for cumulative greenhouse gas impacts could potentially be streamlined. Currently, excluded from the CAP, new or revised oil and gas operations must conduct their own CEQA analysis of cumulative greenhouse gas impacts. Additionally, including an industry in the CAP does not change any existing regulatory control the County has over the industry.

Due to the substantial changes to inventory, forecast, targets, and measures and actions, the a subsequent or supplemental CEQA analysis would need to be conducted and circulated for public review. Staff estimate that the entire process would take at least an additional 9-12 months once commenced.

Given the additional resources and time to do so, with the increased burden, challenges and uncertainty associated with oil and gas activity, staff recommends the CAP remain as adopted and that it not be modified to incorporate oil and gas emissions.

Impacts of Reduced Oil Activity

Attachments D and E are reports prepared by different UCSB departments, and speak to the issue of oil activity from different perspectives.

According to the UCSB Political Science Department (Attachment D), phasing out oil and gas operations could yield positive impacts in avoided mortality costs (estimated $54 to $81 million by 2045), avoided costs from spills and other oil-related emergencies, and reduced impacts from climate change. Additionally, there may be new economic development opportunities that could be contemplated in the wake of well abandonment, such as carbon sequestration, recreation, agriculture or renewable energy. For example, the Planning & Development Department is currently developing an ordinance which could offer opportunities for utility-scale solar generation on sites that have the right zoning.

According to the UCSB Economic Forecast Project (Attachment E), over the previous 5 years, Santa Barbara County oil production has averaged approximately 2.7 million barrels per year which is valued at roughly $512 million in direct benefits to the oil companies. Last year, the County billed $7.1 million in property taxes (0.2% of the County's 2024-25 budget) to onshore drilling and pipeline operators and processing units. Other taxes, such as those collected on behalf of County-affiliated special districts and sales taxes on local oil industry business activity, also generate County revenue.

Policy Options

There is limited precedence and guidance for jurisdictions on what is effective and permitted under AB 3233. Staff considered the following factors when assessing the viability of policies:

- The ability of the policy to actually limit or reduce emissions through reduction/elimination of energy-intensive processes or the cessation of extraction and processing entirely; and

- The capacity or resources required from the County to enforce the proposed policy.

At the request of two Supervisors, staff explored the option of modifying County regulations to prohibit the issuance of new drilling permits. In reviewing various options, staff concludes that prohibiting new drilling is the most viable action that the County can take at this moment. Prohibiting new drilling is within the jurisdiction of the County, especially given the adoption of AB 3233. If approved, this could be implemented by the adoption of an ordinance that establishes an effective date by which permits for new drilling would no longer be accepted or approved. This policy would require the least amount of staff resources, as the policy would be enforced by no longer allowing permits for well exploration and drilling. This type of policy has been adopted by Culver City, City of Los Angeles and County of Los Angeles.

Staff seeks Board direction on whether to pursue the preparation of ordinance amendments prohibiting new drilling.

Evaluated but not Recommended

Staff evaluated other strategies to reduce emissions but do not recommend these approaches, principally because they require additional staff capacity that presently does not exist, and would not reduce emissions in the short term necessary to meet emission reduction goals. Among the other strategies evaluated are:

1. **Prohibit cyclic steaming:** Cyclic steam stimulation (CSS), also known as cyclic steam injection (CSI) or steam soaking, is a method used by operators to recover heavy oil from a well by injecting steam and then producing oil. Cyclic steaming is a primary source of emissions from the production process as it requires a significant amount of natural gas to generate heat. Natural gas derived from the extraction process is used for this purpose. Another approach to limit emissions from production could be to address the use of cyclic steaming and/or natural gas for cyclic steaming. In 2021, Senate Bill 467 proposed the prohibition of well stimulation techniques in oil and gas wells beginning in 2022 but died in committee[5]. In light of new authority with the passage of AB3233, this could be implemented by adopting an ordinance that establishes a date by which cyclic steaming would be banned. However, given alternative methods of generating heat for oil recovery are costlier and more time-consuming to implement and operate, it may be economically infeasible to implement. Implementing this policy would require significant resources as the County currently does not track the methods of extraction and would need dedicated staff to monitor and enforce the policy. Ventura County's recently adopted 2040 General Plan requires 100% electrically powered equipment for new exploration and production, if feasible.[6]

[5] https://www.independent.com/2021/02/26/will-cyclic-steaming-bite-the-dust/
[6] https://egeneralplan.vcrma.org/chapter/oil-and-gas-resources/

2. **Increase the percentage of idle wells to be abandoned:** The State now requires a certain percentage (4-6%) of idle wells to be properly plugged and abandoned under AB 1866. The Board could give direction to staff to explore the viability of adopting an ordinance that could set a higher rate than the State's requirements. This policy could accelerate the decline in production as wells are left idle and required to be properly abandoned over time. Implementing this policy would require a moderate amount of resources as the County could potentially leverage the State's enforcement of Idle Well Management Plans.

3. **Limit the operation of existing active wells after a certain period of time and after investment costs have been recouped:** The Board could adopt an ordinance that would require the closure and proper abandonment (phase out) of all wells, active and idle, by a certain time. Culver City pioneered this approach after conducting an amortization study that found that operators in the Inglewood Oil Field had already recouped their initial costs through oil production sales. The City and County of Los Angeles followed but set a 20-year horizon for active operations. An amortization study would help to provide a basis for which the phase out would be based upon. Investment-backed expectations likely factor in the ability to continue the operation until no longer financially feasible, not just to recover their initial investment. This approach would be the most resource intensive process and would likely require at least one dedicated staff person who could lead activities related to the enforcement and compliance. Another consideration is how much effort and resources should be dedicated on addressing on economic impacts and workforce transition.

If directed to pursue any of the above strategies, staff will prepare a scope of work, including any associated staff or consultant cost, and return to the Board for consideration and action.

Additional Considerations

In adopting the Climate Action Plan, the Board affirmed that emissions data from oil and gas would be obtained and reported for informational purposes. Emissions targets from this source were not established nor incorporated into the CAP. Previously, the Board adopted a GHG threshold of significance of 1,000 metric tons of CO_2e for stationary sources to be applied to new projects under development review.

Staff continue to recommend that oil and gas emission targets not be included in the CAP.

Performance Measure:

Annual greenhouse gas emissions (in unincorporated County areas): 50% reduction below 2018 levels by 2030

Fiscal and Facilities Impacts:

Budgeted: No

Currently staff are not assigned to working on this task. Any new actions directed by the Board from this Board letter would require additional staffing and financial resources for staff costs and consultant support.

Staffing Impacts:

N/A

Special Instructions:

N/A

Attachments:

- **A.** Assembly Bill 3233
- **B.** Glossary of Terms
- **C.** Oil & Gas Emissions Technical Analysis Memo
- **D.** UCSB Benefits of Oil & Gas Phaseout
- **E.** UCSB Oil & Gas Economic Impact Memo

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