



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: Planning & Development  
Department No.: 053  
For Agenda Of: August 19, 2008  
Placement: Departmental  
Estimated Tme: 1 hour  
Continued Item: Yes  
If Yes, date from: July 8, 2008  
Vote Required: Majority

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**TO:** Board of Supervisors

**FROM:** Department John Baker, Assistant CEO and Director, Planning and Development  
Director(s) (805) 568-2085  
Contact Info: Douglas Anthony, Deputy Director, Energy Division (805) 568-2046  
William Dillon, Deputy County Counsel (805) 568-2959

**SUBJECT:** **Bruce W. Bell Appeal** (Case No. 08APL-00000-000021) of County Planning Commission Approval of PXP Tranquillon Ridge Oil and Gas Development Project (Case No. 06RVP-00000-00001); Third and Fourth Supervisorial Districts.

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**County Counsel Concurrence**

As to form: Yes

**Other Concurrence:** N/A

**Auditor-Controller Concurrence**

As to form: No

**Recommended Actions:**

That the Board of Supervisors:

- A. Determine Mr. Bell's standing to appeal.
- B-1. If standing to appeal is not demonstrated, deny the appeal for lack of standing.
- B-2. If standing to appeal is demonstrated, deny the Bell Appeal, Case No. 08APL-00000-00021.
- C. Hear the ExxonMobil/Sunset Appeal (Case No. 08APL-00000-00019) and Vaquero Energy, Inc. Appeal (Case No. 08APL-00000-00020) prior to taking final action on the Bell appeal and the Tranquillon Ridge project (Case No. 06RVP-00000-00001).
- D. Approve the minor modifications to the Tranquillon Ridge Final Environmental Impact Report (EIR) (06EIR-00000-00005; State Clearinghouse No. 2006021055) presented in Attachment A.11 to this Board Agenda Letter and including any modifications made by the Board in the public hearing, and certify that the Tranquillon Ridge Final EIR reflects the independent judgment of the Board, has been completed in compliance with CEQA, and is adequate for the Tranquillon Ridge project.

- E. Adopt the required findings for the project, including CEQA findings, specified in Attachment A.12 to this Board Agenda Letter and including any modifications made by the Board in the public hearing; and,
- F. Grant approval of Revised Development Plan Case No. 06RVP-00000-00001, subject to the conditions of approval specified in the Planning Commission's Action Letter and attachments dated April 23, 2008, with modifications to Final Development Plan Condition A-6 to delete the requirement that the Lompoc Oil and Gas Plant cease all operations by December 31, 2022, other revisions to the Final Development Plan as provided in Attachment A.13 to this Board Agenda Letter, and including any modifications made by the Board in the public hearing.

**Summary Text:**

**A. PROPOSED PROJECT**

The proposed project is a request for a revised Final Development Plan (FDP) to modify Plains Exploration & Production Company's (PXP) existing FDP for the Point Pedernales project to allow project modifications and approvals necessary to develop, transport, and process oil and gas produced from a proposed new oil and gas lease area in State tidelands. PXP proposes to drill wells from its existing Platform Irene in federal waters offshore Vandenberg Air Force Base into a proposed new lease area in State waters to access the Tranquillon Ridge field oil and gas reserves. The oil and gas would be transported from Platform Irene to the Lompoc Oil and Gas Plant near Lompoc via PXP's Point Pedernales pipeline system. More detailed project description information is available in Section 5.0 of the Planning Commission staff report (Attachment A.2) and the Final EIR (Attachment A.3) prepared for the proposed project. The revised FDP, if approved, would incorporate development of the Tranquillon Ridge reserves into the existing Point Pedernales project and would apply to development of both of these offshore fields.

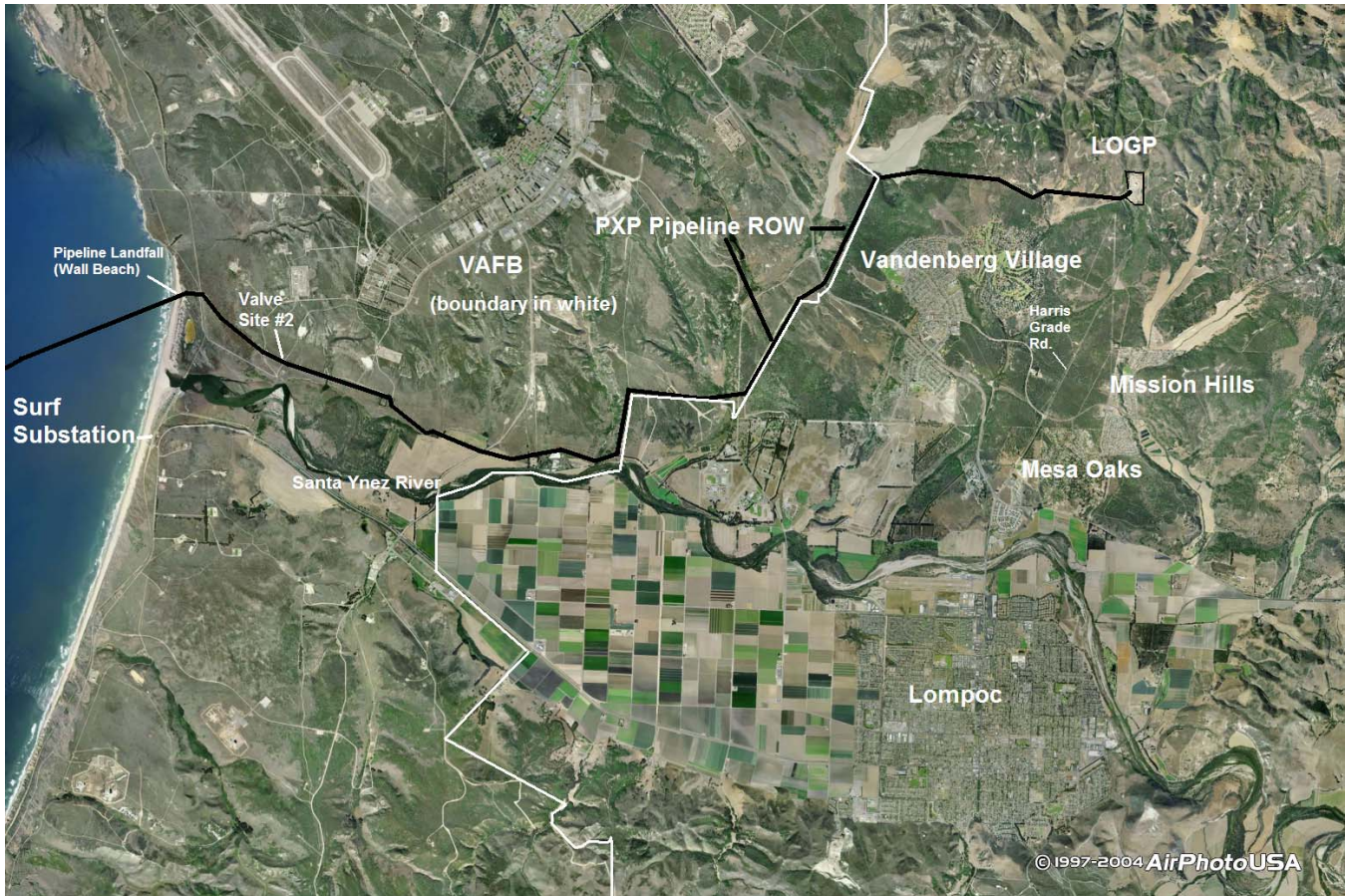
The project components include Platform Irene, the Lompoc Oil and Gas Plant (LOGP), and the oil, gas, and produced water pipelines between the platform and the LOGP. The LOGP site is 2.7 miles northeast of the City of Lompoc and 0.9 miles northwest of Vandenberg Village and is zoned M-CR, Coastal-Related Industry. The LOGP address is 3602 Harris Grade Road in the Fourth Supervisorial District (See Figure 1). Platform Irene is located in federal waters approximately 4.7 miles west of Point Pedernales. The onshore portion of the pipeline corridor is located from its landfall at Wall Beach on Vandenberg Air Force Base to the LOGP, crossing agriculturally-zoned land outside of the Base. Each of these three major components of the proposed Tranquillon Ridge project is currently in operation for the Point Pedernales project.

By letter dated April 14, 2008 (Attachment A.8), PXP requested that an end date of December 31, 2022 be incorporated into the Tranquillon Ridge project. This request was addressed in the staff report to the Planning Commission and was included as a revision to FDP Condition A-6, *Project Description*, in the Planning Commission's approval of the project. By letter dated April 18, 2008 (Attachment A.9), PXP requested that additional information regarding greenhouse gas emission reductions be incorporated into the Tranquillon Ridge project. This request was presented to the Planning Commission at its April 21, 2008 hearing and was incorporated into its approval of the project, also in FDP Condition A-6 (see page 2 of Attachment A.1, Planning Commission Action Letter dated April 23, 2008).

**B. BACKGROUND**

The County Planning Commission approved the proposed Tranquillon Ridge project, with the changes PXP requested (described above), at a special hearing in Santa Maria on April 21, 2008. This approval included certification of the Final Environmental Impact Report (EIR) prepared for the project (06EIR-00000-00005; SCH #2006021055). The EIR was prepared under the auspices of a Joint Review Panel (JRP) comprising staff from the County Planning and Development Department, the California State Lands Commission, and the California

Coastal Commission. Staff from the County Air Pollution Control District, Vandenberg Air Force Base, and the federal Minerals Management Service served as advisory members of the JRP. The County is the Lead Agency for the EIR.



**Figure 1: PXP Pipeline Corridor and LOGP Location**

The Draft EIR was circulated for public review from October 31, 2006 through January 16, 2007. Comments on the Draft EIR and responses to these comments were incorporated into the proposed Final EIR (see EIR Section 9.0) which was released on March 27, 2008. The Final EIR is included as Attachment A.3 and was previously provided to the Board members under separate cover.

In its 2005 application to the County, PXP projected that the Tranquillon Ridge project would operate for about 30 years from the time the first new well is drilled. Based on this projection, the EIR analyzed operation of the Tranquillon Ridge project until the year 2037. The EIR analyses included concurrent operation of the Point Pedernales project until about 2017. The year 2017 represents the mid-point of PXP's Point Pedernales Field production forecasts (2012-2022), and an approximate midpoint of combined Minerals Management Service and State Lands Commission operation projections for the Point Pedernales project of 2010 to 2022.<sup>1</sup> The EIR identified 13 Class I (significant and unavoidable) impacts and 24 Class II (significant but mitigable) impacts for the 30-year (2037) Tranquillon Ridge project.

<sup>1</sup> These estimates are discussed in Final EIR Section 2.2.6, pp. 2-12 through 2-14.

The Planning Commission approved the shorter operating life for the Tranquillon Ridge project as requested by PXP. The Planning Commission found that this “reduced-life” project offers the best means to access the Tranquillon Ridge oil and gas reserves because it would use existing infrastructure for a defined period of time approximately equivalent to the current outer estimate (2022) for the end of Point Pedernales project operations, which balances against the significant and unavoidable impacts of the project (see Attachment A.1, Planning Commission Finding 1.8, pp. A-4 through A-6).

**C. STAFF RESPONSE TO APPEAL LETTER**

**Issue 1: Appellant’s Standing to Appeal**

The County’s Land Use and Development Code (LUDC) and Coastal Zoning Ordinance (CZO) set forth the definition of an aggrieved person who may file an appeal of a Planning Commission decision as follows:

**Who may appeal.** An appeal may only be filed by an applicant or any aggrieved person. An aggrieved person is defined as any person who in person, or through a representative, appeared at a public hearing in connection with the decision or action appealed, or who, by other appropriate means prior to a hearing or decision, informed the review authority of the nature of their concerns or who for good cause was unable to do either. (LUDC Section 35.102.020.A and CZO Section 35-182.2.A, General Appeal Procedures)

Prior to the April 21, 2008 Planning Commission hearing, three noticed<sup>2</sup> public workshops and hearings on the Tranquillon Ridge EIR were held:

- |                   |   |
|-------------------|---|
| March 29, 2006    | EIR Scoping Meeting, Lompoc City Council Chambers       |
| November 15, 2006 | Draft EIR Workshop, Lompoc City Council Chambers        |
| December 11, 2006 | Draft EIR Comment Hearing, Lompoc City Council Chambers |

Mr. Bell provided no comments at these hearings or at the Planning Commission’s April 21, 2008 noticed public hearing on the project, and was not identified as being represented by any speaker or commenter who did provide written or oral comments on the EIR or the proposed project. There is no record of any communications to the County, either written or oral, from Mr. Bell or any stated representative of Mr. Bell, regarding the Tranquillon Ridge EIR or the proposed project itself prior to his filing of the appeal application on May 1, 2008. Planning and Development staff requested that Mr. Bell provide evidence that he has standing to appeal the Planning Commission’s April 21, 2008 decision to approve the Tranquillon Ridge project by letter (see Attachment D.2, May 8, 2008 P&D letter to Bruce Bell), and by voicemail message to the telephone number provided on Mr. Bell’s appeal form. On June 27, 2008, staff was able to reach Mr. Bell by telephone. He indicated he was traveling and would contact staff the following week. As of July 31, 2008, Mr. Bell had not contacted P&D staff.

***Issue 1 - Recommendations:***

1. Consider any evidence Mr. Bell may present prior to or at the August 19, 2008 hearing regarding his standing to appeal the County Planning Commission’s Tranquillon Ridge project approval and determine either to deny the appeal for lack of standing, or to proceed with the hearing on the appeal (see Issue 2 discussion below).
2. Deny the appeal (if the Board determines that Mr. Bell has standing to appeal the County Planning Commission’s Tranquillon Ridge approval).

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<sup>2</sup> These workshops/hearings were publicly noticed via mailed notices to P&D’s Tranquillon Ridge mailing list, postings on the Energy Division website, and in the *Santa Maria Times* and *Lompoc Record* newspapers.

**Issue 2: Appeal Point - The Planning Commission Failed to Consider the Significant Impacts of the Project**

The second paragraph of the Bell appeal letter states:

*The Planning Commission failed to consider the significant and potentially devastating environmental impacts of the project. There is a huge risk of an offshore oil spill if the project goes forward. In fact, in 1997, an oil spill from the platform the project plans to use resulted in 6,000 gallons of oil polluting approximately 40 miles of our precious shoreline. Many seabirds and other aquatic life were killed as a result. The environment cannot tolerate another spill. We need to stop all off-shore oil drilling because it puts at risk thousands of marine species, including the endangered brown pelican, sea otters, seals and sea lions.*

The fifth paragraph of the Bell appeal letter states:

*I request that the Board of Supervisors overturn the decision of the Planning Commission regarding this project and direct your Planning Staff to come up with a less destructive alternative.*

**Response to Appeal Point**

The County Planning Commission considered the potential environmental impacts of the Tranquillon Ridge project. The Tranquillon Ridge EIR thoroughly evaluated the potential significant environmental impacts of the project in sixteen separate issue areas, including risk of oil spills and marine biological impacts of an oil spill (see Attachment A.3, Tranquillon Ridge EIR), as well as potential cumulative impacts. The Planning Commission considered this EIR, and certified it as adequate, prior to approving the Tranquillon Ridge project (see Attachment A.1, Planning Commission Action Letter, Attachment A, Finding 1.1). The April 15, 2008 staff report to the Planning Commission summarized the Class I (significant and unavoidable), Class II (significant but mitigable), and cumulative impacts of the Tranquillon Ridge project as evaluated in the EIR (see Attachment A.2, Planning Commission Staff Report, Section 6.1.1 and Tables 3, 4, and 5). All significant impacts associated with an oil spill are considered to be Class I, significant and unavoidable. Of the eleven Class I impacts associated with the “reduced-life” (end in 2022) Tranquillon Ridge project, all but one are related to the consequences of an oil spill.

The Planning Commission is well aware of the 1997 oil spill and its consequences. The County was involved in the Natural Resource Damage Assessment conducted by the State Office of Spill Prevention and Response for the 1997 oil spill, and successfully sued Torch (the operator at the time of the spill) for damages associated with that oil spill. The Tranquillon Ridge EIR cites the 1997 oil spill from the Point Pedernales pipeline in several places, including:

- eight times in the Risk analysis (Section 5.1),
- six times in the Marine Biology analysis (Section 5.5),
- five times in the Marine Water Quality impact analysis (Section 5.6), and
- ten times in the Response to Comments chapter of the Final EIR (Section 9.0).

The EIR also describes the marine species that could be affected by an offshore oil spill, including plankton, fish, marine mammal, marine turtle, seabird, and benthic invertebrate species (EIR Section 5.5.1). Section 5.5 of the EIR contains:

- more than eight specific references to the endangered brown pelican;
- more than 10 references to sea lions;
- more than 30 references to sea otters; and
- over 30 references to seals.

Section 5.1 of the EIR thoroughly describes the risk of an offshore oil spill associated with the Tranquillon Ridge project (see EIR Section 5.1.4, especially Tables 5.1.27, 5.1.28, and 5.1.29). In addition, three appendices to the EIR provide supporting information for the EIR analyses of oil spill impacts:

- Appendix E is a 2002 description of the potential impacts associated with the clean-up of a marine oil spill;
- Appendix G presents the results of trajectory studies and oil spill modeling conducted for Platform Irene and the Platform Irene to LOGP offshore oil pipeline; and,
- Appendix H provides some of the detailed data used in the risk analyses in Section 5.1 of the EIR.

However, the potential consequences of an offshore oil spill are of greater concern than estimated probabilities of a spill occurring. As noted in Planning Commission Finding 1.4, the County found that even with incorporation of feasible mitigation measures, the impacts of an offshore oil spill cannot be mitigated to insignificance, thus the Class I (significant and unavoidable) designation for those impacts. The Planning Commission considered detailed information regarding the likelihood and potential consequences of an offshore oil spill associated with the Tranquillon Ridge project in its decision to approve the project. Recognizing that these impacts cannot be mitigated to insignificance and pursuant to CEQA requirements (PRC Section 21081(b); CEQA Guidelines Section 15093), the Planning Commission adopted a Statement of Overriding Considerations describing the reasons it decided to approve the project, even with these significant impacts (see Attachment A.1, Planning Commission Action Letter (Attachment A), Finding 1.8).

The Tranquillon Ridge EIR evaluated and the Planning Commission considered a reasonable range of alternatives to the proposed project. The EIR assessed an onshore alternative (VAFB Onshore Alternative) to the proposed project, as well as several alternatives to certain project components (see EIR Section 3.0 for descriptions of the alternatives evaluated throughout Section 5.0 of the EIR). The Planning Commission considered these alternatives and declined to adopt any of them for the reasons stated in its CEQA Finding 1.6 (see Attachment A.1, Planning Commission Action Letter, Attachment A). The County Planning Commission examined a reasonable range of alternatives to the proposed Tranquillon Ridge project in sufficient detail to compare to the Tranquillon Ridge project and concluded that the Tranquillon Ridge project, as approved, would be preferable to implementing any of the alternatives, including development of the Tranquillon Ridge reserves from an onshore location on VAFB.

***Issue 2 - Summary and Recommendation:*** The Tranquillon Ridge EIR thoroughly describes the likely impacts of an offshore oil spill associated with the Tranquillon Ridge project and feasible alternatives to the PXP project, including a shore-based drilling and production site. The April 15, 2008 Planning Commission staff report accurately summarized these impacts and the Planning Commission understood and properly considered these environmental impacts and project alternatives in its approval of the Tranquillon Ridge project. Based on the foregoing, staff recommends denial of the Bell appeal (Case No. 08APL-00000-00021).

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:** Narrative: The costs of this appeal will be partially funded by the \$443 appeal fee paid by the appellant per the Planning and Development Department Fee Schedule in effect on the date the appeal was filed (Resolution 06-359 adopted by the Board of Supervisors on November 14, 2006, effective January 2007). The fee was collected from the appellant. Remaining costs of the appeal are funded by the applicant, PXP, through its current reimbursement agreement with the County for permit processing for the proposed project. Fees paid by oil and gas project applicants are budgeted in the Permitting and Compliance Program of the Energy Division on page D-313 of the budget for Fiscal Year 2008-2009. There are no facilities or staffing impacts.

**Staffing Impacts:** None.

**Special Instructions:**

P&D Hearing Support Staff shall publish a legal notice in the *Santa Barbara News-Press*, the *Santa Maria Times*, and the *Lompoc Record*.

Energy Division staff shall mail notice of the hearing to the Tranquillon Ridge project mailing list at least ten (10) days prior to the August 19, 2008 hearing.

The Clerk of the Board will forward a copy of the Minute Order to Planning and Development, Attention: David Villalobos, Hearing Support Staff, and Nancy Minick, Planner.

Planning and Development, Energy Division will prepare the final action letter and notify interested parties of the Board of Supervisors' final action.

**Attachments:**

- A.1 Planning Commission Action Letter with Attachments dated April 23, 2008.
- A.2 Planning Commission Staff Report dated April 15, 2008 with Attachments and Errata.
- A.3 Tranquillon Ridge Final Environmental Impact Report, April 2008 (*provided under separate cover*).
- A.4 Transcript of Planning Commission Hearing of April 21, 2008.
- A.5 Staff Slides at Planning Commission Hearing of April 21, 2008.
- A.6 PXP Slides at Planning Commission Hearing of April 21, 2008.
- A.7 ExxonMobil Slides at Planning Commission Hearing of April 21, 2008.
- A.8 PXP letter to P&D dated April 14, 2008.
- A.9 PXP letter to P&D dated April 18, 2008.
- A.10 Excerpts from ExxonMobil/Sunset Vahevala Project Application to Santa Barbara County, *December 2006 Responses to Agency Comments*.
- A.11 Recommended Clarifications to Final Tranquillon Ridge EIR.
- A.12 Recommended Findings for Approval of the Tranquillon Ridge Project.
- A.13 Recommended Conditions of Approval for the Tranquillon Ridge Project.

*There are no "B" or "C" Attachments to this Board Agenda Letter.*

- D.1 Appeal to Board of Supervisors dated May 1, 2008.
- D.2 P&D Letter to Appellant dated May 8, 2008.

**Authored by:**

Nancy Minick, Planner (805) 568-2506  
Kevin Drude, Energy Specialist (805) 568-2519

**cc:** Case File: 06RVP-00000-00001  
Records Management  
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William Dillon, Deputy County Counsel  
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