

Santa Barbara County Board of Supervisors

Pacific Coast Energy Company Appeal of the County Planning Commission's Denial of the PCEC Orcutt Hill Resources Enhancement Plan Project

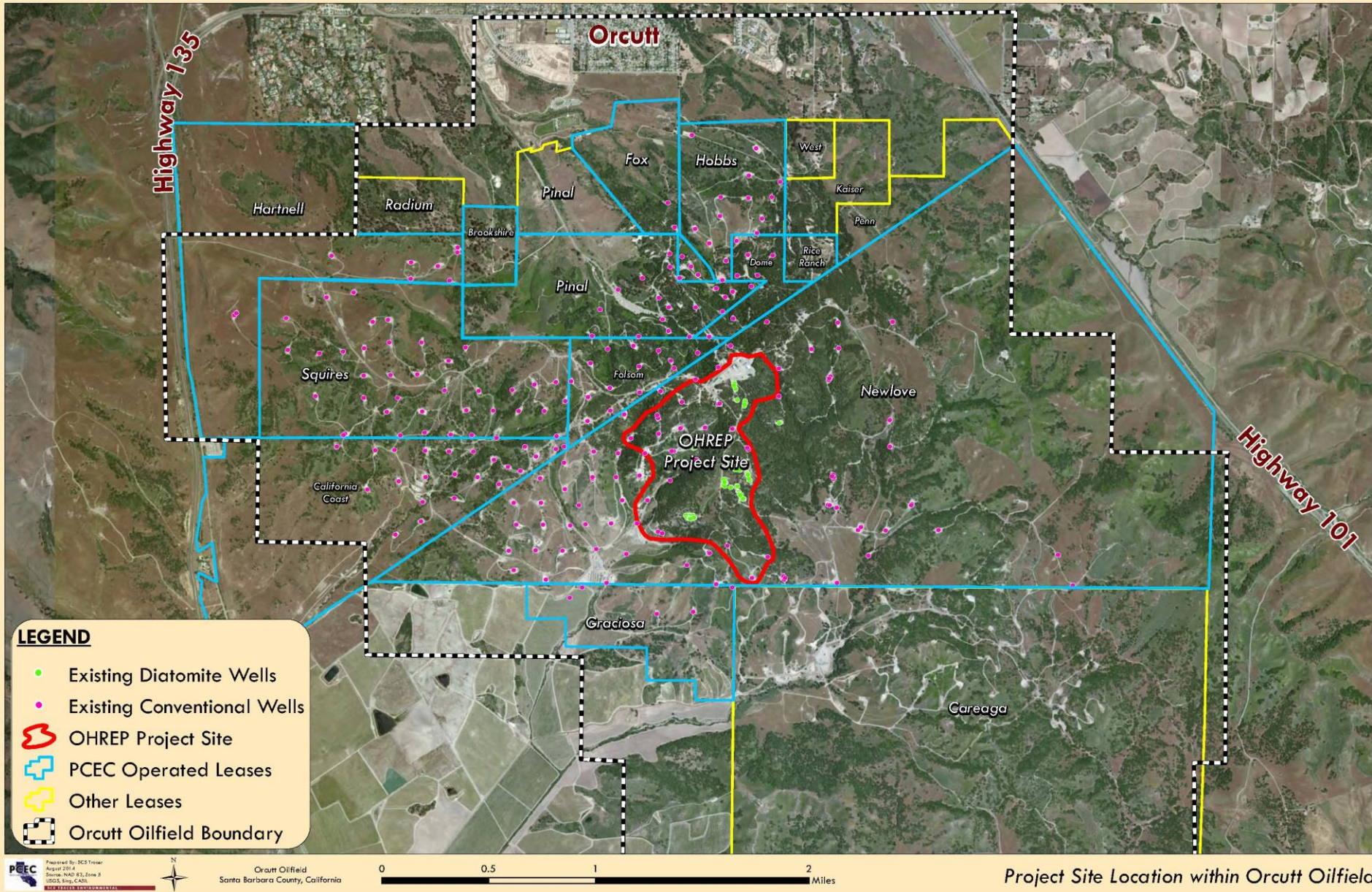
16APL-00000-00020

13PPP-00000-00001

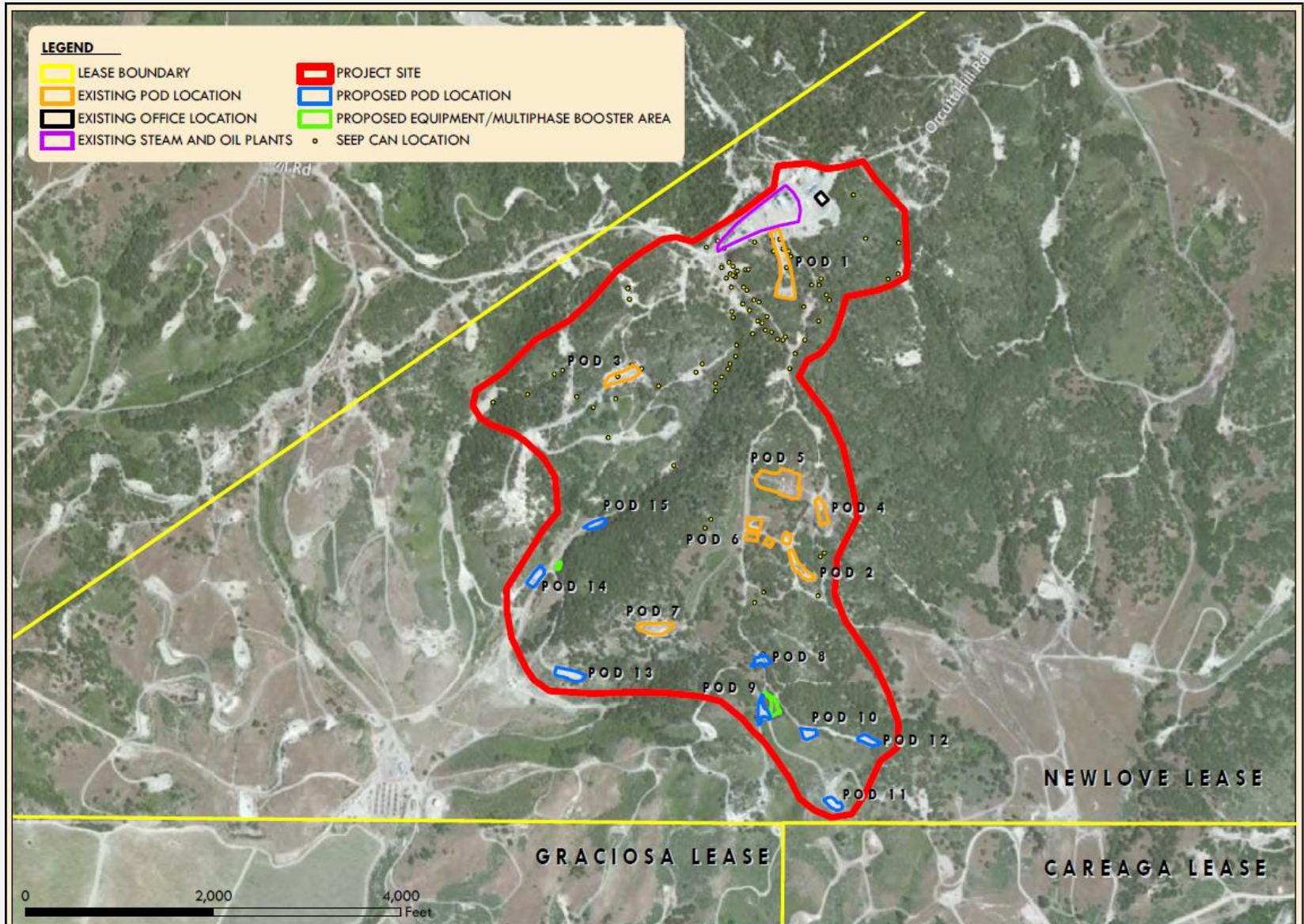
14EIR-00000-00001

October 11, 2016

Vicinity Map



Project Site



PREPARED BY SCS TRACER
FEBRUARY 2013
GCS, NAD 83
SOURCE USGS, CASIL



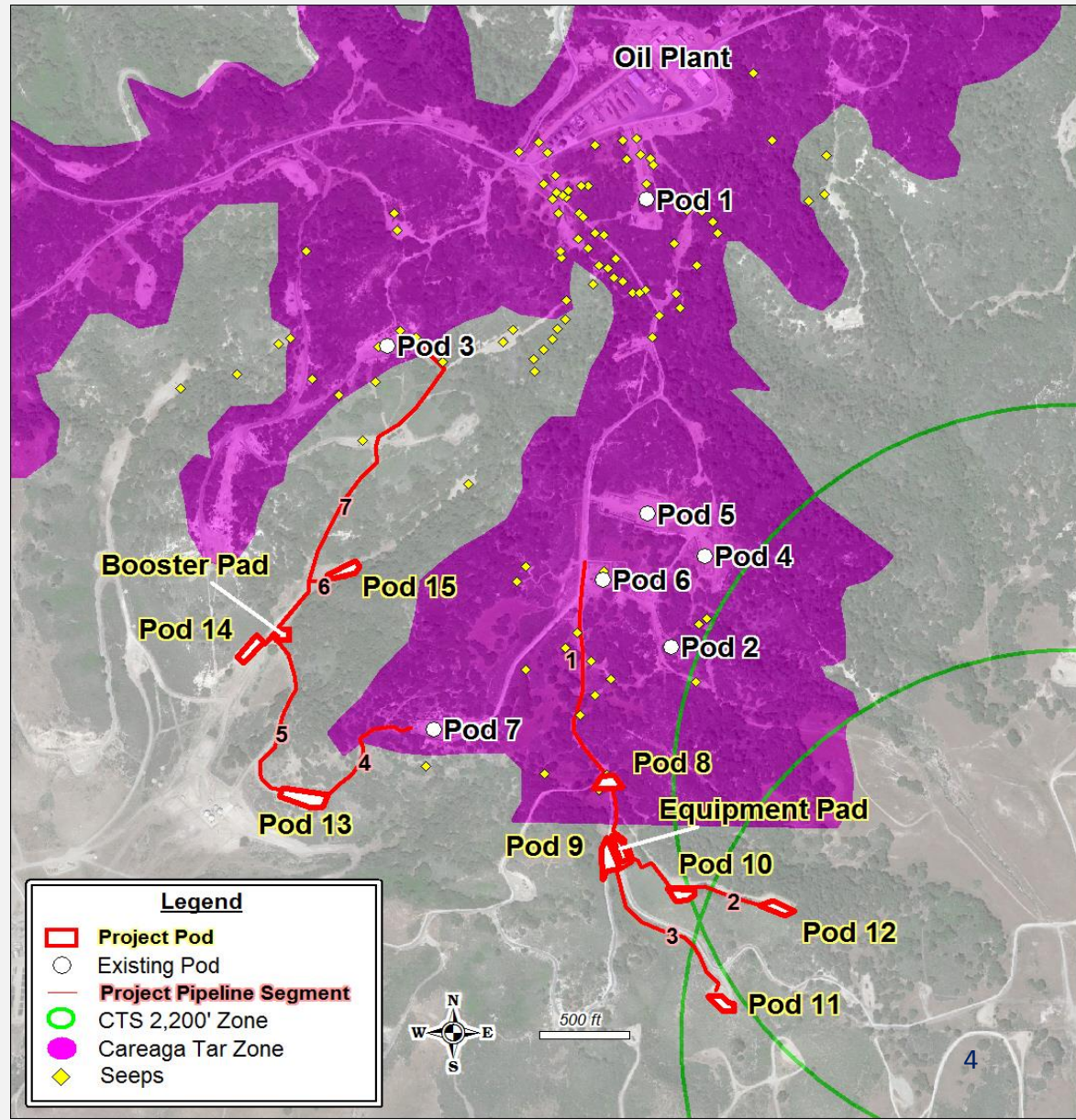
PACIFIC COAST ENERGY COMPANY
ORCUTT OILFIELD
SANTA BARBARA COUNTY, CALIFORNIA

PROJECT SITE MAP

ORCUTT OILFIELD
ORCUTT HILL RESOURCE ENHANCEMENT PLAN

Oil Seeps

- Expression of oil at the ground surface
- Seeps primarily originate within the Careaga Tar Zone



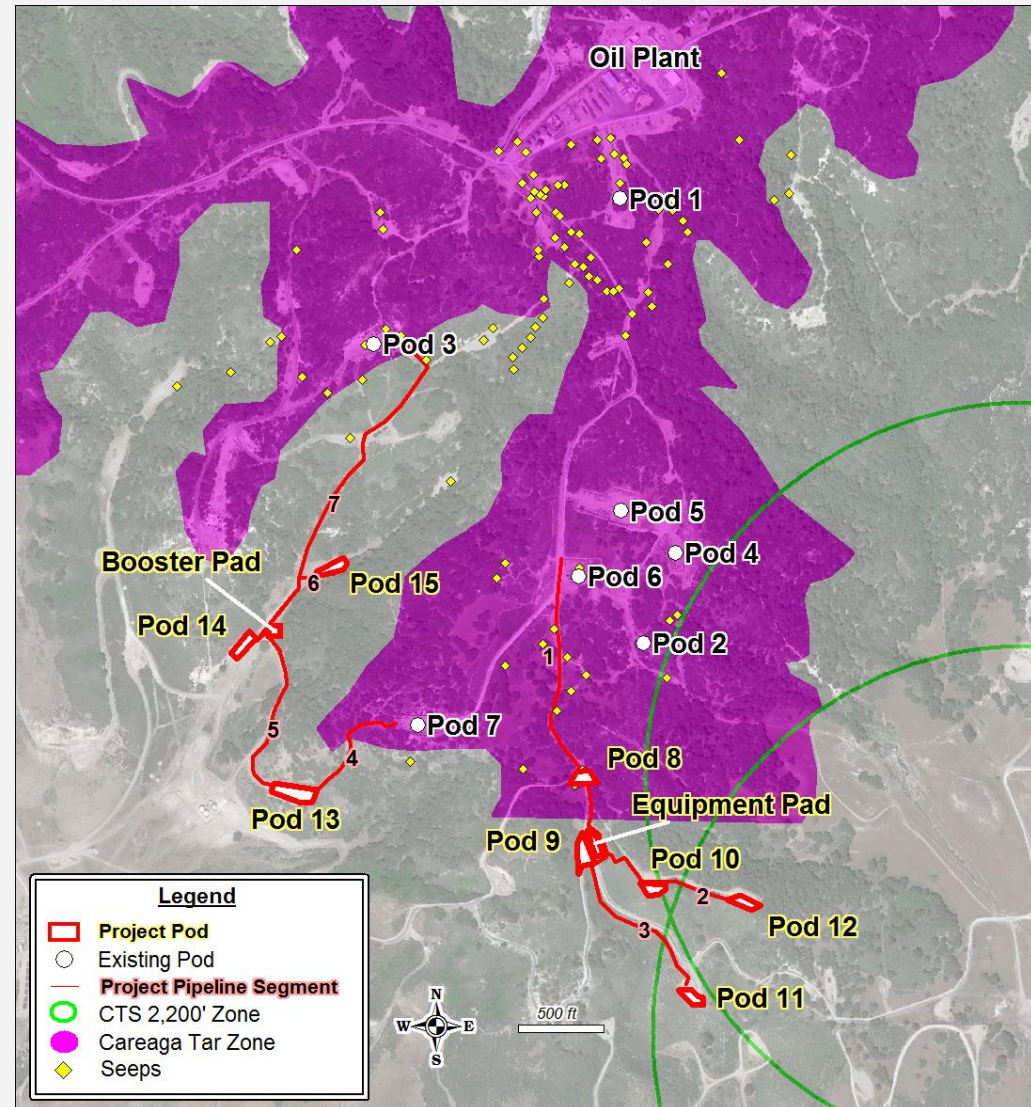
Seep Cans



- Temporary diversionary structures
- Oil is collected and transferred to on-site production facility
- 99 emergency permitted seep cans, 37 have been removed, 49 are actively collecting oil
- No conversion of seep cans to long-term cyclic steaming or conventional wells

Careaga Exclusion Alternative

- Originally recommended by staff to the Planning Commission
- Prohibits directional drilling below the Careaga Tar Zone
- Lessens potential seep impacts
- Allows approx 20% less production than full project



Planning Commission Action

- Planning Commission denied the Project on July 13, 2016 - Vote of 3 - 2 (Blough, Ferini)
- Did not support adopting a statement of overriding considerations
- The proposed development does not conform with the applicable provisions of the LUDC and Comprehensive Plan
- Applicant filed appeal

Appeal Issue 1

The appellant claims that the rationale for denial of the Project is not supported by substantial evidence in the record.

- “The Planning Commission’s findings make overly broad statements and conclusions that are not supported by the evidence in the record....potential impacts to Lompoc yerba santa, for example, were explicitly countered by scientific evidence...”

Staff Response 1

- The Commission's findings are supported by evidence in the record and adequately substantiated by facts
- The findings provide details regarding the significant and unavoidable impacts identified in the project's EIR, including impacts to sensitive species and habitats that have occurred to date as a result of the installation of seep cans

Appeal Issue 2

Appellant claims the Planning Commission's denial is based on unfounded speculation regarding largely hypothetical potential impacts which are remote, particularly in the context of the Careaga Exclusion Alternative.

- “Staff recommended an alternative that would have precluded drilling through or under the Careaga tar sands, eliminating any such potential impact from seeps.” ...
- “Lompoc yerba santa is thriving at the site” ...
- “No California tiger salamander (CTS) has ever been seen within the proposed Project Site, and the Project Site does not contain any CTS breeding ponds.”

Staff Response 2

- The project's past and potential impacts to the environment are identified and analyzed in the EIR
- Many of the project's potential impacts, including impacts to CTS upland habitat and Lompoc yerba santa, are related to seeps
- Existing impacts are not hypothetical

Appeal Issue 3

The Planning Commission's denial does not adequately acknowledge that the natural occurrence of seeps is a historic feature of the area, likely dating back thousands of years, and they are a function of the local geology correlated with the Careaga tar zone.

- “While the occurrence of seeps initially appeared to increase when PCEC initially started diatomite production, the incidence of seeps has decreased significantly since 2009, even as PCEC has tripled the number of wells and increased production proportionally.”

Staff Response 3

- The record shows that seeps have historically occurred at the Project Site and increased significantly when PCEC began steaming operations in 2007
- The natural occurrence of seeps at the Project Site was adequately considered in the Planning Commission's denial and the evidence shows the occurrence of seeps has increased due to steaming at the site

Appeal Issue 4

The denial does not account for the substantial economic benefit of the Project.

- “The Planning Commission’s findings fail to properly consider the substantial economic benefits to the County in terms of jobs and ongoing annual tax revenues, as well as the direct, indirect, and induced economic output associated with Project construction and operations...”
- “PCEC has paid over \$18.5 million (cumulative) in property tax to the County of Santa Barbara over the last five years, averaging approximately \$3.7 million a year”

Staff Response 4

- The Planning Commission clearly considered the potential economic benefits of the proposed project when taking action to deny the project
- Information detailing the economic benefits of the project was provided by staff and by the applicant to the Planning Commission
- The Planning Commission clearly considered the economic benefits of the project and were deliberate in making specific findings

Seep Can Only Alternative

If Board wishes to sustain Planning Commission denial of project, staff recommends you approve this Alternative, which:

- Addresses existing and any future seeps associated with current operations
- Has the effect of denying the Project while allowing administrative streamlining
- Would permit existing and future seep cans only; and no new wells would be permitted

Summary

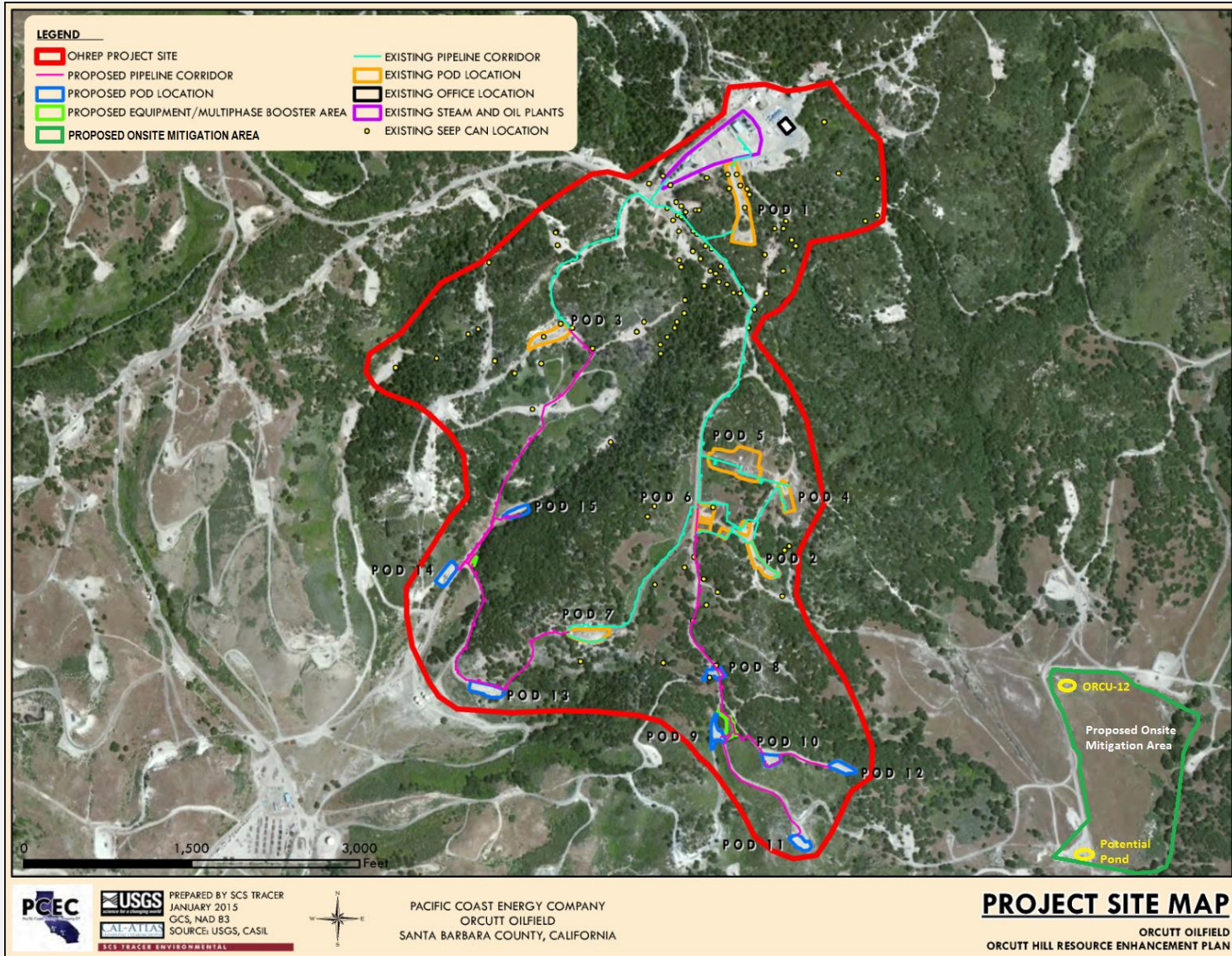
- Appeal issues do not hold merit
- Existing and future seeps associated with current operations must be permitted
- Seep Can Only Alternative will carry forward the Planning Commission's action for project denial while providing the necessary administrative permitting for current/future seep cans

Staff Recommendations

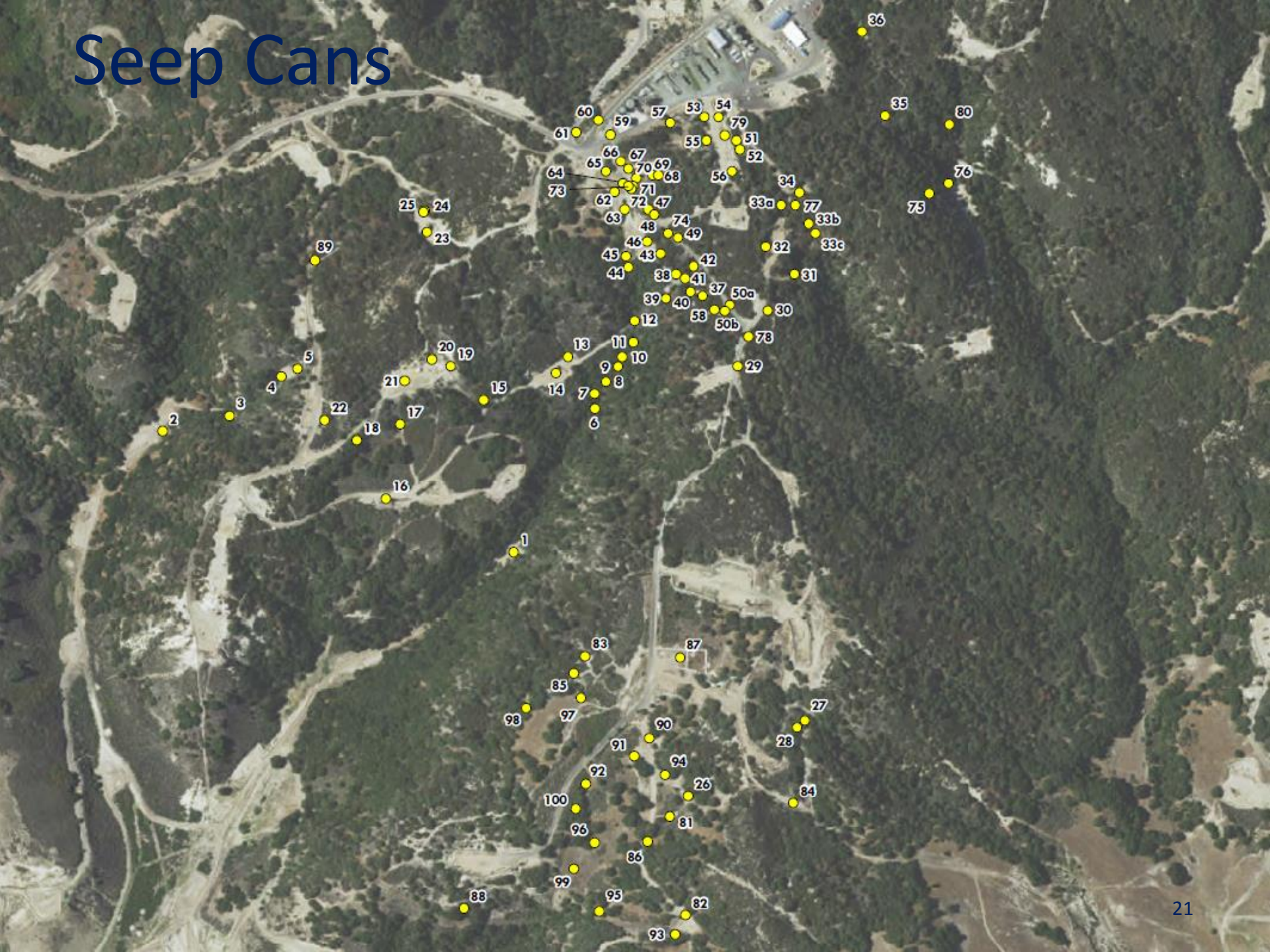
- **Deny the appeal**, Case No. 16APL-00000-00020;
- Make the required findings for denial of the project, included as Exhibit 1 to this Board Letter;
- Find that denial of the project is exempt from CEQA pursuant to CEQA Guidelines Section 15270 as specified in Attachment B to the July 8, 2016 staff memo to the Planning Commission (Exhibit 2);
- **Deny the project.**
- Staff also recommends your Board approve the Seep Can Only Alternative and take the following actions:
- Make the required findings for approval of the Seep Can Only Alternative, including CEQA findings, included as Exhibit 3 to this Board Letter;
- Certify the Environmental Impact Report, Case No. 14EIR-00000-00001 (Attachment 4) for the Seep Can Only Alternative and adopt the mitigation monitoring program contained in the conditions of approval; and
- **Grant *de novo* approval of the Seep Can Only Alternative**, Case No. 13PPP-00000-00001, subject to the conditions included as Exhibit 5 of this Board Letter.

End of Staff Presentation

CTS Conservation Area

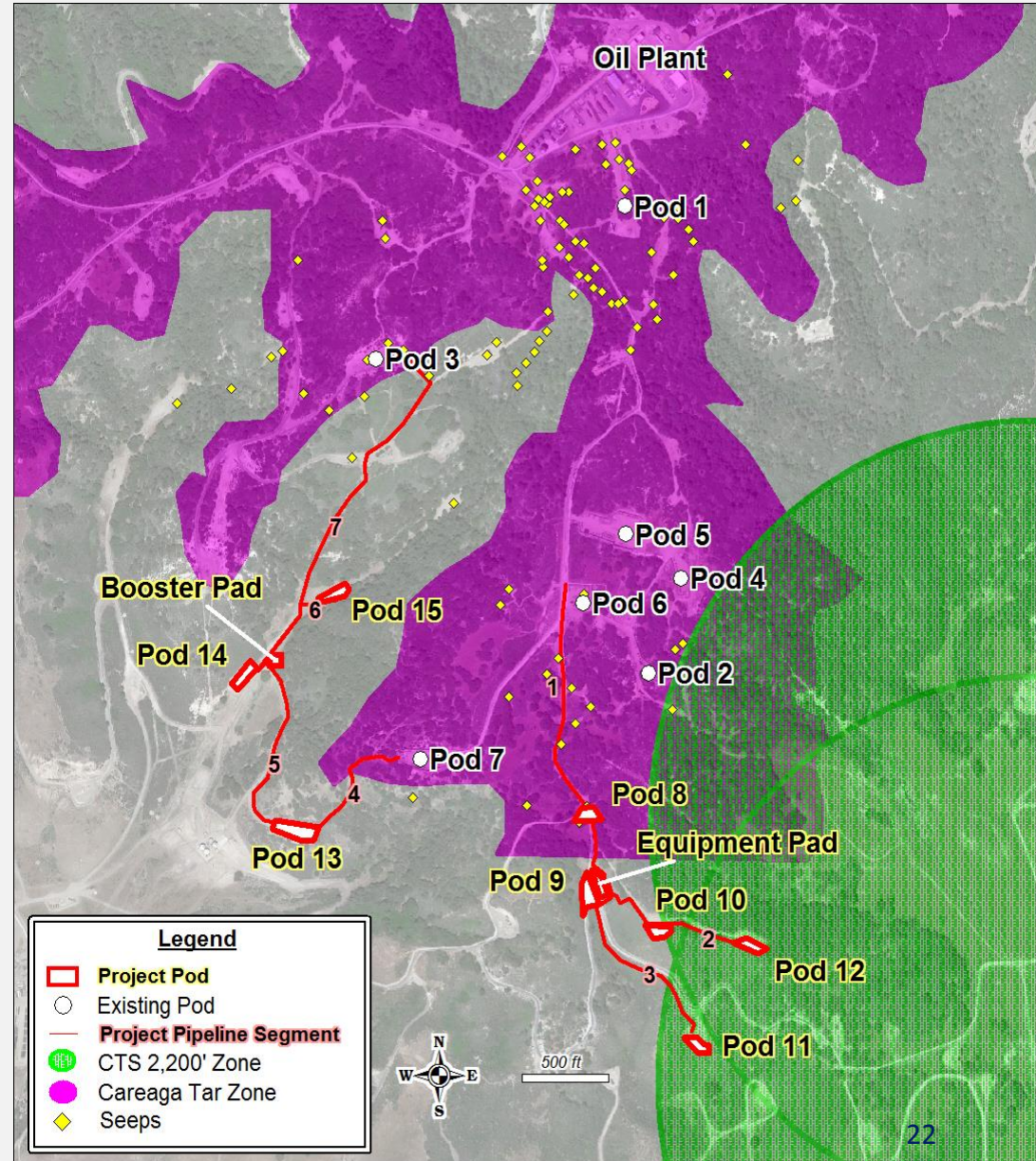


Seep Cans



Careaga and CTS Exclusion Alternative

- Eliminates Pods 8, 10, 11, and 12
- Mitigates seep impacts and CTS construction impacts
- Reduces production approximately 40%



Oil Seeps

