

BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of
Supervisors
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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: 2 hours
Continued Item: Yes
If Yes, date from: July 8, 2008
Vote Required: Majority

TO: Board of Supervisors

FROM: Department John Baker, Assistant CEO and Director, Planning & Development
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William Dillon, Deputy County Counsel (805) 568-2959

SUBJECT: **ExxonMobil/Sunset Appeal** (Case No. 08APL-00000-00019) of County Planning Commission Approval of PXP Tranquillon Ridge Oil and Gas Development Project (Case No. 06RVP-00000-00001); Third and Fourth Supervisorial Districts.

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence: N/A

Recommended Actions:

That the Board of Supervisors:

- A. Uphold a portion of the ExxonMobil/Sunset Appeal regarding the 2022 end date and deny all remaining parts of the appeal, Case No. 08APL-00000-00019.
- B. Hear the Bell Appeal (Case No. 08APL-00000-00021) and the Vaquero Energy, Inc. Appeal (Case No. 08APL-00000-00020) prior to taking final action on the Tranquillon Ridge project (Case No. 06RVP-00000-00001).
- C. 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 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.

- D. Adopt the required findings for the project, including CEQA findings, specified in Attachment A.12 and including any modifications made by the Board in the public hearing.
- E. 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 (Attachment A.1), 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 minor revisions to the Final Development Plan as provided in Attachment A.13, 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 in an easterly direction 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 staff report to the Planning Commission (Attachment A.2) and the Final EIR (Attachment A.3) prepared for the proposed project. The revised FDP, if approved, would apply to both the existing Point Pedernales and proposed Tranquillon Ridge projects.

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 requirements 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 the project description approved for 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.

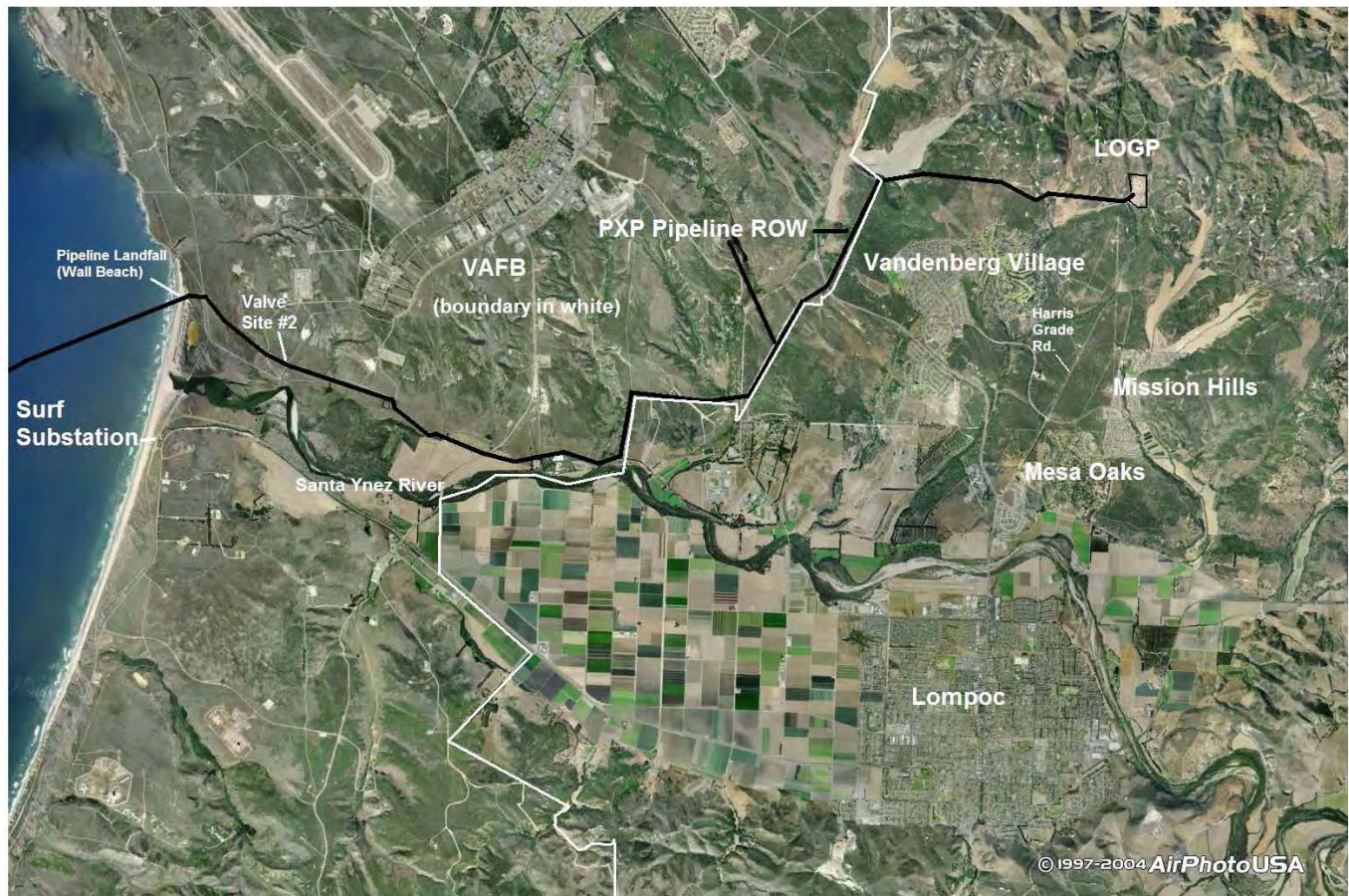


Figure 1: PXP Pipeline Corridor and LOGP Location

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 herein as Attachment A.3 and was provided to the Board members under separate cover.

In its 2005 application to the County, PXP provided evidence that indicated 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 2022.¹ 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.

¹ 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

Note to the reader: On July 30, 2008, ExxonMobil provided the following statement via e-mail to P&D staff:

“With regards to the upcoming August 19, 2008 SBC Board of Supervisors hearing on the Tranquillon Ridge Project, ExxonMobil has made the decision to withdraw our appeal and we will not testify at that hearing. This decision is driven by the Air Force letter of June 25, 2008 to us indicating they cannot provide ExxonMobil and Sunset access to our proposed 25 acre Vahevala drilling and production site on Vandenberg Air Force Base (VAFB) at this time. We are continuing discussions with the Air Force regarding a path forward including potential alternative locations on VAFB for our proposed Vahevala Project.”

As of the time this Board Agenda Letter was finalized, staff had not received written confirmation of ExxonMobil’s withdrawal, nor had Sunset Exploration, Inc., ExxonMobil’s co-appellant, also withdrawn its appeal of the Tranquillon Ridge approval. Therefore, the following discussion refers to the “ExxonMobil/Sunset appeal.”

The ExxonMobil/Sunset appeal of the Planning Commission’s approval of the Tranquillon Ridge project raises three main points and in a letter dated May 1, 2008, Sunset Exploration, Inc. claims that the Planning Commission abused its discretion in approving the Tranquillon Ridge project (see Attachment B.1). Each of the appeal points and the Sunset claim are discussed below.

Appeal Point 1: Description of CEQA Onshore Alternative is Inadequate

The Appellant claims that the VAFB Onshore Alternative in the EIR “*does not accurately represent the actual onshore alternative, the ExxonMobil/Sunset Vahevala project*” and that the VAFB Onshore Alternative in the EIR “*lacks several optimizations that are incorporated in the proposed Vahevala project; many of which would reduce potential environmental impacts.*” The appeal offers three “*key examples*” of such “*optimizations*”:

- (1) “*non-optimized pipeline routing and construction/design methods*”
- (2) overestimation of visual impacts because Vahevala “*visual elements are remote from public viewing locations, including an optimized location for the electrical substation*”
- (3) overestimation of safety risks because “*Vahevala facilities and operating procedures are designed to minimize potential safety risks and offsite consequences*” including “*state-of-art pipeline monitoring and automated shut-down systems.*”

Response to Appeal Point 1

The description of the VAFB Onshore Alternative in the Tranquillon Ridge project EIR is adequate for CEQA analysis. The onshore alternative described and analyzed in the EIR includes some features, or “*optimizations,*” that are part of the ExxonMobil/Sunset proposal and some that are not. The EIR alternative does not need to include every detail, many of which are not fixed at this time, of ExxonMobil/Sunset’s competing proposal in order to be adequate for purposes of CEQA analysis.

The California Environmental Quality Act (CEQA) requires that a reasonable range of alternatives to a proposed project be described and evaluated in an EIR (CEQA Guidelines Section 15126.6(a)) and further directs that *“the discussion of alternatives shall focus on alternatives to the project or its location **which are capable of avoiding or substantially lessening any significant effects of the project, even if these alternatives would impede to some degree the attainment of the project objectives, or would be more costly**”* (CEQA Guidelines Section 15126.6(b); emphasis added). To that end, the description of the VAFB Onshore Alternative for the EIR was carefully developed with input from staffs of the State Lands Commission, the Coastal Commission, Vandenberg Air Force Base and the County, and includes some, but not all, features of the ExxonMobil/Sunset proposal as presented in that permit application to the County.

The VAFB Onshore Alternative developed for the EIR includes the following basic project design features:

- Onshore site on Vandenberg Air Force Base for drilling and production of the Tranquillon Ridge Field instead of the offshore platform and pipelines to avoid or lessen marine impacts (primarily from oil spills) associated with offshore oil and gas production and transportation; and,
- Maximum use of the existing onshore pipeline and processing (LOGP) facilities to avoid as much new onshore construction as possible.

In order to develop a feasible onshore alternative for the EIR, the VAFB Onshore Alternative was discussed with staff at Vandenberg Air Force Base to identify potential constraints, such as the location of the drilling and production equipment, pipeline routing, and provision of utilities. Additionally, the EIR considered information included in the ExxonMobil/Sunset application for the Vahevala Project which currently is incomplete for failure to secure consent of the landowner (U.S. Air Force) to proceed with the project. Several different pipeline route and processing scenarios were considered in developing the basic features of the VAFB Onshore Alternative. These considerations are summarized below, with corresponding information from the current ExxonMobil/Sunset County permit application for comparison:

- Six different pipeline route scenarios, five of which were eliminated from further consideration in the EIR due to greater potential to interfere with the Base mission or result in greater potentially significant environmental impacts. All pipeline scenarios assumed that the new pipelines from the drillsite would connect to PXP’s existing pipelines at a new tie-in station located just west of 13th street, within the Base (FEIR, pp. 3-15 to 3-17).

The ExxonMobil/Sunset permit application includes building new pipelines from the drillsite to the LOGP and does not include use of existing pipelines except for transport of oil out of the County from near the LOGP (December 2006 Vahevala Project Application, Responses to Agency Comments, Attachment E.2, Pipeline Information, Pipeline Alignment and Profile).²

- Two power line scenarios for providing power to the onshore drillsite, both of which include a new substation adjacent to the existing Surf electrical substation (FEIR, p. 3-17).

The ExxonMobil/Sunset permit application identified a proposed substation location and four alternative sites, all in the general vicinity of the existing Surf substation, and new power lines to the drillsite (December 2006 Vahevala Project Application, Responses to Agency Comments, Attachment E.3, Electrical Power Information).

² See Attachment A.10 for excerpts from the ExxonMobil/Sunset Vahevala Project application to the County referenced in this discussion.

- Three different scenarios for handling the produced water, including treating and injecting the water at the drillsite (Produced Water Scenario 2, FEIR p. 3-14).

The ExxonMobil/Sunset permit application identifies treatment and injection at the drillsite as the preferred method for handling the produced water (December 2006 Vahevala Project Application, Responses to Agency Comments, Attachment E.6, p. 2).

The VAFB Onshore Alternative described in the EIR included some specific elements that are found in the ExxonMobil/Sunset proposal and others that are not. For example:

- The primary component, the onshore drilling and production site, is the same as that proposed by ExxonMobil/Sunset for the Vahevala project, even though that site would not serve PXP unless PXP obtains the mineral and pass-through drilling rights from the current mineral rights owners or option-holders.
- A new substation adjacent to the existing PXP electrical substation at Surf was chosen for the VAFB Onshore Alternative. The ExxonMobil/Sunset proposal includes a new substation in the general vicinity of the existing substation, but not directly adjacent. Both involve a new power line and poles between the substation and the drilling and production site.
- For the VAFB Onshore Alternative in the EIR, both oil and gas would be transported by pipeline to the LOGP for processing. To move the oil and gas from the drilling and production site to the LOGP, the VAFB Onshore Alternative includes about 10 miles of new oil and gas pipelines from the drilling and production site to a point just west of 13th Street (on VAFB), where they would tie-in to the existing PXP pipelines. From that point, the oil and gas would be transported to the LOGP in the existing pipelines. ExxonMobil/Sunset propose to process gas at the LOGP and oil at the drilling and production site on the Base. Dry oil would be sent from the drillsite via a new pipeline paralleling the existing Point Pedernales pipeline system to a tie-in point immediately north of the LOGP, where it would be transferred to the existing ConocoPhillips Line 300 system. The ExxonMobil/Sunset proposal includes about 17.7 miles of new oil and gas pipelines from the drilling and production site to the LOGP site. Under both the VAFB Onshore Alternative evaluated in the EIR and the ExxonMobil/Sunset proposal, natural gas liquids would be transported via truck from the LOGP and dry oil would be transported out of the County via the existing ConocoPhillips pipeline system.

Thus, the components of the VAFB Onshore Alternative were developed for the Tranquillon Ridge EIR to describe an onshore alternative that would avoid or substantially lessen significant effects of the proposed project, as required by CEQA. The basic elements of the VAFB Onshore Alternative are very similar to those described in the ExxonMobil/Sunset Vahevala proposal application to the County and include a drilling and production site on about 25 acres located in the South VAFB area, near the Union Pacific Railroad (UPRR) tracks; oil and gas pipelines running from this production site to the existing LOGP, and transport of the processed oil out of the County via an existing pipeline system. As summarized above, the description of the VAFB Onshore Alternative in the Tranquillon Ridge EIR includes sufficient detail about specific features of the alternative to provide for adequate CEQA review.

The EIR analysis of the VAFB Onshore Alternative is adequate. The VAFB Onshore Alternative is described in sufficient detail to evaluate and disclose the nature and potential significance of adverse environmental effects that could occur with construction and operation of an onshore drilling and production facility to develop the Tranquillon Ridge reserves. CEQA requires that the document present information sufficient to understand the environmental impacts of the proposed project and to permit a reasonable choice of alternatives with respect to environmental aspects (*Laurel Heights Improvement Association v. Regents of the University of California* (1988) 47 Cal. 3d 376). Possible components or features of an onshore alternative that would not avoid or lessen significant impacts associated with the proposed Tranquillon Ridge project were not, and need not be, included in the VAFB Onshore Alternative evaluated in the EIR.

The decision-maker must consider the impacts of the alternative in addition to the significant impacts of the proposed project that could be lessened or avoided with implementation of the alternative. CEQA Guidelines Section 15126.6(d) directs that the significant impacts of an alternative in addition to those that would be caused by the proposed project must be discussed, but may be discussed “*in less detail than the significant effects of the project as proposed.*” The Tranquillon Ridge EIR describes the VAFB Onshore Alternative in sufficient detail for purposes of identifying and comparing likely significant environmental impacts of the alternative to those for the proposed project. Specification of additional detail or other “*optimizations*” likely would not change the EIR’s overall comparison of the VAFB Onshore Alternative to the Tranquillon Ridge project. The three “*key examples*” of “*optimizations*” of the ExxonMobil/Sunset proposal that the Appellant asserts should have been addressed in the Tranquillon Ridge EIR are discussed below with respect to the Tranquillon Ridge project environmental analysis.

(1) Pipeline routing and construction/design methods. In general, pipeline design and routing are important means to minimize pipeline-related impacts. Section 6.3.1 of the EIR acknowledges that “*while rerouting of the pipeline corridor could avoid some of the identified sensitive biological and cultural resources, given the abundance and density of biological and cultural resources within southern VAFB and technical limitations to pipeline design/routing, it is unlikely that all sensitive biological and cultural resources could be avoided.*” However, in the overall comparison of the onshore impacts of the VAFB Onshore Alternative to those for the proposed Tranquillon Ridge project, precise routing and mitigation measures are ultimately irrelevant because no new pipeline construction is proposed for the Tranquillon Ridge project. For example, use of the existing pipelines, as proposed for the Tranquillon Ridge project, does not require any new river or creek crossings. Although the pipeline route crossing for the Santa Ynez River identified in the current ExxonMobil/Sunset permit application is farther inland of the Santa Ynez River estuary than first proposed, these pipelines would still cross the River by some means, buried or spanned. The existing PXP pipelines do not cross the Santa Ynez River at any point.³ Construction and operational impacts associated with a Santa Ynez River crossing would be greater – and potentially significant and unavoidable⁴ – for an onshore alternative than for the Tranquillon Ridge project. The EIR accurately compares the VAFB Onshore Alternative’s pipeline-related impacts to the Tranquillon Ridge project, as follows:

Implementation of the onshore alternative would also result in substantially more significant impacts to onshore biological and cultural resources than the proposed project. Several threatened and/or endangered species, both plant and animal, occur at the drillsite and along the likely pipeline corridor and would be affected by facility construction of the alternative and by operational impacts, such as an onshore oil spill, safety risks to VAFB operations and personnel, and long-term presence of industrial facilities within the coastal zone. There is a potential that many of these impacts could be mitigated, but there is no assurance they could be mitigated to insignificance. (Final EIR Section 6.4, p. 6-62)

Regarding construction-related impacts, the VAFB Onshore Alternative in the EIR, which assumes maximum use of existing pipelines, would compare more favorably to the proposed Tranquillon Ridge project than an alternative with all new pipeline construction because longer lengths of new pipeline would result in more potentially significant construction-related impacts (air quality, biological and cultural resources). With respect to offshore pipeline-related impacts, the EIR also accurately compares the VAFB Onshore Alternative to the proposed Tranquillon Ridge project. Table 6.1a of the Final EIR identifies the onshore alternative as “Preferred”

³ The original Point Pedernales approval required use of the “*Northern Mitigated Pipeline Route*” for the pipelines from Platform Irene specifically to avoid impacts to the Santa Ynez River and estuary (see PXP FDP Condition H-0 and *EIS/EIR for the Union Oil Project/Exxon Project Shamrock and Central Santa Maria Basin Area Study, Final Report, Vol. 2, Section 10.1. June 24, 1985. SBC #84-EIR-7; SCH #84062703*).

⁴ See Final EIR Section 5.2.5.2, pp. 5.2-65 through 5.2-67, Impact TB.9.

for certain Class I (significant and unavoidable) impacts,⁵ primarily due to locating the oil pipeline onshore. The Final EIR states:

Implementation of the onshore alternative would substantially reduce the likelihood of an offshore oil spill and its related impacts after 2017, when Platform Irene, the offshore pipeline and the existing onshore pipeline to the 13th Street tie-in would be decommissioned. Through 2017, the existing offshore pipeline would carry a diminishing amount of crude oil which would lead to diminishing impact from an oil spill from the Point Pedernales project. Offshore impacts due to an onshore oil spill could still occur, though the likelihood and severity of such impacts would be expected to be less. (Final EIR Section 6.4, p. 6-61)

In summary, the description of the VAFB Onshore Alternative used in the EIR is sufficiently detailed and provided for an objective and accurate EIR analysis and comparison to the proposed Tranquillon Ridge project. Additional detail regarding pipeline routing or construction/design techniques likely would not affect the EIR analysis of the VAFB Onshore Alternative or change how an onshore alternative compares to the proposed Tranquillon Ridge project.

(2) Visual impacts. The EIR does not overestimate the visual impacts of an onshore drilling and production site. The EIR accurately identifies that sensitive receptors for the VAFB Onshore Alternative would be limited to Amtrak passengers and possibly visitors to Ocean Beach County Park and Surf Beach (EIR Section 5.13.5.2, p. 5.13-12). The VAFB Onshore Alternative evaluated in the EIR included a new substation adjacent to the existing substation at Surf with new power lines to the onshore drilling and production site, and potentially another new substation and power lines inland of the coastal zone to supply electrical power to a new pipeline tie-in station in the future. The current ExxonMobil/Sunset permit application to the County includes a new electrical substation “*immediately west of Coast Road and approximately 700 feet south of the Coast Road Gate on South VAFB*” (December 2006 Vahevala Project Application, Responses to Agency Comments, Attachment E.3, DS-05145-174, pp. 1-2; see Attachment A.10). The existing Surf substation would continue to operate to supply power to Platform Irene until the Point Pedernales project ceases operating, if the ExxonMobil/Sunset proposal were to be implemented.

The EIR (Section 5.13.5.2, pp. 5.13-11 to 5.13-15) identified the visual impacts associated with the VAFB Onshore Alternative as follows:

Impact Visual.1. Class I – Long-term presence of facilities visible from the coastal zone; less than for Tranquillon Ridge, but still Class I. Platform Irene and the existing Surf substation were assumed to remain in place until the end of the Point Pedernales project life (about 10-15 more years). The new substation at Surf would remain in place during operation of the VAFB Onshore Alternative (about 30-35 more years), in effect extending this impact for the life of the onshore project. The reduced-life Tranquillon Ridge project eliminates this “extension-of-life” impact because the 2022 end date approximately coincides with the expected end of the Point Pedernales project life.

Impact Visual.2. Class III – Installation of new project features, Valve Site #2 and LOGP; same as for Tranquillon Ridge. Upgrades at LOGP would still occur, Valve Site #2 modifications would not be needed; see Impact Visual.5 for tie-in station impacts.

Impact Visual.3. Class III – New substation and power lines; same as for Tranquillon Ridge

Impact Visual.4. Class I – Continued presence of LOGP; same as for Tranquillon Ridge.

⁵ MB.1 (oil spill impacts to marine organisms), MWQ.1 (oil spill impacts to marine water quality), and Rec.1 (spill-related impacts to recreational resources).

Impact Visual.5. Class I or II – New oil and gas facilities and associated glare/night lighting; new impact for onshore alternative. New visual impacts would occur with onshore drillsite and pipeline tie-in station. These impacts potentially could be mitigated to Class II level.

Impact Visual.6. Class II – New pipeline construction; new impact for onshore alternative. Construction equipment would temporarily detract from public views; impacts could be mitigated to less than significant through restoration and revegetation of the pipeline corridor.

The existing PXP electrical substation at Surf is a component of the existing Class I visual impact associated with the Point Pedernales project. The EIR accurately identifies that, overall, the Class I visual impact resulting from the long-term presence of project components visible to Amtrak passengers, partly visible to visitors to Ocean Beach County Park and possibly to beach-goers at Surf Beach would be lessened, but not entirely avoided, with implementation of the VAFB Onshore Alternative. This lessened impact would result from the presence of the new electrical substation at Surf throughout the life of the VAFB Onshore Alternative (about 30-35 more years) along with the removal of Platform Irene and the existing Surf substation at the end of the Point Pedernales operating life (about 10-15 more years).

(3) Safety risks. The EIR accurately estimates potential worst-case safety risks associated with the VAFB Onshore Alternative and assumes standard design practices and regulatory requirements would be implemented. The level of safety features and design for the Tranquillon Ridge project and the VAFB Onshore Alternative were assumed to be the same for purposes of comparison in the EIR and a clarification to this effect is recommended for the Final EIR (see Attachment A.11). The VAFB Onshore Alternative assumes use of the existing pipelines to the extent feasible with all the capabilities and features, such as automatic shutdown and leak detection, of those pipelines. In addition, the Final EIR recommended (Mitigation Measure Risk.1), and the Planning Commission approved (Revised FDP Condition P-16), installation of an upgraded leak detection system for the oil emulsion pipeline. The Final EIR discusses the safety risks of the VAFB Onshore Alternative on pages 5.1-58 through 5.1-62 and notes on page 5.1-59 that the estimates for the produced gas hazard zones for the onshore drilling and production site might be considered “conservative” since the facility “*would have flammable gas and hydrogen sulfide sensors to provide early detection and isolation of leaks.*” The EIR concluded that the risks associated with the onshore alternative are similar overall to those for the proposed Tranquillon Ridge project.

Safety risks for the VAFB Onshore Alternative were identified in the EIR as follows:

Impact Risk.1. Class III – Impacts to public health from crude oil spills; same as Tranquillon Ridge project, even with increase in severity due to greater onshore pipeline length and additional metering and pigging facilities than Tranquillon Ridge.

Impact Risk.2. Class III – Sour gas pipeline risks from tie-in point to LOGP; same as Tranquillon Ridge.

Impact Risk.3. Class I – Transportation hazards from gas liquids truck transport; same as Tranquillon Ridge.

Impact Risk.4. Class I or II – Sour gas releases from onshore production site, additional sour gas pipeline to tie-in point, and new metering/pigging facilities at tie-in point; new for onshore alternative.

The notable differences in safety risks for the VAFB Onshore Alternative compared to the Tranquillon Ridge project are associated with the drilling and production site being located within the Base, additional onshore sour gas pipeline length, and, to a lesser extent, new metering and pigging facilities onshore at the pipeline tie-in point. These facilities are a safety concern primarily for Base personnel and rail passengers as they would be within about 2,000 feet of Space Launch Complex 5, near Base roadways, and within about 600 feet of the train tracks

(EIR Section 5.1.5.2). The EIR notes that the additional sour gas pipeline length would represent a minimal increase in the existing risk level of the PXP sour gas lines while the Point Pedernales project and the VAFB Onshore Alternative project were in concurrent operation.

The EIR states that the VAFB Onshore Alternative would reduce the risk of an offshore oil spill from Platform Irene or the offshore pipelines to the baseline conditions (EIR Section 5.5, p. 5.5-84). Other offshore impacts associated with the Tranquillon Ridge project that would remain at baseline levels with implementation of the VAFB Onshore Alternative include impacts to marine organisms from noise, vessel traffic, and impingement and entrainment at Platform Irene (EIR Section 5.5, p. 5.5-84). If the Tranquillon Ridge reserves were to be accessed from an onshore drilling and production site, these impacts would persist until Platform Irene and the existing pipelines from the platform to shore cease operating at the end of the Point Pedernales project lifetime.

The ExxonMobil/Sunset appeal partially quotes Finding 1.6 adopted by the Planning Commission in its approval of the Tranquillon Ridge project. Regarding the VAFB Onshore Alternative, this Finding states, in part: *“The EIR did not reach a conclusion as to how this conceptual alternative compares overall to the Tranquillon Ridge project because the projects cannot be examined to the same level of detail and their associated impacts are not strictly comparable for every measure (See EIR Section 6.0).”* The phrase underlined here was omitted from the quote presented in the ExxonMobil/Sunset appeal. Prior to concluding that *“the reduced-life Tranquillon Ridge project will result in fewer significant and unavoidable impacts than a new long-term onshore drilling and production project and is preferred to the VAFB Onshore Alternative,”* the Planning Commission’s Finding 1.6 also notes the following:

- The onshore alternative would result in increased risks to VAFB personnel and significant impacts to onshore biological and cultural resources from both construction and operations.
- The potential impacts from an oil spill on the marine environment would be substantially less for this onshore alternative than for the Tranquillon Ridge project, particularly once the Point Pedernales project ceases operations.
- On balance, a new onshore drilling and production site on VAFB is not preferable to use of the existing PXP facilities with the adopted marine oil spill safeguards to develop the Tranquillon Ridge reserves.
- The December 31, 2022 operational end date for the Tranquillon Ridge project would avoid significant adverse impacts that would have resulted from extending the life of the existing facilities and a new onshore alternative would operate approximately twice as long as the Tranquillon Ridge project.

The Planning Commission’s Finding 1.6 references the discussion in EIR Section 6.0 that some of the impacts of the onshore alternative would occur in different issue areas than some of the significant impacts of the Tranquillon Ridge project. The Tranquillon Ridge EIR accurately identifies the likely significant environmental impacts that would be associated with development and operation of an onshore drilling and production alternative to the Tranquillon Ridge project. The EIR accurately compares these potential impacts to those for the Tranquillon Ridge project (see EIR Section 6.4, pp. 6-57 to 6-62) and fairly concludes that both the proposed Tranquillon Ridge project and an onshore-based alternative *“would result in permanent and significant impacts, with varying probabilities, and in varying issue areas. As such, and because of their uniquely different locations (offshore vs. onshore) and resulting disparate impact issue areas, and partly because the proposed and alternative onshore projects are described and analyzed to different levels of detail, it is extremely difficult to determine that one is environmentally preferable over the other.”* (EIR p. 6-62, emphasis added)

The ExxonMobil/Sunset Vahevala proposal is not an “actual” onshore alternative to the PXP Tranquillon Ridge project. As of today, ExxonMobil and Sunset have not provided evidence of landowner (Air Force) consent for the Vahevala project to proceed with environmental review. In fact, the latest communication from the Air Force

regarding the ExxonMobil/Sunset proposal that staff is aware of is the June 25, 2008 letter (see Attachment B.2) from Kevin Billings, Deputy Assistant Secretary of the Air Force, to ExxonMobil and Sunset. This letter states, in part,

“I believe it would be premature to proceed with the National Environmental Policy Act (NEPA)/Environmental Impact Statement (EIS) evaluation of your desired location for the reasons stated below. A drilling and production facility at your proposed location would present a wide range of significant operational constraints, inconsistent with VAFB’s national space launch mission. Most significantly, your proposed location is within the Impact Limit Lines of all of our active SLCs; it is within the SLC-5 explosives safety clear zone, eliminating SLC-5 as an optional platform for the approximate 40 year life of the Vahevala project; and in the event of a natural disaster or catastrophic mission failure at any of the SLCs, the presence of the facility would severely complicate emergency response. Consistent with these concerns, the Air Force cannot provide you access to your desired 25-acre location on South VAFB.”

Based on the lack of landowner consent, the County has not deemed the ExxonMobil/Sunset application complete for processing. The Air Force’s June 25 statement indicates that landowner consent for the ExxonMobil/Sunset proposal is not forthcoming in the near future. Without landowner consent, the ExxonMobil/Sunset project is not a feasible project and cannot proceed through the County’s permit process, including environmental review.

We note that ExxonMobil has responded to the Air Force that it wishes to pursue discussions about a “replacement site” for the project (See Attachment B.3) and Sunset Exploration, Inc. has responded separately to the Air Force’s June 25, 2008 letter (see Attachment B.4). However, the County is not obligated to delay action on PXP’s Tranquillon Ridge proposal to accommodate the uncertain schedule for the ExxonMobil/Sunset proposal, especially in light of the Air Force’s recent denial of access to the proposed drillsite on the Base. Furthermore, although ExxonMobil/Sunset may wish to pursue discussions about a “replacement site” with the Air Force, it may be difficult to identify an adequate drilling and production site elsewhere on VAFB within range of the Tranquillon Ridge reserves. The EIR did not consider other drilling and production sites for the VAFB Onshore in detail for the reasons summarized in Section 3.3.3 of the EIR as follows:

The Union Pacific Railroad (UPRR) is located west of Coast Road and the VAFB Space Launch Complex 5 (SLC-5) is located east of Surf Road. Moving the onshore drilling and production facility to the west of Coast Road would be constrained by the UPRR tracks and available acreage and could result in additional potential impacts to marine resources, given the closer proximity to the coast. Moving the onshore drilling and production facility to the east of Surf Road would be prohibited by SLC-5, and moving the onshore facility to the northeast of Surf Road would be constrained by higher elevation. Given that the northeast location is also further from the Tranquillon Ridge Field, the combination of increased distance and elevation could compromise the full development of the field. Honda Canyon and its associated creek and biological resources are located to the south. South of Honda Canyon is SLC-6, a major launch site, and its supporting facilities. Therefore, no further consideration of these alternative onshore drilling locations was given. (Final EIR, pp. 3-13 to 3-14)

The ExxonMobil/Sunset application to the County discusses two alternative drillsites, both “in close proximity to the proposed site” on p. 5-7 (Section 5 Alternatives) as follows:

5.4 **ALTERNATIVE 4 – OTHER DRILLING AND PROCESSING SITES AT VAFB**

Under Alternative 4, the proposed drilling and production activities would be sited in one or more alternative locations on VAFB, in close proximity to the proposed site. These alternative locations are described below and shown on Figure 5.4-1.

5.4.1 **WEST SIDE OF COAST ROAD ADJACENT TO UPRR**

During initial discussions with VAFB staff, an alternative production site was identified on a narrow 12-acre site located on the west side of Coast Road adjacent to the railroad. This alternative would involve drilling closer to shore. This location would be visible to and directly adjacent to the railroad. It is unlikely that UPRR would allow a drilling rig cited [sic] this close to their rails. It would require that the necessary aboveground facilities be located along a longer, narrower parcel. There is not adequate space within this narrow 12-acre site to allow both the drilling and production facilities to co-exist.

5.4.2 **EAST SIDE OF SURF ROAD, NORTH OF DEPHI ROAD**

Another alternative drilling site is located along the eastern side of Surf Road, north of Delphi Road, and south of Tank Road. This site is set back farther onshore and sited at a higher elevation than the proposed location and would result in a longer, more difficult bore possibly compromising full field development. The drilling and field operations associated with this alternative would be more visible to the public than the proposed location due to site topography. Existing transmission lines traverse the site from north to south approximately 100 feet east of Surf Road; these lines would need to be relocated to allow adequate space and setbacks from the roads and other VAFB infrastructure.

The Air Force's preliminary review of the ExxonMobil/Sunset proposal for potential interference with Base Mission through the Base Beddown Request Process began in about March 2006 and resulted in the Air Force's denial of access to the proposed drillsite in June 2008. Since the Air Force has already considered the ExxonMobil/Sunset proposal in some detail with respect to the Base mission interference issue, it would appear that identifying an alternative drilling and production site that does not interfere with the Base mission and accommodates ExxonMobil/Sunset requirements may not be feasible at all and would take an unknown length of time to accomplish.

Revision and recirculation of the Tranquillon Ridge EIR is not necessary or required, nor would it provide for any more accurate or meaningful comparison between the Tranquillon Ridge project and a feasible shore-based drilling and production alternative. The ExxonMobil/Sunset appeal states that "At the very least, the onshore-based Vahevala project should be accurately addressed and analyzed in a revised and re-circulated Tranquillon Ridge EIR so that an accurate and meaningful comparison of the two projects can be made." As previously discussed, the Tranquillon Ridge EIR accurately assesses the likely significant impacts of a shore-based drilling and production alternative for developing the Tranquillon Ridge reserves. The EIR accurately describes and compares the significant impacts of an onshore alternative to those of the PXP Tranquillon Ridge project. The Planning Commission had considerable, accurate information before it regarding the likely significant environmental impacts of an onshore alternative for developing the Tranquillon Ridge reserves. The Commission weighed this information and concluded that overall, the Tranquillon Ridge project would result in fewer significant and unavoidable impacts than a new, long-term onshore drilling and production project. The Planning Commission found that, with existing and additional adopted environmental safeguards, the PXP project is environmentally preferred over a new shore-based project.

Two important components of the Planning Commission's conclusion are that (1) the approved PXP project would not extend significant and unavoidable environmental impacts of the project beyond the lifetime of the existing Point Pedernales project and, (2) no new construction is necessary for the PXP project. The staff report to the Planning Commission discussed the effect of the 2022 end date on the environmental impact analyses in the EIR. No new or increased impacts, and some reduced impacts, would result from the 2022 termination date. As previously discussed, 2022 is at the outer range of estimates for the expected end of project life for the existing Point Pedernales project. The year 2022 is a reasonable approximate time frame for abandonment and decommissioning of the Point Pedernales facilities if the PXP Tranquillon Ridge project does not go forward. This abandonment and decommissioning process could include the LOGP, particularly if oil or gas from other users/developers is not being processed there at the time.

An important consideration when comparing the offshore-based Tranquillon Ridge project to a shore-based alternative is that no new major infrastructure is needed for the Tranquillon Ridge project. This is not the case for an onshore project. *Any* onshore alternative project would require construction of major new facilities, including several acres devoted to drilling and production equipment and several miles of new oil and sour gas pipelines. Thus, the baseline circumstances are not the same for the Tranquillon Ridge project and a new, shore-based project. No amount of detailed project-level environmental analysis of an onshore alternative can change this particular circumstance. Based on the foregoing, it is neither appropriate nor necessary to revise the Tranquillon Ridge EIR to include more detailed review of the competing ExxonMobil/Sunset proposal in order to accurately and meaningfully compare the Tranquillon Ridge project to a feasible onshore alternative project.

Appeal Point 2: Deficiency in the EIR Concerning Closure of the Only North County Consolidated Facility (LOGP)

The ExxonMobil/Sunset appeal states, on page 3:

The Lompoc Oil and Gas Plant (LOGP), as per Condition Q-9 of the Santa Barbara County Point Pedernales modified Final Development Plan (FDP), is a consolidated oil and gas processing facility. The condition states, in part: "PXP shall operate its facilities as consolidated oil and gas facilities. The intent of this condition is to ensure the multi-company use of oil and gas transportation and processing facilities."

The revised PXP application now includes a date-certain closure of the LOGP on or before December 31, 2022, as per Condition A-6 (Staff Report, page B-3). This new condition conflicts with Condition Q-9 described above because it eliminates a consolidated facility.

In addition, Point Pedernales FDP Condition R-1 requires that "When oil and gas processing throughput is reduced to three percent (3%) or less of permitted capacity, the County of Santa Barbara shall review the facility permits and conduct a public hearing to determine if abandonment or other actions are appropriate." (Staff Report page B-61)

The date-certain feature of the proposed Tranquillon Ridge FDP Condition A-6 obviates Condition R-1 because it removes the required public process for determination of the disposition of the facility. This public hearing process is provided on every consolidated oil and gas processing facility in the County.

The Tranquillon Ridge Final EIR does not assess the potential impacts of date-certain closure of the LOGP. A potential implication of the closure of this facility would be future proliferation of oil and gas processing facilities that would be required to handle new oil and gas production. Alternatively, the lack of availability of LOGP in the future could potentially limit future

developments of the significant remaining oil and gas resources in the region, with a resulting loss of financial benefits to the County. We believe the EIR should include an analysis of the potential impacts associated with the proposed closure of LOGP, which is consistent with prior citizen initiatives and County planning practices. This analysis should be incorporated into a recirculated EIR.

Response to Appeal Point 2

First, the 2022 end date does not conflict with Condition Q-9. Specification of an end date in Condition A-6 does not affect the application of PXP's FDP Condition Q-9. Condition Q-9 requires PXP to operate the LOGP as a consolidated facility throughout its operational lifetime, regardless of the actual project end date. The LOGP is part of the existing Point Pedernales project, which is expected to reach the end of its operating life in about 2022, as discussed in Section 2.2.6 of the Tranquillon Ridge EIR. The LOGP is required to be abandoned and decommissioned at the end of the Point Pedernales lifetime, in accordance with County policy and permit requirements (County Comprehensive Plan Land Use Development Policy 11 and Land Use and Development Code Section 35.56). The decision to cease operations at the LOGP can be made by PXP at any time.

Condition A-6, as adopted by the Planning Commission for the Tranquillon Ridge project, specifies the project end date as December 31, 2022. This end date approximately coincides with the anticipated end date of the existing Point Pedernales project life, with or without the Tranquillon Ridge project, and thus would not reduce the currently expected (baseline) life of the LOGP. Condition Q-9 was not substantively revised⁶ by the Planning Commission for the Tranquillon Ridge project and would continue to apply in the same manner as applies today, whether or not the Tranquillon Ridge project moves forward.

Condition Q-9 does not, per se, establish a requirement that other developers⁷ use the LOGP for processing their oil or gas. Condition Q-9 requires that, while PXP operates the LOGP, PXP must make excess oil and gas processing capacity at the plant available to other developers "*in the event that the need for such facilities is demonstrated by other developers to the Planning Commission...*" If such need is demonstrated and excess capacity is not available, Condition Q-9 provides that PXP may be required to provide space for construction of additional permissible facilities, or reduce its own throughput to accommodate other developers. Since the Point Pedernales project began operations in the late 1980s, no other developers have applied for permits from the County or made the required demonstration of need to the Planning Commission to use the LOGP facility for processing their oil or gas. In recent weeks, P&D staff have had preliminary discussions with one potential gas producer regarding access to the LOGP, however, no permit applications have been filed. Once an application is filed and found to be complete, the County would apply the screening and siting criteria to determine the best site for gas processing for that project.

Second, the LOGP site is not a County-designated consolidation site for all oil or gas processing in the North County. Neither the County's Comprehensive Plan, Land Use and Development Code, nor Local Coastal Program designates the LOGP as a consolidated oil and gas processing site. As discussed at the Planning Commission's April 21, 2008 hearing on the Tranquillon Ridge project⁸, the County has not determined that the LOGP site is preferred for all oil or gas processing that may be needed in the region in the future. When the Point Pedernales project was approved, the County required that the new oil plant (Heating, Separating, and Pumping (HS&P) facility) be operated as a consolidated facility, meaning that the operator is obligated to provide other permitted users with equitable, non-discriminatory access to its facility. Gas processing for the Point Pedernales project was originally handled at the Battles Gas Plant in North County (now removed) which also served several

⁶ The Planning Commission updated the condition to refer to the "Lompoc Oil and Gas Plant" rather than the "HS&P."

⁷ "Other developer" refers to an entity other than the facility owner/operator that retains ownership of its oil or gas input until after it is processed at the facility. This does not include producers who sell their raw input to the plant owner/operator prior to processing.

⁸ See Attachment A.4, Planning Commission Transcript, pp. 68-71.

onshore producers at the time. However, because of concerns with the location and long-term safe operability of the Battles plant, the County also required (FDP Condition A-21) that the operator (then Union Oil) fund a “*siting study to determine a suitable location for a consolidated gas processing facility for combined Central and Northern Santa Maria Basin gas production.*” As required in Condition A-21, this study focused on identifying a gas processing site for potentially large amounts of gas that could be produced from the offshore federal Santa Maria Basin leases.

Based on this study (*Siting Gas Processing Facilities: Screening and Siting Criteria*), which was completed in 1990, the County established screening and siting criteria for gas processing facilities in the midwestern and northwestern region of the County. The County did not establish a requirement that all North County onshore oil or gas production be processed at any particular site. Instead, pursuant to Land Use Development Policy 11,⁹ the County conducts a case-by-case review, using the adopted screening criteria, to determine whether use of a proposed new processing facility is preferable to consolidating such use at an existing facility, such as the LOGP. Application of these criteria is implemented through the County’s Land Use and Development Code, Section 35.55.040 (*Treatment and Processing Facilities – Findings for Development Plans*) which requires, among other findings for approval, that:

Gas processing facilities proposed in the North County Consolidation Planning Area (NCCPA), including expansion of existing facilities, have been sited in compliance with criteria in the Comprehensive Plan study entitled, Siting Gas Processing Facilities. Additionally, sites are selected with adequate consideration of future gas processing needs in the NCCPA to optimize siting and consolidation strategies. The “expansion” of an existing facility shall mean structural modifications, alterations, expansions, or enlargements that result in increased facility capacity, or changes in facility use, operation, or other limitations imposed by permit or other law. The “expansion” of an existing facility shall also mean introduction of production from a field not served by the processing facility since January 1, 1986, or from a new production well that increases the current area extent of a field presently served by the facility. Expansion shall not include modification to existing facilities that is required to comply with current health and safety regulations, and codes. (LUDC Section 35.55.040.A.5)

In the case of gas processing in particular, a major factor to consider is where the sour gas pipeline between the source and the processing site would be located. The County’s policies¹⁰ discourage locating such hazardous pipelines near populated areas or other highly sensitive land uses (e.g., schools). Without knowing exactly where the source of the raw gas may be located in the future, it is premature to determine the precise location for gas processing that would provide for the safest transport of the raw gas to the processing site. Thus, the County has not designated the LOGP site as a consolidation site for oil and gas processing in the North County.

Additional information regarding potential consolidation of processing facilities in the North County was compiled by County staff in the October 2000 North County Siting Study. This study was prepared to examine planning issues in advance of potential applications for onshore facilities necessary to support possible oil and gas production from existing but not yet developed federal leases in the Santa Maria Basin. The study recommended that the LOGP not be considered as a processing location for the heavy crude from the northern federal leases (Recommendation #3, p. 7.0-3) as that would require expansion and extension of its life and because the LOGP site is not central to the majority of the potential production sites on the federal offshore leases. (The study did not consider use of the LOGP for processing oil or gas from onshore sources.)

⁹ Santa Barbara County Comprehensive Plan Land Use Element, p. 82-d.

¹⁰ Santa Barbara County Safety Element Supplement Hazardous Facility Safety policies 1-A, 2-B, 3-A and Gas Pipeline Safety policies 1-A and 2-B (see Attachment A.2, Planning Commission Staff Report, Att. D, pp. D-39 – D-40).

There is no substantial evidence that closure of the LOGP in 2022 would lead to a proliferation of oil or gas processing facilities in the North County. There currently are no other users who rely on any of PXP’s existing facilities, including the LOGP, for oil or gas processing and no permit applications that would involve such consolidated use of PXP facilities have been filed. Currently, there are about 20 operators in the North County who produce oil, gas, or both from onshore fields. Onshore operators and their 2006 oil and gas production levels are identified in the table below:

ONSHORE OPERATORS	2006 PRODUCTION	
	OIL (barrels)	GAS (million cubic feet)
B.E Conway	69,663	46,004
Breitburn	577,017	354,555
Chevron	360	0
Cimarex Energy	0	0
E&B Natural Resources	263,981	275,913
Gitte-Ten	3,249	17,836
Grayson	49,262	0
Greka	510,447	486,299
Kore Energy	0	0
Off-Broadway	2,634	228
Phoenix Energy	57,661	57,719
PXP	154,387	179,977
Pyramid Oil	3,924	1,068
RMR Energy	0	0
Richards	18,558	0
Santa Maria Pacific	<i>Not available</i>	<i>Not available</i>
Sierra Resources	210,042	351,489
Southern California Gas	0	11,469,267
Temblor	<i>Not available</i>	<i>Not available</i>
Vaquero Energy	876	0
Venoco	1,110,911	1,901,511
TOTALS	3,032,972	3,672,599

Compiled from 2006 Annual Report of the State Oil & Gas Supervisor, California Dept. of Conservation, Division of Oil, Gas, & Geothermal Resources; most recent available data.

None of the onshore operators (other than PXP) have used the LOGP for gas processing and all continue to operate in the North County. The onshore operators either re-inject their produced gas or use it onsite for fuel after initial processing at the production site; excess gas is flared onsite. Currently, only PXP also sells gas to the Southern California Gas Company. Since other producers in the area continue to operate without using the LOGP, it is unlikely that any of them would be affected by closure of the LOGP in 2022. Based on the fact that other operators do not rely on the LOGP for oil or gas processing and such use in the near future is speculative, it is unlikely that a meaningful environmental assessment of the effects of LOGP closure on other users can be made today. CEQA does not require speculative analysis of environmental consequences for future and unspecified development (CEQA Guidelines Sections 15126.6(f)(3), 15145, and 15146; *Atherton v. Board of Supervisors of Orange County* (1983) 146 Cal.App.3d 346). This point was discussed at the Planning Commission’s April 21, 2008 hearing (see Attachment A.4, Transcript, pp. 76-77). We note that staff has had preliminary discussions with Vaquero Energy, Inc. regarding a potential project that could include gas processing at the LOGP, however, no applications have been filed.

Recommendation: In light of the uncertainties surrounding future use of the LOGP, staff recommends that the second paragraph of Condition A-6 of the PXP Final Development Plan as approved by the Planning Commission for the Tranquillon Ridge project be modified as follows:

On or before December 31, 2022, all oil and gas production, transportation, and processing associated with the Tranquillon Ridge Project permitted and Platform Irene, the Lompoc Oil and Gas Plant, and the oil, gas, and produced water return pipelines operated under this Final Development Plan shall permanently cease.

We cannot foresee with complete certainty today what the demand for use of the LOGP for processing oil or gas produced from sources other than the offshore Point Pedernales and Tranquillon Ridge Fields, or the onshore Lompoc Oil Field will be in 2022. This and other circumstances relevant to a decision regarding other producers' use of the LOGP may change over the next 14 years. Such circumstances include the extent of residential or other development in the North County, the locations of the new sources of input to the LOGP, and likely routes of new pipelines, in particular sour gas pipelines, to the LOGP. The LOGP may or may not be the best site for oil and gas processing from sources other than the Point Pedernales, Tranquillon Ridge, and Lompoc fields in the future.

With the recommended revision, Condition A-6 language would require cessation of PXP's production and processing activities associated with the Tranquillon Ridge project, as requested by PXP, but would not automatically require closure of the LOGP at that time. In accordance with current FDP Condition R-1, if cessation of Tranquillon Ridge operations causes LOGP throughput to fall below 3% of the permitted capacity, the County is required to review the facility permits and conduct a public hearing to determine if abandonment or other actions are appropriate. This process provides an opportunity for other users, if there are any at the time, to demonstrate their need for the facility to remain in operation, and for the County to assess available options and weigh the benefits of keeping the LOGP in operation against the benefits of its closure.

The Tranquillon Ridge project end date of December 31, 2022 does not obviate Condition R-1. Condition R-1 is a mechanism for the County to examine the need to continue operation of the Point Pedernales facilities, including the LOGP, only when throughput falls to very low levels and where the owner/operator has not made a decision to cease operating. This could occur at any point during the project's lifetime, regardless of whether or not that lifetime is specifically defined in the permit. The intent of Condition R-1 "*is to establish a trigger for the County's review of the feasibility, costs, and benefits of abandonment, so that abandonment will be pursued in a timely manner, once it is established that such abandonment is appropriate.*"¹¹ Because the LOGP site has not been designated a "consolidated facility site" under the County's general plan and zoning code, the requirements of Condition R-1 do not prohibit the owner/operator from making a business decision to abandon (or decommission) its facilities before throughput has declined to the levels identified in the permit condition. A specific project end date has no effect on the application or implementation of Condition R-1.

Revision of the Tranquillon Ridge EIR to address closure of the LOGP is not appropriate or necessary. PXP's request to include the 2022 end date in its project description does not meet any of the criteria for recirculating the EIR. These criteria are provided in CEQA Guidelines Section 15088.5(a) and discussed below.

(1) *A new significant environmental impact would result from the project or from a new mitigation measure proposed to be implemented.*

No new significant impacts would result from implementation of the reduced-life project rather than the 30-year project analyzed in the EIR. Ending Tranquillon Ridge production in 2022 would not reduce the life of the

¹¹ Condition Effectiveness Study, Final Development Plan Condition B-2 Review, Unocal Point Pedernales Project Final Report, December 21, 1992, p. 166; see Attachment B.5.

existing Point Pedernales operations. The LOGP was expected to be closed and decommissioned in about 2022, with or without the Tranquillon Ridge project; this is the baseline, or No Project, scenario. When the Point Pedernales project was originally approved in 1986, the expected lifetime for Platform Irene was about 20 years, or about the year 2010;¹² estimates of the Point Pedernales lifetime now range from 2018 to 2024.¹³

The reduced-life project is the same in nearly every aspect as the originally proposed project evaluated in the EIR and would provide for a substantial increase in oil and gas production within the baseline lifetime of the existing Point Pedernales facilities. Major aspects of the reduced-life project are the same as originally proposed by PXP; these are:

- New oil and gas lease(s) from the State;
- Use of existing facilities for producing, transporting, and processing the Tranquillon Ridge oil and gas;
- Potential need for limited new infrastructure (pumps at Valve Site #2);
- Pace of drilling and production;
- Discharge of produced water at Platform Irene;
- Support boat and helicopter trips to Platform Irene; and,
- Gas liquids truck trips from the LOGP.

The reduced-life project is different from the 30-year project in that it would limit the Tranquillon Ridge project to the same expected lifetime as the existing Point Pedernales project. The operating lifetime of the existing facilities, including both the oil and gas plants at the LOGP, is tied to production from the Point Pedernales field. Production from the Point Pedernales field was estimated to end in about 2022. Thus, under the Tranquillon Ridge project with the end date adopted by the Planning Commission, the LOGP would be expected to close within about the same time frame as it would without the additional development of the Tranquillon Ridge field proposed by PXP (the No Project alternative).

The Planning Commission determined that, overall, the impacts of a reduced-life Tranquillon Ridge project would be similar in nature and less extensive than those associated with the 30-year project. Based on the evidence in the record, the 2022 end date would not cause any new or increased significant impacts that have not already been evaluated and mitigated. Specific impacts related to facility closure are properly evaluated once the decision to close the facility has been made and prior to actual decommissioning and equipment removal. The County requires (LUDC Section 35-56; PXP FDP Conditions R-2, R-3) that the impacts of decommissioning PXP's facilities be evaluated and mitigated at the appropriate time. Thus, the Tranquillon Ridge EIR does not need to be revised and recirculated solely to incorporate the 2022 (baseline) project end date.

(2) *A substantial increase in the severity of an environmental impact would result unless mitigation measures are adopted that reduce the impact to a level of insignificance.*

The Planning Commission adopted feasible mitigation measures as conditions of approval for the Tranquillon Ridge project. Certain significant impacts associated with extending the life of the Point Pedernales project beyond 2022 would be avoided with the reduced-life Tranquillon Ridge project. None of the impacts identified in the EIR would be expected to increase in severity and no new significant impacts would result from operating the project until 2022 rather than 2037.

¹² Union Oil Project and Central Santa Maria Basin Area Study EIR/EIS, June 24, 1985, p. R-2-88; see Attachment B.6.

¹³ These estimates are influenced in part by market factors such as the price of crude oil and production costs which can fluctuate over time.

- (3) *A feasible project alternative or mitigation measure considerably different from others previously analyzed would clearly lessen the environmental impacts of the project, but the project's proponents decline to adopt it.*

The project proponent, PXP, has not declined to adopt any of the mitigation measures adopted as conditions of approval and no new feasible project alternatives have been identified. Operating the Tranquillon Ridge project within the same expected lifetime of the Point Pedernales project would clearly lessen certain significant environmental impacts of the project, such as lifetime risk of an oil spill. PXP proposes to end the Tranquillon Ridge project by the end of 2022, the approximate end of the existing Point Pedernales project.

- (4) *The draft EIR was so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment were precluded. (Mountain Lion Coalition v. Fish and Game Com. (1989) 214 Cal.App.3d 1043)*

The Tranquillon Ridge EIR is fundamentally and basically adequate and is not conclusory in nature. The EIR was prepared under the auspices of a Joint Review Panel comprising staff from the County, the State Lands Commission and the California Coastal Commission, with advisory assistance from staff of Vandenberg Air Force Base and the Santa Barbara County Air Pollution Control District, all of whom provided input to the EIR. The document presents extensive and accurate baseline information regarding the physical environment that could be affected by the Tranquillon Ridge project in each of sixteen major issue areas. All assessments required under CEQA are included in the document and are supported by substantial evidence in the record. Meaningful public review and comment was not precluded in any way. County staff prepared and circulated a public *Scoping Document* that identified issues to be addressed in the EIR prior to holding a noticed, public scoping hearing on March 29, 2006 to discuss the scope of the EIR with interested persons. The Draft EIR was prepared by a qualified consultant contracted by the County at a noticed public hearing of the Board of Supervisors on July 11, 2006. The Draft EIR was circulated for public review from October 31, 2006 through January 16, 2007, approximately ten weeks, rather than the minimum 45 days (six and a half weeks). A noticed, public workshop on the Draft EIR was held on November 15, 2006 and a noticed public comment hearing was held on December 11, 2006. (State Lands Commission staff also held a noticed public hearing regarding fisheries issues in Santa Barbara on November 13, 2007.) Several comment letters were received and are presented, with responses, in Section 9.0 of the Final EIR. Revisions to the EIR text made in response to comments received also are noted in the Final EIR. Some comments on the Draft EIR referred to evaluation of the environmental effects of facility abandonment and decommissioning; however, no comments on the Draft EIR, including extensive and detailed comments made by the Appellant, referenced other potential users of the LOGP.

Summary: The recommended revision to Condition A-6 of the PXP Final Development Plan for the Tranquillon Ridge project would maintain the status quo with respect to LOGP operations. Approval of the Tranquillon Ridge project with this revision to Condition A-6 would not require that operation of the LOGP cease at a specific time. Condition A-6 as recommended above preserves the County's options to review LOGP closure in the context of future baseline conditions, as is currently the case for the Point Pedernales project. At the same time, the recommended language for Condition A-6 incorporates the end date requested by PXP for the Tranquillon Ridge project.

Appeal Point 3: Financial Information

The ExxonMobil/Sunset appeal states on p. 4:

Finally, a key element that ExxonMobil/Sunset believes deserves further consideration by Santa Barbara County prior to any decision on the proposed Tranquillon Ridge project is the estimated volumes of recoverable oil and associated levels of benefit to the County and State.

Per the production forecasts in the April 2008 Tranquillon Ridge Final EIR, the PXP 15 year limited production scenario will recover ~135 million barrels of oil (Exhibit E). By comparison, the proposed ExxonMobil/Sunset Vahevala project could develop up to 250 million barrels of oil (Exhibit F).^[14] This nearly two-fold difference in potential produced oil volumes would have a significant impact on total project tax revenues to Santa Barbara County (which are based on annual estimates of the value of the oil and gas field) as well as royalties to the State (and potentially to the County if royalty sharing is reinstated). In addition we agree with the findings (Staff report section 1.8, page A-16) regarding the benefits of developing interim sources of domestically produced oil and gas in California at this time. These benefits are logically more fully realized with a full development of the potential resources as opposed to a shortened development that leaves much of the Tranquillon Ridge resources un-recovered. A detailed comparative economic analysis of the two proposed projects, Tranquillon Ridge and Vahevala, would illuminate some profound differences.

Response to Appeal Point 3

ExxonMobil/Sunset requested further consideration of estimated volumes of recoverable oil and associated benefit to the County and State. In so doing, the Appellant contends that its proposed Vahevala Project would recover more reserves because the PXP Tranquillon Ridge project entails an end date that occurs prior to extraction of all economically recoverable reserves.

In response, staff notes the following factors for the Board's consideration:

- **The likelihood of the ExxonMobil/Sunset proposal obtaining approval is far less certain than the PXP Tranquillon Ridge proposal.** This situation, as explained below, raises another consideration – that being a comparison in potential revenue from the pending PXP Tranquillon Ridge proposal versus no project at all.

Recent evidence that became available after the Planning Commission's action on the PXP Tranquillon Ridge project indicates that the Air Force is not willing to allow the proposed Vahevala project, due to irreparable impacts to base missions (June 25, 2008 Air Force letter to ExxonMobil/Sunset, see Attachment B.2). In response, ExxonMobil decided to withdraw its appeal, stating in a July 30, 2008 e-mail to Energy Division staff: *"This decision is driven by the Air Force letter of June 25, 2008 to us indicating they cannot provide ExxonMobil and Sunset access to our proposed 25 acre Vahevala drilling production site on Vandenberg Air Force Base (VAFB) at this time. We are continuing discussions with the Air Force regarding a path forward including potential alternative locations on VAFB for our proposed Vahevala Project."* (see Attachment B.8).

- **The timing of the ExxonMobil/Sunset Vahevala proposal to generate revenue for the State and County is far less certain, and likely five or more years into the future, versus the PXP Tranquillon Ridge proposal, which could generate revenues as soon as 2009.** The current status of the proposed Vahevala project is that the Air Force is unwilling to accept the proposed drilling/production site, due to an unacceptable level of interference with Base missions, as noted above. It has taken several years for the Air Force to render this definitive response. The environmental review process, should the Vahevala proponents ultimately find an acceptable site on the Base, has yet to commence. Additionally, the Vahevala project would entail construction of a new drillsite, production facility, oil processing facility (and possible gas processing), and miles of transmission pipeline before it could produce payable quantities of oil and gas.

¹⁴ See Attachment B.1 for Appellant's Exhibits E and F.

- **Economic benefit to the State of California, via royalties, remains uncertain until the oil and gas lease agreement is made public.** Staff cannot quantitatively represent the financial benefit of the PXP Tranquillon Ridge project to the State at this time because the method of determining an equitable royalty remains under confidential negotiations between the California State Lands Commission staff and PXP. We also cannot do a comparative analysis between the royalty-potential for the PXP and ExxonMobil/Sunset proposals because that potential is based upon a negotiated outcome, and because there are significantly different cost-of-production considerations between the two proposals that could influence calculated discounts to royalties. The ExxonMobil/Sunset proposal likely entails more upfront capital investment because it requires substantial new infrastructure. The PXP proposal likely entails higher operational costs because it includes an offshore platform, which also likely entails higher decommissioning costs. Other uncertainties in projecting State royalties include actual volumes of oil and gas discovered and the sales value of that oil and gas at the time it is recovered.
- **Calculation of property tax receipts to the County is complex, and is subject to appeal by the producer.** As an example, Exxon originally filed an Appeal for Changed Assessment of \$469,235,760 on its Las Flores Canyon property for the 1993/94 tax year, which included the processing facility and offsite pipelines. As this appeal went forward, Exxon continued to file appeals on subsequent tax years for the following nine years. The 1993/94 tax year appeal was settled in 2003 with both parties agreeing to a lower assessment of \$238,000,000 on which to base Exxon's taxes for that year. In the interim, the County Auditor held the challenged portion of the property tax paid by Exxon.

The PXP Tranquillon Ridge case provides a new factor for the County Assessor's office – the minerals are within the County's boundaries and their value should be subject to property tax assessment. Will PXP attempt to argue differently because the minerals are extracted from a platform situated in federal waters? When asked, PXP stated in a letter to the Assessor that the mineral value would be subjected to the same taxation as it would be if extracted from an onshore production facility (see Attachment B.9, June 16, 2008 PXP letter to Joseph Holland, County Clerk, Recorder, and Assessor). This letter is helpful, but not necessarily binding. It is the initial opinion of the County Counsel that the value will be subject to County property tax assessment as the resource lies within County boundaries.

- **PXP estimates for property tax revenues based on simplified mineral values over a 14-year project.** The proposed truncated life of the PXP Tranquillon Ridge proposal would reduce estimated recoverable reserves to 105 million barrels-of-oil equivalent.¹⁵ This estimate could be lower if the high-range projection of potential reserves is not realized during drilling and production. The value of the oil and gas in the tax year when it is extracted represents the other major uncertainty of estimating potential property-tax revenues to the County. Nonetheless, PXP has provided the following simplified estimate of potential property-tax revenues to the County in order to give the Board a general example, within an order of magnitude, of how the County might benefit from the Tranquillon Ridge project. (Actual property-tax revenues will be determined annually by the Assessor's office, and may vary considerably from that provided below, once more complex calculations are made.) The following estimates assume a simplified valuation of the mineral, reductions to account for capital costs, operational costs, abandonment costs, and are restricted to proven reserves during the first three years.

¹⁵ Barrels-of-oil equivalent is used broadly within industry to represent oil, gas liquids, and natural gas production in a single unit of measurement.

Estimated Property Tax/Allocation to County

<u>Estimated Mineral Value = \$80/bbl \$8/mcf</u>				
		<i>Estimated Property Tax</i>	<i>County General Fund Allocation (23.639%)</i>	<i>County Fire Department Allocation (14.4%)</i>
1st Year	2009	\$5,000,000	\$1,181,950	\$720,000
Peak Year	2012	\$33,000,000	\$7,800,870	\$4,752,000
14th Year	2022	\$4,000,000	\$945,560	\$576,000
Total 14 Years		\$228,000,000	\$53,896,920	\$32,832,000

<u>Estimated Mineral Value = \$100/bbl \$10/mcf</u>				
		<i>Estimated Property Tax</i>	<i>County General Fund Allocation (23.639%)</i>	<i>County Fire Department Allocation (14.4%)</i>
1st Year	2009	\$6,000,000	\$1,418,340	\$864,000
Peak Year	2012	\$44,000,000	\$10,401,160	\$6,336,000
14th Year	2022	\$7,000,000	\$1,654,730	\$1,008,000
Total 14 Years		\$313,000,000	\$73,990,070	\$45,072,000

<u>Estimated Mineral Value = \$120/bbl \$12/mcf</u>				
		<i>Estimated Property Tax</i>	<i>County General Fund Allocation (23.639%)</i>	<i>County Fire Department Allocation (14.4%)</i>
1st Year	2009	\$8,000,000	\$1,891,120	\$1,152,000
Peak Year	2012	\$54,000,000	\$12,765,060	\$7,776,000
14th Year	2022	\$10,000,000	\$2,363,900	\$1,440,000
Total 14 Years		\$399,000,000	\$94,319,610	\$57,456,000

Sunset Letter dated May 1, 2008

Sunset Exploration, Inc. provided a letter dated May 1, 2008 (see Attachment B.1) to the Board of Supervisors regarding the ExxonMobil/Sunset appeal. The second paragraph of this letter states:

“The [Planning] Commission’s decision was an abuse of discretion and unsupported by substantial evidence. The Planning Staff and Planning Commission failed to address a number of potentially significant adverse impacts of the project which were raised by Sunset Exploration Inc. during the review process. (See enclosed January 12, 2007 letter.) We respectfully request the Board of Supervisors consider these significant impacts and overturn the decision of the Planning Commission.”

Response to Sunset May 1, 2008 Letter

The charge of abuse of discretion is unsubstantiated and without merit. The Planning Commission followed its standard procedures (including public notice), provided for and considered public comment on the merits of the Tranquillon Ridge project, and relied on substantial evidence in the record in certifying the EIR and approving the Tranquillon Ridge project. The Planning Commission’s decision to approve the Tranquillon Ridge project is described in its adopted Findings for Approval and is well-supported by substantial evidence in the record, including:

- The analysis of consistency with County and Coastal Act land use policies provided in Attachment D to the April 15, 2008 Planning Commission staff report (see Attachment A.2);
- Project description information, summary of potentially significant impacts that could result from the project, and analysis of alternatives to the project presented in the April 15, 2008 staff report (see Attachment A.2);
- A detailed and thorough analysis of potential environmental impacts associated with the project – including the issues raised in Sunset Exploration, Inc.’s January 12, 2007 letter – in the Final Environmental Impact Report (see Attachment A.3);
- Oral and written testimony provided at the April 21, 2008 hearing, including that from Sunset Exploration, Inc.’s representative, Mr. Robert Nunn (see Attachment A.4).

Planning staff and the Commission adequately addressed the potential significant impacts of the Tranquillon Ridge project. The Draft EIR was circulated for public review and all comments received on the Draft were addressed in the Final EIR. Many comments lead to incorporation of additional information in the EIR text and Section 9.0 of the Final EIR presents thorough responses to each comment received, including those in Sunset Exploration, Inc.’s January 12, 2007 letter (see Final EIR Section 9.3, pp. 9.3-71 through 9.3-113). The Planning Commission reviewed the EIR, including responses to the comments made by Sunset Exploration, Inc. in its January 12, 2007 letter and properly considered these comments and responses when it certified the EIR as adequate under CEQA (See Attachment A.1, Planning Commission Finding 1.1).

D. PLANNING COMMISSION ACTION

The County Planning Commission approved the Tranquillon Ridge project by a vote of 4-0-1 (Commissioner Blough abstained) at their special hearing of April 21, 2008. The Commission’s decision was appealed to the

Board of Supervisors on April 30, 2008 by ExxonMobil Exploration Company and Sunset Exploration, Inc. Two other appeals of the Commission's action were filed Vaquero Energy Inc. on April 30, 2008 and by Bruce W. Bell on May 1, 2008. The Planning Commission's April 23, 2008 action letter with findings and conditions of approval, and the Planning Commission staff report are included herein as Attachments A.1 and A.2, respectively.

The Planning Commission also responded to a claim of Brown Act violation related to its April 21, 2008 hearing which was filed by Sunset Exploration, Inc. on April 30, 2008. At its hearing of May 28, 2008, the Commission determined in a 4-0-1 vote (Commissioner Blough abstained) that no Brown Act violation occurred. Attachment B.7 includes the claim filed by Sunset, County Counsel and P&D staff's recommendation to the Commission, and the Commission's response to the claim.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis: Narrative: The costs of this appeal are 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.

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* newspapers.

Energy Division staff shall complete the mailed noticing requirements for the project 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, Energy Division.

Energy Division staff will 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.

- B.1 Appeal to Board of Supervisors dated April 30, 2008 and Sunset Letter to the Board dated May 1, 2008.
- B.2 Air Force Letter to ExxonMobil and Sunset dated June 25, 2008.
- B.3 ExxonMobil Letter to Air Force dated June 30, 2008.
- B.4 Sunset Letter to Air Force dated July 1, 2008.
- B.5 Page 166 from 1992 Condition B-2 Review, Final Report, Unocal Point Pedernales Project (FDP Condition R-1).
- B.6 Page R-2-88 from Union Oil Project and Central Santa Maria Basin Area Study EIR/EIS, June 24, 1985.
- B.7 Sunset Brown Act Violation Claim, County Counsel Memorandum to Planning Commission, and Planning Commission Rejection of Claim.
- B.8 July 30, 2008 E-mail from Edward Feragen, ExxonMobil.
- B.9 June 16, 2008 PXP Letter to Joseph Holland, Santa Barbara County Clerk.

Authored by:

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

cc: Case File: 06RVP-00000-00001
Records Management
Appellant: Pamela Darwin, ExxonMobil Exploration Company, 222 Benmar Dr., Houston, TX 77060-2502
Robert Nunn, Sunset Exploration Inc., 10500 Brentwood Blvd., Brentwood, CA 94513-4019
Applicant: Steven P. Rusch, PXP, 5640 South Fairfax Ave., Los Angeles, CA 90056-1266
William Dillon, County Counsel
John Baker, Director, P&D
Dianne Black, Director Development Services, P&D
Doug Anthony, Deputy Director, Energy Division, P&D
Kevin Drude, Energy Specialist, P&D
Nancy Minick, Planner, P&D

ATTACHMENT B.1

**Appeal to Board of Supervisors dated April 30, 2008
and
Sunset Exploration, Inc. May 1, 2008 Letter to Board of Supervisors**

**APPEAL TO THE BOARD OF SUPERVISORS
COUNTY OF SANTA BARBARA**

Submit to: Clerk of the Board
County Administration Building
105 E. Anapamu Sreet, Suite 407
Santa Barbara, CA 93101

2008 APR 30 PM 1:38

COUNTY OF SANTA BARBARA
CLERK OF THE
BOARD OF SUPERVISORS

RE: Project Title Tranquillon Ridge Oil and Gas Project

Case Number 06RVP-00000-00001

Tract/ APN Number Environmental Document SBC# 06EIR-00000-00005

Date of action taken by Planning Commission, Zoning Administrator, or Surveyor April 21, 2008

I hereby appeal the approval with conditions of the Planning Commission
(approval/ approval with conditions/ or denial) (Planning Commission/ Zoning Administrator/ or County Surveyor)

Please state specifically wherein the decision of the Planning Commission, Zoning Administrator, or Surveyor is not in accord with the purposes of the appropriate zoning ordinance (one of either Articles I, II, III, or IV), or wherein it is claimed that there was an error or an abuse of discretion by the Planning Commission, Zoning Administrator, or Surveyor. {References: Article I, 21-71.4; Article II 35-182.3, 2; Article III 25-327.2, 2; Article IV 35-475.3, 2}

Attach additional documentation, or state below the reason(s) for this appeal.
Please See Attached

Specific conditions being appealed are:
Please See Attached

Name of Appellant (please print): ExxonMobil Exploration Company / Sunset Exploration Inc.

Address: 222 Benmar Drive
(Street, Apt #)
Houston, Texas 77060 (281) 654-7099
(City/ State/ Zip Code) (Telephone)

Appellant is (check one): Applicant Agent for Applicant Third Party Agent for Third Party

Fee \$ 443.00 {Fees are set annually by the Board of Supervisors. For current fees or breakdown, contact Planning & Development or Clerk of the Board. Check should be made payable "County of Santa Barbara".}

Signature:  Date: 04/29/08

FOR OFFICE USE ONLY

Hearing set for: _____ Date Received: _____ By: _____ File No. _____

April 29, 2008

ExxonMobil
Exploration

Clerk of the Board
Santa Barbara County Board of Supervisors
County Administration Building
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101

**RE: Case Number 06RVP-00000-00001
Appeal of Planning Commission April 21, 2008 Decision on the PXP
Tranquillon Ridge Project**

Board of Supervisors:

ExxonMobil Exploration Company, a Division of Exxon Mobil Corporation (ExxonMobil) and Sunset Exploration Inc. (Sunset) are hereby appealing the Planning Commission's April 21, 2008 approval decision regarding the above-referenced Tranquillon Ridge Project. The Commission's actions included certification of the Final Environmental Impact Report (SCH # 2006021055, County EIR #06EIR-00000-00005) published in April 2008; adoption of Findings; and approval of the revised Final Development Permit as per the Santa Barbara County Planning Commission Staff Report published April 15, 2008.

The purpose of this letter is to explain the basis of our appeal of the above-described action, and to request that Santa Barbara County Board of Supervisors take the following actions:

- 1) Review the April 21, 2008 Planning Commission decision regarding the proposed Tranquillon Ridge project
- 2) Direct the preparation of additional CEQA analysis of the issues described below, and schedule public review via a revised and recirculated Draft EIR
- 3) Direct the completion of an accurate CEQA assessment of the ExxonMobil/Sunset Vahevala Project and perform a comparative analysis of the two projects at an equivalent level of detail as part of a revised and re-circulated Tranquillon Ridge EIR, prior to a decision on either project
- 4) Direct the County Auditor-Controller to prepare a detailed economic analysis of the potential benefits associated with the two proposed projects, Tranquillon Ridge and Vahevala

BACKGROUND

As you are likely aware, ExxonMobil/Sunset submitted a detailed Vahevala project application to Santa Barbara County and California State Lands Commission. The Vahevala Project consists of an onshore-based development of the same State Tideland oil and gas resources targeted by the offshore-based Tranquillon Ridge project. The Vahevala application was initially filed in March 2006. In January 2007 the Vahevala application was deemed complete by the California State Lands Commission (CSLC) and was noted technically complete by Santa Barbara County Energy Division (Exhibits A and B). Thus, the details of the Vahevala project are known, and are not merely conceptual.

The proposed Vahevala onshore drilling and production site is located on Vandenberg Air Force Base on property that ExxonMobil and Sunset have the exclusive right to lease the privately owned oil and gas rights. In accordance with Air Force protocol, ExxonMobil/Sunset held an extensive Site Survey workshop ("Trip") with VAFB and Air Force Space Command staff in 2006. Through follow-up discussions and workshops, elements of the Vahevala Project design such as the pipeline routing received extensive input from VAFB staff to optimize the project configuration. The Air Force Site Survey / Beddown evaluation of Vahevala has progressed through Air Force Space Command leadership in Colorado Springs and subsequently Air Force leadership at the Pentagon.

The Air Force has recently raised questions regarding site access for the Vahevala Project and we intend to pursue further discussions with the Air Force shortly to resolve any remaining issues. We remain hopeful that the way forward for initiation of a joint Santa Barbara County / USAF (VAFB) EIR / EIS of the Vahevala project will be determined in the near term.

BASIS FOR APPEAL

The basis for our appeal of the Planning Commission's April 21, 2008 decision is described below:

Description of CEQA Onshore Alternative

Our evaluation of the April 2008 Tranquillon Ridge Final EIR and associated Staff Report indicates that, as was the case with the Draft EIR, the VAFB Onshore Alternative as described does not accurately represent the actual onshore alternative, the ExxonMobil/Sunset Vahevala project. The VAFB Onshore Alternative, as described in the Final EIR, lacks several optimizations that are incorporated in the proposed Vahevala project; many of which reduce potential environmental impacts. Key examples include:

(1) The non-optimized pipeline routing and construction/design methods assumed in the VAFB Onshore Alternative result in overestimated pipeline construction and spill impacts. The proposed Vahevala pipeline design and routing incorporate input from VAFB staff for

minimizing potential environmental impacts which are not reflected in the VAFB Onshore Alternative (e.g., Vahevala pipeline route avoids the Santa Ynez River estuary; see Exhibits C and D);

(2) Visual impacts are likely overestimated as visual elements are remote from public viewing locations, including an optimized location for the electrical substation;

(3) Safety risks are likely overestimated as the proposed Vahevala facilities and operating procedures are designed to minimize potential risks and offsite consequences (e.g., Vahevala project design incorporates state-of-art pipeline monitoring and automated shut-down systems).

ExxonMobil/Sunset believes that to properly compare the environmental impacts of the offshore-based PXP Tranquillon Ridge project with the onshore-based Vahevala project, the CEQA (EIR) and NEPA (EIS) environmental evaluations of Vahevala should be completed first. This comparison will give the decision makers a significantly improved basis for selecting the best project for the County and State. This position is actually stated in Finding 1.6 (page A-12) of the Staff Report, "The EIR did not reach a conclusion as to how this conceptual (VAFB Onshore) alternative compares overall to the Tranquillon Ridge project because the projects cannot be examined to the same level of detail." We believe it is premature to then conclude in the same Finding that "the reduced-life Tranquillon Ridge project will result in fewer significant and unavoidable impacts than a new long-term onshore drilling and production project and is preferred to the VAFB Onshore Alternative."

At the very least, the onshore-based Vahevala project should be accurately addressed and analyzed in a revised and re-circulated Tranquillon Ridge EIR so that an accurate and meaningful comparison of the two projects can be made.

Deficiency in the EIR Concerning Closure of the Only North County Consolidated Facility (LOGP)

The Lompoc Oil and Gas Plant (LOGP), as per Condition Q-9 of the Santa Barbara County Point Pedernales modified Final Development Plan (FDP), is a consolidated oil and gas processing facility. The condition states, in part: "PXP shall operate its facilities as consolidated oil and gas facilities. The intent of this condition is to ensure the multi-company use of oil and gas transportation and processing facilities."

The revised PXP application now includes a date-certain closure of the LOGP on or before December 31, 2022, as per Condition A-6 (Staff Report, page B-3). This new condition conflicts with Condition Q-9 described above because it eliminates a consolidated facility.

In addition, Point Pedernales FDP Condition R-1 requires that "When oil and gas processing throughput is reduced to three percent (3%) or less of permitted capacity, the County of Santa

Barbara shall review the facility permits and conduct a public hearing to determine if abandonment or other actions are appropriate.” (Staff Report page B-61)

The date-certain feature of the proposed Tranquillon Ridge FDP Condition A-6 obviates Condition R-1 because it removes the required public hearing process for determination of the disposition of the facility. This public hearing process is provided on every consolidated oil and gas processing facility in the County.

The Tranquillon Ridge Final EIR does not assess the potential impacts of date-certain closure of the LOGP. A potential implication of the closure of this facility would be future proliferation of oil and gas processing facilities that would be required to handle new oil and gas production. Alternatively, the lack of availability of LOGP in the future could potentially limit future developments of the significant remaining oil and gas resources in the region, with a resulting loss of associated financial benefits to the County. We believe the EIR should include an analysis of the potential impacts associated with the proposed closure of LOGP, which is consistent with prior citizen initiatives and County planning practices. This analysis should be incorporated into a recirculated EIR.

Economic Considerations

Finally, a key element that ExxonMobil/Sunset believes deserves further consideration by Santa Barbara County prior to any decision on the proposed Tranquillon Ridge project is the estimated volumes of recoverable oil and associated levels of benefit to the County and State. Per the production forecasts in the April 2008 Tranquillon Ridge Final EIR, the PXP 15 year limited production scenario will recover ~135 million barrels of oil (Exhibit E). By comparison, the proposed ExxonMobil/Sunset Vahevala project could develop up to 250 million barrels of oil (Exhibit F). This nearly two-fold difference in potential produced oil volumes would have a significant impact on total project tax revenues to Santa Barbara County (which are based on annual estimates of the value of the oil and gas field) as well as royalties to the State (and potentially to the County if royalty sharing is reinstated). In addition, we agree with the findings (Staff report section 1.8, page A-16) regarding the benefits of developing interim sources of domestically produced oil and gas in California at this time. These benefits are logically more fully realized with a full development of the potential resources as opposed to a shortened development that leaves much of the Tranquillon Ridge resources un-recovered. A detailed comparative economic analysis of the two proposed projects, Tranquillon Ridge and Vahevala, would illuminate some profound differences.

CONCLUSIONS AND REQUESTED ACTION

The County is faced with a decision regarding the development of a large County and State resource. Key elements in this decision include environmental factors, policy considerations, and economic benefits to the County and State.

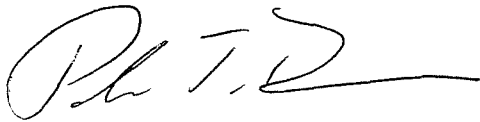
Santa Barbara County Board of Supervisors
April 29, 2008
Page 5 of 5

Given the facts described above, we believe the actions requested herein will provide the County with an opportunity to make the most informed decision regarding the proposed development options.

Thank you for your consideration of this request.

Should you have questions or require additional information, please do not hesitate to call Mr. Edward S. Feragen of ExxonMobil Exploration Company, a Division of Exxon Mobil Corporation, at (281) 654-7099.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. T. Darwin', with a long horizontal flourish extending to the right.

Pamela T. Darwin
Vice President Americas
ExxonMobil Exploration Company, a Division of Exxon Mobil Corporation

Exhibits

- A. Letter dated January 2007 from California State Lands Commission
- B. Letter dated January 2007 from County of Santa Barbara
- C. Vahevala Project location map (including pipeline routing)
- D. Tranquillon Ridge EIR Figure 3-3 VAFB Onshore Alternative – Pipeline Scenario 1
- E. Tranquillon Ridge Estimated Oil Forecast
- F. Vahevala Estimated Oil Forecast

CALIFORNIA STATE LANDS COMMISSION

200 OceanGate, 12th Floor
Long Beach, CA 90802-4331

**PAUL D. THAYER**, *Executive Officer*

(916) 574-1800 FAX (916) 574-1810

California Relay Service From TDD Phone 1-800-735-2929

from Voice Phone 1-800-735-2922

Contact Phone: (562) 590-5205

Contact FAX: (562) 590-5210

January 25, 2007

File Ref: W 40922

Mr. Robert E. Nunn
Sunset Exploration, Inc.
10500 Brentwood Blvd.
Brentwood, CA 94513-4019

Mr. William T. Drennen III
Vice President Americas
ExxonMobil Exploration Company
222 Benmar
Houston, Texas 77060

**RE: Development Plan Application for the Vahevala Oil & Gas Project –
Response to Comments**

Dear Mr. Nunn and Mr. Drennen:

This will acknowledge the receipt of your responses on December 29, 2006, to the comments and concerns raised in our incomplete letter of October 16, 2006. In summary, the Development Plan for the Vahevala Oil & Gas Project (Plan) calls for development of the State's offshore oil and gas reserves adjacent to Point Pedernales (also known as the Tranquillon Ridge Unit) from a drillsite and production facility onshore at Vandenberg Air Force Base (Base); construction and installation of a new 6" gas onshore pipeline from the drillsite to a connection with Plains Exploration's (PXP) Lompoc Processing Facility; construction and installation of a new 16" oil pipeline to a connection with the PXP sales line near the Lompoc facility; and drilling of up to 30 new wells and other associated work to develop the State resources. The project would require the State Lands Commission to issue two new offshore oil and gas leases.

The State Lands Commission staff has determined, pursuant to the Commission's lists and criteria, that your responses to our technical concerns raised in our prior incomplete letter are sufficient. It is, therefore, staff's determination that the application is complete with regard to our requirements for a complete application. This determination must, however, be viewed in the context of the following discussion.

First, it is our understanding that the Air Force must go through an extended review process to determine whether the project may be evaluated as planned. That process includes a site survey and a review and determination by the base commander

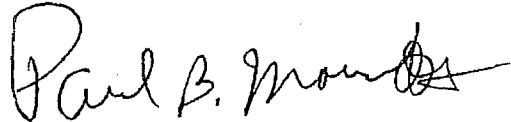
Mr. Bob Nunn, Sunset Exploration, Inc., and
Mr. William T. Drennen, ExxonMobil Exploration Company
RE: Vahevala Development Application
January 25, 2007
Page 2

that the project is compatible with the Base activities. If approved by the base commander, that approval is reviewed by the Secretary of the Air Force for compatibility with the Base's mission. Only if the Secretary's review is positive may the project proceed to the federal environmental process as required under the National Environmental Quality Act (NEPA). Therefore, because it is the intent of the federal, State, and local agencies to prepare a joint EIS/EIR, we believe it is inappropriate to move forward with the required environmental analysis until such an approval is procured by the applicants. That approval may also change the project, which would require resubmission or amendment of the Plan presently described in the application.

Second, after reviewing the Plan, Staff believes that the County of Santa Barbara (County) would probably be the appropriate lead agency under the provisions of the CEQA, although that has yet to be determined. As you are aware, the County must also deem the application complete. Once the Air Force comes to a decision, and the lead agency under the CEQA is determined, CSLC staff will work closely with Vandenberg Air Force Base and the County on development of the environmental document.

Jeff Planck will continue to serve as the Commission's Project Manager for this project and Tom Filler will continue to serve as the Commission's Environmental Officer. If you have any questions, you may contact Mr. Planck by e-mail at planckj@slc.ca.gov or at (562) 590-5306, and Mr. Filler by e-mail at fillert@slc.ca.gov or at (916) 547-1938.

Sincerely,



Paul B. Mount II, P.E.
Chief, Mineral Resources Management Division

cc: Mr. Doug Anthony
Mr. Kevin Drude
County of Santa Barbara
Planning and Development Dept.
Energy Division
123 East Anapamu Street
Santa Barbara, CA 93101

Ms. Alison Dettmer
California Coastal Commission
45 Fremont, Suite 2000
San Francisco, CA 94105

Ms. Deborah Jenssen
30th Space Wing/XP
Vandenberg Air Force Base, CA 93437-5244



Exhibit B County of Santa Barbara

Planning and Development

John Baker, Director

Dianne Meester Black, Assistant Director

January 30, 2007

Robert E. Nunn
Sunset Exploration, Inc.
10500 Brentwood Blvd.
Brentwood, CA 94513-4019

William T. Drennen III
ExxonMobil Exploration Company
222 Benmar
Houston, TX 77060

Re: Vahevala Oil and Gas Project Application Incomplete Determination
06DVP-00000-00003, 06CUP-00000-00065, 06EXP-00000-00001, 07PPP-00000-00001

Dear Mr. Nunn and Mr. Drennen:

We have completed our review of Sunset/ExxonMobil's December 2006 submittal responding to the County's October 2006 incompleteness determination. Your response package is thorough and responsive to the questions raised in our October letter. In addition, we commend you and your consultant, specifically Tim Murphy of Entrix, for researching and responding to subsequent questions that arose during this most recent 30-day review period.

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Robert Nunn, William Drennen
Vahevala Development Application
January 30, 2007

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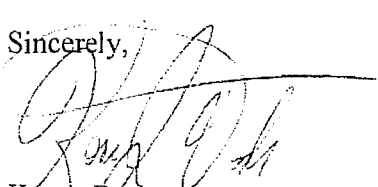
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Thank you for the thorough responses to the two previous application incompleteness determinations. We understand that once the application is deemed complete, you will compile all the project description information and responses to questions in one package to facilitate preparation of the environmental document. We appreciate this effort and believe it will significantly assist the state and federal agencies in the preparation of a detailed and accurate project description.

If you have any questions or concerns, please call me (805-568-2519), Nancy Minick (805-568-2506), or Doug Anthony (805-568-2046) at the Energy Division.

Sincerely,



KEVIN DRUDE
Energy Specialist

Robert Nunn, William Drennen
Vahevala Development Application
January 30, 2007

Attachments: APCD letter dated January 22, 2007
B&S (Jay Sheth) letter dated January 17, 2007

cc, with atts: Tim Murphy, Entrix

cc, w/o atts: Dwight Sanders, State Lands Commission, Sacramento
Jeff Planck, State Lands Commission, Long Beach
Marina Voskanian, State Lands Commission, Long Beach
Alison Dettmer, Coastal Commission, San Francisco
Deborah Jenssen, VAFB
Dina Ryan, VAFB
Bill Dillon, County Counsel
Dale Weber, Flood Control
Elsa Arndt, OES
Jack Barnes, B&S
Jay Sheth, B&S
Andrea Murphy, Fire/CUPA
Kate Sulka, Fire/SMU
Bobbie Bratz, APCD
Terry Snyder, APCD
Doug Anthony, Energy Division
Nancy Minick, Energy Division

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Exhibit C

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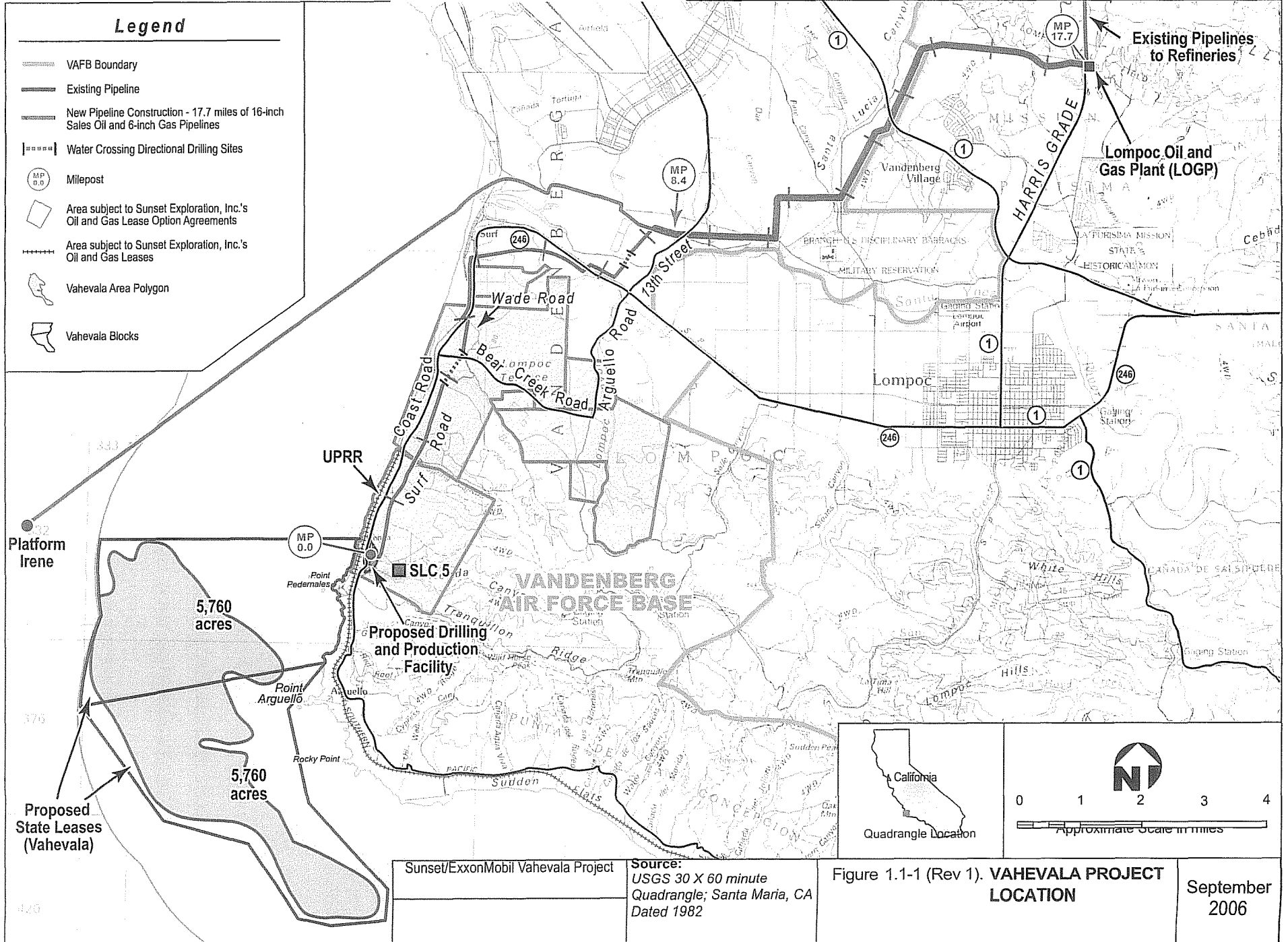
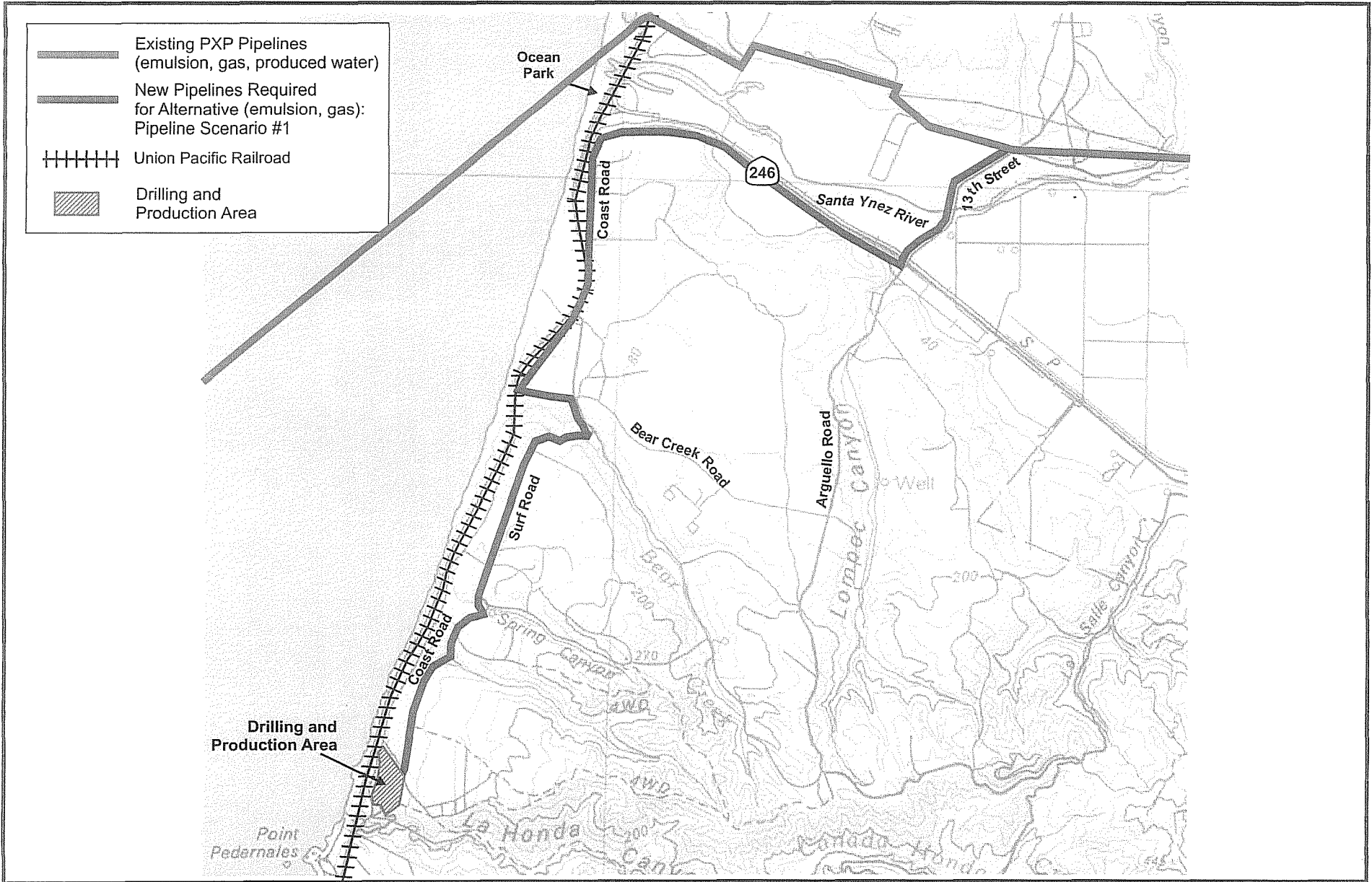
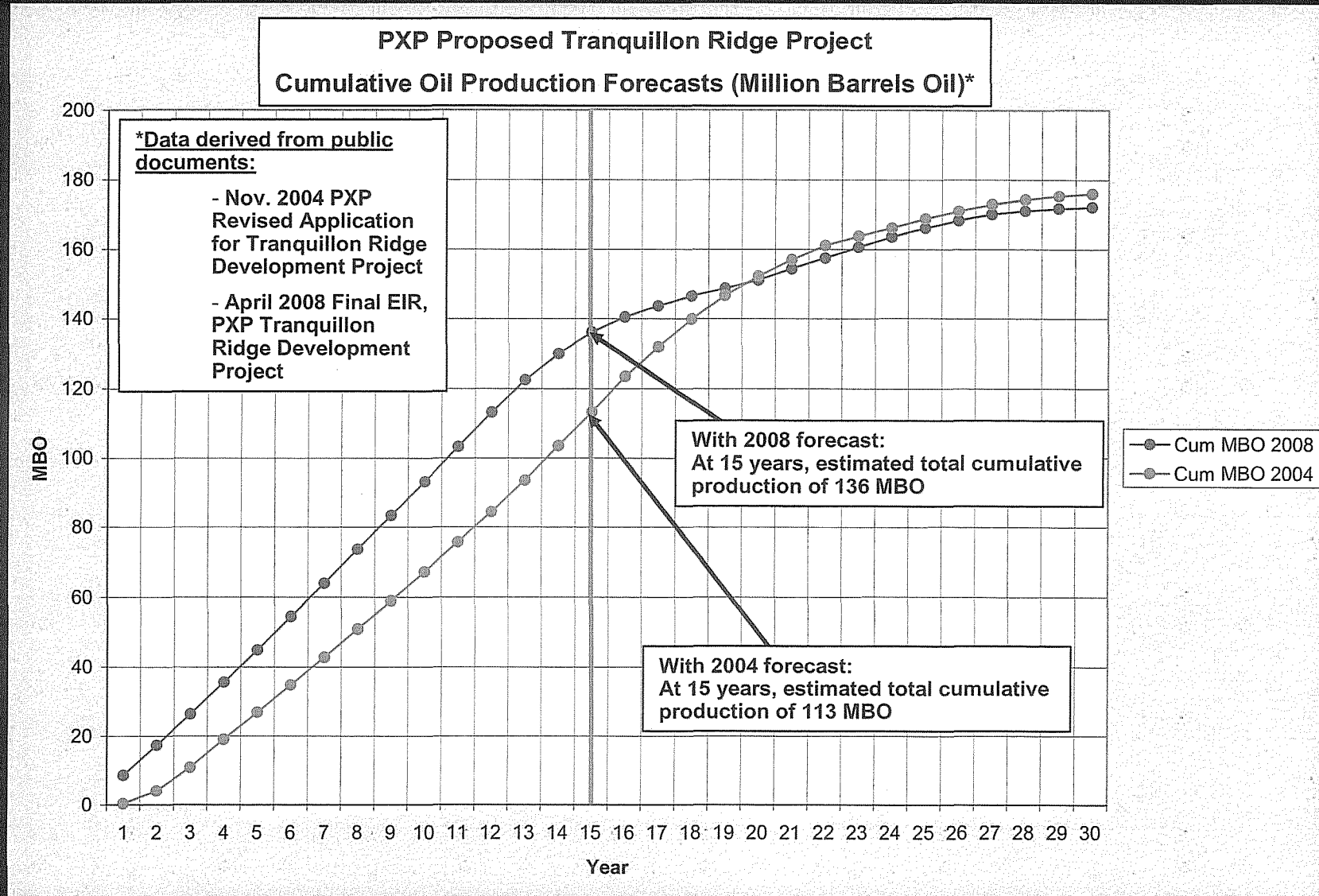


Exhibit D



Tranquillon Ridge (PXP) Estimated Oil Forecasts

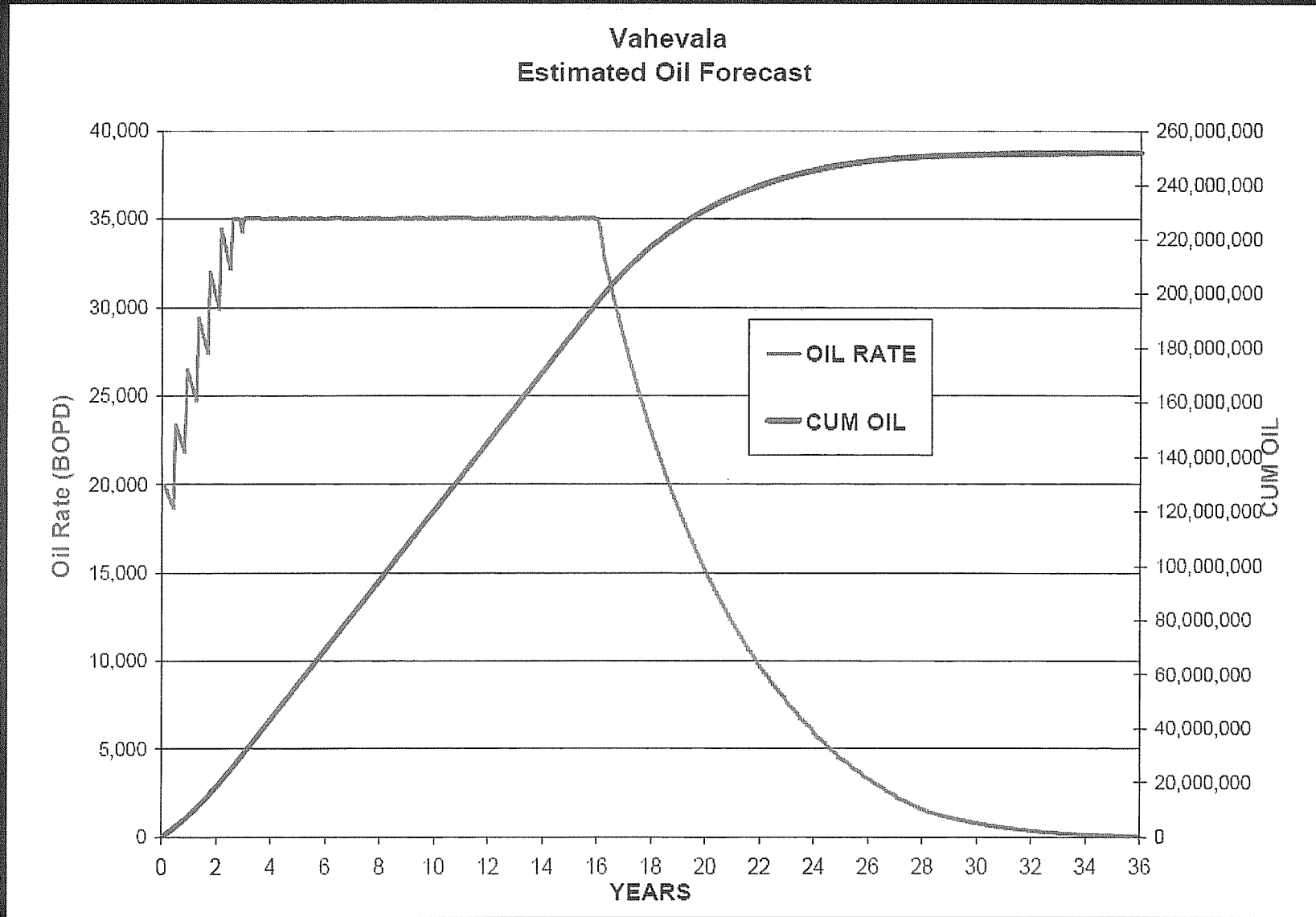
Exhibit E



Forward-Looking Statements. Outlooks, projections and estimates in this presentation are forward-looking statements. Actual future results, including production volumes, resource recoveries, project plans and timing could differ materially due to a number of factors.

Vahevala Estimated Oil Forecast

Exhibit F



Forward-Looking Statements. Outlooks, projections and estimates in this presentation are forward-looking statements. Actual future results, including production volumes, resource recoveries, project plans and timing could differ materially due to a number of factors.



626 Wilshire Boulevard, Suite 550
Los Angeles, California 90017
Tel: (213) 629-5300
Fax: (213) 629-1212
www.trumanelliott.com

TRUMAN & ELLIOTT LLP

May 1, 2008

VIA FACSIMILE AND U.S. MAIL

Honorable Chairman and Members
County of Santa Barbara Board of Supervisors
105 East Anapamu Street
Santa Barbara, California 93101

Re: Appeal from April 21, 2008 Planning Commission Decision
Case No. 06RVP-00000-00001 and EIR No. 06EIR-00000-00005

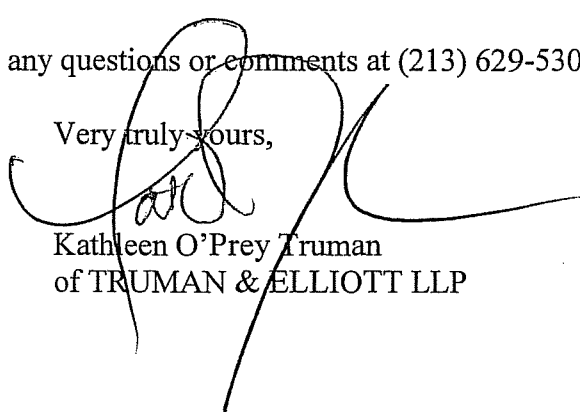
Honorable Chairman and Honorable Members of the Board of Supervisors:

On behalf of our client, Sunset Exploration, Inc., this letter supplements the appeal filed today by ExxonMobil Exploration Company and Sunset Exploration, Inc. of the April 21, 2008 decision of the Planning Commission to approve the application of Plains Exploration and Production Company for development of the Tranquillon Ridge Oil and Gas Project (Case No. 06RVP-00000-00001) and to certify the related Environmental Impact Report (Case No. 06EIR-00000-00005).

The Commission's decision was an abuse of discretion and unsupported by substantial evidence. The Planning Staff and Planning Commission failed to address a number of potentially significant adverse environmental impacts of the project which were raised by Sunset Exploration Inc. during the review process. (See enclosed January 12, 2007 letter.) We respectfully request the Board of Supervisors consider these significant impacts and overturn the decision of the Planning Commission.

Please do not hesitate to contact me with any questions or comments at (213) 629-5300.

Very truly yours,


Kathleen O'Prey Truman
of TRUMAN & ELLIOTT LLP

Enclosure

cc: Robert E. Nunn

RECEIVED

MAY 05 2008

1st District Office

2008 MAY 15 PM 4:00
FACSIMILE INSTRUCTIONS:

January 12, 2007

Mr. Kevin Drude
Energy Specialist
Santa Barbara County P&D, Energy Division
123 E. Anapamu Street
Santa Barbara, CA 93101

RE: Comments on Tranquillon Ridge Project Draft EIR

Dear Mr. Drude:

Sunset Exploration, Inc. (Sunset) and Exxon Mobil Corporation (ExxonMobil) are hereby submitting the enclosed comments on the adequacy of analysis of the Tranquillon Ridge Draft Environmental Impact Report (SCH # 2006021055, County EIR #06EIR-00000-00005) published and submitted for public comment on October 30, 2006.

The technical analysis of the Draft EIR (DEIR) was prepared by subject matter experts from Sunset, ExxonMobil and several consultant organizations. The analysis determined inadequacies in the DEIR on the proposed project and the identified alternatives.

Specific comments on the DEIR are provided in the enclosure. The comments are organized by DEIR section for ease of review. Each comment within a section is individually numbered and contains the DEIR Section reference, the Section title, a paraphrase of the DEIR statement, an indication of the portion of the project referenced, and the specifics of the concern or request for revision of the document.

Our evaluation indicates that the major inadequacy of the DEIR is the incomplete, and therefore inaccurate description of the VAFB Onshore Alternative. The Sunset/ExxonMobil Vahevala Project is specifically referenced in defining the VAFB Onshore Alternative, and is discussed as the primary project alternative throughout the document. However, the DEIR does not include a number of optimizations that have been made to the Vahevala Project to mitigate potential impacts to environmental and cultural resources.

Additionally, our analysis indicates that the DEIR does not adequately address multiple potential environmental impacts of the PXP-proposed offshore project. The primary areas of concern relate to the risks associated with extending the life of the 20 year old Platform Irene and it's pipelines to shore by an additional 30 years. In particular, our evaluation indicates that the DEIR lacks a realistic assessment of the probability of an additional leak from the PXP Irene pipelines to shore, as occurred in 1997. Our analysis also indicates that there may be several Platform Irene and related infrastructure upgrades required to implement the PXP-proposed offshore project such as potential modifications to or replacement of the drilling rig, new pipelines to shore and a new power cable to shore. Each of these activities as well as

other maintenance required to safely extend the life of Platform Irene and related equipment have environmental impacts that are not adequately evaluated in this DEIR.

In order to accurately compare the environmental impacts of the Proposed Project (PXP offshore) with the various alternatives, the jurisdictional agency is required by CEQA Guidelines (Section 15126.6 [d]) to prepare an environmental document that includes sufficient information about each alternative to allow meaningful evaluation, analysis, and comparison to the Proposed Project. As such, we request that the VAFB Onshore Alternative be revised to include the key optimizations identified in our comments and the full impacts of the PXP-proposed offshore project be incorporated. Once this has occurred, the comparison of the projects and the determination of impacts will need to be reanalyzed and the DEIR recirculated for public review and comment, as we believe is required by Section 21092.1 of CEQA and Section 15088.5 of the CEQA Guidelines.

Should you have questions or require additional information, please do not hesitate to call Mr. Robert Nunn of Sunset Exploration, Inc. at (925) 634-2148 or Mr. David Kasper of ExxonMobil Exploration Company, a Division of Exxon Mobil Corporation, at (281) 654-7067.

Sincerely,

Robert E. Nunn
President
Sunset Exploration, Inc.

William T. Drennen III
Vice President Americas
ExxonMobil Exploration Company

Enclosure

CALIFORNIA STATE LANDS COMMISSION
200 OceanGate, 12th Floor
Long Beach, CA 90802-4331



PAUL D. THAYER, *Executive Officer*
(916) 574-1800 FAX (916) 574-1810
California Relay Service: From TDD Phone 1-800-735-2929
from Voice Phone 1-800-735-2922

Contact Phone: (562) 590-5205
Contact FAX: (562) 590-5210

January 25, 2007

File Ref: W 40922

Mr. Robert E. Nunn
Sunset Exploration, Inc.
10500 Brentwood Blvd.
Brentwood, CA 94513-4019

Mr. William T. Drennen III
Vice President Americas
ExxonMobil Exploration Company
222 Benmar
Houston, Texas 77060

**RE: Development Plan Application for the Vahevala Oil & Gas Project –
Response to Comments**

Dear Mr. Nunn and Mr. Drennen:

This will acknowledge the receipt of your responses on December 29, 2006, to the comments and concerns raised in our incomplete letter of October 16, 2006. In summary, the Development Plan for the Vahevala Oil & Gas Project (Plan) calls for development of the State's offshore oil and gas reserves adjacent to Point Pedernales (also known as the Tranquillon Ridge Unit) from a drillsite and production facility onshore at Vandenberg Air Force Base (Base); construction and installation of a new 6" gas onshore pipeline from the drillsite to a connection with Plains Exploration's (PXP) Lompoc Processing Facility; construction and installation of a new 16" oil pipeline to a connection with the PXP sales line near the Lompoc facility; and drilling of up to 30 new wells and other associated work to develop the State resources. The project would require the State Lands Commission to issue two new offshore oil and gas leases.

The State Lands Commission staff has determined, pursuant to the Commission's lists and criteria, that your responses to our technical concerns raised in our prior incomplete letter are sufficient. It is, therefore, staff's determination that the application is complete with regard to our requirements for a complete application. This determination must, however, be viewed in the context of the following discussion.

First, it is our understanding that the Air Force must go through an extended review process to determine whether the project may be evaluated as planned. That process includes a site survey and a review and determination by the base commander

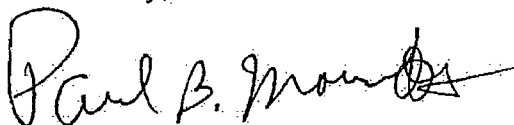
Mr. Bob Nunn, Sunset Exploration, Inc., and
Mr. William T. Drennen, ExxonMobil Exploration Company
RE: Vahevala Development Application
January 25, 2007
Page 2

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Paul B. Mount II, P.E.
Chief, Mineral Resources Management Division

cc: Mr. Doug Anthony
Mr. Kevin Drude
County of Santa Barbara
Planning and Development Dept.
Energy Division
123 East Anapamu Street
Santa Barbara, CA 93101

Ms. Alison Dettmer
California Coastal Commission
45 Fremont, Suite 2000
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30th Space Wing/XP
Vandenberg Air Force Base, CA 93437-5244



Exhibit B County of Santa Barbara Planning and Development

John Baker, Director
Dianne Meester Black, Assistant Director

January 30, 2007

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Sunset Exploration, Inc.
10500 Brentwood Blvd.
Brentwood, CA 94513-4019

William T. Drennen III
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Houston, TX 77060

Re: Vahevala Oil and Gas Project Application Incomplete Determination
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Robert Nunn, William Drennen
Vahevala Development Application
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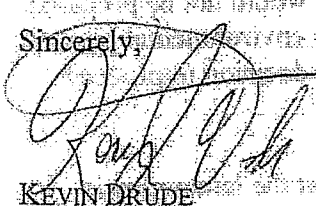
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KEVIN DRUDE
Energy Specialist

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Vahevala Development Application
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Terry Snyder, APCD
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Nancy Minick, Energy Division

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Exhibit C

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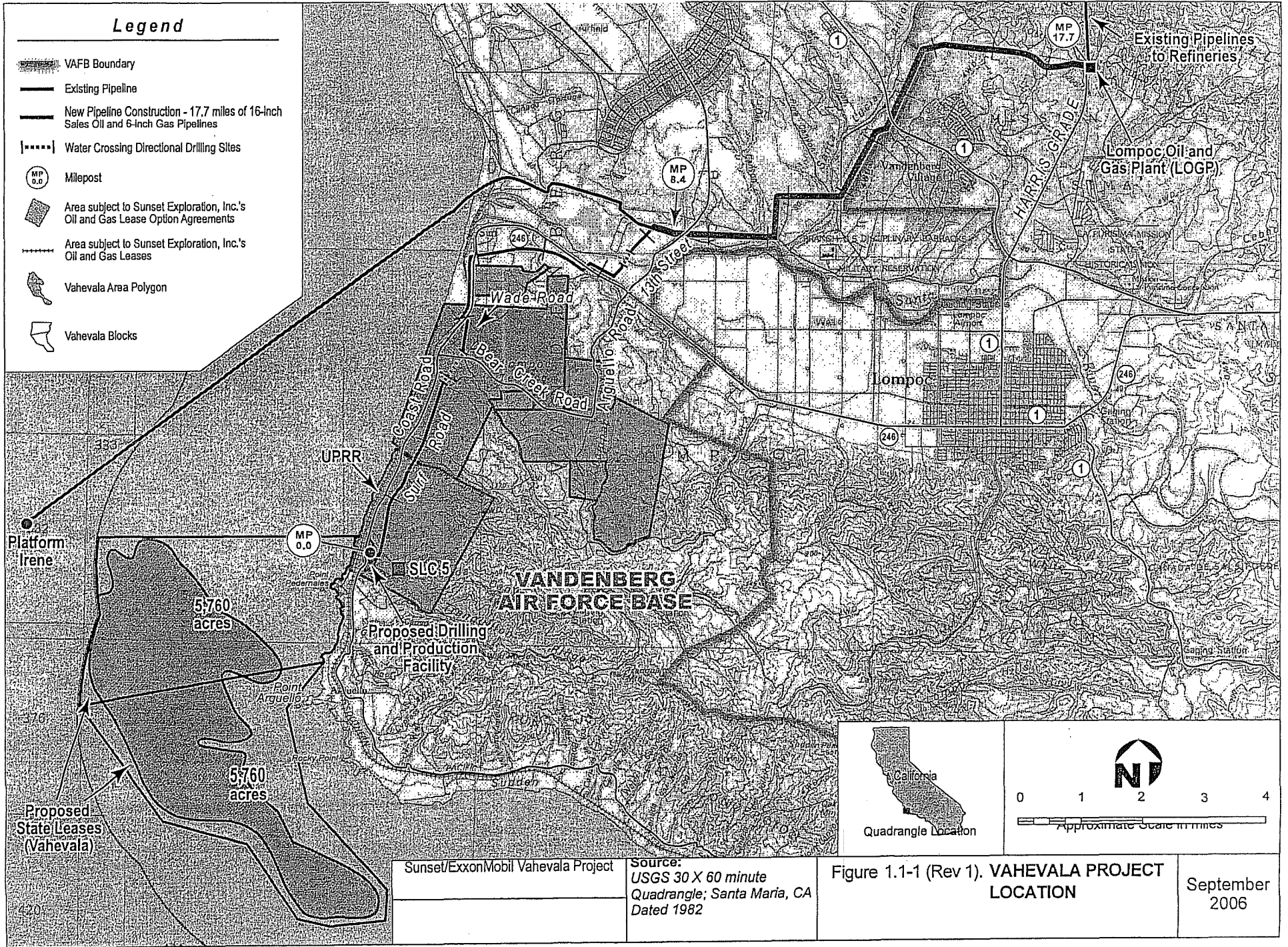


Exhibit D

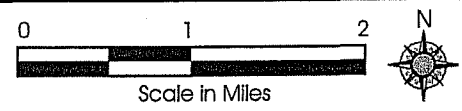
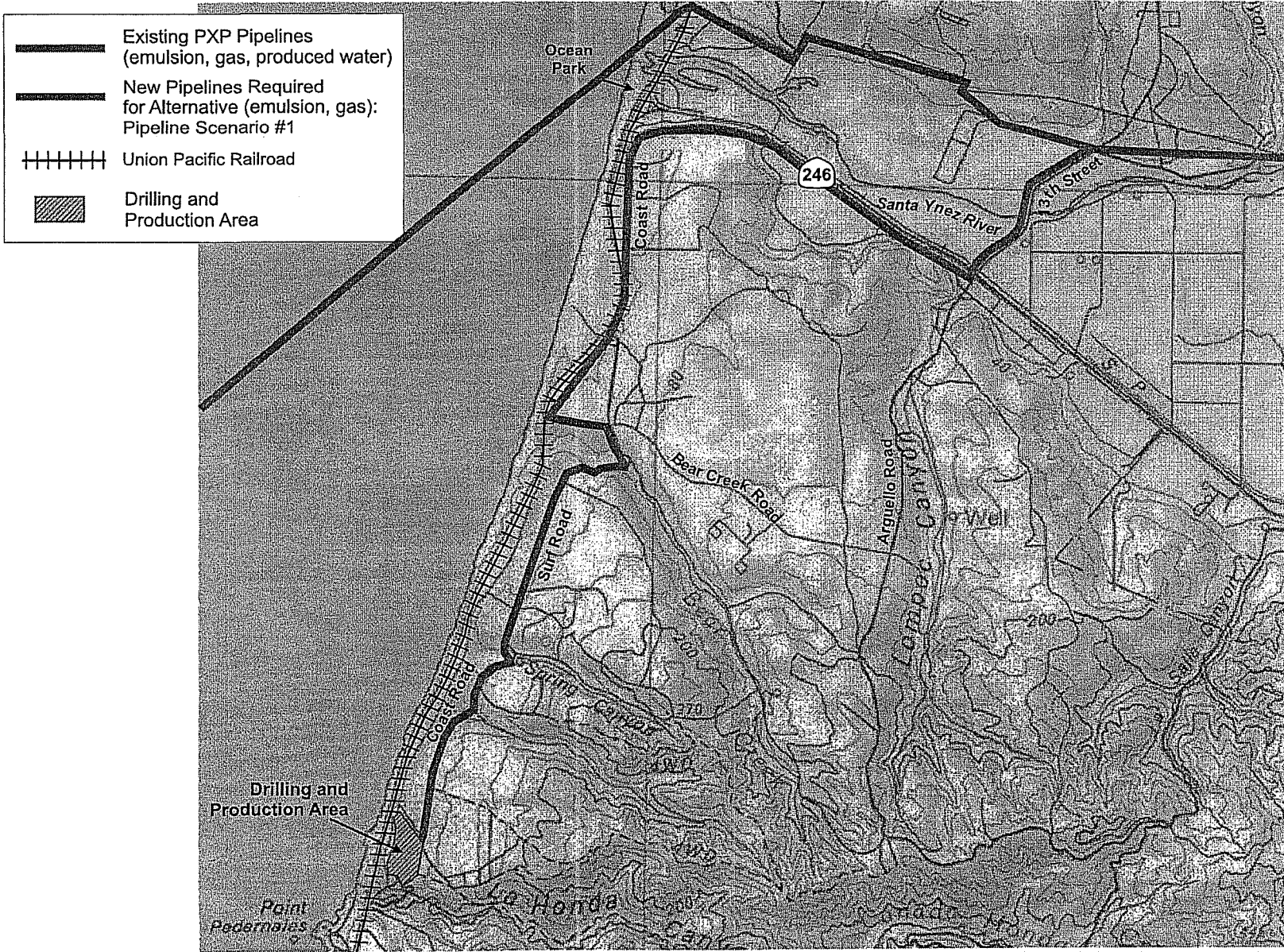
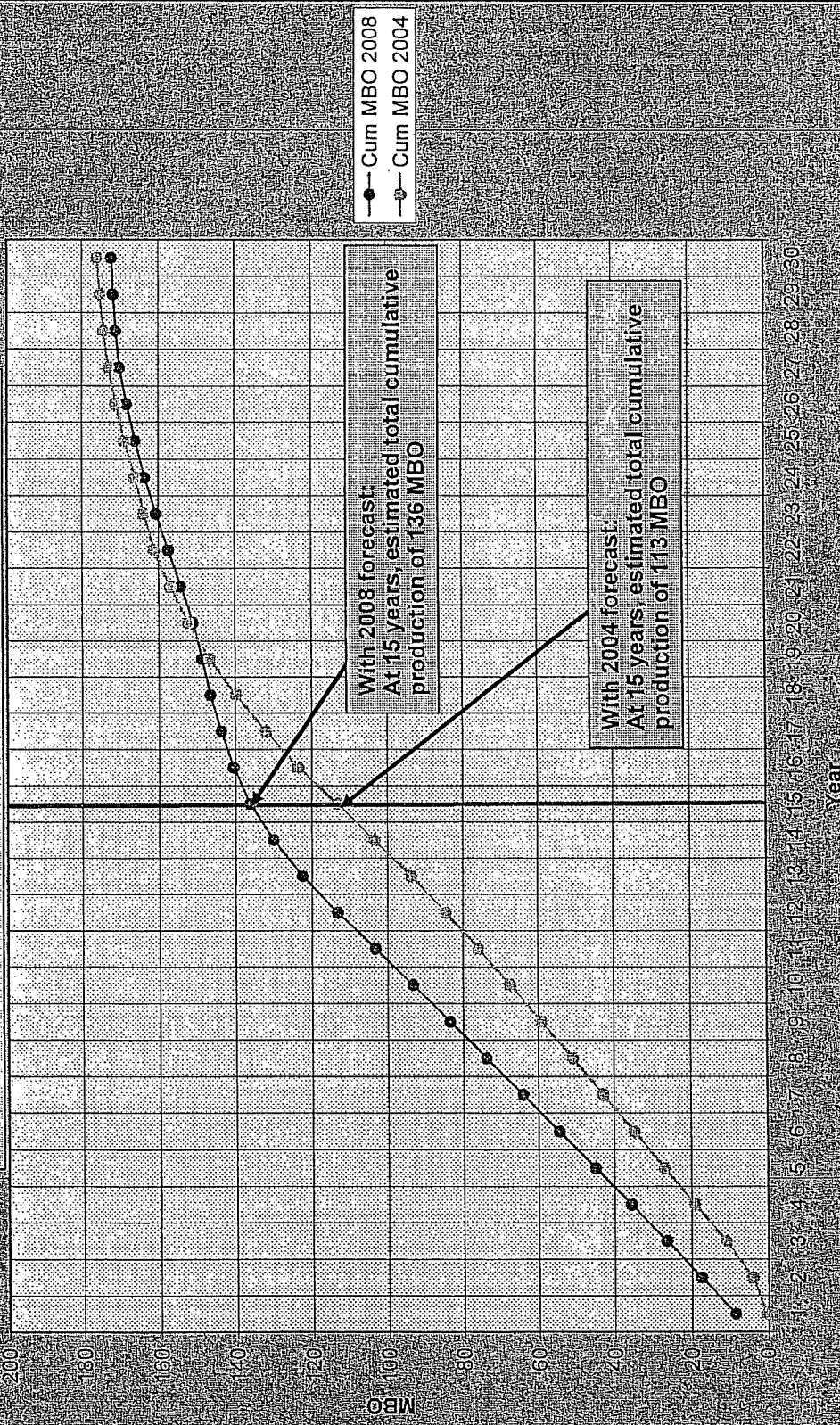


Figure 3-3
VAFB Onshore Alternative Pipeline Scenario 1

Exhibit E

Tranquillon Ridge (PXP) Estimated Oil Forecasts

PXP Proposed Tranquillon Ridge Project
Cumulative Oil Production Forecasts (Million Barrels Oil)*



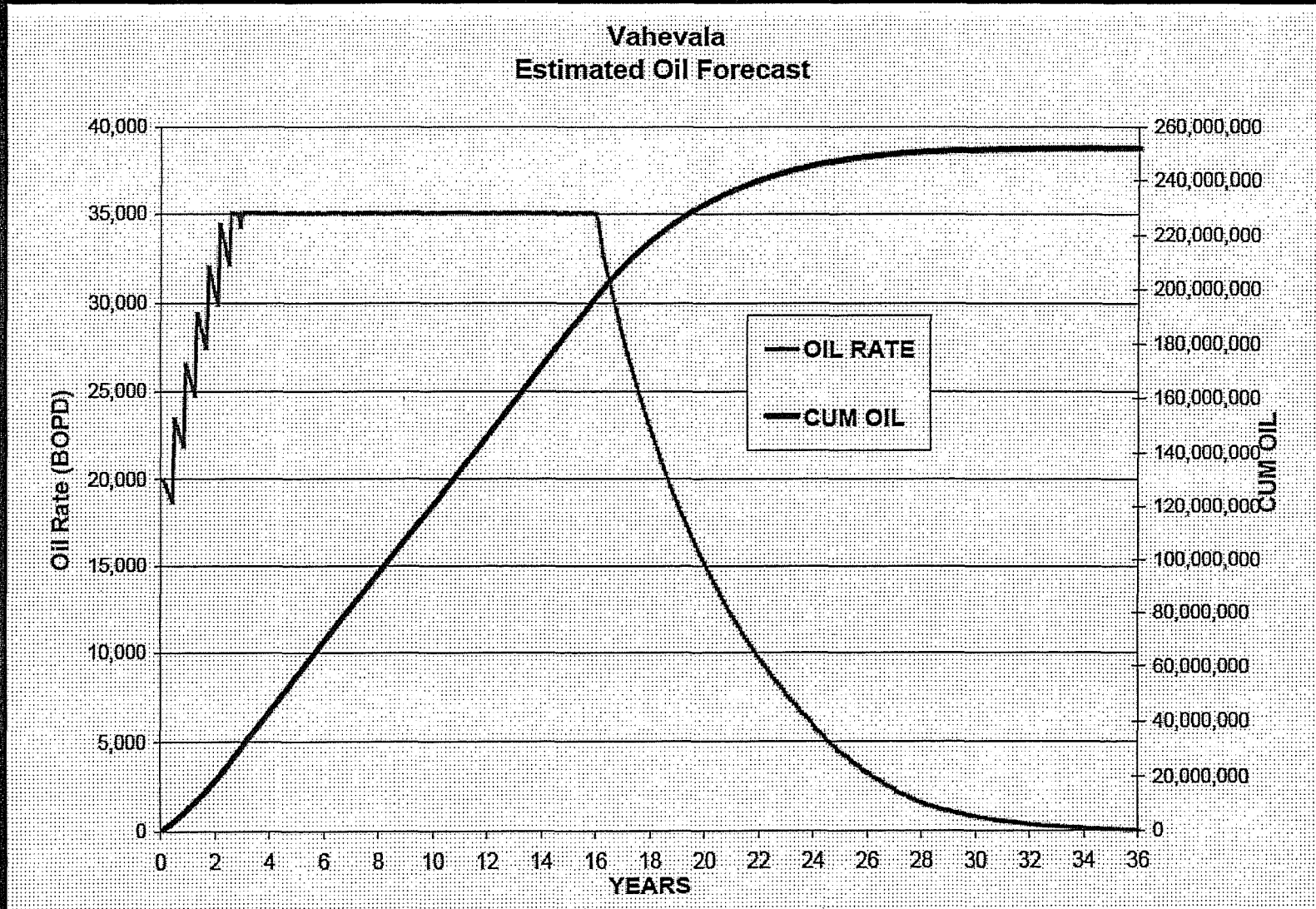
*Data derived from public documents:

- Nov. 2004 PXP Revised Application for Tranquillon Ridge Development Project
- April 2008 Final EIR, PXP-Tranquillon Ridge Development Project



Exhibit F

Vahevala Estimated Oil Forecast



Tranquillon Ridge DEIR Comments from Sunset and ExxonMobil - January 2007

Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt	Tranquillon Ridge DEIR Comments (Concern/Request)
DEIR Executive Summary							
1	ES.1	Introduction	Section indicates that expected Tranquillon Ridge project life is 30 years.	X			Request that the DEIR be revised to explain and demonstrate how the proposed project will ensure safe operation of Platform Irene and its associated pipelines and power cable to shore and existing onshore pipelines for a life extension of 30 years, particularly given past oil spill history. Reference comments provided in the specific issue areas of the DEIR.
2	ES.2	Proposed Project	Section indicates that the applicants use of existing platform and facilities to develop the oil "which serves to minimize environmental impacts".	X			Request that the DEIR be revised to explain the conclusion that the project will minimize potential negative impacts of extending the life by another 30 years of currently 19 year old marine infrastructure (Irene and pipeline to shore) as well as 19 year old onshore pipelines to LOGP given potential for future spills from this aging infrastructure. Reference comments provided in the specific issue areas of the DEIR.
3	ES.2	Proposed Project	Section indicates that a single lease in the state tidelands has been applied for, which is approximately 14,760 acres (Fig. ES-1).	X			Request that the DEIR be revised to indicate how PXP will comply with State code which limits a single lease in state tidelands to no greater than 5760 acres.
4	ES.3	Description of Project Alternatives	Section indicates in the 'No Project Alternative' that there is the possibility that the Tranquillon Ridge Field could be developed from an onshore site, as currently proposed by Sunset/ExxonMobil, in the event the PXP proposed project is not implemented. Further the DEIR addresses the onshore drilling alternative as the VAFB Onshore Alternative.			X	Request that the DEIR incorporate a revised onshore alternative description based on the information provided to Santa Barbara County and other agencies concerning the proposed Sunset/ExxonMobil Vahevala project. As discussed further below in comments to Section 3.3.3 and in specific issue area comments, the present design configuration is favorable from both an environmental and operational standpoint, as compared to the DEIR's VAFB Onshore Alternative. In order to accurately compare the onshore and offshore projects with respect to environmental impacts and advantages, the currently proposed Vahevala project configuration should be used in the alternatives analysis. Refer to comments below in Section 3.3.3 for more information regarding the VAFB Onshore Alternative description as it relates to the proposed Vahevala Project.
5	ES.3	Description of Project Alternatives	Section indicates in 'VAFB Onshore Alternative' that the project would use the existing PXP pipelines from the tie-in point, just west of 13th street, to the LOGP.		X		Request that the DEIR be revised to document how PXP will maintain the integrity of this existing 19 year old pipeline over a 30 year extended project life regarding the potential for future spills. As indicated in Figure 5.13-8 and 5.4-1, these existing lines cross drainages above ground using exposed spans in some areas.
6	ES.3	Description of Project Alternatives	Section indicates in 'VAFB Onshore Alternative' that project produced water would either be treated and reinjected at the VAFB drilling/production site or sent to Platform Irene for re-injection or ocean discharge.		X		Request that the DEIR be revised to reanalyze this statement that produced waters from a State Tidelands lease would be disposed of at a Federal OCS platform. This statement appears to be in disagreement with Federal MMS rules. The proposed Vahevala project would utilize no offshore discharge, instead it would handle all produced water disposal through injection at the onshore VAFB drill site.
7	ES.3	Description of Project Alternatives	Section indicates in 'VAFB Onshore Alternative' (Figure 3-3) the proposed routing for the new pipeline (Pipeline Scenario 1).			X	Request that the DEIR be revised to reanalyze the pipeline route described in the VAFB Onshore Alternative (Pipeline Scenario 1) since it is not optimized in several areas including the the approach for crossing Bear Creek and proximity to the Santa Ynez River estuary. The Vahevala project utilizes an environmentally favorable pipeline route (based upon extensive field evaluations and discussions with VAFB personnel) which includes a horizontal directional drill (HDD) under Bear Creek and Bear Creek Road and a route with further setback away from the Santa Ynez River estuary. This route also is optimized with respect to minimizing impact on cultural resources, again based on consultation with VAFB personnel. Additionally, as per Figures 3-4, 3-5, 3-6, 3-7 and 3-8, the VAFB Onshore Alternative Pipeline Scenarios 2 through 6 are all suboptimal with respect to environmental, cultural and VAFB infrastructure impacts as compared to the Vahevala proposal. Reference comments provided in the specific issue areas of the DEIR.

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Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt.	Tranquillon Ridge DEIR Comments (Concern/Request)
8	ES.5.1	Significant Impacts Associated with the Proposed Project - Extension of Life	Section indicates the significant impacts associated with increased throughput of the facilities, as well as the extended life of Platform Irene, the Surf substation and the LOGP facility.	X			Request that the DEIR be revised to consider the risks as well as the repairs and modifications that will need to be made due to the extension of life of the existing facilities. In addition, include the significant impact of the extension of life of the existing pipelines which are not specifically mentioned. Significant impacts have been associated with offshore pipeline leaks from the very pipelines proposed for this significant extension of life.
9	ES.5.2	Significant Impacts Associated with the Alternatives - VAFB Onshore Alternative	Section states "In addition, construction of the VAFB Onshore Alternative drilling/production site, pipelines and transmission lines would create new significant impacts for the issue areas of terrestrial biology and cultural resources."		X		Request the summary acknowledge that these risks can be mitigated through a variety of means to minimize impacts on environmentally or culturally sensitive areas including installation of new pipelines (rather than reuse of existing pipelines) and installation of advanced pipeline monitoring systems.
10	ES.5.2	Significant Impacts Associated with the Alternatives - New Emulsion Pipeline from Platform Irene to LOGP Alternative	Section states "the reduction in spill frequency was determined to be 10%" for the installation of a new pipeline over the proposed project use of the existing pipeline.	X			Request further explanation and documentation regarding the statement that a new oil emulsion pipeline would provide a 10% reduction in spill frequency over the existing oil emulsion pipeline. If statistics compiled by the CSFM were used for the 10% reduction in spill frequency, provide the background for these statistics and show that they are being properly applied to this case. Using new construction technologies and monitoring systems should have a greater impact on potential chance for a release than overall reduction of 10%.
11	ES.5.2 & ES Table Class III, MB.2	Significant Impacts Associated with the Alternatives - Alternative Muds and Cuttings Disposal Options	Section 5.5.4 and the 'Impact Summary Table' state "Impacts associated with muds and cuttings discharge to the ocean in the proposed project were determined to be a Class III impact."	X			Request clarification on how Class III determination was made. It appears to commenter that direct discharge to the ocean of drilling mud is, at best, a Class II (Significant, but mitigable adverse impact) in that without mitigation steps, such as use of water based, non-toxic drilling fluids, such disposal would be significantly adverse to the marine environment.
12	ES.6	Environmentally Superior Alternative - VAFB Onshore Alternative	Section states "By eliminating the extension of life for these offshore facilities, the alternative oil spill risk and associated impacts would be greatly reduced for marine and coastal biology..." (emphasis added).		X		Request DEIR be revised to more accurately reflect that risk to marine and coastal environments will be effectively eliminated by the Revised VAFB Onshore Alternative as all onshore facilities can be located sufficiently inland as to pose no realistic risk to marine and coastal environments. Reference comments provided in specific issue areas of the DEIR.
13	ES.6, Footnote 1	Environmentally Superior Alternative - VAFB Onshore Alternative	Similar to Section 5.2, Section states that the Tranquillon Ridge Field could be developed from an onshore site, as currently proposed by Sunset/ExxonMobil, in the event the PXP proposed project is not implemented, and that "this onshore drilling option has been considered in the EIR as the VAFB Onshore Alternative."		X		Request that the DEIR be revised to base the VAFB Onshore alternative on the information provided to SBC and others concerning the proposed Sunset/ExxonMobil Vahevala project. It is clear that the Vahevala project has been optimized in a favorable environmental manner in several respects as compared to the DEIR's VAFB Onshore Alternative. In order to accurately weigh these projects with respect to environmental impacts and advantages, the currently proposed Vahevala project configuration should be used in the alternatives analysis. Request that the VAFB Onshore Alternative be revised to incorporate the improvements included in the Vahevala project. Reference comments provided in the specific issue areas of the DEIR.
14	ES.6	Environmentally Superior Alternative - VAFB Onshore Alternative	Paragraph 3 of Section discusses, under the VAFB onshore alternative, the impacts associated with the continuing use of the offshore pipeline from Platform Irene until current operations at Platform Irene conclude.			X	The continued use of the pipeline from Platform Irene for Point Pedernales oil is part of the 'No Project Alternative'. Request that the DEIR be revised to eliminate the statements regarding "risk to the marine environment" under the Revised VAFB Onshore Alternative and that paragraph (3rd in this section) be revised to reflect the effective elimination of risk to the marine environment from the Revised VAFB Onshore Alternative as compared to the increased risk due to higher volume and water-oil mixture through that pipeline from the proposed project.

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Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt.	Tranquillon Ridge DEIR Comments (Concern/Request)
15	ES.6	Environmentally Superior Alternative - VAFB Onshore Alternative	Paragraph 4 of Section discusses the impact of the VAFB onshore alternative on onshore biological and cultural resources and states "Several threatened and/or endangered species, both plant and animal, occur at the drillsite and along the likely pipeline corridor..."		X		Request that this paragraph in the DEIR be revised to acknowledge that these risks can be mitigated through a variety of means. Reference comments provided in the specific issue areas of the DEIR.
16	ES Tables	Impact Summary Tables - Alternatives (Impact of Proposed Project that also apply to Alternatives)	Table in Section shows that "No Project" Alternative has very few checkmarks for specific impacts.			X	Request that the DEIR be revised to reflect that base case operations at Platform Irene and LOGP have many of the same risks as the proposed project and the various alternatives during the next ten years until production from Platform Irene is currently scheduled to cease. (Eg., Risk.1, Risk.2, Risk.3, TB.3-8, GR.1, GR.3-6, OWR.2-6, CR.1, CR.3-4)
17	ES Tables	Impact Summary Tables - Alternatives (Impact of Proposed Project that also apply to Alternatives)	Impact # TB.6 states that a pipeline leak or rupture could result in an oil spill and subsequent degradation of upland, riparian and aquatic habitats and injury to plants and terrestrial and aquatic wildlife through direct toxicity, smothering, and entrapment as wells as through resultant cleanup efforts (Class I).		X		Request that the DEIR be revised to reanalyze the statement that this is a valid impact for the Revised VAFB Onshore Alternative. For the Revised VAFB Onshore Alternative, all of the infrastructure including the drill site, facilities and pipeline are over 1000 feet from the coastline. Additionally, topography formed by the coastal dune complex present natural barriers between the VAFB site infrastructure and the shoreline. Hence it is highly unlikely that any spill could reach the marine environment. The horizontal directional drill approach used by the Revised VAFB Onshore Alternative to cross under the Santa Ynez river approximately 2.5 miles inland from the coastline also makes it highly unlikely that a spill would occur into the Santa Ynez river.
18	ES Tables	Impact Summary Tables - Alternatives (Impact of Proposed Project that also apply to Alternatives)	Impact # MB.1 states that oil spills from the project may impact benthic and intertidal organisms, fish, marine mammals, marine birds and marine turtles (Class I).		X		Request that the DEIR be revised to reanalyze the statement that this is a valid impact for the Revised VAFB Onshore Alternative. As stated in the comments to the specific issue areas of the DEIR, it is highly unlikely that this impact would occur from the Revised VAFB Onshore Alternative.
19	ES Tables	Impact Summary Tables - Alternatives (Impact of Proposed Project that also apply to Alternatives)	Impact # MB.3 states that a discharge of produced water from Platform Irene may potentially impact marine organisms in the project area (Class II).		X		Request that the DEIR be revised to reflect the fact that this does not apply to the Revised VAFB Onshore Alternative, given that there will be no utilization of Platform Irene infrastructure and there will be no offshore discharge of produced waters.
20	ES Tables	Impact Summary Tables - Alternatives (Impact of Proposed Project that also apply to Alternatives)	Impact # MVWQ.1 states that an accidental discharge of petroleum hydrocarbons into marine waters would adversely affect marine water quality (Class I).		X		Request that the DEIR be revised to reanalyze the statement that this is a valid impact for the Revised VAFB Onshore Alternative. As stated in the comments to the specific issue areas of the DEIR, it is highly unlikely that this impact would occur from the Revised VAFB Onshore Alternative.
21	ES Tables	Impact Summary Tables - Alternatives (Impact of Proposed Project that also apply to Alternatives)	Impact # MVWQ.2 states that reduced marine water and sediment quality would result from oceanic discharge of drilling fluids (Class II).		X		Request that the DEIR be revised to reanalyze the statement that this is a valid impact for the Revised VAFB Onshore Alternative. As stated in the comments to the specific issue areas of the DEIR, it is highly unlikely that this impact would occur from the Revised VAFB Onshore Alternative.
22	ES Tables	Impact Summary Tables - Alternatives (Impact of Proposed Project that also apply to Alternatives)	Impact # MWQ.3 states that reduced marine water quality would result from oceanic discharge of produced water (Class II).		X		Request that the DEIR be revised to reflect the fact that this does not apply to the Revised VAFB Onshore Alternative, given that there will be no utilization of Platform Irene infrastructure and there will be no offshore discharge of produced waters.
23	ES Tables	Impact Summary Tables - Alternatives (Impact of Proposed Project that also apply to Alternatives)	Impact # MWQ.4 states that reduced marine water quality would result from additional discharge of sanitary wastes, desalination brine, and other materials from Platform Irene (Class II).		X		Request that the DEIR be revised to reflect the fact that this does not apply to the Revised VAFB Onshore Alternative, given that there will be no utilization of Platform Irene infrastructure and there will be no offshore discharge.
24	ES Tables	Impact Summary Tables - Alternatives (Impact of Proposed Project that also apply to Alternatives)	Impact # CRF/KH.1 states that oil spills may potentially impact commercial and recreational kelp harvests in the proposed project area (Class III).		X		Request that the DEIR be revised to reanalyze the statement that this is a valid impact for the Revised VAFB Onshore Alternative. As stated in the comments to the specific issue areas of the DEIR, it is highly unlikely that this impact would occur from the Revised VAFB Onshore Alternative.
25	ES Tables	Impact Summary Tables - Alternatives (Impact of Proposed Project that also apply to Alternatives)	Impact # CRF/KH.2 states that oil spills may potentially impact commercial and recreational fishing in the proposed project area (Class I).		X		Request that the DEIR be revised to reanalyze the statement that this is a valid impact for the Revised VAFB Onshore Alternative. As stated in the comments to the specific issue areas of the DEIR, it is highly unlikely that this impact would occur from the Revised VAFB Onshore Alternative.

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Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt.	Tranquillon Ridge DEIR Comments (Concern/Request)
26	ES Tables	Impact Summary Tables - Alternatives (Impact of Proposed Project that also apply to Alternatives)	Impact # CRF/KH.4 states that marine traffic to and from Platform Irene could cause loss or damage to commercial fishing gear in the proposed project area (Class III).		X		Request that the DEIR be revised to reflect the fact that this does not apply to the Revised VAFB Onshore Alternative, given that there will be no utilization of Platform Irene infrastructure and thereby no resulting marine traffic.
27	ES Tables	Impact Summary Tables - Alternatives (Impact of Proposed Project that also apply to Alternatives)	Impact # CRF/KH.5 states that deposition of shells or shell mounds could prevent commercial trawling activities beneath Platform Irene (Class III).		X		Request that the DEIR be revised to reflect the fact that this does not apply to the Revised VAFB Onshore Alternative, given that there will be no utilization of Platform Irene infrastructure.
28	ES Tables	Impact Summary Tables - Alternatives (Impact of Proposed Project that also apply to Alternatives)	Impact # T.3 states that increased offshore drilling activity would increase offshore traffic (Class III).		X		Request that the DEIR be revised to reflect the fact that this does not apply to the Revised VAFB Onshore Alternative, given that there will be no utilization of Platform Irene infrastructure.
29	ES Tables	Impact Summary Tables - Alternatives (Impact of Proposed Project that also apply to Alternatives)	Impact # T.4 states that an oil spill from the proposed Tranquillon Ridge Project could result in the disruption of commercial shipping, fishing, and recreational marine traffic (Class I).		X		Request that the DEIR be revised to reanalyze the statement that this is a valid impact for the Revised VAFB Onshore Alternative. As stated in the comments to the specific issue areas of the DEIR, it is highly unlikely that this impact would occur from the Revised VAFB Onshore Alternative.
30	ES Tables	Class I Impacts of VAFB Onshore Alternative	Item T.3 addresses offshore traffic and is shown as applicable to the VAFB Onshore Alternative.			X	Request that the DEIR be revised to remove this item as an impact of Revised VAFB Onshore Alternative as there will be no offshore traffic associated with the Revised VAFB Onshore Alternative and onshore traffic issues are addressed separately under T.1 (Class II impact).
DEIR Section 2							
1	Sect. 2.2.1	Well Development and Production	States that new wells for T-Ridge will be drilled from "unused well-slot locations currently available on Platform Irene"	X			Request that the DEIR be revised to indicate the weight loading constraints of the platform, the current loading and expected loading with project equipment installed. Indicate if any additional structural supports will have to be modified or added. If platform modifications are required, the DEIR should discuss potential impacts associated with offshore construction.
2	2.2.2	Platform Irene Modifications	Section indicates that the existing drilling rig on platform would be used to drill extended reach wells.	X			Request that the DEIR be revised to include justification that the existing drilling rig will be able to drill extended reach wells which require large power requirements and weight handling capabilities or indicate the activities and impacts associated with the replacement with a larger rig including higher HP emergency generators.
3	2.2.2	Platform Irene Modifications	Section indicates that oil based muds, if used, would be stored and transported to shore or injected offshore.	X			Request that the DEIR be revised to include an indication of when and how much oil based mud would be used. Other locations have used oil based muds when drilling extended reach wells to reduce friction and improve flow characteristics. Consider replacing water based mud for oil based mud as the base case.
4	2.2.2	Platform Irene Modifications	Section indicates that produced water from LOGP could be discharged to ocean under existing NPDES permit.	X			Request that the DEIR be revised to include documentation from appropriate agencies to demonstrate that the existing NPDES permit can be used for discharge of water from state leases. Discuss any required amendments.
5	2.2.2	Platform Irene Modifications	Table 2.2 indicates that additional electric power of about 117% will be required during drilling.	X			Request that the DEIR assess the capability of the existing electric power system to the platform to meet the project requirements, and discuss potential limitations of the sub sea power cable system and delivery to platform.
6	2.2.2	Platform Irene Modifications	Table 2.6 indicates that Platform Irene's life will be extended 30 years (original life was 20 years)	X			Request that the DEIR be revised to provide details of the platform inspection program conducted to ensure that the platform structure is capable of the extended life. Include results of the most recent inspections. Include consideration of replacement of anode systems and repair of fatigue cracking.

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Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt.	Tranquillon Ridge DEIR Comments (Concern/Request)
7	2.3.1.1	Platform Irene	Section indicates that electric power is supplied to platform by a sub sea cable.	X			Request that the DEIR be revised to indicate the design, capacity, water seal barriers and any redundancy in the sub sea power cable to platform. Provide results of recent testing and inspection of the cable. Provide substantiation that the power cable life can be extended past the project life without repairs.
8	2.3.1.1	Platform Irene	Section indicates that electric power is supplied to platform by a sub sea cable.	X			Based on other facilities that have had sub sea power cable failures, it appears that there is a strong likelihood that the sub sea power cable could require replacement. Request that the DEIR be revised to include an alternative for replacing the sub sea power cable that includes the associated impacts.
9	2.3.1.3	Other Point Pedemales Facilities	Pipeline descriptions indicate that both the emulsion and the produced water pipeline from Irene to LOGP have had sections replaced due to corrosion in the last 10 years	X			Given the history of the pipelines from Irene to LOGP, request that the DEIR be revised to include, at a minimum, the repair and/or replacement of several sections of the pipelines over the life of the proposed project. Include impacts for these activities.
10	2.3.1.3	Other Point Pedemales Facilities- Oil Emulsion Pipeline	Section indicates that the pipeline is coated with PRITEC 70/15 for entire length.	X			Request that the DEIR be revised to indicate that the emulsion pipeline was not coated with concrete for damage protection in nearshore areas as is current practice. Also indicate that no rip rap was placed over pipeline in surf zone for protection during storms, and discuss the potential risks of pipeline accidents in this critical area of the pipeline. To the extent that these measures should be incorporated as mitigation measures, the DEIR should also identify the potential construction impacts of this work, and any potential long-term shoreline morphology impacts.
11	2.3.1.3	Other Point Pedemales Facilities- Oil Emulsion, Produced Water and Sour Gas Pipeline	Section indicates that these pipelines are inspected with a smart pig.	X			Request that the DEIR be revised to indicate the analysis of the smart pig results. The DEIR needs to elaborate on the implication of the results and whether the corrosion program is adequate to assure that no failures will occur or whether replacement of selected sections will be required.
DEIR Section 3							
1	3.3.3	Description of the VAFB Onshore Alternative	Section 3.3.3 describes the VAFB Onshore Alternative as based to some extent on the March 2006 Sunset/ExxonMobil Vahevala application (information available at the time of the project scoping) and an independent analysis of alternative features.		X		Request that the DEIR be revised to base the VAFB Onshore Alternative description on the current information provided to Santa Barbara County and other agencies concerning the proposed Sunset/ExxonMobil Vahevala project. The Vahevala project has been optimized based on field investigations, engineering analyses, and discussions with VAFB operations and environmental staff. As discussed further in comments below, the key differences between the proposed Vahevala project and the DEIR VAFB Onshore Alternative include alignment of the pipeline corridor in an area that is topographically remote from the Santa Ynez River estuary; reduced diameter pipelines and avoidance of existing older pipelines to the LOGP; use of current technology pipeline leak detection; placement of numerous block and check valves at strategic locations to minimize potential spill volumes; onsite water disposal and avoidance of offshore disposal and other offshore infrastructure; and siting of new electrical infrastructure out of public view.
2	3.5.1	New Oil Emulsion Pipeline Alternative	Section indicates that the existing offshore pipeline would be decommissioned in place when a new pipeline is installed.	X			Request that the DEIR be revised to include the removal of the existing pipeline after it is taken out of service in concurrence with the SBC policy to remove all abandoned facilities. Discuss potential impacts associated with pipeline removal in the relevant resource issue areas.
3	3.5.1.1	Offshore Pipeline Installation	Section does not describe the surf zone installation.	X			Request that the DEIR be revised to include the details of installing the pipeline from the offshore connection point through the surf zone to the onshore connection point.
4	3.5.1.1	Offshore Pipeline Installation	Section indicates that the pipeline would be buried to a depth of 5-15 feet through surf zone using air jets.	X			Request that the DEIR be revised to include environmentally beneficial alternatives to use of air jets due to turbidity generated by this type of operation.

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Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt.	Tranquillon Ridge DEIR Comments (Concern/Request)
5	3.5.1.1	Offshore Pipeline Installation	Section indicates that the pipeline would be buried to a depth of 5-15 feet through surf zone using air jets.	X			Request that the DEIR be revised to include the use of rip rap on top of the pipeline in the surf zone to provide protection during storms. Provide description of how this work would be accomplished including access to beach site.
6	3.5.1.1	Offshore Pipeline Installation	Section indicates that the pipeline would be connected to the platform pipe using a template approach.	X			Request that the DEIR be revised to consider other methods that do not have additional risk of leaks such as the alternative of pulling the pipeline up the J-tube to eliminate joints on sea bottom.
7	3.5.1.1	Offshore Pipeline Installation	Table 3.3 indicates a Lay Vessel with 3000 HP.	X			Request that DEIR be revised to utilize more realistic equipment requirements and HP ratings. Recent projects using DP vessels indicated a total of 8,000 to 10,000 HP; projects also required ROV and associated generators.
DEIR Section 5.1							
1	Section 5.1.1.4.2	Existing LOGP Facility and Sales Gas Pipeline: Scenarios and failure Rates	Table 5.1.4. Current Operations Gas Pipeline Release Scenario Impacts	X			The information used to generate the results should be included in this DEIR rather than referring to past documents and results. Revise the DEIR to include a description of the methodology used to develop the information presented in Table 5.1.4. Estimated volumes of sour gas, H ₂ S mass, and duration for each release scenario should be shown in the table.
2	Section 5.1.1.4.2	Existing LOGP Facility and Sales Gas Pipeline: Scenarios and failure Rates	Table 5.1.10 Current Operations LOGP Release Scenarios Impacting Offsite and Base Frequencies	X			The information used to generate the results should be included in this DEIR rather than referring to past documents and results. Revise the DEIR to include a description of the methodology used to develop the information presented in Table 5.1.10. Estimated volumes of sour gas, H ₂ S mass, and duration for each release scenario should be shown in the table.
3	5.1.5.2	Impact Analysis for the VAFB Onshore Alternative	Table 5.1.30 Potential Spill Volumes from VAFB Onshore Production Site to PXP Emulsion Pipeline		X		Except for the 1.3 mile Santa Ynez River to the PXP Emulsion Line segment, the cited table and associated text does not take into account, but does acknowledge, the planned use of block valves at regular intervals (i.e., approximately one mile segments) along both the oil and gas pipelines. Thus, the estimated spill volumes shown in the table are overestimated for the remaining 8.5 miles of pipeline by a factor of 3 to 5. This table should be revised to include consideration of block valves at several key locations along the proposed Vahevala pipeline alignment, as depicted on the Vahevala Project application drawings and tabulated on Drawing SK-06485-07.
DEIR Section 5.2							
1	Section 5.2 and (throughout EIR)	Description of Alternatives/ Significant Impacts of Project Alternatives	The VAFB Onshore Alternative is described as including approximately 10 miles of additional pipeline.		X		Request that the assessment of the VAFB Onshore Alternative pipeline route (Pipeline Scenario 1) in the DEIR be revised to reflect the Vahevala Project proposed pipeline route which is optimized in several areas including the approach for crossing Bear Creek and avoidance of the Santa Ynez River estuary area. In addition, the Vahevala Project proposed pipeline route between the drilling and production site and the point of intersection with PXP pipeline right-of-way is less than 10 miles (8.4 mi). Therefore the stated impacts in this portion of the pipeline alignment are overstated. In addition, the Vahevala oil pipeline contains dry oil not more corrosive emulsion as in the proposed project.
2	Section 5.2.1.3	Terrestrial Habitats and Blota: Rare Threatened and Endangered Species	The proposed rule was withdrawn in 2002, and the tidewater goby remains on the endangered species list throughout its range (USFWS, 2005). Critical habitat has not been proposed or designated north of Orange County, California.			X	Request that the DEIR be revised to reflect current status of the Tidewater Goby. USFWS issued proposed critical habitat for the tidewater goby on Nov. 28, 2006 (Federal Register 50 CFR Part 17: Endangered and Threatened Wildlife and Plants; Revised Critical Habitat for the Tidewater Goby (<i>Eucyclogobius newberryi</i>); Proposed Rule) which includes the Santa Maria River.

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Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt.	Tranquillon Ridge DEIR Comments (Concern/Request)
3	Section 5.2.1.3	Terrestrial Habitats and Biota: Rare Threatened and Endangered Species	This species [unarmored threespine stickleback] is known to inhabit San Antonio Creek primarily downstream of Barka Slough on VAFB (Irwin and Soltz, 1982), and unidentified threespine sticklebacks have been observed as far upstream as Los Alamos in the 1980s (R. Thompson field notes).			X	Federally and state listed endangered unarmored threespine stickleback (<i>Gasterosteus aculeatus williamsoni</i>) have been documented in Honda Creek (reference Camm Swift personal observation - 9/2006). Request that the DEIR be revised to add this stream to the discussion.
4	Section 5.2.5.2	Class I Impacts of Onshore Alternative	Impact TB.9: Drilling noise, construction, and accidental release of boring materials ("frac-outs") during construction activities related to boring could impact one or more sensitive wildlife species.		X		Request that the DEIR be revised to re-analyze the magnitude of this effect. A Class II impact classification is more appropriate because impacts from horizontal drilling can be reduced to less than significant levels by various mitigations, including scheduling construction outside critical breeding and migration periods of target species. Implementation of a Frac-Out Contingency Plan would address several measures to avoid impacts resulting from a frac-out.
5	Section 5.2.5.2	Class I Impacts of Onshore Alternative	Impact TB.10: Replacement of the existing pipeline from landfall to the LOGP has the potential to remove or damage up to 88.6 acres of native vegetation and wildlife habitat including sensitive plant species.		X		Request that the DEIR be revised to re-analyze the magnitude of this effect. A Class I impact is assigned to the Onshore Alternative (76.65 acres of native vegetation), but a Class II impact is assigned to the Oil Emulsion Line Replacement Alternative (88.6 acres of native vegetation). The analysis should reflect conclusions in Impact TB. 13, Impacts to Listed Plants - Onshore Alternative (significant but mitigable).
6	Section 5.2.5.2	Terrestrial Habitats and Biota: VAFB Onshore Alternative Impact Analysis	Impacts TB.6, TB.7, TB.8: The pipeline segment along Highway 246 is directly adjacent to the Santa Ynez River. In the event of a spill or rupture, impacts on aquatic habitats would be more severe under the VAFB Onshore Alternative compared to the proposed project. The Santa Ynez River and adjacent riparian areas support sensitive aquatic species such as the tidewater goby, red-legged frog, and steelhead. A spill into the Santa Ynez River could result in oil flow to the river mouth and beach, which is proposed critical habitat for the western snowy plover.		X		This discussion assumes that the VAFB Onshore Alternative pipeline route would be located north of Highway 246 near the Santa Ynez River estuary. Request that the DEIR be revised to reflect the proposed Vahevala Project pipeline route, which avoids placement of new pipelines in this area by using a cross-country route that is substantially south of Highway 246 and topographically remote from the estuary. The resulting analysis of impacts to terrestrial biota and habitats are thus overstated, particularly with respect to aquatic resources. The assessment should also be revised to reflect the fact that the existing PXP pipelines, which have a history of corrosion, will continue to operate in close proximity to the estuary. Therefore, in the event of a spill or rupture, impacts on aquatic habitats would be <u>less severe</u> under the Revised VAFB Onshore Alternative compared to the proposed project.
7	Section 5.2.5.2	Terrestrial Habitats and Biota: VAFB Onshore Alternative Impact Analysis	Impacts TB.6, TB.7, TB.8: The pipeline would be installed along Surf Road, Bear Creek Road, and Coast Road, all of which are in close proximity to the shoreline.		X		Revise the DEIR to include details from the proposed Vahevala Project for the VAFB Onshore Alternative so that impacts for this alternative are more accurately assessed. The pipeline route for the proposed Vahevala Project, which has been optimized to mitigate environmental impacts with input from VAFB staff, is located greater than 1000 feet inland from the coastline. Additionally, the drainage patterns within the drilling and production area for the proposed Vahevala Project would prevent spilled oil from reaching Honda Creek watershed (located to the south of the drilling area). Topography along the pipeline corridor on South VAFB is formed by the coastal dune complex and UPRR tracks which present natural and man-made barriers between the VAFB Onshore Alternative infrastructure and the shoreline. The proposed Vahevala Project's pipeline crossing under the Santa Ynez River would be located approximately 2.5 miles inland from the coastline, making it unlikely that a spill into the Santa Ynez River would reach the coastline.
8	Section 5.2.5.2	Terrestrial Habitats and Biota: VAFB Onshore Alternative Impact Analysis	Known threatened and endangered species present along the proposed onshore pipeline route include Gaviota tarplant, beach layia (<i>Layia canosa</i>), and vernal pool fairy shrimp (<i>Branchinecta lynchi</i>).		X		Request that the DEIR be revised to review validity of the statement that vernal pool habitat occurs along the 8.4 mile section of pipeline between the VAFB Onshore Alternative drilling and production site and the intersection with the PXP pipeline right-of-way. During the analysis for the proposed Vahevala Project no vernal pool habitat along the proposed pipeline route was found.
DEIR Section 5.3							

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Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt.	Tranquillon Ridge DEIR Comments (Concern/Request)
1	5.3.5.2	Geological Resources	Impact GR.4 Ground Disturbance during Maintenance Activities. This discussion states in part "...Given the crossing of the Santa Ynez River, this impact is considered more severe for the VAFB Onshore Alternative than the proposed project..."			X	Request that this impact for the Revised VAFB Onshore Alternative be revised to more closely match the Replacement of Oil Emulsion Pipeline Alternative. This impact is referring to impacts during maintenance activities (and not oil spill clean up activities) and pipeline maintenance would be less than the proposed project due to the less frequent maintenance requirements associated with a new pipeline. Furthermore, geotechnical data would be used to design and install the new pipeline so no long-term geological impacts associated with the pipeline would be expected.
2	5.3.5.2	Geological Resources	Impact GR.5 Scour. This discussion states in part "...However, given the crossing of the Santa Ynez River, this impact is considered more severe for the VAFB Onshore Alternative than the proposed project..."			X	Request that the DEIR be amended to reflect the proposed Vahevala Project pipeline route which is substantially south of Highway 246 and topographically remote from the estuary. Avoidance of this area in addition to pipeline design and installation techniques based on sound geotechnical data would reduce scour impacts from crossing the Santa Ynez River.
3	5.3.5.2	Geological Resources	Impact GR.7 Liquefaction could jeopardize the integrity of the VAFB Onshore Alternative pipelines at the Santa Ynez River valley and Bear Creek crossings.		X		Request that the DEIR be amended to reflect the proposed Vahevala Project pipeline route which is substantially south of Highway 246 and topographically remote from the estuary and therefore remote from soil conditions favorable to liquefaction. Avoidance of these areas in addition to pipeline design and installation techniques based on sound geotechnical data would reduce this impact to less than significant.
DEIR Section 5.5							
1	Section 5.5.5.2	Marine Biology: VAFB Onshore Alternative Impact Analysis	Impact MB.6 Impingement and Entrainment. Impingement and entrainment from seawater uptake at Platform Irene would be the same as existing baseline conditions.		X		Request that the DEIR be revised to state that the Revised VAFB Onshore Alternative would not require use of Platform Irene. Therefore, there is no impact related to impingement and entrainment.
DEIR Section 5.6							
1	Section 5.6.5.2	Impacts of the Proposed Project that also Apply to the Alternatives	MWQ.2 Reduced marine water and sediment quality would result from increased oceanic discharge of drilling fluids. The impacts of discharging drilling fluids and other wastes would be considered adverse but not significant (Class III).		X		Oceanic discharge of drilling fluids is associated with the "No Project" alternative and is not proposed under the Revised VAFB Onshore Alternative. Therefore the DEIR should be revised to state that there is no impact to marine water and sediment quality from these discharges for the Revised VAFB Onshore Alternative.
2	Section 5.6.5.2	Impacts of the Proposed Project that also Apply to the Alternatives	MWQ.3: Reduced marine water quality would result from the oceanic discharge of produced water (Class II).		X		Oceanic discharge of produced water is associated with the "No Project" alternative and is not proposed under the Revised VAFB Onshore Alternative. Therefore the DEIR should be revised to state that there is no impact to marine water and sediment quality from these discharges for the Revised VAFB Onshore Alternative.
3	Section 5.6.5.2	Impacts of the Proposed Project that also Apply to the Alternatives	MWQ.4: Reduced marine water quality would result from additional discharges of sanitary wastes, desalinization brine, and other materials from Platform Irene (Class III).		X		Oceanic discharges of sanitary waste, desalinization brine, and other materials is associated with the "No Project" alternative and is not proposed under the Revised VAFB Onshore Alternative. Therefore the DEIR should be revised to state that there is no impact to marine water and sediment quality from these discharges for the Revised VAFB Onshore Alternative.
DEIR Section 5.7							
1	Section 5.7.5.2	Impacts of the Proposed Project that also Apply to the Alternatives	CRF/KH.1: Oil spills may potentially impact commercial and recreational kelp harvests in the proposed project area (Class III).		X		Request that the DEIR be revised to re-analyze the statement that this is a valid impact for the Revised VAFB Onshore Alternative. As stated, it is highly unlikely that a spill from this infrastructure would impact the marine environment.

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2	Section 5.7.5.2	Impacts of the Proposed Project that also Apply to the Alternatives	CRF/KH.2: Oil spills may potentially impact commercial and recreational fishing in the proposed project area (Class I).		X		Request that the DEIR be revised to re-analyze the statement that this is a valid impact for the Revised VAFB Onshore Alternative. Commercial/recreational fishing is not permitted in the Santa Ynez River or estuary due to the presence of endangered steelhead and tidewater goby.
3	Section 5.7.5.2	Impacts of the Proposed Project that also Apply to the Alternatives	Impact CRF/KH.4: Marine Vessel traffic to and from Platform Irene could cause loss or damage to commercial fishing gear in the project area (Class II).		X		Marine Vessel traffic to and from Platform Irene is associated with the "No Project" alternative and is not proposed under the Revised VAFB Onshore Alternative. Therefore the DEIR should be revised to state that there is no impact to commercial fishing gear from the Revised VAFB Onshore Alternative.
4	Section 5.7.5.2	Impacts of the Proposed Project that also Apply to the Alternatives	Impact CRF/KH.5: The deposition of shells, or shell mounds, could prevent commercial trawling activities beneath Platform Irene (Class II).		X		Deposition of shells, or shell mounds is associated with the "No Project" alternative and is not proposed under the Revised VAFB Onshore Alternative. Therefore the DEIR should be revised to state that there is no impact to commercial trawling activities from the Revised VAFB Onshore Alternative.
5	Section 5.7.5.2	Commercial and Recreational Fishing/Kelp Harvesting (for the onshore alternative)	Impact CRF/KH.1 Spill Impacts to Kelp. This discussion states in part "...if spilled oil from the new onshore oil pipeline did reach the ocean, it could be more likely to reach kelp beds than a spill from Platform Irene because the oil would enter the ocean close to shore and the near shore kelp beds..."			X	Request that the DEIR be revised to include the Proposed Project's continued use of existing onshore pipelines which are located immediately upland of the Santa Ynez River estuary. In other words, although a spill from Platform Irene may not reach the kelp beds depending on wind and current directions at the time, a spill from the proposed project's existing onshore pipelines would have a higher probability of reaching the ocean and near shore kelp beds than the proposed Vahevala Project's new onshore oil pipeline. As previously noted, it is highly unlikely that any spill from the Vahevala infrastructure could reach the shoreline given the optimized route and distance from coastline.
6	Section 5.7.5.2	Commercial and Recreational Fishing/Kelp Harvesting (for the onshore alternative)	Impact CRF/KH.2 Spill Impacts to Fish. This discussion states in part "...although the chance of a spill would be greatly reduced compared to the proposed project, if substantial oil did enter the ocean, impacts on near shore fishing areas might be greater..."			X	Request that the DEIR be revised to include a discussion of the Proposed Project's continued use of existing onshore pipelines which are located immediately upland of the Santa Ynez estuary. Once the onshore pipelines for the Proposed Project are included in the impact analysis, then the comparison of impacts would most likely conclude that the overall potential for impacts to fisheries due to an oil spill from the onshore alternative would be less than for the Proposed Project.
DEIR Section 5.8							
1	5.8	Regulatory Setting	The DEIR does not discuss new regulatory requirements potentially affecting the project. This includes the California Air Resources Board (CARB) Air Toxic Control Measures for portable and stationary diesel-fired engines and the APCD rules affecting stationary engines.	X			Request that the DEIR be revised to include an analysis of the new CARB and APCD rules affecting stationary and portable diesel PM. CARB and APCD consider diesel PM as a significant air toxic. In addition, the APCD has required others to include contractual language reducing diesel PM and criteria pollutants during the construction and operations processes. Include discussion of applicable mitigation measures in the DEIR.
2	5.8.1.4	Study Area Baseline Emissions	Table 5.8.5 lists current emissions from Platform Irene and LOGP	X			Request that the DEIR be revised to include the emissions from the emergency generator and firewater pumps since they are not exempt from APCD permit and need to be included in this emissions summary.
3	5.8.4.1	Construction Impacts	Table 5.8.7 lists Proposed Project construction emissions from Platform Irene, LOGP and offsites.	X			Request that the DEIR be revised to include construction emissions from areas that were not included in base analysis such as sea bottom anode cathodic protection sleds for platform, repair or replacement of power cable and emulsion pipeline, structural modification of platform for load and other potential upgrades to existing systems to safely extend design life. Include all impacts including use of marine vessels to support modifications.
4	5.8.4.2	Operational Impacts	Table 5.8.8 lists proposed project operational emissions. Additional Boat Trips line item indicates an annual NOx increase of 0.305 tons/yr.	X			Request that the DEIR be revised to correct an apparent error in the calculation of the annual NOx emissions from additional boat trips. Instead of 0.3 ton/yr, amount appears to be approximately 3-4 ton/yr. Reference Appendix C, page C-10 and C-18.

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Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt.	Tranquillon Ridge DEIR Comments (Concern/Request)
5	5.8.4.2	Operational Impacts	Section does not include summary of total additional emissions from project; additional project life plus additional project activities.	X			Request that the DEIR be revised to include a table that summarizes the total emissions increase over the project life from both extended life and additional project activities. Incorporate requested revisions in emission calculations prior to completing comparison. For NOx, project emissions appear to be about 40-50 tons per year and total about 1,200 to 1,500 tons over project life.
6	5.8.4.2	Operational Impacts	Section indicates an increase use for two additional heater treaters.	X			Request that the DEIR be revised to include a discussion regarding a potential CEQA utilization issue of these heaters if they have been shutdown for more than two years.
7	5.8.5	Impact Analysis for the Alternatives	DEIR evaluation limited to selected alternatives.	X			Request that the DEIR be revised to include an analysis of the construction impacts of other significant construction activities that could be required over life of Proposed Project. These projects could include the following: power cable repair or replacement, pipeline replacement, drilling rig installation, anode cathodic protection sleds for Platform Irene, structural modifications on Platform Irene to support additional loads, extensive use of oil based mud , etc.
8	5.8.5.2	VAFB Onshore Alternative-Residual Impact Impact Air.2	In fourth sentence, indicate that operational emissions from Platform Irene would be less than proposed project.		X		Request that the DEIR be revised to correct an apparent error in fourth sentence. Operational emissions from Platform Irene would be greater than the Revised VAFB Onshore Alternative because helicopter and boat activity would not be required for the Revised VAFB Onshore alternative.
9	5.8.5.5	Replacement of Oil Emulsion Pipeline from Platform Irene to LOGP	Table 5.8.14 lists construction emissions for replacement of pipeline from Platform Irene to LOGP.	X			Request that the DEIR be revised to indicate that the existing offshore emulsion pipeline would have to be removed as part of construction project as per SBC policy on decommissioned equipment. Include associated impacts for removal.
10	5.8.5.5	Replacement of Oil Emulsion Pipeline from Platform Irene to LOGP	Table 5.8.14 lists construction emissions for replacement of pipeline from Platform Irene to LOGP.	X			Request that the DEIR be revised to include a more realistic estimate of the operations and associated equipment required to install the offshore portion of the emulsion pipeline using a dynamic positioning (DP) vessel. Consider pre and post surveys, ROV use, divers, support barges and work vessels.
11	5.8.5.5	Replacement of Oil Emulsion Pipeline from Platform Irene to LOGP	Table 5.8.14 lists construction emissions for replacement of pipeline from Platform Irene to LOGP.	X			Request that the DEIR be revised to provide a more realistic estimate of emissions for Offshore Equipment. Appendix C (page C-3) references use of lay vessel for 56 days. Previous projects have determined an emission rate of approximately 1 ton/day of NOx or 56 ton for only lay vessel operation.
DEIR Section 5.9							
1	5.9.5.2	Traffic (for the onshore alternative)	Impact T.3 - Marine Traffic. The impact statement concludes that marine traffic would be the same as for the No Project Alternative, and is considered adverse but not significant (Class III).		X		Marine traffic is associated with the "No Project" alternative and is not proposed under the Revised VAFB Onshore Alternative. Request that the DEIR be revised so that the conclusion states that there is no impact related to marine traffic.
2	5.9.5.2	Traffic (for the onshore alternative)	Impact T.4. This impact concludes that a accidental oil spill or gas release would have significant adverse impacts to Base operations that cannot be mitigated to less than significant (Class I).		X		As part of the proposed Vahevala Project review process VAFB is conducting a Site Survey (review page 3-11 of the DEIR for more detail on the Site Survey process) to evaluate the potential impacts of the Vahevala project on Base operations. The Site Survey will include an evaluation of impacts from an accidental release and the related impacts to Base operations. Although it is too soon to conclude that an accidental release would not disrupt Base operations to a Class I level, without input from VAFB, it is also too soon to conclude that it would. The Vahevala Project team is collaborating with VAFB to ensure impacts to Base operations would be minimal and of short duration. The results of the Site Survey process will include VAFB's analysis on whether or not an accidental release from the Vahevia Project would have significant adverse impacts to Base Operations. This information can then be used when evaluating the Revised VAFB Onshore Alternative.

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DEIR Section 5.10							
1	5.10.5.2	Noise (for the onshore alternative)	Impact Noise.1 - Offshore Noise. The impact statement concludes that offshore noise is adverse but not significant (Class III) for the onshore alternative.		X		Offshore activities are associated with the "No Project" alternative and is not proposed under the Revised VAFB Onshore Alternative. Request that the conclusion be revised to state that there is no impact related to offshore noise.
DEIR Section 5.12							
1	5.12.5.2, page 5.12-19	Cultural Resources (for the onshore alternative)	Impact CR.1 - Pipeline Maintenance Ground Disturbance. The discussion concludes that impacts to cultural resources from maintenance and repair of the pipelines constructed for the onshore alternative would be "substantially greater" than for the proposed project.		X		Request that the DEIR be revised to reflect that the proposed Vahevala project would not rely on the existing PXP pipelines, which have a history of corrosion. Therefore, although the Revised VAFB Onshore Alternative will be overall more miles of onshore pipeline than the Proposed Project (12.1 miles for the proposed project compared to 17.7 miles for the Vahevala Project), the maintenance-related ground disturbances associated with the new pipelines would be <u>reduced</u> over those of the proposed project because the integrity of the pipeline would be improved over the existing pipeline, and there will be fewer pipelines that require maintenance (i.e., no water pipeline). The proposed Vahevala Project pipeline routes have been optimized with VAFB staff input to mitigate impacts to cultural resources.
2	5.12.5.2	Cultural Resources (for the onshore alternative)	Impact CR.4 - Produced Water Spill assumes that the onshore alternative will construct a produced water pipeline, which could result in impacts to cultural resources in the event of a spill cleanup.		X		Request that the DEIR be revised to reflect that the Revised VAFB Onshore Alternative does not include a produced water pipeline. The Revised VAFB Onshore Alternative would dispose of water via new water injection at the drilling and production area.
DEIR Section 5.13							
1	5.13.5.2	Visual Resources for the onshore alternative	Impact Visual.1 Long Term Presence of Facilities Visible from the Coastal Zone. This impact is classified as significant and unavoidable (Class 1) for the onshore alternative because it is assumed that the existing Surf Substation, which is visible from public viewing areas, would also support the onshore alternative project.		X		Request that the DEIR be amended to reflect the Revised VAFB Onshore Alternative, which includes construction of a separate substation to be located on VAFB and out of view from public vantage points. Specific location and site information for the new substation is provided in the December 29, 2006 Response to Comment package submitted to SBC.
DEIR Section 5.14							
1	5.14.5.2	Recreations/Land Use (for the onshore alternative)	Impact REC.1 - Oil Spill. The discussion states that "...there is a small potential for spilled oil to reach Ocean Beach County Park and/or Surf Beach if the pipelines are placed on the northern side of Highway 246 or if high flow conditions result in the breach of the UPRR created berm. Therefore this impact [to recreation] is still considered significant and unavoidable (Class 1).		X		Request that the DEIR be revised to reflect the Revised VAFB Onshore Alternative pipeline route, which avoids placement of new pipelines in this area by using a cross-country route that is substantially south of Highway 246 and topographically remote from the estuary.
DEIR Section 6							
1	6.2	Comparison of Proposed Project to No Project Alternative	The "No Project Alternative" states it would eliminate several Class I impacts, including impacts TB.6, TB.7, TB.8, OWR.2, MB.1, MWQ.1, CRF/KH.2, T.4, CR.3 and Impact Rec.1"			X	Request that the DEIR be revised to state that these impacts would not increase above current levels, rather than state that they would be eliminated. As acknowledged in the Point Pedemales EIR/EIS, these risks exist in the base case and will continue to exist even if no project goes forward.

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2	6.3.1	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	This section states that the Class I oil spill impacts for marine biology, marine water quality and commercial/recreational fishing would be reduced but not eliminated with the VAFB onshore alternative.		X		Request that the DEIR be revised to acknowledge that any risk to marine and coastal environments will be far less significant than characterized in the DEIR. The Revised VAFB Onshore Alternative facilities are located sufficiently inland as to pose no realistic risk to marine and coastal environments. At a minimum, the risk should be reduced to Class II given the remoteness of this contingency and the various mitigation steps that can be taken.
3	6.3.1	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	The third (3rd) paragraph of this section states that the pipelines associated with the VAFB onshore alternative will be located in a pipeline route near Surf Beach or Ocean Beach County Park and a release there from could impact beaches, the Santa Ynez River Mouth and other coastal estuaries.		X		The Revised VAFB Onshore Alternative should address more advantageous potential pipeline routes available from the proposed drill site to LOGP. The proposed Vahevala project has identified other pipeline routes that will minimize the risk to marine and coastal environments by locating the pipeline further from those areas. As such, commentor requests that the DEIR be revised to incorporate the pipeline route from the Revised VAFB Onshore Alternative, in order to portray a more accurate "environmentally superior alternative" than is currently portrayed. When such a pipeline route is incorporated, commentor suggests that mitigation would reduce this impact to a Class II impact.
4	6.3.1	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	The fourth paragraph of this section states that the VAFB onshore alternative could result in significant (Class I) impacts to onshore biological and cultural resources due to the onshore drilling area and pipelines.		X		Request that the DEIR (fourth (4th) paragraph) be revised to acknowledge that these risks can be mitigated through a variety of means to minimize impacts to environmentally or culturally sensitive areas including installation of new pipelines primarily along existing pipeline right-of-ways and roads.
5	6.3.1	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	The fourth paragraph of this section states that the VAFB onshore alternative would increase the likelihood of an onshore oil spill due to the 10 miles of new pipeline from the VAFB drill site.		X		Request that the DEIR be revised to re-evaluate the basis for this statement as commentor would suggest that the use of a new pipeline as detailed in the Revised VAFB Onshore Alternative and installed with better isolation capabilities and a current pipeline monitoring/shutdown system, rather than continued use of the existing onshore pipeline, actually reduces the likelihood of an onshore release from pipelines, when compared to extending the use of the existing 20 year old pipeline for an additional 30 years at higher flowrates than its current service.
6	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	Table 6.1a lists a selection of impacts and compares the Proposed Project to the VAFB Onshore Alternative.			X	Request that the DEIR be revised to state this is a comparison of Class I impacts only, as currently it is unclear that this is the case until the reader compares this Table to the table in the Executive Summary.
7	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	Table 6.1a lists a selection of impacts and compares the Proposed Project to the VAFB Onshore Alternative.			X	Request that the DEIR be revised to also compare the Class II impacts of the proposed project to the Revised VAFB Onshore Alternative as this onshore alternative is the only project level alternative and such a comparison is necessary to determine which alternative is the preferred alternative. Further, suggest the organization of the table be modified, particularly in long sections (multiple pages), to be a point/counterpoint discussion to make comparison of the alternatives easier.
8	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.6 addresses effects of a pipeline leak on upland, riparian and freshwater aquatic habitats.			X	While the DEIR is correct in its discussion that the length of onshore pipeline associated with the Revised VAFB Onshore Alternative is greater than associated with the proposed project and thus potentially impacts more onshore acreage than the Proposed Project, commentor is concerned that the DEIR does not take into consideration the fact that the proposed Vahevala Project pipelines will be new, and thus will have a longer expected life and much lower likelihood of failure than the 20 year old pipelines associated with the proposed project. Request that the DEIR be revised to incorporate the comments later discussed under TB.6 in Table 6.1c, which indicates the new pipeline from Platform Irene is slightly preferable to use of the existing pipeline due to reduced likelihood of spills.

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9	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.6 addresses effects of a pipeline leak on upland, riparian and freshwater aquatic habitats.		X		Request that the DEIR be revised to evaluate the impact of a pipeline installed with better isolation capabilities and a current pipeline monitoring/shutdown system for all new pipelines associated with the Revised VAFB Onshore Alternative. Installation of a pipeline with automatic isolation capabilities and secondary containment in sensitive areas (i.e., the Santa Ynez river crossing) would greatly minimize the potential for any release to the environment. Given that installation of such "modern" technologies are not proposed on the existing pipelines, this could impact the determination that the proposed project is preferred for this impact.
10	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.6 addresses effects of a pipeline leak on upland, riparian and freshwater aquatic habitats.		X		Request that the DEIR be revised to add explanation regarding conclusion that the Revised VAFB Onshore Alternative poses a greater risk to coastal areas than the proposed project when the pipelines associated with the proposed project actually cross the coastal area while the Revised VAFB Onshore Alternative pipelines are located some distance from and do not cross the coastal areas.
11	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.6 addresses effects of a pipeline leak on upland, riparian and freshwater aquatic habitats.		X		Concern that potential impacts of the Revised VAFB Onshore Alternative on the Santa Ynez River are viewed as significant and subjecting the river and estuaries to "severe damage" while the proposed project pipelines which also run through the Santa Ynez River corridor, actually cross the coastal areas, and also run through the Oak Canyon and Santa Lucia Canyon are described as "limited." Request that the DEIR be revised to address this issue.
12	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.6 addresses effects of a pipeline leak on upland, riparian and freshwater aquatic habitats.		X		Concern that potential impacts of an onshore spill from the Proposed Project pipeline are downplayed because "under dry conditions, overland flow of oil would be relatively slow due to the viscous nature of crude oil." Yet these same mitigating factors are not acknowledged for a VAFB Onshore Alternative spill, but rather oil from a VAFB onshore spill is consistently described as reaching the river or other drainage feature and impacting coastal and estuarine habitats. Further, alternative pipeline routes from VAFB to LOGP that minimize the distance which the pipeline runs along the Santa Ynez River are not discussed at all. Request that the DEIR be revised to evaluate such a pipeline route as part of the Revised VAFB Onshore Alternative.
13	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.6 addresses effects of a pipeline leak on upland, riparian and freshwater aquatic habitats.		X		Concern that the conclusion that the proposed project is preferred with respect to onshore oil spills (TB.6) fails to consider the optimum pipeline construction, routing and engineered mitigation steps for the new pipelines associated with the Revised VAFB Onshore Alternative. Request that the DEIR be revised so that further evaluations can be performed to verify the feasibility of alternative routes and engineered mitigation steps and the subsequent reduction in likelihood and impacts of spills from the new pipeline.
14	Section 6.3.1; Table 6-1a	Comparison of the Proposed Project to the VAFB Onshore Alternative	TB.6: A spill along the pipeline route into Honda Creek or other coastal drainages could flow rapidly downslope due to steep terrain and either reach the ocean or accumulate where drainage is impeded (in which case the impacts would be less severe). Once in the ocean, oil from an onshore spill would be dispersed to adjacent shoreline areas.		X		Request that the DEIR be revised to reflect the proposed Vahevala Project, which includes measures to reduce the likelihood of an oil spill from the facilities and pipeline, and provides measures to minimize and contain onsite spilled oil in the event of an accident.

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15	Section 6.3.1; Table 6-1a	Comparison of the Proposed Project to the VAFB Onshore Alternative	Impact TB.6: Under the Proposed Action, the geographic range of potential impacts is widely dispersed and diffuse due to seasonal and climatic variables (Appendix G). The extent of potential impact to terrestrial and freshwater resources is more widespread, but likely to be less severe at any particular location than would be the case for the VAFB Onshore Alternative. Overall, given the proximity of sensitive terrestrial and freshwater resources to the VAFB Onshore Alternative pipeline, the severity of spill-related impacts is considered to be greater under the VAFB Onshore Alternative than under the Proposed Project.		X		Request that the DEIR be revised to include the following points: the proposed project would include continued use of existing onshore pipelines which have a history of corrosion; the onshore pipeline for the proposed project is located immediately upland of the Santa Ynez River estuary; spill frequency and subsequent oil spill impacts would be less from a new pipeline; the Revised VAFB Onshore Alternative pipeline route crosses primarily coastal sage scrub habitat and fallow agricultural fields as compared to the proposed project pipeline route which includes 4.5 miles parallel to the Santa Ynez River Estuary, sensitive marsh habitat and riparian corridor from landfall to the point of intersection with the VAFB Onshore Alternative pipeline route.
16	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.7 addresses effects of a pipeline leak on state or federally listed plant species.		X		While the DEIR is correct in it's discussion that the length of onshore pipeline associated with the Revised VAFB Onshore Alternative is greater than with the proposed project and thus potentially impacts more onshore acreage than the Proposed Project, commentor is concerned that the DEIR does not take into consideration the fact that the Vahevala pipelines will be new, and thus will have a longer expected life and much lower likelihood of failure than the 20 year old pipelines associated with the proposed project. Request that the DEIR be revised to incorporate the comments later discussed under TB.6 in Table 6.1c, which indicates the new pipeline from Platform Irene is slightly preferable to use of the existing pipeline due to reduced likelihood of spills.
17	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.7 addresses effects of a pipeline leak on state or federally listed plant species.		X		Request that the DEIR be revised to evaluate the impact of a pipeline installed with better isolation capabilities and a current pipeline monitoring/shutdown system for all new pipelines associated with the Revised VAFB Onshore Alternative. Installation of a pipeline with automatic isolation capabilities and secondary containment in sensitive areas (i.e., the Santa Ynez river crossing) would greatly minimize the potential for any release to the environment. Given that installation of such "modern" technologies are not proposed on the existing pipelines, this could impact the determination that the proposed project is preferred for this impact.
18	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.7 addresses effects of a pipeline leak on state or federally listed plant species.		X		Request that the DEIR be revised to provide additional explanation regarding conclusion that the Revised VAFB Onshore Alternative poses a greater risk to coastal areas and the sensitive plant species with habitat there than the proposed project when the pipelines associated with the proposed project actually cross the coastal area while the Revised VAFB Onshore Alternative pipelines are located some distance from and do not cross the coastal areas.
19	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.7 addresses effects of a pipeline leak on state or federally listed plant species.		X		Concern that Revised VAFB Onshore Alternative discusses the "new" impact of the 10 miles of new pipeline, but does not acknowledge this new length of pipeline reduces pressure and flowrate requirement of the existing offshore pipeline, thus significantly reducing the risk of a rupture compared to this older section of line, which runs through the coastal zone and dunes and sensitive plant habitats. Further, conclusion does not appear consistent with the DEIR's acknowledgement that the probability of an onshore oil leak increases to 100% with the installation of the pumps at Valve station #2 associated with the Proposed project. Request that the DEIR be revised to address this issue.

Tranquillon Ridge DEIR Comments from Sunset and ExxonMobil - January 2007

Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt.	Tranquillon Ridge DEIR Comments (Concern/Request)
20	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.7 addresses effects of a pipeline leak on state or federally listed plant species.		X		Concern that potential impacts of the Proposed Project are tempered by the "probability of a spill reaching any particular site is small" while no such probability or likelihood is included in the discussion of potential impacts of the Revised VAFB Onshore Alternative spills. Request that the DEIR be revised to include likelihood or probability of all potential spills.
21	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.7 addresses effects of a pipeline leak on state or federally listed plant species.		X		Request that the DEIR be revised to evaluate the pipeline route included as part of the Revised VAFB Onshore Alternative. This route minimizes the distance which the pipeline runs along the Santa Ynez River.
22	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.7 addresses effects of a pipeline leak on state or federally listed plant species.		X		Concern that the conclusion that the proposed project is preferred with respect to impacts on sensitive plant species (TB.7) fails to consider the optimum pipeline construction, routing and engineered mitigation steps for the new pipelines associated with the Revised VAFB Onshore Alternative. Request that the DEIR be revised to include the amended alternative routes and engineered mitigation steps and the subsequent reduction in likelihood and impacts of spills from the new pipeline, as opposed to the existing 20 year old pipeline. Request that the DEIR be revised to incorporate comments later discussed under TB.6 in Table 6.1c, which indicates the new pipeline from Platform Irene is slightly preferable to use of the existing pipeline due to reduced likelihood of spills.
23	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.7 addresses effects of a pipeline leak on state or federally listed plant species.		X		Concern that the discussion in the "Impact" column regarding impact to coastal dunes of remediation efforts due to offshore spill are not included in the proposed project discussion. Such impacts are likely in the event of an offshore spill, yet remote in the event of any onshore spill. Since the Revised VAFB Onshore Alternative has no reasonable mechanism for an offshore spill, these impacts are solely associated with the proposed project, yet do not appear to be acknowledged in the conclusion. Request that the DEIR be revised to address this issue.
24	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.7 addresses effects of a pipeline leak on state or federally listed plant species.		X		Request that the DEIR be revised to provide additional justification for the conclusion that "given the proximity of sensitive plant species to the VAFB Onshore Alternative pipeline, the severity of spill-related impacts is considered to be greater under the VAFB Onshore Alternative" as the Proposed Project discussion acknowledges that an onshore spill from the proposed project and cleanup efforts from an offshore spill could impact any of the discussed plant species. Further offshore spills would require cleanup impacting coastal areas and dunes while the majority of spills from Revised VAFB Onshore Alternative site or pipelines could be cleaned up from the site or from the roads adjacent to the pipeline right of ways without any impact to the dunes or coastal zone.
25	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.8 addresses effects of a pipeline leak on state or federally listed wildlife species.		X		Request that the DEIR be revised to delete the Platform Irene impacts associated with the Revised VAFB Onshore Alternative, as those impacts are associated with the "No Project" alternative, not the Revised VAFB alternative.
26	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.8 addresses effects of a pipeline leak on state or federally listed wildlife species.		X		While the DEIR is correct in its discussion that the length of onshore pipeline associated with the Revised VAFB Onshore Alternative is greater than associated with the proposed project and thus potentially impacts more onshore acreage than the proposed project, commentor is concerned that the DEIR does not take into consideration the fact that the Vahevala pipelines will be new, and thus will have a longer expected life and much lower likelihood of failure than the 20 year old pipelines associated with the proposed project. Request that the DEIR be revised to incorporate the comments later discussed under TB.6 in Table 6.1c, which indicates the new pipeline from Platform Irene is slightly preferable to use of the existing pipeline due to reduced likelihood of spills.

Tranquillon Ridge DEIR Comments from Sunset and ExxonMobil - January 2007

Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt.	Tranquillon Ridge DEIR Comments (Concern/Request)
27	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.8 addresses effects of a pipeline leak on state or federally listed wildlife species.		X		Request that the DEIR be revised to evaluate the impact of a pipeline installed with better isolation capabilities and a current pipeline monitoring/shutdown system for all new pipelines associated with the Revised VAFB Onshore Alternative. Installation of a pipeline with automatic isolation capabilities and secondary containment in sensitive areas (i.e., the Santa Ynez river crossing) would greatly minimize the potential for any release to the environment. Given that installation of such "modern" technologies are not proposed on the existing pipelines, this could impact the determination that the proposed project is preferred for this impact.
28	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.8 addresses effects of a pipeline leak on state or federally listed wildlife species.		X		Request that the DEIR be revised to evaluate the pipeline route included as part of the Revised VAFB Onshore Alternative. This route minimizes the distance which the pipeline runs along the Santa Ynez River.
29	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.8 addresses effects of a pipeline leak on state or federally listed wildlife species.		X		Concern that the conclusion that the proposed project is preferred with respect to impacts on wildlife (TB.8) fails to consider the optimum pipeline construction, routing and engineered mitigation steps for the new pipelines associated with the Revised VAFB Onshore Alternative. Request that the DEIR be revised to include alternative route and engineered mitigation steps and the subsequent reduction in likelihood and impacts of spills from the new Vahevala pipeline, as opposed to the existing 20 year old pipeline. Request that the DEIR be revised to incorporate the comments later discussed under TB.6 in Table 6.1c, which indicates the new pipeline from Platform Irene is slightly preferable to use of the existing pipeline due to reduced likelihood of spills and previous acknowledgement that likelihood of an onshore oil leak associated with the proposed project increases to 100% with the installation of the pumps at Valve station #2.
30	Section 6.3.1; Table 6-1a	Comparison of the Proposed Project to the VAFB Onshore Alternative	TB.8: An oil spill and/or subsequent cleanup effort may directly or indirectly cause the loss of individual state or federally-listed wildlife species or cause the loss or degradation of sensitive species habitat. An oil spill and/or subsequent cleanup effort may impact designated critical habitat for steelhead, western snowy plover, and California red-legged frog.	X			Federally and state listed endangered unarmored threespine stickleback (<i>Gasterosteus aculeatus williamsoni</i>) have been documented in San Antonio Creek and Honda Creek. Request that the DEIR be revised to add this species to the list of federally and state species potentially impacted by an offshore oil spill. (Note: included in text in Section 5.2.1.1)
31	Section 6.3.1; Table 6-1a	Comparison of the Proposed Project to the VAFB Onshore Alternative	Impact TB.8: Under the Proposed Action, the geographic range of potential impacts is widely dispersed and diffuse due to seasonal and climatic variables (Appendix G). The extent of potential impact to terrestrial and freshwater resources is more widespread, but likely to be less severe at any particular location than would be the case for the VAFB Onshore Alternative. Overall, given the proximity of potential wildlife habitat to the VAFB Onshore Alternative pipeline, the severity of spill-related impacts is considered to be greater under the VAFB Onshore Alternative than under the Proposed Project.		X		The VAFB Onshore Alternative pipeline route as per this DEIR is located north of Highway 246 near the Santa Ynez River estuary, and is described as having only minimal pipeline control measures (i.e., the analysis assumes that the oil from entire segment would spill into the River or estuary). Request that the DEIR be amended to reflect the proposed Vahevala Project, which includes a smaller diameter oil pipeline, multiple, strategically located block and check valves along the pipeline route, and avoids placement of new pipelines in the estuary area by using a cross-country route that is south of Highway 246 and topographically remote from the estuary. The DEIR analysis of impacts to terrestrial biota and habitats from the Onshore Alternative are thus overstated, particularly with respect to aquatic resources. The assessment should reflect the fact that the existing PXP pipelines, which have a history of corrosion, will continue to operate in close proximity to the estuary, including an exposed pipeline span over a drainage that flows directly into the estuary.
32	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	TB.10 addresses effects of a construction of the VAFB onshore facilities on state or federally listed plant and wildlife species.		X		Concern that this discussion does not include identified mitigation steps and portrays worst-case unmitigated impacts rather than reasonably mitigated impacts. Request that the DEIR be revised to reflect a fully mitigated case that properly characterize the impacts of Revised VAFB Onshore Alternative.

Tranquillon Ridge DEIR Comments from Sunset and ExxonMobil - January 2007

Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt.	Tranquillon Ridge DEIR Comments (Concern/Request)
33	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	OWR.2 addresses effects on surface or groundwater quality.			X	Concern that Revised VAFB Onshore Alternative is not preferred solely due to the length of the onshore pipeline and evaluation does not consider that this new length of pipeline reduces pressure and flowrate requirement compared to the existing offshore pipeline, thus significantly reducing the risk of a rupture compared to the older section of line, which runs through the coastal zone and dunes and sensitive plant habitats. Concern that this discussion fails to evaluate the reduced likelihood of spills from a new pipeline installed with better isolation capabilities and a current pipeline monitoring/shutdown system as opposed to a 20 year old pipeline. Request that the DEIR be revised to quantify the reduced risk of the new pipeline vs. the old pipeline as well as further reductions in likelihood of release associated with the installation of the new pipeline with automatic isolation capabilities and avoidance of sensitive areas, significantly reducing the potential of any release to the environment.
34	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	MB.1 addresses impacts to marine organisms			X	Request that the DEIR be revised to remove oil spill impacts for the Revised VAFB Onshore Alternative reaching the ocean as too remote to be considered feasible. If not removed, request inclusion of shoreline impacts in discussion of Proposed Project as well since shoreline impacts are much more likely to occur from an offshore pipeline leak than from an onshore release.
35	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	MB.1 addresses impacts to marine organisms	X			Request that the DEIR be revised to include marine species that could be impacted by offshore spill in Proposed Project discussion. (To discuss impacted marine species only in VAFB Onshore Alternative, which is acknowledged in the DEIR to be extremely remote scenario, is misleading as such species are much more likely to be impacted by an offshore spill than by an onshore spill.)
36	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	MWQ.1 addresses impacts to marine water quality		X		Request that the DEIR be revised to remove discussion of oil spill impacts for the Revised VAFB Onshore Alternative reaching the ocean as too remote to be considered feasible. If not removed, request revision of last sentence, removing the word "significant".
37	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	CRF/KH.2 addresses impacts to commercial and recreational fishing			X	Request the discussion of oil spill impacts for the Revised VAFB Onshore Alternative reaching the ocean be removed as too remote to be considered as a realistic scenario. Further, since it is such a remote possibility that oil could reach marine waters from Revised VAFB Onshore operations, a release from Platform Irene should be considered more likely to reach the kelp beds. In addition, a release from the offshore pipeline would be much more likely to impact the kelp beds than a release from Revised VAFB onshore operations. Request that the DEIR be revised to include an offshore pipeline leak scenario and the associated nearshore and shoreline impacts from such a release in the Proposed Project discussion.
38	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	T.4 addresses potential disruption of commercial fishing, shipping, and recreational marine traffic as well as onshore transportation infrastructure.		X		Disagree with and request that the DEIR be revised to re-evaluate the conclusion that there is no preference between the Proposed project and the Revised VAFB Onshore Alternative with respect to this issue. The Revised VAFB Onshore Alternative will have no realistic impact on any type of marine traffic. Further, because "under dry conditions, overland flow of oil would be relatively slow due to the viscous nature of crude oil" (as noted earlier) the spatial extent of any onshore release would be greatly limited. As such, commentor suggests that the Revised VAFB Onshore Alternative is preferable with respect to disruptions of marine traffic and onshore transportation infrastructure.

Tranquillon Ridge DEIR Comments from Sunset and ExxonMobil - January 2007

Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt.	Tranquillon Ridge DEIR Comments (Concern/Request)
39	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	CR.3 addresses the impacts from an oil spill on cultural resources		X		Concern that Revised VAFB Onshore Alternative is not preferred solely due to the length of the onshore pipeline and evaluation does not consider this new length of pipeline reduces pressure and flowrate requirement compared to the existing offshore pipeline, thus significantly reducing the risk of a rupture compared to the older section of line, which runs through the coastal zone and dunes and sensitive plant habitats. Concern that this discussion fails to evaluate the reduced likelihood of spills from a new pipeline installed with better isolation capabilities and a current pipeline monitoring/shutdown system as opposed to a 20 year old pipeline. Request that the DEIR be revised to quantify the reduced risk of the new pipeline vs. the old pipeline as well as further reductions in likelihood of release associated with the installation of the new pipeline with automatic isolation capabilities and secondary containment in sensitive areas (i.e., the Santa Ynez river crossing), significantly reducing the potential of any releases.
40	Table 6.1a	Comparison of Proposed Project to Other Alternatives - VAFB Onshore Alternative	CR.5 addresses the impacts from construction on cultural resources		X		Request that the DEIR be revised since impacts on cultural resources due to construction can be mitigated through a variety of means prior to construction and project facilities can be relocated / rerouted based upon these results. As such, there should be no preference between the proposed project and the Revised VAFB Onshore Alternative.
41	Table 6.4	Proposed Project Compared to Major Alternatives	TB.6 row		X		Request that the DEIR be revised to use a more accurate statement for the Revised VAFB Onshore Alternative such as- "Risk of onshore oil spill increased due to more onshore pipeline, but risk is offset by use of new pipeline with new monitoring and shutdown systems."
42	Table 6.4	Proposed Project Compared to Major Alternatives	TB.7 row		X		Request that the DEIR be revised to use a more accurate statement for the Revised VAFB Onshore Alternative such as- "Risk of onshore oil spill increased due to more onshore pipeline, but risk is offset by use of new pipeline with new monitoring and shutdown systems."
43	Table 6.4	Proposed Project Compared to Major Alternatives	TB.8 row		X		Request that the DEIR be revised to use a more accurate statement for the Revised VAFB Onshore Alternative such as- "Risk of onshore oil spill increased due to more onshore pipeline, but risk is offset by use of new pipeline with new monitoring and shutdown systems."
44	Table 6.4	Proposed Project Compared to Major Alternatives	TB.9 row	X			Request that the DEIR be revised to use a more accurate statement for Proposed Project such as- "Slightly preferred because of smaller diameter bore."
45	Table 6.4	Proposed Project Compared to Major Alternatives	OWR.2 row		X		Request that the DEIR be revised to use a more accurate statement for the Revised VAFB Onshore Alternative such as- "Risk of onshore oil spill increased due to more onshore pipeline, but risk is offset by use of new pipeline with new monitoring and shutdown systems."
46	Table 6.4	Proposed Project Compared to Major Alternatives	T.4 row			X	Request that the DEIR be revised to show that the Revised VAFB Onshore Alternative should be preferred. Potential traffic corridor impacts under Revised VAFB Onshore Alternative are limited to VAFB, one entity through which various response scenarios will be developed in advance, and have no impact on marine traffic. Alternatively, an offshore spill has the potential to impact numerous third parties and will require extensive Coast Guard involvement and coordination with all marine traffic. In addition, if shipping lanes are impacted, delays and demurrages could result.
47	Table 6.4	Proposed Project Compared to Major Alternatives	CR.3 row		X		Request that the DEIR be revised to use a more accurate statement for the Revised VAFB Onshore Alternative such as- "Risk of onshore oil spill increased due to more onshore pipeline, but risk is offset by use of new pipeline with new monitoring and shutdown systems."

Tranquillon Ridge DEIR Comments from Sunset and ExxonMobil - January 2007

Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt.	Tranquillon Ridge DEIR Comments (Concern/Request)
48	Table 6.4	Proposed Project Compared to Major Alternatives	CR.6 row		X		Request that the DEIR be revised to reflect mitigated case where cultural site survey is performed in advance of construction to minimize the potential to impact culturally significant sites. Current wording is misleading. Suggest wording such as- "Potential to impact 44 culturally significant sites will be mitigated to the extent possible through initial survey and cultural resource plan." Suggest "No preference" is proper conclusion due to mitigation.
49	Section 6.4	Environmentally Superior Alternative	The discussion of the environmentally superior alternative states, in part: "...only the proposed project has been evaluated to a project-level of detail, while the alternatives have been reviewed at a reasonable but much more general level of detail. In this DEIR, the impacts identified for the alternatives are presented in terms of what could happen under worst case scenarios, while the impacts of the proposed project are typically described in more definitive terms, based on the greater detail available about it..."		X		The commenter understands that the VAFB Onshore Alternative was developed by Santa Barbara County with limited information, and that the comparative analysis is qualitative. It is further understood that the comparison of the proposed project with the VAFB Onshore Alternative reflects a 'worst-case' scenario, not a 'likely scenario' with respect to biological and water quality impacts. Request that the DEIR be amended to describe the VAFB Onshore Alternative in the DEIR using the currently proposed Vahevala Project configuration in order to allow for a more reasonable comparison. CEQA Guidelines (Section 15126.6 [d]) require that an environmental document include sufficient information about each alternative to allow meaningful evaluation, analysis, and comparison to the Proposed Project.
50	6.4.1	Environmentally Superior Alternative - Tranquillon Ridge Project	First bullet (Proposed Project) on page 6-60 states "the extension of life of Platform Irene and offshore oil pipeline resulting from the proposed project would continue significant oil spill risks and associated impacts...beyond the lifetime of the original Point Pedernales Project."	X			Suggest the statement fails to acknowledge the increased risk to those resources in the interim due to higher production rates at Platform Irene and higher flowrates through the aging, existing pipelines, as well as the increased risk (to 100%) of a release associated with the new pumps at Valve Station #2. Request that the DEIR be revised to acknowledge the significant increased risk during the initial years of the project, as well as the risk associated with extension of life.
51	6.4.1	Environmentally Superior Alternative - Tranquillon Ridge Project	Second bullet (VAFB Onshore Alternative) on page 6-60 states "installation and operation of approximately 10 miles of new onshore pipeline could result in significant oil spill risk and associated impacts to terrestrial biology,..."		X		Concern that Revised VAFB Onshore Alternative discusses the "new" impact of the 10 miles of new pipeline, but does not acknowledge this new length of pipeline reduces pressure and flowrate requirement of the existing offshore pipeline, thus significantly reducing the risk of a rupture compared to this older section of line, which runs through the coastal zone and dunes and sensitive plant habitats. Further, conclusion does not appear consistent with applicant's acknowledgement that the probability of an onshore oil leak increases to 100% with the installation of the pumps at Valve station #2 associated with the Proposed project. Request that the DEIR be revised to address this issue.
52	6.4.1	Environmentally Superior Alternative - Tranquillon Ridge Project	Second bullet under VAFB Onshore Alternative on page 6-61 states "Construction of the VAFB Onshore Alternative may permanently remove or destroy 44 sites that may contain significant or potentially significant cultural materials and would alter the spatial relationships and context of those materials."		X		Request that the DEIR be revised to reflect mitigated case where cultural site survey is performed in advance of construction to minimize the potential to impact culturally significant sites. Current wording is misleading. Suggest wording as such "Potential to impact 44 culturally significant sites will be mitigated to the extent possible through initial survey and cultural resource plan."
53	6.4.1	Environmentally Superior Alternative - Tranquillon Ridge Project	Third bullet under VAFB Onshore Alternative on page 6-61 discusses the risk associated with directional drilling under the Santa Ynez River.		X		Request that the DEIR be revised to include the very small probability associated with such risk to reflect the fully mitigated case under which all practicable precautions are taken during directional drilling to ensure that a "frac out" does not occur. Mitigations include drilling only during dry season. Further request the DEIR quantify the risk of a frac out and revise this paragraph accordingly.
54	6.4.1	Environmentally Superior Alternative - Tranquillon Ridge Project	Fourth bullet under VAFB Onshore Alternative on page 6-61 discusses Platform Irene, the offshore pipeline and 4.5 miles of the onshore pipeline and decommissioning.			X	Suggest this discussion is part of the base case and not a Class I impact of the Revised VAFB Onshore Alternative. Request that the DEIR be revised to remove this paragraph under this discussion of Class I Impacts of Revised VAFB Onshore Alternative.

Tranquillon Ridge DEIR Comments from Sunset and ExxonMobil - January 2007

Comment No.	DEIR SECTION	DEIR Section Title	DEIR Statement	T-Ridge Project	Onshore Alternative	Both T-Ridge & Onshore Alt.	Tranquillon Ridge DEIR Comments (Concern/Request)
55	6.4.1	Environmentally Superior Alternative - Tranquillon Ridge Project	Text on pgs 6-61-62 discusses the oil spill impacts from VAFB alternative and the proposed project. Potential impact from proposed project to shoreline, river estuaries and other onshore resources is described as "remote" while potential impact from VAFB onshore release to marine environment is described as "could result in significant impacts"			X	Request that the DEIR be revised to recharacterize several statements. If probability and remoteness are being considered for the risk of proposed project offshore releases reaching the shoreline and other onshore resources, it also should be considered for the Revised VAFB Onshore Alternative releases reaching the marine environment. Further, request that the DEIR be revised to separate these risks into separate paragraphs for each alternative to make it easier for readers and decision makers to compare.
56	6.4.1	Environmentally Superior Alternative - Tranquillon Ridge Project	Text on p. 6-62 states "this analysis relies on a comparison of the nature, extent, permanence and probability of each Class I impact in order to identify the environmentally preferred option."		X		Request that the DEIR be revised to re-analyze all aspects of the Revised VAFB Onshore Alternative. Analysis to account for extent of impact, permanence of impact, and probability of impact, as well as the effect of mitigation steps that can be implemented to minimize the extent, permanence and probability of such impacts.
57	6.4.2	Environmentally Superior Alternative - Power Line Routing Alternatives	This section acknowledges "impacts to biological resources associated with trenching (for a new underground power line) could be effectively mitigated"		X		Request that the DEIR be revised to acknowledge that this condition is also applicable to the pipeline construction activities that would also involve trenching as part of the Revised VAFB Onshore Alternative, and all discussions regarding terrestrial and biologic impacts of pipeline construction should be revised accordingly.
DEIR Section Appendix C							
1	Appendix C	Air Emissions- Tranquillon Ridge Development Project	The DEIR calculations use the EMFAC 7G model.	X			Request that the DEIR be revised to utilize the most recent model requirements (SBC Burden Emission Factors from EMFAC 2002, version 2.2). In addition, the EMFAC 2002 model (or URBEMIS 8.7) should be applied for on-road vehicles.
2	Appendix C	Air Emissions- Tranquillon Ridge Development Project	Emission tables in Appendix C apply emission factors but do not site the source of the factors.	X			Request that the DEIR be revised to provide references to identify the source and justify the emission factor applied.
3	Appendix C	Air Emissions- Tranquillon Ridge Development Project	For construction and operational on-road emissions, the DEIR uses SCAQMD emission factors.	X			Request that the DEIR be revised to utilize the SBC APCD Form 24 emission factors or other SBC APCD approved emission factors for these calculations.
4	Appendix C	Air Emissions- Tranquillon Ridge Development Project	Emission tables in Appendix C footnotes are not clearly described. In addition, the tables in Appendix C are not numbered.	X			Request that the DEIR be revised to identify the specific item for each reference. Also include a number convention to each table identified in Appendix C.
5	Appendix C	Air Emissions- Tranquillon Ridge Development Project	Permit exempt emission tables include the emergency generator and firewater pump.	X			Request that the DEIR be revised to update the permit exempt emission tables to remove the emergency generator and firewater pump since they are no longer exempt from APCD permit.
6	Appendix C	Air Emissions- Tranquillon Ridge Development Project	In Appendix C, the commenter could not determine if the health screening reviewed the implications of diesel PM.	X			Request that the DEIR be revised to specify or include the implication of diesel PM in the health screening.
7	Appendix C	Air Emissions- Tranquillon Ridge Development Project	Appendix does not provide any discussion regarding an increase in utilization. e.g., actual versus permitted potential over the past five years.	X			Request that the DEIR be revised to include a discussion regarding an increase in utilization. e.g., actual versus permitted potential over the past five years.
8	Appendix C	Air Emissions- Tranquillon Ridge Development Project	Appendix indicates that diesel fueled combustion equipment operates using diesel fuel with a sulfur content of 500 ppm.	X			Request that the DEIR be revised to specify that all onshore diesel fueled equipment will combust diesel fuel with a sulfur content of <15 ppm.

ATTACHMENT B.2

Air Force Letter to ExxonMobil and Sunset dated June 25, 2008



DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

JUN 25 2008

SAF/IEE
1665 Air Force Pentagon
Washington, DC 20330-1665

Mr. Ray G. Charles
ExxonMobil Exploration Company
222 Benmar Drive
Houston, TX 77060

Mr Robert E. Nunn
Sunset Exploration, Inc.
10500 Brentwood Blvd.
Brentwood, CA 94513

Dear Messrs Charles and Nunn

We have evaluated your proposal to leverage your option to lease on-shore, sub-surface mineral rights beneath 7,780-acres of South Vandenberg Air Force Base (VAFB) to establish oil and gas drilling and production facilities on 25-acres near Space Launch Complex (SLC) 5 for directional drilling into off-shore reserves.

I believe it would be premature to proceed with the National Environmental Policy Act (NEPA)/Environmental Impact Statement (EIS) evaluation of your desired location for the reasons stated below. A drilling and production facility at your proposed location would present a wide range of significant operational constraints, inconsistent with VAFB's national space launch mission. Most significantly, your proposed location is within the Impact Limit Lines of all of our active SLCs; it is within the SLC-5 explosives safety clear zone, eliminating SLC-5 as an optional platform for the approximate 40 year life of the Vahevala project; and in the event of a natural disaster or catastrophic mission failure at any of the SLCs, the presence of the facility would severely complicate emergency response. Consistent with these concerns, the Air Force cannot provide you access to your desired 25-acre location on South VAFB.

We do understand that if you exercise the option to lease, you will be entitled to reasonable access to onshore, subsurface minerals. Any drilling and oil or gas production on South VAFB would still hamper execution of space launches and create operational impacts. However, there are areas which may present less operational impact than your proposed 25-acre site west of SLC-5. They are generally in the northern and eastern portions of South VAFB, within the 7,780-acre option to lease.

We recognize the Air Force's discussions with you regarding the Vahevala project have been protracted. Please accept my personal assurance that this has been due to diligent examination of the proposal at the several levels of command that support the space launch mission at VAFB. As a result of this diligent examination, our military commanders have decided it is simply not consistent with their most fundamental mission responsibilities.

As the Deputy Assistant Secretary of the Air Force for Energy and the Environment, I am keenly aware of the crucial contributions of your industry to our nation, and to the national defense. I salute you for your initiatives to enhance the energy security of America, and look forward to the possibility of collaborating with you on projects that might be synergistic with the Air Force mission.

Sincerely



KEVIN W. BILLINGS
Deputy Assistant Secretary
(Energy, Environment, Safety and
Occupational Health)

cc:

AF/CC
AF/CV
AF/CVA
SAF/GC
AFSPC/CC
HQ USAF/A7C

Mr. Douglas K. Anthony
County of Santa Barbara
Office of Planning and Development
123 E. Anapamu Street
Santa Barbara, CA 93101

Mr. Paul Mount
California State Lands Commission
Mineral Resources Management
200 Oceangate, 12th Floor
Long Beach, CA 90802

ATTACHMENT B.3

ExxonMobil Letter to Air Force dated June 30, 2008

ExxonMobil Exploration Company
Post Office Box 4778
Houston, Texas 77210-4778
281 654 7016 Telephone
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Ray G. Charles
Area Geoscience & Exploration Manager
U. S. & Mexico

June 30, 2008

ExxonMobil
Exploration

Mr. Kevin W. Billings
Deputy Assistant Secretary
Energy, Environment, Safety and Occupational Health
United States Air Force
1665 AF Pentagon, Room 4C746
Washington D.C. 20330-1665
FAX (703) 693-7568

**RE: ExxonMobil/Sunset Response to June 25, 2008 Letter
Proposed Vahevala Project - Vandenberg Air Force Base**

Mr. Billings,

We have received your letter dated June 25, 2008 advising that the Air Force cannot provide ExxonMobil and Sunset access to our proposed 25 acre Vahevala Project drilling and production site on Vandenberg Air Force Base (VAFB).

We are very disappointed with this decision. We have worked closely with the Air Force since 2003 choosing and configuring the proposed site and modifying project design elements. We worked hard along the way through our interactions with the Air Force to ensure the proposed Vahevala Project would not interfere with VAFB's mission, as demonstrated by our offer of numerous solutions to issues raised (e.g., pipeline routing changes, site evacuation/shutdown procedures, etc.), as described in our May 27, 2008 letter.

We are cautiously encouraged with your offer to continue discussions to find a replacement site that is agreeable to the Air Force and ourselves. Attached is a plat indicating potential alternate areas for locating the site, including areas to the south of our lease option acreage.

We are convinced our project proposal is in the best interest of our nation, California and the Air Force and provides many advantages as compared to the competing development proposal. It will be a significant loss to all if we cannot find a workable compromise.

We would like to meet with you and your team as soon as possible to progress the selection of an alternate Vahevala site. We respectfully request that you determine a meeting day, time and place and we will make arrangements to be there.

Sincerely,



Attachment

Cc:

Mr. Douglas K. Anthony
County of Santa Barbara
Planning and Development Department
123 East Anapamu Street
Santa Barbara, CA 93101-2058

Mr. Paul Mount
California State Lands Commission
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Long Beach, CA 90802-4471

William C. Anderson
Assistant Secretary of the Air Force
Installations, Environment and Logistics (SAF/IE)
1665 AF Pentagon
Washington D.C. 20330-1665

ATTACHMENT B.4

Sunset Letter to Air Force dated July 1, 2008

JUL - 3 2008

PLANNING AND DEVELOPMENT
DEPARTMENT - ENERGY DIVISION

DAY • CARTER • MURPHY • LLP

Julie A. Carter
jcarter@daycartermurphy.com

July 1, 2008

COPY SENT VIA TELEFAX (703) 693-7568
ORIGINAL SENT VIA MAIL

Mr. Kevin W. Billings
Deputy Assistant Secretary
Energy, Environment, Safety and Occupational Health
United States Air Force
1665 AF Pentagon, Room 4C746
Washington, DC 20330-1665

Re: Proposed Vahevala Project – Vandenberg Air Force Base

Dear Mr. Billings:

I write this letter on behalf of my client, Sunset Exploration, Inc. (“Sunset”). Thank you for your letter of June 25, 2008. While disappointing and somewhat surprising, we appreciate receiving a response. Your letter, however, appears to be based on factually and legally incorrect premises which we would like to clarify.

Based on your letter, the Air Force seems to be operating with the misunderstanding that Sunset’s reasonable access must be dictated by the Air Force’s preferences. You state in your letter that Sunset (collectively including ExxonMobil) may not use the proposed 25-acre drillsite because other areas would have less impact. The law, however, is clear that Vandenberg Air Force Base (“VAFB”) may not undertake any use of the surface if it interferes with Sunset’s ability to explore for and produce minerals underlying the surface estate.

Where, as here, a mineral estate has been severed from the surface estate, the general rule is the surface estate is servient to the dominant mineral estate. *Wall v. Shell Oil Co.*, 209 Cal. App. 2d 504, 511 (1962). Under this rule, the mineral estate owner has the right to reasonably use as much as of the surface as necessary to explore for and produce the minerals held. *Id.* When the instrument severing the mineral rights is silent to the extent of the surface access rights, as it is here, the mineral rights here, the mineral rights include an implied easement to reasonably use the entire surface. *Id.* Without this implied right to use the entire surface, the mineral interest would be worthless. *Ball v. Dillard*, 602 S.W.2d 521, 523 (Tex. 1980). Hence, the mineral estate owner has a superior right to reasonably use the entire surface to explore for and produce minerals.

Reasonable surface uses include the rights to:

1. enter upon the surface (*see e.g., Ball v. Dillard, supra*, 602 S.W.2d at 523));
2. conduct geophysical exploration and seismic operations¹ (*see e.g., Yates v. Gulf Oil Corp.*, 182 F.2d 286 (5th Cir. 1950); *Hunt Oil v. Kerbaugh*, 283 N.W.2d 131 (N.D. 1979));
3. select drilling sites (*see e.g., Grimes v. Goodman Drilling Co.*, 216 S.W.2d 202, 204 (Tex. Civ. App. 1919)) and select timing of drilling (*see e.g., Robinson Drilling Co. v. Moses*, 256 S.W.2d 650, 652 (Tex. Civ. App. 1953); *Parker v. Texas Co.*, 326 S.W.2d 579, 583 (Tex. Civ. App. 1954));
4. construct pipelines (*see e.g., Delhi Gas Pipeline Corp. v. Dixon*, 737 S.W.2d 96 (Tex. Ct. App. 1987); *Lewis v. Ada Oil Co.*, 279 So. 2d 622 (Miss. 1973));
5. construct production and storage facilities (*see e.g., Ottis v. Haas*, 569 S.W.2d 508, 513 (Tex. Civ. App. 1978));
6. construct roads to drill sites (*see e.g., Central Oil Co. v. Shows*, 246 Miss. 300 (1963));
7. take a reasonable amount of water (*see e.g., Stradley v. Magnolia Petroleum Co.*, 155 S.W.2d 649 (Tex. Civ. App. 1941)); and
8. dispose of wastes associated with oil and gas production (i.e., water disposal wells) (*see e.g., Leger v. Petroleum Engineers Inc.*, 499 So. 2d 953 (La. Ct. App. 1986)).

Moreover, the mineral rights owner has “a right to such possession . . . which, in fact, may preclude any other surface possession.” *Id.* (quoting *Callahan v. Martin*, 3 Cal. 2d 110, 122 (1935) (emphasis added)). The surface owner only retains the rights to use the surface which do not interfere with the operation of the mineral estate. *Cassinovs v. Union Oil Co.*, 14 Cal. App. 4th 1770, 1780 (1993) (original emphasis). When a surface owner’s actions interfere with the mineral owner’s right to explore for and produce oil and gas, courts will enjoin the surface owner from those activities.

- In *Eternal Cemetery Corporation v. Tammen*, the court enjoined the surface owner from developing the entire surface, thirty-five (35) acres, as a cemetery because that development would interfere with exploration and production of gas. *Eternal Cemetery Corp. v. Tammen*, 324 S.W.2d 562, 564 (1959).

¹ We note this activity is now virtually prohibited due to XOM on the majority of the site.

- The Supreme Court of Texas has enjoined a surface lessee from locking a gate and denying access to the mineral lessee. *Ball v. Dillard, supra*, 602 S.W.2d at 523. In that case, the Texas court held by denying the mineral lessee access to the only usable road on the property, the surface lessee had unreasonably interfered with the mineral lessee's rights. *Id.*
- In a Montana case, the Montana Supreme Court upheld a permanent injunction against the surface land owner from preventing the mineral lessee from conducting coal inventory operations necessary to support its surface mine permit application. *Western Energy Co. v. Genie Land Co.*, 195 Mont. 202, 204 (1981). The surface owner, Genie Land Company, contended that the operations, which would include soil, vegetation, wildlife, archeological, topographical mapping, and hydrological surveys, air quality monitoring, and coal and overburden analyses, exceeded the mineral lessee's right to drill test and core holes to determine coal and ore deposits. *Id.* at 205-206. The Montana Supreme Court concluded "that the proposed . . . operations are necessarily implied in the language reserving the minerals . . ." *Id.* at 207-208.
- Even though the mineral lessee had proved that only 50 acres out of the 6,002 acres estate contained barite, the Eighth Circuit upheld an order permanently enjoining a surface owner from developing the entire surface estate for commercial and residential construction. *Harris v. Charles Pfizer & Co.*, 385 F.2d 766, 769-770 (8th Cir. 1967). The court reasoned substantial evidence existed proving almost the entire surface estate was reasonably needed to conduct efficient mining operations, and thus, was within the mineral lessee's implied right to reasonable use. *Id.* at 769. Furthermore, the court stated that the surface owner bore the burden to demonstrate that its activities did not interfere with the mining operations. *Id.* at 770.

Accordingly, Sunset and its mineral lessors, Lagomarsino, Inc. and Lund, have the superior right to use the surface of VAFB as to all 7,780 acres for the purpose of exploring and developing the underlying oil and gas. VAFB has no legal right to use the surface in a way that interferes with this implied right. It is clear, however, that VAFB has and continues to use its property in a way that interferes with Sunset's ability to explore and develop oil and gas.

Sunset feels that VAFB is not fully appreciating that no matter how reasonable VAFB's use of the surface estate is, if that use interferes with Sunset's ability to explore for and produce the minerals underlying the surface estate, it is unlawful. Such uses as the missile launching or reactivation of SLC 5 are uses that interfere with Sunset's dominant rights. Moreover, as the dominant estate owner, Sunset's rights to use the surface include installing rigs, pipelines and other equipment necessary to extract and transport the oil and gas.

Sunset has tried to accommodate VAFB for over five years and will continue to do so. For example, Sunset has demonstrated a willingness to accommodate VAFB's mission operations, even when it conflicts with Sunset's operations. Perhaps Sunset's most critical concession is its willingness to release and quitclaim its implied surface access rights to virtually all of the 7,780 acres except the approximately 25 acre designated drillsite in exchange for an ability to use the sites to directionally drill to other parts of its leases, together with 1 or 2 additional and similar sites, onshore and potential offshore lease(s). Sunset hopes that VAFB will participate, as it has to date, in these mutual accommodations.

We also note that the Air Force's letter is directly contrary to its prior Record of Decision dated May 5, 1989, which specifically encourages the Air Force to make government land available for mineral exploration and extraction. We have attached a copy of this decision for your convenience.

Finally, your letter completely ignores the many safety responses Sunset detailed in its application. You summarily dismiss the 25-acre site because it is within the SLC-5 explosive safety zone without specifically addressing Sunset's plan to maintain system safety controls.

We hope you will reconsider your response in light of Sunset's legal rights to access the 25-acre site and ability to use it safely.

Very truly yours,

DAY CARTER & MURPHY LLP



Julie A. Carter

JAC:psh
Attachment

cc: Mr. Douglas K. Anthony
County of Santa Barbara (w/attachment)
Mr. Paul Mount
California State Lands Commission (w/attachment)
William C. Anderson
United States Air Force (w/attachment)
Judge Eugene R. Sullivan (ret.) (w/attachment)
Bob Nunn (w/attachment)



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS 1ST STRATEGIC AEROSPACE DIVISION (SAC)
VANDENBERG AIR FORCE BASE, CALIFORNIA 93437-5000

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REPLY TO
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SUBJECT

Record of Decision on the Mineral Resource Management Plan for Vandenberg Air Force Base, California.

TO

Interested Government Agencies, Public Groups, and Individuals.

1. We are pleased to provide you with a copy of the Record of Decision, approved by the Assistant Secretary of the Air Force (Installations), on the Environmental Impact Statement (EIS) that pertains to potential exploration, development, and production of oil and gas resources on Vandenberg Air Force Base.

2. The decision is to implement the proposed action, the Mineral Resource Management Plan (MRMP).

3. Please refer any questions to me (805)866-1921.

Orville G. Robertson

ORVILLE G. ROBERTSON, Colonel, USAF
Director, Environmental Management

1 Atch
Record of Decision



RECORD OF DECISION

MINERAL RESOURCE MANAGEMENT PLAN
VANDENBERG AIR FORCE BASE, CALIFORNIA

Economically recoverable oil and gas resources underlie major portions of Vandenberg Air Force Base (VAFB). In 1941, individual tracts of land comprising VAFB were acquired from private owners either through voluntary sale or court proceedings. In most cases, the title was acquired with the stipulation that individual parcel owners reserved the rights to their minerals. It is the policy of the Department of Defense (DOD Directive 4700.3) and the Air Force (AFR 87-9) to make government land available for mineral exploration and extraction as long as those pursuits do not hinder military operations and national defense activities. Approximately 85 percent of the mineral rights to VAFB lands are privately owned; the remainder are held by the federal government. The Air Force is the steward for the federal government of the surface rights to VAFB lands. The Bureau of Land Management (BLM) manages the federally owned mineral rights on VAFB.

For many years, the Air Force controlled surface entry (i.e., allowing or restricting access to the subsurface minerals) for mineral exploration on parcels of VAFB where mineral rights are owned by various oil companies and individual mineral right owners. Formal agreements between the federal government and the mineral right owners once restricted access to mineral interests on VAFB in exchange for a negotiated annual fee. Interest in exploration, development, and production on VAFB has recently intensified and several requests to allow surface access for extensive production activities have been made by various oil companies. The BLM has also received offers for noncompetitive oil and gas leases for portions of VAFB where mineral interests are federally owned and administered by the BLM.

In general, the existing process on VAFB for authorization of oil and gas exploration is similar to the process whereby the federal government authorizes oil and gas leasing on federal property. An applicant applies for a memorandum of agreement (MOA) and then provides environmental information used by the decision makers to determine the relative environmental merits of a site. This leads to approval or rejection of the MOA. The existing process is used on a site-specific basis and case by case; it does not provide an overall guideline or plan for future oil and gas development activities on VAFB, nor does it provide consideration of the impacts of a series of cumulative projects and associated mitigation actions.

The MRMP standardizes a procedure for reviewing future oil and gas development on VAFB. The MRMP provides applicants with information on constraints and conditions related to mission integrity and environmental protection. The purpose of the MRMP

step 1

is to allow oil and gas exploration, development, and production on VAFB, including leasing and developing federally owned lands, with the least amount of impact on Air Force missions and the local and regional environment. The MRMP takes into account the characteristics of oil and gas development, environmental constraints to that development, and Air Force mission requirements. The various alternatives in the EIS were designed to enable decision makers to identify the preferred scenario for oil and gas development on VAFB. In addition to identifying conditions in which exploration or development would impact environmental resources, it also examines situations in which Air Force activities on VAFB would be affected. Thus, the MRMP will guide future mineral development on the base.

The MRMP--the proposed action--assumes the entire base would be considered for oil and gas development, and does not expressly prohibit any portion of the base. However, depending on the proposed location, conditions with varying degrees of restrictiveness could be imposed. These would pertain to the different environmental and mission constraints identified for the areas in question.

The adopted plan will serve as a policy document for evaluating oil and gas development on VAFB and will ensure development standards are consistently applied. Its guidelines and policies will be applied to individual proposals for oil and gas exploration, development, and production submitted to the Air Force and to proposals for leasing and development of federally owned oil and gas resources.

Using a Geographic Information System, constraint maps were developed for all of VAFB. Features and resources were categorized into high, moderate, or low constraint categories, depending on the degree of protection they are afforded under existing agency regulations or their environmental sensitivity. Maps were also developed for Air Force missions on VAFB. These were identified as posing very high, high or moderate constraints.

The EIS analyzes the proposed action (the entire base is available for development) and several alternatives to the MRMP. The differences among the alternatives are based primarily on the areas of VAFB to be excluded from development. Alternative 1 excludes all areas of VAFB which are highly constraining (as defined in the MRMP) because of Air Force mission requirements. Alternative 2 excludes from oil and gas development all areas which are highly constraining for environmental reasons (as defined in the MRMP). Alternative 3 excludes all areas which are highly constraining for both Air Force mission requirements and environmental reasons. Alternative 4 excludes all of VAFB from oil and gas development. Last, the no-action alternative assumes applicants would continue to submit proposals for review under the existing process.

Handwritten notes and signatures are present at the bottom of the page, including a signature that appears to read "L. J. Jorz" and some illegible scribbles.

The draft and final EIS identified the potential for significant impacts from oil and gas development for some resource areas for all alternatives (except alternative 4 which precludes all development). The level of mineral development at which impacts become significant cannot be determined because this potential is site- and project-specific. Implementing the MRMP would reduce the potential for adverse impacts when compared to the no-action alternative by providing a consistent mechanism for review of proposals.

The draft and final EIS analyzed all the alternatives and compared them with the proposed action. Alternative 1 (excludes mission-constrained areas) would result in slightly reduced impacts to land use and cultural resources because it reduces the amount of land potentially affected. Although similar reasoning applies to geologic and biological resources, concentrating development activities in the remaining available sites increases the potential for, and/or the severity of, impacts in these areas. System safety impacts are slightly improved because the possibility of an oil-related incident caused by a mission hazard would be eliminated. For all remaining resources, environmental consequences under alternative 1 are not substantially different from those identified for the proposed action.

Alternative 2 (excludes environmentally-constrained areas) would result in impacts similar to the proposed action for air quality, geologic and water resources, socio-economics, transportation, and system safety. Under alternative 2, a greater concentration of oil and gas facilities in available areas could have a greater impact on biological resources. The potential for significant impacts on land use and cultural resources would be reduced under alternative 2, compared with both alternative 1 and the proposed action. Significant visual impacts would be slightly reduced.

Because alternative 3 limits the amount of land available for development, impacts on land use and cultural resources are further reduced. System safety impacts are slightly reduced under alternative 3 by eliminating potential accidents with mission hazards. Potential impacts on visual and water resources, socioeconomic, noise, and transportation would not be substantially changed from the proposed action. As with alternative 1, impacts on geologic resources would be reduced although the possible concentration of operations and facilities outside of excluded areas could increase the potential for erosion. There would be some potential for localized air quality impacts as a result of the concentration of development activities in nonexcluded areas. Under alternative 3, biological resources would be protected within the excluded areas. However, as described previously, this could cause greater concentration of facilities in the remaining areas which could increase the severity of impacts on unprotected and less sensitive biological resources.

Alternative 4 is the environmentally preferred alternative. However, beneficial socioeconomic impacts (not significant) associated with increased employment would be eliminated. Alternative 4 results in beneficial impacts on air quality and water resources. Background concentrations of criteria pollutants would decrease under alternative 4, allowing the Air Force maximum flexibility for construction and operation of mission-related projects due to the elimination of potentially additive emission sources. Alternative 4 would have a beneficial impact on overdrafted water supplies due to reduced demand for potable water on VAFB. Impacts on all other resources would be eliminated.

Under the no-action alternative, the MRMP would not be implemented, applicants would continue to submit oil and gas development proposals, and review of these proposals would follow the existing process. Under this alternative, socioeconomic and transportation impacts would be similar to those for the proposed action and would not be significant. As visual and noise impacts are generally addressed in the existing oil and gas development process, impacts under the no-action alternative would not differ substantially from those of the proposed action. For all the remaining resources, the probability of impacts would be greater and impacts could increase in severity under the no-action alternative. Continuing the current development process for mineral development would not provide an overall guideline for future oil and gas development activities on VAFB and it would be difficult to ensure consistency in minimizing impacts on resources.

In summary, alternative 4 would produce the fewest environmental impacts, while the no-action alternative would result in the highest potential for impacts. Alternatives 1, 2, and 3 are not substantially different from the proposed action in terms of their effects on the environment. Impacts generally decrease for individual resources from alternatives 1, 2, and 3.

I have decided to implement the proposed action. The proposed action would reduce or eliminate potentially significant impacts from oil and gas development for air quality; cultural, biological, and water resources; land use; and system safety. Impacts on socioeconomic, transportation, and geologic resources would be insignificant.

Noise and visual impacts would essentially remain the same with or without implementation of the MRMP. The plan is thus beneficial to most resources as it provides a management policy for oil and gas development on VAFB. While such development has potential for significant environmental impacts, implementing the MRMP would eliminate or reduce the severity of these impacts because mitigation measures will be required consistently. The proposed action is thus preferred because it reduces impacts to the environment and Air Force missions, and it maximizes utilization of the petroleum reserves. None of the base is excluded from the development, although conditions with varying degrees of restrictiveness could be imposed depending on the location of the proposed oil and gas-related activities. In addition, the

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recommended guidelines, standards, and management practices identified in the MRMP provide adequate and consistent application of mitigation measures to reduce potential impacts on VAFB and the surrounding area. Implementing the MRMP will ensure all practicable means are adopted to avoid or minimize environmental harm. Moreover, the MRMP contains conditions and mitigations to be imposed on proposed projects through a binding memorandum of understanding (MOU). Each MOU will be monitored by independent monitors (cost of project monitoring will be provided directly by the applicant) who will report to the VAFB Real Property Officer. Failure to comply with conditions of the MOU could result in project site and access restrictions.

My adoption of the proposed action is conditioned in one respect in response to comments on the EIS. I am directing that the MRMP be amended to delete the various provisions that oil and gas development of private minerals conform to emission offset requirements more restrictive than those imposed by the regulations of the Santa Barbara County Air Pollution Control District (APCD). The MRMP will require compliance only with the applicable regulations. For example, oil developers will not be required to agree to reserve offsets for the future benefit of Vandenberg AFB. This change will likely result in greater air quality impacts than envisioned by the MRMP, but air emissions will be consistent with the amounts allowed by the local, state and federal agencies charged with regulating air quality.

Federally owned mineral rights (located primarily within the southern portion of VAFB) will be made available for leasing. Development of resources on federal land will only be in a manner which minimizes impact on DOD missions and the environment. Mission and environmental constraints identified in chapters 3 and 6 of the MRMP will be applied to specific lease applications as lease stipulations or permit conditions of approval as appropriate. Leases issued for federal lands will specify that future DOD missions may preclude development on federal lands even after lease issuance.

Due to the programmatic nature of this EIS, additional site-specific analyses, including environmental assessments or EISs, may be required for future applications on VAFB depending on the location of the proposed exploration, development, or production of oil and gas resources.



JAMES F. BOATRIGHT
Deputy Assistant Secretary
of the Air Force



Date

ATTACHMENT B.5

**Page 166 from 1992 Condition B-2 Review, Final Report
Unocal Point Pedernales Project (FDP Condition R-1)**

R. ABANDONMENT

R-1 PROJECT REVIEW, ABANDONMENT HEARING WHEN THROUGHPUT DROPS TO 3 PERCENT OF PERMITTED CAPACITY

When oil or gas processing throughput is reduced to three percent (3%) or less of permitted capacity, the County of Santa Barbara shall review the facility permits and conduct a public hearing to determine if abandonment or other actions are appropriate.

R-1.1 Intent

The intent of the condition is to establish a trigger for the County's review of the feasibility, costs, and benefits of abandonment, so that abandonment will be pursued in a timely manner, once it is established that such abandonment is appropriate.

R-1.2 Implementation

This condition has not been implemented.

R-1.3 Mitigation Effectiveness

Not applicable.

R-1.4 New Technologies/Strategies

See comment below.

R-1.5 Condition Modification

Condition modification is not recommended.

Unocal suggests that this condition should be modified to take into account the economic pros and cons of abandonment (personal communications, D. Sainz and B. Falkenhagen 1990). Specifically, the facility could still be profitable at 3 percent of permitted capacity depending upon the oil and gas market and production costs. Unocal has suggested that a lower limit, such as 500 BPD, may be more reasonable (personal communications, D. Sainz and B. Falkenhagen 1990). Alternative limits for gas remain to be discussed.

County staff have commented that the public hearing referred to in the condition provides for an evaluation of the economic pros and cons of abandonment. Such evaluation can be factored into the decision as to whether abandonment would be appropriate. Thus, staff believes the condition as written provides sufficient opportunity for review of the appropriateness of abandonment and for the development of more specific and detailed criteria that could trigger a requirement to abandon the facility.

R-1.6 Action Taken

No action was taken on this condition.

ATTACHMENT B.6

**Page R-2-88 from Union Oil Project and
Central Santa Maria Basin Area Study EIR/EIS, June 24, 1985**

SCH #84062703
SBC #84-EIR-7
OCS Study MMS #85-0020
SLC-EIR #379

No modification to the Battles Plant will be required to treat natural gas from OCS-P 0441. The 16-18 MMscfd of available capacity is more than adequate to handle the peak gas rate of 13 MMscfd from offshore. Gas rates from existing fields supplying the Battles Plant are declining by 5-8 percent/year. For example, the 1980 gas rate of 15 MMscfd declined to 12 MMscfd by 1983. By 1987, OCS-P 0441 should be producing 4 MMscfd if there are no major delays. At this time, the onshore gas rate will have declined to 9.7 MMscfd, so the addition of 4 MMscfd will create a plant load of 13.7 MMscfd which is approximately equal to the 1981 load. Throughput at the Battles Gas Plant is expected to peak at 17.2 MMscfd in 1991 and 1992. During these peak years the plant will require eight LPG tank trucks per day to handle the propane and butane production.

Due to the age of the facility and the fact that this project will prolong the life of the facility, a Fire Protection Plan will be required by the County of Santa Barbara Fire Department. No discretionary permit is required by the County of Santa Barbara for the Battles Gas Plant to process OCS-P 0441 gas.

2.8 PROPOSED PROJECT SCHEDULE

The following describes the schedule for the proposed projects. The installation and operating schedule for each component of the Union and Exxon projects is shown in Figure 2.8-1.

2.8.1 Construction Activities

The first platform to be installed will be Union Oil's Platform Irene. Installation and hookup are scheduled to begin in July 1985 and should take about 14 weeks to complete. Drilling should begin in January 1986 with production starting sometime in March.

Installation of Exxon's platform will begin around April 1986 and take about 16 weeks to complete. Given this schedule, drilling could begin as soon as August 1986, with production starting one month later.

Union Oil's subsea pipelines will be installed concurrently with the onshore pipeline. The onshore portion of the pipelines will be installed along with the Lompoc Dehydration Facility.

Construction of the Lompoc Dehydration Facility could begin as early as September 1985 and will require about six months to complete. With this schedule, operation could commence in March 1986.

2.8.2 Operation and Abandonment

The operators have stated that the platforms have an estimated production life of about 20 years. Thus, oil and gas production should cease around the year 2010, although additional discoveries and/or secondary recover could extend the project life. When production has ended, wells will be plugged and abandoned in accordance with MMS OCS Pacific Order No. 3. The equipment will be dismantled and sent to shore. The decks will be transported to shore, or

ATTACHMENT B.7

**Sunset Brown Act Violation Claim
County Counsel Memorandum to Planning Commission
and
Planning Commission Response to Claim**

RECEIVED

MAY - 2 2008

S.B. COUNTY
PLANNING & DEVELOPMENT

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Los Angeles, California 90017
Tel: (213) 629-5300
Fax: (213) 629-1212
www.trumanelliott.com

TRUMAN & ELLIOTT LLP

April 30, 2008

VIA FACSIMILE AND U.S. MAIL

Honorable Chairman and Honorable Commissioners
County of Santa Barbara Planning Commission
123 East Anapamu Street
Santa Barbara, California 93101

Re: Demand to Correct Brown Act Violations by Planning Commission in
Case No. 06RVP-00000-00001; EIR No. 06RVP-00000-00005

Honorable Chairman and Honorable Commissioners:

On behalf of our client, Sunset Exploration, Inc., we write this letter pursuant to Government Code section 54960.1(b) to respectfully request the County of Santa Barbara Planning Commission to correct serious Ralph M. Brown Act violations regarding its approval of an application by Plains Exploration and Production Company ("PXP") for development of the Tranquillon Ridge Oil and Gas Project ("Project").

At a Special Hearing on April 21, 2008, the Commission voted to approve the above Project (Case No. 06RVP-00000-00001) and to certify the related Environmental Impact Report (Case No. 06RVP-00000-00005). In voting to approve this Project, the Commission failed to act in accordance with the Brown Act, Government Code section 54950, *et seq.*

The notice and agenda for the special hearing on April 21, 2008 (copies enclosed) failed to provide an adequate description of the issues to be discussed and acted upon by the Commission in violation of Government Code sections 54954.2 and 54956. The Brown Act requires the notice for a special meeting to "specify . . . the business to be transacted or discussed." (Gov. Code, § 54956.) Further, the agenda for the meeting must contain "*a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session.*" (Gov. Code, § 54954.2 (emphasis added).) A legislative body may not act or discuss any items not appearing on the notice or agenda. (Gov. Code, §§ 54954.2, subd. (a)(2), 54956.) Case law makes clear improper noticing and agendizing of a local agency's proposed discussion precludes that agency from deliberating and making a decision on that action. (*Moreno v. City of King* (2005) 127 Cal.App.4th 17, 27 ["The agenda's description provided no clue that the dismissal of a public employee would be discussed at the meeting."].)

Honorable Chairman and Honorable Commissioners
County of Santa Barbara Planning Commission
April 30, 2008
Page 2 of 2

Although lengthy, the Commission's Notice and Agenda for the Special Hearing on April 21, 2008 did not describe significant modifications to the Project based on a purported side agreement entered into by PXP prior to the hearing. A copy of the purported agreement has been provided to neither the County nor the public. As described in a summary of the purported agreement provided by the Environmental Defense Center, however, the purported agreement included a commitment by PXP to a fixed "end date" of December 31, 2022 for the company's operation of the project and other related oil and gas projects operated by PXP in the County. In addition, PXP reportedly agreed to reduce and/or offset all greenhouse gas emissions from the Project and to convey approximately 3,900 acres of PXP property to the Trust for Public Land.

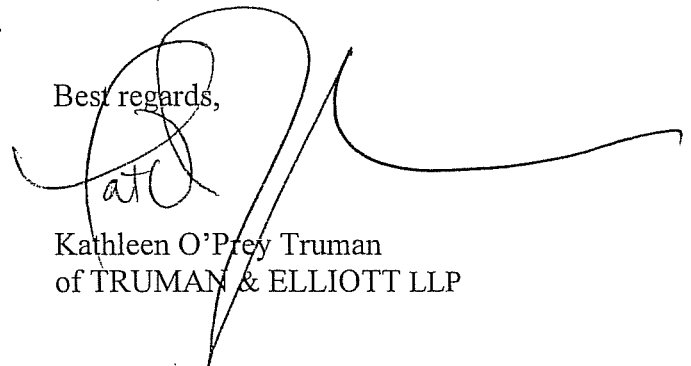
Since the Commission did not have the agreement as evidence of these Project changes, it legally could not rely on the agreement as substantial evidence in its decision-making process. As indicated on page 6 of the Staff Report, "County Counsel has advised that the Planning Commission may not rely on the announced terms of the PXP-EDC Agreement as a basis for the issuance of any permit to PXP." Yet, the terms of this purported agreement appear throughout the record for this project, substantially influenced the decision-making of the Commission as indicated by the discussion at the hearing, and served as a basis for the Commission to adopt the findings of fact contained in the Planning Staff's report.

Because discussion of the agreement was neither noticed nor agendized, the Commission could not properly discuss the agreement at the meeting and it was improper for the Commission to take action in reliance on provisions contained in the purported agreement. Accordingly, the action of Commission in approving the Project in reliance on the purported agreement violated California Government Code section 54950, *et seq.* and therefore must be set aside.

As provided in Government Code section 54960.1, the Commission has 30 days from the receipt of this letter to either cure the challenged action or inform us of the Commission's decision not to do so. If the Commission fails to cure or correct as demanded, our client is entitled to seek judicial invalidation of the action pursuant to Government Code section 54960.1, as well as an award of attorneys' fees and costs pursuant to Government Code section 54960.5.

We would be happy to discuss the above issues with you or the Commission's counsel. Please feel free to contact me at (213) 629-5300.

Best regards,

A handwritten signature in black ink, appearing to read "atc", is written over a large, stylized, looping signature that extends across the right side of the page.

Kathleen O'Prey Truman
of TRUMAN & ELLIOTT LLP

Enclosures

cc: Robert E. Nunn



COUNTY OF SANTA BARBARA

PLANNING COMMISSION AGENDA

Special Hearing of April 21, 2008
9:00 a.m.

C. MICHAEL COONEY	1st District	County of Santa Barbara
CECILIA BROWN	2nd District	Betteravia Government Center
C.J. JACKSON	3rd District, Chair	511 East Lakeside Parkway
JOE H. VALENCIA	4th District	Santa Maria, CA 93455
DANIEL BLOUGH	5th District, Vice Chair	805 568-2000 (Planning & Development)

REMOTE TESTIMONY: *Persons may address the Planning Commission by using the remote video testimony system located at the Engineering Building, Room 17, Planning Commission Hearing Room, 123 East Anapamu Street, Santa Barbara.*

Written comments are welcome. All letters should be addressed to the Santa Barbara County Planning Commission, 123 East Anapamu Street, Santa Barbara, CA 93101. Letters, with nine copies, and computer materials, e.g. PowerPoint presentations, should be filed with the secretary of the Planning Commission no later than 12:00 P.M. on the Monday before the Planning Commission hearing. The decision to accept late materials will be at the discretion of the Planning Commission.

The Planning Commission Chairperson will announce when public testimony can be given for the applications on the agenda. Please be aware that the Commission will consider testimony on both the project and the related environmental document. Speaker slips are available by the door and should be filled in and handed to the Secretary before the hearing begins. Please indicate on the speaker slips and in your testimony which portion of the project you will be addressing in your comments.

Photos, slides, videos, models or other physical items presented as evidence during a hearing shall be retained by the Hearing Support Staff until the expiration of all applicable appeal periods.

If you challenge the projects 06RVP-00000-00001 in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this agenda, or in written correspondence to the Planning Commission at, or prior to the public hearing, Government Code Section 65009.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this hearing, please contact the Hearing Support Staff (805) 568-2000. Notification at least 48 hours prior to the hearing will enable the Hearing Support Staff to make reasonable arrangements.

TV COVERAGE ANNOUNCEMENT: *The special hearing of April 21, 2008 will be televised live on County Santa Barbara Television (CSBTv) Channel 20 at 9:00 a.m. in the South Coast, Lompoc, Santa Ynez Valley, Santa Maria and Orcutt areas. Rebroadcast of this special hearing will be on April 23, 26 and 27 at 5:00 p.m. on CSBTv Channel 20.*

ADMINISTRATIVE AGENDA:

- I. **PLEDGE OF ALLEGIANCE**
- II. **TV COVERAGE ANNOUNCEMENT:** *by David Villalobos.*
- III. **ROLL CALL:** *by David Villalobos.*
- IV. **PUBLIC COMMENT:** *Public Comment period is set aside to allow public testimony on items **not** on today's special hearing agenda.*

V. **STANDARD AGENDA:**

- | | | | |
|----|--------------------------|---|---------------|
| 1. | 06RVP-00000-00001 | Tranquillon Ridge | Lompoc |
| | 06EIR-00000-00005 | Kevin Drude, Energy Specialist (805) 568-2519
Nancy Minick, Planner (805) 568-2506 | |

Hearing on the request of Plains Exploration and Production Company (PXP) to consider Case No. 06RVP-00000-00001 [application filed on September 30, 2004] for approval of a revised Development Plan in compliance with Section 35-5 of the County Land Use and Development Code (Coastal-Related Industry and Unlimited Agriculture (Ordinance 661) zone districts) and Article II, Division 9 of the Coastal Zoning Ordinance, to allow project modifications and approvals necessary to develop and transport oil and gas from the proposed Tranquillon Ridge oil and gas lease(s) in State tidelands and process this production at the Lompoc Oil and Gas Plant (LOGP); and to certify the Environmental Impact Report (06EIR-00000-00005) pursuant to the State Guidelines for Implementation of the California Environmental Quality Act. As a result of this project, significant effects on the environment are anticipated in the following categories: marine and terrestrial biology, marine and onshore water resources, public safety, and fishing, recreational, cultural, agricultural, visual, and geological resources. Excluding property within Vandenberg AFB, the application involves AP Nos. 097-350-018, 097-350-021, and 097-360-010 (LOGP). The pipelines extend from their landfall at Wall Beach to the LOGP in northern Santa Barbara County, north of Vandenberg Village and the City of Lompoc in the Third and Fourth Supervisorial Districts. The LOGP is located within the Fourth Supervisorial District.

**The Planning Commission Agenda, Marked Agenda and Staff Reports are available on the
Planning and Development Web Site at www.sbcountyplanning.org**

Dianne M. Black
Secretary to the Planning Commission

County of Santa Barbara PLANNING COMMISSION



NOTICE OF PUBLIC HEARING

SUBJECT: PXP TRANQUILLON RIDGE PROJECT
CASE NUMBER: 06RVP-00000-00001
DATE and TIME: April 21, 2008, 9:00 a.m.
LOCATION: Betteravia Government Center
511 E. Lakeside Parkway, Santa Maria, CA 93455
Board Hearing Room

Hearing on the request of Plains Exploration and Production Company (PXP) to consider case number 06RVP-00000-00001 [application complete March 10, 2005] for (1) approval of a Final Development Plan modification under the provisions of the County Land Use and Development Code and Article II, Coastal Zoning Ordinance in the Coastal-Related Industry and Unlimited Agriculture (Ordinance 661) zone districts to allow introduction of Tranquillon Ridge oil and gas production from State waters into the existing Point Pedernales Project; and, (2) to accept 06EIR-00000-00005 as adequate environmental review of the proposed project pursuant to Section 15161 of the State Guidelines for the Implementation of the California Environmental Quality Act. The application involves the Lompoc Oil and Gas Plant on AP No. 097-360-010, located 2.7 miles northeast of the City of Lompoc and 0.9 miles north of Vandenberg Village at 3602 Harris Grade Road in the Fourth Supervisorial District and AP Nos. 097-350-018, 097-350-021, and 097-360-101 located from Wall Beach across Vandenberg AFB to the Lompoc Oil and Gas Plant in the Third and Fourth Supervisorial Districts.

The existing Platform Irene, its associated offshore and onshore oil and gas pipelines, the Surf electrical substation, and the Lompoc Oil and Gas Plant would be used to produce, process, and transport the Tranquillon Ridge oil and gas reserves. The proposed development would require minor modifications to existing equipment and potential minor new construction, and would result in increased levels of oil and gas production. The EIR (06EIR-00000-00005; SCH#2006021055) identified significant effects in the following issue areas: **marine and terrestrial biology, marine and onshore water resources, fishing, recreation, cultural, agricultural, visual, and geological resources, and public safety.** The EIR is available for review at the Planning & Development Energy Division office at 123 East Anapamu Street, Santa Barbara and at these public libraries: Lompoc (501 E. North Ave.), Vandenberg Village (3755 Constellation Rd.), Santa Maria (420 S. Broadway), and Santa Barbara (40 E. Anapamu St.). The Final EIR is also available at the Energy Division's website: <http://www.countyofsb.org/energy/projects/PlainsPedernales.asp>.

Anyone interested in this matter is invited to appear and speak in support of or in opposition to the project. Written comments are also welcome. All letters should be addressed to the Santa Barbara County Planning Commission, 123 East Anapamu Street, Santa Barbara, CA, 93101. Letters, with nine copies, should be filed with the Secretary of the Planning Commission no later than **12:00 p.m. on Thursday, April 17, 2008.** The decision to accept late materials will be at the discretion of the Planning Commission.

Persons may address the Planning Commission by using the remote video testimony system located at the Engineering Building, Room 17, Planning Commission Hearing Room, 123 East Anapamu Street, Santa Barbara.

A staff analysis of the proposal may be reviewed at the Planning and Development Department, Energy Division, 123 E. Anapamu St., Santa Barbara one week prior to the hearing and will be posted at <http://www.countyofsb.org/energy/projects/PlainsPedernales.asp> when it is available.

For further information, please contact the planner, Nancy Minick at (805) 568-2506, NMinick@co.santa-barbara.ca.us, or the Energy Specialist, Kevin Drude, at (805) 568-2519, Kevin@co.santa-barbara.ca.us, or via FAX at (805) 568-2522.

If you challenge the project in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence to the Planning Commission prior to the public hearing.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this hearing, please contact the Hearing Support Staff at (805) 568-2000. Notification at least 48 hours prior to the hearing will enable the Hearing Support Staff to make reasonable arrangements.

This special Planning Commission Hearing will be televised live on County of Santa Barbara Television (CSBTv) Channel 20 at 9:00 a.m. for the South Coast, Lompoc, Santa Ynez Valley, Santa Maria and Orcutt areas. The hearing may also be accessed live at http://sbcounty.granicus.com/ViewPublisher.php?view_id=5 (at "Live Stream," click on "In Progress"). This hearing will be rebroadcast locally on April 23, 26, and 27, 2008 at 5:00 p.m. on CSBTv Channel 20.

COUNTY COUNSEL

Date: May 21, 2008

To: Planning Commission

From: William M. Dillon
Senior Deputy County Counsel

cc: Dianne Black,
Assistant Director, Planning & Development

Subject: Planning Commission Hearing on PXP Development Application; Alleged Brown Act Violation by Sunset Exploration, Inc.



ISSUE:

Was it a violation of the Brown Act for the Planning Commission to consider the PXP application for Tranquillon Ridge where the agenda notice failed to specifically mention a confidential private agreement between PXP and environmental groups? Alternatively, was it a violation of the Brown Act to fail to specifically notice the “end date” and greenhouse gas mitigation measures incorporated into the project description for the Tranquillon Ridge project?

CONCLUSION:

The agenda notice for the Planning Commission’s hearing on PXP’s application for Tranquillon Ridge was legally adequate as it did not need to specifically notice the confidential side agreement or the project description changes incorporated into the permit. Additionally, even if error occurred, the record shows that the complaining party had actual notice and, therefore, is barred by Government Code section 54960.1 from obtaining any judicial order setting aside the Planning Commission’s action.

DISCUSSION:

Facts.

PXP-CPA Agreement. On April 9, 2008, Plains Exploration and Production Company (“PXP”) and the Environmental Defense Center (“EDC”) sent a joint letter to Planning and Development summarizing a private agreement reportedly entered into on that day between PXP, the Citizens Planning Association (“CPA”) and Get Oil Out! (“GOO”). EDC represented CPA and GOO (“PXP-CPA Agreement”). The actual agreement was not submitted to County and is confidential. The summary stated that PXP had agreed to an end date of December 31, 2022 for the Tranquillon Ridge project and to mitigate all project greenhouse gas emissions. Additionally, the summary stated PXP had agreed to donate 800 acres in the Purisima Hills and 3,700 acres near Lompoc to the Trust for Public Lands.

PXP Project Modification. On April 14, 2008, PXP submitted a letter to Planning and Development requesting that “In accordance with our prior discussions, PXP hereby officially requests that the end date of December 31, 2022 be incorporated into the . . . project.” (Steve Rusch, PXP VP, letter dated April 14, 2008.)

Staff Report. On April 14, Planning and Development released the Staff Report for the Planning Commission hearing scheduled for April 21st. In Section 4.0, the Staff Report presented an “Issue Summary” and the first issue discussed was “Extension of Life.” (Staff Report, April 14, 2008, at p. 3.) On this issue, the Staff Report stated:

“PXP has modified its project description and now proposes to terminate Tranquillon Ridge project operations on or before December 31, 2022. This end date will confine the Tranquillon Ridge operations to the same currently expected economic lifetime for the existing facilities. This will eliminate extending the life of the existing Point Pedernales facilities for the Tranquillon Ridge operations. In accordance with an agreement executed on April 9, 2008 between PXP and the Citizens Planning Association (CPA) and Get Oil Out! (GOO!), PXP will discontinue operations at its existing facilities (Platform Irene, pipelines, and the Lompoc Oil and Gas Plant) by December 31, 2022. Once operations have ended, PXP will pursue the necessary permits for decommissioning and restoration of the onshore project facility sites. The project end date will be enforced through Condition A-6 of the revised final Development Plan.” (*Id.*)

The Staff Report proposed modification of many of the permit conditions for the project, including Condition A-6 “Project Description,” so that it would include the end date requested by PXP. The new language for Condition A-6 read:

“A-6 Project Description and End Date

[. . .]

“End date: On or before December 31, 2022, all oil and gas production, transportation, and processing associated with Platform Irene, the Lompoc Oil and Gas Plant, and the oil, gas and produced water return pipelines operated under this Final Development Plan shall permanently cease. (*Modified April 21, 2008.*)” (Underline in original omitted.)

The Staff Report contained advice from County Counsel to the Planning Commission stating the Commission should not consider the announced terms of the confidential agreement between PXP and EDC as a basis for issuance of the permit. (*Id.* at p. 6-7.) County Counsel advised that under California law any findings or statements of overriding consideration must be supported by substantial evidence and that since the agreement was not part of the administrative record, the only evidence of its existence were hearsay statements from PXP and EDC as to its contents. County Counsel advised “hearsay evidence” was admissible in administrative proceedings; however, hearsay evidence alone was insufficient to support any finding or determination. Therefore, County Counsel advised that “none of the findings or statements of overriding consideration proposed as part of the issuance of the permit are based on the

announced terms of the PXP-EDC agreement. Additionally, County Counsel advise[d] that the Planning Commission should not make any statements that suggest that they are issuing a permit to PXP on the basis of the terms of that agreement.” (Staff Report at p. 6.)

The Staff Report was distributed by mail on April 14 to all persons who had requested a mailed copy. Among those on the list was Robert Nunn, the principal for Sunset Exploration Inc. (“Sunset”). His address was listed as:

ROBERT NUNN
SUNSET EXPLORATION INC
10500 BRENTWOOD BLVD
BRENTWOOD CA 94513-4019

Agenda Notice. The Planning Commission agenda notice posted for the Commission’s scheduled April 21, 2008 hearing describing the item to be considered consisted of 214 words and read as follows:

V. STANDARD AGENDA:

**1. 06RVP-00000-00001 Tranquillon Ridge Lompoc
06EIR-00000-00005**

Hearing on the request of Plains Exploration and Production Company (PXP) to consider Case No. 06RVP-00000-00001 [application filed on September 30, 2004] for approval of a revised Development Plan in compliance with Section 35-5 of the County Land Use and Development Code (Coastal-Related Industry and Unlimited Agriculture (Ordinance 661) zone districts) and Article II, Division 9 of the Coastal Zoning Ordinance, to allow project modifications and approvals necessary to develop and transport oil and gas from the proposed Tranquillon Ridge oil and gas lease(s) in State tidelands and process this production at the Lompoc Oil and Gas Plant (LOGP); and to certify the Environmental Impact Report (06EIR-00000-00005) pursuant to the State Guidelines for Implementation of the California Environmental Quality Act. As a result of this project, significant effects on the environment are anticipated in the following categories: marine and terrestrial biology, marine and onshore water resources, public safety, and fishing, recreational, cultural, agricultural, visual, and geological resources. Excluding property within Vandenberg AFB, the application involves AP Nos. 097-350-018, 097-350-021, and 097-360-010 (LOGP). The pipelines extend from their landfall at Wall Beach to the LOGP in northern Santa Barbara County, north of Vandenberg Village and the City of Lompoc in the Third and Fourth Supervisorial Districts. The LOGP is located within the Fourth Supervisorial District.

EDC Letter. On April 17, 2008, EDC submitted a letter to the Planning Commission in support of the PXP project and included a summary of the PXP-CPA Agreement. The agreement remained confidential.

ExxonMobil/Sunset Written Comments On Staff Report. On April 17, 2008, ExxonMobil Exploration Company (“ExxonMobil”) submitted written comments to the Planning

Commission on behalf of itself and Sunset for the Tranquillon Ridge Final Environmental Impact Report “and the associated Santa Barbara County Planning Commission Staff Report published April 15, 2008.” (Ray G. Charles, ExxonMobil, letter dated April 17, 2008.) Among the comments made were that the “PXP 15 year limited production scenario will recover ~ 135 million barrels of oil. By comparison, the proposed ExxonMobil/Sunset Vahevala project could develop up to 250 million barrels of oil.” (*Id.*) The letter also stated ExxonMobil/Sunset agreed with the findings in the Staff Report that recognized the benefits of developing domestic oil in California and stated these “benefits are logically more fully realized with a full development of the potential resources as opposed to a shortened development that leaves much of the Tranquillon Ridge resources un-recovered.” (*Id.*)

PXP Second Project Modification. On April 18, 2008, PXP submitted a letter to Planning and Development requesting that provisions for mitigation of greenhouse gases, including a facility wide audit and funding for emissions offsets, be incorporated into the project description. (Steve Rusch, PXP, letter dated April 18, 2008.)

Planning Commission Hearing. On April 21, 2008, the Planning Commission held a “special meeting” for the purpose of considering PXP’s application for approval of a revised Development Plan under Section 35-5 of the County Land Use Development Code and Article II, Division 9 of the Coastal Zoning Ordinance. The Agenda was limited to this one item. Many members of the public, including representatives of ExxonMobil and Sunset testified regarding the project. No objection was raised at the hearing as to whether the County had properly given public notice of the hearing on the project as required by the Brown Act. During the hearing, Deputy County Counsel Dillon repeated the advice given in the Staff Report that the Planning Commission should not rely on the terms of the confidential agreement as a basis for making findings or adopting statements of overriding consideration. (Planning Commission Transcript, April 21, 2008, at pp. 5.)

During the hearing, Ed Feragen, the Project Leader for ExxonMobil Vahevala Project testified on behalf of ExxonMobil. (*Id.* at p. 38.) Feragen stated that “ExxonMobil [and] Sunset [had] submitted a detailed Vahevala prospect application to Santa Barbara County and the California State Lands Commission proposing an onshore based development of the same State Tidelands Oil and Gas resources targeted by the offshore base Tranquillon Ridge proposal.” (*Id.* at p. 39.) Feragen compared the benefits of the proposed Vahevala project with those of the PXP project, noting in particular that the 15 year life of the PXP project would produce much less oil than the Vahevala Project.

“Our project, we believe, could recover up to 250 million barrels and one thing that we see is, from the data submitted on the PXP T-Ridge proposal, is that per the ‘08 data, they’re looking at approximately 135 million barrels recovering in 15 years, drawing back actually to the ‘04 forecast, it would be about 113. So somewhere between 113 to 135 million barrels.” (*Id.* at p. 36-37.)

In comparison, Feragen stated that the ExxonMobil project would have approximately a 35 year life and stated the PXP’s project would “leav[e] large significant portions of those oil

resources behind, undrained . . .” (*Id.* at p. 41-42.)

Robert Nunn of Sunset testified that “. . . with the new 2022 time line, we no longer have an economic baseline that’s equal between the two projects’.” (*Id.* at p. 63.) “And that the closure date in 2022 of Lompoc [Oil and Gas Plant] . . . will [cause] environmental impacts if there isn’t a processing facility in North County for the other oil that is there and will be there for decades . . .” (*Id.* at p. 64.) Nunn did not raise any objections to the notice for the public hearing, either as to the PXP-CPA agreement or the modified project description to add the end date and greenhouse gas mitigation.

Sunset’s Charge of Brown Act Violation. On April 30, 2008, Sunset submitted a letter to the Planning Commission demanding pursuant to Government Code section 54960.1 that the Commission correct an alleged violation of the Brown Act. (Kathleen O’Prey Truman, letter on behalf of Sunset, dated April 30, 2008.) The letter alleges that the notice and agenda for the special hearing “failed to provide an adequate description of the issues to be discussed and acted upon by the Commission in violation of Government Code sections 54954.2 and 54965.” It further states the agenda:

“ . . . did not describe significant modifications to the Project based on a proposed side agreement entered into by PXP prior to the hearing. A copy of this purported agreement has been provided to neither to the County nor the public. As described in a summary of the purported agreement provided by the Environmental Defense Center, however, the purported agreement included a commitment by PXP to a fixed “end date” of December 31, 2022 for the company’s operation of the project and other related oil and gas projects operated by PXP in the County. In addition, PXP purportedly agreed to reduce and/or offset all greenhouse gas emissions from the Project and to convey approximately 3,900 acres of PXP property to the Trust for Public Land.

[. . .]

Because the discussion of the agreement was neither noticed nor agendized, the Commission could not properly discuss the agreement at the meeting and it was improper for the Commission to take action in reliance on provisions contained in the purported agreement.” (O’Prey Truman letter at p. 2.)

Sunset’s letter requested that the Planning Commission cure the alleged violation by holding another hearing that was properly noticed. (*Id.*)

Analysis.

Procedure For Alleged Brown Act Violation. As a threshold matter, under Government Code section 54960.1(a),¹ the “district attorney or any interested person may commence an action by mandamus or injunction for the purpose of obtaining a judicial determination that an action taken by a legislative body of a local agency in violation of Section . . . 54954.2 . . . [or]

¹ All further references are to the Government Code unless otherwise stated.

54956 is null and void . . .” No cause of action may be maintained unless a written demand is made to the legislative body to cure or correct the action alleged to have been taken in violation of the Brown Act. (§ 54960.1(b).) The demand shall be made within 30 days from the date the action is taken. (§54960.1(c).) Within 30 days of receipt of the demand, the legislative body shall cure or correct the challenged action or inform the demanding party of its decision not to cure. (§54960.1(c)(2).) Sunset’s request that the Planning Commission cure the alleged Brown Act violation is a prerequisite to filing any action in court seeking relief.

Agenda Noticing Requirements. Turning to the substance of Sunset’s complaint, the agenda noticing requirements for a “regular meeting” by a legislative body subject to the Brown Act are set forth in Section 54954.2, which provides in part:

“§ 54954.2. Posting of agenda; Actions not on agenda

“(a) (1) At least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. . . .

“(2) No action or discussion shall be undertaken on any item not appearing on the posted agenda, . . .” (Emphasis added.)

Where a “special meeting” is held, notice must be given pursuant to Section 54956, which requires at least 24 hours notice. It provides:

“§ 54956. Special Meetings.

“A special meeting may be called at any time by the presiding officer of the legislative body of a local agency, or by a majority of the members of the legislative body, by delivering written notice to each member of the legislative body and to each local newspaper of general circulation and radio or television station requesting notice in writing. The notice shall be delivered personally or by any other means and shall be received at least 24 hours before the time of the meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted or discussed. No other business shall be considered at these meetings by the legislative body.” (Emphasis added.)

The requirement in Section 54956 to “specify . . . the business to be transacted or discussed” refers back to the requirement of Section 54954.2 to provide “a brief general description of each item of business to be transacted or discussed . . . generally not to exceed 20 words.” (*Moreno v. City of King* (2005) 127 Cal.App.4th 17, 26.) Therefore, any special meeting noticed under Section 54956 must meet the requirement of Section 54954.2 to have the agenda include a brief general description of the item of business to be transacted or discussed at the meeting, generally not to exceed 20 words.

PXP-CPA Agreement. The issue is whether the PXP-CPA Agreement falls within the language of Section 54954.2 as an “item of business . . . transacted or discussed at the meeting.” The evidence shows that the Agreement was not “an item of business . . . transacted” at the meeting. First, the Agreement was fully executed prior to the hearing on April 21. Second, the Agreement was between private parties and did not involve the County. Third, the Planning Commission had no authority to approve the Agreement as it was a private side arrangement between two private parties. And fourth, the Agreement was never entered into evidence and, indeed, the County was never given a copy of the confidential agreement. Therefore, the Agreement was not an item of business transacted at the hearing.

The next issue is whether the Agreement was an “item of business . . . discussed at the meeting.” The announced terms of the Agreement were mentioned by several speakers at the hearing and referred to by some of the Commissioners. The Agreement, however, remained confidential and, as stated above, the County did not have a copy.² Therefore, while the Agreement was discussed at the meeting, it was not an item of “business” of the Commission discussed at the meeting. Indeed, pursuant to advice from County Counsel, the announced terms of the Agreement were not considered as the basis of any finding or statement of overriding consideration for the project. (Staff Report at p. 6.) Therefore, the agenda notice posted pursuant to Section 54954.2 and 54956 did not need to explicitly notice the PXP-CPA Agreement as an item of business to be discussed at the April 21, 2008 Planning Commission meeting.

Project “End Date” and GHG Mitigation. On its face, the agenda notice was comprehensive and thorough and far exceeded the “20 words” generally called for in Section 54954.2. The agenda notice described the type of project being considered, the location, the FEIR prepared, and the expected significant adverse environmental impacts identified in the FEIR. Given the size of the project, it is reasonable to expect the notice to exceed the general requirement to be approximately 20 words and, indeed, the actual notice is over 10 times longer at 214 words. It is impossible, however, to describe all of the components of the PXP project in the agenda notice and stay anywhere close to the guidance to provide notice in 20 words. Indeed, the abbreviated project description in the Staff Report covered 5 pages single spaced (Staff Report at pp. 14-18) and the FEIR the project description consisted of 36 pages (FEIR, at pp. 2-1 to 2-16). Additionally, the existing project has 182 conditions and many of these were proposed for amendment as part of the Tranquillon Ridge project.

Given the plain language of Section 54954.2 that the notice should generally be limited to 20 words, the statute suggests a legislative intent that the notice need not describe every conceivable aspect of the proposed project but, rather, the general rule that a statute be given a practical construction should be followed. (*H-R Truck Equipment Co. v. State Board of Equalization* (1958) 166 Cal.App.2d 378, 383.) Such a construction suggests that this statute requires simply enough information to inform the public of the item of business to be transacted

² During the Planning Commission hearing, Commissioner Valencia stated that on “Saturday afternoon I received this PXP agreement which the environmental groups had prepared with PXP.” (Planning Commission Transcript, at p. 79.) County Counsel has been informed that Commissioner Valencia misspoke at the hearing and that he actually received the public summary of the agreement rather than the actual agreement.

or discussed at the hearing, rather than every detailed aspect of the project being considered. This has been done.

The agenda notice specifically refers to the FEIR prepared and the significant adverse environmental impacts that could occur. Therefore, the agenda notice should be viewed in the context of the FEIR to determine if the requirements of Section 54954.2 have been met. Prior to the Planning Commission's hearing, a draft EIR had been circulated for public comment and a proposed final EIR was published and made available March 27, 2008. The FEIR assumed a "baseline" of operation for the Lompoc Oil and Gas Plant ("LOGP"), which projected an end of operations in 2022 (assuming no Tranquillon Ridge production ever came on line). (FEIR, April 2008, Executive Summary, at p. ES-9.) Also, if the Tranquillon Ridge project had been approved for the full 30 years originally proposed by PXP, the EIR projected operation of the LOGP until 2037. (*Id.*) Indeed, the FEIR concluded that many of the Class I impacts from the Tranquillon Ridge project would be due to "extension of life" of the LOGP and associated facilities from 2022 to 2037. (*Id.* at pp. ES-11-12.) This conclusion is reflected throughout the FEIR Impact Summary Tables. (*Id.* at pp. ES-19-25.)

Under CEQA, a revision in a project description intended to mitigate project impacts has been found to not be "significant new information" requiring recirculation of the EIR prior to project approval. (*Western Placer Citizens for An Agricultural and Rural Environment v. County of Placer* (2006) 144 Cal.App.4th 890, 902.) The revision to the end date for the project would have the effect of reducing Class I impacts associated with extension of life of the LOGP and associated facilities. Therefore, in light of the baseline discussions of the FEIR, in particular the expected end date of 2022, the agenda notice for the proposed project was adequate as to the "end date" amendment to the project description.

Regarding the greenhouse gas mitigation package, the FEIR extensively discussed the greenhouse gas emissions from the proposed project. (FEIR at pp. 5.8-6 to 5.8-7; 5.8-11.) The FEIR provided a detailed projected emissions inventory for greenhouse gases for each aspect of the proposed project. (*Id.* at p. 5.8-19-5.8-22.) The FEIR further pointed out that "PXP had committed to preparing a greenhouse gas audit of its project facilities and to implementing feasible measures at those facilities to reduce [greenhouse gas] emissions . . ." (FEIR at p. 5.8-21.) In light of the commitment by PXP, as described in the FEIR, the agenda notice was adequate as to the greenhouse gas mitigation measures amendment to the project description.

In its letter, Sunset relies on *Moreno v. City of King, supra*, to argue that County erred by not specifically noticing the PXP private agreement or project description amendments as part of the project on the agenda. The facts in *Moreno* are inapposite, however, as the City had noticed a closed session and the only item on the agenda read "Per Government Code Section 54957: Public Employee (employment contract)." (*Moreno, supra*, 127 Cal.App.4th at p. 21.) The court found the City acted improperly because "the agenda's description provided no clue that the dismissal of a public employee would be discussed at the meeting." (*Id.* at p. 27.) The court found that Section 54957 required a public employee to receive notice of a disciplinary action against him and be given an opportunity to respond to accusations made prior to being disciplined. (*Id.* at p. 29.) In such instances, Section 54957 specifically provides that failure to

give the employee notice requires that the actions taken are “null and void.” (*Id.*, citing § 54957.)

In the case of the PXP project, the only posting requirement for the agenda is Section 54954.2, as incorporated into 54956, which is that the agenda shall contain a “brief general description of each item of business . . . generally not to exceed 20 words . . .” Based on the above analysis, the agenda notice for the hearing was legally adequate.

No Cause of Action if “Actual Notice.” Under Section 54960.1(d)(5), if the person alleging noncompliance had “actual notice” 72 hours prior to a regular meeting or 24 hours notice prior to a special meeting, then the action taken shall not be determined to be null and void.” Even if there is a violation of the Brown Act, this does not *per se* invalidate a decision. (*Griffis v. County of Mono* (1985) 163 Cal.App.3d 414, 427. n. 15.) A plaintiff must show prejudice. (*Cohan v. City of Thousand Oaks* (1994) 30 Cal.App.4th 547, 556.)

Sunset received the Staff Report well before the hearing and specifically commented on the proposed end date in its joint comments submitted by ExxonMobil on April 18th and in its testimony at the hearing on April 21st. This evidence demonstrates Sunset had actual notice more than 24 hours prior to the hearing. Therefore, even if error occurred, Sunset is barred by Government Code section 54960.1 from obtaining any judicial order setting aside the Planning Commission’s action.

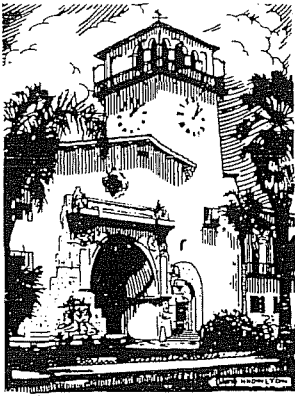
Additionally, in the context of CEQA, where a person has actual notice of the hearing and fails to raise an objection, he has waived any right to object later. In *Temecula Band of Luiseno Mission Indians v. Rancho Cal. Water Dist.*, (1996) 43 Cal. App. 4th 425, 434, the court stated:

“Here, the District made it clear at the public hearing that the Project represented a modification of the 1984 Program. The Luisenos, however, did not object that the project description was inaccurate; they never asserted that the project description failed to mention the 1984 Program. This failure to exhaust their administrative remedies bars them from raising this issue now.”

Since the plaintiffs failed to object at the hearing that the project description was inadequate, they have failed to exhaust their remedies and are barred from contesting this issue. (*Id.*)

Conclusion

The agenda notice for the Planning Commission’s April 21, 2008 hearing on PXP’s application for Tranquillon Ridge met the requirements of the Brown Act. The record also indicates Sunset had actual knowledge of the items of business to be discussed at the hearing. Therefore, the Planning Commission is requested to authorize a letter to Sunset denying its request that the Commission take action to cure the alleged Brown Act violation.



COUNTY OF SANTA BARBARA CALIFORNIA

PLANNING COMMISSION

COUNTY ENGINEERING BUILDING
123 E. ANAPAMU ST.
SANTA BARBARA, CALIF. 93101-2058
PHONE: (805) 568-2000
FAX: (805) 568-2030

June 2, 2008

Kathleen O'Prey Truman
Truman & Elliott LLP
626 Wilshire Boulevard, Suite 550
Los Angeles, CA 90017

PLANNING COMMISSION
HEARING OF MAY 28, 2008

RE: Response to Brown Act Violation Claim; 06RVP-00000-00001

Hearing on request of County staff to review and give direction on a response to a claim of Brown Act violation by the Planning Commission in Case No. 06RVP-00000-00001, the PXP Tranquillon Ridge project. The claim was filed on April 30, 2008 by letter to the Planning Commission from Kathleen O'Prey Truman of Truman & Elliott LLP, on behalf of Sunset Exploration, Inc. and pursuant to Government Code Section 54960.1(b). The claim alleges that the Commission relied on the terms of a confidential, third-party agreement in its decision-making process for the PXP Tranquillon Ridge project, that the Commission improperly discussed that agreement at its April 21, 2008 hearing, that it relied on that agreement in approving the PXP Tranquillon Ridge project, and, therefore, the agenda for the Commission's meeting violated the Brown Act because it did not state the Commission would consider the confidential agreement at that hearing. Sunset requests that the approval should be set aside. The claim demands that the Commission cure or correct the alleged violation pursuant to Government Code Section 54960.1. The claim and a draft response to it will be provided by County staff in a memorandum to the Commission prior to the hearing.

Dear Ms. O'Prey Truman:

At the Planning Commission hearing of May 28, 2008, Commissioner Valencia moved, seconded by Commissioner Jackson and carried by a vote of 4-0-1 (Blough Abstained) to:

1. Determine that no Brown Act violation occurred with respect to the noticing for the April 21, 2008 Planning Commission special hearing on the PXP Tranquillon Ridge project, based on the information provided by County Counsel in its Memorandum to the Planning Commission dated May 21, 2008 and as discussed at the May 28, 2008 Planning Commission hearing.
2. Reject the claim of Brown Act violation filed by Sunset Exploration, Inc. and decline to set aside the Planning Commission's April 21, 2008 decision regarding the PXP Tranquillon Ridge project, 06RVP-00000-00001, as requested by Sunset Exploration, Inc. in the April 20, 2008 letter to the Planning Commission from Kathleen O'Prey Truman, Truman & Elliott LLP, on behalf of Sunset Exploration, Inc.
3. Direct the Secretary of the Planning Commission to finalize and send the attached letter to Kathleen O'Prey Truman responding to the claim of Brown Act violation.

Sincerely,

A handwritten signature in cursive script that reads "Dianne M. Black". The first letter "D" is significantly larger and more stylized than the rest of the name.

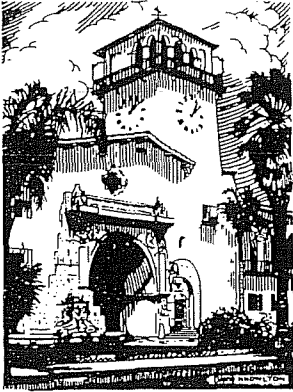
Dianne M. Black
Secretary to the Planning Commission

cc: Case File: 06RVP-00000-00001
Planning Commission File
Robert Nunn, Sunset Exploration, Inc., 10500 Brentwood Blvd., Brentwood, CA 94513-4019
Steve Rusch, PXP, 5640 South Fairfax Ave., Los Angeles, CA, 90056
Supervisor Gray
Supervisor Firestone—
Commissioner Valencia
Commissioner Jackson
William Dillon, Deputy County Counsel
Doug Anthony, Deputy Director, Energy Division
Kevin Drude, Energy Specialist
√ Nancy Minick, Planner

Attachment A: Letter responding to claim of Brown Act violation

DMB/jao

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COUNTY OF SANTA BARBARA CALIFORNIA

PLANNING COMMISSION

COUNTY ENGINEERING BUILDING
123 E. ANAPAMU ST.
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June 2, 2008

Attachment A

Kathleen O'Prey Truman
Truman & Elliott LLP
626 Wilshire Boulevard, Suite 550
Los Angeles, CA 90017

PLANNING COMMISSION
HEARING OF MAY 28, 2008

Re: Response to Brown Act Violation Claim, 06RVP-00000-00001

Hearing on request of County staff to review and give direction on a response to a claim of Brown Act violation by the Planning Commission in Case No. 06RVP-00000-00001, the PXP Tranquillon Ridge project. The claim was filed on April 30, 2008 by letter to the Planning Commission from Kathleen O'Prey Truman of Truman & Elliott LLP, on behalf of Sunset Exploration, Inc. and pursuant to Government Code Section 54960.1(b). The claim alleges that the agenda for the Commission's meeting violated the Brown Act because it did not state the Commission would consider a confidential agreement at that hearing. Sunset requests that the Commission's April 21, 2008 approval of the Tranquillon Ridge project be set aside. The claim demands that the Commission cure or correct the alleged violation within 30 days pursuant to Government Code Section 54960.1.

Dear Ms. O'Prey Truman:

The Santa Barbara County Planning Commission considered your above-referenced claim of Brown Act violation at its regular meeting of May 28, 2008 and determined that no Brown Act violation occurred with respect to the noticing for the Planning Commission's special hearing of April 21, 2008 for the PXP Tranquillon Ridge project.

Therefore, the Planning Commission rejects all claims of Brown Act violation in your letter dated April 30, 2008 on behalf of Sunset Exploration, Inc., and will not set aside its April 21, 2008 action to approve the PXP Tranquillon Ridge project (06RVP-00000-00001).

Sincerely,

A handwritten signature in cursive script that reads "Dianne M. Black". The signature is written in black ink and is positioned to the right of the word "Sincerely,".

Dianne M. Black
Secretary to the Planning Commission

cc: Case File: 06RVP-00000-00001
Planning Commission File
Robert Nunn, Sunset Exploration, Inc., 10500 Brentwood Blvd., Brentwood, CA 94513-4019
Steve Rusch, PXP, 5640 South Fairfax Ave., Los Angeles, CA, 90056
Supervisor Gray

Supervisor Firestone
Commissioner Valencia
Commissioner Jackson
William Dillon, Deputy County Counsel
Doug Anthony, Deputy Director, Energy Division
Kevin Drude, Energy Specialist
Nancy Minick, Planner

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ATTACHMENT B.8

July 30, 2008 E-mail from Edward Feragen, ExxonMobil

From: edward.s.feragen@exxonmobil.com
Sent: Wednesday, July 30, 2008 3:39 PM
To: Minick, Nancy; Drude, Kevin; Anthony, Doug
Cc: nunnbtr@aol.com; david.c.kasper@exxonmobil.com;
ray.g.charles@exxonmobil.com
Subject: Re: Tranquillon Ridge Appeal Hearings
Nancy, Kevin and Doug,

Hope this finds you each doing well.

With regards to the upcoming August 19, 2008 SBC Board of Supervisors hearing on the Tranquillon Ridge Project, ExxonMobil has made the decision to withdraw our appeal and we will not testify at that hearing. This decision is driven by the Air Force letter of June 25, 2008 to us indicating they cannot provide ExxonMobil and Sunset access to our proposed 25 acre Vahevala drilling and production site on Vandenberg Air Force Base (VAFB) at this time. We are continuing discussions with the Air Force regarding a path forward including potential alternative locations on VAFB for our proposed Vahevala Project.

Glad to discuss if you have questions, thanks.

Regards,

Ed Feragen
California & South Texas Exploration Supervisor ExxonMobil Exploration Company
(281)654-7099
GP8 385

"Minick, Nancy" <Nminick@co.santa-barbara.ca.us
Subject: Tranquillon Ridge Appeal Hearings Time Allocations
07/25/08 01:01 PM

This information is for planning purposes only.

Staff's plan for the Board hearing on August 19 on the appeals of the Planning Commission's approval of the Tranquillon Ridge project includes the following time allocations. The Board will determine the actual time allocations at the hearing.

Appellant Bell presentation - 10 minutes total
Appellant ExxonMobil/Sunset presentation - 10 minutes total
Appellant Vaquero - 10 minutes total

Applicant PXP presentation - 10 minutes total

Appellant Bell rebuttal - 5 minutes total
Appellant ExxonMobil/Sunset rebuttal - 5 minutes total
Appellant Vaquero rebuttal - 5 minutes total

Applicant PXP rebuttal - 5 minutes total

A staff report (a/k/a Board Agenda Letter) for each appeal will be available electronically on about August 8. Please call me or Kevin Drude (805-568-2519) if you have any questions or concerns.

--Nancy

Nancy Minick
Planning and Development Dept.
Energy Division
123 E. Anapamu St.
Santa Barbara, CA 93101
(805) 568-2506

ATTACHMENT B.9

June 16, 2008 PXP Letter to Joseph Holland, Santa Barbara County Clerk

JUN 17 2008

PLANNING AND DEVELOPMENT
DEPARTMENT - ENERGY DIVISION

PXP

Steven P. Rusch, P.E.
Vice President Environmental, Health,
Safety & Governmental Affairs
Direct: 323.298.2223 Fax: 323.296.9375

June 16, 2008

Mr. Joseph Holland, County Clerk, Recorder and Assessor
Santa Barbara County
123 E. Anapamu Street
Santa Barbara, CA 93101

Regarding: Plains Exploration & Production Company's (PXP) Tranquillon Ridge Ad
Valorem Tax Basis

Dear Mr. Holland:

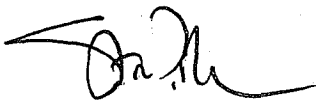
I have had several conversations with Doug Anthony, Deputy Director, Planning & Development, Energy Division and Rick Holly, Chief Deputy Assessor, concerning the tax basis for PXP's proposed Tranquillon Ridge Project and I would like to clarify PXP's position on this matter.

We believe that the State and/or the County have the right to assess taxes on all of the Tranquillon Ridge Unit that is located within their jurisdiction for PXP's interest whether the reserves are produced via facilities located in federal waters or from facilities located within Santa Barbara County. We see no difference in the tax implications because of the location of the facilities used to extract the oil and gas. It is simply a question about the location of the source and ownership of the reserves. We understand that the County jurisdiction extends to the "3-mile limit."

As to how the Assessor's office allocates the taxes, we leave that up to you; however, the taxes should not be allocated to a facility located outside of the County jurisdiction (i.e. a federal platform). You may wish to create an asset called the T-Ridge Reservoir.

The Tranquillon Ridge Project was approved by the Santa Barbara Planning Commission on April 21, 2008 and subsequently appealed. We are waiting for the Board of Supervisors to schedule and hear the appeal. The Tranquillon Ridge Project comprises the extraction, treating and sales of oil and natural gas minerals lying primarily below state waters (mean high tide seaward 3 miles). We have applied for a state lease(s) with the State Lands Commission who we expect will conduct a hearing on the project immediately following the County Board of Supervisor's appeal decision.

If you have any questions, please call me.



cc: D. Anthony, Deputy Director, Planning & Development, Energy Division
J. Baker, Director, Planning & Development
M. Brown, Chief Executive Officer
R. Holly, Chief Deputy Assessor