

## **Coastal Resources Mitigation Fund (CRMF) 2023-2027 Reassessment**

The Coastal Resources Mitigation Fund (CRMF) is designed to mitigate impacts in four categories: coastal aesthetics, coastal tourism, coastal recreation and environmentally sensitive coastal resources. The original environmental review of Freeport-McMoRan's (FMO&G) Point Arguello Project (PAP), ExxonMobil's Santa Ynez Unit (SYU), and FMO&G's Point Pedernales Project (PPP) identified a number of significant impacts in these four categories, with payment of CRMF fees as partial mitigation. When assessing CRMF fees, staff assigns impact points with values of 0-5 in each of the four impact categories. A value of one (1) represents a low impact; a value of five (5) signifies a high impact. Adopted in 1988, the CRMF Guidelines identified that each impact point had a \$20,000 value. In addition, the CRMF Guidelines identify a process by which the CRMF impacts and mitigation fees are reassessed at five-year intervals. Every five years, staff reassess impact points and multiplies the number of impact points by the \$20,000 value in current dollars, based on the Consumer Price Index (CPI), to determine an oil company's annual contribution to CRMF. The revised CPI-adjusted dollar value for the 2023-2027 period is \$53,100 per CRMF point.

This 2023-2027 reassessment marks the eighth five-year reassessment. In summary, the first assessment (1988-1992) assessed the projects mainly on construction-related impacts. The second reassessment (1993-1997) moved into the operational phase; however, that reassessment still dealt with construction-related impacts that had carried over into the second assessment (e.g., restoration). The third reassessment (1998-2002) mostly assessed the operational phase. The fourth through sixth reassessments (2003-2007, 2008-2012, and 2013-2017) were mostly a status quo of the operational phase with slight cumulative impact reductions. The 2013-2017 reassessment was augmented with a mid-year 2015-2017 reassessment when both PAP and SYU ceased operations in 2015 due to the shutdown of the Plain's All American Pipeline. The Board did not reassess PPP in the mid-year reassessment since it was not affected by the Plain's pipeline shutdown. In 2017, the Board approved the 2018-2022 reassessment (the seventh five-year reassessment) which was mostly a status quo of the operational phase.

Following is the 2023-2027 reassessment for the three remaining oil and gas projects:

### **Santa Ynez Unit (SYU)**

Below is a summary of SYU's impact points over the life of the project and a description of SYU's remaining impacts. Staff's recommendations for the 2023-2027 reassessment are described below and contained in Table 1.

- ***Coastal Aesthetics Impacts:*** In the 2013-2017, 2015-2017, and 2018-2022 reassessments, two (2) points were given to reflect the aesthetic impact of the three platforms. For the 2023-2027 reassessment, staff recommends that the 2 points remain. Even though SYU is not operating, the

facility's aesthetic impact associated with the platforms still remain. There are no anticipated changes in the upcoming five-year cycle to affect this assessment.

- ***Coastal Tourism and Coastal Recreation Impacts:*** In the 2013-2017 reassessment, one and a quarter points (1.25) represented the cumulatively significant and unavoidable impacts of an oil spill during the operational phase for each of these two impact categories. In the 2015-2017 reassessment, these two impact categories were reduced down to zero points for the years 2016-2017 since SYU was purged of oil, its platforms' wells secured with block valves, and the wells' piping at the platforms disabled to eliminate any active flow from the wells. With these protections, the likelihood of an oil spill is extremely rare. In the 2018-2022 reassessment, zero points were also given in these categories.

For this five-year cycle reassessment, staff is assuming that SYU will not be operating and recommends zero points for these two impact categories during the five-year period, representing the no risk of an oil spill (similar to years 2016 through 2022). If SYU returns to operations within the five-year period, staff will conduct a mid-cycle reassessment. The reassessment would likely be similar to the 2015 assessment of 1.25 points.

- ***Coastal Environmentally Sensitive Impacts:*** There are two impacts associated with this category:
  - a) In the 2013-2017, 2015-2017, and 2018-2022 reassessments, a half point (0.5) represented the fairly constant industrialization of the Gaviota Coast (i.e., degradation of environmentally sensitive coastal resources from all types of development). The last reassessments both stated that once the restoration of the Ellwood Marine Terminal (EMT) site is completed and signed off, the cumulative degradation of environmentally sensitive coastal resources may be reduced. The EMT site has not been restored as of yet and is not anticipated to be completed by the end of 2027. For the 2023-2027 reassessment, staff recommends that the half point remain for this first impact in this category.
  - b) In the 2013-2017 reassessment, one point (1.0) represented the cumulatively significant impact from a major oil spill. In the 2015-2017 reassessment, this impact was reduced down to zero points for the years 2016-2017 since SYU was purged of oil, its platforms' wells secured with block valves, and the wells' piping at the platforms disabled to eliminate any active flow from the wells. Similar to the 2018-2022 reassessment, staff is assuming that SYU will not be operating during the five-year period and recommends zero (0) points for this impact from 2023-2027, representing no risk of an oil spill. If SYU returns to operations within the five-year period, staff will conduct a mid-cycle reassessment for the Board's consideration. The reassessment would be similar to the 2013-2017 assessment of 1.0 point.

In summary, for SYU's two coastal environmentally sensitive impacts, staff recommends 0.5 CRMF points be reassessed for 2023-2027.

Staff recommends the 2023-2027 schedule of CRMF fees for SYU in the table below. Each year has been given 2.5 points per year for the reasons discussed above. This reassessment assumes that SYU will continue to be shut down through the five-year period. As stated above, if the facility is able to

operate within the five-year period, staff will conduct a mid-cycle reassessment. ExxonMobil has reviewed staff’s proposed 2023-2027 reassessment for the facility and concurs with staff’s recommendations.

**Table 1: Santa Ynez Unit Project  
CRMF Assessments for 2023-2027 Cycle**

	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Tourism</b>	0	0	0	0	0
<b>Aesthetics</b>	2	2	2	2	2
<b>Environmentally Sens. Resources</b>	0.5	0.5	0.5	0.5	0.5
<b>Recreation</b>	0	0	0	0	0
<b>Total Points</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>
<b>Value Per Point*</b>	\$53,100	\$53,100	\$53,100	\$53,100	\$53,100
<b>CRMF Fees Per Year</b>	\$132,750	\$132,750	\$132,750	\$132,750	\$132,750

\* Assessed at \$53,100 per point, pursuant to CRMF Guidelines to reflect 1988 dollars.

**Point Arguello Project (PAP)**

Below are descriptions of PAP’s remaining impacts and associated points with the 2013-2017, 2015-2017, and 2018-2022 reassessments, and staff’s recommendations for the 2023-2027 reassessment. Table 2 below contains the CRMF fees associated with the new reassessment.

- ***Coastal Tourism Impacts:*** In the 2013-2017, 2015-2017, and 2018-2022 reassessments, zero points reflect that the cumulatively significant but mitigable tourism impacts have been mitigated to an insignificant level. For the 2023-2027 reassessment, staff recommends zero points remain. There are no anticipated changes in the five-year cycle to potentially affect this reassessment.
- ***Coastal Aesthetics Impacts:*** In the 2013-2017, 2015-2017, and 2018-2022 reassessments, two and a half points (2.5) represented the following impacts:
  - (a) The project-specific and cumulatively significant and unavoidable impacts on ocean views due to three platforms; and
  - (b) The project-specific and significant impact of the onshore facility.

For the 2023-2027 reassessment, staff recommends the 2.5 points remain. Even though PAP is not operating, the facility's aesthetic impacts remain. There are no anticipated changes in the five-year cycle to potentially affect this reassessment.

- ***Coastal Environmentally Sensitive Impacts:*** There are two impacts associated with this category:
  - (a) In the 2013-2017, 2015-2017, and 2018-2022 reassessments, a quarter point (0.25) represented the project-specific ongoing bank erosion at one remaining creek crossing (Middlewood Creek) along the pipeline corridor. In 2016, FMO&G reported that there are 15 feet of exposure for the 24-inch oil pipeline and 7 feet of exposure for the 20-inch gas line. The pipelines are still exposed and no restoration of the creek channel has occurred. FMO&G is monitoring the erosion. It is anticipated that no restoration will occur until the pipelines are abandoned; therefore, no restoration is anticipated for Middlewood Creek throughout the 2023-2027 reassessment period. For the 2023-2027 reassessment, staff recommends the 0.25 point remains.
  - (b) In the 2013-2017 reassessment, one and three quarter points (1.75) represented the project-specific and cumulatively significant potential of an oil spill. In the 2015-2017 reassessment, this impact was reduced down to zero points for the years 2016-2017 since PAP was purged of oil, its platforms' wells secured with block valves, and the wells' piping at the platforms disabled to eliminate any active flow from the wells. In the 2021-2022 time period, the wells on each of the PAP platforms were then plugged and abandoned, signaling an end to production at the PAP. With these protections, the likelihood of an oil spill is extremely low.

FMO&G has stated they are in the beginning phases of decommissioning the PAP facilities as evidenced by the abandonment of the wells on each of the platforms. While the platforms and onshore processing facility still remain, they are now planned for removal in the coming decade. For this five-year cycle reassessment, the PAP will not be operating and staff recommends zero points for this impact from 2023-2027, representing no risk of an oil spill (similar to years 2016 through 2022).

In summary, for PAP's two coastal environmentally sensitive impacts, staff recommends 0.25 CRMF points be reassessed for 2023-2027.

- ***Coastal Recreational Impacts:*** There are two impacts associated with this category:
  - (a) In the 2013-2017 reassessment, one and a half (1.5) points represented project-specific and cumulatively significant impacts to Jalama Beach due to the presence of offshore platforms. In the 2015-2017 reassessment, the points were reduced to zero for 2016 and 2017 when the risk of an oil spill was reduced due to the facility being purged of oil and the platforms secured. In the 2018-2022 assessment, staff did not assume that PAP would be operating and recommended zero points. Similarly and as noted above in the coastal environmentally sensitive impacts section, staff recommends zero points for 2023-2027.

- (a) In the 2013-2017, 2015-2017, and 2018-2022 reassessments, a half point (0.5) represented a project-specific and cumulatively significant decline of shoreline recreational experience due to industrial development. Restoration of the Gaviota Marine Terminal (GMT) site is complete. However, as noted above for the Exxon reassessment, it is not anticipated that the EMT will be fully restored within this five-year cycle. Because full restoration of the EMT site would not occur in this five-year cycle, and because full restoration of the GMT site is completed, staff recommends 0.25 points for years 2023 through 2027.

In summary, considering the two impacts associated with this category, staff recommends 0.25 points for years 2023 through 2027.

Staff recommends the 2023-2027 schedule of CRMF fees for PAP in the table below. Each year has been given 3 points per year for the reasons discussed above. This reassessment assumes that PAP will continue to be shut down through the five-year period. If the facility is able to operate within the five-year period, staff will conduct a mid-cycle reassessment. Freeport-McMoRan has reviewed staff's proposed 2023-2027 reassessment for the facility and concurs with staff's recommendations.

**Table 2: Point Arguello Project  
CRMF Assessments for 2023-2027 Cycle**

	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Tourism</b>	0	0	0	0	0
<b>Aesthetics</b>	2.5	2.5	2.5	2.5	2.5
<b>Environmentally Sens. Resources</b>	0.25	0.25	0.25	0.25	0.25
<b>Recreation</b>	0.25	0.25	0.25	0.25	0.25
<b>Total Points</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Value Per Point*</b>	\$53,100	\$53,100	\$53,100	\$53,100	\$53,100
<b>CRMF Fees Per Year</b>	\$159,300	\$159,300	\$159,300	\$159,300	\$159,300

\* Assessed at \$53,100 per point, pursuant to CRMF Guidelines to reflect 1988 dollars.

## **Point Pedernales Project (PPP)**

Below are descriptions of PPP's remaining impacts and associated points with the 2013-2017, 2015-2017, and 2018-2022 reassessments and staff's recommendations for the 2023-2027 reassessment. Table 3 contains the CRMF fees associated with the new reassessment.

- ***Coastal Tourism Impacts:*** There have never been coastal tourism impacts associated with PPP and zero points represents this no impact. For the 2023-2027 reassessment, staff recommends zero points remain. There are no anticipated changes in the five-year cycle to potentially affect this assessment.
- ***Coastal Aesthetics Impacts:*** In the 2013-2017, 2015-2017, and 2018-2022 reassessments, one point represented the visual impacts of the platform and the electrical substation. The County had stated that it would reduce this category by a half point if and when the electrical substation is screened by trees included in the approved project landscaping. Staff has determined that the trees are screening the electrical substation from direct view therefore, for the 2023-2027 reassessment staff recommends a half point for this category.
- ***Coastal Environmentally Sensitive Impacts:*** In the last few reassessments, three points represented the risk of an oil spill to subtidal ecology, sea birds, and marine mammals. If offshore spills reach the coastline, there could be impacts to vegetation, wildlife and aquatic habitats and biota. Particularly noted is the potentially significant impact to the sea otter colony approximately one-mile southeast of Purisima Point, approximately 22 miles from Platform Irene and 17 miles from the oil pipeline. The sea otter population off the coast from Monterey to Santa Barbara has a 3-year average of 2,962 as of 2019 (a decrease of 166 sea otters from the previous year). The local colony of sea otters remains significant because it represents the southernmost permanent establishment of sea otters off the California coast, and it is the most vulnerable to oil spills of all marine mammals off this coast. For the 2023-2027 reassessment, there appears to be no changes to the potential impacts, therefore, staff recommends retaining the three points for the next five years.
- ***Coastal Recreational Impacts:*** In the last few reassessments, one point reflects the significant and unavoidable impacts of an oil spill on recreational fishing. There appear to be no changes to the potential impacts, therefore, for the 2023-2027 reassessment, staff recommends retaining the one point for the next five years.

Staff recommends the 2023-2027 schedule of CRMF fees for PPP in the table below. Each year has been given 4.5 points per year for the reasons discussed above. This five-year reassessment reflects a status-quo of its operations. Freeport-McMoRan has reviewed staff's proposed 2023-2027 reassessment for the facility and concurs with staff's recommendations.

**Table 3: Point Pedernales Project  
 CRMF Assessments for 2023-2027 Cycle**

	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Tourism</b>	0	0	0	0	0
<b>Aesthetics</b>	0.5	0.5	0.5	0.5	0.5
<b>Environmentally Sens. Resources</b>	3	3	3	3	3
<b>Recreation</b>	1	1	1	1	1
<b>Total Points</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>	<b>4.5</b>
<b>Value Per Point*</b>	\$53,100	\$53,100	\$53,100	\$53,100	\$53,100
<b>CRMF Fees Per Year</b>	\$238,950	\$238,950	\$238,950	\$238,950	\$238,950

\* Assessed at \$53,100 per point, pursuant to CRMF Guidelines to reflect 1988 dollars.