



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

July 18, 2016

Pacific Coast Energy Company
John Fox
1555 Orcutt Hill Road
Orcutt, CA 93455

PLANNING COMMISSION
HEARING OF JULY 13, 2016

***RE: Pacific Coast Energy Company (PCEC) Orcutt Hill Resource Enhancement Project;
13PPP-00000-00001***

Hearing on the request of Pacific Coast Energy Company to consider Case No. 13PPP-00000-00001 [application filed on February 15, 2013] for approval of an Oil Drilling and Production Plan to construct and operate 96 new oil wells in compliance with Section 35.53.040 of the County Land Use and Development Code, on property zoned AG-II-100; and to certify the Environmental Impact Report (14EIR-00000-00001) pursuant to the State Guidelines for Implementation of the California Environmental Quality Act (CEQA). As a result of this project, significant effects on the environment are anticipated in the following categories: Biological Resources and Water Resources. The EIR and all documents referenced therein may be reviewed at the Planning and Development Department, 123 East Anapamu Street, Santa Barbara or 624 West Foster Road, Suite C, Santa Maria. The EIR is also available for review at the Central Branch of the City of Santa Barbara Library, 40 East Anapamu Street, Santa Barbara. The application involves Assessor Parcel No. 101-020-074 located at 1555 Orcutt Hill Road, in the Orcutt area, 4th Supervisorial District. (Continued from 5/11/16 and 6/29/16)

Dear Mr. Fox:

At the Planning Commission hearing of July 16, 2016, Commissioner Brooks moved, seconded by Commissioner Cooney and carried by a vote of 3 to 2 (Ferini and Blough no) to:

1. Make the findings for denial of the project specified in Attachment A to the July 8, 2016 staff memo, and as revised at the hearing of July 13, 2016;
2. Find that denial of the project is exempt from CEQA pursuant to CEQA Guidelines Section 15270 as specified in Attachment B to the July 8, 2016 staff memo; and
3. Deny the project (Case No. 13PPP-00000-00001).

Revisions to the Findings:

Finding No. 1 was revised:

1. *Significant adverse environmental effects will be mitigated to the maximum extent feasible.*

The Final EIR (14EIR-00000-00001) for the Orcutt Hill Resource Enhancement Plan project identifies significant and unavoidable (Class I) impacts to biological resources and water resources due to expected oil seeps and potential oil spills/leaks. As discussed in Section 4.3 of the Final EIR, seeps have resulted and are predicted to continue to occur and result in the loss of upland habitat for the federally-protected California Tiger Salamander, individual Lompoc yerba santa plants, and habitat for other sensitive species and communities including La Purisma Manzanita, mesa horkelia, black-flowered figwort, purple needlegrass, maritime chaparral, southern bishop pine forests, and oak woodlands. Additionally, pipeline spills/leaks represent a significant and unavoidable (Class I) impact due to the risk of upset and significant impacts that occur due to such spills/leaks.

As discussed in Section 4.8 of the Final EIR, seeps and oil spills/leaks also have the potential to impact hydrology and water quality. Oil from seeps could migrate to nearby creeks and drainages, creating potentially significant water quality impacts. Large oil spills from downstream pipelines which carry PCEC's production such as the existing Cal Coast Pipeline and the P66 Line 300 transmission pipeline, could spread into ephemeral drainages and impact water quality.

When the Planning Commission approved the original Oil Drilling and Production Plan in 2006 for steaming on Orcutt Hill (06PPP-00000-00001), the occurrence of seeps and their associated biological impacts as a result of steaming was not anticipated and therefore was not considered. Had the Commission known of these impacts, the project could well have been denied.

Further cyclic steaming production on Orcutt Hill is denied because evidence has shown that steam injection of this very shallow field has consistently resulted in surface oil seeps originating from the Careaga formation that have caused significant damage to sensitive environmental habitats. Installation of the existing seep cans began in 2008. As discussed in Section 4.8 of the Final EIR, as of July 2016, 99 oil seeps have occurred that have required seep cans to be installed at the Project Site. The oil seeps have resulted in the destruction of 6.09 acres of sensitive habitat including Bishop Pine forest, central maritime chaparral, coastal sage scrub, oak woodland, California Tiger Salamander upland habitat and approximately 360 Lompoc yerba santa individuals, a federally listed endangered plant species. Seep occurrence and location is unpredictable, and seeps continue to occur on site, with the most recent seep can installed on March 18, 2016. Expansion of development on Orcutt Hill should not be allowed until the owner can produce oil without such unacceptable environmental impacts to sensitive habitats and species.

Mitigation measures identified in Section 4.8 of the Final EIR would reduce the severity of these biological and water resources impacts, but such impacts would remain significant and unavoidable. Several of the proposed mitigation measures that are identified to reduce impacts to these issue areas by requiring restoration plantings (including MM Bio-1a, -1c, -2e, -2f, and -4a,) will not be effective enough to reduce the impact below Class I. As discussed in Section 4.3 of the Final EIR, restored and/or created habitats typically do not

support the qualities and habitat values found in naturally occurring mature habitat areas. This indicates that the conditions requiring restoration will not be effective.

The effectiveness of efforts to restore sensitive habitats and plant species are unknown and may be unsuccessful. For example, as discussed in Section 4.3 of the Final EIR and by the US Fish and Wildlife Service in its April 3, 2015 letter commenting on the Draft EIR, there are no known attempts that have successfully propagated and established a new population of Lompoc yerba santa. The entire 285-acre proposed Project area is located within the Lompoc yerba santa Solomon Hills Critical Habitat Unit and represents approximately 13 percent of the unit. The US Fish and Wildlife Service further stated in its April 3, 2015 letter commenting on the Draft EIR that it is “concerned that the proposed project, with the potentially large-scale and unpredictable impacts associated with project-related oil seeps, could impact the population of Lompoc yerba santa to such an extent that the species no longer persists in the Solomon Hills.”

The Planning Commission finds that while the project would create 35 to 75 temporary construction and drilling jobs, these are of limited benefit as they are only temporary jobs. The County Assessor’s office is unable to provide an estimate of the future tax benefits of the project, rendering any potential tax increases that would result from development of the project uncertain. While tax revenues produced by current PCEC operations range from \$2.7 million to \$4.7 million annually over the 2012-2015 time period, the Planning Commission finds this uncertain benefit does not outweigh the significant environmental impacts the project will cause. The Planning Commission finds that the stated overriding benefits of the project do not outweigh the significant and unavoidable effects on the environment. Therefore, it is the Planning Commission’s determination to deny the project.

Finding No. 3 was added:

3. The development is in conformance with the applicable provisions of this Development Code and the Comprehensive Plan.

The Planning Commission finds that the project is not in conformance with Comprehensive Plan Land Use Element Hillside and Watershed Policy #2. The project will result in significant and unmitigable impacts to the site’s natural features and native vegetation including Lompoc yerba santa, and trees including Southern Bishop pine stands, which will not be preserved to the maximum extent feasible. Therefore, this finding cannot be made.

The attached findings and conditions reflect the Planning Commission’s actions of July 13, 2016.

The action of the Planning Commission on this project may be appealed to the Board of Supervisors by the applicant or any aggrieved person adversely affected by such decision. To qualify as an aggrieved persons the appellant, in person or through a representative, must have informed the Planning Commission by appropriate means prior to thge decision on this project of the nature of their concerns, or, for good cause, was unable to do so.

Appeal applications may be obtained at the Clerk of the Board's office. The appeal form must be filed along with any attachments to the Clerk of the Board. In addition to the appeal form a concise summary of fifty words or less, stating the reasons for the appeal, must be submitted with the appeal. The summary statement will be used for public noticing of your appeal before the Board of Supervisors. The appeal, which shall be in writing together with the accompanying applicable fee must be filed with the Clerk of the Board of Supervisors within the 10 calendar

days following the date of the Planning Commission's decision. In the event that the last day for filing an appeal falls on a non-business of the County, the appeal may be timely filed on the next business day. This letter or a copy should be taken to the Clerk of the Board of Supervisors in order to determine that the appeal is filed within the allowed appeal period. **The appeal period for this project ends on Monday, July 25, 2016 at 5:00 p.m.**

If this decision is appealed, the filing fee for both non-applicant and applicant is \$659.92 and must be delivered to the Clerk of the Board Office at 105 East Anapamu Street, Room 407, Santa Barbara, CA at the same time the appeal is filed.

Sincerely,



Dianne M. Black
Secretary to the Planning Commission

cc: Case File: 13PPP-00000-00001
County Chief Appraiser
County Surveyor
Fire Department
Flood Control
Community Services Department
Public Works
Environmental Health Services
APCD
Peter Adam, Fourth District Supervisor
Larry Ferini, Fourth District Planning Commissioner
Jenna Richardson, Deputy County Counsel
Matt Young, Planner

Attachments: Attachment A - Findings

DMB/dmv

ATTACHMENT A: FINDINGS

1.0 CEQA FINDINGS

The County Planning Commission finds that the denial of the project is exempt from CEQA pursuant to CEQA Guidelines Section 15270 [Projects Which are Disapproved]. CEQA Section 15270 confirms that CEQA does not apply to projects which a public agency rejects or disapproves. Please see Attachment B, Notice of Exemption.

2.0 ADMINISTRATIVE FINDINGS

2.1 PRODUCTION PLAN FINDINGS

Section 35.55.030 of the County Land Use and Development Code identifies the required findings for Production Plans for onshore oil drilling and production in the Inland area. However, the Planning Commission is unable to make the following required findings for approval of the subject request:

- 1. Significant adverse environmental effects will be mitigated to the maximum extent feasible.*

The Final EIR (14EIR-00000-00001) for the Orcutt Hill Resource Enhancement Plan project identifies significant and unavoidable (Class I) impacts to biological resources and water resources due to expected oil seeps and potential oil spills/leaks. As discussed in Section 4.3 of the Final EIR, seeps have resulted and are predicted to continue to occur and result in the loss of upland habitat for the federally-protected California Tiger Salamander, individual Lompoc yerba santa plants, and habitat for other sensitive species and communities including La Purisma Manzanita, mesa horkelia, black-flowered figwort, purple needlegrass, maritime chaparral, southern bishop pine forests, and oak woodlands. Additionally, pipeline spills/leaks represent a significant and unavoidable (Class I) impact due to the risk of upset and significant impacts that occur due to such spills/leaks.

As discussed in Section 4.8 of the Final EIR, seeps and oil spills/leaks also have the potential to impact hydrology and water quality. Oil from seeps could migrate to nearby creeks and drainages, creating potentially significant water quality impacts. Large oil spills from downstream pipelines which carry PCEC's production such as the existing Cal Coast Pipeline and the P66 Line 300 transmission pipeline, could spread into ephemeral drainages and impact water quality.

When the Planning Commission approved the original Oil Drilling and Production Plan in 2006 for steaming on Orcutt Hill (06PPP-00000-00001), the occurrence of seeps and their associated biological impacts as a result of steaming was not anticipated and therefore was not considered. Had the Commission known of these impacts, the project could well have been denied.

Further cyclic steaming production on Orcutt Hill is denied because evidence has shown that steam injection of this very shallow field has consistently resulted in surface oil seeps originating from the Careaga formation that have caused significant damage to sensitive environmental habitats. Installation of the existing seep cans began in 2008. As discussed in Section 4.8 of the Final EIR, as of July 2016, 99 oil seeps have occurred that have required seep cans to be installed at the Project Site. The oil seeps have resulted in the destruction of 6.09 acres of sensitive

habitat including Bishop Pine forest, central maritime chaparral, coastal sage scrub, oak woodland, California Tiger Salamander upland habitat and approximately 360 Lompoc yerba santa individuals, a federally listed endangered plant species. Seep occurrence and location is unpredictable, and seeps continue to occur on site, with the most recent seep can installed on March 18, 2016. Expansion of development on Orcutt Hill should not be allowed until the owner can produce oil without such unacceptable environmental impacts to sensitive habitats and species.

Mitigation measures identified in Section 4.8 of the Final EIR would reduce the severity of these biological and water resources impacts, but such impacts would remain significant and unavoidable. Several of the proposed mitigation measures that are identified to reduce impacts to these issue areas by requiring restoration plantings (including MM Bio-1a, -1c, -2e, -2f, and -4a,) will not be effective enough to reduce the impact below Class I. As discussed in Section 4.3 of the Final EIR, restored and/or created habitats typically do not support the qualities and habitat values found in naturally occurring mature habitat areas. This indicates that the conditions requiring restoration will not be effective.

The effectiveness of efforts to restore sensitive habitats and plant species are unknown and may be unsuccessful. For example, as discussed in Section 4.3 of the Final EIR and by the US Fish and Wildlife Service in its April 3, 2015 letter commenting on the Draft EIR, there are no known attempts that have successfully propagated and established a new population of Lompoc yerba santa. The entire 285-acre proposed Project area is located within the Lompoc yerba santa Solomon Hills Critical Habitat Unit and represents approximately 13 percent of the unit. The US Fish and Wildlife Service further stated in its April 3, 2015 letter commenting on the Draft EIR that it is “concerned that the proposed project, with the potentially large-scale and unpredictable impacts associated with project-related oil seeps, could impact the population of Lompoc yerba santa to such an extent that the species no longer persists in the Solomon Hills.”

The Planning Commission finds that while the project would create 35 to 75 temporary construction and drilling jobs, these are of limited benefit as they are only temporary jobs. The County Assessor’s office is unable to provide an estimate of the future tax benefits of the project, rendering any potential tax increases that would result from development of the project uncertain. While tax revenues produced by current PCEC operations range from \$2.7 million to \$4.7 million annually over the 2012-2015 time period, the Planning Commission finds this uncertain benefit does not outweigh the significant environmental impacts the project will cause. The Planning Commission finds that the stated overriding benefits of the project do not outweigh the significant and unavoidable effects on the environment. Therefore, it is the Planning Commission’s determination to deny the project.

2. The site is able to accommodate additional oil and gas production, should the proposed drilling program be successful.

The Planning Commission finds that the site is not able to accommodate additional oil and gas production through steam injection, should the proposed drilling program be successful. The unique geologic structure of this location makes this site unsuitable for further oil and gas production. As described in Section 4.8 of the Final EIR (14EIR-00000-00001), evidence has shown that steam injection of this

very shallow field with the overlying Careaga tar zone has consistently resulted in surface oil seeps that have caused significant damage to sensitive environmental habitats. Soon after the project began operation, oil seeps began to occur in 2008. As of July 2016, 99 oil seeps have occurred at the Project Site and have resulted in the destruction of 6.09 acres of sensitive habitat including Bishop Pine forest, central maritime chaparral, coastal sage scrub, oak woodland, and California Tiger Salamander upland habitat, and approximately 360 Lompoc yerba santa individuals, a federally listed Endangered plant species. Seep occurrence and location is unpredictable, and seeps continue to occur on site, with the most recent seep can installed on March 18, 2016. The project analyzed in the EIR would double the number of cyclically steamed wells allowed to operate at the Project Site from 96 to 192 wells and thus lead to an increase in the occurrence oil seeps. Seep impacts have resulted in causing a nuisance condition that should not be allowed to expand or intensify. The applicant has not been able to demonstrate that it can produce oil through steam injection in this location without oil seeps and their associated significant adverse environmental impacts. Therefore, this finding cannot be made and the project is denied.

3. The development is in conformance with the applicable provisions of this Development Code and the Comprehensive Plan.

The Planning Commission finds that the project is not in conformance with Comprehensive Plan Land Use Element Hillside and Watershed Policy #2. The project will result in significant and unmitigable impacts to the site's natural features and native vegetation including Lompoc yerba santa, and trees including Southern Bishop pine stands, which will not be preserved to the maximum extent feasible. Therefore, this finding cannot be made.