Santa Barbara County Board of Supervisors

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

16APL-00000-00020
13PPP-00000-00001
14EIR-00000-00001

November 1, 2016

Board Action on October 11

Continue hearing to November 1 and return with additional information:

1. Matrix comparison of the various project alternatives

2. Details regarding end of life restoration (bonding)

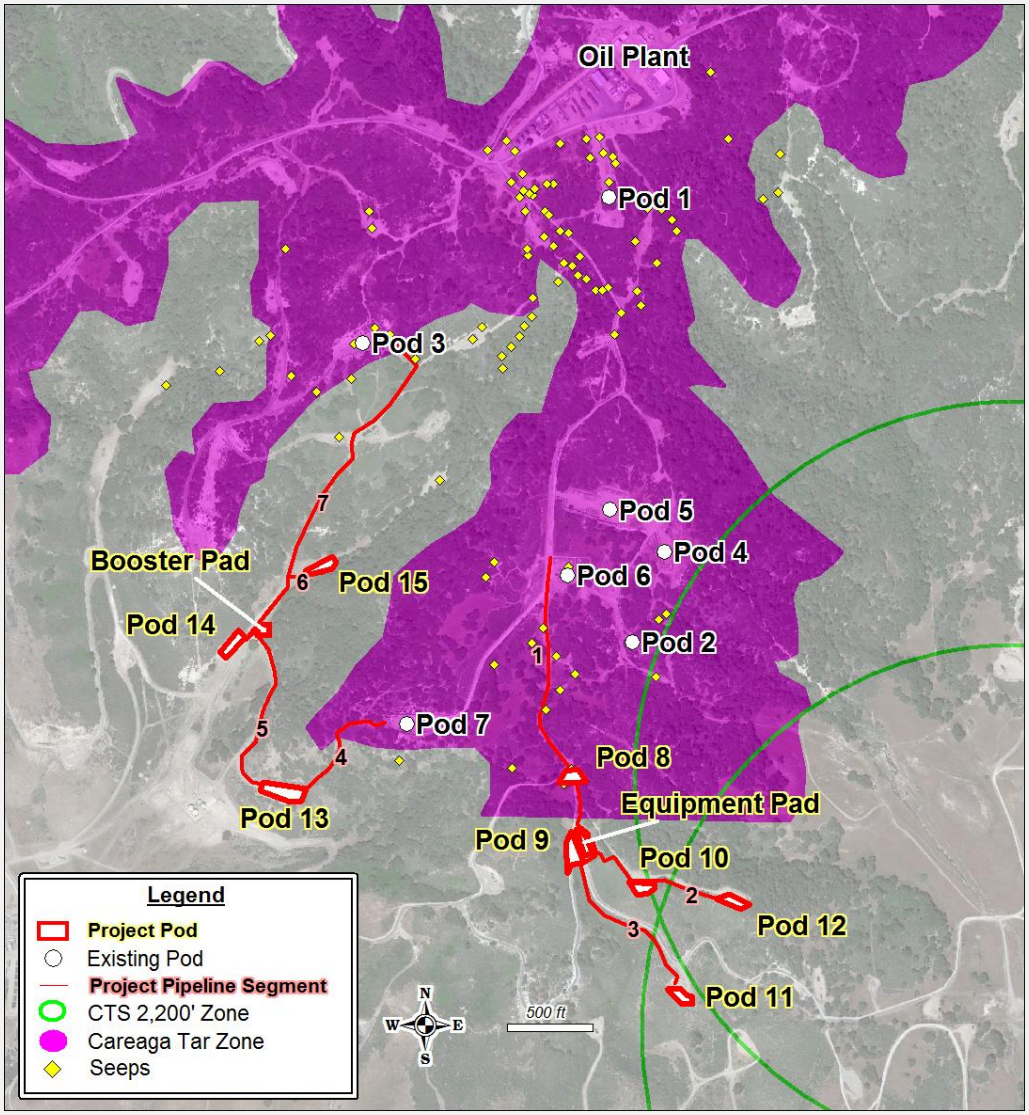
3. Draft conditions for various issues

Applicant Additions to Project

- Labor agreement with California Building Trades
- Draft Habitat Conservation Plan with conservation easement for CTS
- Funding for Lompoc yerba santa research ($25k per year for five years)
- Commitment to mitigate GHG impacts to zero (below County threshold of 1,000 MT/year

Careaga Exclusion Alternative

- Prohibits directional drilling through and below the Careaga Tar Zone
- Lessens potential seep impacts
- Reduces production approximately 20%
- 88 new wells and 24 replacement wells



Careaga and CTS Exclusion Alternative

- Eliminates Pods 8, 10, 11, and 12
- Mitigates seep impacts and CTS construction impacts
- Reduces production approximately 40%
- 53 new wells and 24 replacement wells

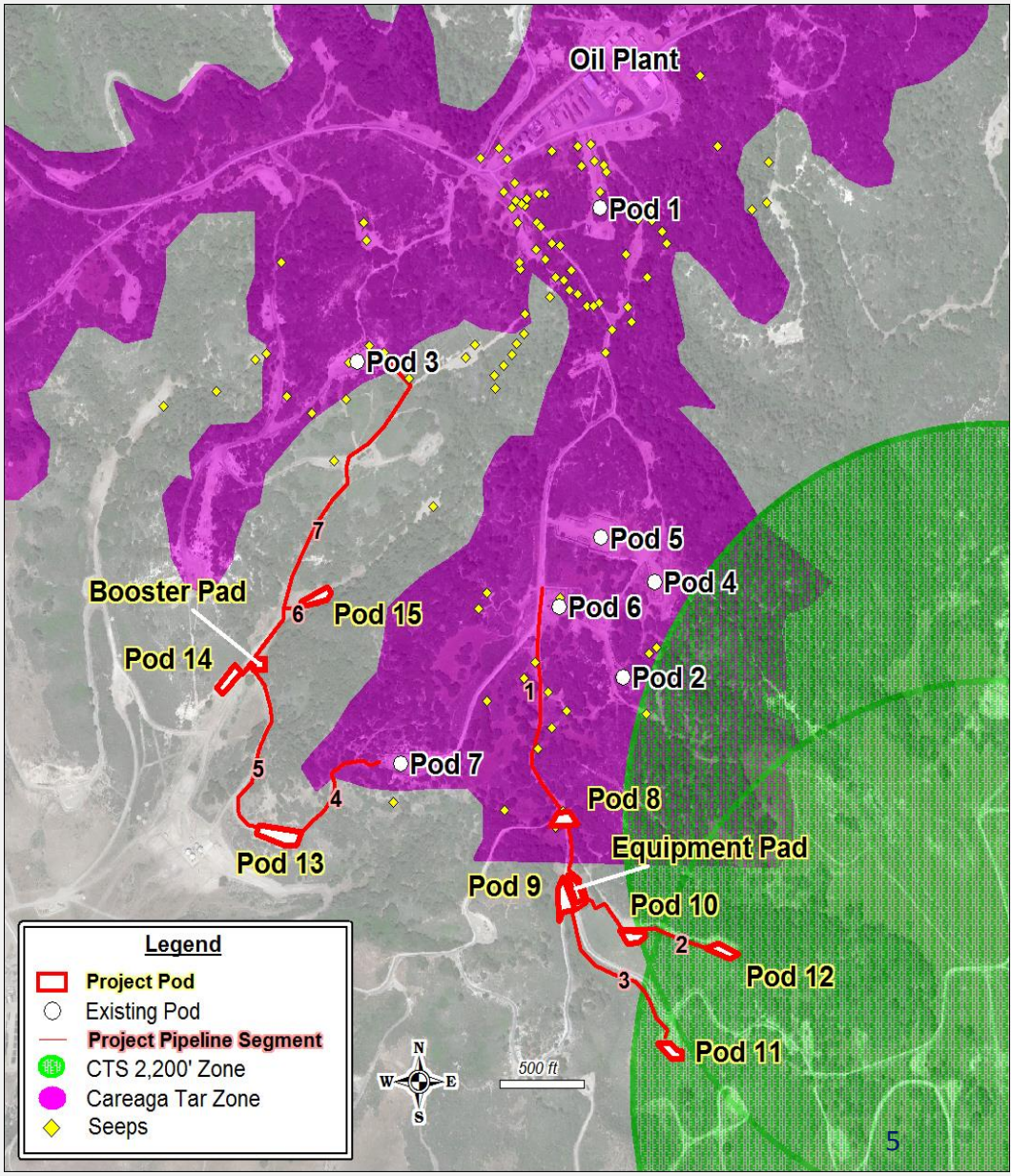


Table 1. PCEC Orcutt Hill Resource Enhancement Project Alternatives Matrix

Project Configuration	Project Attributes						
	Percent Production	**Wells**	**GHG Mitigation**	**CTS Easement**	**Yerba Santa Research**	**Labor Agreement**	**Class 1 Impacts**
Original Project (as proposed by PCEC)	100	96 (48)	Yes; offset to 1,000 tpy County threshold	No	No	No	Yes
Careaga Exclusion Alternative (as denied by Planning Commission)	80	96 (48)	Yes; offset to 1,000 tpy (County threshold)	No	No	No	Yes; reduced by avoiding Careaga zone
Careaga Exclusion Alternative (as modified for Board, 10-11-2016)	80	88 (24)	Yes; offset down to zero	Yes; 21-ac easement per FWS letter	Yes; $25K/yr x 5 yrs for study	Yes, per PCEC commitment	Yes; reduced by avoiding Careaga zone
Careaga and CA Tiger Salamander Exclusion Alternative	60	53 (24)	Yes; offset down to zero	Yes; 21-ac easement per FWS letter	Yes; $25K/yr x 5 yrs for study	Yes, per PCEC commitment	Yes; reduced by avoiding Careaga zone and CTS habitat
Seep Can Only Alternative	0	0	No	No	No	No	Yes, to extent that seeps continue to occur

Project End of Life – Bonding

- DOGGR requires bonds for well abandonment
- PCEC has required bonding in place
- Bonding is for remediation of wells only
- Operators are not required to provide bonding for above ground facilities (i.e., tanks, pipelines, processing facilities)

Draft Conditions for Consideration

- SSRRC and SIMQAP
- Notification to interested parties for future seep cans
- New air quality monitoring station in project vicinity
- Public workshops and periodic reporting procedures to BOS for future seeps

Findings and Conditions

Staff has prepared findings and conditions for:

- Careaga Exclusion Alternative
- Careaga and CTS Exclusion Alternative
- Seep Can Only Alternative (BOS Oct. 11)

Board may add conditions detailed in Nov. 1 Board Letter

Summary

- Comparison Matrix of project alternatives
- Findings and conditions of approval for three Alternatives:
  - Seep Can Only
  - Careaga Exclusion
  - Careaga and CTS Exclusion
- Consider conditions detailed in November 1 Board Letter

End of Staff Presentation

Motion for Careaga Exclusion Alternative

- **Deny the appeal**, Case No. 16APL-00000-00020;
- Make the required findings for denial of the project, included as Exhibit 1 to the October 11, 2016 Board Letter;
- Find that denial of the project is exempt from CEQA pursuant to Guidelines Section 15270 as specified in Att B to the July 8, 2016 staff memo to the Planning Commission (Exhibit 2 of the October 11, 2016 Board Letter);
- **Deny the project**.
- Make the required findings for approval of the Careaga Exclusion Alternative, including CEQA findings, included as Att 1 to this Board Letter;
- Certify the Environmental Impact Report, Case No. 14EIR-00000-00001 (Att 4 of the October 11, 2016 Board Letter) for the Careaga Exclusion Alternative and adopt the mitigation monitoring program contained in the conditions of approval; and
- **Grant *de novo* approval of the Careaga Exclusion Alternative**, Case No. 13PPP-00000-00001, subject to the conditions included as Att 1 of this Board Letter.

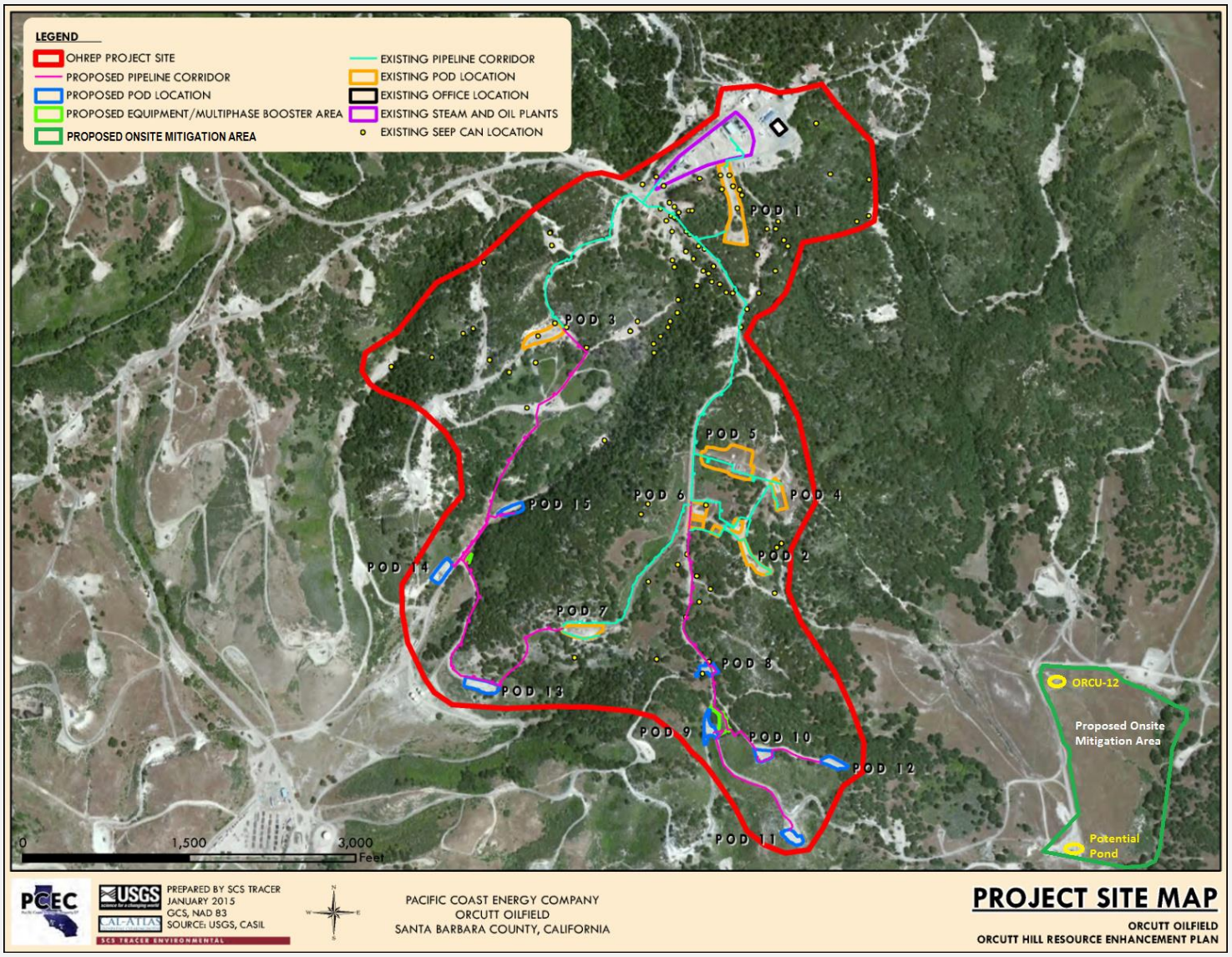
Motion for Careaga and CTS Exclusion Alternative

- **Deny the appeal**, Case No. 16APL-00000-00020;
- Make the required findings for denial of the project, included as Exhibit 1 to the October 11, 2016 Board Letter;
- Find that denial of the project is exempt from CEQA pursuant to Guidelines Section 15270 as specified in Att B to the July 8, 2016 staff memo to the Planning Commission (Exhibit 2 of the October 11, 2016 Board Letter);
- **Deny the project**.
- Make the required findings for approval of the Careaga and CTS Exclusion Alternative, including CEQA findings, included as Att 1 to this Board Letter;
- Certify the Environmental Impact Report, Case No. 14EIR-00000-00001 (Att 4 of the October 11, 2016 Board Letter) for the Careaga and CTS Exclusion Alternative and adopt the mitigation monitoring program contained in the conditions of approval; and
- **Grant *de novo* approval of the Careaga and CTS Exclusion Alternative**, Case No. 13PPP-00000-00001, subject to the conditions included as Att 1 of this Board Letter.

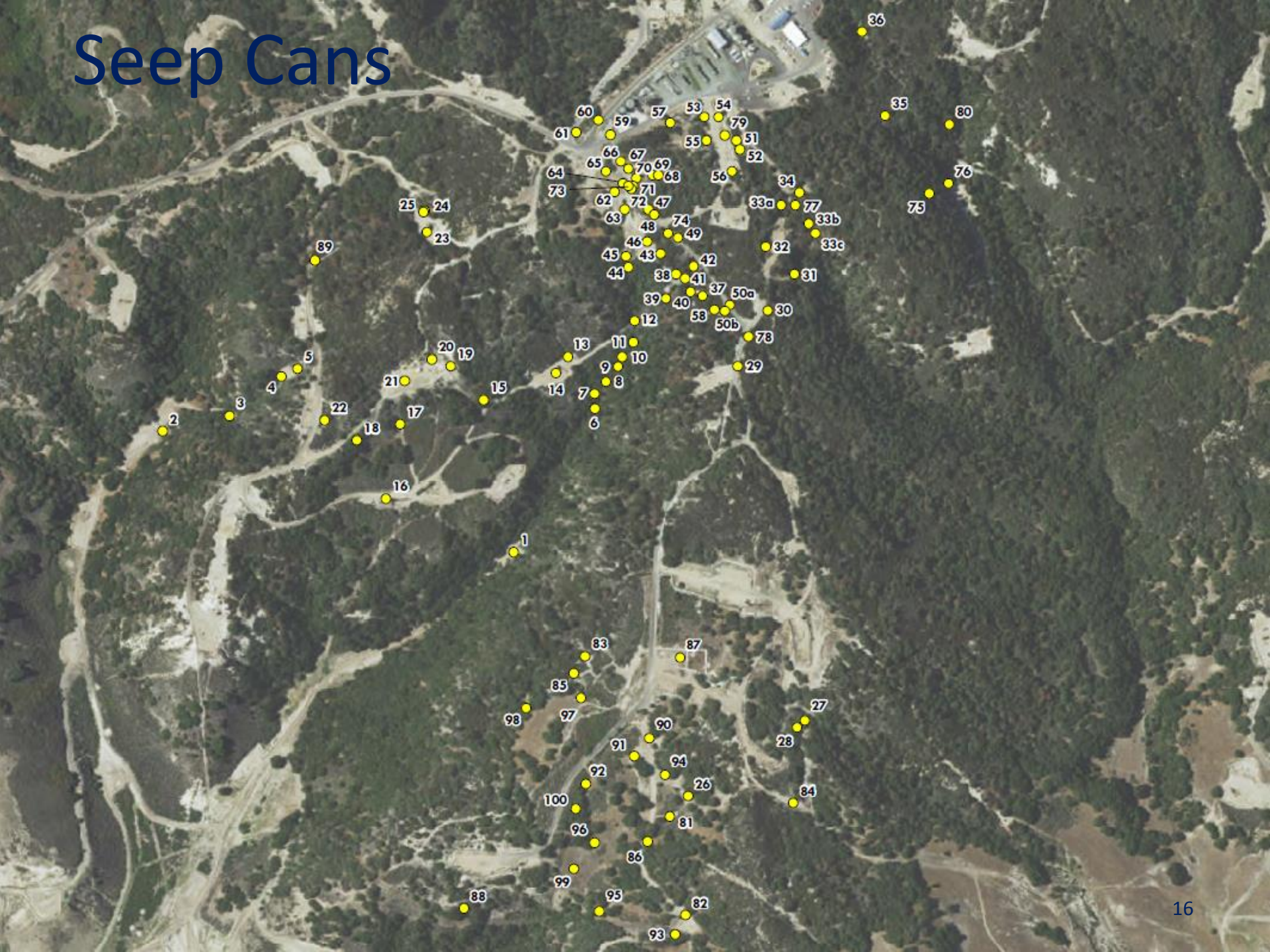
Seep Can Only Alternative

- **Deny the appeal**, Case No. 16APL-00000-00020;
- Make the required findings for denial of the project, included as Exhibit 1 to the October 11, 2016 Board Letter;
- Find that denial of the project is exempt from CEQA pursuant to Guidelines Section 15270 as specified in Att B to the July 8, 2016 staff memo to the Planning Commission (Exhibit 2 of the October 11, 2016 Board Letter);
- **Deny the project**.
- Make the required findings for approval of the Seep Can Only Alternative, including CEQA findings, included as Exhibit 3 to the October 11 Board Letter;
- Certify the EIR, Case No. 14EIR-00000-00001 (Att 4 of the October 11, 2016 Board Letter) for the Seep Can Only Alternative and adopt the mitigation monitoring program contained in the conditions of approval; and
- **Grant *de novo* approval of the Seep Can Only Alternative**, Case No. 13PPP-00000-00001, subject to the conditions included as Exhibit 5 of the October 11, 2016 Board Letter.

CTS Conservation Area



Seep Cans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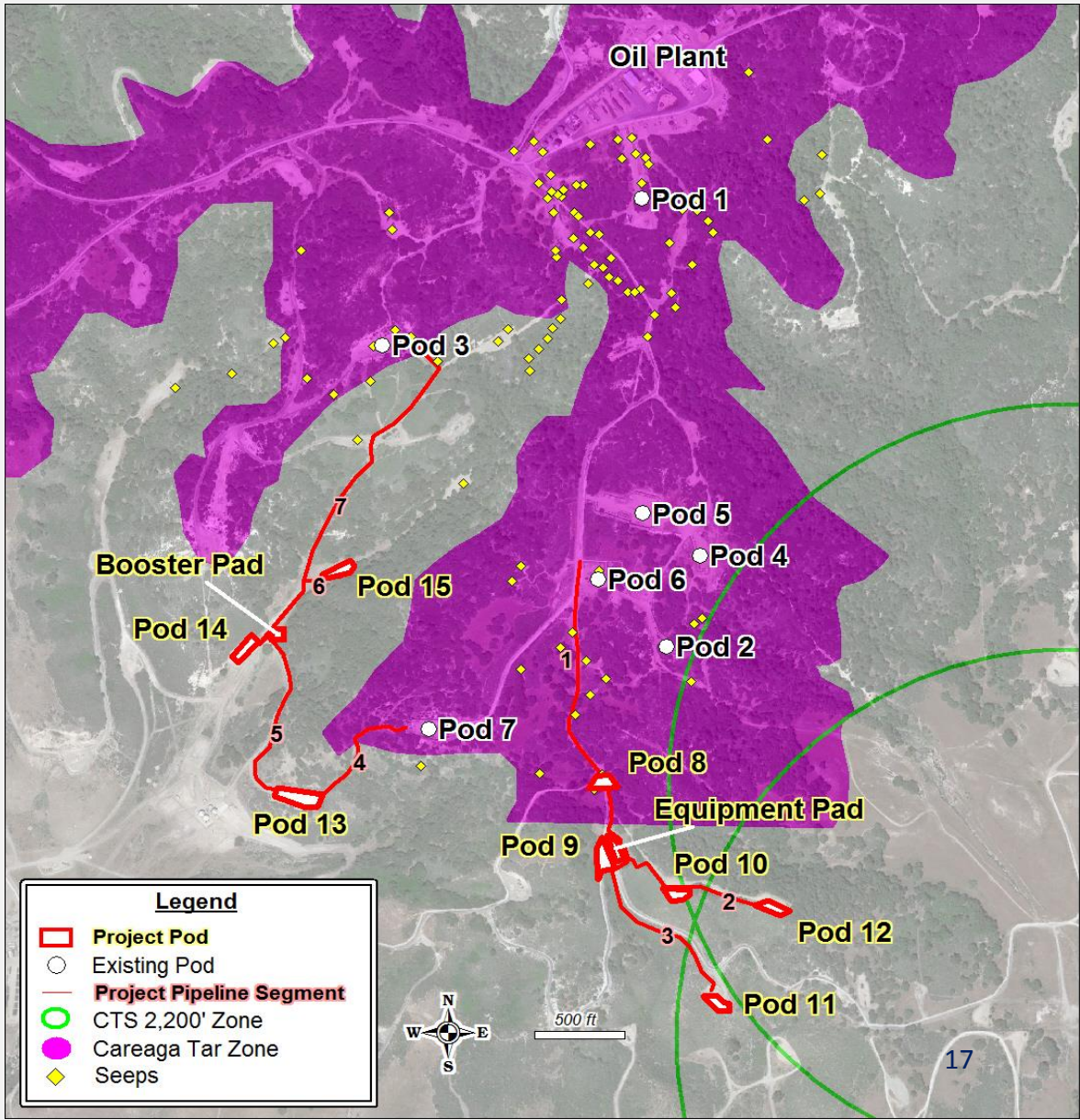
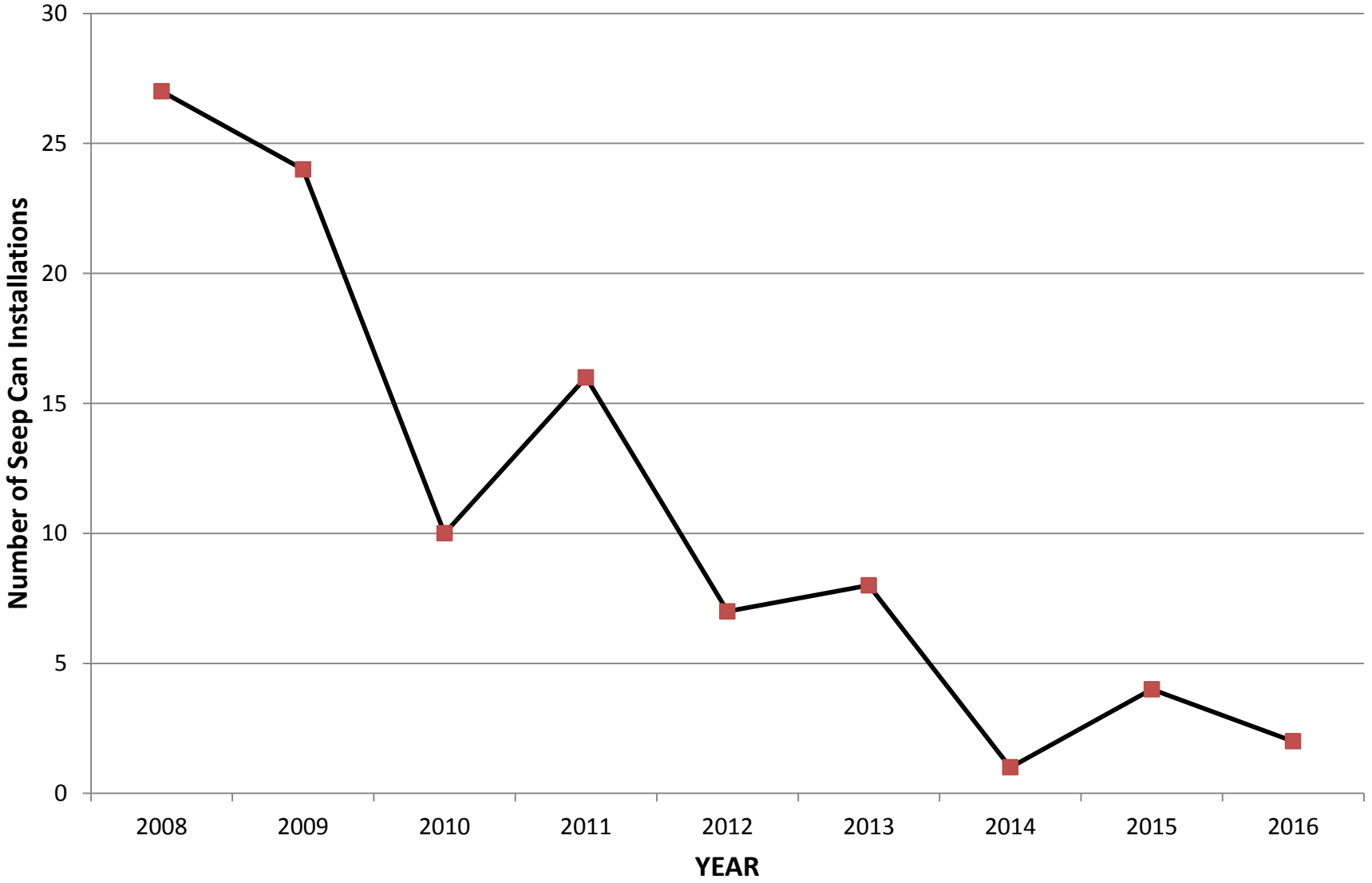
Oil Seeps

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



Oil Seeps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25
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Number of Seep Can Installations
2008
2009
2010
2011
2012
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2014
2015
2016
YEAR