

# Second Amendment to Lease with Ellwood Pipeline, Inc.

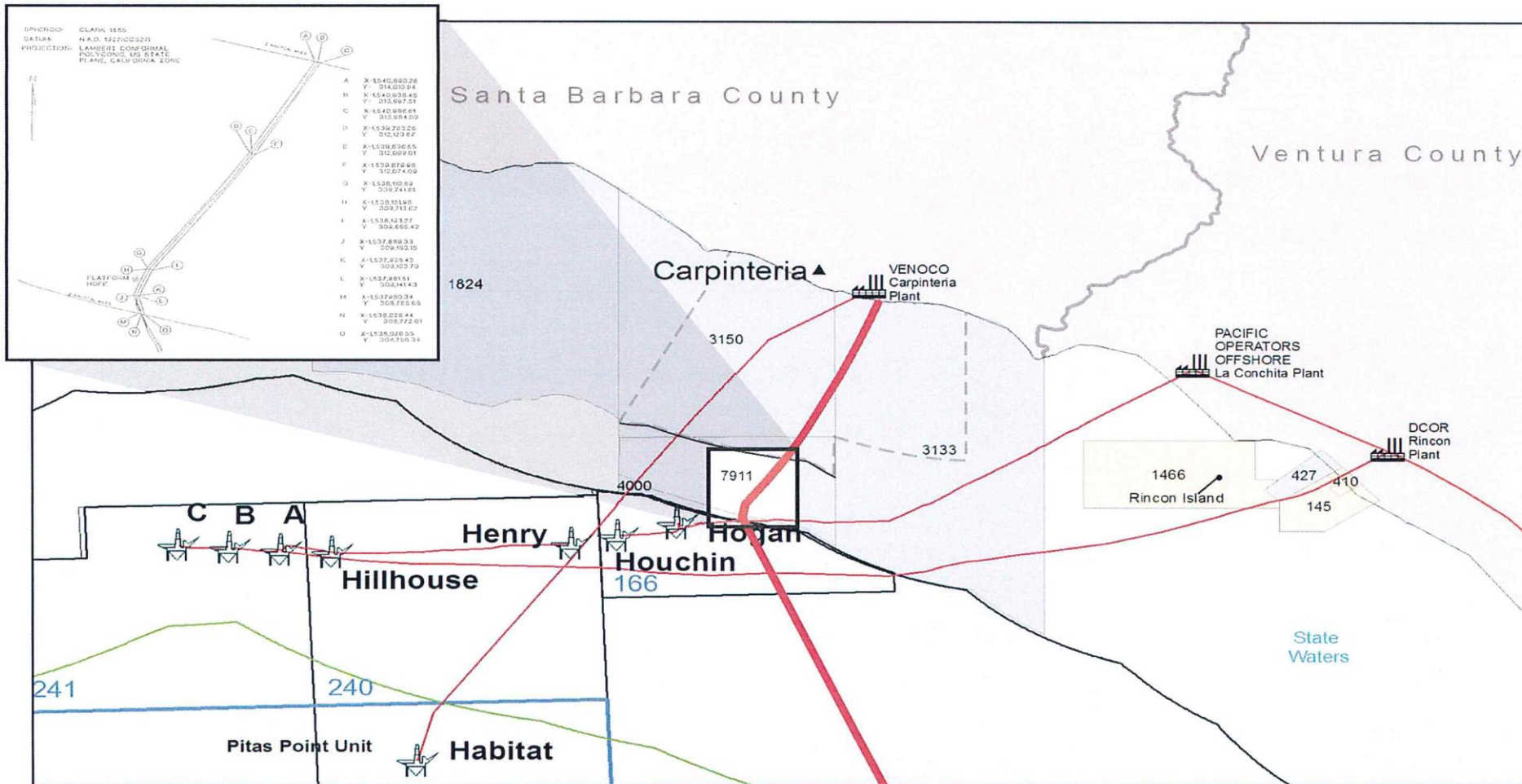
General Services Department

Matthew P. Pontes, Director

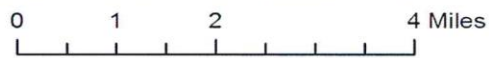
# Recommended Actions

That the Board of Supervisors:

- a) Approve and authorize the Chair to execute the attached original and duplicate original Second Amendment to Lease Agreement between the County of Santa Barbara and Ellwood Pipeline, Inc., (“Ellwood”) a subsidiary of Venoco, Inc., for Ellwood’s continued use of two existing submerged oil and gas pipelines in the offshore county boundaries of Carpinteria; for an extended term of eighteen months (18) months, beginning September 27, 2015, and ending March 26, 2017; and
- b) Determine that the proposed action is exempt from the California Environmental Quality Act (CEQA) guidelines, pursuant to Section 15301, Existing Facilities, Section 15261, Ongoing Project, and 15061 (b) (3), Review for Exemption; and approve and direct staff to file and post the attached Notice of Exemption on that basis.



**Carpinteria State Redevelopment Project**



**Legend**

- Federal Leases (as of 11/2011)
- Federal Platforms (as of 11/2011)
- Federal Unit Boundary
- Producing State Leases (as of 11/2011)
- Non Producing State Leases
- Submerged Lands Act Boundary (SLA)
- 8 (g) Line
- Pipelines



**Exhibit "B"**

Attached to that certain Consent to Assignment, Assumption of Performance, and First Amendment to Lease Agreement

# Lease History

In 1931, the State of California granted to the County, in trust, certain tidelands and submerged lands extending from Sandy Land Point to Rincon Creek.

In 1965, the County granted a 50 year Lease to Standard Oil Company of California (later Chevron USA) for the pipelines through the three mile area controlled by the County.

In 1968, the City of Carpinteria annexed a two mile portion of the submerged lands that were previously controlled by the County. The City Lease is for the two mile area closest to the shore. The County retains the third mile out to the three nautical mile state lands limit.

In December 2012, the County approved an assignment of the 1965 Lease from Chevron USA to Ellwood and approved a First Amendment to the Lease changing certain terms

# Lease Negotiations

January 2015, Ellwood submitted an application requesting a 40-year extension to the lease agreement

City, County and Venoco began meeting to discuss a lease extension or new lease agreement and to gather specific information regarding the condition of the pipeline

May 19, 2015 Refugio Oil Spill

July 28, 2015 Report received from Energy & Minerals Technical Consultant showing maximum pipeline anomaly of 53.9%

August 11, 2015, letter sent to Ellwood requesting additional information related to the July 28, 2015 report

September 3, 2015, letter from BSEE to County summarizing condition of pipelines

County and City have similar interests, have been working cooperatively, and expect to negotiate similar lease agreements and will move through the approval process concurrently

# CEQA

California Environmental Quality Act (CEQA),  
pursuant to CEQA Guidelines for Implementation of  
CEQA, 14 CCR Sections

15301, “Existing Facilities”

15261 (b), “Ongoing Project”, and

15061 (b) (3), “Common Sense”.

The purpose of the eighteen month extension is to determine the feasibility of a new long-term Lease Agreement, or long-term extension of the current Lease Agreement.

# Short-term Interim Extension Goals

- Receive, review, and evaluate Ellwood's information in response to the August 11, 2015 request by Planning and Development
- Commission independent third-party review of all reports and findings
- Determine appropriate scope of environmental review for long-term lease renewal
- Negotiate and determine appropriate term for long-term lease extension, and appropriate fees
- Clarify Ellwood's responsibilities in regard to abandonment (Chevron)

# Conclusion

Approving the Second Amendment will extend the term of the 1965 Lease, for a period of eighteen (18) months, through March 26, 2017, to allow the County to determine the feasibility of a new long-term Lease Agreement for Ellwood's continued use of two pipelines transporting oil and gas from Platforms Gail and Grace in the Outer Continental Shelf, to Venoco's onshore Carpinteria Oil and Gas Processing Facility.