

ATTACHMENT 1
FINDINGS CAREAGA AND CTS EXCLUSION ALTERNATIVE

1.0 CEQA FINDINGS

1.1 ENVIRONMENTAL IMPACT REPORTS

FINDINGS PURSUANT TO PUBLIC RESOURCES CODE SECTION 21081 AND THE CALIFORNIA ENVIRONMENTAL QUALITY ACT GUIDELINES SECTIONS 15090 AND 15091:

1.1.1 CONSIDERATION OF THE ENVIRONMENTAL IMPACT REPORT

The Final Environmental Impact Report (14EIR-00000-00001) was presented to the Board of Supervisors and all voting members of the Board of Supervisors have reviewed and considered the information contained in the Final EIR and its appendices prior to approving the project. In addition, all voting members of the Board of Supervisors have reviewed and considered testimony and additional information presented at or prior to public hearing on November 1, 2016. The Final EIR reflects the independent judgment and analysis of the Board of Supervisors and is adequate for this proposal.

1.1.2 FULL DISCLOSURE

The Board of Supervisors finds and certifies that the Final EIR constitutes a complete, accurate, adequate and good faith effort at full disclosure under CEQA. The Board of Supervisors further finds and certifies that the Final EIR has been completed in compliance with CEQA.

1.1.3 LOCATION OF RECORD OF PROCEEDINGS

The documents and other materials which constitute the record of proceedings upon which this decision is based are in the custody of the Planning and Development Department located at 123 East Anapamu Street, Santa Barbara, CA 93101.

1.1.4 FINDINGS THAT CERTAIN UNAVOIDABLE IMPACTS ARE MITIGATED TO THE MAXIMUM EXTENT FEASIBLE

The Final EIR for the Orcutt Hill Resource Enhancement Plan project identifies significant environmental impacts which cannot be fully mitigated and are therefore considered unavoidable (Class I). The EIR identified Class I impacts related to oil spills and seeps in two issue areas: biological resources and water resources (hydrology and water quality). To the extent the impacts remain significant and unavoidable, such impacts are acceptable when weighed against the overriding social, economic, legal, technical, and other considerations set forth in the Statement of Overriding Considerations included herein. For each of these Class I impacts identified by the

Final EIR, feasible changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effect, as discussed below:

Impacts to sensitive species' habitats

The EIR concluded that seeps, surface expressions, the installation and maintenance of existing and new oil seep cans, and potential future pipeline spills have the potential for degradation or loss of habitat for sensitive species including CTS, sensitive plants including the federally listed Lompoc yerba santa, and other sensitive plant and wildlife species (Impact BIO.1). Sensitive species' habitats have been and would continue to be affected by oil seep management, including oil seep cleanup and seep can installations. Future potential oil seeps and/or oil spills could occur at the project site in any habitat type, and necessary response activities could continue to impact sensitive habitats. Proposed mitigation measures include the implementation of a Habitat Restoration Plan with restoration of CTS habitat at a 3:1 ratio (Condition No. 7, MM Bio-1a); pre-construction surveys for sensitive species habitats to evaluate impacts prior to seep can installation (Condition No. 8, MM Bio-1b); restoration of sensitive species habitat including habitat for Lompoc yerba santa, La Purisima manzanita, mesa horkelia, and black-flowered figwort (Condition No. 9, MM Bio-1c); on-site independent environmental monitoring (Condition No. 10, MM Bio 1d); adaptive management to ensure successful restoration (Condition No. 11, MM Bio-1e); and, annual reporting of monitoring results (Condition No. 12, MM Bio-1f). In addition, implementation of the Careaga and CTS Exclusion Alternative (Condition No. 41) limits drilling to areas outside the Careaga tar zone and outside a 2,200 foot radius from known or potential CTS breeding ponds. The Careaga tar zone contains a heavy oil that can and has risen to the surface in the form of seeps. The Final EIR, Sections 4.3 and 4.8, details the number and severity of seeps and the resultant environmental impacts. The applicant has used chemical testing to determine that this zone is the source of the oil seeps. Prohibiting drilling in the Careaga tar zone would therefore likely reduce future oil seep activity and prohibiting drilling activities within 2,200 feet of known and potential CTS breeding ponds would reduce construction-related impacts to CTS upland habitat. There is some uncertainty associated with this conclusion as some oil seeps have historically occurred outside of the Careaga tar zone and the exact mechanisms and extent of the Careaga tar zone are not entirely understood. It is likely that some oil seep activity would continue under the Careaga and CTS Exclusion Alternative, but at a reduced level when compared to the proposed project. Class I impacts associated with oil seep activity and impacts on biological resources and water resources would remain Class I, but this alternative would substantially lessen the Class I impacts. Implementation of these measures would reduce, but not fully eliminate, the potential for seeps or an oil spill to significantly impact sensitive species' habitats. These impacts would remain significant and unavoidable.

Impacts to individual Lompoc yerba santa

Expansion of Project pods, pipeline installation, seeps, surface expressions, the installation and maintenance of existing and new oil seep cans, and pipeline spills have resulted and would potentially continue to result in the loss of individual Lompoc yerba

santa plants, a significant impact (Impact Bio.2). Proposed mitigation measures include the following: a biological resources training program to minimize impacts during construction (Condition No. 13, MM Bio-2a); delineation of sensitive species prior to construction to facilitate avoidance (Condition No. 14, MM Bio-2b); biological monitoring during construction (Condition No. 15, MM Bio-2c); modification of pipeline routes to avoid Lompoc yerba santa (Condition No. 16, MM Bio-2d); preparation of a rare plant salvage and transplant plan (Condition No. 17, MM Bio-2e); replacement of impacted Lompoc yerba Santa at a 10:1 ratio for past impacts and a 3:1 ratio for future impacts (Condition No. 18, MM Bio-2f); and, preconstruction surveys of the entire project site to better determine future impacts (Condition No. 19, MM Bio-2g). As described previously, implementation of the Careaga and CTS Exclusion Alternative prohibiting drilling in the Careaga tar zone (Condition No. 41) would likely reduce future oil seep activity and resultant impacts to Lompoc yerba santa. Implementation of these mitigation measures would reduce, but not fully eliminate, the potential for significant impacts to Lompoc yerba santa and CTS individuals. These impacts would remain significant and unavoidable.

Impacts to hydrology and water quality

Similarly, oil seeps and surface expressions as a result of steam injection could impact hydrology and water quality (Impact WR.2). If oil were to reach sensitive resources including a drainage or waterway it would substantially degrade surface water quality. Mitigation includes development of a Supplemental Pollution Control Plan to establish procedures for the discovery, assessment, response, monitoring, control, reporting and mitigation of seeps (Condition No. 21, MM Bio-3). A rupture or leak from the PCEC oil production facilities and/or pipelines would substantially degrade surface or groundwater quality by flowing to a drainage or waterway (Impact WR.3). Mitigation includes pipeline integrity and valve leak surveillance and testing consistent with an updated SPCC (Condition No. 40, MM Bio-3). Implementation of the Careaga and CTS Exclusion Alternative prohibiting drilling in the Careaga tar zone and within 2,200 feet of known and potential CTS breeding ponds (Condition No. 41) would likely reduce future oil seep activity, as described previously and would reduce impacts to CTS habitat. These mitigation measures would reduce the frequency or severity of an oil spill reaching a drainage or waterway, but impacts would remain significant and unavoidable.

With implementation of the Careaga and CTS Exclusion Alternative through Condition No. 41 and the mitigation measures described in the Final EIR, the Board of Supervisors finds that the unavoidable impacts to biological resources and water resources would be mitigated to the maximum extent feasible.

1.1.5 FINDINGS THAT CERTAIN IMPACTS ARE MITIGATED TO INSIGNIFICANCE BY CONDITIONS OF APPROVAL

The Final EIR identified several subject areas for which the project is considered to cause or contribute to potentially significant, but mitigable environmental impacts (Class II). For each of these Class II impacts identified by the Final EIR, feasible

changes or alterations have been required in, or incorporated into, the project which avoid or substantially lessen the significant environmental effect, as discussed below:

Air Quality: Criteria Pollutant Emissions

The Final EIR concludes that development and operation of the proposed project could result in significant emissions of odors related to drilling or processing of oil and gas with high levels of hydrogen sulfide (Impact AQ.3). Mitigation measures include a tank detection system to notify operators of a potential odor event (Condition No. 4, MM AQ-3a) and an odor minimization plan to identify and minimize potential sources of odors from all oil field equipment (Condition No. 5, MM AQ-3b). With implementation of these mitigation measures, impacts would be less than significant.

Air Quality: Greenhouse Gas Emissions

The Final EIR concludes that the proposed project would result in significant greenhouse gas (GHG) emissions (Impact GHG.1), with peak emissions of 44,675 MTCO₂e. These emissions would be mitigable through implementation of a greenhouse gas reporting and mitigation plan (Condition No. 6, MM GHG-1). This plan requires the annual quantification and reporting of GHG emissions under state law (AB 32). It also requires either reductions in or offsets to GHG emissions in amounts that would achieve reduction below the County's 1,000 metric ton CO₂-equivalent (MTCO₂e) threshold or payment of a fair share mitigation fee to support a hydrogen infrastructure program for the County. The project description includes a measure whereby the applicant would voluntarily mitigate the project's GHG emissions to zero. With implementation of the emissions mitigation measures, the project's GHG emissions will be less than significant.

Biological Resources

The Final EIR identified several Class II impacts to biological resources. Expansion of Project pods, pipeline installation, seeps, surface expressions, the installation and maintenance of existing and new oil seep cans, and pipeline spills have the potential to result in the loss of individual California tiger salamander (federally listed as endangered and State listed as threatened), and other non-listed special-status species or species protected by the Migratory Bird Treaty Act (Impact BIO.2). Proposed mitigation measures include the following: a biological resources training program to minimize impacts during construction (Condition No. 13, MM Bio-2a); delineation of sensitive species and habitats prior to construction to facilitate avoidance (Condition No. 14, MM Bio-2b); biological monitoring during construction (Condition No. 15, MM Bio-2c); modification of pipeline routes to avoid sensitive plants (Condition No. 16, MM Bio-2d); preparation of a rare plant salvage and transplant plan (Condition No. 17, MM Bio-2e); replacement of impacted individual sensitive plants at a specified ratios (Condition No. 18, MM Bio-2f); preconstruction surveys of the entire project site to better determine future impacts (Condition No. 19, MM Bio-2g); and pre-construction nesting bird surveys to minimize impacts to nesting birds (Condition No. 20, MM Bio-2h).

Expansion of Project pods, pipeline installation, seeps, surface expressions, the

installation and maintenance of existing and new oil seep cans, and potential pipeline leaks and ruptures have the potential to result in permanent loss of biological functions of sensitive habitats including central maritime chaparral, iris-leak rush seep, valley needlegrass grassland, southern Bishop pine forest, oak woodland, coastal scrub, arroyo willow thicket, habitats for rare plants and animals, and other sensitive biotic communities (Impact BIO.3). Mitigation includes development of a Supplemental Pollution Control Plan to establish procedures for the discovery, assessment, response, monitoring, control, reporting, and mitigation of seeps (Condition No. 21, MM Bio-3).

Expansion of Project pods, pipeline installation, seeps, surface expressions, the installation and maintenance of existing and new oil seep cans, and pipeline leak or rupture have the potential to affect federal wetlands (Impact BIO.4). Mitigation measures include: restoration of waters of the U.S. at a 3:1 replacement ratio. (Condition No. 22, MM Bio-4a); implementation of a construction staging buffer to minimize potential for releases into surface water or wetland habitat (Condition No. 23, MM Bio-4b); and, preparation of an Emergency Response Action Plan that addresses protection of sensitive biological resources and revegetation of any areas disturbed during an oil spill or cleanup activities (Condition No. 24, MM Bio-4c).

Expansion of Project pods, pipeline installation, seeps, surface expressions, the installation and maintenance of existing and new oil seep cans, and potential pipeline leaks and ruptures have the potential to result in reduced size and diversity of plant and animal populations at the Project Site (Impact BIO.6). Mitigation measures include pre-construction surveys to facilitate avoidance, wildlife monitoring during construction, and wildlife relocation to safe areas (Condition No. 25, MM Bio-6a); and, minimization of nighttime traffic to minimize the potential for road mortality of wildlife (Condition No. 26, MM Bio-6b).

Implementation of these mitigation measures would reduce impacts to a less than significant level.

Cultural Resources

The Final EIR identified several Class II impacts to cultural resources. Continued use of the access road to seep can location 88 has the potential to disrupt, alter, or destroy SBA-4069/H, a significant prehistoric and historic archaeological site (Impact CR.1). Implementation of a Phase 3 Data Recovery Plan (Condition No. 27, MM CR-1) to preserve this resource would reduce this impact to a less than significant level.

Removal of contaminated soils, creation and maintenance of new seep can locations and associated French drains, and new access roads could impact unknown subsurface cultural or ethnic resources (Impacts CR.1, and C2.2). This potentially significant impact will be mitigated to a less than significant level through implementation of supplemental archaeological surveys of areas affected by new seeps to determine the presence of cultural resources (Condition No. 28, MM CR-2) and a stop-work requirement (Condition No. 29, MM CR-2) if cultural resources are encountered.

Geological Resources

The Final EIR identified several Class II impacts to Geological resources. Seismic activity along regional active faults could produce seismic ground shaking or other seismically induced ground failure that would expose people and structures to greater than normal risk (Impact Geo.1). Implementation of seismic design based on the anticipated ground acceleration in the project area (Condition No. 30, MM Geo-1a); installation of appropriate foundations, anchoring, and equipment restraints (Condition No. 31, MM Geo-1b); preparation of a grading plan conforming to County Grading and Building Codes (Condition No. 32, MM Geo-1c); and post-earthquake inspections of facilities, equipment, and pipelines (Condition No. 33, MM Geo-1d) would reduce this impact to a less than significant level.

Potential grading required to access and control existing and/or future oil seeps could occur on slopes steeper than 20 percent, resulting in potential slope instability (Impact Geo.2). Implementation of geologic monitoring for seeps on slopes exceeding 20 percent (Condition No. 34, MM Geo-2a) would reduce this impact to a less than significant level.

Water Resources

The EIR identified one Class II impact to water resources. Project grading, construction, and excavations for potential new oil seeps could cause increased sedimentation of adjacent creeks or cause a construction-related release of contaminants that would degrade surface water quality (Impact WR.1). Mitigation would include Conditions No. 36-39 (MM WR-1a through 1d), which require compliance with the provisions of a Storm Water Pollution Prevention Plan (SWPPP). The SWPPP includes implementation of erosion control measures, including preservation of existing vegetation, earth dikes and drainage swales, velocity dissipation devices, slope drains, silt fences, fiber rolls, and gravel bag berms. Best Management Practices include stabilized construction entrance/exit, exit tire wash, wind erosion control, stockpile management, controlled areas for vehicle and equipment cleaning, fueling, and maintenance; specifications for concrete curing and finishing; proper hazardous materials storage and use; spill prevention and control; and control of solid waste, hazardous waste, sanitary/septic waste, and liquid waste. The SWPPP would include implementation of non-storm water management and materials/waste management activities, including monitoring discharges (dewatering, diversion devices), general site cleanup, spill control, and ensure that no materials other than stormwater (including sediment) are discharged in quantities that would have an adverse effect on receiving waters. These measures would reduce this impact to a less than significant level.

1.1.6 FINDINGS THAT IDENTIFIED PROJECT ALTERNATIVES OR MITIGATION MEASURES ARE NOT FEASIBLE

The Final EIR prepared for the project evaluated a No Project Alternative, a Seep Can Only Alternative, a CTS Exclusion Alternative, a Careaga Exclusion Alternative, and a Careaga and CTS Exclusion Alternative as methods of reducing or eliminating

potentially significant environmental impacts. The Careaga and CTS Exclusion Alternative was determined to be feasible. The Board of Supervisors finds that the following alternatives are infeasible for the reasons stated:

No Project Alternative

Under the No Project Alternative, the proposed additional wells would not be constructed or operated. The Orcutt Oil Field would continue to produce crude oil from the existing wells, both diatomite and non-diatomite. Crude oil production would stay the same or similar current levels. This alternative would not achieve any of PCEC's project objectives and would not comprehensively address seeps.

Seep Can Only Alternative

The Seep Can Only Alternative involves the permitting of existing and future seep cans only. No new wells would be drilled and the field would continue to be developed with the existing 96 wells. Because none of PCEC's proposed Project objectives would be met with this alternative, the Board of Supervisors therefore finds this alternative is infeasible and declines to adopt it.

CTS Exclusion Alternative

The CTS Exclusion Alternative would group well locations on fewer pods and eliminate any pods that are located within 2,200 feet of known or potential CTS ponds. The new proposed Project well locations are essentially grouped into two areas: Pods 8, 9, 10, 11 and 12; and Pods 13, 14 and 15. By combining the wells located within 2,200 feet of CTS ponds (Pods 10, 11 and 12) into Pod 9, no pods would be located within 2,200 feet of CTS ponds. Pods 8, 13, 14 and 15 would remain as under the proposed Project. Under this alternative PCEC would most likely not be able to reach the entire targeted crude oil reservoir and may experience up to a 20-30% reduction in crude oil production, thereby only partially meeting the project objective of exploring, developing, and optimizing the reserves of the State-designated Orcutt Oil Field. This alternative would still allow drilling in the Careaga tar zone and would therefore not reduce the potential occurrence of seeps and seep-related impacts relative to the proposed project. The Board of Supervisors finds that this alternative should not be adopted as it would not substantially lessen significant impacts and would only partially meet the project objectives and therefore declines to adopt it.

The following paragraph would be included to address the infeasibility of the Careaga and CTS Exclusion Alternative and to support the Careaga Exclusion Alternative:

Careaga and CTS Exclusion Alternative

Under the Careaga and CTS Exclusion Alternative, project wells would be constructed and operated entirely outside of the Careaga tar zone and surface activities would be limited to areas outside of the 2,200 foot CTS dispersal buffer from ponds located east of the project area. This would consolidate Pods 8, 10, 11, and 12 into Pod 9 while leaving Pods 13, 14 and 15 the same as the proposed Project. The limitation of wells to non-Careaga tar zone areas and non-CTS dispersal zone areas would achieve some of the objectives of the proposed Project, since well drilling could still take place, but

would most likely produce 40% less crude oil. Additionally, areas to the east and south would not be able to be reached from the newly consolidated Pod 9. As this alternative may reduce crude oil production by up to 40%, it has the potential to only partially achieve the project objective of exploring, developing, and optimizing the reserves of the State-designated Orcutt Oil Field. The Board of Supervisors therefore finds this alternative is infeasible and declines to adopt it.

OR

The following paragraphs would be included to address the infeasibility of the Careaga Exclusion Alternative and support the Careaga and CTS Exclusion Alternative:

Careaga Exclusion Alternative

The Careaga Exclusion Alternative would only allow drilling of new wells from surface areas that are not above the Careaga tar zone and production from the diatomite formation in areas where the diatomite formation does not underlie the Careaga tar zone formation (see EIR Figure 5-1). Historically, oil seeps have occurred in areas that are primarily associated with activities conducted on top of the Careaga tar zone formation. This alternative would reduce the occurrence of oil seeps when compared to the proposed project. Past and future oil seeps have and would continue to result in potentially significant and unavoidable impacts.

The limitation of wells to non-Careaga tar zone areas would achieve most of the objectives of the proposed Project, since well drilling could still take place, but would most likely produce 20% less crude oil. Under this alternative, if they are drilled, the 48 "replacement" wells would also be prevented from areas that lie above the Careaga tar zone or from the diatomite formation below the Careaga tar zone. This would limit the area in which these 48 "replacement" wells could be installed. Some oil seeps historically have occurred outside of the Careaga tar zone and therefore, the potential for oil seeps would be reduced, but not eliminated, under this alternative.

This alternative may reduce crude oil production by up to 20% and therefore, has the potential to only partially achieve the project objective of exploring, developing, and optimizing the reserves of the State-designated Orcutt Oil Field. The potential occurrence of seeps and seep-related impacts relative to the proposed project are still likely albeit reduced. The Board of Supervisors finds that this alternative should not be adopted as it would not sufficiently lessen the project's significant impacts and would only partially meet the project objectives and therefore declines to adopt it.

1.1.7 STATEMENT OF OVERRIDING CONSIDERATIONS

The Final EIR for the Orcutt Hill Resource Enhancement Plan project identifies significant and unavoidable impacts to biological resources and water resources due to potential oils seeps and oil spills/leaks. Several mitigation measures have been adopted as conditions of approval to reduce these impacts, but the impacts cannot be reduced to less than significant levels. The Board of Supervisors therefore makes the following

Statement of Overriding Considerations which warrants approval of the project notwithstanding that all identified effects on the environment are not fully mitigated. With respect to each of the environmental effects of the project listed below, the Board of Supervisors finds that the stated overriding benefits of the project outweigh the significant effects on the environment and that there is no feasible way to lessen or avoid the significant effects. Pursuant to Public Resources Code Section 21081(b) and CEQA Guidelines Sections 15043, 15092 and 15093, any remaining significant effects on the environment are acceptable due to these overriding considerations:

1. *Economic Benefit – Domestic Oil & Gas Production:*

The proposed project will contribute to domestic oil and gas production to help meet demand for fossil fuels as the State continues to develop and refine strategies to reduce its carbon footprint through use of clean-energy alternatives, energy conservation, and efficient use of existing energy supplies.

2. *Economic Benefit – Addition of Temporary Construction and Drilling Jobs:*

The project would provide temporary work to approximately 35 to 75 contractors during construction of the project and drilling of the wells as follows: 5 to 15 people for grading, 20 to 40 jobs for installation of pipelines and equipment, and 10 to 20 jobs for drilling of wells. Additional contract employees that provide oil-field support services will be used periodically throughout the life of the project

3. *Economic Benefit – Addition of Direct Permanent Jobs:*

The oil and gas extraction industry is more capital intensive, rather than labor intensive. Nonetheless, the permanent jobs created by the local oil and gas extraction industry are among the higher paid when compared to other employment sectors in Santa Barbara County with average annual wages above \$90,000, according to Professor Peter Rupert.¹ The total number of PCEC employees for existing and new operations on Orcutt Hill is approximately 50 to 55, with the balance of the positions filled by contractors. The ongoing operations also involve work with numerous local firms, including over 200 contractors and vendors. Overall, PCEC Orcutt Hill operations provide approximately 20 to 23 12-hour work shifts per day, 7 days each week. This includes day shifts with 16 to 18 field workers and night shifts with 4 to 5 field workers. In addition, the PCEC operations provide approximately 18 to 20 8-hour work shifts per day, 5 days per week for operations support field workers. Existing and new operations also provide 16 to 18 8-hour office jobs per day, 5 days per week.

4. *Economic Benefit – Indirect and Induced Job Creation:*

The oil and gas extraction industry creates both backward and forward linkages in the economy; for example, the proposed project will require assistance periodically from the oil-field service industry, office supplies, and so forth. These linkages

¹ Rupert, Peter, University of California at Santa Barbara. "UCSB Santa Barbara County Onshore Oil and Gas Economic Study." Presentation delivered at the Economic Alliance of Northern Santa Barbara County, California Energy Action Summit, April 12, 2013.

create additional jobs, called indirect job creation. Additionally, every direct and indirect job created or partially created stimulates individual employee expenditures into the economy. These expenditures lead to induced job growth. A recent study estimates the beneficial impact of the local onshore oil and gas industry on employment as follows: 715.2 direct jobs, 280.5 indirect jobs, and 632.6 induced jobs, for a total beneficial effect of 1,628.3 jobs, including direct employment.²

5. *Economic Benefit – Increase Property Tax to County:*

An estimate of the annual property tax revenue generated by this project cannot be reliably developed at this time. Rather, the County Assessor assesses the value of oil and gas reserves and improvements each year. The assessed value of petroleum interest (i.e., taxable reserves) may be increased over the previous year's value based on addition of reserves by discovery, construction of improvements, or changes in economic conditions (mainly price of oil and gas). Alternatively, the Assessor may decrease the assessed value of petroleum interest over the previous year's assessment, based on depletion of reserves and changes in economic conditions (e.g., decrease in price of oil and gas). The property tax rate is 1 percent of the annually assessed value.

PCEC estimates that its oil production would peak at 3,600 barrels per day; however, the project's production curve that typically depicts a sharp increase in daily production to peak production and a subsequent, more gradual, decrease to depletion over time is unavailable. All property tax revenue generated by the project would be allocated as follows: County General Fund = 20.1%; Fire Protection District = 12%; Flood Control/Water Conservation District = 0.27%; Los Alamos Flood Zone Number 1 = 0.78%; Water Agency = 0.35%; Santa Maria Public Airport District = 1.14%; Santa Maria Cemetery District = 0.59%; Mosquito & Vector Management District = 0.02%; Cachuma Resource Conservation District = 0.05%; Orcutt Union School District – General = 24.09%; SMJH District – General = 19.95%; Allan Hancock Community College District – General = 5.31%; County School Service = 3.66%; and Education Revenue Augmentation = 11.68%.

6. *Local Economic Benefit - Project Labor Agreement:*

PCEC has signed a binding commitment with the California Building Trades that stipulates the Project will be covered by a Project Labor Agreement to ensure that Project-related construction jobs are high-paying, high quality union jobs for local families.

7. *Benefit to California Tiger Salamander (“CTS”):*

PCEC has submitted a Habitat Conservation Plan to the US Fish and Wildlife Service (USFWS) that furthers USFWS recovery goals for CTS in the County. PCEC proposes to permanently conserve acreage located in an approximately 21-acre area of CTS breeding habitat on Orcutt Hill that includes a known breeding pond and a potential breeding pond, which will provide a benefit to the species. As

² *Ibid.*

confirmed by the USFWS, the proposed conservation area “encompasses habitat that is of greater value than that which is being impacted and would aide in the recovery of the species.” Alternatively, PCEC can achieve the same goal with its proposal to provide a conservation easement for the identified habitat. This alternative would be implemented if the HCP cannot be timely approved by USFWS.

8. *Benefit to Lompoc yerba santa - Funding for Research:*

To benefit Lompoc yerba santa, PCEC has volunteered the following additional measure, which has been submitted to the USFWS:

“The Habitat Restoration Plan shall include funding in the amount of \$25,000/year for a period of five (5) years to support research to determine whether and to what extent individual Lompoc yerba santa plants may be propagated to establish a new population in the wild. Any research project receiving such funding shall first be reviewed and approved by the Service.”

9. *Air Quality - Mitigation of Greenhouse Gas Emissions to Zero:*

PCEC has volunteered a commitment to mitigate all greenhouse gas emissions to zero, not only offsetting all allowances earned under AB 32 but also offsetting below the County’s threshold of 1,000 metric tons per year.

1.1.8 ENVIRONMENTAL REPORTING AND MONITORING PROGRAM

Public Resources Code Section 21081.6 and CEQA Guidelines Section 15091(d) require the County to adopt a reporting or monitoring program for the changes to the project that it has adopted or made a condition of approval in order to avoid or substantially lessen significant effects on the environment. The approved project description and conditions of approval, with their corresponding permit monitoring requirements, are hereby adopted as the reporting and monitoring program for this project. The monitoring program is designed to ensure compliance during project implementation. These conditions also require that an Environmental Quality Assurance Program (EQAP) be prepared to ensure compliance during project implementation with those measures included in the project description and with those conditions imposed on the project to mitigate or avoid significant effects on the environment.

2.0 ADMINISTRATIVE FINDINGS

2.1.1 PRODUCTION PLAN FINDINGS

Findings required for Production Plans for onshore oil drilling and production in the Inland area. In compliance with Section 35.55.030 of the County Land Use and Development Code, prior to the approval or conditional approval or conditional approval of an application for a Production Plan for oil drilling and production in the Inland area the review authority shall first make all of the following findings:

1. *There are no feasible alternative locations for the proposed drilling of an onshore reservoir that are less environmentally damaging.*

The proposed project, as modified by the conditions of approval (specifically Condition No. 41), corresponds with the “Careaga and CTS Exclusion Alternative” in the Final EIR, which was identified as the Environmentally Superior Alternative because it would reduce the potential for seeps compared to the proposed project and avoid construction-related impacts to CTS upland habitat within 2,200 feet of known and potential CTS breeding ponds while still meeting the project objectives. PCEC has designed the project to incorporate existing infrastructure within the project site, such as access roads, and processing and storage facilities to the extent feasible. The project has been designed to consolidate 96 wells on a minimal number of pods and to locate the well pods and ancillary facilities on previously disturbed areas within the site to minimize the amount of grading and disturbance of habitat. The project is located within an existing State-designated oil field and near other, similar existing oil and gas production facilities. The discussion and conclusions presented under CEQA Finding 1.1.6 above are incorporated herein by reference. Thus, the Board of Supervisors finds that there are no feasible alternative locations for the proposed oil drilling and development project that are less environmentally damaging than the project as approved herein.

Allowing further production below the Careaga tar zone is denied because the evidence has shown steam injection of this very shallow field has consistently resulted in surface oil seeps that have caused significant damage to sensitive environmental habitats. Installation of the existing seep cans began in 2008; as of October 2016, 99 seep cans have been installed at the Project Site. To date, the existing 99 seep can installations have resulted in the direct removal of 6.09 acres of sensitive habitat and approximately 360 Lompoc yerba santa individuals (*Eriodictyon capitatum*), a federally listed Endangered plant species. The seeps have been mitigated to the maximum extent feasible; however, these impacts have resulted in causing a nuisance condition that should not be allowed to expand or intensify.

As described in the project EIR and incorporated herein by reference, CTS are known to disperse up to a distance of 1.3 miles from breeding ponds. However, the majority of successful breeding animals are found within 2,200 feet of breeding ponds. Therefore, prohibiting construction and operation related activities within 2,200 feet of known and potential CTS breeding ponds would minimize impacts to individuals of this sensitive species. Expansion of development below the Careaga tar zone and within 2,200 feet of known and potential CTS breeding ponds should not be allowed until the owner can produce the oil without such unacceptable land use impacts to sensitive habitats.

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

Section 6.1.1 of the April 20, 2016 staff report to the Planning Commission, incorporated herein by reference, discusses the significant impacts that would result from implementation of the proposed project and specific mitigation measures which have been adopted as conditions of approval to mitigate each of these impacts. Impacts that cannot be mitigated to less than significant levels are related to the consequences of oil spills/leaks and/or seeps that could affect water quality and sensitive plants and animals. Conditions of approval have been adopted to mitigate these impacts to the extent feasible as described in CEQA Finding 1.1.4 above. Based on the analyses in the Final EIR, the discussion presented in Section 6.1.1 of the April 20, 2016 Planning Commission staff report, CEQA Finding 1.1.4 above and incorporated herein by reference, the Board of Supervisors finds that, with implementation of the adopted conditions of approval, significant adverse impacts associated with the proposed project will be mitigated to the maximum extent feasible.

3. *The project will not be detrimental to health, safety, and general welfare of the neighborhood and will not be incompatible with uses of the surrounding area.*

Potential public health and safety risks associated with the PCEC project are discussed in Sections 4.1 and 4.4 of the project EIR, incorporated herein by reference, and include health risks associated with combustion equipment such as steam generators and diesel-fired engines; mobilization of contaminated soils during construction; and introduction of new ignition sources during construction and operation that could start a structure or brush fire. The project Health Risk Assessment concluded that the project's health risks would be below the cancer and acute and chronic health risk thresholds. The proposed project is located within a designated rural area in a State-designated oil field with existing oil production and agricultural uses. The project site is not generally visible from public viewing places, and is not adjacent to residential or commercial land uses. Based on the analyses in the Final EIR and as discussed in Section 6.2 of the April 20, 2016 Planning Commission staff report and incorporated herein by reference, the Board of Supervisors finds that the proposed project will not be detrimental to the health, safety, and general welfare of the neighborhood and will not be incompatible with uses of the surrounding area.

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

The proposed project is in conformance with the County Land Use and Development Code (LUDC) and Comprehensive Plan as discussed in Sections 6.2 and 6.3 of the Planning Commission staff report dated April 20, 2016 and incorporated herein by reference. The Board of Supervisors finds that the project is in conformance with the applicable provisions of the County LUDC and the Comprehensive Plan.

5. *The site is able to accommodate subsequent oil and gas production, should the*

proposed drilling program be successful.

Since 2005, PCEC has been producing oil from 96 production wells in the Orcutt field using the cyclic steaming process. This has provided PCEC with the understanding necessary to design a long-term production plan, which includes the proposed project. Thus, the proposed project constitutes the subsequent oil and gas production determined to be feasible based on the results of its initial 96-well project approved under 05PPP-00000-00001. Based on the project design, and the environmental analyses in the Final EIR, the Board of Supervisors finds that the site is able to accommodate the project.

- 6. For projects requiring a Conditional Use Permit, the findings identified in Section 35.82.060 (Conditional Use Permits and Minor Conditional Use Permits) shall also apply.***

The project does not require the approval of a Conditional Use Permit. Therefore, this finding is not required.