



BOARD OF SUPERVISORS AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Planning &
Development
Department No.: 053
For Agenda Of: December 15, 2015
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Planning and Development
Director(s) Glenn Russell, Ph.D., Director, 568-2085

Contact Info: Kevin Drude, Deputy Director, Energy & Minerals Division
568-2519

SUBJECT: **Approval of Amendment No. 1 to the Professional Services Contract with Marine Research Specialists for Preparation of the Environmental Impact Report for the Pacific Coast Energy Company Orcutt Hill Resource Enhancement Plan Project, 4th Supervisorial District.**

County Counsel Concurrence:

As to form: Yes

Auditor-Controller Concurrence:

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

1. That the Board of Supervisors approve and authorize the Chair to execute Amendment No. 1 to Marine Resource Specialists, Inc.'s existing professional services contract with an end date of June 30, 2016 (Contract No. BC 14-197), increasing the contract amount by \$25,722.00, for a total contract not-to-exceed cost of \$231,256.00 in order to complete additional analysis in association with preparation of the Environmental Impact Report (EIR) for the Pacific Coast Energy Company (PCEC) Orcutt Hill Resource Enhancement Plan Project (Attachment 1).

Summary Text:

Work beyond the original scope of the existing professional services contract with Marine Research Specialists, Inc. (MRS) is required to complete the EIR for the PCEC Orcutt Hill Resource Enhancement Plan. Exhibit A-1 of the amended contract (Attachment 1) describes the proposed scope of work changes and associated costs to complete the environmental analysis. Exhibit A-1 is an MRS Letter to Planning and Development Department, Energy and Minerals Division, dated November 13, 2015. In summary, the changes include: 1) peer review of a geotechnical report prepared by PCEC's consultant; 2) incorporation

of revisions throughout the EIR in response to new information deriving from the geotechnical report; and 3) development of a new project alternative, the “seep can only” alternative. The previously approved contract with MRS for preparation of the EIR did not include these tasks and the existing approved budget is not adequate to cover the cost of this additional work.

Both Pacific Coast Energy Company (PCEC), and Planning and Development (P&D) staff agree that the additional analysis and costs are warranted in order to complete a technically sound, accurate and legally defensible EIR. The request for the additional \$25,722 would augment the current contract, for a new not-to-exceed cost of \$231,256, including contingency.

Background:

On June 3, 2014, the Board of Supervisors executed an Agreement for Services (Attachment 2) with MRS to prepare an Environmental Impact Report for the Orcutt Hill Resource Enhancement Plan in an amount not to exceed \$205,534.00, including contingency. The original term of the contract was to end on June 30, 2015. This was extended by the director of P&D to June 30, 2016 through Change Order No. 1 (Attachment 3), in accordance with Section 34 of the MRS Agreement for Services, effective July 1, 2015.

The proposed project is a request to expand PCEC’s existing diatomite cyclic steaming oil production activities to add 96 new wells to the existing 96 well operation. The project would result in a total of 192 Diatomite cyclic steamed wells. This proposed Oil Drilling Production Plan would replace and supersede the existing Oil Drilling and Production Plan, County Case No. 05PPP-00000-00001. The proposed project would include the following:

- 96 new wells and ancillary equipment on previously disturbed locations (with the exception of the proposed booster pad and the proposed equipment pad, which would be located on currently undisturbed locations).
- Approximately 7,400 linear feet of new connecting above ground pipelines along existing oilfield roads and/or existing pipeline corridors.
- If any of the 192 (existing and proposed) wells prove to be uneconomic, up to 25% (48) of the total wells would be permitted to be replaced at an alternate location on any of the approved well sites (pods) and re-drilled.
- Permit existing (currently 93) oil seep receptacles (cans) and associated French drains previously installed under Emergency Permits approved by the County (12EMP-00000-00006, 12EMP-00000-00008, 12EMP-00000-00009, 12EMP-00000-00012, 13EMP-00000-00001, 13EMP-00000-00002, 13EMP-00000-00003, and 13EMP-00000-00004).
- Adoption of a Supplemental Pollution Control Plan, to serve as a comprehensive set of best practices for responding to future seeps and surface expressions.

P&D released a Draft EIR to the public on February 9, 2015 for a 45-day public review period. Staff and MRS are currently responding to public comments and making revisions to the EIR, as appropriate.

In a letter dated April 6, 2015, the State Division of Oil Gas and Geothermal Resources (DOGGR) stated that a potential landslide might adversely impact existing onsite facilities. The letter requires that PCEC develop a work plan and conduct a geotechnical investigation to study this potential landslide. The amended contract will allow MRS to conduct a peer review of the geotechnical investigation and make any required changes to the Administrative Final EIR. Based on staff’s preliminary review of the geotechnical report, it appears that recirculation of the Draft Final EIR will not be required. In addition, the amended contract will allow MRS to add an alternative to the EIR in which seep cans associated with the existing project are permitted, but further site development as requested in the proposed project

is not. The Emergency Permits issued to date for installation of existing seep cans at the project site require a follow-on permit. The “seep can only” alternative must be analyzed in the project EIR in the potential instance where the requested project is not approved.

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees			
Other: Reimbursement			\$ 231,256.00
Total	\$ -	\$ -	\$ 231,256.00

All costs for this project are fully reimbursed by the project applicant. The cost of completing the EIR for the Orcutt Hill Resource Enhancement Plan is for an amount not to exceed \$231,256, including contingency. The applicant will deposit an additional \$25,722 to make up the full \$231,256 of the EIR Agreement for Services with P&D to pay the costs for MRS to complete the EIR.

P&D will continue to invoice the Applicant for all staff time necessary to administer the Agreement for Services and related planning actions. These funds are budgeted in the Operating Expenditures of the Energy Division on page D-289 of the County of Santa Barbara Fiscal Year 2015 – 2017 Operating Plan.

A budget revision is not necessary because appropriation already exists for these expenditures within P&D’s budget.

Key Contract Risks:

No new risks have been identified with the Amendment No. 1. Per the original board letter dated June 3, 2014, this is a low risk agreement because the applicant deposits funds to the County prior to commencement of work being completed.

Special Instructions:

The Clerk of the Board will forward a copy of Amendment No. 1 and Minute Order to P&D, Energy Division, attention Matt Young.

Attachments:

Attachment 1: Contract Amendment No. 1 to Contract No. BC 14-197

Attachment 2: Board Agenda Letter and Agreement for Services with Marine Research Specialists, Inc., dated June 3, 2014

Attachment 3: Change Order No. 1 to Agreement for Services with Marine Research Specialists, Inc., dated July 1, 2015

Authored by: Matt Young