

CALIFORNIA COASTAL COMMISSION

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W10a

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Staff Report: March 22, 2007
Hearing Date: April 10-13, 2007
Commission Action:

**STAFF REPORT: REGULAR CALENDAR**

APPLICATION NUMBER: 5-05-229

APPLICANT: Hellman Properties LLC

AGENTS: D. Wayne Brechtel, Worden Williams APC
Dave Bartlett, Dave Bartlett Associates

PROJECT LOCATION: Within the oil production area in Hellman Ranch located south of Orange County line, east of the Pacific Coast Highway, north of Gum Grove Park, and west of Adolfo Lopez Drive, City of Seal Beach, Orange County

PROJECT DESCRIPTION: Demolition of an existing oil "tank farm" that occupies 1.6 acres and construction of a replacement facility in a different location that occupies approximately 0.5 acres; and replacement, consolidation and relocation of existing pipelines resulting in a 2,500 linear foot reduction in total length of pipelines. The existing tank farm contains 11,800 barrels of capacity for storage of crude oil and the replacement facility will have 10,800 barrels capacity. The existing-to-be-demolished and proposed facilities contain wash tanks, water treatment (wemco) units, separators, fluid pits, pumps and other support equipment. The tanks and other equipment ranges in height up to a maximum of 24 feet high. The proposal includes excavation of soil from the new tank farm site that will be spread over existing vacant land on site.

SUMMARY OF STAFF RECOMMENDATION

Commission staff recommend that the Commission **APPROVE** a coastal development permit for the proposed development with special conditions. The proposed project is within the Hellman Ranch property that is known to contain about 27 acres of wetlands and other biological resources including special-status plant species (such as tar plant). The applicant is proposing to avoid all direct impacts and to maintain a buffer between proposed activities and wetlands and areas containing special-status plant species. Special conditions are recommended to reinforce and augment these proposed measures. As with existing conditions, certain elements of the proposed project, such as demolition activity and pipeline installations, will be located within 100 feet of wetlands. However, those encroachments are unavoidable due to the location of existing oil production facilities and wells and the need to route the upgraded and safer pipelines to these existing wells. The proposed tank farm is more than 100 feet from any wetland which represents an improvement over existing conditions in that the existing tank farm to be demolished is about 20 feet from wetlands. The project raises concerns with regard to visual impacts since the new tank farm, like the existing one, will be visible from publicly accessible vantage points around the property. Staff asked the applicant to consider several alternative locations for the tank farm, but ultimately concluded that the proposed location is the preferred one, particularly with vegetation screening and color treatment the applicant is proposing and the Commission is requiring as a condition. The project also raises issues with regard to water quality protection, avoidance and mitigation of potential earthquake induced hazards, and protection of archeological resources. Commission staff are recommending the following conditions to ensure consistency with the

Chapter 3 policies of the Coastal Act: 1) Construction Responsibilities; 2) Requirement to submit a final Water Quality Management Plan; 3) Requirement to submit a project specific oil/hazardous materials Spill Prevention Control and Countermeasure Plan; 4) Conformance with geotechnical report recommendations; 5) assumption of risk, waiver of liability and indemnity; 6) incorporation of hazard mitigation features into oil transmission pipelines; 7) submittal of a final visual treatment plan; 8) a project phasing requirement; 9) lighting controls; 10) archeological monitoring; 11) permit compliance; 12) site inspection; 13) liability for costs and attorneys fees; and 14) a generic deed restriction.

LOCAL and other AGENCY APPROVALS: City of Seal Beach Approval in Concept dated July 17, 2006; Resolution No. 5317 of the City Council of Seal Beach adopting Mitigated Negative Declaration 05-1 for the Hellman Ranch Tank Farm Replacement Program; Water Injection Project Approval dated January 7, 2000 by the California Department of Conservation.

SUBSTANTIVE FILE DOCUMENTS: Biology: Hellman Ranch Tank Farm Relocation Project, Seal Beach: Screening Tree Planting Plan by Glenn Lukos Associates dated September 13, 2006; Biological Technical Report, Hellman Ranch Tank Farm Relocation Project prepared by Glenn Lukos Associates dated March 2006; Memorandum by Glenn Lukos Associates dated June 20, 2006; *Jurisdictional Delineation for Proposed Tank Farm Relocation Project, Hellman Ranch, Seal Beach, Orange County, California* by Glenn Lukos Associates of Lake Forest, California dated August 5, 2004; *Biological Technical Report, Hellman Ranch Tank Farm Relocation Project, Orange County, California* by Glenn Lukos Associates dated August 2004;

Oil Spill Prevention and Environmental Clean-up: Spill Prevention Control and Countermeasure Plan by Barkley Environmental Engineering Services dated November 10, 2004; Report of Environmental Site Investigation of the Existing and New Tank Farm Areas of the Hellman Ranch Property dated January 27, 2006;

Geologic Hazards: Geotechnical Investigation Report by Geomatrix; Supplemental Geomatrix Response dated February 8, 2006; Evaluation of Geologic Hazards and Geotechnical Constraints Prepared by Converse Consultants dated November 18, 1995 with revision dated August 23, 1996;

Archeological Resources: *Archeological Investigations in Support of the Hellman Tank Farm Replacement Project, Seal Beach, California* by EDAW, Inc. dated May 2006; Memorandums by EDAW, Inc. dated May 24, 2005, July 8, 2005, and August 18, 2005; *Research Design for Archeological Investigations in Support of the Hellman Tank Farm Replacement Project, Seal Beach, California* by EDAW, Inc. of San Diego, California dated January 2005 and Revised November 2005 (Confidential – see Public Resources Code, Div. 5, Chap. 1.75, Sections 5097.9 - 5097.991 and Government Code Section 6254);

Other: Initial Study/Mitigated Negative Declaration 05-1 for the Hellman Ranch Tank Farm Replacement Program dated January 2005.

I. STAFF RECOMMENDATION, MOTION AND RESOLUTION OF APPROVAL:

The staff recommends that the Commission adopt the following resolution to **APPROVE** the coastal development permit application with special conditions:

MOTION:

"I move that the Commission approve with special conditions Coastal Development Permit 5-05-229 per the staff recommendation as set forth below."

STAFF RECOMMENDATION OF APPROVAL:

Staff recommends a **YES** vote which would result in approval of the permit as conditioned and adoption of the following resolution and findings. An affirmative vote by a majority of the Commissioners present is needed to pass the motion.

RESOLUTION TO APPROVE A PERMIT:

The Commission hereby approves a coastal development permit for the proposed development and adopts the findings set forth below on grounds that the development as conditioned will be in conformity with the policies of Chapter 3 of the Coastal Act and will not prejudice the ability of the local government having jurisdiction over the area to prepare a Local Coastal Program conforming to the provisions of Chapter 3. Approval of the permit complies with the California Environmental Quality Act because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the development on the environment, or 2) there are no further feasible mitigation measures or alternatives that would substantially lessen any significant adverse impacts of the development on the environment.

II. STANDARD CONDITIONS

1. **Notice of Receipt and Acknowledgment.** The permit is not valid and development shall not commence until a copy of the permit, signed by the permittee or authorized agent, acknowledging receipt of the permit and acceptance of the terms and conditions, is returned to the Commission office.
2. **Expiration.** If development has not commenced, the permit will expire two years from the date this permit is reported to the Commission. Development shall be pursued in a diligent manner and completed in a reasonable period of time. Application for extension of the permit must be made prior to the expiration date.
3. **Interpretation.** Any questions of intent or interpretation of any condition will be resolved by the Executive Director or the Commission.
4. **Assignment.** The permit may be assigned to any qualified person, provided assignee files with the Commission an affidavit accepting all terms and conditions of the permit.

5. Terms and Conditions Run with the Land. These terms and conditions shall be perpetual, and it is the intention of the Commission and the permittee to bind all future owners and possessors of the subject property to the terms and conditions.

III. SPECIAL CONDITIONS

1. GENERAL CONSTRUCTION RESPONSIBILITIES

The permittee shall comply with the following demolition/construction phase requirements:

- a. The applicant shall provide a copy of the Notice of Intent to comply with the State Water Resources Control Board (SWRCB) General Construction Permit, and a copy of the applicant's Stormwater Pollution Prevention Plan, or verification from the State and/or Regional Water Resources Control Board that coverage under the SWRCB General Construction Permit is not required.
- b. The on-site wetlands and special-status plant and animal species shall not be impacted by the project. All plans and specifications for the project shall indicate that impacts to the wetlands and special-status plant and animal species shall be avoided and that no impact to wetlands or special-status plant or animal species is authorized by the California Coastal Commission.
- c. Except at those locations where all work will occur and be confined within the existing site access roads, a minimum 100 foot buffer shall be established between all work approved by this permit and any wetlands and areas containing special-status plant and animal species. Prior to commencement of any work approved by this permit, a temporary barrier or work area demarcation (such as but not limited to plastic mesh, solid wood or chain link fencing) shall be placed between the project areas and the buffer protecting the wetlands and areas containing special status plant and animal species. Barriers and other work area demarcations shall be inspected and approved by a qualified biologist. All temporary barriers, staking, fencing shall be removed upon completion of the proposed project.
- d. All areas disturbed and/or denuded by the project shall be re-vegetated with native, drought tolerant, non-invasive vegetation for erosion control purposes or otherwise stabilized to prevent erosion. Furthermore, any inadvertent impacts to wetlands or areas containing special-status plant or animal species by the proposed development shall be reported to the Executive Director within 24 hours of occurrence and shall be mitigated. Such mitigation shall require an amendment to this permit or a new permit unless the Executive Director determines that no amendment or new permit is required.
- e. No construction or demolition-related equipment, materials, debris, or waste shall be placed or stored where it may enter areas containing special-status plant or animal species or wetlands, or any storm drain or be subject to tidal erosion and dispersion;
- f. No equipment shall be staged or stored within any areas containing special-status plant or animal species or within 100 feet of any wetlands;
- g. Construction and/or demolition materials, chemicals, debris and sediment shall be properly contained and secured on site to prevent the unintended transport of material, chemicals, debris, and sediment into wetlands, habitat areas and coastal waters by wind, rain or tracking. Best Management Practices (BMPs) and Good Housekeeping Practices (GHPs) designed to prevent spillage and/or runoff of construction-related materials, and to contain sediment or contaminants associated with construction

activity, shall be implemented prior to the on-set of such activity. BMPs selected shall be maintained in a functional condition throughout the duration of the project. A pre-construction meeting shall be held for all personnel to review procedural and BMP/GHP guidelines.

- h. Disposal of debris and excess material. Debris and excess material shall be disposed or recycled at a legal disposal/recycling site. If the disposal site is located in the coastal zone, a coastal development permit or an amendment to this permit shall be required before disposal can take place unless the Executive Director determines that no amendment or new permit is required. No debris or excess material shall be placed on or within 100 feet of any wetlands or areas containing special-status plant or animal species.
- i. Debris and sediment shall be removed from the proposed development areas as necessary to prevent the accumulation of sediment and other debris which may be discharged into habitat areas and coastal waters.
- j. Any and all debris resulting from development activities shall be removed from the project site within 24 hours of completion of the proposed project.

2. WATER QUALITY MANAGEMENT PLAN (WQMP)

- A. PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the permittee shall submit for the review and approval of the Executive Director, two (2) copies of a Final Water Quality Management Plan (WQMP) for the post-construction project site, prepared by a licensed water quality engineer, and shall include plans, descriptions, and supporting calculations. The Plan shall demonstrate conformance with applicable State and Regional Water Resources/Quality Control Board Permits and/or other requirements. In addition, the plan shall be in substantial conformance with the following requirements:
 - 1. The WQMP shall incorporate appropriate structural and non-structural Best Management Practices (BMPs) (site design, source control and treatment control) into the development, designed to reduce, to the maximum extent practicable, the volume, velocity and pollutant load of stormwater and dry weather flows leaving the developed site.
 - 2. Post-construction structural BMPs (or suites of BMPs) shall be designed to treat, infiltrate or filter the amount of stormwater runoff produced by all storms up to and including the 85th percentile, 24-hour storm event for volume-based BMPs, and/or the 85th percentile, 1-hour storm event, with an appropriate safety factor (i.e., 2 or greater), for flow-based BMPs.
 - 3. Trash, recycling and other waste containers, as necessary, shall be provided. All waste containers anywhere within the development shall be covered, watertight, and designed to resist scavenging animals.
 - 4. It is the permittee's responsibility to maintain the drainage system and the associated structures and BMPs according to manufacturer's and/or engineer's specifications. All structural and/or treatment control BMPs shall be designed, installed, and maintained for the life of the project in accordance with well-recognized and accepted design principles and maintenance guidelines, such as

those contained in the California Stormwater Quality Association Best Management Practice Manuals.

5. Debris, sediment or other water pollutants removed from structural BMP(s) during clean out shall be contained and disposed of in a proper manner, and in accordance with any applicable State waste management regulations.
- B. The permittee shall undertake development in accordance with the approved final plans. Any proposed changes to the approved final plans shall be reported to the Executive Director. No changes to the approved final plans shall occur without a Commission amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

3. PROJECT SPECIFIC SPILL PREVENTION CONTROL AND COUNTERMEASURE PLAN

- A. Prior to issuance of the coastal development permit, the permittee shall submit for the review and approval of the Executive Director, two (2) copies of a Final Project-Specific Spill Prevention Control and Countermeasure Plan (SPCCP), prepared by an appropriately qualified engineer. The Plan shall demonstrate conformance with applicable Federal and State requirements including but not limited to the State of California Aboveground Petroleum Storage Act and implementing regulations and the requirements of the State of California Division of Oil and Gas. At a minimum the plan shall include those components contained in the SPCCP submitted by the applicant prepared by Barkley Environmental Engineering Services dated November 10, 2004, that is presently applicable to the project site, as well as the following components which shall substantially conform to those measures under the heading 'project procedures and duration' identified in the letter from D. Wayne Brechtel to the Commission dated June 30, 2006:
 - i) Procedures for pre-demolition line and tank purging,
 - ii) Procedures for storage of purged materials, and;
 - iii) Procedures for equipment fueling and parking.
- B. The permittee shall undertake development in accordance with the approved final plans. Any proposed changes to the approved final plans shall be reported to the Executive Director. No changes to the approved final plans shall occur without a Commission amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

4. CONFORMANCE OF DESIGN AND CONSTRUCTION PLANS TO GEOTECHNICAL REPORTS AND DRAINAGE PATTERN EVALUATION

- A. All final design and construction plans, including foundations and grading plans, shall be consistent with all recommendations contained in Geotechnical Investigation Report by Geomatrix; Supplemental Geomatrix Response dated February 8, 2006; Evaluation of Geologic Hazards and Geotechnical Constraints Prepared by Converse Consultants dated November 18, 1995 with revision dated August 23, 1996. Final grading plans shall demonstrate that existing drainage patterns on site will not be altered as described in the letter dated June 21, 2006 by Hobbs-Bannerman Engineering. PRIOR TO THE ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the permittee shall submit,

for the Executive Director's review and approval, evidence that an appropriately licensed professional has reviewed and approved all final grading, design and construction plans and certified that each of those final plans is consistent with all of the recommendations specified in the above-referenced geologic evaluations and drainage pattern evaluations approved by the California Coastal Commission for the project site.

- B. The permittee shall undertake development in accordance with the approved final plans. Any proposed changes to the approved final plans shall be reported to the Executive Director. No changes to the approved final plans shall occur without a Commission amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

5. ASSUMPTION OF RISK, WAIVER OF LIABILITY AND INDEMNITY

By acceptance of this permit, the permittee acknowledges and agrees (i) that the site may be subject to hazards from flooding, earthquakes/earth movement and soil liquefaction; (ii) to assume the risks to the permittee and the property that is the subject of this permit of injury and damage from such hazards in connection with this permitted development; (iii) to unconditionally waive any claim of damage or liability against the Commission, its officers, agents, and employees for injury or damage from such hazards; and (iv) to indemnify and hold harmless the Commission, its officers, agents, and employees with respect to the Commission's approval of the project against any and all liability, claims, demands, damages, costs (including costs and fees incurred in defense of such claims), expenses, and amounts paid in settlement arising from any injury or damage due to such hazards.

6. FINAL REVISED PLANS FOR OIL TRANSMISSION PIPELINES

- A. PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicant shall submit for the Executive Director's review and approval, final revised plans for all proposed oil transmission pipelines that cross any mapped and/or active faults as referenced in the Geotechnical Investigation Report by Geomatrix; Supplemental Geomatrix Response dated February 8, 2006; Evaluation of Geologic Hazards and Geotechnical Constraints Prepared by Converse Consultants dated November 18, 1995 with revision dated August 23, 1996, which shall implement the following requirements: For a distance of 100 feet on either side of any mapped and/or active fault trace, all oil transmission pipelines shall be constructed above ground with supports that do not fix the location of the pipeline to the ground in order to accommodate up to five (5) meters of fault displacement; in addition, all such pipelines shall be fitted with check valves to control flows through the pipeline in a manner that minimizes the quantity of any spills in the event of pipeline cracking, breakage, or other failure and pipelines shall be constructed of materials that allow the pipeline to flex without cracking or breaking (e.g. HDPE).
- B. The permittee shall undertake development in accordance with the approved final plans. Any proposed changes to the approved final plans shall be reported to the Executive Director. No changes to the approved final plans shall occur without a Commission amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

7. FINAL VISUAL TREATMENT PLAN

- A. For visual purposes, the applicant shall soften, through the use of earth tone colors and selective placement of vegetation, the visual impact of the proposed tank farm that would be visible from Gum Grove Park, publicly accessible park and open space areas within the Heron Pointe residential area and along the cultural education interpretive area and trail located westerly of Heron Pointe. PRIOR TO THE ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicant shall submit a final visual treatment plan for the review and approval by the Executive Director, that shall include the following at a minimum:
1. The plan shall provide for all proposed structures (except for subsurface structures) to be finished in earth tones including deep shades of brown, gray and green, with no white, light or bright colors. A color board that identifies the selected colors shall be submitted as part of the plan. The color treatment shall be applied within 90 days of the completion of construction of the tank farm and maintained through-out the life of the structure(s).
 2. The plan shall provide for visual screening with trees and shrubs placed to soften the visual impact of the proposed development, and, as proposed by the applicant, the visual impact of existing structures in the vicinity of the proposed tank farm. The plan shall substantially conform with the proposed plan submitted by the applicant titled Hellman Ranch Tank Farm Relocation Project, Seal Beach: Screening Tree Planting Plan by Glenn Lukos Associates dated September 13, 2006, except that it shall be modified to include the following: i) identify existing vegetation that provides visual screening of the proposed tank farm; ii) vegetation installed pursuant to the requirements of this condition shall be native, non-invasive species, and shall be from local stock wherever possible; iii) the applicant shall utilize the largest specimen size trees possible that the biologist, in consultation with the Executive Director, determines has the optimal opportunity for successful growth and survivorship; iv) tree species utilized should be capable of growing to a height and sufficient width to substantially obscure views of structures up to 24 feet high; v) in addition to the contingency measures already identified in the plan, contingency measures shall also include consideration of alternative plant species that can achieve the required visual screening; vi) existing and new vegetation identified or established for visual treatment shall be maintained throughout the life of the structures and shall be replaced whenever necessary to continue to provide visual screening; vii) vegetation for visual softening shall be installed prior to or concurrent with the construction of the proposed tank farm.
- B. The permittee shall undertake development in accordance with the approved final plans. Any proposed changes to the approved final plans shall be reported to the Executive Director. No changes to the approved final plans shall occur without a Commission amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

8. PROJECT PHASING

The applicant shall implement the proposed demolition/removal of the existing tank farm facilities and existing pipelines once the new tank farm and pipelines are constructed and operational and have been sufficiently tested to prove their functionality, but no later than 2 years from the date of issuance of the coastal development permit, unless the Executive

Director grants additional time of up to one (1) year for good cause; additional time to complete the proposed demolition/removal shall require an amendment to this coastal development permit. The areas where the tank farm and pipelines have been removed shall be returned to ruderal conditions suitable for use by foraging raptors.

9. LIGHTING

- A. All lighting associated with the proposed development shall be directed and shielded so that light is directed away from wetlands and other sensitive habitat areas. Furthermore, no skyward-casting lighting shall be used. The lowest intensity lighting shall be used that is appropriate to the intended use of the lighting. Use of night lighting shall be avoided, except for intermittent use during facility maintenance and during any emergency. PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the permittee shall submit, for the review and approval of the Executive Director, revised final lighting plans to protect the wetlands and other habitat areas from light generated by the project. The lighting plan to be submitted to the Executive Director shall indicate prior review and approval by the City of Seal Beach and be accompanied by an analysis of the lighting plan prepared by a qualified biologist which documents that the lighting plan is effective at preventing lighting impacts upon adjacent sensitive habitat.
- B. The permittee shall undertake development in accordance with the approved final plans. Any proposed changes to the approved final plans shall be reported to the Executive Director. No changes to the approved final plans shall occur without a Commission amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

10. ARCHAEOLOGICAL MONITORING

- A. The permittee shall undertake the proposed archaeological monitoring as recommended in *Archeological Investigations in Support of the Hellman Tank Farm Replacement Project, Seal Beach, California* by EDAW, Inc. dated May 2006 which is described more fully in the archaeological research design entitled *Research Design for Archeological Investigations in Support of the Hellman Tank Farm Replacement Project, Seal Beach, California* by EDAW, Inc. of San Diego, California dated January 2005 and Revised November 2005. Archaeological monitors qualified by State Office of Historic Preservation (OHP) standards and Native American monitors appointed consistent with the standards of the Native American Heritage Commission (NAHC) shall be present on the site during all activities that cause soil disturbance. The permittee shall provide sufficient archeological and Native American monitors to assure that all soil disturbance is monitored at all times. Upon completion of the archaeological monitoring and/or any supplementary investigation or treatment plan implemented as described below, the applicant shall submit, for the review and approval of the Executive Director, a written report summarizing the findings of the archaeological monitoring and/or any supplementary investigation or treatment plan implemented as described below. If cultural deposits, including but not limited to skeletal remains and grave-related artifacts, traditional cultural sites, religious or spiritual sites, or artifacts are uncovered during monitoring, the archaeologist, in consultation with the Native American monitor, OHP and NAHC, shall evaluate the discoveries and, depending on the significance of the resources discovered, develop, where necessary, a plan for further investigation, and/or a monitoring plan, and/or a treatment plan for the review and approval of the

Executive Director. Upon review of the summary report and any plan for further investigation, plan for monitoring and/or treatment plan, the Executive Director shall determine whether an amendment or new permit is required to implement additional investigation and/or treatment of the cultural deposits. If human remains are found, the Commission requires that the applicant carry out identification and avoidance, recovery or reburial consistent with State Law. The report summarizing the monitoring and any plan for further investigation, and/or monitoring plan, and/or treatment plan shall also be submitted to the OHP, NAHC and the appropriate Native American persons/groups with cultural affiliation with the area that are designated or deemed acceptable by the NAHC.

- B. The permittee shall undertake development in accordance with the approved final plans. Any proposed changes to the approved final plans shall be reported to the Executive Director. No changes to the approved final plans shall occur without a Commission amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

11. PERMIT COMPLIANCE

All development must occur in strict compliance with the proposal as set forth in the application for permit, subject to any special conditions set forth herein. Any deviation from the approved plans must be reviewed and approved by the Executive Director and may require Commission approval.

12. SITE INSPECTION

The Commission staff shall be allowed to inspect the site and the project during its development, subject to 24-hour advance notice.

13. ATTORNEY'S FEES

Liability for Costs and Attorneys Fees: The Permittee shall reimburse the Coastal Commission in full for all Coastal Commission costs and attorneys fees -- including (1) those charged by the Office of the Attorney General, and (2) any court costs and attorneys fees that the Coastal Commission may be required by a court to pay -- that the Coastal Commission incurs in connection with the defense of any action brought by a party other than the applicant against the Coastal Commission, its officers, employees, agents, successors and assigns challenging the approval or issuance of this permit, the interpretation and/or enforcement of permit conditions, or any other matter related to this permit. The Coastal Commission retains complete authority to conduct and direct the defense of any such action against the Coastal Commission.

14. GENERIC DEED RESTRICTION

PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicant shall submit to the Executive Director for review and approval documentation demonstrating that the landowner has executed and recorded against the parcel(s) governed by this permit a deed restriction, in a form and content acceptable to the Executive Director: (1) indicating that, pursuant to this permit, the California Coastal Commission has authorized development on the subject property, subject to terms and conditions that restrict the use and enjoyment of that property; and (2) imposing the Special Conditions of this permit as

covenants, conditions and restrictions on the use and enjoyment of the Property. The deed restriction shall include a legal description of the entire parcel or parcels governed by this permit. The deed restriction shall also indicate that, in the event of an extinguishment or termination of the deed restriction for any reason, the terms and conditions of this permit shall continue to restrict the use and enjoyment of the subject property so long as either this permit or the development it authorizes, or any part, modification, or amendment thereof, remains in existence on or with respect to the subject property.

IV. FINDINGS AND DECLARATIONS

The Commission finds and declares:

A. Project Location and Description

The subject site is an oil production area within the Hellman Ranch property in Seal Beach, Orange County (Exhibit 1). The Hellman Ranch facility processes produced water, crude oil, and wastewater. The oil production area (Exhibit 2) contains 53 active oil and gas production wells, 6 inactive production wells, 5 active re-injection wells, and 2 inactive re-injection wells, well headers and pipelines. In addition, the site has 1 active main "tank farm" (i.e. a collection of above ground tanks and support equipment for oil, water and other fluids), 2 smaller inactive "tank farms", and 1 active re-injection tank area. There is also an on-site office trailer. The proposed project is the demolition of the existing main active "tank farm" that occupies 1.6 acres and construction of a replacement tank farm facility in a different location that occupies approximately 0.5 acres; and replacement, consolidation and relocation of existing pipelines resulting in a 2,500 linear foot reduction in total length of pipelines (Exhibits 3a and 3b). The two smaller inactive tank farms, wastewater re-injection tank area, wells, pumps and certain pipelines are not part of the proposed project and will remain unchanged. The applicant has indicated that the existing main tank farm is at least 60 years old and needs to be replaced with upgraded equipment for both improved efficiency and environmental protection. The proposed project would not change the operational capacity of the existing oil production facility. A detailed project description, summarized below, has been provided by the applicant in their application with further description and amendments thereto provided in letters by D. Wayne Brechtel dated March 29, 2006, June 30, 2006, and September 19, 2006. The proposed project is located within the low lying portion of the Hellman Ranch property that is immediately south of the Los Angeles County/Orange County line, east of Pacific Coast Highway, west of Seal Beach Boulevard, north of Gum Grove Park, and southwest of Adolfo Lopez Drive, City of Seal Beach, Orange County (Exhibits 1 and 2).

Historically, the subject property contained expansive areas of marshes. According to the Initial Study/Mitigated Negative Declaration, oil production has occurred on the property since at least the mid-1930's. In addition, the applicant indicates that much of the site was overlain by an unknown quantity of fill material placed there during construction of the Boeing facility located northeast of the Hellman Ranch and the Los Alamitos Retarding Basin (LARB)(a County-owned flood control basin) that is north of and adjacent to the Hellman Ranch (Exhibit 2), in the 1960's. Nevertheless, the Hellman Ranch property presently contains at least 27 acres of wetlands. In addition, several special-status plant and animal species are present on the property. The property also contains ruderal and disturbed areas associated with existing oil production facilities on the site.

In past Commission actions and for ease of reference, names have been assigned to various areas of land within the formerly 190-acre Hellman Ranch¹, including the following areas (Exhibit 2): 1) the 'lowlands' which is an approximately 157 acre low-lying area containing wetlands, raptor foraging area and other sensitive habitat, as well as ruderal areas and areas occupied by oil production facilities); 2) the '100-acre deed restricted area' which is a part of the 'lowlands' that contains wetlands, raptor foraging area and other sensitive habitats and which was deed restricted to be made immediately available for sale for wetlands restoration pursuant to the requirements of CDP 5-97-367, as amended; and 3) the 'oil production area', which is also a part of the 'lowlands' but is outside and adjacent to the '100-acre deed restricted area' and is an area predominantly occupied by oil and gas production facilities including wells, pipelines, tanks, an office trailer, among other related structures, but also contains some sensitive habitat areas. Approximately 44 acres of the 'oil production area' was also deed restricted under CDP 5-97-367 to be made available for sale for wetlands restoration, but the requirement to make the area available for sale does not take effect until the cessation of oil production occurs on the property. No deadline was established for the cessation of oil production. The proposed project is located entirely within the 'oil production area'.

The existing main tank farm is located near the westerly property boundary of the property and the off-site Haynes Cooling Channel (a waterway that is associated with the nearby power plant), and the San Gabriel River which parallels the cooling channel (Exhibits 3a and 3b). In addition to the off-site waterways, there are wetlands located on the subject property within approximately 20 feet of the existing tank farm. The existing main tank farm contains seven (7) tanks for the storage of 11,800 barrels of crude oil, plus a variety of other wash tanks, a water treatment (wemco) unit, separators, fluid/overflow pits, pumps and other support equipment. This existing facility is proposed to be demolished and removed once the new facility is constructed and fully operational (according to the applicant this will be at least 12 months after the new tank farm goes on-line).

The replacement facility is proposed to be located approximately 1,900 feet east of the existing facility in an area that contains the majority of existing oil wells on the property (Exhibit 3b). The replacement facility will have seven (7) tanks for the storage of 10,800 barrels of crude oil, plus a wemco water treatment unit, six (6) additional tanks to provide for water and oil separation, overflow and holding, and water treatment, seven (7) separators to separate gas from oil and water, four (4) pumps, one (1) slop pit to hold fluid skimmed off with the wemco unit, and 1 overflow pit to capture runoff and overflows. The tanks and other equipment ranges in height up to a maximum of 24 feet high. The new tank farm will include a new concrete containment basin comprised of a six-inch thick concrete slab and three foot high containment walls, which is sized to contain a complete failure of the project's entire tank capacity. The proposal includes approximately 4,300 cubic yards of cut from within the footprint of the tank farm and placement of approximately 4,300 cubic yards of fill outside of the footprint of the tank farm and spread over existing vacant land devoid of sensitive habitat within the oil production area. The soil will be spread in lenses of varying thickness, from 1 inch thick to up to 9 inches thick, over approximately 6-3/4 acres on site. The applicant is proposing a visual treatment plan comprised of earth-tone paint for the tank farm structures as well as vegetation that will be placed in a location that screens both existing oil pump equipment and the new tank farm from nearby public vantage points.

¹ The overall land area of the ranch has been reduced to approximately 157.2 acres since the late 1990's by the creation of the Heron Pointe residential subdivision (approximately 18.4 acres), and the expansion and transfer of Gum Grove Nature Park (14.8 acres) to the City of Seal Beach.

Existing pipelines and gathering lines linking oil wells with the existing tank farm that are presently placed on the ground surface will be removed and replaced with new pipelines/gathering lines. The new pipelines will be within different alignments to accommodate the new tank farm location. The pipelines will be installed in trenches approximately 10 feet wide and 30-36 inches deep.

The applicant is also proposing to remediate any contaminated soils that are identified within the area of the demolished tank farm as well as within the footprint of the new tank farm in accordance with Regional Water Quality Control Board requirements.

No part of the proposed development would occur within any wetlands or areas containing special-status plant or animal species. The proposed tank farm will be located at least 100 feet from the nearest wetland. In addition, pipelines will typically be located greater than 100 feet from wetlands. However, there are a few instances where demolition activity and construction of new pipelines are closer than 100 feet from existing wetlands. These are limited to those cases where a pipeline connection is being made to an existing oil well and pump that are already near the wetland and there is no feasible pipeline route that would maintain a 100 foot setback from the wetland.

B. PREVIOUS RECENT COMMISSION ACTIONS

1. Coastal Development Permit 5-97-367

On September 9, 1998, the Commission approved CDP 5-97-367 for subdivision of the 196 acre Hellman Ranch into several parcels including a 70-home subdivision, and construction of an 18-hole golf course, construction of 39.1 acres of wetlands, dedication of a public park (Gum Grove Nature Park), visitor serving amenities including trails and reservation of 13.2 acres of existing mineral production area for future wetlands restoration. The Commission imposed 14 special conditions, one of which reserved the lowlands portion of the property for acquisition for wetlands restoration (where the proposed development is located).

2. Coastal Development Permit Amendment 5-97-367-A1

The project approved under CDP 5-97-367 resulted in the fill of wetlands for the construction of a golf course. That approval was challenged in a lawsuit filed by the League for Coastal Protection, California Earth Corps and the Wetlands Action Network. In response to the lawsuit, a settlement agreement was reached by the parties involved to remand the subject project to the Coastal Commission for consideration of a modified project that would eliminate development within and impacts to wetlands that would have been caused by the golf course portion of the project while allowing the 70-home residential subdivision component of the project, now called Heron Pointe, to proceed upon the 'uplands' portion of the site (known sometimes as 'Landing Hill'). The Commission approved the modified project in October 2000. Among the special conditions imposed was a requirement that the applicant make 100 acres of lowlands available for sale for "...wetlands restoration, open space and environmental education purposes" (area known as the "100-acre lowlands"). The conditions also implemented the applicant's proposal to make the land presently used for mineral production available for sale for wetlands restoration when oil production ceases on that land (area known as the "Oil Production Area"). In addition, the applicant was required to undertake an archeological investigation and monitor for archeological resources.

3. Coastal Development Permit 5-01-288

On November 13, 2001, the Commission approved Coastal Development Permit 5-01-288 for development of seventy (70) single family residences; streets; curbs; walls; landscaping, hardscaping, utilities, entry features and other appurtenances within the subdivision previously approved under Coastal Development Permit 5-97-367 as amended by Coastal Development Permit Amendment 5-97-367-A1. That approval was subject to several conditions regarding public access, landscaping, and lighting, among other issues.

4. Coastal Development Permit Amendment 5-97-367-A2

Upon commencement of grading for the Heron Pointe development, significant archeological/cultural resources were found. Following a cease and desist order in December 2002, a condition compliance hearing held in August 2003, and an immaterial amendment issued in March 2004, the landowner implemented a cultural resources mitigation plan which included foregoing development of 6 residential lots (reducing the development from 70 to 64 houses) and placing those lots into open space to preserve cultural resources, as well as creation of a cultural education facility and the construction of two public access trails to access the education facility and cultural resources preserve.

5. Coastal Development Permit 5-05-098

On October 13, 2005, the Commission granted to Hellman Properties, LLC Coastal Development Permit 5-05-098, subject to conditions, for development consisting of an archeological investigation including mechanical trenching, shovel test probes and 1 meter by 1 meter test excavation units within the anticipated areas of disturbance for the presently proposed tank farm and pipelines within the oil production area of the property. The investigation, which resulted in subsurface investigation of nearly 10 percent of the proposed project area, identified no archeological deposits within the proposed pipeline alignments or new tank farm.

C. Biological Resources

The lowlands area of Hellman Ranch contains a variety of sensitive plant and animal species and sensitive habitat areas including wetlands. A variety of avian species, including Belding's Savannah Sparrow, American Kestrel, Loggerhead Shrike and Red-tailed Hawk are known to be present on the site. The site also contains special-status plant species including the southern tarplant (*Centromedia parryi* ssp. *Australis*). The southern tarplant is a California Native Plant Society (CNPS) List 1B species².

Section 30230 of the Coastal Act states:

Marine resources shall be maintained, enhanced, and where feasible, restored. Special protection shall be given to areas and species of special biological or economic significance. Uses of the marine environment shall be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of marine organisms adequate for long-term commercial, recreational, scientific, and educational purposes.

² Plants considered by CNPS to be rare, threatened, or endangered in California and elsewhere

Section 30231 of the Coastal Act states:

The biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained and, where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment, controlling runoff, preventing depletion of ground water supplies and substantial interference with surface water flow, encouraging waste water reclamation, maintaining natural vegetation buffer areas that protect riparian habitats, and minimizing alteration of natural streams.

Section 30240(b) of the Coastal Act states:

(b) Development in areas adjacent to environmentally sensitive habitat areas and parks and recreation areas shall be sited and designed to prevent impacts which would significantly degrade those areas, and shall be compatible with the continuance of those habitat and recreation areas.

1. Biological Report/Wetland Delineation

Several biological reports/wetland delineations have been performed on the subject property over time. In a wetland delineation of the entire Hellman Ranch reviewed by the Commission in conjunction with the Heron Pointe housing development toward the easterly boundary of the property (i.e. CDP 5-97-367, as amended & 5-01-288), approximately 27 acres of wetlands were identified on the property which were largely concentrated in the southerly and westerly reaches of the 157-acre property. The applicant submitted an updated biological report and wetland delineation in conjunction with the subject application that focuses on the proposed tank farm site and new pipeline corridors, the areas where the old tank farm and pipelines will be removed, and the areas where soil excavated from the new tank farm site will be spread over disturbed vacant areas on site. The biological report states that none of the proposed development will occur within areas containing wetlands. In addition, none of the proposed work will occur in areas supporting state- or federally-listed threatened or endangered plant or animal species or other special status plant or animal species (Exhibit 3b). The Commission's staff ecologist, Dr. John Dixon, has reviewed and concurs with the updated biological report and wetland delineation with regard to the location of sensitive upland and wetland resources on the property.

2. Buffers

Buffer areas are undeveloped lands surrounding wetlands and sensitive habitat. Buffer areas serve to protect wetlands and sensitive habitat from the direct effects of nearby disturbance. In addition, buffer areas can provide necessary habitat for organisms that spend only a portion of their life in wetlands such as amphibians, reptiles, birds, and mammals. Buffer areas provide obstructions which help minimize the entry of domestic animals and humans to wetlands and sensitive habitat. Buffers also provide visual screening between wetland and other sensitive species that are sensitive to human impacts, such as lighting. Buffers can also reduce noise disturbances to wetland and sensitive species from human development.

The proposed project would involve using heavy equipment for grading and construction of the proposed tank farm, trenching and installation of pipelines, and demolition of the existing tank farm

and removal of existing pipelines. These activities have the potential to disturb sensitive or potentially sensitive habitat on the project site. Most of the work, including the proposed oil tank farm is located at least 100 feet from wetlands. However, there are areas within the proposed alignment of the new pipelines that are within 10 feet of existing wetlands. In addition, the existing tank farm to be demolished is located as close as approximately 20 feet from wetlands on the property. The Haynes Cooling Channel, an open water channel located along the northwesterly boundary of the site, is also within 100 feet of the existing tank farm to be demolished, existing pipelines to be removed and proposed pipelines to be installed. The Los Alamitos Retarding Basin (LARB), a County-owned flood control basin known to contain wetlands is within 100 feet of proposed soil deposits. Finally, the water quality detention basin constructed pursuant to the requirements of Coastal Development Permits 5-97-367/5-01-288 to filter runoff from the newly constructed residential neighborhood at Heron Pointe is within 100 feet of proposed soil deposits.

It should be noted that the Commission commonly requires a minimum 100-foot wide buffer between development activity and sensitive resources on the site. In this case, there are several locations where development, including demolition/removal of structures and construction of structures would occur within 100 feet of wetlands: 1) above and below ground pipelines in the vicinity of Well No.'s 2 and 34 will be removed that are immediately adjacent to existing wetlands; 2) new pipelines to service Well No.s 2, 4, 10, 10A, 16, and 34 are located between 30 and 100 feet of the Haynes Cooling Channel; 3) the existing tank farm to be demolished is as close as 30 feet to the Haynes Cooling Channel; 4) pipelines to be removed and new pipelines to service Well No. 5 are within 50 feet of wetlands; 5) new pipelines to be installed in the vicinity of Well No.s 36 and 64 are within 80 feet of 'disturbed bassia' wetlands; 6) pipelines to be installed to service Well No.s 23, 13, 28 and 50, are within 10 feet of 'juncus wetland'; all of which are setback from wetlands less than the minimum 100-foot buffer normally required by the Commission to protect sensitive resources. All of these locations are within existing site access roads and highly disturbed and ruderal areas on the property. The remainder of the proposed development will have a minimum 100-foot buffer between proposed development and the wetlands and areas containing special-status plant and animal species.

Buffers are adequate in this case because 1) the buffer encroachments are dictated in part by the location of existing oil production facilities and the newly proposed facilities are being setback the maximum distance feasible from the wetlands; there are already existing pipelines within 100 feet of wetlands which are placed on the ground surface and displace potential surface habitat, the proposed project will result in removal of those pipelines and replacement of the pipelines below the ground surface which will open the area up to more habitat; 2) the project will involve one-time trenching to place the pipelines after which there will be no proposed ongoing activity that would result in continued disturbance within 100 feet of wetland. The Commission finds that, with the implementation of the restrictions outlined further below, the proposed buffers are adequate to protect the wetlands and areas containing special-status plant and animal species from the types of disturbance that would be associated with the proposed development.

The applicant is proposing certain measures to minimize potential impacts to wetlands and special-status plant and animal species which are summarized in a memorandum from Glenn Lukos Associates dated June 20, 2006. For example, prior to their removal, the pipelines to be removed will be flushed to avoid spills into wetlands. In addition, to avoid impacts associated with ground disturbing activities, the applicant is proposing to protect any wetlands within 100 feet of the development with erosion control BMPs such as silt fences, fiber rolls, or sandbags as appropriate. The applicant is also proposing to demarcate wetland areas with brightly colored fencing so that workers are aware of their location and can site work to avoid impacts to the wetlands. The

applicant is proposing to provide pre-construction training to workers regarding sensitive resources and measures to avoid impacts. Bi-monthly monitoring by a biologist is also proposed. Other measures include avoiding work at night, avoiding work immediately before or after rain events, and pre-construction surveys for nesting birds and avoidance of work within 100 feet of any nest until the nest becomes inactive.

The Commission hereby imposes Special Condition 1. Special Condition 1 requires the applicant to comply with their proposal to avoid impacts to the wetlands and areas containing special status plant and animal species. The applicant must comply with proposed setbacks because they are necessary to protect biological resources. If any changes to the setbacks occur, the applicant must notify the Executive Director and such changes may require an amendment to this permit.

Special Condition 1 outlines with more specificity important resource protection measures. For example, Special Condition 1 requires that the applicant avoid impacts to the wetlands and areas containing special status plant and animal species, and establish a minimum 100 foot wide buffer between wetlands (except at the specific locations described above). Furthermore, prior to commencement of the work approved by this permit, the applicant shall install a temporary barrier or work area demarcation (such as but not limited to plastic mesh, solid wood or chain link fencing) between the development areas and the buffer protecting the wetlands. Barriers and other work area demarcations shall be inspected and approved by a qualified biologist. All temporary barriers, staking, and fencing shall be removed upon completion of the proposed development. Also, no equipment shall be stored within any wetland or area containing special-status plant or animal species or within 100 feet of those areas.

Despite the measures taken above, impacts to wetlands or special status plant species could occur inadvertently. Under such circumstances, the applicant would be required to mitigate for the impacts. Thus, Special Condition 1 informs the applicant that they must notify the Executive Director of any inadvertent impacts within 24 hours of the impact and that mitigation for any inadvertent impacts is required and would require an amendment to this permit or a new permit unless the Executive Director determined that no amendment or new permit is required.

The proposed project would introduce new artificial lighting to the project area. The applicant is proposing to install lighting within the tank farm facility, but no other lighting is proposed. The applicant is proposing to avoid use of the lighting installed at the tank farm, except for intermittent use during facility maintenance and during any emergency. Artificial lighting can adversely impact sensitive habitat areas by distracting feeding and breeding activities of birds and other animals. This impact can be minimized by directing lighting away from sensitive habitat areas, avoiding the use of skyward-casting lighting, using the lowest intensity lighting that is appropriate to the intended use of the lighting, and, consistent with the applicant's proposal, limiting the frequency and duration of use of lighting. Therefore, the Commission imposes Special Condition 9.

Furthermore, to ensure that any prospective future owners of the property are made aware of the applicability of the conditions of this permit, the Commission imposes Special Condition 14 requiring that the property owner record a deed restriction against the property, referencing all of the above Special Conditions of this permit and imposing them as covenants, conditions and restrictions on the use and enjoyment of the Property. Thus, as conditioned, this permit ensures that any prospective future owner will receive actual notice of the restrictions and/or obligations imposed on the use and enjoyment of the land in connection with the authorized development, including the ongoing requirements relative to lighting of the proposed development.

3. Wetland Hydrology

The applicant is proposing to place one to nine inches of soil excavated from the proposed oil tank farm location over 6-3/4 acres of vacant land on the property. Changes to the ground surface have the potential to impact the flow of surface water. If surface water is redirected away from existing wetland areas, wetland impacts would occur. The applicant has provided an analysis of potential changes to surface water flows resulting from the proposed soil placement and has determined that no changes to surface hydrology will occur. Therefore, existing wetland hydrology will not be adversely impacted. The Commission's staff ecologist has reviewed these conclusions and found them to be accurate provided that final grading plans demonstrate no changes to existing drainage patterns on site. Therefore, in order to assure that drainage patterns are not altered as described by the applicant, the Commission imposes Special Condition 4, which requires the applicant to submit final grading plans which demonstrate that drainage patterns will not be altered.

4. Raptor Foraging

The Hellman Ranch site is known to provide foraging grounds for raptor species. In fact, when the Commission authorized the Heron Pointe residential development, the Commission required impacts to approximately 18.4 acres of raptor foraging area on-site to be offset by preserving and managing 9.2 acres of land within the Hellman Ranch site for raptor foraging. This area previously reserved for raptor foraging will not be affected by the current proposal.

The biological resources report references a raptor foraging survey prepared in 2001 that included the site of the proposed oil tank farm. The survey found no indication of use of the tank farm site by raptors for foraging purposes. However, the biological resources report points out that even if the oil tank farm site were used for foraging, the project will have only temporary impacts upon raptor foraging area because once the existing tank farm is demolished there will be a net increase in potential raptor foraging area on the property. According to the biological survey, the existing tank farm to be removed covers 1.6 acres; whereas the proposed tank farm only covers 0.57 acres. Thus, upon completion of the project there will be a net increase of 1.03 acres of land available for raptor foraging. In order to assure that impacts upon raptor foraging area are avoided, as proposed by the applicant, the Commission imposes Special Condition 8 which requires the removal of the existing oil tank farm and return of that area to ruderal conditions suitable for raptor foraging once the proposed tank farm is constructed and operational.

5. Conclusion

As conditioned, the Commission finds the proposed development consistent with Sections 30230, 30231 and 30240(b) of the Coastal Act.

D. Water Quality

Section 30231 of the Coastal Act states:

The biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained and, where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment, controlling runoff, preventing depletion of ground water supplies and substantial interference with surface water flow, encouraging waste water reclamation, maintaining natural vegetation buffer areas that protect riparian habitats, and minimizing alteration of natural streams.

Section 30232 of the Coastal Act states:

Protection against the spillage of crude oil, gas, petroleum products, or hazardous substances shall be provided in relation to any development or transportation of such materials. Effective containment and cleanup facilities and procedures shall be provided for accidental spills that do occur.

The implementation of the project will result in two phases where potential impacts upon water quality would occur: 1) the demolition/construction phase; and 2) the post-construction phase that includes operation of the new oil tank farm and pipelines. Construction phase impacts include erosion and sedimentation of coastal waters during grading and discharge of debris. Post-construction phase impacts relate to the use of the proposed development. Run-off from the oil tank farm could include pollutants such as petroleum hydrocarbons including oil and grease; heavy metals; synthetic organic chemicals including cleaners and other chemicals associated with the extraction, cleaning and storage of oil, gas and water. The discharge of these pollutants to coastal waters can cause: eutrophication and anoxic conditions resulting in fish kills and diseases and the alteration of aquatic habitat, including adverse changes to species composition and size; excess nutrients causing algae blooms which reduce the penetration of sunlight needed by aquatic vegetation which provide food and cover for aquatic species; disruptions to the reproductive cycle of aquatic species; and acute and sublethal toxicity in marine organisms leading to adverse changes in reproduction and feeding behavior. These impacts reduce the biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes and reduce optimum populations of marine organisms and have adverse impacts on human health.

1. Construction Phase

The proposed development would disturb soil and generate soil stockpiles. If these soils are not properly contained they could be discharged into wetlands and coastal waters causing sedimentation and turbidity impacts. Therefore, Special Condition 1 requires that all areas disturbed and/or denuded by the project shall be re-vegetated with drought tolerant, native, non-invasive plant species or otherwise stabilized to prevent erosion. In addition, Special Condition 1 requires that no construction materials, debris, or waste shall be placed or stored where it may enter wetlands or areas containing special-status plant or animal species, or any storm drain or be subject to tidal erosion and dispersion; and that construction materials, chemicals, debris and sediment shall be properly contained and secured on site to prevent the unintended transport of material, chemicals, debris, and sediment into wetlands, habitat areas and coastal waters by wind, rain or tracking. Best Management Practices (BMPs) and Good Housekeeping Practices (GHPs)

designed to prevent spillage and/or runoff of construction-related materials, and to contain sediment or contaminants associated with construction activity, shall be implemented prior to the on-set of such activity. BMPs selected shall be maintained in a functional condition throughout the duration of the project. A pre-construction meeting shall be held for all personnel to review procedural and BMP/GHP guidelines. Also, Special Condition 1 requires that debris and excess material shall be disposed or recycled at a legal disposal/recycling site. If the disposal site is located in the coastal zone, a coastal development permit or an amendment to this permit shall be required before disposal can take place unless the Executive Director determines that no amendment or new permit is legally required. No debris or excess material shall be placed in or within 100 feet of the wetlands or areas containing special-status plant or animal species. Finally, debris and sediment shall be removed from the development areas as necessary to prevent the accumulation of sediment and other debris that may be discharged into coastal waters and any and all debris resulting from development activities shall be removed from the project site within 24 hours of completion of the proposed development.

There are also construction-phase issues related to the proposed demolition of existing oil production facilities. These existing facilities contain petroleum substances related to the production of oil and gas. Such substances could be released during the demolition activities if proper pre-construction measures are not implemented. For example, all petroleum products and any other potentially hazardous substance should be removed from the facilities to be demolished and appropriately processed, stored and where necessary disposed prior to the demolition of the structures. These required measures would be outlined in a Spill Prevention Control and Countermeasure Plan (SPCCP) and would be required in order for the project to comply with Sections 30231 and 30232 of the Coastal Act. Therefore, the Commission imposes Special Condition 3, which requires submittal of a SPCCP for the review and approval of the Executive Director that, among other issues, addresses pre-demolition pipeline and tank purging.

2. Post Construction

An existing Spill Prevention Control and Countermeasure Plan (SPCCP) dated November 10, 2004, is in place and provides certain details about the existing oil production facilities and management of water quality issues. As noted above, the Hellman Ranch facility processes produced water, crude oil, and wastewater from active wells on the property. There is one active main tank farm, two smaller inactive tank farms, one active re-injection tank area, as well as production wells, re-injection wells, headers and pipelines. The facility produces 137,000 gallons of gross production per day and processes approximately 18,500 gallons (440 barrels) per day of crude oil. Crude oil is loaded into trucks for processing off-site. Wastewater generated from the production process is collected and re-injected on-site into the subterranean oil field at a rate of approximately 109,000 gallons per day. Under existing conditions, the tank farms are surrounded with enclosures that don't allow the exit of any spilled process fluids or storm water falling within the enclosures. Production fluids, wastewater and storm water are collected by a sump or vacuum truck and returned to the fluid processing system. Oil is sent into the production system and wastewater is processed and re-injected into the oil field. In addition, the SPCCC indicates there are no direct drainage pathways from the site into the river, or other off-site areas as the subject site is lower than the river dike, and surrounding public roads and lands. In addition, the oil production areas are located in depressions on site and thus the potential for release of fluids from production facilities to the on-site wetlands is minimized (i.e. even if the containment structures failed).

According to documents submitted by the applicant, the California Department of Conservation, Division of Oil, Gas and Geothermal Resources (DOGGR) approved the existing water injection wells as a "Class II" system. DOGGR's web-site states that Class II re-injection wells, which can be several thousand feet deep, can be used to dispose of salt and fresh water produced with oil and gas as well as other non-hazardous fluids either produced from oil and gas wells or associated with the production process. DOGGR's permit requires regular chemical testing of the re-injection fluids to assure conformance with their requirements that the re-injected fluids be 'non-hazardous'.

As with the existing tank farm to be demolished, the proposed oil tank farm will be encircled with a containment structure and the entire ground surface within the boundary of the approximately 1/2 acre tank farm site will be covered with impermeable surface. All water that falls upon or is generated from the site and any pollutants will be captured, cleaned from the water and the water re-injected into the subterranean oil field. The proposed development outside of the tank farm containment area (i.e. the new pipelines) will be underground in most cases. The applicant is proposing to submit a revised Spill Prevention Control and Countermeasure Plan for the new tank farm and pipelines. The Commission finds that this plan is required in order to protect against the spillage of crude oil, gas, petroleum products, or hazardous substances, as is required by Section 30232 of the Coastal Act as well as to address the requirements of Section 30231 of the Coastal Act. Therefore, the Commission imposes Special Condition 3 which requires the applicant to submit the revised Spill Prevention Control and Countermeasure Plan for the review and approval of the Executive Director.

While all run off within the tank farm is proposed to be captured and cleaned, the applicant has not provided information regarding the methods of cleaning the water of both urban and oil production related contaminants from the water. The applicant also has not provided any information regarding other non-structural and structural best management practices (BMPs) that will be employed to address pollutants associated with the operation and maintenance of the tank farm. Therefore, the Commission imposes Special Condition 2, which requires the applicant to submit a final Water Quality Management Plan (WQMP), subject to the review and approval of the Executive Director, which identifies appropriate BMPs and requires their implementation.

Furthermore, to ensure that any prospective future owners of the property are made aware of the applicability of the conditions of this permit, the Commission imposes Special Condition 14 requiring that the property owner record a deed restriction against the property, referencing all of the above Special Conditions of this permit and imposing them as covenants, conditions and restrictions on the use and enjoyment of the Property. Thus, as conditioned, this permit ensures that any prospective future owner will receive actual notice of the restrictions and/or obligations imposed on the use and enjoyment of the land in connection with the authorized development, including the ongoing requirements relative to water quality.

3. Conclusion

Therefore, as conditioned, the Commission finds the proposed project consistent with Section 30231 and 30232 of the Coastal Act.

E. Visual Resources

Section 30251 of the Coastal Act states:

The scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural land forms, to be visually compatible with the character of surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas. New development in highly scenic areas such as those designated in the California Coastline Preservation and Recreation Plan prepared by the Department of Parks and Recreation and by local government shall be subordinate to the character of its setting.

The proposed project would result in the construction of tanks and other structures up to 24 feet high within the half-acre footprint of the proposed tank farm within the lowland area of the Hellman Ranch that will be visible to the public from a variety of vantage points (Exhibits 4 & 5). For instance, the new tank farm will be visible in vantages looking north/northeast from Gum Grove Nature Park. In addition, the proposed tank farm facility will be located in an area that is visible from newly constructed, publicly accessible, pocket parks and open space within the Heron Pointe residential development located east of the tank farm. Furthermore, the tank farm is visible from a cultural education facility and interpretive area and trail required as part of a mitigation program associated with the discovery of Native American cultural deposits at Heron Pointe. Also, the lowlands portion of the Hellman Ranch are required to be made available for sale for wetlands restoration, open space, and environmental education purposes under CDP 5-97-367, as amended. When sold, these lowlands areas may be open to the public. In addition, the proposed tank farm would be visible in distant views of the site across the lowlands from existing public trails located along the banks of the San Gabriel River.

Although the subject property is quite large, a variety of constraints limit the possible locations for the tank farm including known archeological resources, the location of and required setbacks from geologic hazards/faults and wetlands and other sensitive habitat, as well as previously deed restricted areas. In addition, one of the applicant's goals is to consolidate the location of their various production facilities on the property in the area where there is the greatest concentration of active wells. Given all these factors, the applicant considered three different locations for the proposed tank farm, including the proposed site, a 'north' alternative and a 'north east' alternative. The applicant considered the view impacts from the vantage points noted above, as well as views from the existing residential neighborhood at Island Village located north of the subject site. Based on the visual simulations provided by the applicant, there would be no significant visual benefit gained by choosing the north or north east alternatives over the proposed site. In fact, in views from the westerly reach of Gum Grove Nature Park toward the north/northeast, the proposed site is better than the alternatives due to the presence of existing trees on the property that screen views of the proposed tank farm site.

In order to reduce the visual impact of the proposed development, vegetation may be planted to screen the area from public vantages. Trees and shrubs can break up continuous lines of walls and buildings. In addition, the choice of building materials and colors can control the appearance of the development from public vantages. Therefore, in order to reduce the visual impact of the development, the Commission imposes Special Condition 7. The special condition requires the permittee to submit a final visual treatment plan that includes maintaining existing vegetation and

planting and maintaining additional vegetation in locations which will screen the tank farm area from public vantage points.

Also, the proposed development would be more prominent in the viewshed if bright colors and reflective building materials were used within the development. In order to minimize the visual prominence of the development, earth tones and muted finishes must be used. Therefore, the Commission imposes Special Condition 7, which requires the permittee to submit a plan which requires that all wall and building exteriors shall be finished in earth tones including deep shades of brown, gray and green, with no white, light or bright colors.

Finally, some of the visual impacts associated with the new half-acre tank farm will be offset through the demolition of the existing 1.6 acre tank farm that is located along the Haynes Cooling Channel and San Gabriel River. Views across the site from the public trails along the San Gabriel River will be improved compared with existing views once the existing tank farm is demolished and removed. In addition, views toward the west across the site from the westerly reach of Gum Grove Nature Park will also be improved with the demolition of the existing tank farm. The visual relief provided through the demolition of the existing tank farm will contribute to the project's consistency with Section 30251 of the Coastal Act. Thus, in order to assure that such demolition occurs in a timely manner, the Commission imposes Special Condition 8.

Furthermore, to ensure that any prospective future owners of the property are made aware of the applicability of the conditions of this permit, the Commission imposes Special Condition 14 requiring that the property owner record a deed restriction against the property, referencing all of the above Special Conditions of this permit and imposing them as covenants, conditions and restrictions on the use and enjoyment of the Property. Thus, as conditioned, this permit ensures that any prospective future owner will receive actual notice of the restrictions and/or obligations imposed on the use and enjoyment of the land in connection with the authorized development, including the ongoing requirements relative to visual treatment of the proposed development.

The proposed project would have adverse impacts upon the visual quality of scenic coastal areas when viewing the new tank farm from Gum Grove Park, publicly accessible pocket parks and open space within the Heron Pointe residential development, cultural education facility and interpretive area and trail, the lowlands, and from existing public trails located along the banks of the San Gabriel River. These visual impacts can be mitigated with vegetation, appropriately colored materials, and demolition of an existing tank farm. The Commission has imposed special conditions addressing these impacts. Therefore, as conditioned, the Commission finds the proposed project is consistent with Section 30251 of the Coastal Act.

F. Hazards

Section 30253 of the Coastal Act states, in relevant part:

New development shall:

(1) Minimize risks to life and property in areas of high geologic, flood, and fire hazard.

(2) Assure stability and structural integrity, and neither create nor contribute significantly to erosion, geologic instability, or destruction of the site or surrounding area or in any way require the construction of protective devices that would substantially alter natural landforms along bluffs and cliffs.

Section 30232 of the Coastal Act states:

Protection against the spillage of crude oil, gas, petroleum products, or hazardous substances shall be provided in relation to any development or transportation of such materials. Effective containment and cleanup facilities and procedures shall be provided for accidental spills that do occur.

a. Seismic / Geologic Hazards

The applicant has submitted several geologic reports (identified in the list of substantive file documents) addressing potential damage to structures due to liquefaction and other hazards associated with earthquake induced ground shaking. The proposed project site is a relatively level, low lying area near sea level. The area of the proposed tank farm has a surface elevation of 4 feet above mean sea level. Subsurface soils within the general area of the proposed tank farm consist of a 10-foot thick layer of fine-grained soils overlying granular materials that reach down to a depth of 45 feet below the ground surface. The soils between the depths of 10 and 25 feet are considered to be potentially liquefiable. Saturated liquefiable soils lose strength during strong earthquake ground shaking, and can cause significant damage to structures founded on such soils.

The Seal Beach splay of the Newport-Inglewood fault (a major earthquake fault in Southern California) transects the Hellman Ranch property in a northwesterly direction and is located approximately 300-500 feet southwest of the proposed tank farm (Exhibit 3b). The tank farm is located outside of the Alquist-Priolo Earthquake Fault Zone established by the California Geologic Survey. The fault is capable of a 6.9 magnitude earthquake. However, a geologic letter from Geomatrix dated February 8, 2006, states that the potential for ground surface rupture at the tank farm site is very low.

Although damage to the tank farm due to ground surface rupture caused by fault movement is considered low, the potential for liquefaction induced settlement and damage is higher. The 2006 Geomatrix letter states that such hazards will be reduced with earthwork that includes removal of expansive soil and replacement with low expansive soils. In addition, the fill will be compacted and will include geogrid reinforcement layers. Finally, a reinforced concrete slab and 24-inch deep footings will be used for the tank farm. In order to assure that the measures outlined in the geologic reports are employed, and which are necessary to assure conformity with Section 30253 of the Coastal Act, the Commission imposes Special Condition 4.

The 2007 Geomatrix letter also identifies as a source of concern the possible magnification of the liquefaction hazard due to the continued re-injection of water into the subsurface rock formations. The letter notes that re-injection presently occurs and that the proposed project will not change the existing re-injection program. The Geomatrix letter states that water re-injection would not contribute to liquefaction of the soils that are located between 10 to 25 feet below the tank farm because the water is re-injected 6,000 to 7,000 feet below the ground surface into the McGrath zone of the Wilmington oil field. The Commission concurs with this assessment.

A pipeline that will serve 5 existing wells would cross the Newport-Inglewood fault. Thus, movement of the fault could cause the new pipeline to fracture or break, leading to an oil spill. In a letter from the applicant's agent dated June 30, 2006, the applicant states that the proposed condition will be an improvement over the existing condition in that under the existing conditions oil from the majority of wells that are located east of the fault is pumped through pipelines that cross

the fault for delivery to the existing oil tank farm that is located west of the fault. However, under proposed conditions, the new tank farm will be located east of the fault where most of the oil wells are located, thus, oil from most of the wells will no longer need to flow through a pipeline that crosses the fault. Hence, overall risk is reduced. Nevertheless, to address concerns regarding the new pipeline that will serve the five existing wells located west of the fault, the applicant is proposing to use flexible, high density polyethylene lines which the applicant states will flex during an earthquake and minimize chances for breakage. In addition, the applicant is proposing to install check valves on the pipes east of the fault to prevent backflow toward the fault in the event of a pipeline rupture. Additionally, operational measures are proposed to shut down wells if there is an 'adverse event.'

The Commission finds that the above measures are beneficial but not adequate to assure conformity with Sections 30232 and 30253 of the Coastal Act. There are additional measures available that could be feasibly implemented to insure against a pipeline breakage due to fault displacement. For example, technology is employed on the Trans-Alaskan pipeline that allows the pipeline to move within its "H" supports on a Teflon coated surface in the event of fault displacement. This system allowed the Trans-Alaska pipeline to survive a 5.5 meter lateral offset beneath the pipeline without serious damage or oil spills during the 2002 Denali earthquake (7.9 magnitude). A scaled-down version of this type of technology could feasibly be employed on the new pipeline that will cross the fault on the Hellman property. Therefore, the Commission imposes Special Condition 6.

The Commission has reviewed and modified the proposed project to conform to the hazard policies of the Coastal Act. In order to assure that the applicant conforms with the project as submitted and conditioned by the Commission, to ensure that the Executive Director is notified of any changes to the project, and to ensure that the Commission reviews any changes to the project which may change the consistency of the project with the Chapter 3 policies of the Coastal Act, the Commission imposes Special Condition 11. Special Condition 11 requires the applicant to conform with the project as modified by the Commission and notifies the applicant that changes to the project may require an amendment or new permit from the Commission. Therefore, as conditioned, the Commission finds the proposed development consistent with Section 30253 of the Coastal Act as it pertains to geologic hazards.

b. Flood Hazards

The Hellman Ranch site is located near a major river and a flood control basin. According to the 2006 Geomatrix letter and the City's Initial Study/Mitigated Negative Declaration prepared for the proposed project, the subject site is located outside of the 100-year flood zone identified on the Federal Emergency Management Agency's Flood Insurance Rate Map for the project site. Thus, the site does not appear to be in a high flood hazard area. However, the IS/MND also notes that the subject site could potentially be affected by a failure of the San Gabriel River channel levee which runs along the westerly portion of the Hellman Ranch property. On the other hand, the IS/MND notes that the proposed tank farm is located further from the San Gabriel River than the existing tank farm that is to be demolished. Thus, compared with existing conditions, risk is reduced. The IS/MND also notes that the proposed tank farm is at a higher ground elevation than the existing tank farm. The tank farm will also be surrounded by the proposed 3-foot containment walls (for oil spill control/water quality protection), which in the event of a flood, would act as a coffer dam. Finally, even if the structures were flooded, they are waterproof and will withstand flooding with relatively slow to moderate flow velocities.

c. Assumption of Risk

Although the applicant is proposing and the Commission is requiring mitigation measures to address hazards on the property, some risk of damage due to liquefaction and flooding hazards remain. To require that the landowner and any successor-in-interest assume the risk of undertaking the development, the Commission imposes Special Condition 5. Furthermore, to ensure that any prospective future owners of the property are made aware of the applicability of the conditions of this permit, the Commission imposes Special Condition 14 requiring that the property owner record a deed restriction against the property, referencing all of the above Special Conditions of this permit and imposing them as covenants, conditions and restrictions on the use and enjoyment of the Property. Thus, as conditioned, this permit ensures that any prospective future owner will receive actual notice of the restrictions and/or obligations imposed on the use and enjoyment of the land in connection with the authorized development, including the risks of the development and/or hazards to which the site is subject, and the Commission's immunity from liability. As conditioned, the Commission finds that the development conforms to the requirements of Section 30253 of the Coastal Act regarding the siting of development in hazardous locations.

d. Conclusion

The Commission has reviewed and modified the proposed project to conform with the hazard mitigation policies of the Coastal Act. Therefore, as conditioned, the Commission finds that the proposed project is consistent with Section 30253 of the Coastal Act as it pertains to geologic and flood hazards.

G. Archaeological Resources

Section 30244 of the Coastal Act states:

Where development would adversely impact archaeological or paleontological resources as identified by the State Historic Preservation Officer, reasonable mitigation measures shall be required.

Archaeological resources have been found at the Hellman Ranch site. Most of the resources previously identified are concentrated upon Landing Hill, which is now developed with a 64-home residential subdivision that is known as Heron Pointe. There are also recorded archeological sites as well as scattered evidence of other potential archeological resources in the lowlands. The oil tank farm and pipelines proposed by the applicant would be located in this lowlands area. An archeological investigation has been conducted in an effort to reveal whether archeological resources are present within the alignment of the proposed tank farm and pipelines. The investigation was monitored by Native American groups and individuals having potential cultural ties to the area including representatives of the Gabrielino/Tongva. A summary report of the investigation was submitted (see *Archeological Investigations in Support of the Hellman Tank Farm Replacement Project, Seal Beach, California* by EDAW, Inc. dated May 2006) which states that "...along the pipelines, the total of 200 m of trenching covered nearly 10 percent of the areas to be affected, while the 11 trenches within the proposed new tank farm were sufficient to identify any deposits more than a few meters wide. Although no archeological deposits were identified, the investigation nevertheless demonstrated that intact, natural sediments are found at most locations within the project area...Although these types of locations were certainly not as heavily occupied as the higher elevations on Landing Hill, other excavations in low-lying areas adjacent to Landing Hill have demonstrated that prehistoric sites do occur in similar contexts..." The report

recommends that excavation for the installation of the new pipelines and tank farm should be monitored by a qualified archeologist and Native American representatives of the Gabrielino tribe.

In order to assure that development is undertaken consistent with Section 30244 of the Coastal Act, the Commission finds that the permittee shall undertake the proposed development in conformance with the monitoring recommended in *Archeological Investigations in Support of the Hellman Tank Farm Replacement Project, Seal Beach, California* by EDAW, Inc. dated May 2006 which is more fully described in the archaeological research design entitled *Research Design for Archeological Investigations in Support of the Hellman Tank Farm Replacement Project, Seal Beach, California* by EDAW, Inc. of San Diego, California dated January 2005 and updated November 2005. Archaeological monitors qualified by State Office of Historic Preservation (OHP) standards and Native American monitors appointed consistent with the standards of the Native American Heritage Commission (NAHC) shall be present on the site during all activities that disturb soil. The permittee shall provide sufficient archeological and Native American monitors to assure that all soil disturbance is monitored at all times. Upon completion of the monitoring and/or any supplementary investigation or treatment plan implemented as described below, the applicant shall submit, for the review and approval of the Executive Director, a written report summarizing the findings of the monitoring and/or any supplementary investigation or treatment plan implemented as described below. If cultural deposits, including but not limited to skeletal remains and grave-related artifacts, traditional cultural sites, religious or spiritual sites, or artifacts are uncovered during monitoring, the archaeologist, in consultation with the Native American monitor, OHP and NAHC, shall evaluate the discoveries and, depending on the significance of the resources discovered, develop, where necessary, a plan for further investigation, and/or a monitoring plan, and/or a treatment plan for the review and approval of the Executive Director. Upon review of the summary report and any plan for further investigation, plan for monitoring and/or treatment plan, the Executive Director shall determine whether an amendment or new permit is required to implement additional investigation and/or treatment of the cultural deposits, the Executive Director shall determine whether an amendment or new permit is required to implement additional investigation and/or treatment of the cultural deposits. If human remains are found, the Commission requires that the applicant carry out identification and avoidance, recovery or reburial consistent with State Law. The report summarizing the monitoring and any treatment plan shall also be submitted to the OHP, NAHC and the appropriate Native American persons/groups with cultural affiliation with the area that are designated or deemed acceptable by the NAHC. Therefore, the Commission imposes Special Condition 10 and finds that, as conditioned, the project is consistent with Section 30244 of the Coastal Act.

H. Public Access and Recreation

The proposed development is located between the first public road in the area (Seal Beach Boulevard) and the sea (the tidally influenced wetlands in the lowlands).

Section 30210 of the Coastal Act states:

In carrying out the requirement of Section 4 of Article X of the California Constitution, maximum access, which shall be conspicuously posted, and recreational opportunities shall be provided for all the people consistent with public safety needs and the need to protect public rights, rights of private property owners, and natural resource areas from overuse.

The development which is now proposed must be undertaken in a manner which is consistent with the public access and recreation policies of the Coastal Act and the Commission's previously

imposed requirements. Under existing conditions, the oil production area is not available for public access as that area is within the property's fence enclosure. In prior actions related to the subject property, the Commission required the dedication of Gum Grove Nature Park to the City of Seal Beach including a new parking lot and trails, the construction of a cultural education center with public trail, public access to streets and parks within the Heron Pointe residential subdivision, and the recordation of deed restriction requiring that 100 acres of land be made immediately available for sale for wetlands restoration, open space, and environmental education purposes; followed by a deed restriction requiring another 44 acres of land to be made available for sale for the above purposes once oil production ceases on the property. The proposed project will not interfere with any existing public access on the property, nor will it interfere with any of the previously imposed measures to address public access and recreation.

However, in order to assure that the applicant conforms with the project as submitted and conditioned by the Commission, to ensure that the Executive Director is notified of any changes to the project, and to ensure that the Commission reviews any changes to the project which may change the consistency of the project with the Chapter 3 policies of the Coastal Act, the Commission imposes Special Condition 11. Special Condition 11 requires the applicant to conform with the project as modified by the Commission and notifies the applicant that changes to the project may require an amendment or new permit from the Commission.

As conditioned, the Commission finds that the proposed project is consistent with Section 30210 of the Coastal Act.

I. New Industrial Development/Oil and Gas Facilities

Section 30250(a) of the Coastal Act states:

(a) New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources. In addition, land divisions, other than leases for agricultural uses, outside existing developed areas shall be permitted only where 50 percent of the usable parcels in the area have been developed and the created parcels would be no smaller than the average size of surrounding parcels.

Section 30260 (Location or expansion) of the Coastal Act states:

Coastal-dependent industrial facilities shall be encouraged to locate or expand within existing sites and shall be permitted reasonable long-term growth where consistent with this division. However, where new or expanded coastal-dependent industrial facilities cannot feasibly be accommodated consistent with other policies of this division, they may nonetheless be permitted in accordance with this section and Sections 30261 and 30262 if (1) alternative locations are infeasible or more environmentally damaging; (2) to do otherwise would adversely affect the public welfare; and (3) adverse environmental effects are mitigated to the maximum extent feasible.

Section 30262 (a)(1) and (a)(2) of the Coastal Act states:

- a) *Oil and gas development shall be permitted in accordance with Section 30260, if the following conditions are met:*
- (1) The development is performed safely and consistent with the geologic conditions of the well site.*
 - (2) New or expanded facilities related to that development are consolidated, to the maximum extent feasible and legally permissible, unless consolidation will have adverse environmental consequences and will not significantly reduce the number of producing wells, support facilities, or sites required to produce the reservoir economically and with minimal environmental impacts.*

The proposed development includes replacement of existing oil and gas storage (tank farm) and transmission (pipelines) facilities. The site chosen for the new tank farm does not contain any wetlands or other sensitive habitat and observes more than a 100 foot buffer from wetlands located on the property, thus, the project is sited in an area able to accommodate the industrial development, as required by Section 30250(a) of the Coastal Act. The project will not expand existing oil and gas production capacity on the property. The proposed replacement facilities are located within an approximately 44 acre area that contains existing oil production facilities, some of which have been present since the 1930's. Thus, the project is located within an existing oil and gas production site, as required by Section 30260 of the Coastal Act. The proposed project has been sited 300 to 500 feet away from a fault line and is proposed with geologic remediation and a foundation system that will address geologic hazards. Thus, the oil tank farm is proposed consistent with geologic conditions as required by Section 30262(a)(1) of the Coastal Act. The proposed project will demolish an existing oil tank farm that is located some distance from the bulk of existing producing oil wells on the property and will construct a replacement tank farm that will be located in close proximity to the bulk of producing wells on the property. Thus, the project consolidates oil and gas production support facilities on the property as required by Section 30262(a)(2) of the Coastal Act.

The Commission has reviewed and modified the proposed project to conform with the biological resource, visual resource, water quality, archeology, and hazard mitigation policies of the Coastal Act. In order to assure that the applicant conforms with the project as submitted and conditioned by the Commission, to ensure that the Executive Director is notified of any changes to the project, and to ensure that the Commission reviews any changes to the project which may change the consistency of the project with the Chapter 3 policies of the Coastal Act, the Commission imposes Special Condition 11. Special Condition 11 requires the applicant to conform to the project as modified by the Commission and notifies the applicant that changes to the project may require an amendment or new permit from the Commission. Therefore, the Commission finds that the proposed development, as conditioned, is consistent with Section 30250(a), Section 30260, and Section 30262 (a)(1) and (a)(2) of the Coastal Act.

J. Local Coastal Program

Section 30604 of the Coastal Act provides for the issuance of coastal development permits directly by the Commission in regions where the local government having jurisdiction does not have a certified local coastal program. The permit may only be issued if the Commission finds that the proposed development will not prejudice the ability of the local government to prepare a Local Coastal Program which conforms with the Chapter 3 policies of the Coastal Act.

On July 28, 1983, the Commission denied the City of Seal Beach Land Use Plan (LUP) as submitted and certified it with suggested modifications. The City did not act on the suggested modifications within six months from the date of Commission action. Therefore, pursuant to Section 13537(b) of the California Code of Regulations, the Commission's certification of the land use plan with suggested modifications expired. The LUP has not been resubmitted for certification since that time.

The proposed development, as conditioned, is consistent with the Chapter Three policies of the Coastal Act. Therefore, the Commission finds that the proposed development would not prejudice the ability of the City to prepare a certified coastal program consistent with the Chapter Three policies of the Coastal Act.

K. California Environmental Quality Act

Section 13096 of the Commission's regulations requires Commission approval of Coastal Development Permit applications to be supported by a finding showing the application, as conditioned by any conditions of approval, to be consistent with any applicable requirements of the California Environmental Quality Act (CEQA). Section 21080.5(d)(2)(A) of CEQA prohibits a proposed development from being approved if there are feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse effect which the activity may have on the environment.

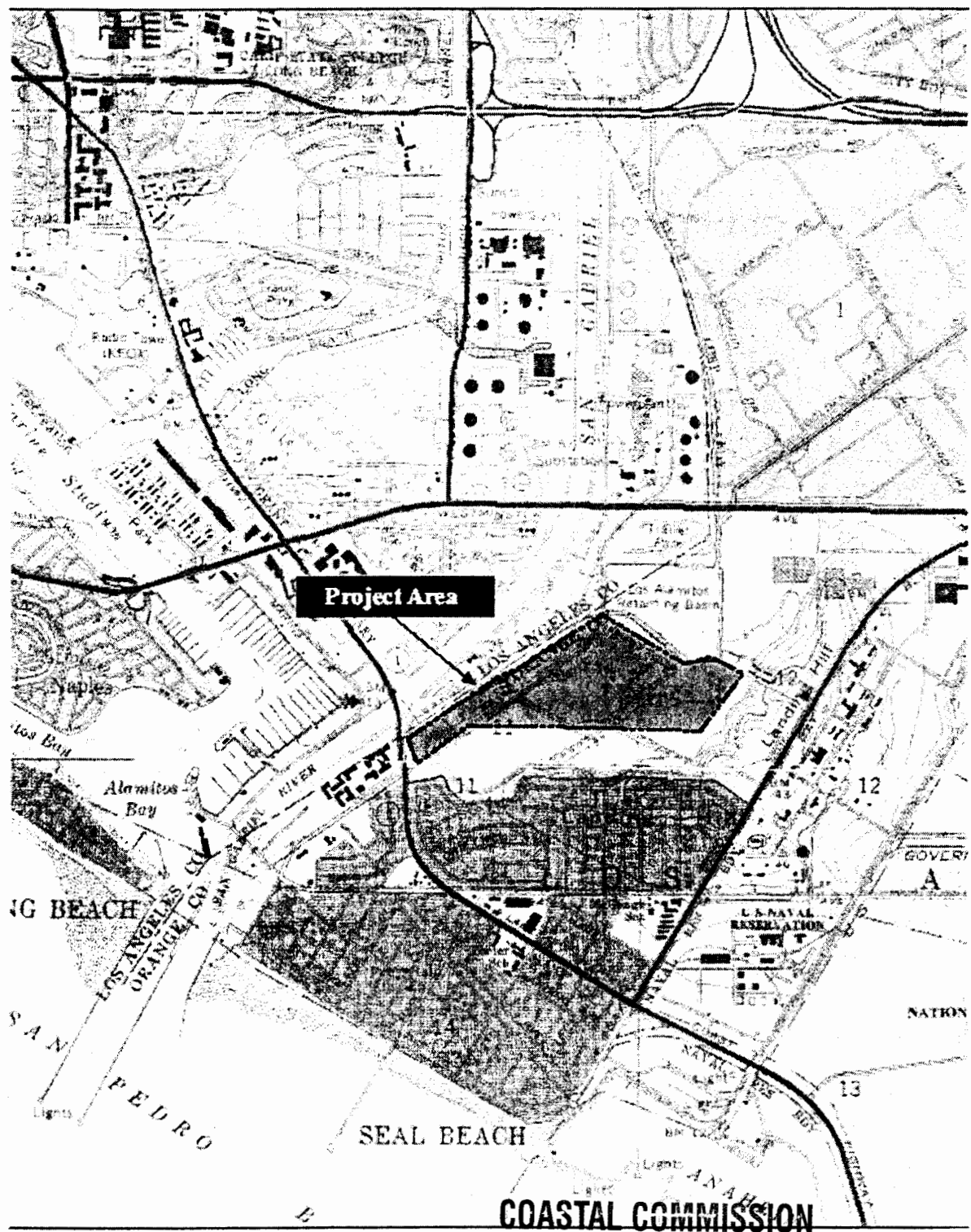
The City of Seal Beach is the lead agency for this project for purposes of CEQA review. The City of Seal Beach adopted a Mitigated Negative Declaration for this project. The mitigation measures required by the City of Seal Beach include 1) submittal of final project and lighting plans for their review and approval to assure conformity with aesthetic requirements; 2) requirements related to grading to address air quality issues; 3) requirements to prepare and comply with an archeological research design to address archeological issues; 4) requirements to comply with geologic recommendations and a drainage and runoff control plan to address geologic and soils issues; 5) a requirement to construct a containment structure around the new tank farm to assure that hazards and hazardous materials are controlled; 6) a requirement to prepare and comply with a Water Quality Management Plan; 7) a requirement that nearby properties be notified of the dates and times that any substantial noise or vibration related to construction will occur; and 8) a requirement to submit a construction access and staging plan to address issues related to traffic and transportation. The Coastal Commission adopts additional mitigation measures to ensure that the proposed project will conform with the requirements of the Coastal Act.

The proposed project is located in an urbanized area of Orange County. The Commission has imposed special conditions to assure that development is undertaken in a manner which avoids impacts to on-site wetlands and areas containing special-status plant and animal species, addresses water quality and geologic hazard issues, and archeological resource issues. The proposed project, as conditioned, has been found consistent with the resource protection policies of Chapter Three of the Coastal Act.

In addition, the Commission considered the following alternatives to the proposed project: 1) the "no project" alternative; 2) the "north" alternative; and 3) the "north east" alternative. As described in greater detail in Section IV.D. of this staff report, the north and north east alternatives were rejected because the view impacts from these alternative sites would be greater than the view impacts from the proposed project. The proposed project consolidates the development on the

property, minimizing view impacts and creating additional habitat and decreasing hazards. It therefore is superior to the no project alternative.

As conditioned, no feasible alternatives or feasible mitigation measures are known which would substantially lessen any identified significant effect that the activity may have on the environment. Therefore, the Commission finds that the proposed project is consistent with CEQA and the policies of the Coastal Act.



Source: USGS Seal Beach and Los Alamitos, CA Quadrangle Photorevised 1967



0 2000 Feet

EXHIBIT # 1
PAGE 1 OF 1

HELLMAN RANCH

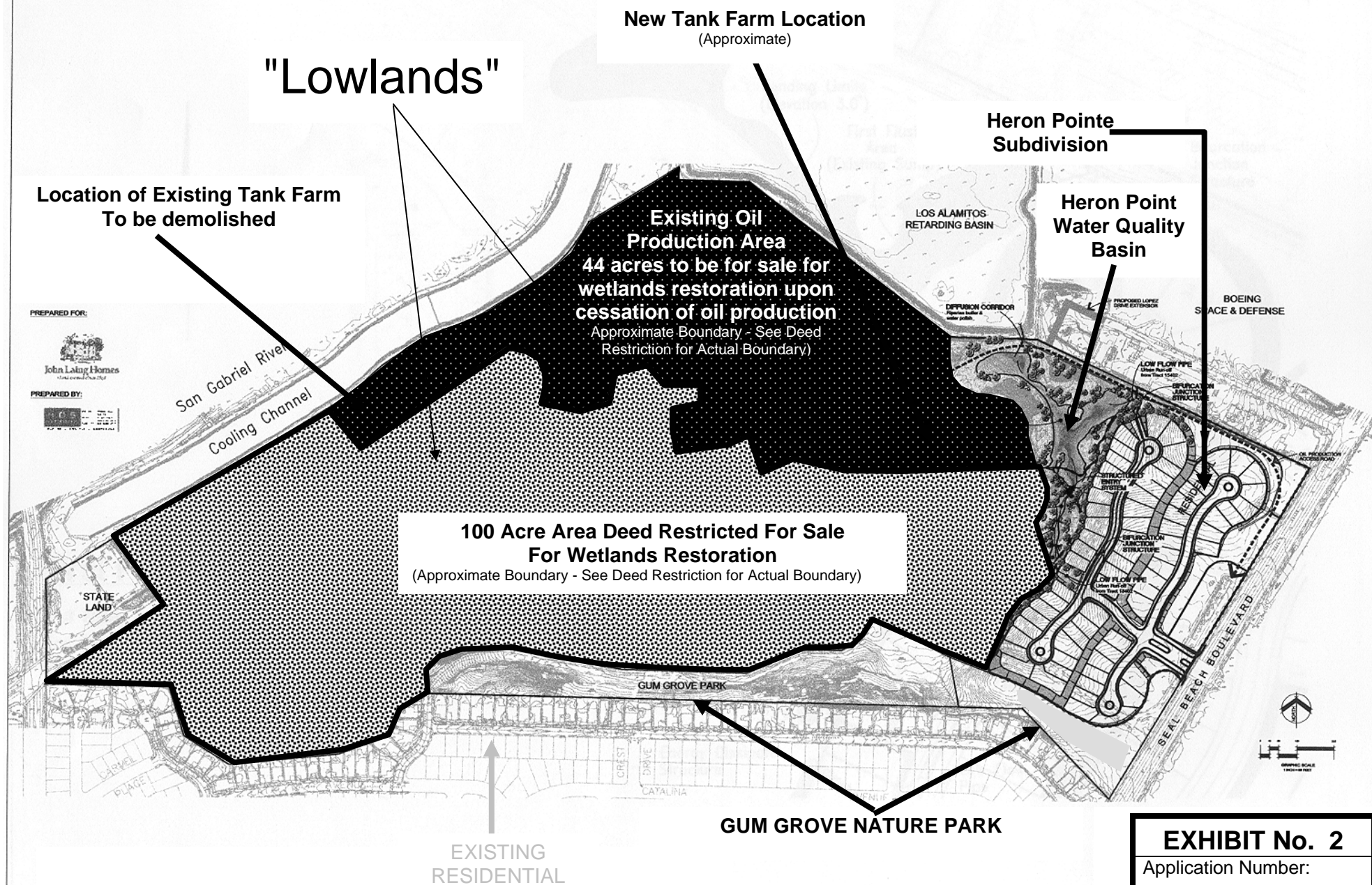
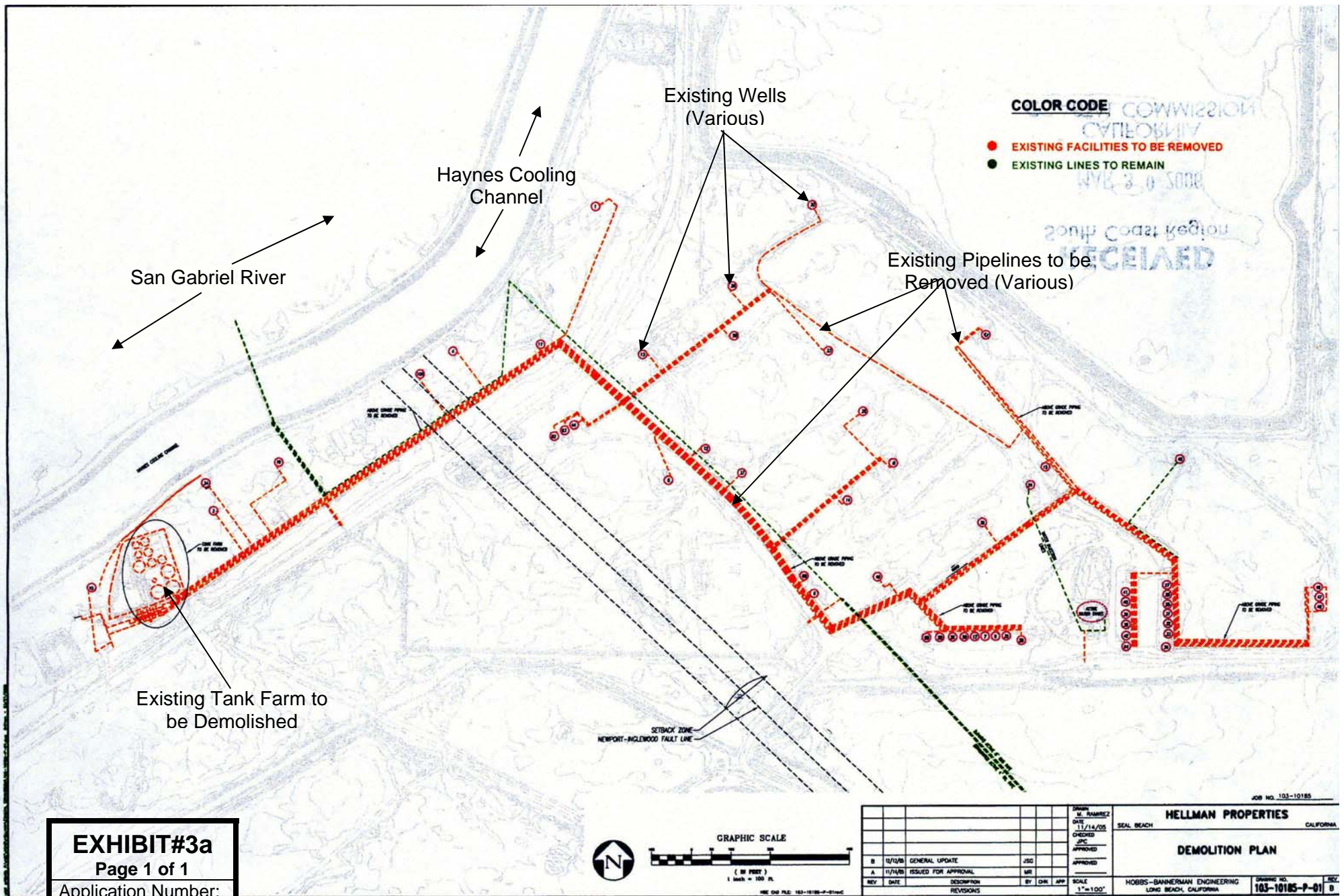


Exhibit is Based Upon Figure 8 of the
SWM & WQC

Project Site and Vicinity



EXHIBIT#3a

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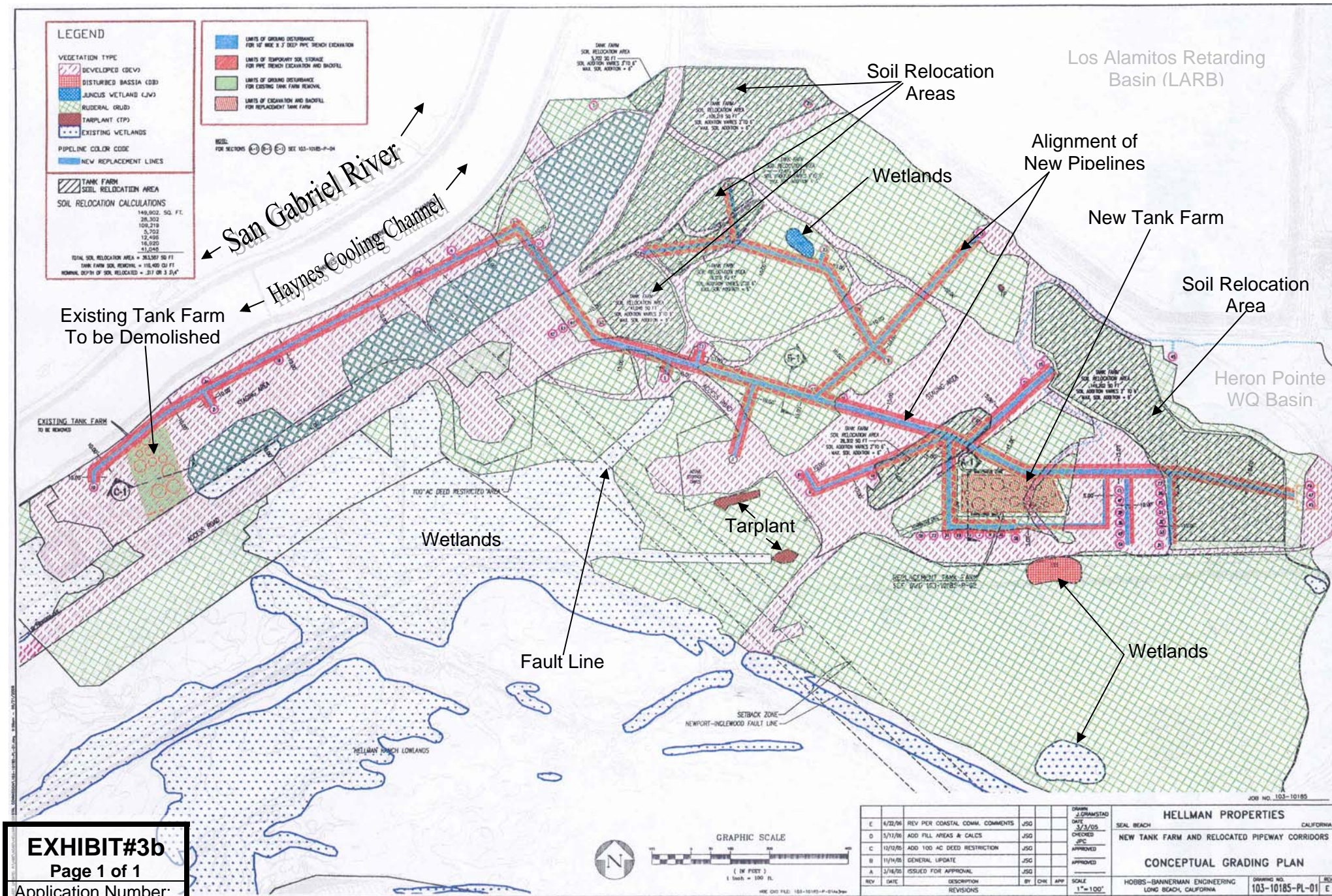
Application Number:

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California Coastal
Commission

Demolition Plan



EXHIBIT#3b

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California Coastal
Commission

Proposed Project Plan & Wetland & Tarplant Areas

COASTAL COMMISSION

EXHIBIT # 5
PAGE 1 OF 4

Initial Study, Mitigated Negative Declaration 05-1

Figure 3 - Existing Oil Facilities

