

CALIFORNIA COASTAL COMMISSION

45 FREMONT STREET, SUITE 2000
SAN FRANCISCO, CA 94105-2219
VOICE (415) 904-5200
FAX (415) 904-5400
TDD (415) 597-5885



F6a

September 7, 2011

TO: Coastal Commissioners and Interested Parties

FROM: Alison Dettmer, Deputy Director

SUBJECT: Addendum to Staff Report for Application No. E-11-003

Staff is recommending modifications to the staff report as shown below in underline for additions and ~~strikethrough~~ for deletions.

Insert on Page 5 as the fourth paragraph of the *Background* section the following:

EPI/Venoco will decommission the EMT and old segments of Line 96 after the new Line 96 pipeline is operational. The onshore EMT facilities are located at UC Santa Barbara. The offshore mooring is located on State lands within the jurisdiction of the California State Lands Commission. Venoco's lease with UC Santa Barbara requires that site restoration be initiated by 2016, or as soon as an overland pipeline is available to transport EOF crude oil to refineries, whichever occurs first. Pursuant to Section 35.170.3 of the County's Article II Coastal Zoning Ordinance, Venoco is required to apply for a Demolition and Reclamation ("D&R") Permit within 180 days of the cessation of EMT operations. The D&R Permit would address the removal of above-ground infrastructure, remediation of contamination, and site restoration. All work must be completed within seven years of issuance of the D&R Permit. The EMT lease with the SLC, which expires in 2013, requires Venoco within 90 days of new Line 96 being operational to apply to the SLC to remove all EMT infrastructure and restore the lease premises as nearly as possible to the conditions existing prior to their installation. The lease also required Venoco to provide a surety bond or other security device in the amount of \$2 million. Once the EMT is decommissioned, the old Line 96 segments that are beneath the streets of the City of Goleta are to be filled with inert nitrogen and abandoned in place for potential future re-use pursuant to Venoco's Franchise Agreement with the City. Pipeline segments located within environmentally sensitive habitat ("ESHA") will also be abandoned in place. Any pipeline removal proposed within the City will require a coastal development permit from the Coastal Commission. Removal of the EMT's offshore moorings and pipelines will also require a coastal development permit from the Coastal Commission.

The fourth paragraph on Page 9 shall now read:

Additionally, Venoco currently has in place a consolidated South Ellwood Field Oil Spill Contingency Plan (“SEF OSCP”) covering Platform Holly and its pipeline to shore, Ellwood Marine Terminal, and Line 96 that has been approved by the Department of Fish and Game’s Office of Spill Prevention and Response (“OSPR”) in compliance with California’s marine facility oil spill contingency plan regulations (14 CCR Sections 816.01 – 816.06, 817.02 – 817.03). These regulations apply to oil and gas pipelines and include any facility that is exploring for, drilling for, producing, storing, handling, transferring, processing, refining, or transporting oil (14 CCR Section 790 (m)(1)(B)). ~~This plan~~ The SEF OSCP includes measures to prevent a spill from occurring, such as Line 96 training, inspection, maintenance, and drill requirements and procedures. Prior to the operation the new Line 96 pipeline, Venoco, as the contracted operator for the new pipeline, is required to submit to OSPR for approval a revised oil spill contingency OSCP with updated prevention and spill response measures.

The second paragraph on Page 10 shall read:

The California oil spill prevention and response law’s (Government Code 8670.56.5) “strict liability” provisions require the responsible party for an oil spill affecting California’s resources to pay for all costs and damages arising from the spill, with a few narrow exceptions, such as damages caused by an act of war. This includes all costs related to administration, containment, response, clean-up, removal and treatment, natural resource destruction, social and economic losses, monitoring, remediation and restoration. The implementing regulations, found in California’s certificate of financial responsibility regulations (14 CCR Sections 791-797), require that, prior to operating in California, all operators or owners of marine facilities where a spill could impact the marine waters of the state must demonstrate to the satisfaction of the Administrator of the Office of Spill Prevention and Response (“OSPR”) the financial ability to pay for all costs and damages caused by a spill. The OSPR Administrator issues a California Certificate of Financial Responsibility when the standards set forth in the regulations have been met. Venoco, as the operator of Line 96, has received a Certificate of Financial Responsibility from OSPR, which demonstrates its financial ability to pay for all costs and damages in the event of an oil spill in the coastal zone from its existing facilities, including Line 96. Prior to operation of the new Line 96 pipeline, EPI (as pipeline owner) or Venoco (as pipeline operator) is required to submit to OSPR for approval, updated financial information that demonstrates the financial capability to cover all costs and damages that may be incurred in the event of an oil spill from the new pipeline. Any subsequent owner or operator of these facilities will similarly be required to demonstrate financial ability to pay for a cleanup before obtaining the authority from OSPR to operate them.

FORM FOR DISCLOSURE OF EX PARTE COMMUNICATIONS

Name or description of project, LPC, etc.: Ellwood Pipeline (Venoco)

Date and time of receipt of communication: September 1, 2011_9:00 a.m. to 9:20

Location of communication: Santa Barbara

Type of communication (letter, facsimile, etc.): Telecon

Person(s) initiating communication: Steve Greig

Detailed substantive description of content of communication:
(Attach a copy of the complete text of any written material received.)

Steve Greig of Venoco wanting to answer any questions I might have. I said I had reviewed the staff report, and support the cessation of barging, but asked why decommissioning the marine terminal was deferred. He responded that they thought, let's not delay getting rid of the barge while we talk about a slower abandonment process. In retrospect, it could have all been one project, but they thought this project was going to take six months. Abandonment will require a separate environmental document. There is a condition that now requires them to apply within a set time (30 or 90) for the abandonment.

I asked, how do we assure ourselves that with change of ownership or plans the commitment to abandon remains even if there is a transfer. He responded that the permit goes with the facility not with the owner. New owner will be bound by the conditions to submit an application. There are bonds on the books now which will remain in place which address abandonment liability. With respect to frac out or environmental damage, they have \$150 million in insurance.

Asked whether they are boring under Bell Creek,. He responded, it is already under a concrete culvert under the freeway. Tecolote and Eagle they are boring underneath 30 feet.

I asked to explain the recommissioning of 421 and how it relates to this project. He stated that one of the concerns is the extension of the life of the onshore facility. He stated that this approval neither helps nor hinders the approval process for that project.

Date 9/1/11 Signature of Commissioner – Jana Zimmer

CALIFORNIA COASTAL COMMISSION

45 FREMONT STREET, SUITE 2000
SAN FRANCISCO, CA 94105-2219
VOICE (415) 904-5200
FAX (415) 904-5400
TDD (415) 597-5885



F6a

Date Filed:	August 22, 2011
49 th Day:	October 9, 2011
Staff:	AD-SF
Staff Report:	August 25, 2011
Hearing Date:	September 9, 2011

STAFF REPORT REGULAR CALENDAR

Coastal Development**Permit No.:** E-11-003**Applicant:** Ellwood Pipeline, Inc.**Project Location:** Northwest corner of the Ellwood Onshore Facility (APN 079-210-042), and under Hollister Avenue, Union Pacific Railroad and Caltrans-Highway 101, within the City of Goleta, County of Santa Barbara**Project Description:** Install 585-feet of an extension of the Line 96 oil pipeline using horizontal directional drilling (“HDD”) and install an 11-foot by 9-foot by 8-foot pipeline vault box**Substantive File Documents:** See Exhibit A.

SUMMARY

Ellwood Pipeline, Inc. (“EPI”), a wholly owned subsidiary of Venoco, Inc., proposes to construct a 8.5-mile long, 6-inch diameter crude oil pipeline (“Line 96”) to connect the Ellwood Onshore Facility (EOF”), an oil and gas processing facility, to the common carrier Plains Pipeline, L.P. (“PPLP”) located west of Las Flores Canyon in Santa Barbara County. The PPLP then connects to other common carrier pipelines that deliver oil to refinery destinations in the Los Angeles and San Francisco Bay Areas. The proposed Line 96 pipeline would eliminate all marine transport (barging) of Platform Holly crude oil from the

Ellwood Marine Terminal to refinery destinations. Of the 8.5-mile length of Line 96, a small segment - 585 feet – would be located within the coastal zone of the City of Goleta and the Coastal Commission’s retained coastal development permit (“CDP”) jurisdiction. The remaining length of the pipeline would be installed within the County of Santa Barbara’s certified local coastal program (“LCP”) jurisdiction. On August 3, 2011, the County certified an EIR and approved a CDP, conditional use permit, and development plan for the project.

In this application, EPI proposes to install the 585 feet of pipeline from a location outside of the EOF and under Hollister Avenue, Union Pacific Railroad and Caltrans-Highway 101 using horizontal directional drilling (“HDD”). In addition to the HDD crossing, EPI proposes to install a 12-foot by 8-foot by 9-foot vault directly outside the fence of the EOF for pipeline inspection gauging (“pig”) equipment (*See Exhibit C*).

Key Coastal Act issues raised by this project include:

- The 585-foot section of pipeline and vault would be installed adjacent to Bell Canyon Creek, a riparian area designated by the City of Goleta as environmentally sensitive habitat (“ESHA”). Although no project activities would occur within ESHA, a frac-out during HDD drilling that causes a surface release of drilling fluids could potentially drain into the Bell Canyon area killing or injuring endangered or threatened species like the California red-legged frog and tidewater goby.
- The pipeline also increases the risk of a crude oil spill in the Bell Canyon area.

To minimize the risk of a frac-out, EPI conducted a geotechnical investigation in part to determine the mud pressures suitable for each bore. That geotechnical report also includes recommendations such as constant monitoring of drilling fluid properties, pump pressures, drill returns and observations of the ground surface that, if implemented, would reduce the risk of a frac-out occurring. The Commission staff is recommending in **Special Condition 2** that EPI implement all recommendations contained in the geotechnical report. EPI is also preparing an HDD Monitoring and Contingency Plan and an Oil Spill Contingency Plan. The Commission staff is recommending in **Special Conditions 3** and **4** that these plans be approved by the Executive Director and that they include worst-case frac-out and oil spill volume scenario evaluations and provide for spill response equipment adequate to respond to the worst case spill. Regarding construction-related erosion and sedimentation water quality concerns, EPI is preparing a Storm Water Pollution Prevention Plan that includes Best Management Practices (BMPs) such as temporary berms and sedimentation traps. **Special Condition 5** requires this plan also be approved by the Executive Director.

The Commission staff believes the project, as conditioned, will be consistent with the Chapter 3 policies of the Coastal Act. The Commission staff therefore recommends that the Commission **approve** coastal development permit application E-11-003, as conditioned.

1.0 STAFF RECOMMENDATION

Approval with Conditions

The staff recommends conditional approval of Coastal Development Permit Application E-11-003.

Motion:

I move that the Commission approve Coastal Development Permit Application E-11-003 subject to the conditions specified below.

The staff recommends a **YES** vote. To pass the motion, a majority of the Commissioners present is required. Approval of the motion will result in the adoption of the following resolution and findings.

Resolution:

*The Coastal Commission hereby **grants** Coastal Development Permit E-11-003, subject to the conditions below, for the proposed development on the grounds that (1) as conditioned, the development will be in conformity with the provisions of Chapter 3 of the California Coastal Act of 1976 and (2) there are no feasible alternatives or feasible mitigation measures, other than those specified in this permit, which would substantially lessen any significant adverse impact which the activity may have on the environment.*

2.0 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 on which the Commission voted on the application. 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 of 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.

3.0 SPECIAL CONDITIONS

This permit is granted subject to the following special conditions:

1. This permit incorporates as special conditions of this permit Mitigation Measures 11, and 13 of Development Plan Case No. 09-088-DP approved by the City of Goleta on August 22, 2011 (Exhibit D).
2. EPI shall implement all recommendations contained in the study titled Geotechnical Study Ellwood Pipeline, Inc. Crude Oil Pipeline Ellwood Onshore Facility to Las Flores Canyon, Santa Barbara County, California prepared by Fugro Consultants, Inc. (August 2011) that are related to the horizontal directional drilling (“HDD”) crossing under Caltrans-Highway 101.
3. Prior to issuance of this permit, EPI shall submit for the Executive Director’s review and approval a revised Drilling Fluid Release Monitoring and Contingency Plan for Horizontal Directional Drilling that includes all of the requirements included in City of Goleta Mitigation Measure 10 as well as: (a) a worst-case frac-out spill volume scenario evaluation; (b) a description of on-site and off-site spill response equipment capable of responding to the worst-case spill scenario; and (c) inclusion of the Coastal Commission in the agency notification list (call down list).
4. Prior to issuance of this permit, EPI shall submit to the Executive Director for review and approval a revised South Ellwood Field Oil Spill Contingency Plan that includes all of the requirements included in City of Goleta Mitigation Measure 12 as well as a reasonable worst case spill volume for Line 96 and a response capability analysis.
5. Prior to issuance of this permit, EPI shall submit for the Executive Director’s review and approval a project-specific Storm Water Pollution Prevention Plan that includes all of the requirements included in City of Goleta Mitigation Measure 8.

4.0 BACKGROUND/PROJECT DESCRIPTION

Background

The Ellwood Onshore Facility (“EOF”) currently processes oil produced at Platform Holly (about 2,525 barrels of oil per day). Once processed, the oil is transported from the EOF via an existing pipeline called Line 96 to the Ellwood Marine Terminal (“EMT”). At the EMT, the oil is transferred from storage tanks to a barge and then transported to San Francisco and Los Angeles Area refineries. The EOF and EMT are owned and operated by Venoco. The EMT lease with the California State Lands Commission expires on February 13, 2013. At

that time, Venoco is to transport its oil to refinery destinations by alternative means, preferably by onshore pipeline. Also, Venoco's lease agreement with UC Santa Barbara for the onshore portion of the EMT requires that EMT abandonment be initiated by 2016, or upon operation of an onshore pipeline, whichever event occurs first.

Venoco plans to substitute barging of Platform Holly crude oil with onshore pipeline transportation. Called the Line 96 Modification Project, Venoco is proposing an 8.5-mile long redirection of the existing Line 96 oil pipeline from the EOF to the existing Plains Pipeline L.P. ("PPLP") at Las Flores Canyon. Oil in the PPLP is transported to refinery destinations in the San Francisco Bay Area and Los Angeles. The new Line 96 pipeline will eliminate all barging of oil from the EMT. Once the new Line 96 pipeline is operational and all barging has ceased, Venoco will begin the permitting process to decommission the old Line 96 pipeline segment that currently connects the EOF to EMT.

The proposed 8.5-mile long Line 96 pipeline segment, located primarily within the County of Santa Barbara's coastal permitting jurisdiction, would be routed within existing road rights-of-way and adjacent to existing water, gas and electric utility services for approximately 90% of its length. The route travels north from the EOF under Caltrans-Highway 101 and Calle Real Street and then turns west and continues along the north side of 101 along the Gaviota coast to the tie into the PPLP pipeline system. (*See Exhibit B*) On August 3, 2011, the County of Santa Barbara Planning Commission certified an Environmental Impact Report ("EIR") and approved Coastal Development Permit 09CDP-00038, Development Plan 09DVP-00017 and Conditional Use Permit 09CUP-00022 for the Line 96 Modification Project. On August 22, 2011, the City of Goleta approved Development Plan Case No. 09-088-DP for the Line 96 project components that lie within the City's jurisdiction. Of the 8.5-miles of pipeline, 585 feet are proposed within the City of Goleta and the Coastal Commission's retained coastal permitting jurisdiction.

Project Description

Ellwood Pipeline, Inc., ("EPI") proposes to install using horizontal directional drilling ("HDD") technology a 585-foot long section of 6-inch diameter pipeline from a right-of-way located outside of the Ellwood Onshore Facility ("EOF"), underneath land owned by the Sandpiper Golf Trust (under Hollister Avenue), then underneath the Union Pacific Railroad and Caltrans-Highway 101, to land owned by the County of Santa Barbara (*see Exhibit C*). Construction work includes boring underneath the Sandpiper Golf Trust property, the Union Pacific Railroad property and Caltrans-Highway 101 and installing a new pipeline inspection gauge ("pig") launcher vault in the pipeline right-of-way next to the EOF on property owned by the Sandpiper Golf Course. No new construction is planned within the EOF except for electrical/communications equipment.

The HDD boring will be initiated from the north side, or County side, of Caltrans-Highway 101 (HDD staging is within the County's LCP coastal permitting jurisdiction) to the southern side of the right-of-way next to the EOF. Pipe and casing would be strung along the fence line outside the EOF in the existing easement with the Sandpiper Golf Course, welded and

pulled back under the freeway. The pipe will be cased under Caltrans-Highway 101 with 10-inch HDPE liner grouted in place per Caltrans specifications. A 10' x 20' x 5' deep exit hole would be excavated in the right-of-way as a target for the HDD boring. EPI would then install a pig¹ launcher inside the new vault in the right-of-way. The vault would be 12' x 8' x 9' deep and would be located within or near the HDD boring exit hole. These components of the Line 96 Pipeline Modification Project are expected to be completed within one month. Venoco would be the contract operator to EPI for Line 96.

5.0 COASTAL ACT ISSUES

5.1 Environmentally Sensitive Habitat Areas (“ESHA”)

Coastal Act Section 30240(b) states:

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.

Project activities would be carried out near the Ellwood Onshore Facility (“EOF”) in the west end of Goleta. Bell Canyon Creek is adjacent to the west side of the EOF and supports dense riparian forest, primarily willow woodland (willows, sycamores, and coast live oaks) and riparian scrub. The Bell Canyon Creek area has been designated environmentally sensitive habitat (“ESHA”) by the City of Goleta. Although no project-related activities are proposed within the ESHA, the HDD bore exit, the vault, and the pipe storage area would be located adjacent to ESHA (*See Exhibit C*). The vault and exit bore would be at least 65 feet from the edge of the mapped ESHA. The pipe would be stored along the fence of the EOF within the facility’s access easement. That easement directly abuts the ESHA.

Habitat for the federally endangered tidewater goby (*Eucyclogobius newberri*) and the threatened California red-legged frog (*Rana draytonii*) occur in the Bell Canyon Creek area and both species have been documented there as well. Although project activities will occur outside of the ESHA, the primary concern for each species is the chance of a fracture or “frac-out” during the HDD drilling that causes the release of sediment and drilling fluids. In most cases, if fluid loss occurs, the fluid fills the formation voids and fractures and does not reach the ground surface. However, a surface release of sediment and drilling fluids near drainage areas such as Bell Canyon could kill or injure tidewater gobies or California red-legged frogs, especially in the egg and larval stage through smothering by sediment or toxicity of drilling fluids.

EPI has proposed several measures to reduce the risk of a frac-out from occurring and prevent other habitat and species impacts due to project-related activities: These include:

¹ A “pig” is used in the maintenance of pipelines to clean them, but there are also “smart pigs” used to measure pipeline thickness and corrosion along a pipeline.

- Fugro Consultants, Inc., on behalf of EPI, conducted a geotechnical investigation to determine the hydraulic gradients (frac pressure) for each boring location and stem mud pressures that are suitable for each HDD site to minimize the risk of frac-out. In Fugro's opinion, the potential for drilling fluid loss to the ground surface is low due to proposed installation depths (about 70 feet for the Caltrans-Highway 101 crossing). However, the geotechnical report includes a number of recommendations that, if implemented, will reduce the risk of a frac-out occurring. These include constant monitoring of drilling fluid properties, pump pressures, drilling fluid circulation, drill returns, fluid loss and observation of the ground surface for early signs of fluid leakage. **Special Condition 2** of this permit requires EPI to implement all recommendations included in this report for the crossing under Caltrans-Highway 101.
- All HDD activities will be carried out outside of the wet season, December 1 through March 31, and will not occur within 12 hours of any rain forecasted at 50% chance or greater.
- Each HDD bore will clear a creek bottom by a minimum of 20 feet.
- All drilling fluids will be water-soluble, non-toxic, and non-hazardous if released to the environment.
- EPI will place response equipment on-site during all HDD operations in the event of a frac-out and a release of drilling fluids.

By letter dated July 13, 2011, the US Fish and Wildlife Service ("USFWS") determined that the proposed project is not likely to result in any take of the tidewater goby and the California red-legged frog because (a) most ground disturbance is within existing roads that do not provide habitat; (b) all HDD activities and staging activities would be located outside of riparian areas and conducted during the dry season; and (c) EPI has agreed to implement the measures described above to reduce the chance of a frac-out and immediately control any release.

The City-approved DP also requires EPI in Mitigation Measure 11, which is incorporated into this permit through Special Condition 1, to (a) use silt exclusionary fencing along the Bell Creek corridor to prevent California red-legged frogs from entering the construction area; (b) maintain on site during all work a City-approved biologist to monitor for the presence of any California red-legged frogs within the project vicinity. If the biologist discovers any federally-listed species near the project site, all work shall cease and the USFWS shall be contacted to assess potential affects to listed species and next steps; (c) cap all stored pipes; and (d) secure all excavated areas at the end of the work day, except the HDD bore hole, to prevent animals from falling into excavated areas. Project biologists will inspect all work areas, including excavated areas, prior to the start of each work day. A City-approved independent biological monitor will be onsite at all times to make sure that conditions of the DP are complied with. The City's contract with the independent monitor will also include the monitoring of the Coastal Commission's conditions of approval.

Although the risk of a frac-out is low, drilling problems may occur and EPI must be prepared to respond to an accidental release of drilling fluids. EPI has prepared a Drilling Fluid

Release Monitoring and Contingency Plan that includes measures for prevention, containment, clean up, and disposal of any released drilling fluids and mud. DP Mitigation Measure 10 requires that containment be accomplished through construction of temporary berms/dikes and use of silt fences, straw bales, absorbent pads, straw wattles, and plastic sheeting. Clean up is to be accomplished with plastic pails, shovels, portable pumps, and vacuum trucks. The DP also requires that in the event of a frac-out, or any incident that affects the Bell Canyon Creek riparian area, all pipeline construction work is to cease and EPI is to immediately contact the USFWS. **Special Condition 3** of this permit requires that EPI submit this plan to the Executive Director for review and approval prior to issuance of the permit. The plan submitted to the Executive Director shall include all elements of the plan required by DP Mitigation Measure 10 as well as (a) a calculation of a worst-case frac-out spill volume scenario (including the basis of the calculation); (b) a description of all on-site and off-site equipment that will be available to respond to the worst-case spill scenario; and (c) the inclusion of the Coastal Commission in the agency notification list.

For the reasons described above, and as conditioned with Special Conditions 1, 2 and 3, the Commission believes that the project will be implemented in a manner that will prevent adverse impacts to adjacent ESHA. The Commission therefore finds the project consistent with Coastal Act Section 30240(b).

5.2 Oil Spill

Coastal Act Section 30232 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 Line 96 Modification Project will eliminate barge-loading operations at the EMT and therefore reduce the frequency and volume of spills to the marine environment. Transporting oil by onshore pipeline greatly reduces the risk and consequences of oil spilling into marine waters and is the environmentally preferable method of transporting crude oil to processing facilities and refineries. Nevertheless, operation of the new pipeline could still result in an oil spill, but the spill frequency, volume and impacts would be less than from barge loading and transportation. According to the project EIR, current barge operations could have a catastrophic, worst-case spill size equal to the barge volume, 80,360 barrels. By contrast, the largest spill associated with proposed pipeline operations would be 237 barrels. For the segment of pipeline to be located within the City and Coastal Commission's jurisdiction, the key concern is a spill entering Bell Canyon Creek, which connects to the Pacific Ocean.

The first test of Coastal Act Section 30232 requires an applicant to protect "against the spillage of crude oil..." EPI has incorporated into its project a number of design features that would reduce the risk of a pipeline spill and, if one does occur, reduce the volume of spilled oil. EPI is proposing to install an automatic block valve immediately west of Bell Canyon

Creek to reduce potential spill volumes. Block valves are the first line of protection for pipelines. With these valves the operator can isolate any segment of the line for maintenance work or isolate a rupture or leak.

EPI will also maintain within the EOF a pipeline leak detection system called a Supervisory Control and Data Acquisition (“SCADA”) system. The SCADA system monitors the hydraulic condition of the pipeline and uses a pressure and temperature-compensated flow-metering system, with meters at each end of the pipeline. In addition, low pressure switches will be installed to monitor for low pressure in the pipeline. The inlet and outflow rates are computed and compared continuously. In the event of a deviation between the inlet and outlet flows, or a substantial loss of pressure at either end, the pipeline would be automatically shutdown and blocked in.

The pipeline will be designed with cathodic protection to prevent pipeline corrosion. Pipe protection levels will be inspected annually at all test locations, quarterly at control points, and more frequently than quarterly at the cathodic protection systems to ensure corrosion control.

The pipeline will also be designed to be capable of running “smart pigs”² for internal inspections of pipeline integrity in accordance with California State Fire Marshall (“CSFM”) standards. CSFM requires smart pigging every three to five years, while Santa Barbara County requires annual smart pigging. The section of pipeline within the City of Goleta will also be smart pigged annually. Maintenance pigs would be operated as needed. In addition, the block valves will be cycled and inspected twice annually, not to exceed seven months between inspections, to ensure proper operation (per 49 CFR 195.420). The entire pipeline route will be visually inspected in accordance with CSFM requirements (Federal DOT 49 CFR Part 195 requires visual inspection 26 times per year) to spot third-party construction or other factors that might threaten the integrity of the pipeline.

Additionally, Venoco currently has in place a consolidated oil spill contingency plan for Platform Holly, Ellwood Marine Terminal, Ellwood Pier, and Line 96 approved by the Department of Fish and Game’s Office of Spill Prevention and Response (“OSPR”) in compliance with California’s marine facility oil spill contingency plan regulations (14 CCR Sections 816.01 – 816.06, 817.02 – 817.03). This plan includes measures to prevent a spill from occurring, such as Line 96 training, inspection, maintenance, and drill requirements and procedures.

With implementation of these measures, the Commission believes that EPI is undertaking appropriate pipeline design, inspection, and maintenance measures to prevent a spill from occurring and therefore the project is consistent with the first test of Coastal Act Section 30232.

² "Smart" pigs, are devices used to inspect and record the condition of the pipe. Smart pigs detect where corrosion or other damage has affected the wall thickness or shape.

Notwithstanding implementation of the above-described prevention measures, accidental spills can and do occur. The second test of Section 30232 requires that effective containment and cleanup facilities and procedures be provided for accidental spills that do occur. “Effective containment and clean-up” requires an applicant to provide: (a) demonstrated financial ability to pay for all oil spill clean-up costs and resource damages in the event of an oil spill; and (b) an oil spill contingency plan that demonstrates that the applicant has sufficient oil spill response equipment and trained personnel to contain and recover a reasonable worst case oil spill, and to restore the coastal and marine resources at risk from a potential oil spill.

California’s certificate of financial responsibility regulations (14 CCR Sections 791-797) require that, prior to operating in California, all operators or owners of marine facilities where a spill could impact the marine waters of the state must demonstrate to the satisfaction of the Administrator of the Office of Spill Prevention and Response (“OSPR”) the financial ability to pay for costs and damages caused by a spill. The OSPR Administrator issues a California Certificate of Financial Responsibility when the standards set forth in the regulations have been met. Venoco has received a Certificate of Financial Responsibility from OSPR, which demonstrates its financial ability to pay for all costs and damages in the event of an oil spill in the coastal zone.

OSPR oil spill contingency plan regulations set forth planning requirements for oil spill prevention and response for marine facilities that could have oil spill impacts to coastal and marine resources, including onshore and offshore oil and gas pipelines. The regulations specify that the owner/operator of an oil and gas pipeline must own and/or have contracted for sufficient oil spill containment, response and recovery equipment, and trained personnel, to clean up a reasonable worst case spill volume from the pipeline. Additional oil spill containment and response equipment, above that which is under contract, must also be identified with a procedure for procurement, in case it is needed in the event of a catastrophic spill. The response equipment must be applicable to the geographic areas of intended use. Contracts for booming, on-water recovery and storage, and shoreline protection services must be made with an Oil Spill Response Organization that has been rated and approved by the OSPR. The oil spill prevention and response standards set forth in these regulations are required to meet the mandates of the Lempert-Keene-Seastrand Oil Spill Prevention and Response Act of 1990 to provide Best Achievable Protection for California’s coastal and marine resources using Best Achievable Technologies.

Venoco’s existing oil spill contingency plan includes spill notification procedures and general oil spill response and cleanup techniques for various terrains, including creeks. The plan includes maps and lists potentially affected sensitive resources, such as plant and wildlife habitats and creeks. However, the proposed modified Line 96 alignment will change the sensitive resources at risk from a spill. The City is requiring in DP Mitigation Measure 12 that EPI revise its oil spill contingency plan to include in part (a) specific measures to avoid impacts to ESHA and any federal or State-listed list species during spill cleanup operations, such as low-impact techniques like hand-cutting contaminated vegetation, use of low-pressure water flushing to remove spilled material from ESHA, etc. and; (b) at least

annual spill drills and personnel training. In addition, the Commission is requiring in **Special Condition 4** that the revised oil spill contingency plan include all requirements included in DP Mitigation Measure 12 as well as a revised reasonable worst case spill volume for Line 96 and a response capability analysis. The response capability analysis must comply with the requirements of 14 CFR Section 817.02 (a-k) and include the following: (a) identification of coastal resources at risk from a reasonable worst case oil spill and the protection strategies necessary to protect those resources from spill impacts; and (b) identification of trained personnel and spill response equipment (owned by the EPI/Venoco and under contract) capable of containing and recovering the reasonable worst case oil spill.

With the addition of Special Condition 4, the Commission finds that EPI will provide effective containment and cleanup equipment and procedures for accidental spills that do occur and that the project satisfies the second test of Coastal Act Section 30232. The Commission thus finds the project, as conditioned, consistent with Coastal Act Section 30232.

5.3 Water Quality

Coastal Act Section 30231 states:

The biological productivity and 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 waterflow, encouraging waste water reclamation, maintaining natural buffer areas that protect riparian habitats, and minimizing alteration of natural streams.

Pipeline construction activities could impair water quality in local drainages and nearby creeks due to construction-related contaminants (e.g., solid and sanitary wastes, oil and grease, construction chemicals) and erosion-induced siltation. Also, a frac-out during HDD drilling operations (as discussed in Section 5.1) or the leak or rupture of the oil pipeline (as discussed in Section 5.2) could adversely affect surface water (Bell Canyon Creek) and groundwater quality and the Pacific Ocean.

As described in Sections 5.1 and 5.2 of this report, and as required in Special Conditions 3 and 4, EPI will be preparing for the Executive Director's review and approval a Drilling Fluid Release Monitoring and Condition Plan and an Oil Spill Contingency Plan. These plans include prevention measures to reduce the risk of drilling fluid and crude oil spills. Implementation of these plans will minimize impacts to surface, marine and groundwater quality.

The City of Goleta and the California Regional Water Quality Control Board, Central Coast Region, are also requiring EPI to prepare a project-specific Storm Water Pollution Prevention Plan to prevent adverse impacts to nearby waterways associated with construction-related

erosion and sedimentation. In Mitigation Measure 8 of the DP, the City is requiring that the plan include, amongst other measures, Best Management Practices (“BMPs”) such as installing temporary berms and sedimentation traps (e.g., silt fencing, straw bales, and sand bags) prior to ground disturbance. The BMPs are to be placed at the base of all cut/fill slopes and soil stockpile areas where potential erosion may occur. The sedimentation traps and basins are to be maintained regularly and cleaned periodically and the silt removed and disposed of in a location approved by the City. The Commission is requiring in **Special Condition 5** that the Storm Water Pollution Prevention Plan include all requirements included in DP Mitigation Measure 8 and that it also be submitted to the Executive Director for review and approval prior to issuance of this permit. With implementation of the plans described above, the Commission believes the project will be carried out in a manner that controls runoff and protects water quality and therefore is consistent, as conditioned, with Coastal Act Section 30231.

5.4 Public Access/Recreation

Coastal Act Section 30211 states:

Development shall not interfere with the public’s right of access to the sea where acquired through use or legislative authorization, including, but not limited to, the use of dry sand and rocky coastal beaches to the first line of terrestrial vegetation.

Construction activities near the EOF could potentially interfere with the public’s ability to get to the beach due to increased traffic and a temporary closure of a Hollister Avenue lane. The public use Hollister Avenue to get to the Sandpiper Golf Course and a Goleta Beach public access point located at the Bacara Resort and Spa. EPI has prepared a Construction Traffic Control Plan in which it agrees to not use any public parking lots for project-related staging or parking. Any lane closures would be temporary and EPI will provide traffic controls (i.e., flaggers, detour signs) and alternative routes if necessary. The specifics of this plan must be approved by the City based on DP Mitigation Measure 13, which has been incorporated into this permit by Special Condition 1. Also, since the project will be carried out after the summer peak beach use season, any disruption to traffic and beach goers should be minimal. The Commission believes that due to the short construction schedule (about one month) and with implementation of the City-approved Construction Traffic and Control Plan (incorporated by Special Condition 1) the project will not interfere with the public’s ability to recreate at the coast and is therefore consistent with Coastal Act Section 30211.

6.0 California Environmental Quality Act

Section 13096n of the Commission’s administrative regulations requires Commission approval of coastal development permit applications to be supported by a finding showing the application, as modified 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 approval of a proposed development if there are

feasible alternatives or feasible mitigation measures available that would substantially lessen any significant impacts that the activity may have on the environment.

As discussed above, the County of Santa Barbara is the lead agency for the overall Line 96 Modification Project for purposes of CEQA compliance. On August 3, 2011, the County of Santa Barbara Planning Commission certified the Environmental Impact Report (“EIR”) for the project. In addition, the Commission’s review and analysis of coastal development permit applications has been certified by the Secretary of Natural Resources as being the functional equivalent of environmental review under the CEQA. The Commission has complied with the Coastal Act and accompanying regulations in its review of the proposed project. The Commission has conditioned the project to be found consistent with the policies of the Coastal Act. Mitigation measures that will minimize or avoid all significant adverse impacts have been required. As conditioned, there are no feasible alternatives or feasible mitigation measures available, beyond those required, that would substantially lessen any significant adverse impact that the activity would have on the environment.

Exhibit A

Substantive File Documents

City of Goleta Development Plan Case No. 09-88-DP

Coastal Development Permit Application E-11-003

Construction Traffic Control Plan for Ellwood Pipeline, Inc. Line 96 Modification Project, August 2011, prepared by Cardno ENTRIX

Drilling Fluid Release Monitoring and Contingency Plan for Horizontal Directional Drilling for Ellwood Pipeline, Inc. Line 96 Modification Project, August 2011, prepared by Cardno ENTRIX

Ellwood Pipeline Company Line 96 Modification Project Final Environmental Impact Report, July 2011, SCH# 2009111034

Geotechnical Study Ellwood Pipeline, Inc. Crude Oil Pipeline Ellwood Onshore Facility to Las Flores Canyon, Santa Barbara County, California, August 2011, prepared by Fugro Consultants, Inc.

Letter from Jeff Phillips, United States Department of the Interior, Fish and Wildlife Service, to Stephen A. Greig, Ellwood Pipeline, Inc., July 13, 2011

Letter from Edward J. O'Donnell, Senior Vice President, Venoco, Inc., to Alison Dettmer, California Coastal Commission, August 23, 2011

Exhibit B



Exhibit C



Exhibit D

City of Goleta Mitigation Measures 8, 10, 11, 12 and 13

**LINE 96 MODIFICATION PROJECT DEVELOPMENT PLAN
U.S. HIGHWAY 101 RIGHT-OF-WAY, UNION PACIFIC RAILROAD RIGHT-OF-
WAY, HOLLISTER AVENUE RIGHT-OF-WAY, 7925 HOLLISTER AVENUE (APN
079-210-059) AND 7979 HOLLISTER AVENUE (APN 079-210-042); CASE #09-088-DP**

Mitigation Measures

8. **WQ-2a. Implement a Construction-Related Storm Water Pollution Prevention Program and GEO-2 Erosion Control Measures.** A Project-specific Storm Water Pollution Prevention Plan shall be prepared and submitted to the California Regional Water Quality Control Board, Central Coast Region and City, to prevent adverse impacts to nearby waterways associated with construction-related incidental spills not covered under the existing Oil Spill Contingency Plan or National Pollutant Discharge Elimination System permit. Best Management Practices such as temporary berms and sedimentation traps, including silt fencing, straw bales, and sand bags, shall be installed prior to work involving ground disturbance. The Best Management Practices shall include maintenance and inspection of the berms and sedimentation traps during rainy and non-rain periods, as well as re-vegetation of impacted areas. Re-vegetation shall address plant type as well as monitoring to ensure appropriate covering of exposed areas. **Plan Requirements:** The plan shall include, but not be limited to, the following:
- a. Best management practices (BMPs), such as temporary berms and sedimentation traps (such as silt fencing, straw bales, and sand bags), shall be installed in association with project grading. The BMPs shall be placed at the base of all cut/fill slopes and soil stockpile areas where potential erosion may occur and shall be maintained to ensure effectiveness. The sedimentation basins and traps shall be cleaned periodically and the silt shall be removed and disposed of in a location approved by the City.
 - b. Non-paved areas shall be revegetated or restored (i.e. geotextile binding fabrics) immediately after grading and installation of utilities, to minimize erosion and to re-establish soil structure and fertility. Revegetation shall include drought-resistant, fast-growing vegetation that would quickly stabilize exposed ground surfaces. Alternative materials rather than reseeding (e.g., gravel) may be used, subject to review and approval by the City.
 - c. Runoff shall not be directed across exposed slopes. All surface runoff shall be conveyed in accordance with the approved drainage plans.
 - d. Energy dissipators or similar devices shall be installed at the end of drainpipe outlets to minimize erosion during storm events.

- e. Grading shall occur during the dry season (April 15th to November 1st) unless a City approved erosion control plan is in place and all erosion control measures are in effect. Erosion control measures shall be identified on an erosion control plan and shall prevent runoff, erosion, siltation, and tracking of mud and soil onto City streets. All exposed graded surfaces shall be reseeded with ground cover vegetation to minimize erosion. Graded surfaces shall be reseeded within four (4) weeks of grading completion, with the exception of surfaces graded for the placement of structures. These surfaces shall be reseeded if construction of structures does not commence within four (4) weeks of grading completion.
- f. Site grading shall be completed such that permanent drainage away from foundations and slabs is provided and so that water shall not pond near proposed structures or pavements.

Timing: Final grading, drainage, and erosion control plans shall be reviewed and approved by the City prior to LUP issuance. BMPs and erosion control measures shall remain in place/shall be implemented for the duration of grading and construction.

Monitoring: City staff shall verify compliance during grading and construction activities.

10. **WQ-3b. Frac-Out Contingency Plan.** A frac-out contingency plan shall be completed and include measures for prevention, containment, clean up, and disposal of released drilling mud. Preventative measures would include incorporation of the recommendations of the geotechnical investigation to determine the most appropriate horizontal directional drilling depth and drilling mud mixture. In addition, drilling pressures shall be closely monitored so that they do not exceed those needed to penetrate the formation. Containment shall be accomplished through construction of temporary berms/dikes and use of silt fences, straw bales, absorbent pads, straw wattles, and plastic sheeting. Clean up shall be accomplished with plastic pails, shovels, portable pumps, and vacuum trucks. Frac-out contingency plan shall be submitted to the City. **Plan Requirements and Timing:** The Frac-Out Contingency Plan shall be submitted to and approved by the City prior to LUP issuance.

Monitoring: City staff, or their designee, shall conduct site inspections, monitor plan implementation, and review monitoring reports to ensure compliance with the provisions of the plan.

11. **BIO-2a. Native Habitat and Special Status Species Protection Plans.** Prior to construction, the permittee shall prepare and implement a City-approved Native Habitat and Special Status Species Protection Plan to avoid or reduce impacts to sensitive biological resources, including drainages, during pipeline construction. **Plan Requirements:** Protection measures shall include, at a minimum:
 - a. Pre-construction surveys shall be conducted within 30 days of the start of construction by a City approved biologist to determine the presence of any

sensitive species and habitats. This mitigation measure is not a requirement for exhaustive species-specific protocol surveys, but an effort to determine presence/absence for the purpose of implementing measures to avoid and minimize impacts in accordance with Species Protection Plan and any agency take authorization requirements.

- b. The City approved biologist shall be present daily during construction (including during borings under drainages and wetlands) in locations known to support sensitive species, including California red-legged frogs and tidewater gobies, and to monitor for these species. The biologist will be authorized to stop work if threats to any sensitive species are identified during monitoring.
- c. Construction shall be scheduled to avoid the breeding seasons of special status species that are found to be present in the construction area.
- d. All HDD activities shall be conducted outside of the wet season, December 1 through March 31, and will not occur within 12 hours of any rain forecasted at 50% chance or greater;
- e. The silt fencing to be constructed in accordance with the project Storm Water Pollution Prevention Plan will also serve as exclusionary fencing to prevent red legged frogs from entering the construction area. The project biologist employed by the permittee and the Monitoring and Compliance Program Contract Biologist will be on site during all night work and shall frequently monitor for the presence of any red legged frogs.
- f. All excavated areas shall be secured at the end of the work day, with the exception of the Horizontal Directional Drill hole, to ensure that animals do not fall into excavated areas, and/or that they can extricate themselves in the event that they do fall in. Project biologists shall inspect excavated areas daily prior to the start of work.
- g. If any red legged frogs or other federally listed species are discovered near the project site, all work in the area shall cease and Fish and Wildlife shall be contacted to assess any potential effects to listed species and the possible need for further coordination.
- h. All pipes stored in the Bell Creek corridor buffer area shall be capped.
- i. In the event of a frac-out or any incident that affects the Bell Creek riparian corridor, all work in the area shall cease, any spills shall be contained to the extent feasible in accordance with approved plans and the permittee shall simultaneously contact Fish and Wildlife to assess any potential effects to listed species and the possible need for further coordination.
- j. The project biologist and the project engineer shall clearly designate “sensitive resource zones” on the project maps, construction plans, and at the construction site, consistent with the results of preconstruction surveys conducted for the presence of sensitive species. Sensitive resource zones are defined as areas where construction would be limited to a 15- to 30-foot corridor, depending on the particular construction requirements, to avoid impacts to special status biological resources. Similarly, staging areas would not be placed in areas where sensitive resources are present.

- k. All machinery shall be stored and fuelled in designated locations at least 100 ft (30.5 m) way from any sensitive habitats. Heavy equipment and construction activities shall be restricted to the defined construction area. Vehicles and personnel shall use existing access roads to the maximum degree feasible.
- l. Disposal or temporary placement of excess fill shall be prohibited within 50 ft (15.2 m) from the top of the banks for all drainages and other areas known to support special status species. All equipment used in or near drainages shall be clean and free of leaks and/or grease. Emergency provisions shall be in place prior to the onset of construction to deal with accidental spills from construction activities or equipment.
- m. All trash receptacles on site shall be designed with secure lids (wildlife proof) to contain food, wrappers, and other miscellaneous trash.
- n. No pets shall be permitted on site.
- o. No hunting shall be authorized during construction.
- p. All personnel shall undergo training from the project biologist regarding onsite sensitive resources, and proper protocols and notification in the event that they encounter sensitive resources.

Timing: The plan shall be reviewed and approved by City staff prior to issuance of an LUP. Implementation shall be completed prior to final clearance.

Monitoring: City staff shall site inspect during construction to monitor plan implementation and will review monitoring reports to ensure compliance.

- 12. BIO-4a. Update the Oil Spill Contingency Plan (OSCP) to Protect Sensitive Resources.** The Oil Spill Contingency Plan (OSCP) shall be revised and updated to address protection of sensitive biological resources and revegetation of any areas disturbed during an oil spill from the pipeline or cleanup activities. **Plan Requirements:** The revised OSCP shall, at a minimum, include:
- a. Specific measures to avoid impacts on Federal- and State-listed endangered and threatened species and any Federal, State, or City designated environmentally sensitive habitat areas (ESHAs) during response and cleanup operations. Where feasible, low-impact, site specific techniques such as hand-cutting contaminated vegetation and using low-pressure water flushing from vessels to remove spilled material from particularly sensitive wildlife habitats, such as coastal estuaries, i.e., Devereux Slough, because procedures such as shoveling, bulldozing, raking, and drag-lining can cause more damage to a sensitive habitat than the oil spill itself. The OSCP shall also evaluate the non-cleanup option for ecologically vulnerable habitats such as coastal estuaries.
 - b. Specific measures requiring spill response personnel to be adequately trained for response in terrestrial environments and spill containment and recovery equipment to be maintained in full readiness. Inspection of equipment and periodic drills shall be conducted at least annually and the results evaluated so that spill response personnel are familiar with the equipment and with the project area including sensitive biological resources.

- c. When habitat disturbance cannot be avoided, stipulations for development and implementation of site-specific habitat restoration plans and other site-specific and species-specific measures appropriate for mitigating impacts on local populations of sensitive wildlife species and to restore native plant and animal communities to pre-spill conditions. Access and egress points, staging areas, and material stockpile areas that avoid sensitive habitat areas shall be identified. The Oil Spill Contingency Plan shall include species- and site-specific procedures for collection, transportation and treatment of oiled wildlife, particularly for sensitive species.
- d. Procedures for timely re-establishment of disturbed habitats dominated by non-native species, replaces them with suitable native species) including: measures preventing invasion and/or spread of invasive or undesired plant species; restoration of wildlife habitat; restoration of native communities and native plant species propagated from local genetic sources including any sensitive plant species (such as the southern tarplant); and replacement of trees at the appropriate rate in accordance with any agency's with jurisdiction, applicable requirements (i.e. the City's General Plan).
- e. Financial documentation of available funding and/or assurances of permittee's ability to obtain funding that shall be available to implement the OSCP.
- f. Monitoring procedures and minimum success criteria to be satisfied for restoration areas. The success criteria shall consider the level of disturbance and condition of the adjacent habitats. Monitoring shall continue for five years, depending on habitat, or until success criteria are met. Appropriate remedial measures, such as replanting, erosion control or control of invasive plant species, shall be identified and implemented if it is determined that success criteria are not being met.

Timing: The plan shall be submitted to, and approved by, the City prior to the approval of any LUP. The requirements shall be enforced throughout all construction periods and for the life of the project.

Monitoring: City staff, or their designee, shall conduct site inspections, monitor plan implementation and review monitor reports to ensure compliance during construction and throughout the life of the project.

13. T-1c. Construction Traffic Control Plan. The permittee shall prepare, provide funding for, and implement a Construction Traffic Control Plans for approval by the City. **Plan Requirements:** The plan shall include, but not be limited to the following:

- g. Provide traffic controls when lanes are closed due to construction, e.g., flaggers, detour signs, orange safety cones;
- h. Provide traffic controls at the EMT access road and Storke Road to allow for left hand turning in a safe manner, e.g., flaggers;
- i. Close the pipeline trench for the non-work hours with approved plating, and surround the trench with safety barriers if necessary;

- j. Provide detours for emergency vehicles;
- k. Provide alternative routes for bicycles and pedestrians if feasible;
- l. Notify the residents or owners of any properties within 1,000 feet and/or adjacent to the project route of the construction schedule at least one week before construction in their vicinity;
- m. Provide access to the affected properties during the construction; if access to businesses is not possible during the work hours, provide lost sales compensation;
- n. Monitor for road damage from construction-related activities and compare the affected roads at the end of the construction to the preconstruction conditions; repair any visible construction-caused damage to restore the road to its preconstruction condition or better; and
- o. No construction parking will occur in public parking lots (i.e. Haskells Beach and Ellwood Mesa/Sperling Preserve lots).
- p. For construction, the permittee shall limit truck deliveries and commuters/personnel to the west Hollister-Highway 101 on and off ramps and shall not utilize the Storke Road and Hollister Avenue intersection or the Storke Road Highway 101 on/off ramps during peak hours (peak hours are defined as 6 a.m. to 8 a.m. and 4 p.m. to 6 p.m.).

Timing: The plan shall be submitted to, and approved by, the City prior to any LUP issuance. The requirements of the plan shall be enforced throughout construction.

Monitoring: City staff, or their designee, shall conduct site inspections, monitor plan implementation, and review monitoring reports to ensure compliance.



August 23, 2011

California Coastal Commission
45 Fremont Street, Suite 2000
San Francisco, CA 94105-2219

Re: Venoco Ellwood Line 96 Modification Project

Dear Honorable Commissioners:

This letter is submitted by the Environmental Defense Center (EDC), on behalf of Get Oil Out!, Los Padres Sierra Club, Citizens Planning Association and Citizens for Goleta Valley, regarding Venoco's application to construct the Line 96 Modification Project. EDC and our clients have long advocated for the construction of a pipeline to transport oil and gas produced from Platform Holly as an effective means to eliminate the impacts and risks from marine barging offshore Ellwood. Accordingly, we support the proposal to construct the Line 96 Modification Project.

We are pleased that many of our comments on the Project and Draft Environmental Impact Report (EIR) have been addressed in the Final EIR and local approvals. Most importantly, we obtained additional environmental protections for coastal drainages and sensitive habitats.

We therefore urge the California Coastal Commission to approve the Line 96 Modification Project.

I. Background

EDC and our clients have worked for decades to protect the Ellwood coast from the adverse effects of offshore oil and gas production. In particular, we have sought to prevent increased production of the South Ellwood Field, phase out operations at the Ellwood Onshore Facility (EOF), which is a nonconforming industrial facility, and put an end to barging from the Ellwood Marine Terminal (EMT).

We are pleased to note significant progress over the years. We have successfully prevented increased drilling into the South Ellwood Field, and we are on the brink of putting an end to barging. Specific steps along the way include the following:

August 23, 2011
California Coastal Commission re Venoco Line 96 Modification Project
Page 2

- In the 1980's, EDC and Sierra Club helped defeat ARCO's plans to increase production of the South Ellwood Field by installing three new platforms offshore UCSB and the Ellwood Mesa. We supported the agreement reached by the State, County and ARCO, whereby ARCO quitclaimed the South Ellwood leases.
- In 1991, in response to our efforts to consolidate onshore industrial support facilities, the County of Santa Barbara rezoned the EOF from Industrial to Recreation, and similarly rezoned the EMT from Industrial to Residential.
- In 1996, we defeated Mobil's plans to slant drill into the South Ellwood Field from an onshore drilling rig on UCSB property next to the Coal Oil Point Natural Reserve.
- In 1994, we sponsored the California Coastal Sanctuary Act (O'Connell) that prohibits any further oil and gas leasing in State waters.
- In 1999, as a follow-up to the rezone of the EOF, the County of Santa Barbara initiated an amortization ordinance that would have resulted in a termination date for operations at the facility. The County completed its legal and financial analysis in 2001, determining that the EOF could be amortized and shut down by 2016 at the latest.¹
- In 2009, the California State Lands Commission (CSLC) required Venoco to stop using a single-hulled barge and to consider constructing a pipeline to transport its oil to refineries.²
- In December, 2010, Venoco withdrew its application for the Full Field Project, thereby retracting its plans to increase drilling from Platform Holly into additional areas of the South Ellwood Field.

We now stand on the brink of fulfilling our dream of ending barging from the EMT. This action will not only protect our coastal and marine environment from the risk of oil spills, but it will also reduce air pollution, noxious odors, and threats to public health and safety.

II. The California Coastal Commission Should Approve the Line 96 Modification Project.

EDC and our clients urge the Coastal Commission to support the construction of a pipeline from the EOF to the Plains Pipeline, L.P. (PPLP). Through the environmental, Santa Barbara County

¹ Santa Barbara County Board Agenda Letter, *Amortization Analysis of Nonconforming Oil and Gas Facilities on South Coast*, December 3, 2001.

² The FEIR points out that the CSLC extended Venoco's lease for the EMT, implying that further extensions beyond the current 2013 end date are possible. (EIR at 3-13.) This statement is misleading because the only reason the CSLC allowed the lease extension was because the existing EMT lease, approved in 1983, provided for an initial 10-year lease plus two 10-year extensions. Therefore, even though the lease technically expired in 1993 when Mobil failed to request an extension, Venoco was allowed to continue operations at the lease until 2013. Any further extensions would not be allowed under the existing lease.

August 23, 2011
California Coastal Commission re Venoco Line 96 Modification Project
Page 3

and City of Goleta review processes, we were able to secure the following additional changes to the project description and conditions of approval:

- Assurance that the County's EIR shall be considered a programmatic EIR for purposes of evaluating the abandonment and decommissioning of the existing Line 96, such that the City of Goleta will conduct supplemental environmental review for that phase of the project;
- Prohibition on trenching in flowing coastal drainages;
- Requirement for a back-up system (including County approval) to safeguard against a manual re-start of the pipeline after an automatic shut-down;
- Assurance that the County will participate in the identification of any special status species in the area in order to ensure avoidance of the relevant breeding season(s);
- Requirement that pre-construction surveys must occur within 30 days of the start of construction; and
- Requirement that locally collected seeds and native plant materials will be used during restoration of native communities and native plant species.

With these final measures, we believe that any adverse environmental impacts from the proposed Project will be mitigated to the maximum extent feasible.

Conclusion

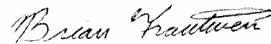
We appreciate the Coastal Commission's longstanding support for pipeline transportation. Please approve the Line 96 Modification Project so that the pipeline can be constructed in a timely manner.

Thank you for your consideration of these comments. Please do not hesitate to contact us if you have any questions concerning these recommendations.

Sincerely,



Linda Krop, Chief Counsel



Brian Trautwein, Environmental Analyst