

## CALIFORNIA COASTAL COMMISSION

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Staff: *MH* MH-SF Energy  
Report Date: October 24, 1996  
Hearing Date: November 13, 1996  
**Item Number: 5A**

STAFF REPORT AND RECOMMENDATION ON APPEAL  
SUBSTANTIAL ISSUE DETERMINATION

**LOCAL GOVERNMENT:** Santa Barbara County

**DECISION:** Approval of Molino Gas Project Final Development Plan (94-FDP-024)

**APPEAL NO:** A-4-STB-96-048

**APPLICANT:** Molino Energy Company

**PROJECT DESCRIPTION:** Authorization to construct and operate an onshore slant drilling and gas production facility that will produce natural gas and gas liquids from offshore reservoirs in State tidelands leases.

**PROJECT LOCATION:** Approximately 2000 feet east of the Chevron Oil and Gas Processing Facility, Highway 101, Gaviota, on an approximately 4-acre portion of 80-acre parcel APN 81-130-052, within the Gaviota Consolidated Oil and Gas Planning Area (see Exhibits 1 and 2).

**APPELLANT:** Get Oil Out, Inc.  
914 Anacapa Street  
Santa Barbara, CA 93101

**SUBSTANTIVE FILE DOCUMENTS:** See Appendix A

**APPLICABLE CONTENTIONS OF APPELLANT:** The appellant contends that the County's approval of a final development plan for the proposed project is not consistent with applicable policies and provisions of the County's certified Local Coastal Program concerning the protection of environmentally sensitive habitat areas and visual resources (See Exhibit 3).

**STAFF RECOMMENDATION:** Staff recommends that the Commission find that **the appeal does not raise a substantial issue** with respect to the approval's conformity with the policies of the County's certified Local Coastal Program (LCP).

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EXHIBITS

- Exhibit 1: Santa Barbara County Oil and Gas Facilities (Regional Setting)
- Exhibit 2: Gaviota Consolidated Oil and Gas Planning Area (Project Location)
- Exhibit 3: Appeal of Molino Gas Project submitted by Get Oil Out, Inc.
- Exhibit 4: Santa Barbara County Final Development Plan, 94-FDP-024

## 1.0 BASIS OF APPEAL

### 1.1 Summary of Local Government Action

On September 3, 1996, the Santa Barbara County Board of Supervisors issued a Final Development Plan (94-FDP-024) for the Molino Gas Project. The Board of Supervisors denied the appeal of the Environmental Defense Center on behalf of the Environmental Coalition of Santa Barbara, of which the appellant was a constituent member, of the Planning Commission's July 2, 1996 decision to conditionally approve the Molino Gas Project, and affirmed the Planning Commission's actions in adopting findings, approving the FDP with conditions, and certifying the environmental document.

### 1.2 Appellant's Contentions

Get Oil Out, Inc.'s appeal of the County's approval of the Molino Gas Project is brought on the grounds that the approval is not in conformity with the standards of the County's Local Coastal Program (LCP). While the appellant raises eleven separate contentions regarding the County's approval, only two are grounds for the appeal: 1) the project is inconsistent with the policies of the LCP requiring protection of environmentally sensitive habitat areas; and, 2) the project is inconsistent with the visual resource policies of the LCP.

### 1.3 Appeal Procedures

Section 30603 of the Coastal Act provides for limited appeals to the Coastal Commission of certain post-certified LCP local government actions on coastal development permit applications. Section 30603(a)(5) states, in part, that after certification of its LCP, an approval by a local government may be appealed to the Commission if the development constitutes a major energy facility (14 CCR §13012). The grounds for the appeal of such an approval are limited to an allegation that the development does not conform to the certified LCP or public access policies of the Coastal Act (Section 30603(b)(1)).

Section 30625(b)(2) of the Coastal Act requires the Commission to hear an appeal and consider the application de novo, unless it determines that the appeal raises no substantial issue with respect to the grounds for appeal. Pursuant to Section 13115(b) of the Commission's regulations, a majority vote of the members of the Commission present is required to determine that the appeal raises no substantial issue and that therefore the Commission will not hold a de novo hearing on the merits of the project. The Commission's regulations specify that only the applicant, its representatives, local government, and persons who opposed the project at the local level or their representatives may testify before the Commission during the appeal process (14 CCR §13117).

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## 2.0 STAFF RECOMMENDATION ON SUBSTANTIAL ISSUE

The staff recommends that the Commission determine that the appeal raises **no substantial issue** with respect to the grounds for the appeal, and adopt the findings and declarations in Section 3.0, below.

MOTION: Staff recommends a YES vote on the following motion:

I move that the Commission determine that Appeal A-4-STB-96-048 raises **no substantial issue** with respect to the grounds on which the appeal was filed.

## 3.0 FINDINGS AND DECLARATIONS

### 3.1 Location and Description of Appealed Development

The proposed Molino Gas Project would be located on a 4-acre portion of an 80-acre parcel (APN 081-130-052) situated within the Gaviota Consolidated Oil and Gas Planning Area. The project site is approximately 30 miles west of the City of Santa Barbara and immediately north and inland of U.S. Highway 101 (see Exhibits 1 and 2). The Molino Energy Company proposes to develop sweet natural gas (gas free of hydrogen sulfide) reserves from one known and two projected reservoirs on State Lands leases PRC 2920, 2199 and 2894. Total recoverable sweet gas reserves have been estimated to range from 200 to 300 billion cubic feet for the three reservoirs combined. These reservoirs would be developed only if the exploratory drilling indicates that there are recoverable reserves.

All reserves would be developed using extended reach directional drilling ("slant drilling") from the proposed onshore development site. Activities at the proposed project site would include well drilling and operation, separation of natural gas liquids (NGLs) from the sweet gas, gas dehydration, and gas sales to the main Southern California Gas transmission line. All processing of NGLs would take place at Chevron's Gaviota Processing facility, approximately 3,000 feet west of the proposed project site.

The proposed project would be completed in three phases:

- Phase 1 - Test Production from the Molino Matilija Reservoir
- Phase 2 - Full Production of the Molino Matilija Reservoir
- Phase 3 - Gaviota and Caliente Reservoir Exploration and Development

The Molino Energy Company estimates that the production phase of the project may last up to twenty years.

The Molino Energy Company estimates that up to 14 wells will be installed under Phase 1, 2 and 3 operations over an approximately 4-year period. During well drilling, an electrically-operated drill rig with a mast approximately 180 feet in height will be in place

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24 hours per day. Each well may take from 70 to 90 days to complete. One rig will be in place at a time.

### 3.2 Relevant Santa Barbara County LCP Policies

#### 3.2.1 Land Use Plan Policies: Environmentally Sensitive Habitat Areas

Applicable policies contained in the Land Use Plan component of the County's LCP are set forth below:

Land Use Plan Policy 2-11: All development, including agriculture, adjacent to areas designated on the land use plan or resource maps as environmentally sensitive habitat areas, shall be regulated to avoid adverse impacts on habitat resources. Regulatory measures include, but are not limited to, setbacks, buffer zones, grading controls, noise restrictions, maintenance of natural vegetation, and control of runoff.

The County's LCP states (pg. 120) that: "[D]ue to the limitations of mapping techniques and, in some cases, incomplete information on habitat areas, the following policies shall apply to development on parcels designated as a habitat area on the land use plan and/or resource maps and to development on parcels within 250 feet of a habitat area or projects affecting an environmentally sensitive habitat area." Accordingly, the LCP sets forth the following policy:

Land Use Plan Policy 9-1: Prior to the issuance of a development permit, all projects on parcels shown on the land use plan and/or resource maps with a Habitat Area overlay designation or within 250 feet of such designation or projects affecting an environmentally sensitive habitat area shall be found to be in conformity with the applicable habitat protection policies of the land use plan. All development plans, grading plans, etc., shall show the precise location of the habitat(s) potentially affected by the proposed project. Projects which could adversely impact an environmentally sensitive habitat area may be subject to a site inspection by a qualified biologist to be selected jointly by the County and the applicant.

LUP Policy 9-19 states that:

[D]evelopment shall be sited and designed to protect native grassland areas.

The County's LCP at page 133 identifies Native Plant Communities as a habitat type with applicable LUP policies pursuant to Policy 9-1 above:

"[H]ABITAT TYPE: Native Plant Communities (examples: coastal sage scrub, chaparral, coastal bluff, closed cone pine forest, California native oak woodland

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(also individual oak trees)), endangered and rare plant species as designated by the California Native Plant Society, and other plants of special interest as endemics.”

The LCP notes that most of these habitats are not designated on the land use maps because they occur in so many areas. The LCP states that the policies will thus be applied on a case-by-case basis as projects are reviewed. The LCP subsequently sets forth the following applicable policies:

LUP Policy 9-35: Oak trees, because they are particularly sensitive to environmental conditions, shall be protected. All land use activities, including cultivated agriculture and grazing, should be carried out in such a manner as to avoid damage to native oak trees. Regeneration of oak trees on grazing lands should be encouraged.

LUP Policy 9-36: When sites are graded or developed, areas with significant amounts of native vegetation shall be preserved. All development shall be sited, designed, and constructed to minimize impacts of grading, paving, construction of roads or structures, runoff, and erosion on native vegetation. In particular, grading and paving shall not adversely affect root zone aeration and stability of native trees.

### 3.2.2 Coastal Zoning Ordinance Provisions: Environmentally Sensitive Habitat Areas

The implementation plan component of the County's LCP includes the Coastal Zoning Ordinance (CZO) which sets forth provisions protective of environmentally sensitive habitat areas. These provisions include:

CZO Sec. 35-97.3. Identification of Newly Documented Sensitive Habitat Areas. If a newly documented environmentally sensitive habitat area, which is not included in the ESH Overlay District, is identified by the County on a lot or lots during application review, the provisions of Secs. 35-97.7. - 35-97.19. shall apply. The County will periodically update the application of the ESH Overlay District to incorporate these new habitat areas (including the 250 foot area around the habitat).

Provisions of Secs. 35-97.7 - 35-97.19 (pursuant to Sec. 35-97.3 above) applicable to the review of the Molino Gas Project include:

CZO Sec. 35-97.7. Conditions on Coastal Development Permits in ESH A coastal development permit may be issued subject to compliance with conditions set forth in the permit which are necessary to ensure protection of the habitat area(s). Such conditions may, among other matters, limit the size, kind, or character of the proposed work, require replacement of vegetation, establish required monitoring procedures and maintenance activity, stage the work over time, or require the alteration of the design of the development to ensure

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protection of the habitat. The conditions may also include deed restrictions and conservation and resource easements. Any regulation, except the permitted or conditionally permitted uses, of the base zone district may be altered in furtherance of the purpose of this overlay district by express condition in the permit.

CZO Sec. 35-97.10. Development Standards for Native Grassland Habitats.

1. Grazing shall be managed to protect native grassland habitats.
2. Development shall be sited and designed to protect native grassland areas.

CZO Sec. 35-97.18. Development Standards for Native Plant Community Habitats.

Examples of such native plant communities are: coastal sage scrub, chaparral, coastal bluff, closed cone pine forest, California native oak woodland (also individual oak trees), endangered and rare plant species designated by the California Native Plant Society, and other plants of special interest such as endemics.

1. Oak trees, because they are particularly sensitive to environmental conditions, shall be protected. All land use activities, including cultivated agriculture and grazing, should be carried out in such a manner as to avoid damage to native oak trees. Regeneration of oak trees on grazing lands should be encouraged.
2. When sites are graded or developed, areas with significant amounts of native vegetation shall be preserved. All development shall be sited, designed, and constructed to minimize impacts of grading, paving, construction of roads or structures, runoff, and erosion on native vegetation. In particular, grading and paving shall not adversely affect root zone aeration and stability of native trees.

Other CZO provisions applicable to the Molino Gas Project include:

CZO Sec. 35-158. Onshore Exploration and/or Production of Offshore Oil and Gas Reservoirs, Subsection 7. Development Standards for Production Activities.

(v.) Environmentally sensitive resources shall be protected in accordance with policies in section 3.9 of the Coastal Land Use Plan. Protection shall be provided in the following ways as appropriate to address project-specific impacts:

- ii. Alternative locations that reduce impacts to environmentally sensitive resources shall be considered and weighed against other significantly adverse environmental impacts and detriment to full recovery of resources associated with use of alternative locations.
- ii. Mitigation including measures identified in Section 3.9 of the Coastal Land Use Plan shall be required, including appropriate monitoring of compliance with mitigation and evaluation of effectiveness;

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iii. Residual significant impacts shall be offset with exaction of mitigation fees, paid to the Coastal Resources Enhancement Fund.

### 3.2.3 Land Use Plan Policies: Visual

Applicable policies contained in the Land Use Plan component of the County's LCP are set forth below:

Land Use Plan Policy 4-3: In areas designated as rural on the land use plan maps, the height, scale, and design of structures shall be compatible with the character of the surrounding natural environment, except where technical requirements dictate otherwise. Structures shall be subordinate in appearance to natural landforms; shall be designed to follow the natural contours of the landscape; and shall be sited so as not to intrude into the skyline as seen from public viewing places.

### 3.2.4. Coastal Zoning Ordinance Provisions: Visual

The appellant contends that the provisions of CZO Section 35-96.3 apply to the proposed project. This section is applicable to those stretches of the South Coast of Santa Barbara County with public views from the scenic Highway 101 corridor toward the ocean. These areas are shown on the Land Use and Zoning District Maps with a View Corridor Overlay. The proposed project, however, is located on the inland side of Highway 101 and is therefore not subject to the provisions of this overlay.

On September 13, 1996, the Commission certified LCP amendments applicable to slant drilling development. These amendments ease otherwise applicable height restrictions for slant drilling projects which have technical requirements that dictate exceedance of the 50-foot height restriction contained in CZO Section 35-127 (Height). The amended CZO provides as follows (newly certified text is shown in underline for clarity):

Chimneys; elevators and stair housing; television receiving antennae for individual receiving sets, antennae for amateur radio short wave ending and receiving sets, for private sending and receiving sets and for citizen band service not in connection with the business of broadcasting radio or television programs for the general public; flag poles; monuments; oil and gas derricks; church spires; and similar architectural features and similar structures may be fifty (50) feet in height in all zone districts where such excess heights are not prohibited by the Airport Approach or VC, View Corridor Overlay District. Specific exceptions to this limitation for the height of temporary drilling rigs to explore and produce offshore oil and/or gas reservoirs from onshore sites may be permitted until cessation of drilling in accordance with an approved plan that requires due diligence; however, the height limitation shall not be exceeded for a total period of time of four years. Upon written request by the operator, the Director of Planning and Development may grant up to two one-year extensions provided that, for each extension, the operator has demonstrated it has proceeded with due



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diligence in completing an established drilling program, or for well maintenance, or for well abandonment.

CZO Section 35-158(5)(Development Standards for Exploration), (a) and (7)(Development Standards for Production Activities), (a) state:

Oil and gas drilling rigs may exceed fifty (50) feet in height if the fifty foot height limit, as set forth in Section 35-127, is determined to render the development of the oil and/or gas reservoir technically infeasible.

### 3.3 Project Consistency with LCP Policies and Provisions

#### 3.3.1 Environmentally Sensitive Habitat Areas

##### Appellant's Contention

The appellant contends that the project is inconsistent with LCP policies requiring protection of habitat resources. Specifically, the appellant states that:

[T]he Project will destroy four acres of endangered Gaviota Tarplant and five acres of native grasslands, and will cause the removal of an unknown number of oak trees. FEIR at 5.6-17, 5.6-18. The Project is located within a County-designated Environmentally Sensitive Habitat ("ESH") area. FEIR at 5.6-3. As such, it is subject to the provisions of the CZO protecting ESH areas. CZO Section 35-97. It is also subject to Coastal Land Use Plan ("CLUP") policies protecting important habitats.

##### Commission Analysis

The County's Final Environmental Impact Report (FEIR) for the proposed project concluded at pages 5.6-17 and 5.6-18 that a total of up to five acres of native grassland and tarplant habitat would be impacted by the drilling/separation facility and access road/utility corridor. The FEIR estimated that project construction may require the removal of one or more oak trees larger than 6 inches diameter at breast height.

The Gaviota tarplant (*hemizonia increscens* ssp. *villosa*) is listed as endangered under the California Endangered Species Act. Gaviota tarplant is a late spring and summer-flowering aromatic annual herb in the aster family. Plants of this species are widely-branched, with small, gray-green, sticky leaves, and heads of small yellow flowers. Seedlings appear a few weeks following the onset of the winter rainy season, and are usually visible by late February. This subspecies of tarplant was first described in 1982 and populations generally appear only in one two-mile stretch of coastal terrace near Gaviota, in Santa Barbara County. It grows only on sandy loam soils of the Milpitas-Positas-Concepcion series that have a subsurface clay layer that is first encountered from about 18 to 36 inches below the soil surface.

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Since 1990, tarplant density in the Gaviota area was monitored for five years by All American Pipeline Company (AAPL). The monitoring program also included mapping occupied tarplant habitat. Sixteen of the 26 density sampling plots were located in a stratified random pattern in the project vicinity (the Gervais parcel). Two of the AAPL plots are included in the area proposed for the Molino drill/separation facility pad. An additional plot runs along the access road. Tarplant density in general, and in the project vicinity, has varied over the years, probably in response to climate and grazing intensity.

The proposed project area was surveyed for Tarplant on December 26, 1995 (Rindlaub, 1996). Since the distribution and relative habitat quality were known from data collected earlier (URS, 1987; AAPL, 1990; Rindlaub, 1995; in Rindlaub, 1996), the purpose of this survey was to locate the three-acre drilling/separation facility pad where it would minimize impacts to Gaviota tarplant. Its location includes one of the few areas on the east side of the Gervais parcel that is not Gaviota tarplant habitat. Just south of the proposed drill/separation facility pad, the quality of the habitat improves, with higher tarplant density, and less mustard.

Compared with other plots monitored by AAPL, tarplant density in plots on this pad site has been below average (Figure 1, from Rindlaub, 1996). Pooled data from the monitoring years also indicate that the northern part of the east end of the Gervais parcel supports relatively poor tarplant habitat. The mean density of the combined plots on the drill facility pad site over the five years was 96.5 plants/50 square meters or about 2 plants/10 square feet. The mean density of the mean of all plots sampled over the same time period was 224 plants/50 square meters, or about 7 plants/10 square feet. See Figure 2 (from Rindlaub, 1996) for a comparison of tarplant density on Molino Gas Project sites with mean density of tarplant on all plots.

The location for the proposed flare tower pad was determined on September 27, 1996. Constraints imposed by concerns regarding visual impacts and fire safety regulations dictated a location west of the drill/separation facility. A site for the pad was located partly on the section of the lobe of clay soil (not tarplant habitat) west of the existing air quality monitoring station access road to minimize encroachment into tarplant habitat. The pipeline connecting the flare tower to the drill/separation facility will be buried and located outside tarplant habitat or in existing roads to avoid impacts to tarplant habitat.

As noted above, the site for the drill/separation facility was specifically located to minimize impacts to the Gaviota tarplant within the subject 80-acre parcel.

Environmental review of the proposed project concluded that the alternative of locating the Molino Gas Project adjacent to the existing Chevron Gaviota Processing Facility, while perhaps reducing disturbance to sensitive habitats, would result in an unacceptable risk of upset due to the hazardous nature of the Molino Gas Project. The flare tower pad location was chosen to minimize impacts to tarplant while also considering visual impacts and fire safety regulations.

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Further, the location of the project within the Gaviota Consolidated Oil and Gas Planning Area, a site generally known to contain existing or potential tarplant habitat, was required to ensure consistency with relevant LCP policies and provisions certified by the Coastal Commission on September 13, 1996. The amended LCP allows slant drilling projects only on parcels located in this planning area or in the Las Flores Canyon Consolidated Oil and Gas Planning Area. The decision to site the project on the Gervais parcel was, therefore, consistent with overarching County oil and gas planning policies designed to consolidate industrial energy development supporting offshore energy development within designated areas. These policies have been found to reduce the cumulative impacts of such industrial development, consistent with LCP (and Coastal Act) policies reducing the effects of scattered development in largely rural areas such as the Gaviota coast. Moreover, the decision to locate the proposed project on the specific site selected within the Gervais parcel was based on a preliminary survey of sensitive plant species and based on maximum avoidance of the most significant habitat areas.

LUP policy 2-11 requires the regulation of development adjacent to environmentally sensitive habitat areas through measures including, but not limited to, buffer zones, grading controls, noise restrictions, maintenance of natural vegetation and control of runoff. While the proposed project has been sited in an area dominated by native grassland habitat and known to contain populations of Gaviota tarplant, the project has been extensively conditioned by the County (51 conditions in all) to mitigate adverse impacts to these habitats (see Exhibit 4, Final Development Plan). The County's mitigation measures include participation in the California Department of Fish and Game's Tarplant Mitigation Bank; applicable mitigation measures will eventually result in a mitigation ratio of four acres of tarplant preservation and enhancement for every acre of tarplant impacted (the project may affect up to four acres of tarplant habitat). In addition, the applicant will be required to restore the project site after abandonment (projected to occur in approximately 15--20 years) to pre-project conditions. The site will be revegetated with native grassland and tarplant species at that time.

The proposed project will result in the removal of one mature oak tree and the removal of some limbs of three other trees. As set forth above, LUP Policy 9-35 requires that all land use activities be carried out in a manner that avoids damage to oak trees. A simple reading of this policy might conclude that development causing the removal of an oak tree could thus not be approved. While County permit approvals generally require that projects avoid impacts to oak trees to the maximum extent feasible, it is not uncommon for the County to approve projects where the removal of oak trees is unavoidable. In such cases, the County imposes a standard mitigation condition that this adverse impact be mitigated through a 10:1 oak replanting ratio. This requirement has been imposed on the Molino Gas Project by the County through applicable special conditions.

Similarly, a simple reading of LUP Policy 2-11 could prematurely determine that the policy precludes development in an ESHA. This is the appellant's contention. Notwithstanding the appellant's interpretation, the County has previously approved a number of energy/industrial projects in the Gaviota area with impacts to native

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grasslands and Gaviota tarplant. These approvals have been found consistent with LUP Policy 2-11 and other applicable LCP policies and provisions based on the imposition of special conditions to mitigate adverse impacts to sensitive resources, including Gaviota tarplant. Approved County projects in the Gaviota area identified as impacting Gaviota tarplant have included the AAPL, Chevron Pt. Arguello, Texaco's Gaviota Marine Terminal, the Vista Del Mar Waterline, Pacific Pipeline System, and the Mariposa Pipeline. Chevron Pt. Arguello project and Mariposa Pipeline project were appealed to the Coastal Commission (A-4-STB-92-16, A-4-STB-92-17, A-4-STB-92-19). Impacts to Gaviota tarplant have not formed the basis for previous appeals.

For example, the Celeron/All American Pipeline Project - Coastal Segment - was approved despite impacts to Gaviota tarplant. Findings adopted by the County included the following specific finding of consistency with LUP Policy 2-11:

... [D]isturbance to the Gaviota tarplant, a rare plant species, will be adequately mitigated through implementation of the Gaviota tarplant mitigation plan. Impacts to native bunchgrass will be mitigated through the approved Restoration, Erosion Control, and Revegetation Plan. Thus the project will be consistent with this policy.

The County subsequently conducted a Condition Effectiveness Study, which concluded that permanent preservation of tarplant habitat, through a mitigation bank, was the most successful means to mitigate adverse impacts to tarplant habitat. CDFG has established such a bank, and sufficient remaining credits are available to offset the adverse affects upon tarplant that may be caused by the Molino Gas Project.

In addition, on September 13, 1996, the Commission certified LCP amendments specifically designed by the County to provide for slant drilling development in two designated sites on the Gaviota coast. These amendments contained Coastal Zoning Ordinance provisions cited above (CZO Sections 35-158(v)(i, ii, and ii)) which require that environmentally sensitive resources be protected by considering alternative locations to reduce impacts (the project was sited within the 80-acre parcel, located within the Gaviota Consolidated Oil and Gas Planning Area, on the basis of minimizing impacts to ESHAs), imposition of mitigation measures (51 associated special conditions have been imposed upon the project by the County), and by the exaction of mitigation fees payable to the Coastal Resources Enhancement Fund (the County has assessed CREF mitigation fees for residual project impacts).

The Commission further notes that CZO Section 35-97.7 (Conditions on Coastal Development Permits in ESH) regulates conditions applicable to development within an environmentally sensitive habitat. Among specific measures set forth in this section, the CZO states that applicable conditions may include replacement of vegetation. Clearly, therefore, the ordinance did not contemplate a strict ban on development within these habitats. The Molino Gas Project final development plan, as conditioned by the

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County, will include a comprehensive tarplant mitigation program and the eventual restoration of the project site with native vegetation (including tarplant).

For the reasons set forth above, the Commission finds that the proposed project, as conditioned by the County's approval of Final Development Plan 94-FDP-024, is consistent with applicable policies and provisions of the County's certified LCP, including Land Use Plan Policies 2-11, 9-1, 9-19, 9-35, 9-36, and applicable provisions of Coastal Zoning Ordinance Sections 35-97.3, 35-97.7--19, 35-97.10, and 35-158(7)(v)(i, ii, and iii).

### 3.3.2 Visual Resources

#### Appellant's Contention

The applicant's project will require placement of a drilling rig with a height of up to 180 feet above ground level over an approximately four-year period, in an area visible from U.S. Highway 101 (designated as a scenic corridor). The appellant contends that placement of a structure of this height is inconsistent with the requirements of LUP Policy 4-3.

LUP Policy 4-3 limits the height, scale, and design of structures in areas designated as rural on the land use plan maps (such as the Gaviota Coast) to encourage the visual compatibility of new development with the character of the surrounding natural environment. LUP Policy 4-3 provides an exception to this policy, however, where the technical requirements of a proposed project dictate otherwise. In the case of the Molino Gas Project, the technical requirements of extended reach drilling technology and the characteristics of the offshore energy reserve proposed for exploration and production combine to require that a drilling mast height of these proportions will be necessary to implement the project. Thus, the exception contained in LUP Policy 4-3 is applicable to the Molino Gas Project and the County therefore accurately applied LUP Policy 4-3 in its approval of the FDP.

As noted previously, the project site is located inland of scenic highway U.S. 101 and thus is not subject to the view corridor restrictions applicable to lands seaward of this corridor. Therefore, the height restrictions and other provisions of CZO Section 35-96.3 are not applicable to the Molino Gas Project, contrary to the appellant's contentions.

CZO Section 35-158 allows oil and gas drilling rigs to exceed the fifty (50) foot height restriction generally contained in CZO Section 35-127 (which has also been amended to allow specific exceptions for temporary drilling rigs to explore and produce offshore oil and/or gas reservoirs from onshore sites) if such exceedance is technically necessary to accomplish the proposed project. The County has demonstrated that this exception is technically necessary in the case of the Molino Gas Project.

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For the reasons set forth above, the Commission finds that the proposed project, as conditioned by the County pursuant to the approval of Final Development Plan 94-FDP-024, is consistent with applicable policies and provisions of the County's certified LCP, including Land Use Plan Policies 4-3 and applicable provisions of Coastal Zoning Ordinance Sections 35-127, and 35-158.

3.4 Conclusion

For the reasons described in the above findings, the Commission finds that Appeal A-4-STB-96-048 raises no substantial issue with respect to the conformity of the Molino Gas Project with Santa Barbara County's certified Local Coastal Program.

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APPENDIX A: SUBSTANTIVE FILE DOCUMENTS

1. Appeal by Get Oil Out, Inc., from decision by Santa Barbara County approving final development plan for Molino Gas Project for onshore-to-offshore directional drilling project to explore and produce offshore gas reserves from 4-acre site in Gaviota Oil and Gas Planning Area, Santa Barbara County.
2. Molino Gas Project Administrative Record, Submitted by Santa Barbara County, Energy Division (see attached pages).
3. Letter from Lamb & Baute, Attorneys at Law, counsel for Molino Energy Company, dated October 16, 1996, to Peter Douglas.
4. Santa Barbara County's certified Local Coastal Program
5. Santa Barbara County Final Development Plan 94-FDP-024





**Molino Gas Project  
Administrative Record**

List of Exhibits

1. Molino Gas Project Final Applications (Original Proposal), October 1994
2. Chevron FDP Modification Application, February 12, 1995
3. Stahl's Smith Site Alternative Letter, December 6, 1995; Energy's Response Letter, December 8, 1995; and Stahl's Follow-Up Response Letter, December 11, 1995
4. Notice of Suspension of EIR Preparation to ADL, December 12, 1995
5. Molino Gas Project LCP Consolidated Site Alternative, January 1996
6. Stahl's Letter Changing Main Project to the LCP Consolidated Site, January 5, 1996
7. Application Completeness Review Request, January 24, 1996
8. Molino Gas Project LCP Consolidated Site Alternative - Supplemental Information, February 1996
9. Initial Review of Application Completeness, February 5, 1996
10. Application Completeness Letter, February 16, 1996
11. Draft EIR, April 1996
12. EIR Notice of Availability, April 8, 1996
13. EIR Notice of Completion, April 8, 1996
14. EIR Notice of Public Workshop, April 15, 1996
15. Draft EIR Public Comments
16. Draft EIR Public Hearing Transcript, May 14, 1996
17. Final EIR, June 1996
18. Final EIR Notice of Availability, June 12, 1996
19. Molino Gas Project Planning Commission Staff Report, June 18, 1996
20. Molino Gas Project Planning Commission Staff Report - Revised Pages, June 26, 1996
21. Planning Commission Hearing Transcript, June 26, 1996
22. Molino Gas Project Planning Commission Staff Report - Revised Pages, June 28, 1996
23. Molino Gas Project Planning Commission Staff Report (as Revised, July 2, 1996)
24. Planning Commission Hearing Transcript, July 2, 1996
25. Environmental Defense Center Appeal, July 2, 1996
26. Board of Supervisors Docket Letter to Set Hearing, July 2, 1996
27. Planning Commission Action Letters, July, 5, 1996
28. County Counsel Memo Regarding Molino Legal Issues, July 15, 1996
29. Molino Gas Project Board of Supervisors Staff Report and Assorted Hearing Material, July 22, 1996
30. Board of Supervisors Hearing Transcript, July 22, 1996
31. Environmental Defense Center Letter to the Board of Supervisors Regarding County Zoning Ordinance Amendments, July 23, 1996
32. Board of Supervisors Hearing Transcript, July 23, 1996
33. Board of Supervisors Minute Order, July 23, 1996
34. EIR Notice of Determination - LCP/CZO, August 2, 1996
35. Board of Supervisors Hearing (Continued Item), August 20, 1996
36. Stahl's Request for Continuance of the Board of Supervisors Hearing, August 23, 1996

37. Miscellaneous Information Regarding the Molino Gas Project Board of Supervisors Hearing, September 3, 1996
38. Board of Supervisors Hearing Transcript, September 3, 1996
39. Board of Supervisors Minute Order, September 3, 1996
40. Notice of Determination - Physical Project, September 9, 1996
41. Board of Supervisors Action Letter (Physical Project), September 13, 1996

\\molino\4e\_appea.lst

# Santa Barbara County Oil and Gas Facilities

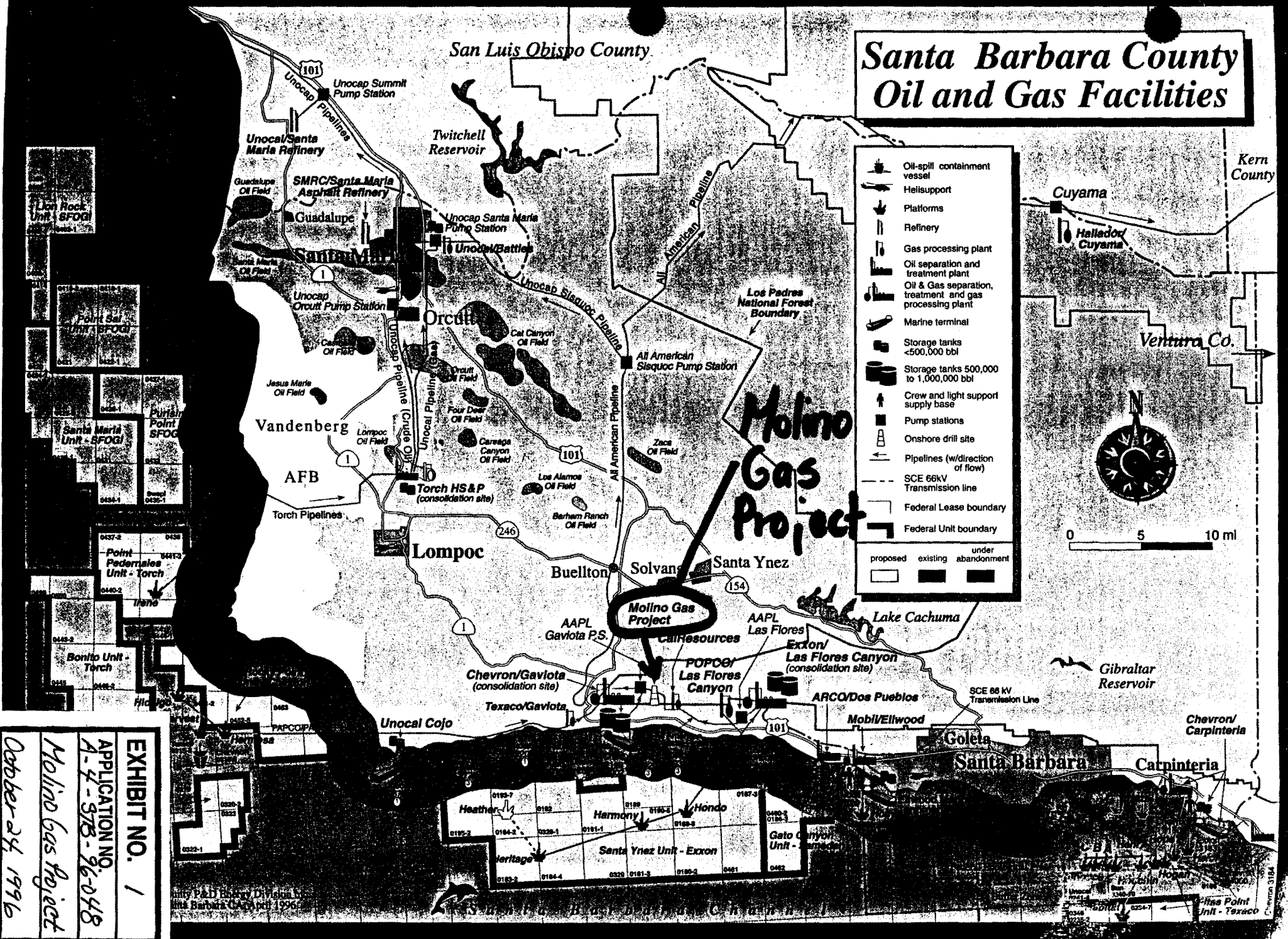


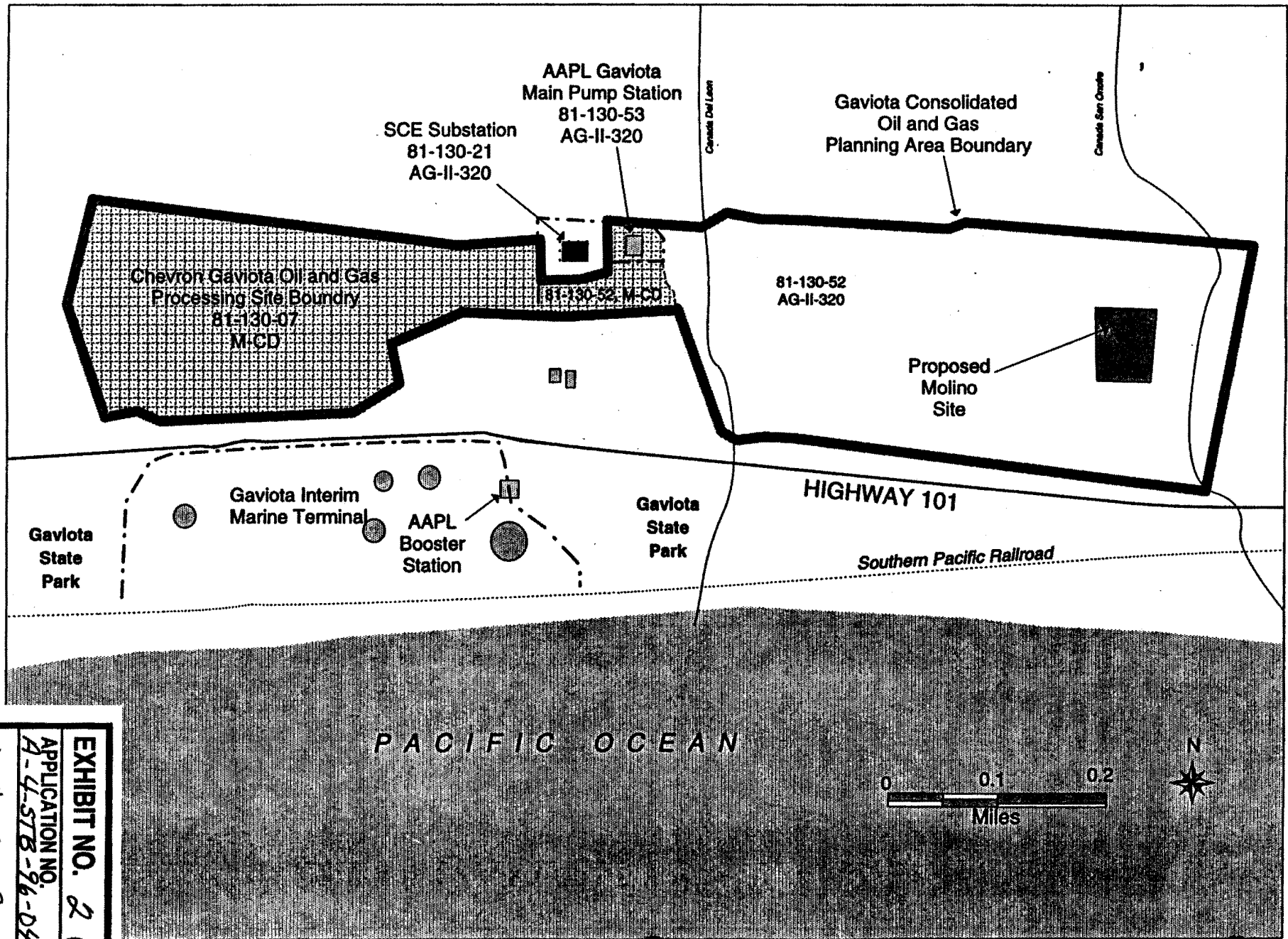
EXHIBIT NO. 1  
 APPLICATION NO. A-7-378-96-048  
 Molino Gas Project  
 October 24, 1996

San Luis Obispo County  
 Santa Barbara County  
 Kern County  
 Ventura Co.

Heather  
 Harmony  
 Hondo  
 Heritage  
 Santa Ynez Unit - Exxon  
 Gato Canyon Unit - Texaco

Goleta  
 Carpinteria  
 Santa Barbara  
 Rise Point Unit - Texaco

**Figure ES-2 Gaviota Consolidated Oil and Gas Processing Site Boundary and Consolidated Oil and Gas Planning Area Boundary**



ES-5

**EXHIBIT NO. 2**  
**APPLICATION NO.**  
 A-4-S7B-96-048  
 Molino Gas Project  
 October 24, 1996

CALIFORNIA COASTAL COMMISSION

SOUTH CENTRAL COAST AREA  
39 SOUTH CALIFORNIA ST., 2ND FLOOR  
VENTURA, CA 93001  
B 1-0142

APPEAL FROM COASTAL PERMIT  
DECISION OF LOCAL GOVERNMENT



Please Review Attached Appeal Information Sheet Prior To Completing This Form.

SECTION I. Appellant(s)

Name, mailing address and telephone number of appellant(s):

Get Oil Out, Inc.  
914 Anacapa Street, Santa Barbara, Ca.  
93101 (805) 965-1519  
Zip Area Code Phone No.

SECTION II. Decision Being Appealed

1. Name of local/port government: County of Santa Barbara

2. Brief description of development being appealed: Molino Gas Project  
Off - shore slant gas drilling from on - shore site

3. Development's location (street address, assessor's parcel no., cross street, etc.): Approximately 2000 feet east of Chevron Oil and Gas Processing Facility, Highway 101, Gaviota APN 81-130-052

4. Description of decision being appealed:

- a. Approval; no special conditions: \_\_\_\_\_
- b. Approval with special conditions: X
- c. Denial: \_\_\_\_\_

Note: For jurisdictions with a total LCP, denial decisions by a local government cannot be appealed unless the development is a major energy or public works project. Denial decisions by port governments are not appealable.

TO BE COMPLETED BY COMMISSION:

APPEAL NO: \_\_\_\_\_

DATE FILED: \_\_\_\_\_

DISTRICT: \_\_\_\_\_

H5: 4/88

RECEIVED

SEP 30 1996

CALIFORNIA  
COASTAL COMMISSION  
SOUTH CENTRAL COAST DISTRICT

EXHIBIT NO. <u>3</u>
APPLICATION NO. <u>A-4-STB-96-048</u>
<u>Molino Gas Project</u>
<u>26 pages</u>

APPEAL FROM COASTAL PERMIT DECISION OF LOCAL GOVERNMENT (Page 2)

5. Decision being appealed was made by (check one):

- a.  Planning Director/Zoning Administrator      c.  Planning Commission  
b.  City Council/Board of Supervisors      d.  Other \_\_\_\_\_

6. Date of local government's decision: (/13/96 Final Action Notice transmitted 9/16/96)

7. Local government's file number (if any): Case Nos. 94-FDP-024, 94-DP-063, 94-PP-001

SECTION III. Identification of Other Interested Persons

Give the names and addresses of the following parties. (Use additional paper as necessary.)

a. Name and mailing address of permit applicant:

<u>Molino Energy Co. Attn: John Stahl</u>	<u>Chevron, U.S.A. Attn: Keith Howell</u>
<u>P.O. Box 930</u>	<u>646 County Square Drive, PO Box 6917</u>
<u>Los Olivos, Ca. 93441</u>	<u>Ventura, Ca. 93006</u>

b. Names and mailing addresses as available of those who testified (either verbally or in writing) at the city/county/port hearing(s). Include other parties which you know to be interested and should receive notice of this appeal.

(1) Please see attached  
\_\_\_\_\_  
\_\_\_\_\_

(2) Additional interested parties on record and their addresses have been requested of the Clerk of the Board, Santa Barbara County.  
\_\_\_\_\_  
\_\_\_\_\_

(3) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(4) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SECTION IV. Reasons Supporting This Appeal

Note: Appeals of local government coastal permit decisions are limited by a variety of factors and requirements of the Coastal Act. Please review the appeal information sheet for assistance in completing this section, which continues on the next page.

APPEAL FROM COASTAL PERMIT DECISION OF LOCAL GOVERNMENT (Page 3)

State briefly your reasons for this appeal. Include a summary description of Local Coastal Program, Land Use Plan, or Port Master Plan policies and requirements in which you believe the project is inconsistent and the reasons the decision warrants a new hearing. (Use additional paper as necessary.)

Please see attached.

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Note: The above description need not be a complete or exhaustive statement of your reasons of appeal; however, there must be sufficient discussion for staff to determine that the appeal is allowed by law. The appellant, subsequent to filing the appeal, may submit additional information to the staff and/or Commission to support the appeal request.

**SECTION V. Certification**

The information and facts stated above are correct to the best of my/our knowledge.

James B. Kerns  
Signature of Appellant(s) or  
Authorized Agent

Date September 30, 1996

NOTE: If signed by agent, appellant(s) must also sign below.

**Section VI. Agent Authorization**

I/We hereby authorize \_\_\_\_\_ to act as my/our representative and to bind me/us in all matters concerning this appeal.

\_\_\_\_\_  
Signature of Appellant(s)

Date \_\_\_\_\_

Section III b.

County of Santa Barbara  
Planning and Development  
Energy Division  
1226 Anacapa Street  
Santa Barbara, 93101-2010

Chevron USA  
Attn: Keith Howell  
P.O. Box 6917  
Venture, Ca. 93006

Citizens Planning Association  
Attn: June Sochel  
916 Anacapa Street  
Santa Barbara, Ca. 93101

Sierra Club, Los Padres Chapter  
Attn: Robert Sollen

Douglas R. House  
7036 Del Norte Drive  
Goleta, Ca. 93117

COLAB  
Attn: Andy Caldwell

Al Pizano

Department of Commerce

Molino Energy Company  
Attn: John Stahl  
P.O. Box 930  
Los Olivos, Ca. 93441

Environmental Defense Center  
Attn: Linda Krop  
906 Garden Street Suite B  
Santa Barbara, Ca. 93101

League of Women Voters  
Attn: Connie Hannah  
1217-A De La Vina Street  
Santa Barbara, Ca. 93101

Hatash Consultants

Bixby Ranch Company

John Baucke

Army Corps of Engineers



CALIFORNIA COASTAL COMMISSION

SOUTH CENTRAL COAST AREA  
SOUTH CALIFORNIA ST., SUITE 200  
VENTURA, CA 93001  
(805) 641-0142



September 16, 1996

NOTIFICATION/ROSTER OF  
APPEALABLE LOCAL PERMIT DECISIONS OF

County of Santa Barbara

The local government action on the coastal development permit listed below are currently appealable to the Coastal Commission. For each decision, the following information is included:

Commission Reference Number, Applicant's Name, Project Description, Project Location, Local Permit Number, the date of the local government's decision, the date the appeal period begins, and the date the appeal period ends.

The Coastal Commission appeal period ends ten working days after the date an adequate final notice of action was received by our office from the local jurisdiction. Unless an appeal is filed with the Coastal Commission before 5:00 p.m. on the date the appeal period ends, the action will become final. Our office will notify you if an appeal is filed on your project. If you have any questions, please contact the Ventura office.

\*\*\*\*\*

COASTAL COMM. REFERENCE # 4-STB-96-48      LOCAL PERMIT # 94-FDP-024

APPLICANT NAME Molino Energy Company  
PROJECT Off-shore slant gas drilling from on-shore site  
PROJECT LOC. Approximately 2000 feet east of Chevron Oil & Gas Processing Facility  
APN 81-130-052  
DATE FINAL NOTICE RECVD 9/16/96      APPROVED WITH CONDITIONS  
DATE APPEAL PERIOD BEGINS 9/17/96      APPEAL PERIOD ENDS 9/30/96

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7534A

# GET OIL OUT, INC.

914 Anacapa Street  
Santa Barbara, CA 93101  
805 965-1519

RECEIVED

SEP 30 1996

September 30, 1996

CALIFORNIA  
COASTAL COMMISSION  
SOUTH CENTRAL COAST DISTRICT

California Coastal Commission  
South Central Coast Region  
89 South California Street, Suite 200  
Ventura, CA 93001-2801

Re: Appeal of Santa Barbara County Board of Supervisors  
Final Action on Molino Gas Project (Case Nos. 94-FDP-  
024, 94-DP-063, 94-PP-001)

Dear California Coastal Commission:

Get Oil Out, Inc. ("GOO"), hereby appeals the approvals ("Approvals") the County of Santa Barbara, Board of Supervisors ("County") of the Molino Gas Project ("Project") (Case Nos. 94-FDP-024, 94-DP-063, 94-PP-001), which became final on September 13, 1996, as described in the County's Final Action Letter transmitted to the California Coastal Commission's ("Commission") South Central Coast Regional office on September 16, 1996, a copy of which is attached to this appeal and incorporated by reference herein ("Final Action Letter").<sup>1</sup>

GOO, a California non-profit corporation, is a Santa Barbara based public interest group dedicated to the protection of the Santa Barbara Channel and coastline from the deleterious environmental, economic, and aesthetic impacts of oil development. GOO was founded in the aftermath of the 1969 oil blowout from Platform A in the Santa Barbara Channel, and is widely recognized as the first grass-roots environmental group in the United States. GOO's core membership is comprised of approximately 1500 politically, socially, and economically diverse individuals from the Santa Barbara area and surrounding counties. GOO's primary activities include enhancing public awareness about oil related issues and impacts through education, and opposing the proliferation of oil development, or minimizing its impacts, by participating in the administrative and

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<sup>1</sup>This appeal includes all of the Project Approvals and supporting documents reflected in the County's Final Action Letter, including but not limited to the "CEQA and Administrative Findings," "Conditions of Approval," and all other related documents transmitted to the Commission.

California Coastal Commission  
September 30, 1996  
Page 2

legislative process. Get Oil Out, Inc., is an aggrieved person within the meaning of Public Resources Code ("PRC") § 30625 as defined in PRC § 30801, because the organization appeared through its representatives at the County's hearings regarding the Project, where it opposed approval of the Project and informed the County of the nature of its concerns regarding the Project.

Appellant is informed that the names and addresses of the Project applicants are: Molino Energy Company, Attn: John Stahl, PO Box 930, Los Olivos, CA 93441 and Chevron U.S.A., Inc., Attn: Keith Howell, 17100 Calle Mariposa Reina, Goleta, CA 93117. The name and address of the appellant is Get Oil Out, Inc., Attn: Joan B. Kerns, President, 914 Anacapa Street, Santa Barbara, CA 93101. All interested parties who participated in the hearings before the County of Santa Barbara known to the appellant are identified in the County's Final Action Letter and/or commented on the "Molino Gas Project Final EIR," June, 1996 ("FEIR")<sup>2</sup>, and are identified below in the list of organizations and individuals to receive copies of this appeal.

An appeal is authorized under PRC §§ 30603(a)(2), (3), (4), and (5) because the Project will be located, in part, within a streambed, will be located in a sensitive coastal resource area, is a use that is not the principal permitted use for the site under the zoning ordinance, and is a major energy facility. The appeal is being filed within ten working days of the County's Final Action Letter. The appeal should be granted because the Project does not conform to the standards set forth in the certified Local Coastal Program ("LCP"), as set forth in greater detail below.

The appeal challenges the Project Approvals because habitat and visual impacts of the Project conflict with applicable policies and criteria of the LCP, feasible mitigation measures and alternatives that would reduce these impacts were not addressed or were inadequately addressed or inappropriately

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<sup>2</sup>The County recertified the FEIR at its September 3, 1996, meeting and filed a notice of determination ("NOD") regarding the Project dated September 11, 1996. See September 13, 1996, letter from William J. Douros to John Stahl at 2, transmitted to the Commission by cover letter dated September 16, 1996. The judicial review period for the FEIR therefore remains open. In fact, the NOD was filed prematurely by two days, since the County's action did not become final until September 13, 1996. Id.

deferred by the County, foreseeable future project elements were not evaluated for their consistency with applicable LCP policies and criteria and in fact conflict with the LCP, consistency has not been demonstrated with the air quality attainment plan, the project is not coastal dependent, and other necessary approvals (including a coastal development permit for portions of the project on State Tidelands) have been ignored by the applicant.

This appeal also addresses issues presented under the California Environmental Quality Act ("CEQA"), since the LCP requires compliance with CEQA and since many requirements of CEQA overlap, substantively, with specific LCP policies. For example, the Coastal Zoning Ordinance ("CZO") provisions for processing permits for projects in environmentally sensitive habitat areas require CEQA compliance. CZO § 35-97.5. This appeal also addresses issues raised under the California Endangered Species Act ("CESA") since the Commission is subject to, but has not yet complied with, CESA's consultation requirements and because a key mitigation measure anticipated to address the endangered Gaviota Tarplant violates CESA under recent case law, as discussed below. These contentions are presented in greater detail below.

**Contention 1. The Project Is Inconsistent With LCP Policies Requiring Protection Of Habitat Resources.**

The Project will destroy four acres of endangered Gaviota Tarplant and five acres of native grasslands, and will cause the removal of an unknown number of oak trees. FEIR at 5.6-17, 5.6-18. The Project is located within a County-designated Environmentally Sensitive Habitat ("ESH") area. FEIR at 5.6-3. As such, it is subject to the provisions of the CZO protecting ESH areas. CZO § 35-97. It is also subject to Coastal Land Use Plan ("CLUP") policies protecting important habitats.

The importance of protecting environmentally sensitive habitats is recognized in the CZO:

Within the County of Santa Barbara there are areas which contain unique natural resources and/or endangered species of animal or plant life and existing and potential development may have the impact of despoiling or eliminating these resources. The purpose of this overlay district is to protect and preserve areas in which plant or animal life or their habitats are either rare or especially valuable because of their role in the ecosystem and which could be easily disturbed or degraded by human activities and developments. The intent of this overlay district is to

ensure that all development in such areas is designed and carried out in a manner that will provide maximum protection to sensitive habitat areas.

CZO § 35-97.1.<sup>3</sup>

There is no provision of the LCP allowing development of environmentally sensitive habitats. Instead, only development "adjacent to" such habitats is contemplated, and then only so long as those developments are "regulated to avoid adverse impacts on habitat resources." CLUP Policy 2-11. Mitigation measures for projects "adjacent to" an ESH include "setbacks, buffer zones . . ." etc., again implying that development with an ESH is precluded. Parallel CLUP policies also protect these resources, including Policy 9-18 ("Development shall be sited and designed to protect native grassland areas."), Policy 9-35 (oak trees) and Policy 9-36 (native vegetation).

These policies are all in furtherance of PRC § 30240, which provides:

(a) Environmentally sensitive habitat areas shall be protected against any significant disruption of habitat values, and only uses dependent on those resources shall be allowed within those areas.

(b) Development in areas adjacent to environmentally sensitive habitat 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 . . . areas.<sup>4</sup>

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<sup>3</sup>The CZO further provides that:

When sites are graded or developed, areas with significant amounts of native vegetation **shall be preserved**. All development shall be sited, designed, and constructed to minimize impacts of grading, paving, construction of roads or structures, runoff, and erosion on native vegetation.

CZO § 35-97.18. (Emphasis Added).

<sup>4</sup>This section, as with all other pertinent Coastal Act sections, has been included verbatim in the CLUP at page 116, as well as by reference through CLUP Policy 1-1. The CLUP incorporates the definition of an ESH contained in Section

As recognized in the CLUP:

The Coastal Act places as its highest priority the preservation and protection of natural resources including environmentally sensitive habitat areas . . . . In the case of habitat areas, only uses dependent on these resources are allowed within such areas.

CLUP at 2 (Emphasis added). Here, a use is being permitted in an ESH that is not dependent upon the habitat resources of the area and which would "significantly disrupt" habitat values, in clear conflict with these policies.

The County based its findings accepting these impacts on a seriously deficient analysis in the FEIR regarding the Gaviota Tarplant. The section of the FEIR dealing with impacts to the Gaviota Tarplant actually says very little about the plant's distribution, environmental sensitivities or other pertinent factors. Instead, the characteristics of the plant are described only generally, and a map showing the broad outlines of the Tarplant's range is presented. FEIR, Figure 5.6-2.

No information is included concerning the specific locations where Tarplants are currently found and their relationship to the proposed project site.<sup>5</sup> Yet the FEIR recognizes that the Tarplant is "patchily abundant" with "20 to 25 high-density occurrences in an area of 60 acres." FEIR at 5.6-9. But the FEIR does not identify the specific locations of these "high-density occurrences" or "patches" and does not compare those locations to the proposed project site. Without such a comparison, it cannot be determined how much the Tarplant is

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30107.5 of the Coastal Act at page 116. An ESA is:

any area in which plant or animal life or their habitats are either rare or especially valuable because of their special nature or role in an ecosystem and which could be easily disturbed or degraded by human activities and developments.

PRC § 30107.5.

<sup>5</sup>The comments filed by Commission staff (May 24, 1996, letter from Melanie Hale to Kevin Drude) noted this deficiency as follows: "Assessment of biological impacts may be incomplete without a determination of the extent of the proposed project's impacts on Tarplant populations."

California Coastal Commission  
September 30, 1996  
Page 6

being affected and whether Tarplant clusters are being avoided to the maximum extent feasible.

Moreover, there is no discussion of the degree to which the proposed mitigation measures (designation of preserve acreage and relocation of existing plants) is likely to be effective in mitigating impacts to the Tarplant. In fact, the Department of Fish and Game in its comments on the Molino Gas Project Draft EIR ("DEIR") confirmed that mitigation would be incomplete:

The Department remains concerned about continued losses of Gaviota Tarplant habitat. We agree with the County's finding that, even with the proposed mitigation measures, a residual significant impact would remain because of the extent and quality of the habitat being impacted.

May 23, 1996, Letter from Patricia Wolf to Kevin Drude at 1. The Department of Fish and Game further requested 4:1 mitigation:

The Department recommends that a mitigation ratio of 4:1 be required to offset direct, permanent impacts to occupied habitat, impacts to potentially suitable habitat for expansion and recovery, and indirect impacts to adjacent Tarplant populations.

Id. at 2. Yet even under the supplemental project conditions, the applicant is only obligated to set aside approximately eight acres of Tarplant habitat, which only reflects at 2:1 ratio. Condition of Approval H-12. Moreover, even that mitigation will only occur during Phase 2 of the project, if and when that phase occurs, despite the fact that Tarplant habitat will be destroyed through grading and other construction activities in Phase 1. FEIR at 2-12 (drill site pad 300 by 200 feet and equipment pad 200 by 200 feet will be graded in Phase 1, together with access road construction).<sup>6</sup>

Under CEQA, an EIR is required to evaluate impacts to the extent that it is feasible to do so, which the County did not do. Guidelines § 15151. Additionally, failure to fully mitigate Tarplant impacts violates the general CEQA requirement that: "Each public agency shall mitigate or avoid the significant effects on the environment of projects it approves or carries out

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<sup>6</sup>Note that this drill pad size exceeds the 1 acre limit in CZO § 35-158.

whenever it is feasible to do so" (PRC § 21002.1(b)).<sup>7</sup>

Under the LCP, the County was obligated to avoid impacts to this endangered plant. The EIR does not provide an adequate basis for making any of these determinations since it does not identify those specific areas within the site where the endangered Gaviota Tarplant is found. It also does not support the conclusion that eight acres of mitigation lands are the maximum amount feasible, or that this level of mitigation either avoids destruction of Tarplant or "avoid[s] adverse impacts on habitat resources." CLUP Policy 2-11.

The County's conclusion that Tarplants have been avoided to the maximum extent feasible in the Project's siting and design is unsupported. The four to one acreage mitigation demanded by Fish and Game has not been provided. The Approvals therefore do not protect sensitive habitats to the extent feasible, as required by the LCP and CEQA.

**Contention 2. The Visual Impacts Of The Proposed Project Are Inconsistent With LCP Policies And Requirements.**

The Project is acknowledged in the FEIR to have significant visual impacts, even after mitigation. These impacts result primarily from the anticipated 180 foot tall drilling rig that will be located only several hundred feet from Highway 101, a heavily travelled scenic corridor. The impact principally results from the intrusion of the drilling rig on scenic views of predominantly open lands surrounding the project site. The drilling rig is much taller than any other manmade structure in the vicinity, including the Chevron Gaviota facility approximately one-half mile away. The CLUP recognizes that, "energy facilities, particularly when sited within view corridors, may represent major impacts on scenic and visual resources." CLUP at 5.

This visual intrusion will occur in an area recognized by the LCP to have significant value:

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<sup>7</sup>The County's discussion in support of its finding on the feasibility of mitigation measures focused only on the mitigation measures that were adopted, and did not evaluate the feasibility of additional measures such as more extensive habitat dedications. Finding 2.4.1, September 3, 1996, Board of Supervisors "CEQA and Administrative Findings."



The entire viewshed is a traveller's delight, as it provides beautiful contrasts between the ocean on one side and the canyons and foothills on the other.

CLUP at 214. Not surprisingly, visual and aesthetic values of the Santa Barbara coast are protected by numerous provisions of the LCP. For example, the CZO, in Section 35-59, requires that:

In areas designated as rural . . . the height, scale, and design of structures shall be compatible with the character of the surrounding natural environment, except where technical requirements dictate otherwise. Structures shall be subordinate in appearance to natural landforms; shall be designed to follow the natural contours of the landscape; and shall be sited so as not to intrude into the skyline as seen from public viewing places.

See also CLUP Policy 4-3 (parallel language). Section 35-66 also provides that in the Gaviota Coast Planning Area, "Existing natural features shall remain undisturbed to the maximum extent feasible . . . ." Furthermore, in significant view corridors, "Structures shall be sited and designed to preserve unobstructed broad view of the ocean from Highway 101, and shall be clustered to the maximum extent feasible. . . . Structures shall not be of an unsightly or undesirable appearance. . . . **If the plans are not brought into conformance with said standards . . . no Coastal Development Permit shall be issued.**" CZO § 35-96.3 (Emphasis added). Visual screening of oil development facilities is required by CZO § 35-158.

All of these provisions of the LCP are in furtherance of PRC § 30251, which directs:

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.

The Project violates all of these criteria and policies. No direct mitigation of the visual impacts of this massive drilling rig is provided, despite the clear feasibility of such mitigation as proposed in connection with Mobil Oil Company's Clearview project. Instead, the FEIR attempts to avoid the issue by

stating that: "the drill site facilities would be compatible with the character of the surrounding area since it is dominated by the Chevron Gaviota Facility." FEIR at 5.2-13. However, this conclusion is contradicted by the FEIR's own visual impacts analysis, which concluded that for three of the views analyzed the drilling rig would inject a significant adverse feature into the landscape in conflict with the "predominant natural characteristics of the region." FEIR at 5.11-21. The County's finding also seeks to extend the actual area affected by the Chevron Gaviota Facility, which is in fact approximately one-half mile away and does not "dominate" the proposed Project site. Indeed, in many views from or near the Project site, the Chevron facility is not even visible, as recognized in the FEIR.\*

Moreover, the County has not addressed the prohibitory features of several of these policies and standards, particularly CZO § 35-96.3 which prohibits issuance of a Coastal Development Permit ("CDP") unless conformance with the visual impacts criteria is achieved. Issuance of a CDP for such an "unsightly" structure is barred by the CZO.

**Contention 3. Alternative Sites That Would Avoid Impacts To Sensitive Habitats And/or Visual Resources Were Not Adequately Analyzed.**

A major reason why significant impacts to sensitive habitats remain with this project is the inappropriate "screening" of alternative sites that could avoid such habitats. Several commenters, including the Department of Fish and Game, requested that one particular alternative site at the Chevron Gaviota Processing Facility be analyzed in detail:

The existing Chevron Gaviota Processing Facility would appear to provide the best alternative location that would access offshore gas reserves while avoiding habitat for Gaviota tarplant and other sensitive biological resources.

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\*The County further argued compatibility with these LCP policies on the theory that: "The project may be found consistent with policy provisions regarding compatibility with the surrounding character due to technical limitations of the drill rig." FEIR at 5.2-13. This argument begs the question of whether additional visual screening beyond that proposed by the applicant is prevented by technical limitations. The mitigation measures proposed for the Clearview project clearly indicate that no such technical limitations are presented.

California Coastal Commission  
September 30, 1996  
Page 10

. . . [B]ecause Gaviota tarplant habitat is restricted by a unique combination of soils that do not occur elsewhere, Gaviota tarplant habitat will always be extremely limited and permanent losses such as proposed here are essentially irreversible.

May 23, 1996, Letter from Patricia Wolf to Kevin Drude at 2. Despite these requests, the alternative was eliminated from the analysis.

The alternative of locating the project at the adjacent Chevron facility should have been carried forward into the detailed analysis. The alternative of delaying development until the Chevron facility has been abandoned (eliminating the safety conflict that served as the principal basis for screening out that alternative) also should have been considered.<sup>9</sup>

An EIR must discuss a reasonable range of alternatives to the project. (PRC § 21100(d); Citizens of Goleta Valley v. Board of Supervisors (1988) 197 CA3d 1167, 1178.) A lead agency should not approve a project as proposed if there are feasible alternatives which would substantially ameliorate the significant adverse environmental effects of the proposed project. (§ 21002.). The California Supreme Court has stated that, "an EIR for any project subject to CEQA review must consider a reasonable range of alternatives to the project . . . which: (1) offer substantial environmental advantages over the project proposal .[citation], and (2) may be 'feasibly accomplished in a successful manner' considering the economic, environmental, social and technological factors involved. [Citations.]" (Citizens of Goleta Valley v. Board of Supervisors, (1990) 52 Cal.3d 553, 566.).

Development of the project at the Chevron Gaviota facility could reduce impacts to the endangered Gaviota Tarplant, but that alternative was inappropriately rejected by the County during a "screening" analysis, as described in the FEIR:

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<sup>9</sup>Such delays to prevent unnecessary proliferation of facilities are contemplated by CLUP Policy 6-59 ("the County shall consider feasible delays in development of the offshore reservoirs to maximize use of existing and approved processing capacity."). Under the Coastal Act at PRC § 30262(b), consolidation of facilities must occur "to the maximum extent feasible and legally permissible, unless consolidation will have adverse environmental consequences . . . ."

The Chevron Gaviota site was rejected in the screening analysis primarily due to the fact that the site cannot feasibly obtain the objects [sic] of the proposed project, since use of the site would not allow economic development of the Molino Matilija reservoir. . . . Only about 60 percent of the gas would be recoverable due to current technical limitations of slant drilling.

FEIR at 10-97. The fact that somewhat less gas could be developed from the Chevron site did not support rejection of the alternative because "basic objectives" of the project could still have been achieved; an EIR must consider alternatives that would reduce significant impacts even if they impede project objectives "to some degree." CEQA Guidelines § 15162(d)(2), (5). The County's broader conclusion that the reduction in production would render the project infeasible is unsupported by substantial evidence.

The County also purported to base its rejection of the Chevron Gaviota site on safety concerns:

Use of this site for drilling would create potential safety problems associated with the hazards of a well blowout. A well blowout that leads to an unconfined vapor cloud explosion could cause sufficient overpressure to damage the propane and butane storage bullets located at the Chevron facility.

FEIR at 10-98.

Yet elsewhere in the FEIR, the probability of a production well blowout was estimated at only 3.5 in a million per year. FEIR at 5.1-18. Moreover, development at the Chevron facility would not require trucking of NGLs during Phase 1 and would allow shorter pipelining of NGLs during Phase 2, which are among the more risky elements of the project. See generally, FEIR Table 5.1.6.

The FEIR greatly exaggerates the risk in stating that, "for the Chevron Gaviota site, the placement of high pressure gas wells in close proximity to the large NGL, propane, and butane storage tanks would present an extremely high hazard to the Chevron Gaviota facility." FEIR at 10-76. In fact, the comparative risks of the two alternatives (Chevron site and proposed site) were nowhere analyzed in a way that balanced the reduced risks from decreased trucking and pipelining under the Chevron site alternative against the increased risks from the

proximity of the exploration and production operations to existing Chevron facilities.

Moreover, as discussed below, the County has ignored Chevron's own prediction that these facilities will be gone in five years (by 2001) so any risk is only temporary. Moreover, the risk could be avoided entirely simply by phasing development and waiting until closure of the Chevron Gaviota facility before gas drilling operations begin.

The County's conclusion that safety risks would be greater at the Chevron Gaviota site is unsupported and in fact is contradicted by the evidence in the record. Moreover, the risk could be avoided, and the spreading of oil and gas operations outside the current Gaviota processing facility could be avoided, simply by delaying gas development at this site until the anticipated abandonment of OCS support operations by Chevron at Gaviota.

**Contention 4. Mitigation For Sensitive Habitats Has Been Inappropriately Deferred And Relies On An Impermissible Procedure.**

Rather than requiring full mitigation for sensitive habitat losses now, the County instead deferred mitigation to an anticipated "California Endangered Species Act Memorandum of Understanding" ("MOU") with the Department of Fish and Game. Condition of Approval H-6; FEIR at 5.6-22.

The MOU is anticipated to be adopted under the purported authority of CESA § 2081. But CESA § 2081 does not authorize permits or MOUs which allow the taking of endangered species for reasons other than scientific, educational or management purposes (such as development of oil or gas deposits). That section reads as follows:

Through permits or memorandums of understanding, the department may authorize individuals, public agencies, universities, zoological gardens, and scientific or educational institutions, to import, export, take, or possess any endangered species, threatened species, or candidate species for scientific, educational, or management purposes.

(Emphasis added).

In the first (and to date only) case interpreting this

section, the Fourth District Court of Appeal indicated its view that Section 2081 does not provide the Department of Fish and Game the authority to enter into MOUs for purposes other than scientific resource management, such as research, census, law enforcement, habitat acquisition, restoration and maintenance, live trapping, etc. Audubon Society v. Moreno Valley (1996) 44 CA4th 593. The Court further observed that the Department's use of the MOU process was equivalent to the incidental take permit process under the Federal Endangered Species Act ("FESA"), and that CESA does not include language comparable to the FESA incidental take provision.

Deferred mitigation of this kind also violates CEQA. Under CEQA, where mitigation can feasibly be identified and adopted now, it cannot be deferred. This is a corollary to the general CEQA requirement that: "Each public agency shall mitigate or avoid the significant effects on the environment of projects it approves or carries out whenever it is feasible to do so." (PRC § 21002.1(b) (Emphasis added). See also Orinda Assn. v Board of Supervisors (1986) 182 CA3d 1145, 1170.).

Also, an agency cannot defer mitigation to another agency where it has concurrent jurisdiction to require mitigation. To do so would violate the basic finding requirement of the CEQA guidelines at section 15091(a)(2), which states that mitigation measures may be deferred to another agency only if such changes "are within the responsibility and jurisdiction of another public agency and not the agency making the finding" (Emphasis added.)<sup>10</sup> The deferral of mitigation regarding the Gaviota Tarplant to the Department of Fish and Game MOU process fell short of the applicable standard. Tarplant mitigation could feasibly be developed now and the County has concurrent jurisdiction to mitigate the impact, but failed to do so.

**Contention 5. The County Inappropriately Failed To Consider All Phases Of The Project In Its Review, Including Anticipated Oil Development And Gas Production Following The Abandonment Of The Gaviota Oil And Gas Plant.**

Two reasonably foreseeable future project phases were not

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<sup>10</sup>In addition, section 15091(c) explicitly provides that "(c) The finding in subsection (a)(2) shall not be made if the agency making the finding has concurrent jurisdiction with another agency to deal with identified feasible mitigation measures or alternatives."

analyzed and considered in the County's approval of the Project. First, Molino has repeatedly expressed plans to develop oil from the site. Second, Chevron has indicated that natural gas liquids ("NGL") processing at the adjacent Gaviota Oil and Gas Plant ("Gaviota facility") is unlikely to be available for the full anticipated project life. The consistency of those future project phases with LCP policies has not been analyzed or demonstrated by the County.

The FEIR clearly acknowledges the foreseeability of future oil production at the site:

Three of the fields that can be developed from this area are known to contain oil and gas. . . . The majority of the known oil and gas reserves are located in the Vaqueros, Matilija, and Monterey formations. Some of these formations are known to contain oil and sour gas (i.e., gas containing H<sub>2</sub>S). The proposed Molino facility would be capable of developing these oil and sour gas reserves within the proposed site boundaries. The drilling pad at Molino should be capable of accommodating approximately 50 wells.

FEIR at 4-13, 5.6-35.

Development of oil from this site presents additional environmental concerns not sufficiently analyzed in the FEIR. The FEIR indicates that:

In order to develop these oil and gas reserves, additional wells would need to be drilled and additional separation equipment be installed on the equipment pad. The equipment needed would include a three-phase separator for separating the oil, water, and gas. In addition, new oil and sour gas pipelines would have to be built to the Chevron Gaviota Facility.

FEIR at 4-13. Yet the impacts of these facilities and operations are summarily dismissed without any support or analysis. E.g., FEIR at 5.6-36 ("Expansion of the Molino site to include oil and gas development would not be expected to lead to any new construction related impacts to biological resources."). The space needed for this additional equipment is found in Gaviota Tarplant habitat. If the current site is larger than truly needed for gas-only production (i.e. large enough to include this additional oil production equipment), then near-term impacts to Gaviota Tarplant have not been avoided to the maximum extent feasible (i.e., the currently graded area is larger than it needs

to be). If the current site is not large enough to accommodate this equipment, then expansion into additional Gaviota Tarplant habitat is a foreseeable impact of future oil development, but that impact has not been evaluated in the EIR.

In addition to the foreseeable development of oil on the site in the future, the FEIR also ignores the fact that the processing facilities assumed in the FEIR for NGL processing will not be available for the full project lifespan. The loss of the Gaviota facilities would require the development of additional facilities related to this project, which in turn would result in further habitat and visual impacts. The County recognized that, when the Gaviota facility shuts down, "A number of options would exist which include, installing an NGL stabilizer at the site which would be used to recover the heavier NGL fractions which could then be placed in the AAPL for transport out of the County. . . . Another option would be to pipeline the NGLs to Las Flores Canyon for processing." FEIR at 10-92. The consistency of these activities with LCP policies, and the environmental impacts that would result, have not been evaluated.

In its comments on the DEIR, Chevron USA Production discussed the anticipated abandonment of the Gaviota facility:

The EIR states that the project life could be between eight and fifteen years. Based on current existing production from the Point Arguello Field and current prices for oil and gas, it appears unlikely that the Gaviota Oil and Gas Plant can be economically operated for the project life. The EIR should address the impacts to the project if the Gaviota Oil and Gas Plant ceases operations before the Molino Project is completed unless Molino has agreed that the life of its project is concurrent with the life of the Gaviota Oil and Gas Plant as determined by the owners of the plant.

May 23, 1996, Letter from K.W. Patterson to Kevin Drude (Emphasis added). Yet the FEIR simply discounts this prediction made by the owner of the facility: "While it is true that Chevron has stated that if oil prices do not increase, the Gaviota facilities could be shut down as early as 2001. However, given the volatility of oil prices this date is very speculative." FEIR at 10-92. The County had before it no substantial evidence that the Gaviota facility will remain in place during the lifetime of the Molino project, and instead inserted its own speculation that the facility would be available to displace the owner's prediction that it would not.



The consistency of these future phases of the project with LCP policies has not been evaluated or demonstrated by the County. In fact, the increased habitat and visual impacts from these phases would make them inconsistent.

From a CEQA standpoint, the project description is inaccurate and incomplete because the developer has stated an intention to develop oil from the proposed project site and the project has been designed to accommodate such development. The project description also is inaccurate since additional NGL processing facilities will be necessary when the Gaviota facility shuts down. An accurate and stable project description is required. CEQA Guidelines § 15124. An EIR must include in the project description and evaluate all reasonably foreseeable future phases of a project, even though certain aspects of those future phases are uncertain or speculative. (Laurel Heights Improvement Assn. v. Regents of University of California (1988) 47 Cal.3d 376. The failure to evaluate the impacts of oil development and gas production without the Gaviota facility rendered the FEIR deficient as an informational document, since oil development will have qualitatively and quantitatively different impacts than gas development as presently proposed.

**Contention 6. Consistency Has Not Been Demonstrated With The Air Quality Attainment Plan.**

The project is inconsistent with the goals of Policy 11-1 and the Air Quality Attainment Plan ("AQAP") because ROC, NOx and PM-10 emissions will contribute to the County's non-attainment of ozone and PM-10. The Santa Barbara County Air Pollution Control District ("SBAPCD") in its comment letter on the DEIR dated May 21, 1996, specified the consistency standard as follows:

The project is considered to be consistent with the [1994] CAP if either the project emissions are accounted for the CAP emission inventory, or the project is fully mitigated.

(Emphasis in original).

The Molino project emissions are not included in the County's Clean Air Plan ("CAP") inventory and therefore are not "consistent" with the CAP on that basis. FEIR at 5.3-12. Full mitigation of ozone precursors will not occur until Phase 2. Condition of Approval E-9. No PM-10 offsets are required. Condition of Approval E-3; FEIR at 5.3-25 - 5.3-26. The project therefore is inconsistent with the AQAP as to ozone during Phase 1, and as to PM-10 for all project phases. This, in turn,

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violates the LCP.

**Contention 7. The Project Is Not Coastal Dependent And Cannot Be Permitted Under PRC §§ 30260 and 30262.**

Since the project is inconsistent with the policies of the Coastal Act and the LCP, it cannot be permitted. The only exception under the Coastal Act is for "coastal dependent" activities. PRC § 30260. But, as the FEIR repeatedly acknowledges, the project is not coastal dependent:

Drilling, extraction, separation, dehydration and processing of oil and gas is a coastal related industry, but is not coastal-dependent because it does not require a site that is on or adjacent to the sea.

FEIR at 3-48. Furthermore, even if the activity were coastal dependent, the other requirements of Section 30260 cannot be met. There has been no demonstration that all three of the criteria of Section 30260 have been satisfied: "(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." See, Gherini v. California Coastal Commission (1988) 204 CA3d 699.

**Contention 8. The State Agency Consultation Requirements Of CESA §§ 2090-2099 Have Not Been Satisfied.**

As the Commission is aware, California has its own Endangered Species Act ("CESA") found at Fish and Game Code § 2050 et seq. CESA establishes a policy that state agencies not approve projects which "would jeopardize the continued existence of any endangered species or threatened species or result in the destruction or adverse modification of habitat essential to the continued existence of those species, if there are reasonable and prudent alternative available consistent with conserving the species or its habitat which would prevent jeopardy." Fish and Game Code § 2053.

CESA prohibits the taking of endangered or threatened species. Fish and Game Code § 2080. "Take" is defined as to "hunt, pursue, catch, capture, or kill, or attempt to hunt, pursue, catch, capture, or kill." Fish and Game Code § 86. It is anticipated that the Molino project will kill Gaviota Tarplants.

CESA provides for consultation similar to that found under the federal ESA and which generally relies upon the CEQA scoping process to provide for consultation with the Department of Fish and Game. Fish and Game Code § 2090. That section provides that:

Whenever the department consults with a state lead agency pursuant to Section . . . 21080.4 . . . of the Public Resources Code [referring to the notice of preparation sent to responsible and trustee agencies] the department shall issue a written finding based on its determination of whether a proposed project would jeopardize the continued existence of any endangered species or threatened species or result in the destruction or adverse modification of habitat essential to the continued existence of the species. The written finding shall also include the department's determination of whether a proposed project would result in any taking of an endangered species or a threatened species incidental to the proposed project. The Department shall base its determination on the best available scientific information.<sup>11</sup>

(Emphasis added). The Department of Fish and Game was consulted during the CEQA process, but to appellant's knowledge the Department has not yet issued a written finding regarding potential jeopardy to the Gaviota Tarplant. Indeed, the Department's comments on the DEIR demanded a 4:1 mitigation ratio, which has not been adopted. The Commission cannot approve the project until the required consultation and Department of Fish and Game findings have been completed.

**Contention 9. The Project Requires A Coastal Development Permit From The California Coastal Commission**

The Project cannot lawfully proceed without a CDP issued by the California Coastal Commission ("Commission") for those portions of the project within the Commission's original jurisdiction. CLUP at 4 ("After certification of the LCP's, the State Coastal Commission continues to exercise permit jurisdiction over certain kinds of development . . . [such as]

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<sup>11</sup>The Department of Fish and Game has developed guidelines entitled "Guidelines for Consulting With the Department of Fish and Game on Projects Subject to CEQA That May Affect Endangered and Threatened Species," dated February 1986 and supplemented Fall of 1988, which elaborate on this process.

development in the State Tidelands.") The Project clearly contemplates slant drilling from an upland site onto state tidelands outside of the County's CDP jurisdiction which remain subject to Commission's original permitting jurisdiction. In the FEIR, the County identified the Commission's jurisdiction as being appellate only, and did not address the Commission's original jurisdiction over developments on state tidelands.

The project "development" as defined in PRC § 30106 clearly extends to state tidelands, since it will involve "extraction of any materials" and the "construction . . . of any structure" within state tidelands subject to the Commission's original jurisdiction.

**Contention 10. The Approvals Are Premature Since They Are Dependent Upon The Recent LCP Amendment Which Remains Subject To Judicial Review.**

The project is dependent upon an amendment to the LCP (Land Use Plan and Coastal Zoning Ordinance Amendment 2-96-B) approved by the Commission on September 11, 1996. That amendment for the first time allows onshore development of offshore oil and gas resources at specified locations through slant drilling, and increases the height limit applicable to the project site from 50 to 200 feet, which is necessary to accommodate the drilling rig. That amendment remains subject to judicial review for a sixty day period. PRC § 30801. As a result, the County's action approving the project under Amendment 2-96-B was premature, since the validity of the County's approval is dependent upon the continuing validity of the Commission's approval of Amendment 2-96-B. The Project clearly was inconsistent with the permitted land uses at the project site and the height limit in effect prior to Amendment 2-96-B.

**Contention 11. Necessary Consistency Determinations Cannot Be Made In Connection With Federal Permits Until The LCP Amendment is Approved by the Department of Commerce.**

The federal Coastal Zone Management Act provides that:

[A]ny applicant for a required Federal license or permit to conduct an activity, in or outside of the coastal zone, affecting any land or water use or natural resource of the coastal zone of that state shall provide in the application to the licensing or permitting agency a certification that the proposed activity complies with the enforceable policies of the state's approved program and that such activity will

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be conducted in a manner consistent with the program.

26 U.S.C. § 1456 (Emphasis Added); see also, 40 C.F.R. § 930.57. Consistency is reviewed only in relation to the **approved** program. As acknowledged by the County in the FEIR, the project is clearly **inconsistent** with the LCP in effect before the amendment approved by the Commission just three weeks ago on September 11, 1996. We are informed that this amendment has not yet been approved by the Secretary of Commerce. Consistency of federal permits for the project, including any individual or nationwide permit under Section 404 of the Clean Water Act, cannot be demonstrated until the LCP amendment has been approved by the Commerce Department.

Appellants therefore request a determination by the Commission that the project is inconsistent with the version of the LCP presently approved under the Coastal Zone Management Act.

#### **CONCLUSION**

For the foregoing reasons, Get Oil Out, Inc., urges that the County's approval of the Project be reversed and that the Project as proposed be disapproved.

Sincerely,

*Joan B. Kerns*

Joan B. Kerns  
President, Get Oil Out, Inc.

Enclosure:

Final Action Letter

California Coastal Commission  
September 30, 1996  
Page 21

ccs (via regular mail) :

County of Santa Barbara  
Molino Energy Company  
Chevron USA, Inc.

Environmental Defense Center  
Citizens Planning Association  
League of Women Voters of Santa Barbara  
Sierra Club. Los Padres Chapter  
Hutash Consultantants  
Dougal R. House  
John Baucke  
Bixby Ranch Company  
Al Pizano  
COLAB

Army Corps of Engineers  
Department of Commerce



# County of Santa Barbara Planning and Development

John Patton, Director

September 16, 1996

RECEIVED

SEP 30 1996

Mr. Mark Capelli  
California Coastal Commission  
89 South California St., Suite 200  
San Buenaventura, CA 93001

CALIFORNIA  
COASTAL COMMISSION  
SOUTH CENTRAL COAST DISTRICT

RE: Board of Supervisors Final Action Letter: Molino Gas Project (Case Nos. 94-FDP-024, 94-DP-063, 94-PP-001)

Dear Mark:


Attached is the County's Final Action Letter of September 13, 1996 for the Board of Supervisor's September 3, 1996 approval of the Molino Gas Project.

Condition A-22 of the Conditions of Approval for the Molino Gas Project states that the Final Development Plan, Conditional Use Permit and Drilling and Production Plan shall not be in force and effect unless and until the Coastal Commission approves the required Coastal Zoning Ordinance and Local Coastal Plan amendments.

On September 11, 1996, the Coastal Commission certified the County's Local Coastal Program amendments related to the onshore production of offshore oil and gas reservoirs. On September 13, the County accepted the Coastal Commission's certification, the day the Coastal Commission's actions became final. Therefore, the County's action on the Molino Gas Project discretionary permits became final on September 13, 1996 and said action is appealable to the Coastal Commission for 10 working days.

Please contact me immediately if you have any questions regarding the attached final action letter.

Sincerely,

  
KEVIN DRUDE  
Planner

MOL-4LMC.LTR

EXHIBIT NO. 4
APPLICATION NO. A-4-STB-96-048
Molino Gas Project
85 pages

Energy Division

1226 Anacapa Street 2nd Floor • Santa Barbara, CA 93101-2001







# County of Santa Barbara Planning and Development

John Patton, Director

September 13, 1996

Mr. John Stahl  
Molino Energy Company  
PO Box 930  
Los Olivos, CA 93441

*RE: Action Letter for hearing consideration of the appeal of the Environmental Defense Center on behalf of the Environmental Coalition of Santa Barbara, of the Planning Commission's July 2, 1996, decision to conditionally approve the Molino Gas Project, 94-FDP-024, 94-CP-063, 94-PP-001; 95-EIR-002, to develop offshore gas reservoirs from an onshore drill site adjacent to the Chevron consolidation processing facility, Gaviota area, Third Supervisorial District.*

Dear Mr. Stahl:

At the Santa Barbara County Board of Supervisors meeting of September 3, 1996, Supervisor Wallace moved, seconded by Supervisor Staffel and carried by a vote of 5 to 0 to:

- A. Deny the appeal and uphold the Planning Commission's July 2, 1996 decision to conditionally approve the Molino Gas Project (Case Nos. 94-FDP-024, 94-CP-063, 94-PP-001), subject to certification by the Coastal Commission of the proposed CLUP and CZO amendments (Case Nos 96-GP-010 and 94-OA-017) approved by the Board July 23, 1996; and
- B. Adopt the required findings including CEQA findings and the Statement of Overriding Consideration specific to the Molino Gas Project, revised as follows:

- Add new Finding 2.4.1<sup>2</sup> to read:

"2.4.1      *Adverse impacts are mitigated to the maximum extent feasible.*

In addition to those findings made in 2.3.2 above, the following addresses the impacts from pipeline construction to Gaviota tarplant. The Coastal Zoning Ordinance includes requirements in the ESH Overlay district for mitigation to significant environmental resources, including rare plant species. Section 35-97.7 states that the method for protecting habitat areas includes placing

<sup>1</sup> On September 11, 1996, the Coastal Commission certified the County's Local Coastal Program amendments, adopted on July 23, 1996. The County has accepted this certification. This action letter has been delayed until September 13, 1996, the date when the Coastal Commission's certification becomes final.

<sup>2</sup> Underline or ~~Strikethrough~~ text reflects revisions made by the Board of Supervisors.

conditions of approval on the proposed development. The ESH Overlay section suggests as possible conditions: limiting the size of the proposed work; requiring replacement of vegetation; establishing monitoring procedures and maintenance activity; staging the work over time; deed restrictions and conservation and resource easements. All of these approaches has been applied to the Molino project to limit the extent of impact to Gaviota Tarplant habitat, and to ensure the viable habitat remains to sustain the plant (see Conditions C-1, H-1, H-5, H-6, H-7, H-8, R-2). Thus, although a CUP is required for the pipeline because of its impact to Gaviota Tarplant as an ESH, the provisions in the CZO that guide mitigation to ESHs envision the type of conditioning that has been used on the Molino project. The finding that maximum feasible mitigation can be made."

- Renumber and revise Finding 2.4.2 to read:

"2.4.2 *The proposed use is not inconsistent with the intent of the zone district.*

The purpose and intent of the AG-II-320 zone district is to provide large prime and non-prime lands in the rural areas of the County for long term agricultural use. The zone district allows industrial facilities such as onshore oil and gas drilling and production sites pursuant to specific permits outlined in Division 9, Oil and Gas Facilities as described in §35-150 of the Article II Coastal Zoning Ordinance. The Board's recent amendments to the CZO require a Conditional Use Permit for onshore drilling into offshore reservoirs for agriculturally-zoned parcels within the two consolidated planning areas. The parcel proposed for the Molino project, app. 80 acres, is zoned AG-II but has had only limited grazing on it since the Chevron Gaviota facility was constructed on an adjacent parcel. The parcel does not contain prime agricultural soils. Further, the Molino project will only use 4 acres to develop the production site, which will have a minimal impact on the limited grazing activities. At project termination, Molino will be required to abandon project facilities and restore the project site to a condition consistent with the underlying zone district designation. This shows that the Molino project can occur within an agricultural parcel and not impact the agricultural activities. While oil and gas development is not a use permitted by right in agricultural zone districts, the use was foreseen and allowed by issuance of various permits (Exploration Plan, Production Plan, Development Plan) without requiring a rezoning of the property to another zone district. Therefore, the proposed project is not inconsistent with the intent of the AG-II-320 zone district."

- C. Certify the Environmental Impact Report (95-EIR-002), previously certified by the Planning Commission at the July 2, 1996 hearing, as adequate specific to the Molino Gas Project, pursuant to the CEQA finding that:
  - i) The final EIR has been completed in compliance with CEQA; and

- ii) The final EIR was presented to the decision making body of the Lead Agency and that the decision-making body reviewed and considered the information contained in the final EIR prior to approving the project; and
- D. Adopt the Conditions of Approval for the Molino Gas Project (attached), and amended as follows:
  - Add new Condition A-23 to read:

"A-23 General Liability and Well Control Drilling Insurance

Prior to construction, Molino Energy Company shall demonstrate to P&D, County Counsel and Risk Management that it carries a minimum of \$15,000,000 in General Liability Insurance, and \$15,000,000 in Well Control Drilling Insurance on the Molino Gas Project with an insurance company rated "A" or better. The General Liability Insurance policy shall be in effect prior to construction and shall be maintained for the life of the Molino Gas Project, through abandonment of the facility. The Well Control Drilling Insurance policy shall only be required to be in effect while drilling operations are being conducted. Molino Energy Company may satisfy this requirement by having its drilling contractor or subcontractors supply the required insurance, so long as the aggregate insurance maintains the totals required. The County of Santa Barbara shall be named as an additional insured on all policies. The policy(s) shall contain a provision that it may not be modified or cancelled without 60 days notice to County."

- Add new Condition B-7 to read:

"B-7 Issuance of Coastal Development Permits

The Director of Planning and Development may issue multiple Coastal Development Permits (CDPs) for portions or phases of the Molino Gas Project, provided that Molino Energy Company satisfies the conditions, or portion(s) of the conditions, that apply to that portion or phase of the project. Issuance of each CDP shall only be valid for the portion or phase covered under that CDP; Molino Energy Company shall not be vested to develop other portions or phases of the project, consistent with applicable law, without an appropriate CDP."

- Add Condition E-9 to read:

"E-9 Additional Air Quality Emissions Reductions

Prior to the start of Phase 2 and annually thereafter, Molino Energy Company shall mitigate, through the APCD's Innovative Technology Program or through other acceptable methods, total project ROC and NOX emissions to

zero to the satisfaction of P&D upon consultation with APCD. The responsibility for identifying and securing mitigation shall rest with the Molino Energy Company."

- Modify Condition H-6 to read as follows:

"H-6 Gaviota Tarplant Mitigation Plan

Prior to any construction, Molino Energy Company shall prepare a mitigation plan for Gaviota tarplant (*Hemizonia increscens ssp. villosa*) acceptable to the CDF&G, and contribute to the mitigation bank on the Gaviota Tarplant Ecological Reserve at a ratio determined acceptable to CDF&G. Timing of Mitigation Bank payments shall be determined by CDF&G. The mitigation plan shall include but not be limited to the following: *(The rest of the condition would read as approved by the Planning Commission.)*

- Amend Condition H-7 to read:

"H-7 Gaviota Tarplant Endowment Fund

Prior to issuance of the Coastal Development Permit for Phase 2, Molino Energy Company shall make a one-time contribution of \$23,000 to the County to establish an endowment fund for the research of habitat restoration and species propagation of the Gaviota tarplant (*Hemizonia increscens ssp. villosa*). This fund will be managed by the P&D, Energy Division, who in consultation with the State Department of Fish & Game, will prepare and solicit a request for proposals to secure the necessary technical expertise to conduct the research necessary to protect this rare and endangered plant."

- Add Condition H-12 to read:

"H-12 Gaviota Tarplant Conservation Easement and Preserve Addition

Within one year of the start of Phase 2 production, Molino Energy Company agrees to donate an additional four acres of land to the California Department of Fish and Game's Gaviota Tarplant Ecological Reserve. The four acres are located north of the existing preserve on land currently owned by Chevron. Molino Energy Company shall make all reasonable efforts to purchase the property from Chevron at market value. If Molino Energy Company is unable to make such purchase at a reasonable cost then the County of Santa Barbara reserves the right to acquire the property by condemnation. If the property is acquired by condemnation then Molino Energy Company shall reimburse the County for all the costs of acquiring or attempting to acquire the property.

Within one year of the start of Phase 2 production, Molino Energy Company shall establish a conservation easement on four acres of Gaviota tarplant

habitat located south of the proposed access road. The conservation easement shall be in favor of the California Department of Fish and Game and it shall permanently protect the habitat from disturbance other than grazing approved by the Department of Fish and Game.

Once Molino Energy Company has secured unencumbered title to the Gervais Parcel, it shall work with the Department of Fish and Game, and other agencies to try and permanently preserve additional Tarplant habitat. Options include sale, tax donations, land exchanges, and further conservation easements."

- Modify Condition P-8 to read:

"P-8 Pro-Rata Funding of the Santa Barbara County Gaviota Fire Station

During the life of the project, Molino Energy Company shall contribute its pro-rata share of the maintenance and operating costs of the fire station in the Gaviota area required by Condition P-8 of the Chevron Point Arguello Project, consistent with the terms of the January 21, 1986 Agreement between the County and Chevron, and as amended through the December 4, 1996 Settlement Agreement, Molino Energy Company shall cooperate with Chevron and the County Fire Department in determining the amount of that share and the method of reimbursement. Starting with Phase 2 of the project, Molino Energy Company shall pay its pro-rata share of the construction costs of the Gaviota Fire Station. The costs shall be shared by all oil, gas and other related development permitted in the area between Point Conception and Goleta. If operation of the fire station is discontinued for any reason during the project life, suitable replacement conditions shall be developed and implemented."

This action of the Board of Supervisors may be appealed to the California Coastal Commission within 10 working days from the date of receipt by the Commission of the County's notice of final action. Appeals must be in writing to the appropriate Coastal Commission district office.

The time within which judicial review of this decision must be sought is governed by Section 65009 (c) of the California Government Code and/or Section 1094.6 of the California Code of Civil Procedure. You are advised to consult an attorney immediately if you intend to seek judicial review of this decision.

Sincerely,



WILLIAM J. DOUROS  
Deputy Director, Energy Division

Appeal of Molino Gas Project: 94-FDP-024, 94-CP-063, 94-PP-001  
Board of Supervisors Meetings of July 22, 23, August 20, 27 and September 3, 1996  
Page 6

xc:Case Files: 94-PP-001, 94-FDP-024, 94-CP-063  
Hearing Support Staff Permanent File  
Richard Corral, Planning Technician  
Julie Ellison, Planning Technician  
Address File: 17100 Calle Mariposa Reina

Appellants: Environmental Defense Center, ATN: Linda Krop, 906 Garden Street, Suite #2,  
Santa Barbara, CA 93101

Applicants: Molino Energy Company, ATN: John Stahl, PO Box 930, Los Olivos, CA 93441  
Chevron U.S.A., Inc., ATN: Keith Howell, 17100 Calle Mariposa Reina, Goleta,  
CA 93117

California Coastal Commission: 89 S. California St., Suite 200, Ventura, CA 93001

Interested Parties: John Baucke, Al Pizano, Connie Hannah

County Chief Appraiser

Fire Department

Flood Control

Park Department

Public Works

APCD

Deputy County Counsel: A. Seltzer

Clerk of the Board (File #96-20,242)

Planners: L. Perez/K. Drude

ATTACHMENTS: Findings  
Conditions of Approval

WJD:LP:KD:dl

G:\GROUT\PC\_STAFF\W\BOS\LETTERS.BOS\MOLINO.903

## CEQA AND ADMINISTRATIVE FINDINGS

### 1.0 CEQA FINDINGS

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

#### 1.1 CONSIDERATION OF THE EIR

The Final Environmental Impact Report (EIR), 95-EIR-02, was presented to the Board of Supervisors and all voting members of the Board have reviewed and considered the EIR and its appendices prior to approving this proposal. In addition, all voting Board members have reviewed and considered testimony and additional information presented at or prior to the public hearing on September 3, 1996. The EIR reflects the independent judgement of the Board of Supervisors and is adequate for this proposal.

#### 1.2 FULL DISCLOSURE

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

#### 1.3 LOCATION OF RECORD OF PROCEEDINGS

The documents and other materials which constitute the record of proceedings upon which this decision is based are in the custody of the Clerk of the Board of Supervisors at 105 E. Anapamu Street, Santa Barbara, CA 93101.

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

The Final Impact Report for the Molino Gas Project identifies six environmental impacts which cannot be fully mitigated and are considered significant and unavoidable (Class I). The impacts occur in the following issue areas: Risk of Upset/Hazardous Materials, Biology and Visual Resources. To the extent the impacts remain significant and unavoidable, such impacts are acceptable when weighed against the overriding social, economic, legal, technical and other considerations, including effects on employment for highly trained workers set forth in the Statement of Overriding Considerations included herein. Each of the Class I impacts identified in the Final EIR is discussed below, along with the appropriate findings per CEQA Guidelines §15091.

##### Risk Of Upset/hazardous Materials

Impact Summary: During the exploration phase of the project, natural gas liquids (NGL) will be transported by truck to the Chevron processing facility. There is the potential for spills which could have significant consequences should the NGL ignite. During the full production phase,

NGL will be transported by a new, high pressure pipeline to the Chevron facility. There is the potential for pipeline ruptures which could result in fire and explosions.

Mitigation Measures: In order to reduce the potential impacts of NGL spills, trucking will only be permitted during the exploration phase of the project (Phase I) to minimize the volume of NGL transported by truck. In addition, the truck transportation would not be allowed to occur between the hours of 4-6 p.m. to avoid peak rush hour traffic in the area. In order to reduce the impacts of NGL pipeline transportation, Molino Energy Company will be required to implement the following safety mitigation measures: Personnel training for potential NGL accidents and spills; extensive internal and external pipeline corrosion prevention equipment and procedures; colored marker buried immediately above the pipeline to reduce the possibility of third party damage; extensive performance testing of the pipeline warning systems, pipeline block valves at creek crossings and development and implementation of Emergency Response and Hazardous Materials Management Plans. No other measures are known that would reduce the impact to a level of insignificance.

### Biology

Impact Summary: During the exploration and full production phases, sensitive species or habitats may be impacted by direct or incidental damages caused by accidents associated with the project. Impacts could be caused by fire, explosions, spills of NGL or other hazardous materials and construction activities. Approximately four acres of the endangered species Gaviota tarplant would be eliminated by the project. Approximately five acres of native grassland would also be eliminated by the project.

Mitigation Measures: All emergency response and related plans will be required to include site-specific measures to protect sensitive habitats from direct or incidental damages caused by accidents. The plans will include procedures to minimize damage due to clean-up and repair operations, as well as measures for the restoration of biological resources to pre-accident conditions. A Gaviota tarplant mitigation plan will be developed, in cooperation with the California Department of Fish and Game, to reduce impacts. Molino Energy Company will also be required to contribute to the mitigation bank on the Gaviota Tarplant Reserve. To reduce the impacts to native grassland, bunch grass will be used in the revegetation effort. No other measures are known that would reduce the impact to a level of insignificance.

### Visual Resources

Impact Summary: Operation of the 180 foot drill rig during the exploration and full production phases of the project would subject visual receptors on U.S. Highway 101 to partial views of the drill rig mast head.



Mitigation Measures: Because of the height and location of the drill rig in close proximity to Highway 101, there are no mitigation measures that would reduce this impact. However, future operators would have to provide funding for the Coastal Resource Enhancement Fund (CREF) for offsite coastal resource enhancement. Facility and ancillary equipment could be screened from public view by appropriate landscaping measures and facility design. The area already supports significant oil and gas development and the additional visual impact of the drill rig and production equipment, although significant, would be less obtrusive there than in other undeveloped areas of the coast.

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

The Final EIR (95-EIR-02) also identifies several subject areas for which the project is considered to cause or contribute to significant, but mitigable environmental impacts. Each of these impacts is discussed below along with the appropriate findings as per CEQA Guidelines §15091:

##### Risk Of Upset/Hazardous Materials

Impact Summary: There is the potential for spills of NGL and other hazardous substances within the drilling and production facility.

Mitigation Measures: Safety, Inspection, Maintenance and Quality Assurance Program and Hazard and Operability analyses will be prepared for the facility. These mitigation measures have been found to mitigate this impact to a level of insignificance.

##### Air Quality

Impact Summary: Reactive organic compounds emissions from operation of the Molino Gas Project would exceed the County's Significance Criteria for operational emissions and would exacerbate the existing ozone exceedances. Emissions associated with the well test flaring would lead to an exceedance of the 1-hour state NO<sub>x</sub> air quality standard. Emissions produced during construction and pipeline installation would exacerbate the existing ozone and PM<sub>10</sub> exceedances.

Mitigation Measures: Molino Energy Company will be required to provide offsets if required by the APCD, or provide other offsite emission reductions. Molino Energy Company will have to install either a stream assisted flare, a thermal oxidizer, or an open pipe flare instead of the proposed air assisted flare to reduce operational impacts. In order to reduce overall emission levels, the following mitigation measures will be enforced: Water will be applied to all disturbed areas to reduce dust; all disturbed soils will be stabilized; a person will be designated to monitor dust control measures; all streets will be swept at the end of the day; dust control measures will be recorded on the construction plans; traffic speeds will be regulated on unpaved roads; catalytic converters will be installed on all internal combustion engines; all diesel engines will have their

timing retarded, use high pressure injectors and diesel fuels with a low sulfur content, and be maintained in proper operating condition. These mitigation measures have been found to mitigate these impacts to insignificant levels.

### Geology

Impact Summary: There will be a short term increase in the amount of soil that is exposed to wind and water erosion. The topsoil has moderate to very high erosion potential and increased sedimentation may occur. The pipeline may become exposed over the long term due to flowing water. Potentially expansive soils could result in subgrade movements, causing distress to structures, slabs or equipment. Potentially liquefiable soils could result in ground failure and damage to structures. Differential settlement may occur on the equipment pad if structures are placed across cut/fill boundaries. Soil expansion potential along the pipeline alignment is potentially high, possibly resulting in differential stress. Severe, seismic-induced ground motion could occur at the site.

Mitigation Measures: Erosion control measures will be implemented. A soils engineer will complete soils analyses and review impacts and mitigation measures once the project design is complete. Expansive soils could be overexcavated or structures could be supported on shaft foundations. If necessary, facilities will be placed only on cut pads or designed to tolerate potential differential settlement. The pipeline will be required to be buried at a depth of at least six feet in the creek crossing. Drill site facilities and pipelines will be designed to withstand maximum credible earthquakes of magnitude 7.5, and associated ground accelerations. These mitigation measures have been found to mitigate these impacts to insignificant levels.

### Hydrology

Impact Summary: There is the potential for short term sedimentation impacts due to grading on steep slopes and disturbance of creek bottoms for pipeline installation. The road and pipeline creek crossing could create significant impacts to the current or course of water movement during periods of high flow. Flooding may result in exposure of the pipeline, due to scour.

Mitigation Measures: Erosion and sediment control plans will be implemented. Construction that will impact waterways will be restricted to methods set forth in an approved erosion control plan, but preferably during low flow periods. These mitigation measures have been found to mitigate these impacts to insignificant levels.

### Biology

Impact Summary: Construction activity adjacent to streams or wetlands could cause landslides resulting in localized burial of stream or wetland habitats. During construction and operations, spillage of motor vehicle fuels, lubricants, coolants, hydraulic fluids, etc., into streams, wetlands

and/or Gaviota tarplant habitat could degrade these sensitive resources. The use of invasive weeds or native but non-local plant materials for facility landscaping may reduce habitat values. If water is present in Cañada de Leon during construction, aquatic wildlife may be crushed by construction traffic and downstream habitats would experience increased turbidity and sedimentation. Construction may affect oaks and other native trees in woodland habitats at Cañada San Onofre and Cañada de Leon. For sensitive wildlife species that may breed within the proposed impact areas, construction impacts could cause mortality or disruption of breeding. Disturbed areas may be colonized by non-native or non-local species.

Mitigation Measures: Construction fencing or similar barriers will be used to keep traffic away from sensitive habitats. State and local agency approved environmental monitors will be used during all grading in native habitats. Construction corridors will be clearly marked and all work will remain within the boundaries. No equipment maintenance will occur within 100 feet of a stream or wetland. Local sources for native plants will be utilized; if non-native species must be used (e.g., for facility screening), measures should be taken to prevent them from spreading beyond the facility. The construction schedule will be adjusted to coincide with periods of minimal streamflow. The creek will be flumed across the zone that would be used prior to the grading of the crossing and silt fences will be installed immediately downstream of the construction area. If avoidance of oak trees is not possible, any isolated oaks or native specimen trees (greater than six inches diameter at breast height) removed or killed as a result of the project will be replaced in the same habitat at a ratio of ten saplings for each tree removed. Pre-construction surveys will be performed to assess the occurrence of sensitive animal species and individuals will be relocated out of the impact areas (amphibians and reptiles only). Breeding sites will be avoided. In all construction areas, topsoil will be salvaged and exposed slopes will be restored and revegetated. Specific requirements will be developed in a Restoration, Erosion Control and Revegetation Plan. These mitigation measures have been found to mitigate these impacts to insignificant levels.

#### Archaeological/Cultural Resources

Impact Summary: The closest archaeological site boundary, based on surface artifacts alone, is 100 feet from the drill site pad area. The subsurface extent of the site has not been investigated and could potentially extend northward as far as this impact area. Due to the intact nature of the archaeological site, drill pad construction would potentially disturb these significant deposits.

Mitigation Measures: A supplemental Phase I archaeological investigation will be performed in the southern portion of the drill pad and in the vicinity of the artifact isolate. Ground disturbances in all areas containing archaeological materials will be monitored by a County-approved archaeologist to ensure that any outstanding resources previously unidentified in Phase 1, 2 or 3 investigations are recorded. Local Native American representatives will be retained by the applicant to monitor all ground disturbances, including archaeological investigations, within cultural resource areas. The applicant and the County will conduct a pre-construction workshop

with cultural resource specialists, Native American monitors and construction personnel, stressing the importance of cultural resources and discussing penalties for their illicit disturbance. These mitigation measures have been found to mitigate these impacts to insignificant levels.

#### Fire Protection

Impact Summary: Adequate fire protection water has not been incorporated into the project design for the exploration phase. The applicant has not yet prepared an adequate Emergency Response Plan to deal with potential construction and operational incidents. There has been no impoundment basin proposed to surround the NGL storage tanks and truck loading racks to hold any NGL release per the National Fire Protection Association (NFPA 30). The fire protection system has not been adequately designed for the facility.

Mitigation Measures: Additional fire protection water will be provided for the exploration phase. An Emergency Response Plan, approved by the County's emergency response agencies, will be in place prior to construction activities. An impoundment basin will be constructed around the NGL storage area and the truck loading racks. A Fire Protection Plan, approved by the County Fire Department, will be in place prior to construction activities. These mitigation measures have been found to mitigate these impacts to insignificant levels.

#### Transportation/Circulation

Impact Summary: North and southbound travelers on U.S. Highway 101 could experience unsafe driving conditions or delays as a result of construction/operation traffic entering or exiting the All American Pipeline pump station access road.

Mitigation Measures: Truck traffic entering and exiting the site will be limited to off-peak commuting hours. This mitigation measure has been found to mitigate this impact to an insignificant level.

### 1.6 FINDINGS THAT IDENTIFIED PROJECT ALTERNATIVES ARE NOT FEASIBLE

The Final EIR, 95-EIR-02, prepared for the project evaluated alternatives to the proposed project. A no project alternative was considered along with alternative project locations and alternative methods of transporting Natural Gas Liquids as methods of reducing or eliminating potentially significant environmental impacts. The criteria used in this analysis of the alternative project sites and transportation routes were selected to address the major environmental and safety impacts that are typically associated with oil and gas development projects. In addition, criteria were developed to address other social issues such as land use implications and federal energy strategies. Technical and economic based criteria were developed to address issues associated with reservoir development and recovery. All alternatives are considered infeasible for the following reasons:

### PROJECT ALTERNATIVES

No Project Alternative: Under the No Project Alternative scenario, none of the proposed project components would be constructed or operated and the gas reservoirs would not be developed. While there would be no environmental impacts associated with the No Project Alternative, it would not meet the project objectives and was dropped from further consideration.

Offshore Platform Alternative: This alternative was found to be inconsistent with four of the screening criteria. The emissions from platform operations would exceed the APCD's offset thresholds. The use of a platform could have severe impacts on the marine environment due to a spill during construction or operations. Additionally, the platform would be visible from great distances along Highway 101 and from Gaviota State Park. Given the increased costs of construction and operation of an offshore platform, this alternative was found to be economically infeasible given today's natural gas prices and was dropped from further consideration.

Gaviota Terminal Property: This alternative was found to be inconsistent with five of the screening criteria. The site is in an area of high level air emissions due to the proximity to the Chevron processing facility. Because the site would be close to the ocean there would be the possibility of a significant impact to the marine environment due to any spill or upset condition. Because of the distance from the main target reservoir, only a portion of the gas reserves could be accessed from this site, not allowing the applicant to meet the objectives of the project. Therefore, this alternative was dropped from further consideration.

Gaviota State Park Alternative: This alternative was found to be inconsistent with eight of the screening criteria. The site is located within a popular State Park area, frequented by local residents and out of town visitors. Use of this site would expose park visitors to the hazards and impacts of a natural gas drilling and production project. The proposed project would be inconsistent with the intent of the recreation zone district. The site is also very close to the ocean, and an operational upset could expose the marine environment to severe impacts. The site location and topography suggests that cultural resources may be present onsite. Because of the distance from the main target reservoir, only a portion of the gas reserves could be accessed from this site, not allowing the applicant to meet the objectives of the project and rendering this alternative economically infeasible. Therefore, this alternative was dropped from further consideration.

Brinkman Ranch Property Alternative: This alternative was found to be inconsistent with two of the screening criteria. The drill rig would be visible from Highway 101 for a distance of approximately three miles. Use of the site would not allow the applicant to fully access the Gaviota and Caliente reservoirs, thus not allowing the applicant to meet the objectives of the project. While this site does not offer any environmental advantages over the proposed project, it was carried forth through environmental analysis at the request of the applicant.

Chevron Processing Facility Alternative: This alternative was found to be inconsistent with four of the screening criteria. The site is in an area that has a high level of baseline air emissions due to the ongoing Chevron operations and proximity to the Gaviota Terminal. Use of this site for drilling would create potentially significant safety problems associated with the hazards of a well blowout adjacent to the existing oil and gas processing facility. A well blowout could lead to an unconfined vapor cloud explosion causing sufficient overpressure to damage the propane and butane storage bullets located at the Chevron facility. In addition to the serious safety concerns, use of the site would not allow the applicant to fully access the Molino reservoir, thus not allowing the applicant to meet the objectives of the project. With technology limiting recovery of natural gas reserves from this alternative site location to 60% of what can be recovered from the proposed project site, in addition to the higher costs associated with drilling from the Chevron facility site, this alternative would be economically infeasible and was dropped from further consideration.

Exxon Las Flores Canyon Alternative: This alternative was found to be inconsistent with four of the screening criteria. The site is in an area of high level baseline air emissions due to the proximity to the Exxon and POPCO facilities. Use of this site would not allow for the development of any of the gas reserves, due to the distance from the reservoirs. Development of this site would lead to the same results as the No Project Alternative but was considered as an alternative as it is one of the County's two oil and gas consolidated processing facility sites on the South Coast.

#### NGL TRANSPORTATION ALTERNATIVES

Use of Trucks during Full Production Phase: This alternative was found to be inconsistent with two of the screening criteria. Truck traffic would result in a substantial increase in operational air pollutant emissions over the proposed project. This alternative would also place additional hazardous materials on U.S. Highway 101 between the drilling site and the Chevron processing facility. This alternative could lead to an increased likelihood of a spill and resulting fire due to a truck accident. This alternative was dismissed from further consideration.

Reinjection of NGL Back into the Reservoirs: This alternative was found to be inconsistent with two of the screening criteria. Reinjection of the NGL would result in increased air emissions over the proposed project. In addition, it is not clear how reinjection of the NGL would affect reservoir productivity, possible leading to reduced recovery or reserves. Also, the loss of revenue from the sale of the NGL, along with the higher operating costs due to the reinjection compressors and wells, could shorten the economic life of the reservoirs. For these reasons, this alternative was dropped from further consideration.

All American Pipeline (AAPL) Route Alternative: This alternative was found to be inconsistent with one screening criterion. This alternative would require disturbing the AAPL corridor which has been successfully revegetated. This disturbance would result in significantly greater

environmental impacts than the proposed project since the proposed route would be placed in the shoulder of an existing roadway and use of the AAPL route would not eliminate any of the road construction impacts. Therefore, this alternative was dropped from further consideration.

## 1.7 STATEMENT OF OVERRIDING CONSIDERATIONS

The Final EIR for the Molino Gas Project identifies project impacts to biological resources, visual resources, risk of upset and hazardous materials as significant environmental impacts which are considered unavoidable and could occur as a result of the proposed project. Although no mitigation measures can completely eliminate the above mentioned impacts, many conditions of approval have been required to ensure that they are mitigated to the maximum extent feasible. Only the No Project alternative would completely eliminate these impacts. The Board of Supervisors therefore makes the following Statement of Overriding Considerations which warrants approval of the project notwithstanding that all identified impacts are not fully mitigated. Pursuant to §15043, 15092 and 15093 of the CEQA Guidelines, any remaining significant effects on the environment are acceptable due to overriding considerations. The significant environmental impacts identified in 95-EIR-02 are described below, by issue area, and mitigation measures are identified. This section concludes with the Statement of Overriding Considerations.

### Risk of Upset/Hazardous Materials

*Impact #1. The significant consequences of a Natural Gas Liquid (NGL) spill as a result of truck transportation during the exploration phase of project development.*

Molino Energy Company is required to limit the transportation of NGL to the exploration phase (Phase 1) of project development and will conduct training for potential NGL truck accidents and spills. NGL truck traffic will also be restricted to non-peak hours. The County recognizes that pipeline transportation is the safest mode of transporting NGL and that truck transportation of NGL has been limited to the shortest period possible (18 months). However, although construction of the full production phase (Phase 2) NGL pipeline to the Chevron facility during Phase 1 would reduce truck safety impacts, it would also result in potentially unnecessary, significant biological, air quality and geologic impacts should Phases 2 and 3 not occur. Because long term development of the reserves is speculative, construction impacts from the pipeline construction would be too destructive to merit its construction for Phase 1 of the project. Allowing truck transportation to occur during Phase 1 is acceptable because sensitive resources along the proposed pipeline route will not be disturbed if Phase 2 development never occurs and the pipeline is not built.

*Impact #2. The significant consequences of a NGL spill associated with pipeline transportation during Phases 2 and 3.*

Molino Energy Company is required to conduct training for pipeline accidents and implement extensive internal and external corrosion prevention measures to assure pipeline integrity. The potential for pipeline incident will be reduced by placing colored markers above the pipeline to reduce the potential for third party damage and a pipeline leak detection system will be incorporated and tested at regular intervals. The County recognizes that the pipeline is located on property controlled by Molino Energy Company and is not accessible to the public and further recognizes that pipeline transportation of NGL is the safest form of transportation based on studies by the U.S. Department of Transportation. The impact of long term NGL transportation will be removed from the highway and placed in a pipeline. The impact of a pipeline leak are acceptable because all other alternative transportation methods cause more significant safety concerns. Also development of Phase 2 will provide the County additional construction and technical employment opportunities, and increased tax base, and increased royalties for the state, as enumerated in the concluding statement.

### Biology

*Impact #3. Sensitive species or habitats may be impacted by direct or incidental damage caused by accidents associated with the project, such as NGL pipeline ruptures and pipeline and facility fires and explosions.*

Molino Energy Company is required to develop procedures for protection of sensitive species and habitats in each of the project emergency response plans. The County recognizes that the Molino Gas Project would be sited on a parcel that is contemplated for the development of oil and gas support facilities for offshore oil and gas production. As such, the impacts to sensitive species on this parcel, although mitigated to the maximum extent feasible, must be balanced against the intent of the County's Oil and Gas Consolidation Policies which limit industrialization of the South Coast. The County accepts this impact, but only within the two Consolidated Oil and Gas Planning Areas, because it limits the potential for additional sensitive resource impacts in other areas due to this type of oil and gas development.

*Impact #4. The endangered species Gaviota tarplant would be impacted by roadway and facility construction.*

Molino Energy Company is required to comply with the provisions of a California Department of Fish and Game Gaviota Tarplant Mitigation Plan and contribute to the mitigation bank for the Gaviota Tarplant Reserve to offset impacts to this sensitive species. The County recognizes that other potential project sites that do not contain Gaviota tarplant or its habitat would not meet the objectives of the project and/or would result in other significant impacts that would be harmful to human health and the environment. The County further recognizes that the Molino Gas Project



would be sited on a parcel that is contemplated for the development of oil and gas support facilities for offshore oil and gas production. As such, the impacts to endangered species on this parcel, although mitigated to the maximum extent feasible, must be balanced against the intent of the County's Oil and Gas Consolidation Policies which limit industrialization of the South Coast. The County accepts this impact to occur to the Gaviota tarplant within the two Consolidated Oil and Gas Planning Areas because consolidated development reduces other impacts such as land use or other habitat loss, including Gaviota Tarplant habitat, due to redundant construction.

*Impact #5. Native grassland habitat would be eliminated as a result of the construction of the pipeline roadway and the drilling and production facility.*

Molino Energy Company is required to restore all disturbed areas, as appropriate, with native bunch grass. The success of the revegetation effort will be monitored by a County-approved biological specialist. The County recognizes that the impacts to local native grasslands is temporary and losses will be mitigated through the above mentioned revegetation effort. The County further recognizes that the Molino Gas Project would be sited on a parcel that is contemplated for the development of oil and gas support facilities for offshore oil and gas production. The applicant is also required to restore the site to its original condition and revegetate the site in accordance with a County approved plan. As such, the impacts to sensitive species on this parcel, although mitigated to the maximum extent feasible, must be balanced against the intent of the County's Oil and Gas Consolidation Policies which limit industrialization of the South Coast. The County accepts this impact to occur to native grassland within the two Consolidated Oil and Gas Planning Areas because consolidated development reduces other impacts such as land use or other habitat loss, including native grassland habitat, due to redundant construction.

#### Visual Resources

*Impact #6. The drill mast will be visible for up to six years by sensitive receptors from both the north and southbound lanes of U.S. Highway 101.*

There are no physical mitigation measures that can reduce the visual impact caused by the drill rig mast. However, Molino Energy Company's contribution to the Coastal Resource Enhancement Fund (CREF) would provide funding necessary to develop alternative, offsite mitigation such as coastal land acquisitions and restoration projects. The County recognizes that the technical requirements of the project require a drill rig of this height to meet the objectives of the project. Further, the County recognizes that the project is consistent with Coastal Land Use Plan Policy 4-3 which states in part, "the height, scale, and design of structures shall be compatible with the character of the surrounding natural environment, except where technical requirements dictate otherwise." Therefore, the County accepts this type of development to occur, but only within restricted geographical areas because it will provide construction and technical

employment opportunities, provide the County with a source of income from income and property taxes, and lead to state royalties from oil and gas production.

Upon due reflection and consideration, the Board of Supervisors finds the substantial benefits provided by the physical project outweigh the significant environmental impacts. In making this statement, we recognize in particular that the County will benefit by expanded employment. During the drilling phases, the Molino Gas Project will employ up to 30 drilling technicians for four years. During operations, approximately 6 permanent employees will be employed for the duration of the project, which is estimated at 20 years. Net fiscal gains to Santa Barbara County could be approximately \$12 million for property taxes over the life of the project, and an additional \$500,000 of taxes over the life of the project for the gas facility equipment. Approximate royalties for the State could reach \$166 million over the life of the project, with approximately \$27 million coming to the County if revenue sharing as currently proposed is passed. A new supply of natural gas which will increase energy availability consistent with the Bush and Clinton Administrations' National Energy Strategy of energy independence which promotes development of recoverable reserves and the use of natural gas, which has environmental benefits over other fossil fuels. It is estimated that the Molino Gas Project will produce up to 350 billion standard cubic feet of gas and 12 million barrels of condensate. Further, the County's Coastal Plan recognizes that directional drilling is a "constantly improving technology which will allow industry to reach further distances offshore, in some cases avoiding the need for offshore platforms to recover resources." implying the County's preference for onshore drilling as opposed to offshore platform construction. Therefore, it is concluded that although the project will result in significant, unavoidable impacts to the environment, its overall benefits outweigh the consequences associated with those impacts.

#### 1.8 ENVIRONMENTAL REPORTING AND MONITORING PROGRAM

Public Resources Code §21081.6. requires the County to adopt a reporting or monitoring program for the changes to the project which it has adopted or made a condition of approval in order to mitigate or avoid significant effects on the environment. The approved project description and conditions of approval, with their corresponding permit monitoring requirements, are hereby adopted as the monitoring program for this project. The monitoring program is designed to ensure compliance during project implementation.

These conditions also require that an Environmental Quality and Assurance Program (EQAP) be prepared to ensure compliance during project implementation with those measures included in the project description and with those conditions imposed on the project in order to mitigate or avoid significant effects on the environment.

## 2.0 ADMINISTRATIVE FINDINGS - MOLINO GAS PROJECT

### 2.1 Article II Zoning Ordinance Findings: Exploration Plan

Pursuant to §35-158.4 of the proposed amendments to Article II, in addition to the findings set forth in §35-176.5, Exploration Plans, the following findings must be made:

1. *That exploration occurring within a County designated site for consolidated oil and gas processing does not jeopardize space requirements for existing and projected consolidated processing and does not subject operations to undue risk.*

The proposed Molino Gas Project would not be sited within a consolidated processing site. The Molino facilities would be developed on a site approximately 2,000 feet east of the Chevron Oil and Gas Processing Facility. The project site lies within an area defined in the EIR as the Gaviota Consolidated Oil and Gas Planning Area. This Planning Area is reserved for potential development space for onshore facilities that support offshore oil and gas development. The project EIR analyzed siting the Molino Gas Project within the industrially developed Gaviota processing site. This alternative was dismissed from further consideration because of the significant safety impacts that could occur because of the incompatibility of well drilling within the context of a processing facility, as currently configured. Because the Molino Gas Project will not jeopardize space requirements for existing and projected consolidated processing and will not subject the Chevron operations to any undue risk, the project may be found consistent with this finding.

2. *That exploration sites are collocated with other exploration and/or production sites approved after January 1, 1996, to the maximum extent feasible.*

The intent of this finding is to reduce redundant facilities, thereby reducing impacts to the environment. The Molino Gas Project would be the first development project of this type permitted under the proposed LCP amendments. As such, the exploration/production site cannot be collocated with other sites. However, the Molino Gas Project site is designed and would be constructed in such a manner as to minimize environmental impacts. This would be accomplished by requiring the development of site specific erosion control and revegetation plans, approved by the appropriate County and State agencies. Any future development of offshore oil and/or gas reservoirs from within the Gaviota Consolidated Oil and Gas Planning Area would have to demonstrate that the Molino site is infeasible if another site is to be considered.

Pursuant to §35-176.5 of Article II, an Exploration Plan shall only be approved if all of the following findings are made:

*2.1.1 There are no feasible alternative locations for the proposed exploratory drilling program that are less environmentally damaging.*

The EIR (95-EIR-02) for the proposed Molino Gas Project analyzed seven alternative project sites, three alternatives for the transportation of Natural Gas Liquids (NGL), and three alternatives for the Coastal Zoning Ordinance amendments. Of the seven alternative project sites, none offered any environmental or safety advantages over the proposed site or were either technically or economically infeasible. Therefore, the proposed site is consistent with the requirements of this finding.

*2.1.2 Adverse environmental effects are mitigated to the maximum extent feasible.*

The EIR prepared for the project, 95-EIR-02, identifies and discusses the potentially significant environmental impacts associated with the proposed project. The EIR concludes that the project will result in Class I impacts in the issue areas of risk of upset/hazardous materials, air quality, biology and visual resources. Imposition of permit conditions of project approval for Molino Energy will mitigate these Class I impacts to the maximum extent feasible, although significant impacts will remain. All Class II impacts identified in the EIR will be reduced to less than significant levels through implementation of permit conditions. All required mitigation measures identified in the EIR have been incorporated into the conditions of approval for this project consistent with this finding.

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

As discussed in 95-EIR-02, the project poses a significant risk to the public through exposure to the hazards of natural gas and gas liquids production and transportation. Specifically, travelers on U.S. Highway 101 would be exposed to this hazard during the exploration stage of the project when gas liquids are transported by truck to the Chevron facility. During the full production phase, travelers on Highway 101 could also be affected by plant and pipeline incidents involving flammable and explosive gas and liquids. These impacts will be mitigated to the maximum extent feasible by requiring that adequate safety standards are incorporated into plant and pipeline design, including emergency shut-down systems. Plant and pipeline safety will be monitored through a comprehensive safety, maintenance and inspection program. Other developments in the area are the Chevron oil and gas processing facility and the Gaviota Terminal. The proposed Molino Energy facility should appear relatively small in comparison to these other industrial developments and will be subordinate to the backdrop of the Santa Ynez Mountains.

In determining the overall land use compatibility of the Molino Energy project, County consolidation policies and isolation from heavily populated areas must be considered. Although existing development within the immediate project vicinity is coastal-related industry, recreational and agricultural uses are more typical of the surrounding area. While the industrial nature of the

facility is dissimilar to the recreational and agricultural uses in the surrounding area, it is not incompatible with those uses, and does not dominate any area outside the facility boundaries given the existing larger industrial developments in the vicinity and the intent of the County's consolidation policies. The proposed project can be considered appropriately sited as it is located adjacent to existing facilities in an area designated to accommodate consolidation of oil and gas development.

In addition, pursuant to the Article II Coastal Zoning Ordinance (§35-317.8), the Planning Commission may impose reasonable conditions that require redesign of the project to protect persons and property in the neighborhood and to preserve and enhance the public health, safety and welfare. A condition (P-28) has been imposed to require, under certain conditions, a study to identify measures to reduce exposure to explosion overpressure impacts to the public (e.g., highway travelers). This measure will ensure that the public health, safety, and welfare is protected by reducing the extent to which emergency response personnel would be committed to emergency response at the facility and by reducing exposure of those personnel, as well as persons onsite, to harm.

*2.1.4 The development is in conformance with the applicable provisions of Article II and the policies of the Coastal Land Use Plan.*

The Article II Coastal Zoning Ordinance does not permit drilling into and production of offshore oil and gas reservoirs from onshore locations. As part of its project application, Molino Energy Company has proposed changes to Article II that would allow this type of activity to occur within a defined study area and specified zone districts. The applicant has also requested that height restrictions be relaxed to allow for this type of project throughout the coastal zone. With approval of these requested changes, the proposed gas drilling and production project can be found to conform with applicable provisions of Article II. As described in Section 7.3 of this staff report dated June 18, 1996 and incorporated herein by reference, the proposed project has also been found to conform with all applicable Coastal Land Use Plan policies.

*2.1.5 The site is appropriate for subsequent oil and gas production, should the proposed drilling program be successful.*

The drilling and production site was chosen because it offers access to three offshore gas reservoirs from a single, onshore area. Technical advances in the area of extended reach drilling will allow the Molino Energy Company to reach all target reservoir zones, with some down-hole depths greater than 20,000 feet. If the exploration phase confirms reservoir productivity, full production will commence and be conducted from the same drilling and production pad consistent with this finding. Additionally, the drilling site is located in the vicinity of an existing oil and gas processing facility that is fully equipped and permitted to handle additional production volumes consistent with the intent of the County's South Coast Consolidation policies.

## 2.2 Article II Zoning Ordinance Findings: Production Plan

Pursuant to §35-158.6 of the proposed amendments to Article II, in addition to the findings set forth in §35-176.10, Production Plans, the following findings must be made:

1. *That production occurring within a County designated site for consolidated oil and gas processing does not jeopardize space requirements for existing and projected consolidated processing and does not subject operations to undue risk.*

The proposed Molino Gas Project would not be sited within a consolidated processing site. The Molino facilities would be developed on a site approximately 2,000 feet east of the Chevron Oil and Gas Processing Facility. The project site lies within an area defined in the EIR as the Gaviota Consolidated Oil and Gas Planning Area. This Planning Area is reserved for potential development space for onshore facilities that support offshore oil and gas development. The project EIR analyzed siting the Molino Gas Project within the industrially developed Gaviota processing site. This alternative was dismissed from further consideration because of the significant safety impacts that could occur because of the incompatibility of well drilling within the context of a processing facility, as currently configured. Because the Molino Gas Project will not jeopardize space requirements for existing and projected consolidated processing and will not subject the Chevron operations to any undue risk, the project may be found consistent with this finding.

2. *That production sites are collocated with other exploration and/or production sites approved after January 1, 1996, to the maximum extent feasible.*

The intent of this finding is to reduce redundant facilities, thereby reducing impacts to the environment. The Molino Gas Project would be the first development project of this type permitted under the proposed LCP amendments. As such, the exploration/production site cannot be collocated with other sites. However, the Molino Gas Project site is designed and would be constructed in such a manner as to minimize environmental impacts. This would be accomplished by requiring the development of site specific erosion control and revegetation plans, approved by the appropriate County and State agencies. Any future development of offshore oil and/or gas reservoirs from within the Gaviota Consolidated Oil and Gas Planning Area would have to demonstrate that the Molino site is infeasible if another site is to be considered:

3. *Sufficient pipeline capacity to transport processed crude oil, processed natural gas, and heavier fractions of natural gas liquids is reasonably available for the life of the project.*

Molino Energy Company will construct a Natural Gas Liquids (NGL) pipeline as part of the full production phase of the Molino Gas Project. The NGL pipeline will connect to the Chevron Gaviota Oil and Gas Processing Facility, 2,000 feet to the west. As a condition of project approval (Condition #Q-6), Molino Energy Company will be required to operate the NGL

pipeline on a common carrier basis, providing potential, future operators at the site with an alternative to truck transportation. To ensure that the NGL pipeline is built, Molino Energy Company is required by permit Condition #O-1 to cease trucking NGLs offsite within 18 months of beginning operations. The project can be found consistent with this finding.

Pursuant to §35-176.10 of Article II, a Production Plan shall only be approved if all of the following findings are made:

*2.2.1 There are no feasible alternative locations for the proposed production drilling program that are less environmentally damaging.*

The EIR (95-EIR-02) for the proposed Molino Gas Project analyzed seven alternative project sites. Of the seven alternative project sites, none offered any environmental or safety advantages over the proposed site or were either technically or economically infeasible. Therefore, the proposed site is consistent with the requirements of this finding.

*2.2.2 Adverse environmental effects are mitigated to the maximum extent feasible.*

The EIR prepared for the project, 95-EIR-02, identifies and discusses the potentially significant environmental impacts associated with the proposed project. The EIR concludes that the project will result in Class I impacts in the issue areas of risk of upset/hazardous materials, air quality, biology and visual resources. Imposition of permit conditions of project approval for Molino Energy will mitigate these Class I impacts to the maximum extent feasible, although significant impacts will remain. All Class II impacts identified in the EIR will be reduced to less than significant levels through implementation of permit conditions. All required mitigation measures identified in the EIR have been incorporated into the conditions of approval for this project consistent with this finding.

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

As discussed in the EIR (95-EIR-02), the project poses a potential significant risk to the public through exposure to the hazards of natural gas and gas liquids production and transportation. Specifically, travelers on Highway 101 would be exposed to this hazard during the exploration stage of the project when gas liquids are transported by truck to the Chevron facility. During the full production phase, travelers on Highway 101 could also be affected by plant and pipeline incidents involving flammable and explosive gas and liquids. These impacts will be mitigated to the maximum extent feasible by requiring that adequate safety standards are incorporated into plant and pipeline design, including emergency shut-down systems. Overall plant and pipeline safety will be monitored through a comprehensive safety, maintenance and inspection program. Other developments in the area are the Chevron Oil and Gas Processing Facility and the Gaviota

Terminal. The proposed Molino Energy facility should appear relatively small in comparison to these other industrial developments and will be subordinate to the backdrop of the Santa Ynez Mountains.

In determining the overall land use compatibility of the Molino Energy project, County consolidation policies and isolation from heavily populated areas must be considered. Although existing development within the immediate project vicinity is coastal-related industry, recreational and agricultural uses are more typical of the surrounding area. While the industrial nature of the facility is dissimilar to the recreational and agricultural uses in the surrounding area, it is not incompatible with those uses, and does not dominate any area outside the facility boundaries given the existing larger industrial developments in the vicinity and the intent of the County's consolidation policies. The proposed project can be considered appropriately sited as it is located adjacent to existing facilities in an area designated to accommodate consolidation of oil and gas development.

In addition, pursuant to the Article II Coastal Zoning Ordinance (§35-317.8), the Planning Commission may impose reasonable conditions that require redesign of the project to protect persons and property in the neighborhood and to preserve and enhance the public health, safety and welfare. A condition (P-28) has been imposed to require, under certain conditions, a study to identify measures to reduce exposure to explosion overpressure impacts to the public (e.g., highway travelers). This measure will ensure that the public health, safety, and welfare is protected by reducing the extent to which emergency response personnel would be committed to emergency response at the facility and by reducing exposure of those personnel, as well as persons onsite, to harm.

*2.2.4 The development is in conformance with the applicable provisions of Article II and the policies of the Coastal Land Use Plan.*

The Article II Coastal Zoning Ordinance does not address drilling into and production of offshore oil and gas reservoirs from onshore locations. As part of its project application, Molino Energy Company has proposed changes to Article II that would allow this type of activity to occur within a defined study area and specified zone districts. The applicant has also requested that height restrictions be relaxed to allow for this type of project throughout the coastal zone. With approval of these requested changes, the proposed gas drilling and production project can be found to conform with applicable provisions of Article II. As described in Section 7.3 of this staff report dated June 17, 1996 and incorporated herein by reference, the proposed project has also been found to conform with all applicable Coastal Land Use Plan policies.



### 2.3 Article II Zoning Ordinance Findings: Development Plan

The pipeline portion of the Molino project requires a Development Plan. Pursuant to §35-174.7.1 of Article II, a Development Plan shall only be approved if all of the following findings are made:

*2.3.1 The site for the project is adequate in size, shape, location and physical characteristics to accommodate the density and level of development proposed.*

The natural gas drilling and production facility and pipeline would be constructed and operated on approximately four acres of a 80 +/- acre parcel on the Gaviota coast, approximately one-half mile east of the Chevron Gaviota Oil and Gas Processing Facility. The Chevron facility occupies a portion of the parcel that is zoned for oil and gas processing; the remaining portion of the parcel is zoned for agriculture. An air monitoring station is just north of the project site; no other development occurs on the parcel. The general character of the surrounding area is comprised of low rolling hills, riparian corridors, and native and non-native grassland vegetation in a rural setting. The area supports light grazing activities. A geologic report was prepared by Geotechnical Consultants, Inc. (1996) to specifically analyze the proposed drill site. The report concludes that the project is geotechnically feasible. However, the report also recommends that further subsurface exploration, laboratory testing of soils, and engineering analysis be conducted to determine foundation requirements and roadway sections. The major geotechnical conditions that will affect the project are the presence of boulders in areas requiring grading, control of runoff from the site, and erosion control at the stream crossings on the access road west of the site. Although the area is classified as a high seismic risk (as is the majority of Santa Barbara County), no active faults are known to exist in the vicinity of the drill site and associated pipeline. Mitigation measures identified in the EIR have been included in the conditions of approval for this project to ensure that adequate design standards are implemented.

*2.3.2 Adverse impacts are mitigated to the maximum extent feasible.*

The EIR prepared for the project, 95-EIR-02, identifies and discusses the potentially significant environmental impacts associated with the proposed project. The EIR concludes that the project will result in Class I impacts in the issue areas of risk of upset/hazardous materials, air quality, biology and visual resources. Imposition of permit conditions of project approval for Molino Energy will mitigate these Class I impacts to the maximum extent feasible, although significant impacts will remain. All Class II impacts identified in the EIR will be reduced to less than significant levels through implementation of permit conditions. All required mitigation measures identified in the EIR have been incorporated into the conditions of approval for this project consistent with this finding.

*2.3.3 Streets and highways are adequate and properly designed to carry the type and quantity of traffic generated by the proposed use.*

As discussed in the EIR (95-EIR-02) and in Section 7.0 of this staff report dated June 17, 1996 and incorporated herein by reference, Highway 101 and other area streets are adequate and properly designed to carry the type and amount of traffic estimated to be generated by the proposed project.

*2.3.4 There are adequate public services, including but not limited to fire protection, water supply, sewage disposal, and police protection to serve the project.*

Adequate public services are available to serve the proposed project. Fire Station #18 is located approximately two miles west of the proposed drill site and is specifically equipped to respond to emergency calls from oil and gas facilities in the Gaviota vicinity. Adequate operational and fire protection water is available from an existing well located just north of the Chevron facility. Chevron personnel are prepared to respond to emergency situations that may occur outside of their processing facility. No permanent sewage disposal system is needed for this project due to the minimal staffing requirements however, the applicant will provide portable sanitation systems and bottled water for employees during construction and drilling operations. Electricity is provided to the site by existing Southern California Edison transmission lines. A site security plan will be prepared for the facility and will be reviewed and approved by the Sheriff's Office to ensure adequate police protection. Based on this discussion, the finding can be made that there are adequate public services available to serve the proposed project.

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

As discussed in the EIR (95-EIR-02), the project poses a potential significant risk to the public through exposure to the hazards of natural gas and gas liquids production and transportation. Specifically, travelers on Highway 101 would be exposed to this hazard during the exploration stage of the project when natural gas liquids are transported by truck to the Chevron facility. During the full production phase, travelers on Highway 101 could also be affected by plant and pipeline incidents involving flammable and explosive gas and liquids. These impacts will be mitigated to the maximum extent feasible by requiring that adequate safety standards are incorporated into plant and pipeline design, including emergency shut-down systems. Overall plant and pipeline safety will be monitored through a comprehensive safety, maintenance and inspection program. Other industrial developments in the area are the Chevron processing facility and the Gaviota Terminal. Compared with these facilities, the Molino facility should appear relatively small in character and will be subordinate to the backdrop of the Santa Ynez Mountains.

In addition, pursuant to the Article II Coastal Zoning Ordinance (§35-317.8), the Planning Commission may impose reasonable conditions that require redesign of the project to protect persons and property in the neighborhood and to preserve and enhance the public health, safety and welfare. A condition (P-28) has been imposed to require, under certain conditions, a study to identify measures to reduce exposure to explosion overpressure impacts to the public (e.g., highway travelers). This measure will ensure that the public health, safety, and welfare is protected by reducing the extent to which emergency response personnel would be committed to emergency response at the facility and by reducing exposure of those personnel, as well as persons onsite, to harm.

*2.3.6 The project is in conformance with the applicable provisions of Article II and the Coastal Land Use Plan.*

The Article II Coastal Zoning Ordinance does not permit drilling into and production of offshore oil and gas reservoirs from onshore locations. As part of its project application, Molino Energy Company has proposed changes to Article II that would allow this type of activity to occur within a defined study area and specified zone districts. The applicant has also requested that height restrictions be relaxed to allow for this type of project throughout the coastal zone. With approval of these requested changes, the proposed gas drilling and production project can be found to conform with applicable provisions of Article II. As described in Section 7.3 of this staff report dated June 17, 1996 and incorporated herein by reference, the proposed project has also been found to conform with all applicable Coastal Land Use Plan policies.

*2.3.7 In designated rural areas the use is compatible with and subordinate to the scenic, agricultural and rural character of the area.*

Equipment associated with the proposed project includes a 180 foot drilling rig and numerous gas production facilities in heights up to 20 feet. The gas production facilities would be screened from public view through landscape screening and the natural topography. The drill rig, however, will not be completely screened from public views, with approximately 150 feet of the drilling mast visible from the north and southbound lanes of Highway 101. The general character of the surrounding area is comprised of low rolling hills, riparian corridors, native and non-native grassland vegetation. One-half mile to the west is the Chevron Gaviota Oil and Gas Processing Facility on the north side of Highway 101 with the Gaviota Terminal on the south side. The visible portions of the drilling rig would expand the visual impacts of coastal industrialization to a coastal plane historically used for agriculture. However, compared with the Chevron Processing Facility and Gaviota Terminal, the Molino facility, once the drill rig is removed, should appear relatively small in character and will be subordinate to the backdrop of the Santa Ynez Mountains.

In determining the overall land use compatibility of the Molino Energy project, County consolidation policies and isolation from heavily populated areas must be considered. Although

existing development within the immediate project vicinity is coastal-related industry, recreational and agricultural uses are more typical of the surrounding area. While the industrial nature of the facility is dissimilar to the recreational and agricultural uses in the surrounding area, it is not incompatible with those uses because of the distance from those uses, and does not dominate any area outside the facility boundaries given the existing larger industrial developments in the vicinity and the intent of the County's consolidation policies. The proposed project can be considered appropriately sited as it is located adjacent to existing facilities in an area designated to accommodate consolidation of oil and gas development.

*2.3.8 The project will not conflict with any easements required for public access through, or public use of a portion of the property.*

No public access easements exist on the subject properties affected by the project.

#### **2.4 Article II Zoning Ordinance Findings: Conditional Use Permit**

Because the pipeline crosses three ESHs -- Canada de Leon, native grasslands and Gaviota Tarplant -- a Conditional Use Permit must be issued if the project is to be approved. Pursuant to §35-172.8 of Article II, a Conditional Use Permit application shall only be approved if all nine required findings can be made. The first eight findings are identical to the eight findings required to be made for approval of a Final Development Plan and are discussed in Section 2.3 above, and are incorporated herein by reference. The following is an addition to one of those findings addressed above and the ninth finding required to be made for approval of a Conditional Use Permit.

*2.4.1 Adverse impacts are mitigated to the maximum extent feasible.*

In addition to those findings made in 2.3.2 above, the following addresses the impacts from pipeline construction to Gaviota Tarplant. The Coastal Zoning Ordinance includes requirements in the ESH Overlay district for mitigation to significant environmental resources, including rare plant species. Section 35-97.7 states that the method for protecting habitat areas includes placing conditions of approval on the proposed development. The ESH Overlay section suggests as possible conditions: limiting the size of the proposed work; requiring replacement of vegetation; establishing monitoring procedures and maintenance activity; staging the work over time; deed restrictions and conservation and resource easements. All of these approaches has been applied to the Molino project to limit the extent of impact to Gaviota Tarplant habitat, and to ensure the viable habitat remains to sustain the plant (see Conditions C-1, H-1, H-5, H-6, H-7, H-8, R-2). Thus, although a CUP is required for the pipeline because of its impact to Gaviota Tarplant as an ESH, the provisions in the CZO that guide mitigation to ESHs envision the type of conditioning that has been used on the Molino project. The finding that maximum feasible mitigation can be made.

*2.4.2 The proposed use is not inconsistent with the intent of the zone district.*

The purpose and intent of the AG-II-320 zone district is to provide large prime and non-prime lands in the rural areas of the County for long term agricultural use. The zone district allows industrial facilities such as oil and gas drilling and production sites pursuant to specific permits outlined in Division 9, Oil and Gas Facilities as described in §35-150 of the Article II Coastal Zoning Ordinance. The Board's recent amendments to the CZO require a Conditional Use Permit for onshore drilling into offshore reservoirs for agricultural-zoned parcels within the two consolidated planning areas. The parcel proposed for the Molino Gas Project, app. 80 acres, is zoned AG-II but has had only limited grazing on it since the Chevron Gaviota facility was constructed on an adjacent parcel. The parcel does not contain prime agricultural soils. Further, the Molino Gas Project will only use 4 acres to develop the production site, which will have a minimal impact on the limited grazing activities. At project termination, Molino Energy Company will be required to abandon project facilities and restore the site to a condition consistent with the underlying zone district designation. This shows that the Molino Gas Project can occur within an agricultural parcel and not impact the agricultural activities. Therefore, the proposed project is not inconsistent with the intent of the AG-II-320 zone district.

**2.5 Article II Zoning Ordinance Findings: Oil and Gas Pipelines**

Pursuant to §35-157.4 of Article II, in addition to the findings required for Development Plans set forth in §35-174.4, no Final Development Plan which proposes new pipeline construction outside of industry facilities shall be approved unless the following findings are made:

*2.5.1 Use of available or planned common carrier and multiple-user pipelines is not feasible.*

There are no available or planned common carrier or multiple-user pipelines that could serve the Molino Gas Project. However, the Molino Gas Project NGL line will be required by project Condition Q-6 to be operated on a common carrier basis for future, potential shippers. Therefore, the project may be found consistent with this finding.

*2.5.2 Pipelines will be constructed, operated and maintained as common carrier or multiple-user pipelines unless the Planning Commission determines it is not feasible. Applicants have taken into account the reasonable, foreseeable needs of other potential shippers in the design of their common carrier and multiple-user pipelines. Multiple-user pipelines provide equitable access to all shippers with physically compatible stock on a nondiscriminatory basis.*

The Molino Gas Project NGL pipeline is required by condition of approval Q-6 to be operated on a common carrier basis. Therefore, the project may be found consistent with this finding.

*2.5.3 New pipelines are routed in approved corridors that have undergone comprehensive environmental review unless the Planning Commission determines that such corridors are not available, safe, technically feasible, or the environmentally preferred route for the proposed new pipeline.*

The Final EIR for the Molino Gas Project (95-EIR-002) analyzed the alternative of placing the Molino Gas Project NGL pipeline within the All American Pipeline (AAPL) corridor, just north of the proposed drilling and production site. The AAPL corridor was analyzed in EIR SCH No. 83110902 and was determined to be the environmentally preferred route over other alternatives. The County's pipeline consolidation policy 6-14A requires that all new pipelines be restricted to approved corridors that have undergone comprehensive environmental review unless the Planning Commission determines that such corridors are not available, safe, technically feasible or the environmentally preferred route. In the case of the Molino Gas Project NGL line, the project EIR concluded that the alternative of placing the NGL pipeline along the existing access road to the production site was environmentally superior to the AAPL route, because placing the NGL pipeline in the AAPL corridor would result in significant, additional impacts to Gaviota tarplant which has reestablished along the AAPL route. Therefore, the project may be found consistent with this finding.

*2.5.4 When a new pipeline route is proposed, it is environmentally preferable to all feasible alternative routes.*

As stated in the finding analysis in 2.5.3 above, the Molino Gas Project NGL pipeline route along the site access road was determined to be the environmentally preferred alternative. The existing AAPL corridor was dropped from further consideration after it was determined that additional excavation along the right-of-way would impact the State-listed, endangered Gaviota tarplant that has reestablished along the route. Impacts resulting from the construction of the proposed NGL pipeline route were determined to be minimal. Therefore, the project may be found consistent with this finding.

*2.5.5 When a new pipeline is proposed, the project's environmental review has analyzed the cumulative impacts that might result from locating additional pipelines in that corridor in the future.*

The new NGL pipeline route would initially transport only the Molino Gas Project NGL production to the Chevron Processing Facility. The cumulative project analysis in the EIR determined that future projects occurring in the Gaviota Consolidated Oil and Gas Planning Area could be accomplished from the single Molino site, based on the location of the accessible, offshore reservoirs. It is likely that the Molino Gas Project NGL pipeline corridor could serve all future development from the Gaviota site. In selecting the proposed NGL pipeline route as the environmentally preferred alternative, the EIR concludes that the initial construction of the NGL pipeline route, if mitigated as proposed, would result in minimal impacts to the

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environment. The majority of the proposed route would follow an existing site access road. Re-excavation of the pipeline corridor to install additional pipelines would likely result in similar impacts that also could be mitigated to a level of insignificance. Therefore, the project may be found consistent with this finding.

*2.5.6 Concurrent or "shadow" construction has been coordinated with other pipeline projects that are expected to be located in the same corridor where practical.*

There are no other pipeline projects that are proposed in the same corridor or area of the Molino Gas Project that could coordinate construction timing. Therefore, the project is not inconsistent with this finding.

### CREF FINDING

Finding for Imposition of Mitigation Fee: requiring payment to the Coastal Resource Enhancement Fund (CREF) as a condition of permit approval to offset a Class I significantly adverse impact to the visual quality of the rural and coastal landscape.

#### Specific Findings Required by Law:

California enacted Assembly Bill No. 1600 (AB-1600) in 1978 which applies to any action of a local agency "establishing, increasing, or imposing a fee as a condition of approval of a development project" on or after January 1989. This legislative act requires cities and counties to identify the purpose of the fee, the use of the fee, and the reasonable relationship between the purpose and use of the fee. It further requires cities and counties to determine that the burden (i.e., amount) of the fee imposed is reasonably related to the use. Where monetary exactions are imposed on a case by case basis, the County must also meet the "rough proportionality" test set forth in *Dolan v. City of Tigard*.

#### Applicable Impact:

The proposed drilling rig for the Molino Gas Project is 180 feet high and, due to this exceptional height, requires an amendment to the height restrictions currently contained in the Coastal Zoning Ordinance to be permitted in the Coastal Zone. Based on the Environmental Impact Report (EIR) analysis, the introduction of a rig this high into a rural landscape constitutes a significantly adverse visual impact (its proposed location is approximately 350-400 yards from U.S. 101 and approximately 1,000 yards from the Gaviota Oil and Gas Processing Facility). While the EIR (Section 5.11.3.3) identifies this impact as unmitigable via direct measures (except for the no project alternative, the proposed location is the environmentally preferred one of all the alternatives examined) it does identify the payment of mitigation fees to the Coastal Resources Enhancement Fund (CREF) as a means of offsetting these Class I impacts to the visual quality of the area to the maximum extent feasible. The fee being imposed by condition N-1 is \$71,880 annually in 1997 dollars (i.e., as of January 1997 on the Consumer Price Index) while the drilling rig is standing for primary drilling operations and \$17,970 in 1997 dollars each time a rig is used for well workovers that entail a significantly shorter period of time than primary drilling operations.

#### Use of Fee Being Imposed:

The Board of Supervisors established the Coastal Resources Enhancement Fund (CREF) in the mid-1980s as a condition of permit approval on four offshore oil and gas projects. Its purpose is to offset impacts to coastal tourism, coastal recreation, coastal visual aesthetics, and coastal environmental resources that cannot be mitigated to insignificance via direct measures. It applies to both offshore platforms and onshore support facilities, including processing and storage



facilities. Visual impacts necessitating mitigation fees result from facilities that interfere with coastal terrace viewsheds: these facilities are incompatible with the otherwise rural landscape seen from U.S. 101 and the Southern Pacific's rail line. The exaction of the mitigation fee provides an alternative to prohibiting oil and gas development in scenic viewsheds by offsetting to the maximum extent feasible the impact to the public caused by the adverse visual intrusion; moreover, it provides decision-makers with evidence to support LCP policy consistency analysis and to make overriding considerations that Class I environmental impacts have been mitigated to the maximum extent feasible.

In 1987, the Board of Supervisors adopted formal guidelines for the CREF that established a methodology for calculating the amount of impact fees and established a methodology for allocating the fees to public projects (including those ventured by non-profit organizations) that ensures the use of the fees has a reasonable relationship to the purpose of the exaction.

To offset significantly adverse impacts to visual aesthetics, the Board of Supervisors typically uses CREF to fund capital improvements that help preserve relatively pristine coastal lands, either through acquisition, conservation easement, and other administrative activities such as planning necessary to accomplish the same goal. The Board of Supervisors also uses CREF to enhance public access to areas that provide special panoramic views as a means of offsetting the significantly adverse impacts posed by oil and gas facilities on the coast.

#### Calculation of Fees:

Since 1988, the calculation of CREF fees has been based upon a point system from 0-5 (where 5 represents the maximum impact) to classify the severity of an impact to a particular coastal resource, such as visual quality. The specific level of severity is judged in large part on a comparative basis to impacts from similar types of projects (i.e., other oil and gas projects). The severity of visual impacts is further based on the extent of intrusion by the source of the visual impact based on the existing character of the specific viewshed being impacted; i.e., erecting a new stack in the same immediate location where other stacks already exist is not considered as severe as erecting a stack in a previously unimpacted area. Exxon has been assessed 2 points annually for visual impacts of its two new platforms (Harmony and Heritage) for the life of their existence between 5-8 miles offshore in the Santa Ynez Unit. Chevron had initially been assessed the maximum 5 points annually for visual impacts from its onshore processing facility at Gaviota, the three offshore platforms associated with the Point Arguello field, and shorter-term impacts on the pipeline corridor. This assessment was adjusted to 4 points in the second five-years because the platforms are often hidden by fog and the pipeline corridor had been widely revegetated. In both Exxon's and Chevron's cases, the assessment occurs for the life of the operation.

For the Molino Gas Project, proportionality with other oil and gas projects on the Gaviota Coast would result in an assessment of 3 points annually, but only for the period of time in which the

drill rig is present. The 3 points are justified by the drill rig's proximity to U.S. 101 (between 350 and 400 yards) and the Southern Pacific railroad.

The County has equated each point assessed for CREF fees at \$20,000 in 1988 dollars, and adjusts this amount every five years to reflect inflation, using the Consumer Price Index (CPI) for the Los Angeles--Long Beach metropolitan area. There is no precise formula for determining the exact cost of offsetting the loss of visual amenities along a relatively pristine coastal terrace which is largely rural. However, mathematical precision is not required: the County is required only to "make some effort to quantify its findings" supporting any fee, beyond "conclusory statements". *Dolan v. City of Tigard* (1994) 114 S. Ct. 2309, 2322. Therefore, such efforts to quantify the visual impact fee may work best if accomplished in a somewhat fiscally conservative manner to ensure the fee does not pose an undue burden. The \$20,000 figure is based on a conservatively low estimate of incremental loss in recreational, visual, tourist amenities due to the adverse impacts of offshore and related onshore oil and gas development. The CPI adjustment after the first five years, made for 1993, changed the dollar equivalency for each point to \$23,960.

For the Molino Gas Project's drill rig, the amount of the exaction is considered to be reasonable if it equals or is conservatively less than the costs of the capital improvements required to offset the significantly adverse impact to the coastal viewshed. Such offsets are limited to acquisitions and easements, and come at high costs; for example acquisition of Santa Barbara Shores cost \$11.5 millions, acquisition of Wilcox cost \$3.5 million, acquisition of two parcels in the Carpinteria Salt Marsh cost \$0.5 million (none of these costs reflecting administrative, legal, master planning, and post-acquisitional management costs). Other coastal preservational efforts along the Gaviota coast cost \$40,000 just for preliminary tasks. The Molino drill rig is planned to be used four years for primary drilling of exploratory and production wells. Except for short-term well workovers thereafter, the total exaction will be \$287,520. Although this amount is not, in itself, sufficient to fund an entire capital improvement to offset the impact, it is determined to be a sufficient amount to leverage other funding sources.

Summary of Finding:

The CREF fee imposed is an annual assessment of \$71,880, commencing with the deployment of the drill rig and lasting until removal of the drill rig. Use of the rig thereafter for shorter workovers of wells will be limited to one-fourth the annual contribution, or \$17,970. All payments after 1997 will be adjusted according to the Consumer Price Index to reflect 1997 dollars, and will fall due in January of each year.

Considering the experience of preserving coastal land and providing coastal access, both for purposes of enhancing those remaining visual amenities of the coast and its rural landscape, this amount is considered to be fiscally conservative and roughly proportionate to the cost of

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mitigating visual impacts of the Molino Gas Project. The fees will be dedicated towards capital improvements of the coast that enhance its visual aesthetics.

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*CONDITIONS OF APPROVAL*

**MOLINO GAS PROJECT**  
**Final Development Plan (94-FDP-024),**  
**Conditional Use Permit (94-CP-063), and**  
**Oil and Gas Exploration and Production Plan (94-PP-001)**

MOLINO GAS PROJECT FINAL DEVELOPMENT PLAN CONDITIONS  
 (94-FDP-024, 94-CP-063, & 94-PP-001)  
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## A. GENERAL

### A-1 Project Description

This Final Development Plan, 94-FDP-024, Conditional Use Permit, 94-CP-063, and Oil and Gas Exploration and Production Plan, 94-PP-001, (collectively referred to as the "FDP"), is based upon and limited to the project described in the FDP application including subsequent modifications, the EIR project description including subsequent modifications, CEQA analysis and current conditions of approval as set forth below.

In summary, the project description is as follows (see 95-EIR-002, State Clearinghouse No. 95031016 and application 94-FDP-024 for a complete project description):

Molino Energy Company will develop sweet (no Hydrogen Sulfide) natural gas reserves in State Tidelands leases PRC 2920, PRC 2199 and PRC 2894 from an onshore drilling and production site just north of U.S. Highway 101. The drilling and production pad is approximately 2,000 feet east of the Chevron Gaviota Oil and Gas Processing Facility on Assessor's Parcel No. 81-130-052. Three offshore gas fields are targeted for development: the Molino, Caliente and the Gaviota. The project will be developed in three phases. Phase 1 will involve testing of the reservoirs for productivity by drilling one or two wells and constructing minimal test production equipment at the drill site capable of handling 15 million standard cubic feet of gas per day (MMSCFD). If the test well(s) prove favorable, Phase 2 will commence and involve the drilling of additional wells into the reservoirs, construction of a 60 MMSCFD gas production facility and the construction of a 3,000 foot Natural Gas Liquids (NGL) pipeline to the Chevron Gaviota Facility for NGL transportation. Phase 3 would involve the testing and eventual full production of the additional reservoirs.

Phase 1 production is anticipated to be approximately 10 to 15 MMSCFD of sweet gas and Phase 2 and 3 gas production is anticipated to peak at approximately 60 MMSCFD. During Phase 1, the produced NGLs will be transported by truck to the Chevron Facility for processing; Phase 2 and 3 NGL production will be transported to the Chevron Facility via the new NGL pipeline. Phase 2 and 3 NGL production is anticipated to average approximately 1,030 barrels per day.

The project has an anticipated life of approximately twelve to twenty years. Upon project completion, all above ground facilities will be removed and the site will be restored consistent with a County approved abandonment and restoration plan. The NGL pipeline will be purged, capped and abandoned in place.

### A-2 Acceptance of Permit Conditions

Acceptance of this permit shall be deemed as acceptance of all conditions of this permit and waiver of any objections thereto.

**A-3 Grounds for Permit Modification or Revocation**

Failure to abide by and faithfully comply with any conditions for the granting of this permit shall constitute grounds for the modification or revocation of this permit by the Planning Commission.

**A-4 Court Costs**

Molino Energy Company agrees as a condition of the issuance and use of this permit to defend at its sole expense any action brought against the County by a third party challenging either its decision to issue the permit or the manner in which the County is interpreting or enforcing the conditions of the permit. Molino Energy Company will reimburse County for any court costs and attorneys fees which the County may be required by a court to pay as a result of such action where Molino Energy Company defended or had control of defense of the suit. County may, at its sole discretion, participate in the defense of any such action, but such participation shall not relieve Molino Energy company of its obligation under this condition. County shall bear its own expenses for its participation in the action.

**A-5 Costs of Implementing and Enforcing Conditions**

The County's permit compliance program for oil and gas projects requires each permit holder to fund County monitoring of each permit holder's compliance efforts. This condition, along with Condition C-1, shall serve as implementation of the EIR Mitigation Monitoring Program in 95-EIR-002 for 94-FDP-024. Molino Energy Company agrees to participate in this permit compliance program and to fund all reasonable expenses incurred by the County and/or County contractors for permit condition implementation, reasonable studies, and emergency response directly and necessarily related to monitoring and enforcement of these permit conditions and applicable County ordinances. Molino Energy Company shall provide a deposit for these expenses and shall reimburse County within 30 days of invoicing by County.

**A-6 Failure to Comply**

In the event that Molino Energy Company fails to comply with any order of the Santa Barbara County Administrative Officer or the Board of Supervisors issued hereunder or any injunction of the Superior Court, it shall be liable for a civil penalty for each violation to the extent imposition of such civil penalty is authorized by and imposed under applicable laws, rules, or regulations.

Said civil penalty shall be in addition to Molino Energy Company's obligation to reimburse the County of Santa Barbara (and others) for actual damages suffered as a result of Molino Energy Company's failure to abide by the conditions of this permit or by the orders of the County Administrative Officer, the Board of Supervisors, or any court of competent jurisdiction.

#### **A-7 Access to Records and Facilities**

As to any condition which requires for its effective enforcement the inspection of records or facilities by County or its agents, Molino Energy Company shall make such records available or provide access to such facilities upon reasonable notice from County. County agrees to keep such information confidential where permitted by law and requested by Molino Energy Company in writing.

#### **A-8 Substantial Conformity**

The procedures, operating techniques, design, equipment and other descriptions (hereinafter procedures) described by Molino Energy Company in: 1) its Final Development Plan application to the County (94-FDP-024) and in subsequent clarifications and additions to that application; 2) its Conditional Use Permit application to the County (94-CP-063) and in subsequent clarifications and additions to that application; 3) its Oil and Gas Exploration and Production Plan (94-PP-001) and in subsequent clarifications and additions to that application; and 4) as described in 95-EIR-002 and any subsequent environmental review, are incorporated herein as permit conditions and shall be required elements of the project. Since these procedures were part of the project description which received environmental analysis, a failure to include such procedures in the actual project could result in significant unanticipated environmental impacts. Deviations from the project description, environmental review or conditions of approval may require further environmental review and a modification to 94-FDP-024, 94-CP-063, or 94-PP-001. Therefore, modifications of these procedures will not be permitted without a determination of substantial conformity or a new or modified permit. The use of the property and the size, shape, arrangement and location of buildings, structures and landscaped areas shall be in substantial conformity with the approved Final Development Plan 94-FDP-024, Conditional Use Permit 94-CP-063 and Oil and Gas Exploration and Production Plan 94-PP-001 and approved modifications to them.

#### **A-9 Authority for Curtailment**

In addition to the authority to enforce and secure compliance with the provisions of the permit under the Article II Coastal Zoning Ordinance of Chapter 35 of the Santa Barbara County Code, the County Administrative Officer, or in his/her absence a designated appointee, may order that curtailment of activities which is required to protect the public health and safety. Said action may include, but is not limited to, ordering temporary, partial or total facility shutdown. Such an order shall be made only in the event that the Administrative Officer has reasonable and probable cause to believe that the continued unrestrained activities of permittee will likely result in or threaten to result in material danger to public health, welfare, or safety, or in the environment and provided such violations can be expected to continue or recur unless operations are in whole or in part shut down or reduced pending the necessary corrections.

Before issuing any curtailment order, the County Administrative Officer shall set a time for hearing and shall give written notice of the time and place of the hearing and of the alleged

violations. Such notice shall be given to the person in charge of the operation of the facility at least 24 hours before the hearing at which time there will be an opportunity for all concerned parties to present evidence regarding the alleged violations. The notice may be served in person or by certified mail.

In the event the Administrative Officer, or in his/her absence the designated appointee, determines that there is an imminent danger to the public health and safety resulting from violations, he/she may summarily order the necessary curtailment of activities without prior notice and hearing and such order shall be obeyed upon notice of same, whether written or oral. At the same time that notice of the order is conveyed, the Administrative Officer shall set a date, time and place for a publicly noticed hearing and review of said order as soon as possible which date shall be no longer than 48 hours after such order is issued or served. Said hearing shall be conducted in the same manner as a hearing on prior notice. After such hearing, the Administrative Officer may modify, revoke, or retain the emergency curtailment order.

Any order of the Administrative Officer may be appealed to the Board of Supervisors within three working days after such order is made.

If such appeal is not filed with the Board of Supervisors, the Administrative Officer's order becomes final. If there is an appeal, the order of the Administrative Officer shall remain in full force and effect until action is taken by the Board of Supervisors. The decision of the Board of Supervisors shall be a final Administrative Action. Such decision shall not preclude Molino Energy Company from seeking judicial relief.

Once Molino Energy Company has shown that the conditions of violation no longer exist and are not reasonably likely to recur, the Administrative Officer shall modify the curtailment order to account for such compliance and shall entirely dissolve the order when it is shown that all of the violations have been corrected and are not likely to recur.

#### **A-10 Conditions Separately Remain in Force**

In the event that any condition contained herein is determined to be invalid, then all remaining conditions shall remain in force.

#### **A-11 Conflicts Between Conditions**

In the event that any condition contained herein is determined to be in conflict with any other condition contained herein, then where principles of law do not provide to the contrary, the condition most protective of natural environmental resources and public health and safety shall prevail to the extent feasible.

#### **A-12 Injunctive Relief**

In addition to any administrative remedies or enforcement provided hereunder, the County may seek and obtain temporary, preliminary, and permanent injunctive relief to prohibit violation of the conditions set forth herein or to mandate compliance with the conditions herein. All remedies and enforcement procedures set forth herein shall be in addition to any other legal or equitable remedies provided by law.

#### **A-13 Molino Energy Company Liability**

The owner and the operator of the facility shall be jointly and severally liable without regard to fault for all legally compensable damages or injuries suffered by any property or person that result from or arise out of any hydrocarbon or water spillage, fire, explosion, odor, or air pollution, in any way involving hydrocarbon liquids or gas or the impurities contained therein or removed therefrom and which arises out of construction or operation of the Molino Gas Project facilities. For the purpose of this condition, the "facility" shall be deemed to include all facilities described and approved pursuant to 94-FDP-024, 94-CUP-063, 94-PP-001, and any subsequent, approved revisions. This condition shall not inure to the benefit of any of the owners of the Molino Gas Field, including the State of California. This declaration of strict liability and the limitations upon it shall be governed by the applicable law of California on strict liability. Molino Energy Company shall indemnify, defend and hold harmless the County, its officers, agents, and employees, from any and all claims, demands, costs, expenses, including attorneys fees, judgements or liabilities arising out of the location of the facilities.

#### **A-14 Facility Throughput and Source Limits**

All facilities constructed under this permit shall be limited to the following maximum production volumes: Phase 1 shall be limited to 15 Million Standard Cubic Feet of Gas Per Day (MMSCFD); Phase 2/3 shall be limited to 75 MMSCFD. The subject volume will be produced from the Molino, Gaviota and Caliente sweet gas reservoirs; specifically from leases PRC 2920, PRC 2199 and PRC 2894 as described in 95-EIR-002. Molino Energy Company shall obtain a new or modified permit, or authority to continue operation under the existing permit prior to undertaking any of the following activities which may, in the judgement of the County, result in significant changes to the impacts on the County. Such changes could include but are not limited to: 1) facilities modifications; 2) changes in facilities throughput; and 3) introduction of production to the facility from sources other than those described above.

#### **A-15 Permit Violations**

Any person, firm or corporation, whether as a principal, agent, employee, or otherwise, found to be in violation of any provision or conditions of this permit, shall be punishable as set forth in the applicable section of the Article II Coastal Zoning Ordinance.

Each and every day during any portion of which any violation of this Article or the rules, regulations, orders or permits issued hereunder, is committed, continued, or permitted by such person, firm or corporation shall be deemed a separate and distinct offense.

**A-16 Board of Supervisors Authority to Change County Department Responsible for Condition**

The Santa Barbara County Board of Supervisors shall have the authority, in a noticed public hearing, to specify or change the Santa Barbara County Department responsible for any conditions contained herein.

**A-17 Alternative Mitigation if Condition Invalidated**

In the event that any condition imposing a fee, exaction, dedication or other mitigation measure is challenged by the project sponsors in an action filed in a court of law or threatened to be filed therein which action is brought in the time period provided for by Code of Civil Procedures Section 1094.6 or other applicable law, this approval shall be suspended pending dismissal of such action, the expiration of the limitation period applicable to such action, or final resolution of such action. If any condition is invalidated by a court of law, the entire project shall be reviewed by the Planning Commission and no approval shall be issued unless substitute feasible mitigation conditions/measures are imposed.

**A-18 Applicability of Conditions to Construction and Operations**

These permit conditions are intended to apply to the Molino Gas Project during both the construction and the operation of the permitted facilities. The term "operations" shall be understood to encompass both construction and operation phases unless such an interpretation would be inappropriate.

**A-19 Expiration of Permits**

Approval of the Final Development Plan, Conditional Use Permit and Oil and Gas Exploration and Production Plan shall expire five (5) years after approval by the Planning Commission, or Board of Supervisors, unless prior to the expiration date, substantial physical construction has been completed on the development or a time extension has been applied for by the applicant. The Planning Commission or Board of Supervisors may, upon good cause shown, grant a time extension for one year.

**A-20 Additional Mitigation to have Same Force and Effect as Permit Conditions**

Additional mitigation required pursuant to this permit, which has been incorporated into by compliance plan or has been adopted by the Planning Commission or Board of Supervisors in a noticed public hearing, shall have the force and effect of a permit condition. The remedies available to the County upon applicants failure to comply with such additional mitigation includes



but is not limited to those remedies which are available to the County upon Molino Energy Company's failure to comply with a permit condition.

**A-21 Chevron Point Arguello Oil & Gas Processing Facility FDP Modifications**

This Final Development Plan shall not be in force and effect unless and until the Planning Commission approves the modifications to the Chevron Point Arguello Oil & Gas Processing Facility Final Development Plan 85-DP-32cz.

**A-22 Local Coastal Program Amendments**

This Final Development Plan shall not be in force and effect unless and until the California Coastal Commission approves the required Coastal Zoning Ordinance and Local Coastal Plan Amendments.

**A-23 General Liability and Well Control Drilling Insurance**

Prior to construction, Molino Energy Company shall demonstrate to P&D, County Counsel and Risk Management that it carries a minimum of \$15,000,000 in General Liability Insurance, and \$15,000,000 in Well Control Drilling Insurance on the Molino Gas Project with an insurance company rated "A" or better. The General Liability Insurance policy shall be in effect prior to construction and shall be maintained for the life of the Molino Gas Project, through abandonment of the facility. The Well Control Drilling Insurance policy shall only be required to be in effect while drilling operations are being conducted. Molino Energy Company may satisfy this requirement by having its drilling contractor or subcontractors supply the required insurance, so long as the aggregate insurance maintains the totals required. The County of Santa Barbara shall be named as an additional insured on all policies. The policy(s) shall contain a provision that it may not be modified or cancelled without 60 days' notice to County.

**B. PERMIT REVIEW**

**B-1 Construction Review by System Safety and Reliability Review Committee (SSRRC)**

Prior to commencement of construction for Phase 1, 2 and 3 and for subsequent modifications, Molino Energy Company shall submit to P&D and to the SSRRC (established by Condition P-1) relevant construction plans, engineering drawings and supporting text demonstrating compliance with the relevant conditions of this permit. Construction may not commence until County has reviewed and approved the appropriate submittal, consistent with the SSRRC review specified in Conditions P-1 and P-2. Within 15 days of submittal, County shall deem the submittal complete, or incomplete and provide a list of deficiencies. Within 15 days of deeming the submittal complete, County shall give written notice of approval of construction plans, or indicate in writing conditions which have not been met, or notify the permittee that the SSRRC review shall be completed within a period of time specified by the SSRRC, based on sound engineering practices. When such conditions have been met, construction may be commenced. The SSRRC

may require post-construction inspections or review of as-built drawings, as necessary to confirm consistency with the approved submittal.

#### **B-2 County Imposition of New Conditions and Comprehensive Review of Conditions**

If at any time County determines that these permit conditions are inadequate to effectively mitigate significant environmental impacts caused by or potentially caused by the project, or that recent proven technological advances could provide substantial additional mitigation, then additional reasonable conditions shall be imposed by the Planning Commission to further mitigate these impacts. Imposition of such conditions shall only be considered and imposed as part of a comprehensive review of the project conditions. The County shall conduct a comprehensive review of the project conditions and consider adding reasonable conditions which incorporate proven technological advances at any time after permit issuance and at appropriate intervals thereafter. The County may also conduct a comprehensive review of conditions which are not effectively mitigating or will not effectively mitigate impacts at any appropriate time and, based upon that review, impose additional reasonable conditions to effectively mitigate such impacts. Upon appeal and written request of Molino Energy Company to the Board of Supervisors, the Board of Supervisors shall determine whether the new condition required is reasonable considering the economic burdens imposed and environmental benefits to be derived.

#### **B-3 Condition Scheduling Conflicts**

In the event that scheduling requirements among or between conditions in this permit (or with this permit and conditions imposed by other agencies) conflict with respect to timing, P&D (in consultation with other departments, agencies, and Molino Energy Company as appropriate) shall resolve such conflict.

#### **B-4 Authority to Begin Construction**

Prior to commencing any construction activities associated with this FDP, Molino Energy Company shall obtain a letter(s) from the Director of P&D indicating that all conditions which require approval prior to construction of Phase 1, Phase 2 and Phase 3, as specified by this Final Development Plan, have been satisfied.

#### **B-5 Authority to Begin Operations**

After construction and prior to start-up, Molino Energy Company shall obtain a letter from the Director of P&D indicating that all conditions which require approval prior to start-up, as specified by this Final Development Plan, have been satisfied. Start-up, for purposes of this

condition, is defined as the introduction of hydrocarbons into the facility production equipment for both Phase 1 and Phase 2/3.

#### **B-6 Fire Department Permits for Excavations**

After installation and backfill of the Phase 2 pipeline, Molino Energy Company shall obtain permits pursuant to Chapter 15 of the Code of Santa Barbara County from the Fire Department before any future excavation activity occurs within ten (10) feet of the NGL pipeline or other subterranean, hazardous liquid or gas lines.

#### **B-7 Issuance of Coastal Development Permits**

The Director of Planning and Development may issue multiple Coastal Development Permits (CDPs) for portions or phases of the Molino Gas Project, provided that Molino Energy Company satisfies the conditions, or portion(s) of the conditions, that apply to that portion or phase of the project. Issuance of each CDP shall only be valid for the portion or phase covered under that CDP; Molino Energy Company shall not be vested to develop other portions or phases of the project, consistent with applicable law, without an appropriate CDP.

### **C. MANAGEMENT AND MONITORING**

#### **C-1 Environmental Quality Assurance Program (EQAP)**

Molino Energy Company shall obtain P&D approval of an Environmental Quality Assurance Program (EQAP) prior to commencement of Phase 1 construction activities, and obtain P&D approval of a revised EQAP prior to commencement of both Phase 2 and 3 construction activities. This EQAP shall encompass both construction and operations phases of the Molino Gas Project, and shall describe the steps Molino Energy Company will take to assure compliance with the conditions contained in the FDP for this project. The EQAP is intended to provide a monitoring and reporting framework for compliance with all conditions, programs and plans specified by these conditions. As such, it will become a comprehensive reference document for the County, other agencies, and the public regarding the Molino Gas Project.

The EQAP shall include:

- a. all plans, as specified by these conditions, relevant to construction and operation of the permitted facilities. If separate plans exist, they may be referenced rather than physically included in the EQAP submittal;

- b. provisions for an onsite environmental coordinator(s) with overall responsibility for monitoring Molino Energy Company's compliance with the environmental conditions of this permit. These coordinators shall be under contract to the County and funded by Molino Energy Company;
- c. provisions for ensuring contractor knowledge of and compliance with these conditions;
- d. provisions for the submittal to P&D of monthly reports throughout construction and annual summary reports during operations unless more frequent reporting is deemed necessary by P&D. Upon receipt of compliance reports, P&D shall advise Molino Energy Company of what additional compliance items require reporting prior to the next report. These reports shall describe:
  - 1. Project status, including but not necessarily limited to:
    - i. extent to which construction has been completed,
    - ii. the origins of the construction labor force
    - iii. the rate of production/throughput during operation,
    - iv. environmental planning and implementation efforts, and
    - v. any revised time schedules or timetables of construction and/or operation that will occur in the next one-year period.
  - 2. Permit condition compliance, including but not necessarily limited to the results of the specific mitigation requirements identified in these conditions and compliance plans.
  - 3. Results and analyses of all data collection efforts being conducted by Molino Energy Company pursuant to these permit conditions.

#### **C-2 24-Hour Emergency Contact**

Prior to issuance of the Coastal Development Permit for Phase 1, Molino Energy company shall provide to P&D, the Office of Emergency Services and the County Fire Department the current name and position, title, address, and 24-hour telephone numbers of the person in charge of the facility, person in charge of construction, and other representatives who shall receive all orders and notices, as well as all communications regarding matters of condition and permit compliance at the site and who shall have authority to implement a facility shutdown pursuant to Condition A-9 in this Final Development Plan or other County ordinances.

There shall always be such a contact person(s) designated by the permittee. One contact person shall be available 24 hours a day in order to respond to inquiries received from the County, or from anyone in case of an emergency.

If the address or telephone number of Molino Energy Company's agent should change, or the responsibility be assigned to another person or position, Molino Energy Company shall provide to P&D the new information within 24 hours of the effective date of such change.

**C-3 Molino Energy Company to Provide Copies of Permits to P&D**

Molino Energy Company shall furnish to P&D copies of all local, state, and federal permits relative to the Molino Gas Project within 30 days of receipt by Molino Energy Company.

**C-4 Pipeline Construction Confined to Right-of-Way**

All pipeline construction activities, including work areas and staging and storage areas of pipe, shall be confined to the approved right-of-way.

**C-5 Capacity and Throughput Reports**

Molino Energy Company shall report to P&D the volumes and rates of: (1) inlet gas volumes; (2) gas transferred for sales into the Southern California Gas transmission line; and (3) Natural Gas Liquids (NGL) volumes transported to Chevron's Gaviota Processing Facility by truck (Phase 1) and by the NGL interconnect pipeline (Phase 2/3). Reports shall be made on at least a monthly and annual basis and supporting documentation will be provided upon request from P&D.

**D. GEOLOGY**

**D-1 Grading, Drainage and Erosion Control Plans**

Prior to commencement of construction activities for Phase 1, Molino Energy Company shall submit final Grading, Drainage and Erosion Control Plans for approval by the County of Santa Barbara Planning and Development Department, Building & Safety Division, Public Works Department, and County Flood Control. These Plans shall later be amended and resubmitted for review and approval for both Phase 2 and 3 activities, prior to commencement of additional construction. The plans shall include the following:

- a. Methods such as retention basins, drainage diversion structures, and spot grading shall be used to reduce siltation into adjacent streams during grading and construction activities.
- b. Grading on slopes steeper than 5:1 shall be designed to minimize surface water runoff.
- c. Temporary storage of construction equipment shall be designated on the final site plan.
- d. A drainage plan illustrating impervious conduits that channel surface water to existing drainage canyons. This plan shall also include a maintenance and inspection program to ensure proper functioning.
- e. Grading shall be limited to the dry season (usually April 15 to November 1) unless a Building & Safety-approved erosion control plan is in place and all measures therein are in effect. Rainy season erosion control measures will be utilized to control runoff and erosion in the event that revegetation is not completed prior to the rainy season.
- f. Soil should be kept damp during grading activities to reduce the effects of dust generation.
- g. All exposed graded surfaces shall be reseeded with native ground cover to minimize erosion. This requirement shall be noted on all grading and building plans. Graded surfaces shall be reseeded within 60 days of grading completion.
- h. Excess topsoil to be stockpiled on site shall be segregated from other soils to facilitate future land restoration and shall be piled so as to be protected from wind and water erosion.
- i. Where fill is placed upon a natural or excavated slope steeper than 20 percent (i.e. 4:1), a base key shall be constructed at the toe of the fill and the fill shall be benched into the existing slope. The base key shall be embedded at least 2' into competent inorganic soils. The fill shall then be benched horizontally into the existing slope at least 2' normal to the slope as the fill is brought up in layers. Keying and benching operations shall be monitored by a soils engineer.
- j. The maximum height and steepness of all cut and fill slopes shall comply with the County of Santa Barbara Grading Ordinance.
- k. Cut slopes shall be constructed no steeper than 1.5:1. Fill slopes shall be constructed no steeper than 2:1.
- l. Areas to receive fill shall be stripped of vegetation, organic topsoil, debris, and other unsuitable material. Engineered fill shall be placed in layers not exceeding 8" in loose thickness, properly moistened and compacted, and tested for 90 percent compaction, as required.
- m. If further measures are considered necessary to mitigate problems posed by expansive soils, the following alternatives shall be considered by a soils engineer:
  - Over-excavation of expansive soils and replacement with non-expansive fill.
  - Support of structures on drilled shaft foundations.
  - Lime treatment of the expansive subgrade.

- n. Project facilities shall be sited on cut pads to provide relatively uniform foundation support and reduce differential settlement. Alternatively, structure foundations shall be designed to tolerate potential differential settlement.
- o. Project grading and earthwork shall be observed and tested by a geotechnical engineer or his representative to verify compliance with recommendations in the project geotechnical report(s).
- p. All recommendations included in the project geotechnical report (Geotechnical Consultants, 1994) shall be incorporated into the final project design, including: exploratory borings, soil sampling, and laboratory testing of sampled materials shall be provided by a geotechnical engineer to provide engineering index properties for design of foundations and pavements.
- q. Grading of steep slopes shall be minimized to facilitate restoration efforts.
- r. The size of the disturbed area associated with grading/construction activities shall be minimized.
- s. Surface roads shall be covered with gravel or other suitable material to minimize erosion.
- t. Restore disturbed soil to elevation/topography per final approved Grading Plan.

#### **D-2 Seismic Safety Design for Facilities and Pipelines**

The drill site facilities and pipelines shall be designed to withstand maximum credible earthquakes and associated peak ground accelerations that have been determined for the site (Geotechnical Consultants Report, 1994). Soil analyses shall be completed for liquefaction potential. Once project design has been developed and the criteria for the facility performance has been established, the soils engineer shall review the mitigation measures and modify them as appropriate.

#### **D-3 Pipeline Trench Inspection**

Inspection of the trench for pipelines or trench spoil to identify any potential geologic hazards shall be made by a professional geologist or soils engineer approved by P&D prior to the installation of the pipeline. If hazards not previously accounted for in the pipeline design are encountered, appropriate mitigation measures must be developed and must be incorporated prior to pipeline installation. The timing of such inspections shall not result in any unreasonable delays in installation of the pipeline.

#### **D-4 Limitations on Grading**

In order to minimize impacts caused by grading, only Phase 1 grading shall be permitted until it is determined that Phase 2 development will occur.

#### **D-5 Pipeline Design and Burial Depth**

Molino Energy Company shall assure that the pipeline at the Cañada de Leon Creek crossing is buried at a minimum of 6' to prevent scour from maximum stream flows. The depth of the pipeline shall be marked on the approved plans and the method of calculation of burial depth shall be approved by the County Flood Control District. Pipeline design and burial depth elsewhere along the right-of-way shall be subject to data contained in the geotechnical report (Geotechnical Consultants Report, 1994) and any subsequent data assimilated by the pipeline trench inspection mandated in Condition D-3, regarding the topography of the pipeline ROW and potential presence of expansive and loose granular soils that are potentially subject to liquefaction, soil settlement, lurching, and differential settlement. Pipeline design and burial depth shall be subject to the approval of Santa Barbara County Flood Control and Planning and Development, Building and Safety Division.

#### **D-6 Erosion Control Structures along Pipeline Corridor**

Molino Energy Company shall submit detailed plans for any proposed temporary or permanent erosion control structures to P&D and the Flood Control District prior to construction of Phase 2 activities. The plans shall be approved prior to construction of the NGL pipeline. Emphasis shall be given to consideration of temporary erosion control structures, such as trench plugs and water bars.

#### **D-7 Stockpile of Earth Materials on Right-of-Way**

Stockpiling of large volumes of earth material shall only occur within the road right-of-way and the drilling and production pad except as approved by P&D.

#### **D-8 Non-Permitted Excavations**

Excavations shall not be permitted where conventional pipeline fills would not provide adequate slope stabilization. If slope stabilization impacts cannot be avoided, detailed plans of the excavation (with limits of cut and fill and slope restoration method) shall be submitted prior to construction for review and approval.



## **E. AIR QUALITY**

### **E-1 Statement of Scope**

Nothing contained herein shall be construed to permit a violation of any applicable federal, state or local air pollution law, rule, or regulation.

### **E-2 Dust Control Plan**

Prior to construction, Molino Energy Company shall submit to P&D a Dust Control Plan, approved by the Air Pollution Control District (APCD), which includes the following measures:

- a. During grading, construction, earth moving, excavation, and transportation of cut or fill materials, water trucks or sprinkler systems are to be used a minimum of two times per day to prevent dust from leaving the site and to create a crust after each day's activities cease, except when soil water content would exceed the level recommended by the soils engineers for compaction or when weather conditions warrant a reduction in water application. Additionally, adequate dust control shall be used to keep fugitive dust from being transmitted outside of the property boundaries or pipeline ROW. Increased dust control watering would be performed when wind speeds would exceed 15 miles per hour. The amount of additional watering would depend upon soil moisture content. Reclaimed water shall be used whenever cost-effective.
- b. After clearing, grading, earth moving, or excavation is completed, the entire section of disturbed soil shall be treated immediately by watering or revegetating or spreading soil binders to minimize dust generated on the site from leaving the site until the area is paved or otherwise restored to its previous state.
- c. Any disturbed area that would not be covered with a foundation or paving within 14 days after completion of disturbing activities shall be stabilized using soil coating mulch, dust palliatives, compaction, reseeding, or other approved methods. Soil stockpiled for more than two days shall be covered, kept moist, or treated with soil binders to prevent dust generation. Trucked soil loads shall be covered in transit.
- d. All streets will be swept at the end of the day, if visible soil material is carried onto adjacent public paved roads (SCAQMD, 1993).
- e. Traffic speeds on all unpaved roads is to be reduced to 15 mph or less (SBCAPCD, 1995).

- f. Molino Energy Company shall designate a person or persons to monitor the dust control program and to order increased watering as necessary to prevent transport of dust off-site. Their duties shall include holiday and weekend periods when work may not be in progress. The name and telephone number of such persons shall be provided to the OEC and APCD prior to issuance of the Coastal Development Permit for finish grading of the facility (SBCAPCD, 1995).
- g. Prior to construction, Molino Energy company shall include all dust control requirements as a note on a separate information sheet to be recorded with the site construction plans. All requirements shall be shown on grading and building plans.

### **E-3 Fugitive ROC and NO<sub>x</sub> Emissions**

In the event that emission offsets of ROC and NO<sub>x</sub> emissions from the Molino Gas Project components are not required by APCD Rules and Regulations, Molino Energy Company shall still be required to mitigate ROC and NO<sub>x</sub> emissions of the Molino Gas Project components to less than 25 pounds per day, on a yearly average, as dictated by the County of Santa Barbara's Environmental Significance Threshold Guidelines. The mitigation shall be approved by the APCD prior to land use clearance.

### **E-4 Construction Equipment Emissions Mitigations**

Prior to construction, Molino Energy Company shall submit to P&D a Construction Equipment Emissions Control Plan, approved by the Air Pollution Control District (APCD), which includes the following measures:

- a. All gasoline-powered equipment shall be equipped with properly engineered and operated catalytic converters.
- b. For stationary and portable diesel-fired equipment (but not for mobile equipment), engines shall either: 1) have fuel injection timing retarded a minimum of 2° from the manufacturer's specification; or 2) the engine shall be guaranteed by its manufacturer to emit no more than 10.0 grams NO<sub>x</sub>/BPH-hr. (or, equivalent to 800 ppmv NO<sub>x</sub> at 15% oxygen). Retarded fuel injection means that timing is initiated closer to Top Dead Center (BTC) for each engine's power cylinder(s).
- c. All Caterpillar engine types 3306 and 3406 DITA shall use high pressure injectors to reduce NO<sub>x</sub> and have their injection timing retarded by 2° BTC.

- d. Molino Energy Company shall instruct construction personnel to carpool to the extent feasible.
- e. Materials delivery to the site shall be coordinated to consolidate deliveries.
- f. Engines and emission systems shall be maintained in proper operating condition.

**E-5 Facility Shall Emit No Detectable Odor**

All facilities permitted under this Final Development Plan shall be designed, constructed, operated and maintained such that no odor shall be detectable at any point along or outside the exterior boundary of the Molino Gas Project property.

**E-6 Project Consistency with Clean Air Plan**

To ensure that the project is consistent with the Clean Air Plan, the project shall incorporate all feasible mitigation measures approved by the APCD prior to installation of the permitted production equipment. These mitigation measures shall reduce project emissions to a level of insignificance.

**E-7 Flare Location**

The facility flare shall be located so as to reduce impacts on the air monitoring and meteorological station located north of the production facility.

**E-8 Reduction of NO<sub>x</sub> Emissions from Flare**

Molino Energy Company shall use either a steam-assisted flare, a thermal oxidizer, or an open pipe flare to reduce potential NO<sub>x</sub> emissions. The flare chosen shall not exceed 0.133 lbs/NO<sub>x</sub> MMBTU.

**E-9 Additional Air Quality Emissions Reductions**

Prior to the start of Phase 2 and annually thereafter, Molino Energy Company shall mitigate, through the APCD's Innovative Technology Program or through other acceptable methods, total project ROC and NOX emissions to zero to the satisfaction of P&D upon consultation with APCD. The responsibility for identifying and securing mitigation shall rest with Molino Energy Company.

## **F. SURFACE AND GROUND WATER**

### **F-1 Ground Water Monitoring**

Water-metering devices and air lines shall be installed on the Zachary/Brinkman well to determine water levels and to measure the quantity of water removed from the well. Water levels shall be monitored on a monthly basis and reports shall be submitted to Planning and Development Department, Energy Division. Records of water levels and volumes of water removed provide the basis for sound management of groundwater resources.

### **F-2 Stream Flow Diversion**

During construction of the pipeline across Cañada de Leon Creek, stream flow, if any, shall be diverted around construction areas to maintain downstream flows. Baseline water flow shall be maintained in the stream in order to avoid adverse impacts to other sensitive habitats.

### **F-3 Sediment Retention Devices in Cañada de Leon Creek**

Sediment retention devices that allow continued stream flow shall be installed directly downstream of the Cañada de Leon Creek crossing during construction.

### **F-4 Construction and Maintenance at the Cañada de Leon Creek Crossing**

Construction, excavation, and maintenance procedures at the crossing at Cañada de Leon Creek shall employ adequate erosion control measures and occur during the dry season (usually April 15 to November 1), in order to minimize erosion loss downstream and protect surface water quality. Construction and maintenance procedures may occur at other times with prior approval from P&D and the County Flood Control Agency in accordance with an approved Erosion Control Plan.

### **F-5 Surface Drainages During Construction**

During construction of the pipeline and drilling and production site, there shall be no permanent blocking of surface drainages.

### **F-6 No Staging Areas Within Riparian Habitat Corridors**

No staging areas shall be permitted within riparian habitat corridors.

#### F-7 Well Pumping Rates

An average daily pumping rate of 21 gallons per minute (gpm) shall not be exceeded during pumping of the Zachary/Brinkman well. This level should minimize depletion of the aquifers and resultant decrease in water quality. In the event that sustained well production limits the gross production of the well, the pumping rate shall be adjusted accordingly and/or an alternate water source can be established.

*(Section "G" is not used.)*

#### H. BIOLOGY

##### H-1 Restoration, Erosion Control and Revegetation Plan (RECRP)

Molino Energy Company shall submit a Restoration, Erosion Control and Revegetation Plan (RECRP) for the final approved pipeline route and drilling and production sites. The RECRP shall be reviewed by P&D and the California Department of Fish & Game and approved by P&D prior to the issuance of the Coastal Development Permit for Phase 1. Once approved, the Plan shall be implemented by Molino Energy Company. Successful completion of the RECRP shall be monitored by a qualified independent biologist retained by the County and funded by Molino Energy Company. The RECRP shall contain, but not be limited to, the following:

- a) The Cañada de Leon Creek crossing shall be culverted or "flumed" if necessary to maintain streamflow. After construction is finished, the streambed and banks shall be restored to their previous condition (slope, soil compaction, and substrate type) prior to November 1.
- b) Cañada slopes shall be temporarily stabilized with jute netting or other materials as necessary, and seeded or planted for long-term stabilization with locally obtained native riparian, oak woodland, and coastal sage scrub species; non-native species shall not be used. During the ensuing rainy season, the crossing locations shall be checked after storm events for possible erosion problems. Erosion control and repairs shall be implemented prior to the next rainy season if deemed necessary. All activities in Cañadas de Leon and San Onofre shall be in conformity with the conditions of a Streambed Alteration Agreement obtained from the CDF&G and, if applicable, a Section 404 permit from the U.S. Army Corps of Engineers. Copies of permit applications and permits, when received, shall be provided to the County.

- c) Fencing or other barriers shall be installed along the edges of Cañada San Onofre Creek and Cañada de Leon Creek to limit non-essential ground disturbances and prevent debris from falling in the streambeds. Debris that does fall into the streambeds shall be removed immediately.
- d) All personnel should be educated to avoid all sensitive plants and native trees, regardless of size, to the maximum extent feasible.
- e) Immediately before construction, the driplines of individual native trees within 10 feet of the pipeline construction ROW and designated workspaces shall be flagged or fenced.
- f) For each oak or other native tree greater than 3" dbh that is removed or killed as a result of the project, it shall be replaced in the following manner: 10 healthy saplings grown from locally collected seed shall be planted in a similar habitat onsite. Compliance with this condition will be attained if after 5 years from planting the saplings, at least 3 out of 10 (33%) of the saplings is surviving and healthy.
- g) In all areas of grading and excavation, the fine sandy loam topsoil associated with the Conception and Milpitas-Positas soils shall be segregated from clay subsoil and rock materials. Topsoil shall be used in re-surfacing impacted areas such as facility berms and utility corridors. Subsoil and rock materials shall not be disposed on the surface but may be used to re-fill utility trenches, stabilize gullies, or provide base material for facilities and roads. All graded and excavated areas are to be stabilized and re-seeded immediately after construction.
- h) Native bunch grass shall be used to revegetate the disturbed areas between the drilling and production site and the Chevron Point Gaviota Processing Facility.
- i) Procedures for stockpiling and replacing topsoil, replacing and stabilizing backfill, such as at stream crossings, and steep or highly erodible slopes shall be identified. Additionally, provisions shall be made for recontouring to approximate the original topography.
- j) Specific plans for control of erosion, gully formation, and sedimentation, including, but not limited to, sediment traps, check dams, diversion dikes, culverts and slope drains shall be identified. The Plan shall identify areas with high erosion potential and the specific control measures for these sites.

- k) Procedures for containing sediment and allowing continued downstream flow at stream crossings.
- l) Only native plant materials collected from the Gaviota coastal terrace shall be used in the revegetation of grassland and coastal scrub vegetation along the access and utility corridors, and in facility landscaping. All native materials will be ordered from the contractor in advance of construction activities to the extent feasible. The species to be used in seed mixes, as well as the source of materials, and the facility landscaping plan, shall be reviewed by a County-approved botanist prior to implementation.
- m) A detailed irrigation plan for all revegetated areas requiring irrigation for establishment of plant materials shall be developed.
- n) Molino Energy Company's commitment for continual monitoring of the revegetation and erosion control methods to ensure their success and to minimize the intrusion of weeds. Non-native weeds are to be controlled in disturbed sites using manual or chemical means as necessary to ensure the successful establishment of native plants. All weeding or use of herbicides shall be monitored by a CDF&G and County approved biologist.
- o) Time and performance criteria for release of monitoring requirements.

## **H-2 Pipeline Pre-Construction Survey**

A preconstruction survey shall be conducted by a qualified wildlife biologist acceptable to state and local agencies to locate active badger dens, desert woodrat nests, or other sensitive wildlife species on the construction ROW prior to construction. Active badger dens and desert woodrat nests shall be flagged and avoided to the maximum extent feasible.

## **H-3 Construction Fueling and Lubrication**

Fueling and lubrication of construction equipment shall not occur outside of the pad area. No more than two (2) barrels of fuel shall be kept at construction sites, exclusive of pipeline construction fuel tanks, within 0.25 miles of all perennial creeks and flowing streams. Molino Energy company shall submit plans for clean-up and restoration of affected areas in the event of a construction fuel spill.

#### H-4 Pipeline Construction Timing to Avoid Breeding Birds

Pipeline construction shall begin after July 1 and end prior to the onset of the rainy season (usually November 1) to avoid impacts to breeding birds. If it is desirable to begin construction of the pipeline earlier, a qualified wildlife biologist acceptable to P&D shall survey creek crossings and other habitat for sensitive bird species that may be breeding. If no sensitive bird species are found to be breeding in or within 500 feet of the corridor, construction may proceed between the end of the rainy season (April 15) and July 1 without additional mitigation for those species. These sensitive species include, but are not limited to the: southern California rufous-crowned sparrow, Bell's sage sparrow, yellow warbler, blue grosbeak, and grasshopper sparrow.

#### H-5 Sensitive Resources Within Construction Right-of-Way

In those habitats such as riparian areas, oak woodlands and sensitive species areas where specimens are to be avoided within the approved corridor and temporary (for construction only) extra work spaces, Molino Energy Company shall assure contractor compliance with this condition by marking and/or fencing those resources. These areas include, but are not limited to, the sensitive resources identified in 95-EIR-002 and onsite by the OEC.

#### H-6 Gaviota Tarplant Mitigation Plan

Prior to any construction, Molino Energy Company shall prepare a mitigation plan for Gaviota tarplant (*Hemizonia increscens ssp. villosa*) acceptable to the CDF&G, and contribute to the mitigation bank on the Gaviota Tarplant Ecological Reserve at a ratio determined acceptable to CDF&G. Timing of Mitigation Bank payments shall be determined by CDF&G. The mitigation plan shall include but not be limited to the following:

- a) Molino Energy Company will mitigate impacts to Gaviota tarplant by following accepted construction and restoration procedures for any temporary and permanent impacts, by participating in the Chevron/All American Mitigation Program approved by the CDF&G, and by either restoring the habitat at the drilling and production pad during abandonment or by donating additional land supporting tarplant habitat to the Fish and Game Preserve. This procedure includes Molino Energy Company entering into a California Endangered Species Act Memorandum of Understanding (CESA MOU), pursuant to §2081 of the Fish & Game Code, or compliance with an approved Natural Communities Conservation Plan.
- b) Areas of Gaviota tarplant habitat shall be identified and flagged by a qualified botanist acceptable to state and local agencies, during a pre-construction survey and immediately prior to construction. Grading of the facilities pad and access/utility corridor, and the



installation of pipelines and other utilities take place when the Gaviota tarplant is dormant. This is typically in the fall before any heavy rains have allowed the seed to germinate.

- c) Prior to ground disturbances in Gaviota tarplant habitat, Molino Energy company shall obtain CDF&G and County approval of both temporary and permanent repositories for plants, seedbank, and the upper 3-4 inches of topsoil salvaged from impact areas. Permanent placement of salvaged materials shall occur before the onset of the rainy season (usually November 1). A CDF&G-approved botanist shall direct all seed and soil salvaging and replacement activities.
- d) Grading and construction techniques in Gaviota tarplant habitat shall include procedures approved by CDF&G which include but are not limited to triple-lift soil salvage and protection of the seed bank. In triple-lift soil salvage, the first, 6" lift (the seedbank) is scraped off with a rubber-tired vehicle, windrowed, and flagged so that it will not be disturbed during the remainder of construction. This windrow must be protected from traffic, wind erosion and rain. The second lift consists of the remaining sandy loam topsoil, and is kept separate from the clay layer (third lift) beneath. Following pipeline installation, the lifts are replaced in reverse order, and the area stabilized using a dilute mixture of wood fiber and m-binder only (no seed), applied by a hydroseeder. If it appears that erosion will be a problem, the area may be lightly seeded with Zorro fescue, rose clover, and *Nasella pulchra*.
- e) Performance criteria and monitoring schedule shall be developed in consultation with CDF&G.

#### **H-7 Gaviota Tarplant Endowment Fund**

Prior to issuance of the Coastal Development Permit for Phase 2, Molino Energy Company shall make a one-time contribution of \$23,000 to the County to establish an endowment fund for the research of habitat restoration and species propagation of the Gaviota tarplant (*Hemizonia increscens ssp. villosa*). This fund will be managed by the P&D, Energy Division, who in consultation with the State Department of Fish & Game, will prepare and solicit a request for proposals to secure the necessary technical expertise to conduct the research necessary to protect this rare and endangered plant.

#### **H-8 California Department of Fish and Game Permit**

Prior to issuance of the Coastal Development Permit for Phase 1, Molino Energy Company shall receive a permit (1603) if required from the California Department of Fish and Game. This

permit shall include provisions to ensure that the proposed construction schedule will not interfere with reproductive activities of regionally rare or rare, threatened or endangered bird, amphibian, and fish species or other species of special concern. in those environmentally sensitive habitats identified in 95-EIR-002 and shall submit this confirmation to the Planning and Development Department.

#### **H-9 Landscaping and Revegetation Bond**

Prior to issuance of the Coastal Development Permit for Phase 1, Molino Energy Company shall submit a bond or other security agreement to P&D for approval by the County Counsel to ensure that all landscaping and revegetation programs are completed to the County's specifications. Prior to P&D's issuing a release from the bond or other security agreement, a biologist and landscape architect hired by P&D, at Molino Energy Company's expense, shall conduct a field review of all revegetated and landscaped areas to insure consistency with the intent and specifications of the Restoration, Erosion Control and Revegetation Plan (Condition H-1). Necessary repairs or changes in landscaping or revegetation shall be made at Molino Energy Company's expense.

#### **H-10 Post-Construction Survey**

One year after construction of the pipeline and production facilities, or, if realignments occur, one year after the construction of any pipeline realignments, Planning and Development shall conduct a survey at Molino Energy Company's expense to determine the actual impact caused by construction. The report will identify areas with potential for further impact. e.g., high erosion areas, that will require immediate remedial measures. The survey shall also contain an examination of previous mitigation measures and identify improvements to these measures based on the impacts during construction and potential impacts caused by operation. Molino Energy Company shall implement improvements to the mitigation measures agreed to by P&D, on a schedule approved by P&D. This process shall be repeated as often as necessary as determined by P&D, but not more than annually.

#### **H-11 Herbicide Use**

Herbicides shall not be used during pipeline construction.

#### **H-12 Gaviota Tarplant Conservation Easement and Preserve Addition**

Within one year of the start of Phase 2 production, Molino Energy Company agrees to donate an additional four acres of land to the California Department of Fish and Game's Gaviota

Tarplant Ecological Reserve. The four acres are located north of the existing preserve on land currently owned by Chevron. Molino Energy Company shall make all reasonable efforts to purchase the property from Chevron at market value. If Molino Energy Company is unable to make such purchase at a reasonable cost then the County of Santa Barbara reserves the right to acquire the property by condemnation. If the property is acquired by condemnation then Molino Energy Company shall reimburse the County for all the costs to acquire or attempt to acquire the property.

Within one year of the start of Phase 2 production, Molino Energy Company shall establish a conservation easement on four acres of Gaviota Tarplant habitat located south of the proposed access road. The conservation easement shall be in favor of the California Department of Fish and Game and it shall permanently protect the habitat from disturbance other than grazing approved by the Department of Fish and Game.

Once Molino Energy Company has secured unencumbered title to the Gervais Parcel, it shall work with the Department of Fish and Game, and other agencies to try and permanently preserve additional Tarplant habitat. Options include sale, tax donations, land exchanges, and further conservation easements.

*(Section "I" not used.)*

## J. CULTURAL RESOURCES

### J-1 Phase 1 Cultural Resources Survey

Prior to construction, a supplemental Phase 1 archaeological investigation shall be performed on the southern boundary of the Drill Pad, and in the vicinity of the artifact isolate. Systematic backhoe trenching shall be used for LRW-96-01 boundary definition, and shovel test pits (STPs) shall be used for identifying the potential presence of sub-surface archaeological remains in the vicinity of the artifact isolate. If sub-surface materials are identified on the southern Drill Pad boundary, excavation shall continue until the extent of the remains are defined including their relationship to LRW-96-01. A program for carrying out this sub-surface boundary definition shall be prepared by a County-qualified archaeologist and reviewed and approved by the County prior to construction. If sub-surface remains are identified and cannot be avoided by redesign, a Phase 2 significance assessment shall be conducted prior to construction in areas that may be impacted by construction. The program shall be under the direction of a County-approved archaeologist and comply with County Cultural Resource Guidelines (1993). If significant cultural remains are identified, a Phase 3 data recovery mitigation program shall be conducted consistent with County Cultural Resource Guidelines.

**J-2 Construction Monitoring by Qualified Archaeologist**

Ground disturbances in all areas containing archaeological materials shall be monitored by a County-approved archaeologist to ensure that any outstanding resources previously unidentified in Phase 1, 2, or 3 investigations are recorded. In the event these types of resources are encountered, construction shall be temporarily redirected until the find can be evaluated and recorded, pursuant to County Cultural Resource Guidelines (1993).

**J-3 Pre-Construction Workshop**

The applicant shall inform all construction workers during a pre-construction workshop that vandalism or collection of archaeological, ethnic or historic remains is strictly forbidden. The workshop shall be coordinated by the project archaeologist, and written notification of the workshop shall be provided to P&D ten (10) days in advance of meeting.

**J-4 Native American Monitors**

Local Native American representatives shall be retained by Molino Energy Company to monitor all ground disturbances within archaeological sites. Native Americans shall be provided results of additional archaeological surveys or significance assessments and be consulted in determining ways to avoid cultural resources by project redesign.

**J-5 Non-Burial Associated Artifacts**

If non-burial associated cultural resource artifacts are recovered during pipeline installation (the location of such artifacts being unknown prior to installation), such artifacts shall become the property of the Native Americans, with the disposition of the artifacts carried out as per the approved County Guidelines.

**J-6 Staging Areas**

No equipment staging areas shall be allowed within archaeological site areas.

**J-7 Modification of County Guidelines**

If the County cultural resource guidelines are modified and approved prior to construction of the Molino Gas Project facilities, Molino Energy Company shall abide by the requirements set forth in the modified guidelines.

## **K. VISUAL RESOURCES**

### **K-1 Board of Architectural Review**

All facility design, including buildings, structures, landscaping and signs, shall be in accordance with plans approved by the County Board of Architectural Review (BAR), Section 35-184 of the Article II Coastal Zoning Ordinance. Prior to approval of the Final Development Plan, Molino Energy Company shall submit to the BAR and the P&D and obtain their approval of a plan demonstrating that Conditions K-2 through K-6 are met.

### **K-2 Lighting Plan**

No unobstructed or unshielded beam of exterior lighting shall be directed toward any area outside the exterior boundaries of the Molino Gas Project drilling and production site. Any lighting along roadways within the project shall utilize low intensity, ground level, shielded fixtures. Prior to the issuance of a Coastal Development Permit for Phase 1, a Lighting Plan shall be prepared by Molino Energy Company and reviewed and approved by P&D to determine if all feasible measures to reduce obtrusive night lighting and glow from the facilities are implemented.

### **K-3 Glare or Radiation**

No glare or other radiation resulting from facilities constructed pursuant to this Development Plan, other than lighting fixtures, gas flares, and heat exchangers shall be detectable at any point along or outside the exterior project boundaries.

### **K-4 Paint Color**

Prior to the operation of any facilities, all facilities, except heat exchangers at the project site visible from Highway 101 shall be painted using non-reflective paint in visually compatible colors to blend in with the surrounding structures and landscape. No new glare shall be created by above-ground facilities. The paint color shall be approved by the Board of Architectural Review prior to land use clearance.

### **K-5 Berming**

The earthen berms surrounding above-ground facilities shall be designed to look natural (mounded form), rather than manufactured (flat surfaces).

**K-6 Drilling and Production Facility Landscaping Plan**

Molino Energy Company shall submit a Drilling and Production Facility Landscaping Plan to P&D for review and approval prior to construction of the Phase 2 gas production facilities. This plan shall be implemented upon completion of construction of the Phase 2 facilities and shall address means of visually screening the production facility from the U.S. 101 view corridor. The Plan shall utilize only native species.

**K-7 Odors, Gases, Liquids or Visible Emissions**

Molino Energy Company will ensure that all normal Molino Gas Project facility operations will be conducted in such a manner so as not to generate offensive odors, fumes, noxious gases or liquids or visible emissions of smoke.

**K-8 Removal of Debris**

During the life of the project, Molino Energy Company will remove any and all above ground debris located on the project site, including any pipelines, tanks, pumps and separators no longer in use and/or not intended to be used in the future.

**K-9 Screening of Stored and Excavated Materials**

All construction, operational and excavated materials shall be stored away from highly visible route segments along Highway 101, whenever possible to reduce impacts of foothill and mountain views.

**K-10 Confinement to Pipeline Right-Of-Way**

All pipeline construction activities, equipment, and materials storage shall be confined to within the pipeline right-of-way.

*(Section "L" is not used.)*

*(Section "M" is not used.)*

**N. COASTAL RESOURCE ENHANCEMENT FUND**

**N-1 Coastal Resource Enhancement Fund**

Molino Energy Company shall contribute to a Coastal Resources Enhancement Fund, developed by the County and designed to be used for enhancement of coastal recreation, aesthetics, tourism and/or environmentally sensitive resources. Molino Energy Company's contribution to the fund shall be \$71,880 annually (adjusted in accordance with CREF reallocation schedule to January, 1997 dollars in accordance with inflation measured by the Consumer Price Index for the Los Angeles-Long Beach metropolitan area) while the drilling rig is standing for primary drilling operations (up to four years). The contribution shall be adjusted to \$17,970 (also adjusted to January, 1997, dollars) for each quarter, or any portion thereof, that the drilling rig stands for well work overs and abandonment procedures. This determination is based on the legislative finding made for this condition. Proposals for the use of this Fund will be solicited, accepted and evaluated by the County Planning and Development Department and approved by the County Board of Supervisors in noticed public hearings. In the event the State shares a portion of royalty received from the Molino Gas Project with the County to mitigate environmental impacts, Molino may request that the Planning Commission consider eliminating or reducing the contribution required by this Condition N-1.

**O. TRANSPORTATION**

**O-1 Construction Transportation and Parking Plan**

Prior to issuance of the Coastal Development Permit for Phase 1, Molino Energy Company shall develop and submit to the Planning and Development Department for review and approval, a Construction Transportation and Parking Plan. The Plan shall include the transportation routes and arrival and departure schedules for all construction and production trucks, including those that transport NGL. The plan shall demonstrate that adequate on and/or off site parking for all private vehicles belonging to employees, contractors, and other project-related personnel is available. The Plan shall also include but not be limited to provisions for worker parking within the project development area and implementation of a policy of car, van or small bus pooling, as necessary, to facilitate employees commuting from outside the Santa Barbara area.

**O-2 Truck Traffic**

Molino Energy Company shall limit the duration of NGL truck transportation to no more than 18 months from the start of Phase 1 production, or until the start of Phase 2 production, whichever is shorter.

In order to reduce the impacts caused by construction and operations truck traffic, the following measures shall be implemented:

- a. During the construction phase, trucks may not arrive at or leave the site between the hours of 4:00 pm - 6:00 pm to avoid prime commuting hours. Additionally, trucks may not leave the site heading south on Highway 101 between the hours of 7:00 am - 9:00 am.
- b. During the operations phases, laden NGL trucks may not arrive at or leave the Molino site between the hours of 7:00 am - 9:00 am and 4:00 pm - 6:00 pm.
- c. All trucks leaving the Molino site heading north on U.S. Highway 101 shall use the Mariposa Reina interchange on-ramp to access U.S. Highway 101 North, in order to gain adequate traffic entrance speeds.

## **P. SYSTEM SAFETY AND RELIABILITY**

### **P-1 Risk Mitigation**

A Risk Management Program to substantially reduce the risks of project-related accidents which may result in loss of life and/or injury, and damage to property and/or the natural environment shall be administered by the Santa Barbara County P&D the assistance of the Systems Safety and Reliability Review Committee (SSRRC).

The SSRRC shall consist of a representative from the County Air Pollution Control District, the County Fire Department (which includes the Office of Emergency Services and Environmental Health Services on an as-needed basis), the Energy Division and the Building & Safety Division of the Planning and Development Department. Other County departments, as deemed necessary by the SSRRC, may be consulted. All reasonable costs associated with this County review shall be borne by Molino Energy Company. Molino Energy Company shall be entitled to participate fully in the review process.

Molino Energy Company shall submit all appropriate construction plans, Process Hazards Analyses (PHA), and Hazard and Operability Studies (HAZOPs) for the proposed facility and ancillary equipment to the SSRRC who may employ a third-party technical review in order to evaluate project design and help identify possible design hazards prior to issuance of land use clearances and design modifications thereafter. The HAZOPs shall be reviewed and approved by the SSRRC prior to construction for each Phase of the project. This review shall also evaluate all mitigation identified in the EIR. Molino Energy Company shall modify the project design to reduce the risks identified by the SSRRC. Recommendations identified for the proposed facilities



shall be implemented prior to operations of the expanded facility. Molino Energy Company shall submit operating procedures for the SSRRC review and approval. Recommendations concerning operating procedures shall be adopted for the affected facilities prior to operation of the proposed facilities. In the event of a disagreement, the SSRRC may either develop alternate mitigation or request the mitigation be required by the County Planning Commission through adoption of a new or modified permit condition. The SSRRC may require as-built inspections and the submittal of as-built drawings for approval prior to the operation of any plant modifications.

#### **P-2 Safety Inspection, Maintenance And Quality Assurance Program**

The Molino Energy Company shall submit a detailed Safety Inspection, Maintenance and Quality Assurance Program (SIMQAP) for all facilities and pipelines which shall be implemented during construction and operations. Separate SIMQAP plans may be submitted for Phase 1 and Phase 2/3 activities. The SIMQAP shall be reviewed and approved by the SSRRC. The SIMQAP for construction shall be approved prior to construction, and the SIMQAP for operation shall be approved prior to operation for each Phase of the project. The plan is a dynamic document and, as such, updates including new procedures, safety and maintenance technologies and processes, shall be reviewed jointly by Molino Energy Company and the SSRRC. The SIMQAP shall be revised as appropriate. The SIMQAP shall include, but not be limited to, evaluation of staffing levels for safe operation of the plant in emergency situations, establishing procedures for review of safety inspection records, regular maintenance and safety inspections, periodic safety audits, development of safety system testing protocols, training and experience standards for personnel and use of simulation techniques in training programs, inspections of all trucks carrying hazardous and/or flammable material prior to loading, monitoring of critical safety devices and systems, and review of the routing of all trucks carrying hazardous material. Molino Energy Company shall implement the approved plan and shall provide for involvement of the Onsite Environmental Coordinator (Condition C-1), County staff, or its consultants in all inspections as appropriate. All costs associated with this review process shall be borne by Molino Energy Company.

#### **P-3 Emergency Response Plan**

Molino Energy Company shall submit to the applicable County Departments and the County Fire Department an Emergency Response Plan (ERP) that addresses response procedures to be implemented by Molino Energy Company for accidental events that pose significant threats to public health and safety, property, or the environment.

The ERP shall be reviewed and approved by the County Fire Department (which includes the County Office of Emergency Services), and the Planning and Development Department prior to commencement of drilling operations. Separate ERPs may be required for Phase 1 and Phase 2/3

activities. Approval of the ERP shall include its consistency with the County's Model Oil and Gas Industry Emergency Response Plan. The ERP shall include specific measures to avoid impacts on cultural resources, sensitive habitats, and sensitive biological resources identified in the project EIR whenever possible without affecting emergency response. Molino Energy Company shall demonstrate the effectiveness of its ERP by responding effectively as determined by OES to one emergency response drill prior to Phase 1 and prior to approval of the Plan by OES. The ERP shall be submitted sufficiently prior to Molino Energy Company's projected start-up date so as to allow reasonable time for review and the planning of a drill required prior to ERP approval.

The ERP shall be a dynamic document and, as such, shall be jointly reviewed by the County and Molino Energy Company, and revised when warranted to incorporate new planning strategies or procedural changes, new technologies, and the acquisition of more effective, feasible response equipment as it becomes available. Any changes shall be submitted to the County Fire Department (and the County Office of Emergency Services), and Planning and Development for their review and approval, prior to implementation. Molino Energy Company shall demonstrate the ongoing effectiveness of the ERP by responding to no more than two surprise drills each year which may be called by the County. If critical operations are underway, Molino Energy Company need not respond to the drill at that time but shall explain the nature of the critical operations and why response is not possible. The County may then call for an additional surprise drill in the same year. Molino Energy company shall implement all reasonable changes based on review of drill performance, which will further enhance overall emergency response planning and capabilities.

#### **P-4 Funding County Emergency Response Plan**

In order to assure that County emergency response procedures adequately interface with the Molino Gas Project emergency response procedures, Molino Energy Company shall provide its reasonable pro-rata share of funds to the County to implement a County Emergency Response Plan for oil and gas industry related emergencies. The County shall request funds from other oil and gas industry operators holding P-4 permit conditions (or similar requirements) to aid in funding of the County Emergency Response Plan. When available, OES shall provide Molino Energy Company with an estimate of the pro-rata share of funds to be provided by Molino Energy Company and the method for allocating such costs among other operators. Molino Energy Company's participation in the Area Oil and Gas Industry ERP Mutual Aid Agreement shall be documented in a letter agreement to be approved by OES prior to operations.

#### **P-5 Hazardous Material and Waste Management Plan**

Prior to start-up, Molino Energy Company shall submit a Hazardous Material and Waste Management Plan (HMWMP) to the County Fire Department and P&D for all facilities. The HMWMP shall be reviewed and approved by Fire and P&D prior to start-up.

The Plan shall demonstrate compliance with the provisions of the Uniform Fire Code as adopted in Chapter 15 of the Code of Santa Barbara County and the provisions of the Health and Safety Code §25500 et seq, Chapter 6.95 Business Plan Requirements, with the exception of emergency response procedures which are complied with in Condition P-3.

The Hazardous Material and Waste Management Plan shall include but not be limited to the following:

- a. Locations and methods for storing hazardous materials and wastes, both within the facility and along the NGL pipeline right-of-way.
- b. Treatment procedures, or justification where none are used, to reduce the hazardous nature of the materials before they are permitted to leave the site.
- c. Specific routes for transportation of hazardous waste materials to Class I disposal sites consistent with County policy.
- d. Letter of commitment that the materials are transferred by a carrier licensed in hazardous material transport.
- e. Letter of commitment ensuring complete accounting of intake, processing, and exit of hazardous material and wastes.
- f. Detailed description of a monitoring system to be installed, capable of detecting hazardous material and wastes that may escape from primary storage devices.
- g. A revised Hazardous Materials Business Plan which accurately reflects the revised chemical inventory of the project site to Environmental Health Services for review and approval, in accordance with the California Health & Safety Code, Chapter 6.95, Section 25,500 et seq.

The HMWMP shall be a dynamic document and, as such, shall be jointly reviewed by the County and Molino Energy Company, and revised as warranted to incorporate new planning strategies,

changes in procedures, new technologies, or changes in materials. Any changes requested by Molino Energy Company or required by the County shall be submitted to Fire and P&D for their review and approval, prior to implementation.

**P-6 Sour Gas Contingency Plan**

Molino Energy Company shall prepare a sour gas contingency plan which addresses the actions that will be taken in the event that hydrogen sulfide is encountered during the drilling and production operations. This plan shall require that the facility be shut down if hydrogen sulfide above 4 ppm is encountered during production and outline what additional measures will be taken if hydrogen sulfide is encountered during production to prevent a hazardous release. No operation with sour gas shall be allowed as part of this permit. Molino Energy Company shall distribute copies of the plan to applicable County Departments and the County Fire Department. All plan recipients are to be notified of contingency plan changes via formal contingency plan updates.

**P-7 Site Security Plan**

Prior to issuance of a Coastal Development Permit for Phase 1, Molino Energy Company shall submit to Planning and Development, Energy Division and the Santa Barbara County Sheriff's Department for review and approval a site security plan. The plan shall describe the procedures to be implemented by Molino Energy Company which will prevent intentional damage to the gas drilling and production facilities which may result in environmental damage or public safety hazards. The plan shall be reviewed and revised as warranted to require incorporation of new planning strategies, new technologies or changes in plant operation, and changes in notification procedures.

**P-8 Pro-Rata Funding of the Santa Barbara County Gaviota Fire Station.**

During the life of the project, Molino Energy Company shall contribute its pro-rata share of the maintenance and operating costs of the fire station in the Gaviota area required by Condition P-8 of the Chevron Point Arguello Project, consistent with the terms of the January 21, 1986 Agreement between the County and Chevron, and as amended through the December 4, 1995 Settlement Agreement. Molino Energy Company shall cooperate with Chevron and the County Fire Department in determining the amount of that share and the method of reimbursement. Starting with Phase 2 of the project, Molino Energy Company shall pay its pro-rata share of the construction costs of the Gaviota Fire Station. The costs shall be shared by all oil, gas and other related development permitted in the area between Point Conception and Goleta. If operation of

the fire station is discontinued for any reason during the project life, suitable replacement conditions shall be developed and implemented.

#### **P-9 Phase 1 Fire Suppression Water Demand**

A dedicated fire fighting water source must be made available for Phase 1, either by increasing the existing tank volume from 10,000 gallons to 20,000 gallons or by providing water through pipeline transportation.

#### **P-10 Fire Protection Plan**

All Molino Gas Project facilities shall have fire protection features installed in accordance with the provisions of a Molino Gas Project Fire Protection Plan (FPP). All facilities, construction activities, process equipment, and fire protection equipment shall comply with the standards of the National Fire Protection Association (NFPA), American Petroleum Institute, Uniform Fire Code as adopted in Chapter 15, Community Life Safety, of the Code of Santa Barbara County, and the Santa Barbara County Fire Department. In the event of a conflict between these standards, the Fire Marshal, in consultation with the Molino Energy company, shall make a cost/benefit decision regarding which standards apply.

Prior to construction, Molino Energy Company shall receive Fire Department approval of an FPP which addresses both construction and operation of the Molino Gas Project. Molino Energy Company shall distribute copies of the approved contingency plans to applicable County Departments and the County Fire Department. All plan recipients are to be notified of contingency plan changes via formal contingency plan updates. Separate FPPs may be submitted for Phase I and Phase 2/3 activities. The FPP shall include, but may not be limited to, discussions of the following:

- Onsite firefighting equipment and systems
- Fire and gas detection
- Access
- Vegetation management
- Employee training and safe practices
- Process control and monitoring analysis
- Drainage and containment
- Safety, inspection (including County inspectors) and maintenance practices

### **P-11 LPG/NGL Transportation Plan**

In order to minimize, to the maximum extent feasible, the significant risks associated with LPG and NGL transportation throughout Santa Barbara County, all liquified petroleum gases (LPGs and heavier fractions of natural gas liquids (NGLs)) produced by Molino Energy Company's Gas Facility shall be transported according to the provisions of the Board of Supervisors Resolution No. 93-480 as adopted September 7, 1993, and as amended subsequently. This plan shall apply to all NGLs transported between the production site and the processing site located at the Chevron Point Arguello Processing Facility.

Prior to commencement of Phase 1, Molino Energy Company shall prepare and implement a Transportation Risk Management and Prevention Program (TRMPP) which meets County of Santa Barbara approval for natural gas liquids (NGLs) and is consistent with Board Resolution No. 93-480. The TRMPP shall provide administrative controls to assure use of carriers with acceptable safety practices, including but not limited to, the following:

- Strict hiring policies for drivers;
- Training for drivers;
- Prevention of drug and alcohol abuse;
- Truck speed controls;
- Penalties for violations;
- Timely vehicle inspections;
- Timely vehicle maintenance;
- Emergency response;
- Loading and unloading procedures;
- Use of DOT LPG-rated trucks for shipping NGLs; and

Molino Energy Company shall distribute copies of the approved plan to applicable County Departments. All plan recipients are to be notified of contingency plan changes via formal contingency plan updates.

### **P-12 Phase 1 NGL Transportation Limitations**

Molino Energy Company shall limit the duration of NGL truck transportation to no more than 18 months from start of operation of the Phase 1 facilities, or until the start of Phase 2 operations whichever is shorter.

**P-13 Use of Chevron Fire Water Supply**

Prior to construction of Phase 2 facilities, Molino Energy Company shall submit a report to the County Fire Department, prepared by a certified Fire Protection Engineer, indicating that Chevron's fire water system meets the needs of the Molino Gas Project in quantity, flow and pressure for fire protection for all phases of the project, from construction through abandonment.

**P-14 NGL Spill Prevention and Countermeasure Plan**

Prior to start-up, Molino Energy Company shall obtain approval of a NGL Spill Prevention and Countermeasure Plan from the County Fire Department and P&D. The Plan shall contain specific measures to minimize impacts to native habitats from damage from a potential spill, including procedures for avoidance of sensitive habitats during clean-up operations. Site specific measures shall be developed for the Cañada de Leon Creek crossing. The Plan shall include provisions for installation of an impoundment basin around the NGL storage tanks and truck loading rack to contain the NGL liquids in the event of a spill. The impoundment basin must meet the requirements of NFPA 30. All plan recipients are to be notified of contingency plan changes via formal contingency plan updates.

**P-15 Risk Management and Prevention Plan**

Prior to start-up, Molino Energy Company shall obtain review and approval from Environmental Health Services of a revised Risk Management and Prevention Plan prepared as required by Chapter 6.95, Article 2 of the California Health and Safety Code.

**P-16 Prevention of Internal Pipeline Corrosion**

Molino Energy Company shall implement techniques to prevent internal corrosion in accordance with the requirements of the California State Fire Marshal (Title 5 §51010-5-019 of the California Government Code), 49 CFR 192 Parts 150, 475 and 477, and 49 CFR 195.418 as part of the pipeline maintenance procedures. The internal inspection records shall be submitted to and reviewed by the appropriate governmental agencies. Such activities shall include routinely scheduled pigging of the pipeline to remove pockets of accumulated fluids that contribute to internal corrosion (such as hydrogen sulfide, carbon dioxide, and water), the use of corrosion inhibitors and corrosion coupons, and periodic testing by a state-of-the-art "smart pig" to identify areas where corrosion, pipewall thinning, dents, cracks and other defects have occurred. Specific measures are discussed below:

- a) Whenever any section of the pipe is removed for any reason, it shall be inspected for possible internal corrosion and records retained for inspection by the State Fire Marshal.
- b) The pipeline shall be tested with a state-of-the-art "smart pig" to identify areas where corrosion, pipewall thinning, dents cracks and other defects have occurred. State-of-the-art pigging will be capable of defining wall-thickness contours around any area of reduced wall thickness. The smart pigging will be done prior to operation of the NGL pipeline and at a subsequent interval to be determined by the California State Fire Marshal. A program of maintenance shall be developed to ensure that permits to perform the work are obtained as soon as possible and that pipeline defects are rectified within one month of securing the necessary permits for severe defects, and within six months for moderate defects. This procedure shall be noted in the SIMQAP and receive approval by the SSRRC prior to operations of Phase 2.

#### **P-17 Prevention of External Pipeline Corrosion**

Molino Energy Company shall undertake the following provisions to avoid external pipeline corrosion:

- a) The NGL pipeline shall be coated to reduce the potential for external corrosion. Final selection of pipeline coating will be demonstrated, to the satisfaction of the California State Fire Marshal, that the selected coating would provide the maximum level of protection of available coatings for all expected operating conditions; and
- b) A baseline pipe-to-soil cathodic profile and reading shall be obtained after the pipeline has been installed, but before any cathodic protection facilities are connected. Other utilities shall disconnect their bonds as well. This measure shall be included on the construction plans which shall be reviewed by the SSRRC.

#### **P-18 Pipeline Hydrotesting**

The NGL pipeline shall be hydrotested prior to operation, and every five years thereafter or sooner if warranted by major ground movement that has the potential to undermine the structural integrity of the pipeline. This procedure shall be noted in the SIMQAP which shall be reviewed and approved prior to operations.



**P-19 Structural Support for Underground Utilities**

Molino Energy Company shall provide structural support for underground utilities in and near the construction area during work in the trench and backfilling operations to prevent damage to such facilities during construction activities.

**P-20 Use of Hand Tools in Utility Intensive Areas**

Molino Energy Company shall use hand tools (i.e., non-motor operated equipment) in utility intensive areas and within 24 inches of underground structures. Any soil remediation or excavation work in the vicinity of the pipeline shall also require the use of hand tools within 24 inches of the pipeline.

**P-21 Underground Utility Damage**

Molino Energy Company shall halt work in the immediate vicinity in the event of inadvertent damage to an underground utility, until the owner of the utility has been contacted and repairs have been effected.

**P-22 Underground Pipeline Warning Marker**

A plastic ribbon or other suitable material shall be buried 12 to 18 inches above the pipeline and shall cover the length of the pipeline. The material shall be brightly colored and be labeled with a warning that this area contains a hazardous liquid pipeline trench. This measure shall be noted on the design and construction plans to be reviewed and approved by the SSRRC.

**P-23 Pipeline Route Warning Signs**

The entire pipeline route shall be marked with pipeline warning signs a minimum of every 500 feet. Spacing of markers may be greater in agricultural areas provided markers are clearly within sight of each other. Bright colored markers shall be installed above new pipelines that extend offsite of the proposed facility. This type of measure helps reduce the likelihood of external mechanical interference, of which third party damage associated with excavation near the pipelines is the most common cause of pipeline failures.

**P-24 Underground Service Alert Notification**

Molino Energy Company shall notify owners through the office of Underground Service Alert of any underground facilities (including electrical, water, gas, petroleum pipelines, fiber-optics

and agricultural water delivery and drainage pipelines) 48 hours in advance of excavation in the vicinity of these facilities. Molino Energy Company shall have an electrical contractor on-call at all times during construction near the potentially affected facility to repair any circuits if required by the owner in the event they are damaged during construction. The appropriate response to hazards associated with damage to natural gas pipelines will be determined in consultation with Southern California Gas Company. The County Fire Department shall be notified of the schedule for construction activities in the vicinity of natural gas and other oil pipelines.

#### **P-25 Finished Pipeline Route Maps**

Upon completion of pipeline construction, Molino Energy Company shall provide all jurisdictional agencies with at least two copies of maps showing the finished pipeline route and shall include locations accessible by fire department emergency response vehicles. Said maps shall be 7 1/2 minute quadrangle scale, (one inch equals 24,000 inches), and shall represent topographical features.

#### **P-26 Supervisory Control and Data Acquisition and Emergency Shutdown Systems**

The pipeline supervisory control and data acquisition (SCADA) and Emergency Shutdown (ESD) systems, including inspection, maintenance and quality assurance procedures for the SCADA and ESD systems, shall be reviewed and approved by the Fire Department and the Building and Development Division prior to Phase 2 and Phase 3 operations, as appropriate. The SCADA and ESD systems shall comply with the provisions of Fire Department Development Standard No. 7 and the National Electrical Code Article 760.

Molino Energy Company shall conduct a comprehensive safety and reliability analysis of the SCADA system as well as the processing facility and NGL pipeline control room prior to commencement of Phase 2 and Phase 3 operations. The analysis shall meet or exceed the guidelines developed by the Institute of Electronic and Electrical Engineers. Any improvements identified in the study shall be included in the suggested hardware and software. Results of the study shall be provided to P&D.

Molino Energy Company shall design the project such that the entire project will integrate the supervisory control and data acquisition (SCADA) or other monitoring system for all the components of this project in a manner so as to provide timely and efficient detection, shutdown, notification and response to an emergency involving any of the project components. Any break, rupture, and/or damage to the facilities shall result in the orderly shutdown of the pumping operations, and will activate the shut off valves in a manner which will minimize environmental damage.

**P-27 Link to Chevron Gaviota Control Center**

The pipeline SCADA system shall be linked to the Chevron Gaviota Processing Facility's SCADA system such that an upset on the Molino Gas Project NGL Pipeline is noted automatically at the Chevron Control Center. In addition, a red phone "hot line" and an intercompany radio, or equivalent safety measures, shall be installed in each control room. These measures shall be included on the construction plans. Molino Energy Company shall demonstrate to the satisfaction of the County Office of Emergency Services the performance of the SCADA system interconnection and emergency communications systems prior to Phase 2 pipeline operations.

**P-28 Update of Operational Risk Assessment**

As part of the Condition Effectiveness Study (Condition B-2), Molino Energy Company shall fund the updating of the operational risk assessment for future projects subject to ministerial permitting, as needed, so that any surrounding land use proposals are aware of existing risk, if any.

**Q. FACILITY DESIGN**

**Q-1 Facility Design Requirements Review**

All facility design requirements as identified in Condition A-1, and other relevant conditions of this permit, shall be included in engineering drawings and construction plans for review and approval by the SSRRC.

**Q-2 Submittal of As Built Drawings**

Within one year after initial start-up of the Molino Gas Project (Phase 1), and again within one year of commencement of Phase 2 operations, Molino Energy Company shall submit as-built drawings of the entire facility(s) to County. Any facility modifications required for Phase 3 operations shall also be documented on facility as-built drawings within one year of their construction. Molino Energy Company shall submit as many sets of drawings (up to ten sets) as requested by P&D.

**Q-3 Solid Waste Disposal**

Solid waste generated on the site shall be transported to a County-approved landfill.

**Q-4 Water Conservation Measures**

The design of all new and/or modified onsite facilities shall incorporate the use of cost-effective water-conserving fixtures.

**Q-5 Energy Conservation Measures**

Throughout the project life, as equipment is added or replaced, cost-effective energy conservation techniques shall be incorporated into project design.

**Q-6 NGL Pipeline to be Operated on a Common-Carrier Basis**

Consistent with Local Coastal Plan Policy 6-14A, the Molino Gas Project NGL pipeline shall be operated on a common-carrier basis. The pipeline shall provide equitable access to all shippers with physically compatible stock on a nondiscriminatory basis. The purpose of consolidated pipeline use is to reduce redundancy of pipeline construction and therefore reduce potential environmental impacts.

**R. ABANDONMENT**

**R-1 Abandonment Determination**

When annual average operational throughput of gas processing facilities over any twelve (12) consecutive month period is at or below 2.25 MMSCFD of produced gas on an average annual basis, the Planning Commission shall review this Final Development Plan at a properly noticed public hearing to determine if facility abandonment or facility modifications are appropriate. The 2.25 MMSCFD "trigger" for review of the FDP represents three percent (3%) of the maximum permitted operating capacity of 75 MMSCFD. If, in the future, the County adopts a different trigger to initiate abandonment or the review of the need for permit modifications due to very low throughput, Molino Energy Company shall comply with such County policy. In order to maintain operations at or below the established "trigger" level, Molino Energy Company must provide the Planning Commission with documentation indicating that the low production throughput remains economically viable.

**R-2 Abandonment Procedures**

Immediately following permanent shut down of the facilities permitted herein, Molino Energy Company shall abandon and restore all facility sites covered under this permit consistent with any pertinent policies in effect at that time. Molino Energy Company shall secure all necessary

permits and shall remove any and all abandoned processing facilities and portions of unburied pipeline, constructed and/or operated under this permit, excavate and/or remediate any contaminated soil, re-contour all sites and revegetate all sites in accordance with a County approved abandonment and restoration plan within one year of permanent shut down. The abandonment plan shall be processed through environmental review. Molino Energy Company shall post a performance bond, or other security device acceptable to County Counsel, prior to commencement of Phase 1 construction for estimated costs of abandoning Phase 1 facilities. Molino Energy Company shall also post a performance bond, or other security device acceptable to County Counsel, prior to commencement of Phase 2 construction for estimated costs of abandoning Phase 2 facilities.

## **S. LAND USE AND RECREATION**

### **S-1 Staking and Notification of Pipeline Route**

Prior to construction, the entire pipeline ROW corridor shall be prominently staked. All affected property owners along the pipeline route shall be notified in writing at least 30 days prior to the commencement of any pipeline construction on their property, and at least 15 days in advance of any deviation, as approved by County, from the staked corridor which crosses their property.

### **S-2 Right To Enter Property**

Prior to entering upon any parcel of property for purposes of commencing construction, Molino Energy Company shall demonstrate to the Planning and Development Department that it has obtained a right-of-way for such parcel or otherwise has obtained the right to enter the property for purposes of constructing the pipeline or drilling and production facility. Prior to commencement of operations of Phase 1, Molino Energy Company shall demonstrate to P&D that the corresponding modifications to the Chevron Gaviota Facility have been made and the right to use the facility has been granted by Chevron.

### **S-3 Notice to Property Owners**

Molino Energy Company shall provide affected property owners written notice at least 48 hours prior to the start of construction on their property, or during operation where relevant.

#### S-4 Use of Right-Of-Way

Following installation of the pipeline, use of the right-of-way is restricted to ~~operational~~ maintenance of the pipeline except where expressly permitted by the easement or landowner and consistent with other regulations and conditions.

#### S-5 Interruptions of Service

Interruption of telephone, electrical power, water or other utility services shall be minimized to the extent feasible during the pipeline construction period. Molino Energy Company, or its contractors, shall contact each property owner or the appropriate utility regarding the location of utility lines, and all such utility line locations shall be staked by Molino Energy Company or its contractors prior to the start of construction on the affected property.

#### S-6 Compliance with County Local Regulations

During construction and operations phases, Molino Energy Company and its contractors shall comply fully with all applicable statutes, ordinances, rules and regulations, including traffic regulations, of the County.

permits and shall remove any and all abandoned processing facilities and portions of unburied pipeline, constructed and/or operated under this permit, excavate and/or remediate any contaminated soil, re-contour all sites and revegetate all sites in accordance with a County approved abandonment and restoration plan within one year of permanent shut down. The abandonment plan shall be processed through environmental review. Molino Energy Company shall post a performance bond, or other security device acceptable to County Counsel, prior to commencement of Phase 1 construction for estimated costs of abandoning Phase 1 facilities. Molino Energy Company shall also post a performance bond, or other security device acceptable to County Counsel, prior to commencement of Phase 2 construction for estimated costs of abandoning Phase 2 facilities.

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