

CALIFORNIA COASTAL COMMISSION

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August 22, 1996

TO: Commissioners and Interested Parties

FROM: Susan M. Hansch, Deputy Director
for Energy, Ocean Resources, and Technical Services
Alison Dettmer, Supervisor, Energy and Ocean Resources Unit
Mark H. Capelli, Coastal Program Analyst
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RE: SANTA BARBARA COUNTY LCP: Land Use Plan and Coastal Zoning Ordinance Amendment 2-96-B (onshore-to-offshore oil and gas development policies and regulations). Public Hearing and Final Action at the California Coastal Commission Hearing of September 10 - 13, 1996.

Background

The County of Santa Barbara submitted Local Coastal Program Amendment (LCP) 2-96 on August 5, 1996. The submittal consists of three separate components:

- (A) Modifications to the Summerland Community Plan component of the County's LCP Land Use Plan to accommodate the redevelopment of the Jostens site;
- (B) Modifications to the County's LCP Land Use Plan and Coastal Zoning Ordinance (CZO) to accommodate the development of offshore oil and gas reservoirs from two onshore sites along the Gaviota Coast;
- (C) Modification of the County's LCP Land Use Plan to incorporate the voter-approved initiative, Measure A96, making certain energy projects subject to voter approval unless they are located within the Gaviota Consolidated Oil and Gas Planning Area.

The submittal was deemed complete and filed on August 15, 1996. This staff report only addresses part B of the submittal.

Staff Recommendation: Approval of proposed LCP Amendment 2-96-B (summarized on pages 2 and 3) AS SUBMITTED.

Proposal and Staff Recommendation

The changes proposed by Amendment 2-96-B would affect both the County's Land Use Plan and the Implementation Plan. The County's LCP presently identifies two areas on the Gaviota Coast appropriate for the onshore facilities necessary to process offshore oil and gas development. These areas are identified as the Gaviota and Las Flores Canyon Consolidated Oil and Gas Planning Areas and are shown on Exhibits 1-3. Neither the County's Land Use Plan nor Implementation Plan anticipated or explicitly provided for off-shore drilling from onshore sites. Advances in directional drilling ("slant drilling") technology have made the development of offshore hydrocarbon resources from onshore locations feasible. When presented with a specific project proposal by the Molino Energy Company for exploration and possible production of several State Tidelands leases off the Gaviota Coast, the County revisited its relevant energy and development policies to address slant drilling. The County's proposed LCP amendment resulted from this effort.

With this amendment, slant-drilling development would be specifically provided for, and restricted to, the Gaviota and Las Flores Canyon Consolidated Oil and Gas Planning Areas. The proposed amendment would ensure that the County's energy and development policies provide for slant drilling projects in a manner that is compatible with the County's overarching energy development policies and regulations, particularly the consolidation policies designed to limit onshore facilities associated with the development of offshore energy resources to designated areas.

The County has long been concerned, as has the Coastal Commission, about the potential industrialization of the rural, agricultural, and highly scenic, Gaviota Coast. The consolidation policies provide for an important form of development (energy) while ensuring the preservation of the Gaviota Coast. The proposed LCP amendment clarifies the existing LUP policies by adding an additional policy providing for slant drilling development within the two consolidated areas and includes new Coastal Zoning Ordinance measures to address the unique features of this form of energy development. Specifically, LCP Amendment 2-96-B would modify the existing LCP in the following ways:

Land Use Plan (LUP):

- Add new text and a policy regarding development of offshore oil and gas reservoirs from onshore sites within the County's two Consolidated Oil and Gas Planning Areas.

Coastal Zoning Ordinance (CZO):

- Define various activities associated with oil and gas production and processing, and define the Gaviota and Las Flores Canyon Consolidated Oil and Gas Processing Sites

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and Planning Areas (to better distinguish between locations presently used for processing facilities within the greater bounds of the Planning Areas), to allow slant drilling projects only within the County's two designated Consolidated Oil and Gas Planning Areas - on lands zoned Coastal-Related Industry (M-CR), or Agricultural-II (AG-II) subject to a Major Conditional Use Permits;

- Allow onshore-to-offshore drilling rigs to exceed the present 50-foot height limit for up to four years, with the possibility of two one-year extensions, within the two Consolidated Oil and Gas Planning Areas only;
- Require that all dehydration and separation associated with slant drilling (separating water and hydrocarbon components) to occur outside of the two Consolidated Oil and Gas Processing Sites (existing facilities), but within the two Consolidated Oil and Gas Planning Areas,
- Add a new section specifically regulating slant drilling projects within the Consolidated Oil and Gas Planning Areas.

Exhibits

1. General Location Map
2. Gaviota Consolidated Oil and Gas Planning Area
3. Las Flores Canyon Consolidated Oil and Gas Planning Area
4. Santa Barbara County Resolution No. 96-298, Case No. 96-GP-010
5. Santa Barbara County Ordinance No. 4235, Case No. 94-OA-017
6. Regional Oil and Gas Development Map
7. South Coast Consolidation Planning Area

I. STAFF RECOMMENDATION

A. Approval of Land Use Plan as Submitted

Staff recommends the adoption of the following Motion and Resolution:

Motion I.

I move that the Commission certify the Land Use Plan Amendment 2-96-B to the Santa Barbara County LCP as submitted.

Staff recommends a YES vote on Motion I and the adoption of the following resolution of certification and related findings. An affirmative vote by a majority of the appointed Commissioners is needed to pass the motion.

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Resolution I

The Commission hereby certifies Land Use Plan Amendment 2-96-B to the Santa Barbara County Local Coastal Program as submitted and finds for the reasons discussed below that the Land Use Plan Amendment meets the requirements of and is in conformity with the policies of Chapter 3 (commencing with Section 30000) of the California Coastal Act to the extent necessary to achieve the basic goals specified in Section 30001.5 of the Coastal Act, and that the certification of the amendment meets the requirements of Section 21080.5 (d)(2)(i) of the California Environmental Quality Act, as there are no further feasible mitigation measures or feasible alternatives which would substantially lessen significant adverse impacts on the environment.

B. Approval of the Implementation Measures As Submitted

Motion II

I move that the Commission reject the Implementation Plan Amendment 2-96-B to the Santa Barbara County LCP as submitted.

Staff recommends a NO vote, which would result in the adoption of the following resolution of certification and related findings. An affirmative vote of a majority of the Commissioners present is needed to pass the motion.

Resolution II

The Commission hereby certifies amendment 2-96-B to the Implementation Plan of the Santa Barbara County LCP on the grounds that the amendment to the Local Coastal Program Zoning Ordinance is in conformity with and is adequate to carry out the provisions of the LCP Land Use Plan as certified. There are no feasible alternatives available which would substantially lessen any significant impacts which the approval of the Implementation Plan amendment will have on the environment.

II. RECOMMENDED FINDINGS

A. Findings for Resolution I (Land Use Plan)

1. Standard of Review

The standard of review for a proposed amendment of the Land Use Plan of the certified Local Coastal Program is that the amendment meet the requirements of, and be in conformity with, the policies of Chapter 3 of the Coastal Act (Coastal Act Section 30512). In addition, the amendment must be internally consistent with the Local Coastal Program.

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The Commission's review of an LUP amendment differs from the review of individual project criteria in an LCP, and from the permit review of individual projects in that the permitting stage requires specific evaluation of each project element and its ability to meet specific policies of the LCP. Additionally, although projects may meet the site designation and other criteria in this amendment, it does not necessarily imply that Chapter 3 policies or LCP provisions adopted to implement them would be met and a permit would be granted. In some instances, technical limitations on individual projects would not allow these impacts to be reduced to a level consistent with the applicable policies of the County's certified LCP. Therefore, the determination that this amendment does not adversely affect the conformity of the LUP with the Chapter 3 policies does not mean, for example, that a specific project would meet the technical criteria set forth in the LCP. This amendment deals primarily with siting and consolidation, and the Commission's analysis addresses the broader question of whether this comprehensive planning approach will result in an overall reduction of future project impacts.

The Commission notes that specific project proposals would remain subject to Coastal Act permit and appeal requirements. Various environmental and other considerations would apply during such reviews.

2. Proposal

The amendment proposal would add new text and a policy regarding development of offshore oil and gas reservoirs from onshore sites within the County's two Consolidated Oil and Gas Planning Areas (See Santa Barbara County Resolution No. 96-298, Exhibit 4). The LUP changes would allow for oil and gas wells dedicated to exploration or production of offshore oil and gas fields as a conditionally permitted use in parcels zoned for AG-II, and as a permitted use on parcels zoned for Coastal-Related Industry, solely within the Gaviota and Las Flores Canyon Consolidated Oil and Gas Planning Areas previously established within the LCP by LUP Policy 6-6D.

LUP Policy 6-6D states in pertinent part that:

[T]he oil and gas processing sites at Gaviota (APNs 81-130-07, 81-130-52, and 81-130-53) and Las Flores Canyon (APNs 81-220-14 and 81-230-19) are designated as consolidated sites for processing oil and gas production from offshore reservoirs and zones. Any new oil and gas production from offshore reservoirs or zones that is processed within the SCCPA¹ shall be processed at these two sites.

¹ "SCCPA" refers to the South Coast Consolidation Planning Area, which is referred to in the County's LCP as the unincorporated area from Point Arguello to the western boundary of the City of Santa Barbara, and from the ridge of the Santa Ynez Mountains to the three-mile offshore limit.

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Specifically, the County's proposal would amend the text of Section 3.6.4 of the certified Land Use Plan to read as follows:

[O]il and gas wells dedicated to exploration or production of onshore oil and gas fields are permitted in Coastal Dependent Industry and Agricultural II designations and are conditionally permitted uses in Mountainous Areas, Open Lands, Rural Residential, and all other industrial classifications (refer to Table 3-1). Oil and gas wells dedicated to exploration or production of offshore oil and gas fields are permitted in Coastal Related Industry designations and are conditionally permitted uses in Agriculture II designations only within the Gaviota and Las Flores Canyon Consolidated Planning Areas as specified in policies 6-5B² and 6-5C. By retaining the AG-II designation within the Consolidated Planning Areas, the County limits the use of industrially zoned (M-CR and M-CD) areas within the Consolidated Processing Sites available for processing facilities; and also, by allowing exploration and production on AG districts, but not processing, the County provides for the separation of processing and production to accommodate safety concerns.

The County's proposal (as clarified by the County) would amend Section 3.6 Industrial and Energy Development Policies of the Coastal Land Use Plan by adding the following Policy 6-5C:

Exploration or production of offshore oil and gas reservoirs (including reservoirs which traverse the mean high tide line) from onshore sites shall be restricted to locations within the Las Flores Canyon and Gaviota Consolidated Oil and Gas Planning Areas, which are comprised of the parcels identified in Policy 6-5B.2 above. Such exploration and production may be permitted within AG-II and M-CR designated land uses within these two Consolidated Planning Areas.

3. Background, Public Hearings

Background:

Oil and gas development has historically been, and continues to be, the principal industrial activity in the Coastal Zone portion of Santa Barbara County. Facilities related to potential future oil and gas development include offshore platforms, onshore wells, onshore processing facilities, onshore storage facilities, transportation terminals, pipelines, supply bases, and offshore slant drilling facilities located onshore. Oil and gas

² LUP Policy 6-5B is the subject of Part C of proposed LCP Amendment 2-96. This policy refers to the voter initiative known as Measure A96, approved by the voters of Santa Barbara County in March, 1996. The County has requested that Part C be considered by the Commission at the October, 1996 meeting.

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is produced from onshore fields, State Tidelands fields, and the Federal Outer Continental Shelf (OCS). Onshore production within the Coastal Zone is declining and is relatively insignificant in comparison to offshore production or to North County inland production. Very little future onshore-to-onshore production is anticipated, according to the State Division of Oil and Gas, because economically recoverable onshore oil and gas resources have already been exploited. Therefore, OCS production (three miles or more offshore) has the greatest potential for future expansion, while State Tidelands production is relatively small.

Recent advances in directional drilling technology, with potential reaches of up to three miles, have made production of State Tidelands reserves from onshore locations economically attractive. Because the County's LCP does not specifically provide for slant drilling projects, the proposed amendment is necessary to fill this gap. The proposed amendment sets forth where, and according to what standards, slant-drilling projects may be permitted on lands subject to the policies and provisions of the County's LCP.

To plan effectively for oil and gas development, the County has established three oil and gas planning regions: (a) the Carpinteria Valley Consolidation Planning Area); (b) the South Coast Consolidation Planning Area (SCCPA); and the North Coast Consolidation Planning Area. The majority of the oil and gas facilities within the Santa Barbara Coastal area are located within the SCCPA which is bounded by the City of Santa Barbara and Point Arguello (See Exhibit 7). Established County LCP policies applicable to the SCCPA limit all new offshore oil and gas processing to the Chevron processing site at Gaviota and the Exxon/POPCO processing site at Las Flores Canyon unless there is a vested rights determination. In addition, the County's existing energy consolidation policies and ordinances require commingled processing, equitable, nondiscriminatory access, and abandonment proceedings.

The Commission has previously found that the County's comprehensive planning for consolidated oil and gas development reduces adverse local and regional impacts to coastal resources. The proposed amendment is intended to reduce impacts from slant drilling on a comprehensive planning basis within the south coast of Santa Barbara County. The County's present proposal harmonizes the permissibility of the new slant drilling technology in a manner consistent with existing Coastal Act and County LCP policies designed to consolidate energy development on the south coast.

Background:

On October 17, 1994, the Molino Energy Company proposed that the County initiate amendments (94-OA-017) to the County's certified Coastal Zoning Ordinance (CZO). The proposed amendments allowed the exploration and production of offshore oil and gas reservoirs from onshore drilling locations ("slant drilling"). On April 18, 1995, the

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County Board of Supervisors initiated the amendments by means of Resolution 95-180. On January 15, 1996, after significant public controversy over the possibility that new oil and gas development projects would be allowed outside the County's two designated Consolidated Oil and Gas Processing Site areas, the Molino Energy Company revised both its physical project description and the proposed CZO amendments. At the same time, a voter initiative known as Measure A96 was pending (and was approved in March, 1996). Measure A96 requires any new energy project approved by the County outside of the two consolidated areas to be subject to a vote by the residents of Santa Barbara County³. Molino Energy Company's revised project placed the proposed project within the Gaviota Consolidated Oil and Gas Planning Area, thereby obviating the need for voter approval of the project. The original CZO amendments were revised to allow slant drilling in the Coastal Zone within the two designated consolidated areas on the Gaviota coast only. (See Exhibits 2 and 3).

Coastal Commission staff reviewed the County's Environmental Impact Report (EIR) for the proposed physical Molino Gas Plant project and for the associated LCP amendments and suggested that the County's amendment package required amendments to the County's Land Use Plan to provide a policy basis and framework for the proposed CZO amendments. In response, the County initiated the LUP amendments contained in Resolution No. 96-298 (Exhibit 4).

On June 26 and July 2, the County Planning Commission held noticed public hearings to consider both the LUP and CZO amendments and the physical Molino Gas Project. At the July 2 hearing, the Planning Commission took final action and voted (4-1) to recommend the proposed amendments and to approve the physical project with conditions (the physical project is not the subject of this staff report).

The original amendment proposal included slant drilling as a principle permitted use within the Agricultural-II zone district, as well as the Coastal-Related Industry zone district. Coastal Commission staff, as well as other interested parties, had recommended prior to the Planning Commission hearings that the County restrict slant drilling within the Agricultural-II zone district to the category of uses permitted with a Major Conditional Use Permit. At a hearing on July 23, 1996 the Board of Supervisors changed slant drilling projects from a principal permitted use on AG-II zoned lands within the Gaviota and Las Flores Canyon Consolidated Oil and Gas Planning Areas to that category of uses that may be permitted only with a Major Conditional Use Permit, also within the two designated areas. To further incorporate the Board's decision, and to ensure that this zoning provision would be consistent with the County's proposed LUP amendment, the County has subsequently proposed to clarify proposed LUP Policy 6-5C, as follows (strike through denotes deletions, underline highlights new text):

³As noted previously, Measure A96 has been submitted by the County as LCP Amendment 2-96, part C and will be considered in a separate staff report.

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LUP Policy 6-5C: Exploration or production offshore oil and gas reservoirs (including reservoirs which traverse the mean high tide line) from onshore sites shall be restricted to locations within the Las Flores Canyon and Gaviota Consolidated Oil and Gas Planning Areas, which are comprised of the parcels identified in Policy 6-5B.2 above. Such exploration and production ~~is compatible with~~ may be permitted within the AG-II and M-CR designated land uses within these two Consolidated Planning Areas.

This clarification reflects the Board of Supervisor's July 23 determination that slant drilling projects located within the County's two consolidated areas for oil and gas development may be compatible with the underlying agricultural land use, but would not qualify as a use by right (principle permitted use), and that permits for slant drilling projects would be considered by the County on a case-by-case basis, pursuant to the requirements of the Conditional Use Permit process.

4. Consistency with Coastal Act Policies

a. Energy (Industrial) Development, Locating New Development

Coastal Act Section 30260 provides, in pertinent part, that:

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

Coastal Act Section 30262 provides in pertinent part that:

Oil and gas development shall be permitted in accordance with Section 30260 if the following conditions are met:

(a) The development is performed safely and consistent with the geologic conditions of the site.

(b) New or expanded facilities related to such development are consolidated, to the maximum extent feasible and legally permissible, unless consolidation will have adverse environmental consequences and will not significantly reduce the

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number of producing wells, support facilities, or sites required to produce the reservoir economically and with minimal environmental impacts.

(c) Environmentally safe and feasible subsea completion are used when drilling platforms or island would substantially degrade coastal visual qualities unless use of such structures will result in substantially less environmental risks.

(e) Such developments will not cause or contribute to subsidence hazards unless it is determined that adequate measures will be taken to prevent damage from such subsidence.

Coastal Act Section 30250 states in pertinent part that:

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

(b) Where feasible, new hazardous industrial development shall be located away from existing developed areas.

Consolidation of Onshore Facilities For Offshore Energy Development

The County of Santa Barbara proposes to amend its Coastal Land Use Plan to allow for the installation via slant drilling technology of oil and gas wells dedicated to the exploration or production of offshore oil and gas fields. The amendment would allow slant drilling as a conditionally permitted use in Agriculture-II designated lands and as a permitted use on Coastal-Related Industry designated lands, only within the Gaviota and Las Flores Canyon Consolidated Planning Areas previously established (by reference to the Assessor's Parcel Numbers - APNs - that comprise these Areas) through LCP Land Use Policy 6-6D. Section 3.6.2 of the County's LUP states that:

[C]onsolidation of facilities can reduce impacts on land resources by bringing impacts from many different sites to a centralized location.

The County has well-established policies in its certified Coastal Land Use Plan restricting onshore facilities associated with offshore oil and gas development to two designated

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consolidated areas (see Exhibits 2, 3 and 7).⁴ Further, the Environmental Impact Report (EIR #95-02) prepared by the County for the proposed project emphasizes the benefits of clustering energy development to reduce industrialization of the rural open spaces along the Gaviota Coast:

[T]he applicant's proposed changes to the County's CZO (and LUP) would allow for the development of onshore facilities for offshore oil and gas recovery only in a south coast consolidated oil and gas planning area. Therefore, the proposed project is not considered to be growth inducing under this criterion since the available sites do not encroach upon urban-rural interfaces.

Consolidation of onshore facilities for offshore oil and gas development, therefore, is a key consideration in the County's existing LUP energy policies. The South Coast Consolidation Policies, certified by the Commission in 1987, designated Gaviota and Las Flores Canyon as the two consolidated sites for oil and gas processing facilities in the South Coast Consolidation Planning Area (SCCPA). Any new oil and gas production from offshore reservoirs or zones that is processed within the SCCPA must be processed at these sites (LUP Policy 6-6D). Furthermore, the facilities at these sites shall be required to have commingled processing (LUP Policy 6-6C). The Coastal Act and the County's certified LUP also have resource protection (including Environmentally Sensitive Habitat Area) policies that indirectly address the consolidation of facilities as a means for minimizing adverse impacts to coastal resources.

Applicability to both Coastal-Dependent and Coastal-Related Industrial Development

The Coastal Act and the County's LCP distinguish between "Coastal-Dependent Development" and "Coastal-Related Development." The Commission notes that the County and the Coastal Commission have previously found that the determination of what constitutes coastal-dependent or coastal-related development shall be made on a case-by-case basis.⁵ Regarding onshore slant drilling to offshore reservoirs, the inland extent to which the onshore component of slant-drilling operations may be situated is dependent on the location of the offshore reservoir being reached and the technical limitations of the drilling technology. At present, the maximum reach of slant-drilling technology is approximately three miles. Thus, there may be constraints on the feasible locations of particular projects that must be evaluated on a case-by-case basis.

⁴The Santa Barbara County LCP policies addressing consolidation of onshore energy facilities were certified by the Coastal Commission as LCP Amendment 1-88-A, June 10, 1988.

⁵The Santa Barbara County LCP policies regarding distinctions between coastal-dependent and coastal-related industry land uses were certified by the Coastal Commission as LCP Amendment 3-91, June 11, 1992.

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Consolidation of onshore facilities for offshore oil and gas development is a key consideration in the County's existing LUP energy policies. The South Coast Consolidation Policies, certified by the Commission in 1987, designated Gaviota and Las Flores Canyon as the two consolidated sites for oil and gas processing facilities in the South Coast Consolidation Planning Area (SCCPA). Any new oil and gas production from offshore reservoirs or zones that is processed within the SCCPA must be processed at these sites (LUP Policy 6-6D). Furthermore, the facilities at these sites shall be required to have commingled processing (LUP Policy 6-6C). The Coastal Act and the County's certified LUP also have resource protection (including Environmentally Sensitive Habitat Area) policies that indirectly address the consolidation of facilities as a means for minimizing adverse impacts to coastal resources.

Coastal Act Section 30260 and 30262 specifically require consolidation of coastal-dependent development and Coastal Act Section 30250 requires the consolidation of all development. For the reasons discussed herein, the Commission finds that consolidating slant drilling development with other offshore energy facilities within already designated energy consolidation sites to be consistent with the Coastal Act and the County's LUP policies in either case.

Therefore, for the reasons set forth herein, the Commission finds that the County's proposed limitation of slant-drilling projects for offshore oil and gas development to the Gaviota and Las Flores Canyon Consolidated Oil and Gas Planning Areas is consistent as submitted with the consolidation requirements of Coastal Act Sections 30250, 30260, and 30262.

b. Visual Resources

Coastal Act Section 30251 states that:

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 areas, to minimize alteration of natural land forms, to be visually compatible with the character of surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas. New development in highly scenic areas such as those designated in the California Coastline Preservation and Recreation Plan prepared by the Department of Parks and Recreation and by local government shall be subordinate to the character of its setting.

Consolidation to Limit Visual Impacts of Slant Drilling

Coastal Act Section 30251 requires that new development be designed and sited to protect coastal views, to minimize alteration of landforms, and that development in

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highly scenic areas be subordinate to the character of its setting. The County's LCP discusses the visual sensitivity of the Coastal Zone between Ellwood and Gaviota, within which the two Consolidated Oil and Gas Planning Areas are located, as follows:

[T]he coastal zone between Ellwood and Gaviota is an area of unique scenic value. The entire viewshed is a traveler's delight, as it provides beautiful contrasts between the ocean on one side and the canyons and foothills on the other. Two types of development, energy and recreation, have affected the visual resources of this area... Energy facilities, mainly oil and gas facilities, including oil wells, processing facilities, storage tanks, offshore platforms, and marine terminals have been located at numerous sites along the coast in this area... In the event that any new energy-related facilities are constructed in this portion of the coastal zone, the visual quality of the area will need protection.

While past County regulations have permitted onshore-to-onshore oil and gas development throughout the coastal zone, the potential intrusion of slant drilling projects into significant coastal viewsheds is substantially greater than has traditionally been true of the older form of energy development. Slant-drilling projects may tap offshore reserves up to three miles distant from the drilling site. Such projects typically require drill rigs of up to 200 feet in height to remain in place for a number of years. Slant-drilling projects have the potential to substantially degrade significant coastal views.

As discussed previously, the County's proposed amendment would restrict slant drilling projects to the two designated areas already set aside in County energy policies for oil and gas development, thus limiting industrial sprawl and resultant adverse impacts on significant coastal views. The Las Flores Canyon site is not readily visible from scenic corridors along the Gaviota Coast. The Gaviota site, although highly visible from U.S. Highway 101 (a designated scenic corridor in the County's LCP) already contains significant existing industrial development (Chevron's Gaviota processing facility) on the inland side of the highway. The Coastal Act and County policies provide for consolidated industrial energy development, helping to ensure that visually intrusive, scattered industrial development elsewhere along the coast will thus be limited. In addition, both of the designated areas are located on the inland side of the U.S. Highway 101 scenic corridor, and as such do not intrude into the coastal view corridor on the seaward side of the highway.

Limiting slant-drilling sites to the designated Consolidated Oil and Gas Planning Areas inland of U.S. Highway 101 will protect significant coastal views by restricting the proliferation of tall drilling rigs along the Gaviota Coast. Therefore, the Commission finds that the County's proposed LCP amendment may be found consistent with Coastal Act Policy 30251, as submitted, only because LUP Policy 6-5C limits such projects exclusively to the two designated South Coast Consolidated Oil and Gas Planning Areas. This limitation is essential to ensure consistency with Coastal Act Policy 30251.

c. Agricultural Lands

Coastal Act Section 30242 states in pertinent part:

All other lands suitable for agricultural use shall not be converted to non-agricultural uses unless (1) continued or renewed agricultural use is not feasible, or (2) such conversion would preserve prime agricultural land or concentrate development consistent with Section 30250. Any such permitted conversion shall be compatible with continued agricultural use on surrounding lands.

The Gaviota and Las Flores Canyon Consolidated Planning Areas are located on the Gaviota Coast which extends approximately 25 miles west of the unincorporated community of Goleta (see Exhibit 7). With the exception of several onshore oil production, treatment, and storage facilities and several small pockets of residential development, the Gaviota coastline is rural. Agricultural activities include some lemon and avocado production along Highway 101 and in the canyons from Ellwood to El Captain. Soils throughout this portion of the Coastal Zone are generally non-prime, although some Class II soils and isolated pockets of Class I soils are found in some of the coastal canyons.

Both the Gaviota and Las Flores Canyon Consolidated Oil and Gas Planning Areas contain lands zoned for agriculture (AG-II). The County's certified LUP presently provides for onshore oil and gas facilities as a principal permitted use in AG-II designated lands throughout the County's portion of the Coastal Zone. Onshore oil and gas development, however, is in a permanent decline according to the State Division of Oil and Gas because most economically recoverable energy resources have been extracted. Thus, few new onshore-to-onshore oil and gas development proposals are anticipated on the County's Gaviota Coast.

The County's proposed amendment (new Policy 6-5C set forth above) to the LUP would not expand the areas currently designated for energy development within the County's portion of the Coastal Zone, and would provide for offshore slant drilling from onshore sites only within the two designated consolidated areas. By requiring a conditional use permit in areas designated AG-II, the County's LCP would require that individual projects be evaluated on a case-by-case basis for consistency with the specific standards and requirements of the AG-II zone district. The purpose of the conditional use permit process is to provide for uses that are essential or desirable but cannot be considered principal permitted uses in individual zone districts because of their special character, unique size or scope, possible effect on public facilities or surrounding land uses. Under the County's LCP Coastal Zoning Ordinance, uses permitted with a Major Conditional Use Permit shall only be approved or conditionally approved if the County makes all of

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the findings under Section 35-172.8 of the County's LCP Coastal Zoning Ordinance. These findings include:

1. That the site for the project is adequate in size, shape, location and physical characteristic is able to accommodate the type of use and level of development proposed.
2. That adverse environmental impacts are mitigated to the maximum extent feasible.
3. That streets and highways are adequate and properly designed to carry the type and quantity of traffic generated by the proposed use.
4. That there are adequate public services, including but not limited to fire protection, water supply, sewage disposal, and police protection to serve the project.
5. That 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.
6. That the project is in conformance with the applicable provisions and policies of this Article and the Coastal Land Use Plan.
7. That in designated rural areas the use is compatible with and subordinate to the scenic and rural character of the area.
8. That the project will not conflict with any easements required for public access through, or public use of the property.
9. That the proposed use is not inconsistent with the intent of the zone district.

The County's coastal permitting process thus provides adequate standards to ensure an appropriate case-by-case review of specific development proposals, consistent with the agricultural protection policies of the Coastal Act. Further, through application of the County's long-held oil and gas development consolidation policies, further industrial development of agricultural lands would be limited exclusively to the two areas designated for consolidation.

The County's LCP policies directing the location of new development, and the Coastal Act policies from which these policies stem, together with LUP policies protective of agricultural lands, encourage the clustering of new development and restrict the conversion of agricultural lands. These policies limit the industrialization of agricultural

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lands and scenic open spaces, reduce demands for new infrastructure, and generally reduce urban sprawl. Therefore, for the reasons stated above, the Commission finds that the County's LUP amendment proposal, as submitted, is consistent with the provisions of Coastal Act Section 30242.

d. Environmentally Sensitive Habitat Areas

Coastal Act Section 30240 states that:

- (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 and parks and recreation areas shall be sited and designed to prevent impacts which would significantly degrade those areas, and shall be compatible with the continuance of those habitat and recreation areas.

The County's EIR for the proposed amendment determined that additional development within the Gaviota Consolidated Oil and Gas Planning Area could affect the endangered Gaviota tarplant. Gaviota tarplant habitat is defined by Santa Barbara County as an environmentally sensitive habitat area, thus triggering protection under the policies and other provisions of the LCP. Determination of whether the Gaviota tarplant would be affected would be made on a case-by-case basis at the time of environmental review for specific proposals. Because this species is a state-listed endangered species, the California Department of Fish and Game has established a Gaviota tarplant mitigation bank. The establishment of the DFG mitigation bank was triggered by the requirements of the County's existing LCP policies and provisions. Through this vehicle, unavoidable impacts to the Gaviota tarplant would be mitigated and the plant's long-term survival thus protected. For this reason, the Commission finds that the proposed amendment as submitted contains provisions protective of environmentally sensitive habitat areas consistent with the requirements of Coastal Act Section 30240.

e. Cumulative Issues

Coastal Act Section 30001.5(b) states in pertinent part that one of the basic goals of the state in the Coastal Zone is to:

Assure orderly, balanced utilization and conservation of coastal zone resources taking into account the social and economic needs of the people of the state.

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Coastal Act Section 30105.5 states:

“Cumulatively” or “cumulative effect” means the incremental effects of an individual project shall be reviewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.

Coastal Act Section 30250 states in pertinent part that:

(a) New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources.

(b) Where feasible, new hazardous industrial development shall be located away from existing developed areas.

The proposed policy to include slant drilling development within the areas designated for energy-related industrial development reduces regional cumulative impacts associated with increased oil and gas development. The proliferation of slant drilling outside the two Consolidated Planning Areas has the potential to disturb more resources over a broader area than the proposed policy, 6-5C, and related LUP text additions. Scattered slant drilling development could adversely affect agricultural areas, coastal transportation accessways, coastal viewsheds, cultural resources, sensitive terrestrial habitats and species in areas where recovery is not expected, and various resources affected by oil spills. While many of these impacts could occur under the proposed policy scenario, their likelihood is reduced because of the development of fewer sites, and because consolidation offers economies of scale that have positive effects on system safety and air quality.

By restricting slant-drilling projects to the County's two consolidated sites, the following impacts would be reduced:

- Emissions of reactive pollutants that may affect attainment of state federal standards for ozone, because total regional emissions would be reduced.
- Loss of cultural and paleontological information during construction of facilities, because less acreage is disturbed.
- Changes in the regional character from agricultural to industrial uses, because industrial development would not be expanded at multiple locations along the south coast.

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- Increases in noise levels and night-time lighting with attendant adverse effects on adjacent habitats, residential areas, recreational areas and viewpoints, because restriction of slant drilling to only two locations would reduce exposure to these artificial light sources.
- Loss of wildlife habitat and vegetation, which may be significant to migratory species dependent on habitat areas along certain pathways, and losses to areas afforded special protection by the County or other agencies, because less acreage and less significant resources are affected. ,
- Degradation of the area's scenic qualities due to proliferation of high-profile drilling equipment and other facilities necessary for slant-drilling operations, as fewer areas are expanded.
- Degradation of the environment due to the increased risk of oil spills at multiple locations, particularly in sensitive areas.

The proposed LCP amendment would mitigate these impacts, which may occur absent the confinement of slant drilling projects to the two consolidated areas. Thus, the Commission finds that proposed LUP Policy 6-5C reduces cumulative impacts on coastal resources over the alternative of allowing slant drilling operations to take place at scattered locations throughout the County's unincorporated south coast. The Commission finds that the LUP amendment, as submitted, is consistent with the relevant Coastal Act policies cited above.

B. Findings for Resolution II (Implementation Plan - Coastal Zoning Ordinance)

1. Standard of Review

The standard of review for a proposed amendment of the Implementation Plan of the certified Local Coastal Program, pursuant to Sections 30513 and 30514 of the Coastal Act, shall be conformance with and adequacy to carry out the provisions of the Land Use Plan. The Coastal Act provides that the Commission may only reject the proposed Implementation Plan amendment if a majority of the appointed Commissioners present find that it does not conform with or is inadequate to carry out the provisions of the certified Land Use Plan.

2. Proposal

The County's proposed amendments to the certified Implementation Plan component of the County's LCP include Coastal Zoning Ordinance (CZO) amendments only. The amendments are attached as Exhibit 5. The amendments collectively implement the

Santa Barbara County LCP Amendment 2-96-B
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County's proposed LUP policy 6-5C which provides for slant-drilling development within the County's two designated sites for consolidated offshore energy-related facilities. Specifically, the amendments:

- Define various activities associated with oil and gas production and processing; and
- Define the Gaviota and Las Flores Canyon Consolidated Oil and Gas Planning Sites and Areas; and
- Clarify applicable zoning for onshore drilling into offshore oil and gas reservoirs, including from sites zoned Coastal-Related Industry (M-CR), or Agricultural-II (AG-II) subject to a Major Conditional Use Permit; and
- Limit slant drilling projects, regardless of applicable zoning districts, exclusively to those areas set aside for oil and gas development within the County's two designated Consolidated Oil and Gas Planning Areas; and
- Allow onshore-to-offshore drilling rigs to exceed the present 50-foot height limit for up to four years, with the possibility of two one-year extensions, within the two consolidated oil and gas planning areas only; and
- Allow dehydration and separation to occur outside of the two Consolidated Oil and Gas Processing Sites, but within the two Consolidated Oil and Gas Planning Areas, when associated with onshore-to-offshore development; and
- Add a new section specifically regulating the exploration and production of offshore oil and gas reservoirs from onshore drilling and production sites within the Consolidated Oil and Gas Planning Areas.

3. Consistency with the certified Land Use Plan

a. Energy; New Development

Relevant LUP Policies:

Policies 6-1, 6-2, 6-3, and 6-4 set forth regulatory procedures and requirements necessary for the issuance of permits for hydrocarbon development projects in the Coastal Zone, including requirements for exploration, production, development and safety plans.

Policy 6-5C (proposed): Exploration or production of offshore oil and gas reservoirs (including reservoirs which traverse the mean high tide line) from onshore sites shall be restricted to locations within the Las Flores Canyon and Gaviota Consolidated Oil and Gas Planning Areas, which are comprised of the parcels identified in Policy 6-5B.2

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above. Such exploration and production may be permitted within AG-II and M-CR designated land uses within these two Consolidated Planning Areas.

Policy 6-6D: Consolidation of Oil and Gas Processing Sites in the South Coast Consolidation Planning Area. The oil and gas processing sites at Gaviota (APNs 81-130-07, 81-130-52, and 81-130-53) and Las Flores Canyon (APNs 81-220-14 and 81-230-19) are designated as consolidated sites for processing oil and gas production from offshore reservoirs and zones. Any new oil and gas production from offshore reservoirs or zones that is processed within the SCCPA shall be processed at these two sites.

Policy 6-6E requires owners and operators of designated consolidated facilities and sites to make their facilities and property available for commingled processing and consolidation of oil and gas facilities on an equitable and nondiscriminatory basis. If existing processing capacity is insufficient to accommodate proposed production and new facilities are not permissible, the operators are required to reduce throughput on a pro-rata basis to accommodate others.⁶

As provided in LUP Policy 6-5C, the County's proposed amendment allows for slant drilling projects to be located on lands set aside on the Gaviota Coast specifically for onshore oil and gas facilities related to the development of offshore oil and gas resources. Within these two areas (see Exhibits 2 and 3), slant drilling may be permitted on lands zoned Coastal-Related Industry (M-CR), or Agriculture-II (AG-II) with a Major Conditional Use Permit.

The proposed CZO amendments define the Gaviota and Las Flores Canyon Consolidated Oil and Gas Planning Areas as all of the parcels set forth in LUP Policy 6-6D, thereby ensuring consistency with the existing South Coast Consolidation Policies. The intent of these policies is to limit the industrialization of the mostly rural, and highly scenic Gaviota Coast. The proposed amendments restrict slant drilling development, which pose a significant visual intrusion into coastal viewsheds (such projects may require drilling rigs of up to 200 feet in height to be in place for a number of years), to the two designated energy development areas on the Gaviota Coast.

The proposed amendments also clarify the CZO definition section by providing separate definitions for the South Coast Consolidated Oil and Gas Processing Sites and the Gaviota and Las Flores Canyon Consolidated Oil and Gas Planning Areas. The separate definitions clarify that that oil and gas processing sites are restricted to the industrially zoned portions of the above parcels, whereas the Gaviota and Las Flores Canyon

⁶The mechanisms for accomplishing proration at the consolidated facilities are contained in the permits issued to Exxon and Chevron. Chevron's Final Development Plan contains Condition Q-7 which requires Chevron to operate the Gaviota facilities as a common carrier with access for use available on a non-discriminatory basis. Exxon's Final Development Plan contains a similar provision.

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Consolidated Oil and Gas Planning Areas, within which slant drilling projects may be located, encompass the entirety of the parcels listed in LUP Policy 6-6D. This distinction preserves the boundary of the consolidated sites while recognizing that processing facilities may be allowed on a subset of these lands. Though the proposed amendment allows slant drilling development within all of the parcels comprising the consolidated areas, the amendment also confines slant-drilling projects to these consolidated areas only, thereby conforming with LUP Policy 6-6D.

The Commission notes that existing LUP Policy 6-6E ensures consolidation of offshore energy development facilities at the designated consolidated sites by requiring equitable and nondiscriminatory access. Should problems arise with respect to capacity at the designated facilities, an LCP amendment may be considered under Coastal Act Section 30515.

The County's proposed amendment contains detailed development standards applicable specifically to slant drilling projects. The Commission finds that as submitted, these provisions of the County's amendment are adequate to implement the existing policies of the LUP and the proposed Policy 6-5C.

b. Agriculture

LUP Policy 8-2: If a parcel is designated for agricultural use and is located in a rural area not contiguous with the urban/rural boundary, conversion to non-agricultural use shall not be permitted unless such conversion of the entire parcel would allow for another priority use under the Coastal Act, e.g., coastal dependent industry, recreation and access, or protection of an environmentally sensitive habitat. Such conversion shall not be in conflict with contiguous agricultural operations in the area, and shall be consistent with Section 30241 and 30242 of the Coastal Act.

Where slant drilling is proposed on Agricultural-II lands within either of the designated consolidated planning areas, a Major Conditional Use Permit will be required. Section 35-172.1 of the County's Coastal Zoning Ordinance sets forth the purpose and intent of conditional use permits:

The purpose of this section is to provide for uses that are essential or desirable but cannot be readily classified as principal permitted uses in individual districts by reason of their special character, uniqueness of size or scope, or possible effect on public facilities or surrounding uses. The intent of this section is to provide the mechanism for requiring specific consideration of these uses.

Coastal Zoning Ordinance, Section 35-172.8, requires specific findings to support the issuance of a Major Conditional Use Permit. These findings include:

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1. That the site for the project is adequate in size, shape, location and physical characteristic is able to accommodate the type of use and level of development proposed.
2. That adverse environmental impacts are mitigated to the maximum extent feasible.
3. That streets and highways are adequate and properly designed to carry the type and quantity of traffic generated by the proposed use.
4. That there are adequate public services, including but not limited to fire protection, water supply, sewage disposal, and police protection to serve the project.
5. That 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.
6. That the project is in conformance with the applicable provisions and policies of this Article and the Coastal Land Use Plan.
7. That in designated rural areas the use is compatible with and subordinate to the scenic and rural character of the area.
8. That the project will not conflict with any easements required for public access through, or public use of the property.
9. That the proposed use is not inconsistent with the intent of the zone district.

The last finding requires the County to ensure that a slant drilling project proposed for a site zoned for agricultural use would be consistent with continued agricultural use of the property. Because the County's amendment proposes slant drilling as a use with a Major Conditional Use Permit within the two designated consolidated planning areas only, the amendment does not raise the question of compatibility of the proposed new land use with agricultural land uses outside of the strict confines of these areas. Through application of the County's long-held oil and gas development consolidation policies, which are discussed in detail in the LUP findings section, further industrial development of agricultural lands for purposes of offshore oil and gas development would be limited exclusively to the two consolidated areas.

The County's LCP policies directing the location of new development, and the Coastal Act policies from which such policies stem, together with LUP policies protective of

agricultural lands, encourage the clustering of new development and restrict the conversion of agricultural lands. These policies limit the industrialization of agricultural lands and scenic open spaces, reduce demands for new infrastructure, and generally reduce urban sprawl. Thus, the Commission finds that the provisions of the County's proposed amendment are consistent as submitted with the LUP policies protective of agriculture, provided that slant drilling on agricultural lands is confined to the two consolidated planning areas.

c. Environmentally Sensitive Habitat Areas

The County's LUP Section 3.9 contains policies protective of Environmentally Sensitive Habitat Areas. The relevant LCP policies and provisions are applicable to all development, including the newly proposed slant-drilling land use, and have been found by the Commission to be protective of ESHAs. In addition, the County's proposed amendment contains development standards that require proposed slant-drilling production activities to be designed and operated in a manner consistent with these policies. The County's amendment would further require that any residual significant impacts to environmentally sensitive resources be offset through mitigation fees to be paid to the County's Coastal Resource Enhancement Fund. This requirement further ensures that any significant environmental impact is mitigated to the maximum extent feasible.

One of the consolidated planning areas designated for slant-drilling locations, the Gaviota site, contains that endangered (state-listed) Gaviota tarplant. Specific mitigation measures to ensure the long-term survival of this species are discussed in the previous section under LUP-related findings.

For the reasons set forth herein, the Commission finds that the County's proposed Implementation Plan amendment, as submitted, contains provisions protective of environmentally sensitive habitat areas, and is consistent with the applicable environmentally sensitive resource protection policies of the County's certified LUP.

C. Consistency with California Environmental Quality Act (CEQA)

The Coastal Commission's LCP process has been designated by the Secretary of Resources as the functional equivalent of CEQA. CEQA requires consideration of less environmentally damaging alternatives; the imposition of mitigation measures to lessen significant adverse effects arising from the request; and the benefits of the project.

The Commission has herein evaluated and found the proposed policy scenario and implementing measures requiring consolidation of slant-drilling land uses at two sites, the Gaviota and Las Flores Canyon Consolidated Oil and Gas Planning Areas, to be the least environmentally damaging alternative. Consolidation of slant-drilling projects in these

Santa Barbara County LCP Amendment 2-96-B
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two areas, together with the implementation of the County's zoning ordinance amendments addressing performance standards, abandonment requirements and other measures protective of coastal resources mitigates environmental impacts to the maximum extent feasible.

Therefore, the Commission finds that LCP Amendment 2-96-B, as submitted, is consistent with the provisions of the California Environmental Quality Act and the provisions of the California Coastal Act.

LCP296B.DOC/MKH-SF

Figure 1.1-1 Project Study Area

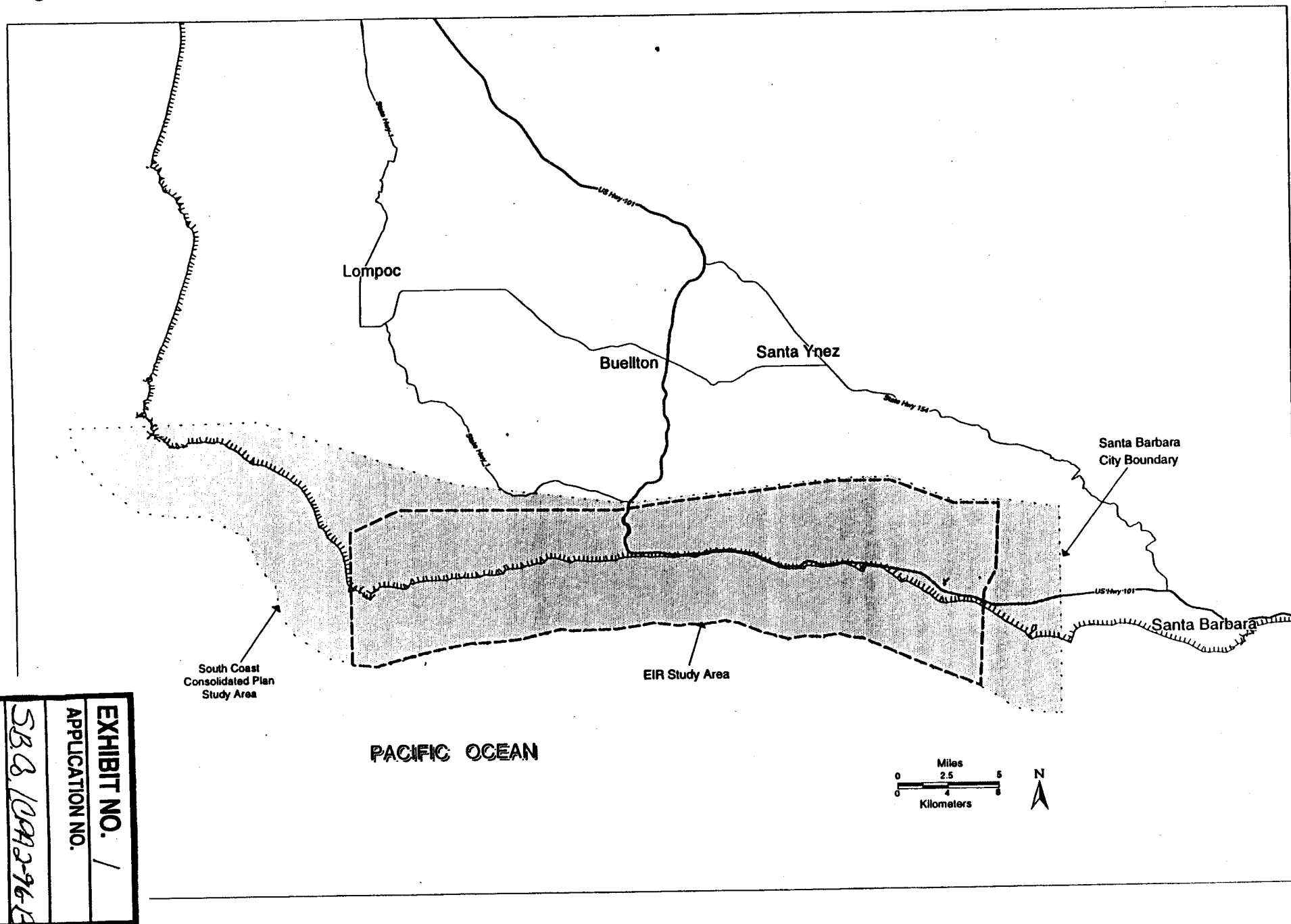
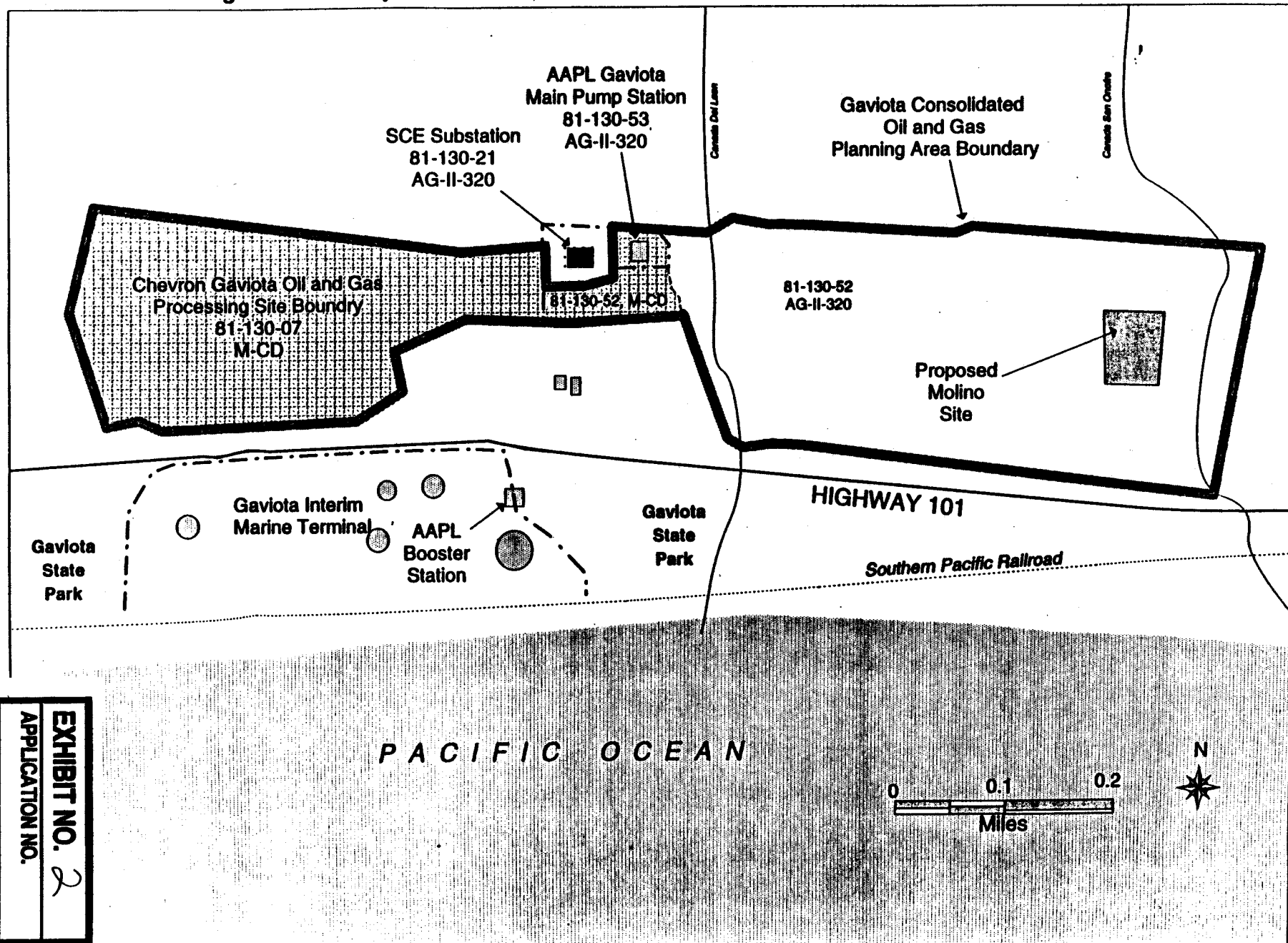


Figure ES-2 Gaviota Consolidated Oil and Gas Processing Site Boundary and Consolidated Oil and Gas Planning Area Boundary



ES-5

EXHIBIT NO. 2

APPLICATION NO.

S.B.G. LCA-96-15

LOS PADRES NATIONAL FOREST

Las Flores Creek

Corral Creek

Las Flores Canyon Consolidated Oil and Gas Planning Boundary

POP CO EXXON FACILITIES

Las Flores Canyon Oil and Gas Processing Site Boundary

Highway 101

PACIFIC OCEAN

0 0.35 0.7

EXHIBIT NO. 3

APPLICATION NO.

EXHIBIT 1

RESOLUTION OF THE BOARD OF SUPERVISORS COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA

IN THE MATTER OF APPROVING AMENDMENTS)
TO THE SANTA BARBARA COUNTY LOCAL) RESOLUTION NO:96-298
COASTAL PROGRAM TO AMEND THE COASTAL) CASE NO.: 96-GP-010
LAND USE PLAN TO ADD NEW TEXT AND A)
POLICY REGARDING THE DEVELOPMENT OF)
OFFSHORE OIL AND GAS RESERVOIRS FROM)
ONSHORE SITES WITHIN THE COUNTY'S)
TWO CONSOLIDATED OIL AND GAS PLANNING)
AREAS)

WITH REFERENCE TO THE FOLLOWING:

- A. On October 17, 1994, the Molino Energy Company proposed that the County initiate amendments (94-OA-017) to the County Local Coastal Plan (LCP), specifically Article II, Chapter 35 of the Santa Barbara County Code (commonly known as the Article II Coastal Zoning Ordinance [CZO]), to allow for onshore oil and gas drilling into and production of offshore hydrocarbon reservoirs. The proposed CZO amendments are necessary to allow the Molino Energy Company to carry out its proposed Molino Gas Project.
- B. On April 18, 1995, the Board of Supervisors initiated by Resolution 95-180 the proposed CZO amendments and directed Planning and Development staff to conduct environmental analysis of the proposed CZO amendments and present its findings to the Planning Commission for consideration of recommended approval.
- C. On June 12, 1996, County staff completed a California Environmental Quality Act (CEQA) Environmental Impact Report (EIR) of the proposed physical Molino Gas Project and CZO amendments. As a result of the analysis, it was found that adopting the proposed CZO amendments without an LCP amendment could result in a lack of article consistency between Chapter 3.6, Industrial and Energy Development, of the Coastal Land Use Plan (CLUP) regarding onshore drilling into offshore oil and gas reservoirs and the CZO. As such, the EIR identified as a mitigation measure that any inconsistency could be rectified by changing the introductory text of Chapter 3.6 and by the addition of a policy (6-5C) to address onshore to offshore development of oil and gas reservoirs. The Project EIR further identified that no additional impacts would occur as a result of amending the CLUP.
- D. These proposed changes to the CLUP were not included in Resolution 95-180 required initiation. At a Special Hearing on July 2, 1996, the Board initiated and recommended approval of the CLUP amendments to fulfill of Section 35-180 of the CZO, State Planning and Zoning Law, and the Act regarding amendments to a certified Local Coastal Program.

EXHIBIT NO. 4

APPLICATION NO.

S.B.C. LCPA 2-96-B

5 pages

- E. It being deemed to be in the interest of orderly development of the County and important to the preservation of the health, safety, and general welfare of the residents of said County, the Board of Supervisors has amended the Local Coastal Program as specified below (Proposed additions are underlined; proposed deletions are struck through):

Amend text under "2. State Tidelands Fields. Production Areas." of subsection 3.6.3 OIL AND GAS DEVELOPMENT to read as follows:

Several State Tidelands leases exist offshore Santa Barbara County on parcels between Point Conception and the Ventura County line. State Tidelands consists of ocean waters from the mean high tide line to three miles offshore. The principal agency responsible for managing these waters and subsea mineral resources is the State Lands Commission.

Many areas within the State Tidelands offshore Santa Barbara County are included in the State Oil and Gas Sanctuary. The State Lands Commission has prohibited oil and gas leasing and development in these areas. The State Oil and Gas Sanctuary offshore Santa Barbara County consists of State Tidelands waters from Summerland to Goleta Point, from Point Conception north, and a few previously active offshore leases between Ellwood and Point Conception that have been quitclaimed to the state as illustrated in Figure 3-2.

Oil and gas extraction has been declining in the State Tidelands, though it could increase with improved market conditions, use of enhanced recovery techniques and future leasing. Oil and gas extraction in the State Tidelands can come from many types of production methods. Technology exists that allows production of some offshore hydrocarbon from wells situated at an onshore location, by using directional drilling techniques. Although directional drilling is not new, constantly improving technology allows industry to reach further distances offshore, in some cases avoiding the need for offshore platforms to recover resources. Unocal used ~~is using~~ directional drilling technology to produce offshore reserves from onshore wellheads at Government Point until the early 1990s. ARCO also employed directional drilling techniques to produce offshore oil from wellheads in the Dos Pueblos and Ellwood areas.

On March 26, 1996 the voters approved an initiative, Measure A96, that makes legislative approvals for directional drilling projects (as well as other onshore facilities that support offshore oil and gas development) subject to voter approval unless they are located within the Gaviota Consolidated Oil and Gas Planning Area (defined by the initiative as APNs 81-130-07, 81-130-52, and 81-130-53 in their entirety as of June 13, 1995) or the Las Flores Canyon Consolidated Oil and Gas Planning Area (defined by the initiative as APNs 81-220-14 and 83-220-19 in their entirety as of June 13, 1995). A portion of these two sites is partially designated for industrial uses to accommodate facilities for processing oil and gas production from offshore reservoirs (M-CD and M-CR zone designations). Based on current projections of future oil and gas production, there is no need to expand the M-CD and M-CR designated portions of these two planning areas to accommodate additional processing facilities. In response to the Molino Project proposal and Measure A96, the County determined that onshore exploration and production of offshore oil and gas reserves is allowed from the Consolidated Planning Areas. Moreover, any new exploration and production operations within the two Consolidated Planning Areas will likely be safer if these exploration and production operations are separated from consolidated processing activities. Consequently, the County has designated M-CD and M-CR zones within the Consolidated Planning Areas for processing, and the AG-II and M-CR zones within the Consolidated Planning Areas for exploration and production of offshore reserves, in order to separate these activities

within the Consolidated Planning Areas to accommodate safety concerns. Although production and processing may occur within the M-CR zone designation, specific production projects can be separated from processing facilities based on a case-by-case analysis of safety impacts.

Subsea wells, located on the sea floor, are used to extract hydrocarbons below the sea surface and then the product is shipped by pipeline to a processing facility onshore. Subsea wells offshore Santa Barbara County ~~are~~ were used by Phillips Petroleum to produce gas from State Tideland Lease PRC-2933 and by ARCO to produce oil from State Tideland Lease PRC-2793.

Platform production is achieved by drilling from an immobile, offshore structure for oil and gas. Piers and manmade islands are used in situations where the hydrocarbon field is near the coastline, directional drilling techniques could make pier and offshore island production obsolete.

Offshore oil development in the State Tidelands ~~is~~ was most intense in the CVCPA, with four platforms: Hope, Hilda, Hazel, and Heidi, all operated by Chevron. These platforms were abandoned in 1996. Chevron's Carpinteria processing facilities received and processed production from these four platforms for shipment to the Los Angeles area via pipeline. The processing facilities still serve offshore platforms in federal waters.

The State Tidelands of the SCCPA contain ~~ARCO-Mobil's~~ platform Holly offshore Ellwood, this is the only ~~other~~ existing platform in State Tidelands waters off Santa Barbara County. Two other platforms have been removed from this planning area in 1988, they are Texaco's platforms Herman and Helen.

There has been no development of oil and gas reserves in State Tidelands in the NCCPA and none is expected since the area is part of the State Oil and Gas Sanctuary.

Amend text under subsection "Where" of section 3.6.4, LAND USE PLAN PROPOSALS to read as follows:

Oil and gas wells dedicated solely to exploration or production of onshore oil and gas fields are permitted in Coastal Dependent Industry and Agriculture II designations and are conditionally permitted uses in Mountainous Areas, Open Lands, Rural Residential, and all other industrial classifications (refer to Table 3-1). Oil and gas wells dedicated to exploration or production of offshore oil and gas fields are permitted in Coastal Related Industry designations and are conditionally permitted uses in Agriculture II designations only within the Gaviota and Las Flores Canyon Consolidated Planning Areas as specified in policies 6-5B and 6-5C. By retaining the AG-II designation within the Consolidated Planning Areas, the County limits the use of industrially zoned (M-CR and M-CD) areas within the Consolidated Processing Sites available for processing facilities; and also, by allowing exploration and production on AG districts, but not processing, the County provides for the separation of processing and production to accommodate safety concerns.

SECTION 4:

Section 35-127., Height, of Article II of Chapter 35 of the Santa Barbara County Code is hereby amended to allow drilling rigs associated with onshore to offshore oil and gas development to exceed the 50 foot height limit with restrictions to read as follows:

Section 35-127. Height

Chimneys; elevators and stair housings; 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 of 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 diligence in completing an established drilling program, or for well maintenance, or for well abandonment.

SECTION 5:

Section 35-154., Onshore Processing Facilities Necessary or Related to Offshore Oil and Gas Development, of Article II of Chapter 35 of the Santa Barbara County Code is hereby amended to allow dehydration and separation incidental to onshore wells producing offshore oil and gas reservoirs to read as follows:

Section 35-154. Onshore Processing/Treatment Facilities Necessary or Related to Offshore Oil and Gas Development.

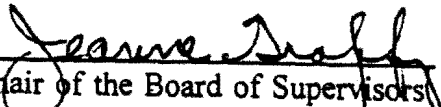
1. Applicability: The specific regulations of this section shall apply to structures, equipment, or facilities necessary and incidental to:
 - a. Dehydration and/or separation of oil, gas and condensate obtained from an offshore hydrocarbon area except for dehydration and separation incidental to onshore wells which shall be subject to regulations of Section 35-158, and 35-176, and
 - b. ~~Gas processing and/or gas treatment plants.~~ Oil and gas processing/treatment facilities.

PASSED, APPROVED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, State of California, this 23 day of July, 1996 by the following vote:

AYES: Schwartz, Graffy, Wallace, Staffel and Urbanske

NOES:

ABSENT:

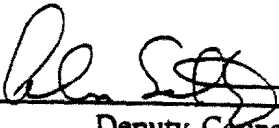

Chair of the Board of Supervisors
County of Santa Barbara

ATTEST
KENT M. TAYLOR
Clerk of the Board of Supervisors

By: 
Deputy Clerk

APPROVED AS TO FORM:

Steven Shane Stark
County Counsel

By: 
Deputy Counsel

Energy\WP\molino\BSRES.FRM

EXHIBIT 2

ORDINANCE NO. 4235

AN ORDINANCE AMENDING ARTICLE II OF CHAPTER 35 OF THE SANTA BARBARA COUNTY CODE BY AMENDING DIVISION 2 DEFINITIONS; DIVISION 4 ZONING DISTRICTS; DIVISION 7 GENERAL REGULATIONS; AND DIVISION 9 OIL AND GAS FACILITIES TO DEFINE THE VARIOUS ACTIVITIES ASSOCIATED WITH OIL AND GAS PRODUCTION AND PROCESSING. TO DEFINE THE GAVIOTA AND LAS FLORES CANYON CONSOLIDATED OIL AND GAS PLANNING SITES AND AREAS AND OTHER RELATED DEFINITIONS, TO ALLOW ONSHORE DRILLING INTO OFFSHORE OIL AND GAS RESERVOIRS FROM SITES ZONED AGRICULTURAL-II AS A CONDITIONALLY PERMITTED USE AND IN THE COASTAL-RELATED INDUSTRY ZONE DISTRICT AS A PERMITTED USE FROM SITES WITH THE GAVIOTA AND LAS FLORES CANYON CONSOLIDATED OIL AND GAS PLANNING AREAS, TO ALLOW DRILLING RIGS TO EXCEED THE 50 FOOT HEIGHT LIMIT FOR UP TO FOUR YEARS WITH THE POSSIBILITY OF TWO ONE-YEAR EXTENSIONS, IF SITED WITHIN THE CONSOLIDATED OIL AND GAS PLANNING AREAS, TO ALLOW DEHYDRATION AND SEPARATION TO OCCUR OUTSIDE OF THE CONSOLIDATED OIL AND GAS PROCESSING SITES WHEN ASSOCIATED WITH ONSHORE TO OFFSHORE DEVELOPMENT, AND TO ADD A NEW SECTION SPECIFICALLY REGULATING THE EXPLORATION AND PRODUCTION OF OFFSHORE OIL AND GAS RESERVOIRS FROM ONSHORE DRILLING AND PRODUCTION SITES WITHIN THE CONSOLIDATED OIL AND GAS PLANNING AREAS.

CASE NO. 94-OA-017

The Board of Supervisors of the County of Santa Barbara ordains as follows:

SECTION 1:

Section 35-38., Definitions, DIVISION 2, of Article II of Chapter 35 of the Santa Barbara County Code is hereby amended to add new definitions for oil and gas production and processing and new definitions defining the Consolidated Oil and Gas Planning Areas. Processing Sites and other related definitions to read as follows:

~~OIL AND GAS DRILLING, EXPLORATORY: Drilling for oil and/or gas that occurs outside the limits of an established oil field, delineated from time to time in California Division of Oil and Gas Department of Conservation Maps.~~

OIL AND GAS EXPLORATION: Drilling of wells and temporary deployment of associated equipment to extract minimal quantities of oil and/or gas for the purpose of evaluating the developmental potential of one or more reservoirs. Exploration requires the location of temporary equipment onsite to support drilling (e.g., pressure vessels, storage tanks).

EXHIBIT NO. 5

APPLICATION NO.

S.B.Co. LCPA 2-96-B

12 pages

OIL AND GAS DRILLING, PRODUCTION: Drilling for oil/or gas that occurs within the limits of an established oil field, delineated from time to time on California Division of Oil and Gas Department of Conservation Maps.

OIL AND GAS PRODUCTION: Drilling and re-working of oil and/or gas wells and long-term deployment of associated equipment to extract oil and/or gas and associated byproducts in payable quantities from a proven reservoir.

Oil and gas production is divided into the following five major activities:

Drilling: All activities associated with the drilling of wells.

Extraction: All activities associated with the lifting of payable quantities of oil, gas, and byproducts, including secondary recovery operations as set forth in Section 25-31 of Chapter 25 of the County Code.

Separation: All activities at the drill site necessary to separate by gravity, or pressure the various phases of production. These phases would include water, oil, and natural gas. Free water knockout represents a typical gravity separation process.

Dehydration: All activities necessary to remove water from oil and/or gas by means other than gravity. Such activities may include heater treaters for oil dehydration and molecular sieves and glycol contactors for gas dehydration. Dehydration does not include wastewater treatment.

Transportation: Minimal activities necessary to transport oil, gas, produced water, and waste water to processing and treatment facilities.

OIL AND GAS PROCESSING/TREATMENT: Processing/treatment activities involve the chemical separation of oil and gas constituents and the removal of impurities. Processing activities would include oil stripping; hydrogen sulfide and carbon dioxide removal systems; depropanizers, debutinizers, or other types of fractionation; sulfur recovery plants; wastewater treatment plants; and separation and dehydration of oil/gas/water.

GAS PROCESSING PLANT: Facilities designed to recover valuable liquefiable hydrocarbons not removed by normal separation methods from the raw gas stream (e.g., ethane, propane, butane and natural gasoline).

GAS TREATMENT PLANT: Facilities designed to remove impurities from the gas (e.g., sulfur compounds).

OFFSHORE OIL AND/OR GAS RESERVOIR: Any oil and/or gas reservoir partially or fully seaward of the mean high tide line.

SOUTH COAST CONSOLIDATED OIL AND GAS PROCESSING SITES: The sites supporting the Las Flores Canyon Oil and Gas Processing facility (The industrially zoned portions of APNs 81-220-14 and 81-230-19) and the Gaviota Oil and Gas Processing facility (APNs 81-130-07, 81-130-53, and the industrially zoned portion of 81-130-52). Any new oil and gas production from offshore reservoirs or zones that is processed within the SCCPA must be processed at these two sites.

GAVIOTA AND LAS FLORES CANYON CONSOLIDATED OIL AND GAS PLANNING AREAS: That area of the Coastal Zone comprised of APNs 81-130-07, 81-130-52, and 81-130-53 (in their entirety). Part of this Planning Area supports the Gaviota Consolidated Oil and Gas Processing Site; the remaining area is reserved for possible future onshore support facilities for offshore oil and gas development. That area of the Coastal Zone comprised of APNs 81-230-19 and 81-220-14 (in their entirety). Part of this Planning Area supports the Las Flores Canyon Consolidated Oil and Gas Processing Site; the remaining area is reserved for possible future onshore support facilities for offshore oil and gas development.

SECTION 2:

Section 35-69., AG-II Agricultural II, of Article II of Chapter 35 of the Santa Barbara County Code is hereby amended to add onshore production of offshore oil and gas reservoirs as a use permitted with a Major Conditional Use Permit, subject to the restrictions set forth in DIVISION 9, OIL & GAS FACILITIES to read as follows:

Sec. 35-69.4. Uses Permitted With a Major Conditional Use Permit

10. Exploration and production of offshore oil and gas reservoirs from onshore locations, including exploratory and production wells, pipelines, temporary storage tanks, dehydration and separation facilities, and temporary truck terminals located within the Gaviota or Las Flores Canyon Consolidated Oil and Gas Planning Areas, subject to the requirements set forth in DIVISION 9, OIL & GAS FACILITIES.

SECTION 3:

Section 35-92., M-CR Coastal Related Industry, of Article II of Chapter 35 of the Santa Barbara County Code is hereby amended to add onshore production of offshore oil and gas reservoirs as a permitted use, subject to the restrictions set forth in DIVISION 9, OIL & GAS FACILITIES to read as follows:

Sec. 35-92.3. Permitted Uses

2. Onshore facilities, including exploratory and producing wells, that are necessary for the exploration, development, production, processing and/or transportation of offshore oil and gas resources, subject to the regulations in DIVISION 9-OIL AND GAS FACILITIES.

[Policy 6-5B was explicitly added by Measure A96 and is the subject of a separate Board Resolution to effectuate its terms (provided herein for reference only):

Policy 6-5B (Voter Approval):

"1. Any legislative approvals (e.g. zoning amendment, General Plan amendment, Local Coastal Plan amendment, Development Plan, or other legislative action) which would authorize or allow the development, construction, installation, or expansion of any onshore support facility for offshore oil and gas activity on the South Coast of the County of Santa Barbara (from Point Arguello to the Ventura County border) shall not be final unless such authorization is approved, in the affirmative, by a majority of the regular election. For the purpose of this measure, the term "onshore support facility" means any land use, installation, or activity proposed to effectuate or support the exploration, development, production, storage, processing, or other activities related to offshore energy resources.

2. The voter approval requirement set forth in Section 1 above shall not apply to onshore pipeline projects or to onshore support facilities that are located entirely within an existing approved consolidated oil and gas processing site at Las Flores Canyon (designated as of June 13, 1995 as APN 81-220-14, 81-230-19) or Gaviota (designated as of June 13, 1995 as APN 81-130-07, 81-130-52, 81-130-53).

3. The terms, policies, and zoning amendments set forth herein shall expire at the end of twenty-five (25) years after the effective date of this ordinance unless extended by the Board of Supervisors or by another vote of the electorate."]

Amend Section 3.6 Industrial and Energy Development Policies of the Coastal Land Use Plan by adding Policy 6-5C as follows:

Policy 6-5C: Exploration or production of offshore oil and gas reservoirs (including reservoirs which traverse the mean high tide line) from onshore sites shall be restricted to locations within the Las Flores Canyon and Gaviota Consolidated Oil and Gas Planning Areas, which are comprised of the parcels identified in Policy 6-5B.2 above. Such exploration and production is compatible with AG-II and M-CR designated land uses within these two Consolidated Planning Areas.

NOW THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. The above recitations are true and correct.
2. Pursuant to the provisions of Section 65356 and 65857 of the Government Code and Section 30514 of the Public Resources Code, the above described changes are hereby adopted as amendments to the Santa Barbara County Coastal Land Use Plan.
3. The Board certifies that these amendments are intended to be carried out in a manner fully in conformity with the said California Coastal Act.
4. The Chair and the Clerk of the Board are hereby authorized and directed to sign and certify all maps, documents and other materials in accordance with this resolution to reflect the above described action by the Board of Supervisors.

2. Permitted Districts. Processing facilities for offshore oil and gas development are permitted only in the Coastal-Dependent Industry (M-CD) District (if the use requires a site on or adjacent to the sea to be able to function at all) and in the Coastal-Related Industry (M-CR) District,, except:
 - a. Where the property is subject to the Environmentally Sensitive Habitat Area Overlay District (ESH), such facilities shall not be permitted within the area subject to the ESH.
 - b. Where the property is subject to the View Corridor Overlay District (VC), such facilities shall require a Major Conditional Use Permit as provided in Sec. 35-172.

SECTION 6:

Section 35-158., Onshore Exploration and/or Production of Offshore Oil and Gas Reservoirs, of Article II of Chapter 35 of the Santa Barbara County Code is hereby added to allow for the exploration and production of offshore oil and gas reservoirs from onshore sites located within the Gaviota and Las Flores Canyon Consolidated Oil and Gas Planning Areas on parcels zoned Agriculture II and Coastal-Related Industry to read as follows:

Section 35-158. Onshore Exploration and/or Production of Offshore Oil and Gas Reservoirs.

1. Applicability.

- a. The specific regulations contained within this section shall apply only to the Gaviota and Las Flores Canyon Consolidated Oil and Gas Planning Areas as defined in Division 2 of this Article.
- b. The specific regulations contained within this section shall apply to all equipment, buildings, activities and appurtenances necessary for the exploration and production of offshore oil and gas reservoirs from an onshore location including:
 - 1) Collocated structures, equipment, or facilities necessary and incidental to drilling, dehydration and separation of oil, gas and condensate obtained from an offshore oil and/or gas reservoir including secondary recovery methods as set forth in Sec. 25-31 of the County Code.
 - 2) Injection wells and incidental equipment necessary for gas reinjection or disposal of oil and gas exploration and production wastes.
 - 3) Surge tanks necessary or incidental to separation and dehydration of oil and gas at the drill site and pipeline transportation to processing facilities.
 - 4) Temporary storage facilities required during exploration, during emergency circumstances, during remediation of contaminated soils, and during abandonment.
 - 5) Access roads and staging areas.

- 6) Oil spill containment and recovery equipment including central office space and vehicles for the storage of floating oil/water separators, pumps, generators, hosing, assorted absorbent materials, steam cleaners, storage tanks, and other land and wildlife clean-up equipment.
 - c. The specific regulations contained within this section shall not apply to the injection, storage or withdrawal of natural gas from the Southern California Gas Company's storage field in Goleta, as described in Sec. 35-88.11 and regulated under the PU Zone District.
 2. Permitted or Conditionally Permitted Districts.

Exploration and production of oil and gas resources is permitted or conditionally permitted in the following Districts contained within the Gaviota and Las Flores Canyon Consolidated Planning Areas as defined in Division 2 of this Article:

 - a. Coastal-Related Industry (M-CR).
 - b. Agricultural II (AG-II) - (Permitted with a Major Conditional Use Permit as provided in Sec. 35-172)
 - c. Where either of these districts is also subject to an Environmentally Sensitive Habitat Area (ESH), a Conditional Use Permit as provided in Sec. 35-172 is required.
 3. Processing. Prior to the issuance of any Coastal Development Permit for exploration of offshore oil and gas reservoirs from an onshore location, an Exploration Plan shall be approved in accordance with Sec. 35-176. Additionally, prior to the issuance of any Coastal Development Permit for production of offshore oil and gas reservoirs from an onshore location, a Production Plan shall be approved in accordance with Sec. 35-176.
 4. Findings Required for Approval of Exploration Plan.

In addition to the findings set forth in Sec. 35-176.5, Exploration Plans, the following findings must be made:

 - a. 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 processing operations to undue risk.
 - b. That exploration sites are collocated with other exploration and/or production sites approved after January 1, 1996, to the maximum extent feasible.
 5. Development Standards for Exploration.

In addition to the development standards set forth in Sec. 35-176.6 required for Exploration Plans and the regulations of the M-CR and AG-II districts, the following regulations shall apply. Where applicants seek an Exploration Plan in conjunction with a Production Plan simultaneously, only the development standards for Production Plans shall be applicable.

- a. 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.
- b. A drill site shall not exceed one (1) acre in size.
- c. Drilling rigs shall be shielded and soundproofed to be compatible with the surrounding area.
- d. All lights shall be shielded and directed so as not to directly shine on adjacent properties.
- e. Grading and alteration of natural drainages, watersheds, and hillsides shall be minimized to control erosion, minimize flooding, and minimize environmental degradation during construction, operation and abandonment of oil and gas facilities. Where grading and alteration of natural drainages, watersheds, and hillsides is required to carry forth a project, adequate mitigation shall be required, including minimizing the effected area of impact by employing temporary vegetation, seeding, mulching, or other suitable stabilization. All cut and fill slopes shall be stabilized immediately with planting of native grasses and shrubs, appropriate non-native-plants, or with accepted landscaping practices.
- f. A site-specific restoration, erosion control, and revegetation plan shall be prepared for all areas impacted by construction.
- g. A Production Plan shall be submitted within one year of the issuance of the Coastal Development Permit for the exploratory drilling. The Director of Planning and Development may extend this deadline by no more than one year upon written request by the operator and demonstration of good cause. Failure to submit a Production Plan within the required period will require that the operator abandon the exploration well(s) and related facilities pursuant to Chapter 25 of the County Code and any other abandonment and restoration policies and procedures in place at that time.
- h. An abandonment plan shall be prepared to address the abandonment of the facilities to be built during exploration. To ensure that abandonment is carried out, a performance bond or other acceptable financial mechanism shall be posted by the operator prior to issuance of a Coastal Development Permit in an amount commensurate with the estimated costs of obtaining permits for site abandonment, and the costs of abandonment and restoration of the site. The bond or other financial security shall be returned to the applicant upon successful abandonment and restoration of the site.
- i. The applicant shall obtain an "authority to construct" from the Air Pollution Control District before commencing operations.
- j. An Emergency Response Plan, a Fire Protection Plan, a Hazardous Materials and Waste Management Plan, a Hydrogen Sulfide Incident Plan shall be prepared for the facilities. Additional contingency plans (e.g., Flood Control Plan) may be required on a project-by-project basis.
- k. The proposed development shall have an adequate water source consistent with County Land Use Development Policies. Significant impacts to surface water due to short-term sedimentation of streams shall be mitigated to insignificance through

adequate erosion and sediment controls, including containment of loose soil. Additionally, significant impacts to surface and groundwater due to oil spills shall be mitigated to the maximum extent feasible through adequate preventative and protective measures, including containment basins, dikes, and timely remediation of contaminated soils during operations. Specific mitigation shall be based on project-specific potential for causing significant impacts.

6. Findings Required for Approval of Production Plan.

In addition to the findings set forth in Sec. 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.
2. That production sites are collocated with other exploration and/or production sites approved after January 1, 1996, to the maximum extent feasible.
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.

7. Development Standards for Production Activities.

In addition to the development standards set forth in Sec. 35-176.10 required for Production Plans and the regulations of the M-CR and AG-II districts, the following regulations shall apply.

- a. 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.
- b. Except in an emergency, no materials, equipment, tools, or pipe used for production shall be transported through streets within a residential district, between the hours of 7 p.m. and 7 a.m. of the next day.
- c. The site or the moving parts of operating machinery shall be enclosed with an adequate non-combustible type fence, wall, screen, or housing sufficient to prevent unauthorized access thereto and having a height of at least six (6) feet. Fences greater than eight (8) feet in height are subject to the permit requirements of Sec. 35-123 of this ordinance.
- d. Drilling rigs shall be shielded and soundproofed to be compatible with the surrounding area.
- e. Visual impacts shall be mitigated to the maximum extent feasible, including but not limited to the following measures:
 - i. Drilling operations shall be located so as to minimize intrusion of drill rigs into publicly accessible viewsheds.
 - ii. A Site Screening and Lighting Plan, including provisions for screening equipment and directing and shielding lighting so as not to directly shine offsite or produce excessive glare, shall be submitted to the Planning and

Development Department for review and approval prior to land use clearance. Such provisions shall be applied to the drill rig to the maximum extent feasible.

- f. Any machinery used in the production shall be so designed and housed that noise and vibration shall be reduced to a minimum and the operation thereof will be compatible with the level of surrounding areas.
- g. The applicant shall obtain an "authority to construct" from the Air Pollution Control District before commencing operations.
- h. Grading and alteration of natural drainages, watersheds, and hillsides shall be minimized to control erosion, minimize flooding, and minimize environmental degradation during construction, operation and abandonment of oil and gas facilities. Where grading and alteration of natural drainages, watersheds, and hillsides is required to carry forth a project, adequate mitigation shall be required, including minimizing the effected area of impact by employing temporary vegetation, seeding, mulching, or other suitable stabilization. All cut and fill slopes shall be stabilized immediately with planting of native grasses and shrubs, appropriate non-native plants, or with accepted landscaping practices.
- i. A site-specific restoration, erosion control, and revegetation plan shall be submitted with the Production Plan application and shall address all areas impacted by construction.
- j. 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.
- k. Secondary recovery operations may be carried out in accordance with Sec. 25-31 of the County Code so long as such operations were included as part of the project description, processed through environmental review, and made part of the permitted project. Secondary recovery operations proposed after initial project approval shall be subject to additional environmental review and permitting.
- l. All transportation of oil to a refinery center shall be subject to the LCP Policy 6-8 and the development standards set forth in Sec. 35-154. All transportation of natural gas liquids shall be accomplished in accordance with County-approved practices to protect public safety, including, but not limited to, the following precautions:
 - i. Butane and heavier gas-liquid fractions shall be blended with crude oil for shipment by pipeline to the extent feasible or marine tanker;
 - ii. Shipments by highway shall be limited to routes approved by the County;
 - iii. carriers shall be selected and monitored in accordance with a County-approved Transportation Risk Reduction and Prevention Program prepared by the shipper;
 - iv. Additional public services such as increased enforcement of traffic regulations by the California Highway Patrol shall be funded by the shippers on a prorated basis.
- m. Within 60 days of abandonment of facility operations, the operator shall submit an Abandonment and Restoration Plan addressing the abandonment of the wells

- and removal of all production equipment pursuant to Sec. 25-32 and 25-33 of the County Code and include provision for site restoration and revegetation.
- n. To ensure that abandonment is carried out, a performance bond or other acceptable financial mechanism shall be posted by the operator prior to commencement of operations in an amount commensurate with the estimated costs of obtaining permits for site abandonment, and the costs of abandonment and restoration of the site. The bond or other financial security shall be returned to the applicant upon successful abandonment and restoration of the site.
- o. All offsite pipelines shall be protected from rupture and leaks in the following manner:
- i. External corrosion shall be reduced to insignificance through appropriate measures, including cathodic protection and proper coating;
 - ii. Internal corrosion shall be reduced to insignificance through deployment of scrapers, corrosion inhibitors, and single-phased streams as appropriate;
 - iii. External mechanical interference shall be reduced to insignificance through adequate warning devices, participation in an acceptable one-call system to warn third-party excavation of a pipeline presence, and adequate protection and emergency access to pipeline right-of-ways.
 - iv. Adequate testing of pipelines following ground movement or subsidence.
 - v. Where technically feasible and at appropriate time intervals, all offsite pipelines shall be tested with state-of-the-art "smart pigs" to identify occurrences of corrosion, pipewall thinning, dents, cracks and other defects.
- p. For production and handling of gas and natural gas liquids (or any other hazardous material used in production in volumes sufficiently large to pose a significant risk to public safety), a quantitative risk analysis shall be prepared as part of the environmental review. This risk analysis shall be further revised as needed to reflect reduction of risk based on required mitigation and any other changes in risk due to changes in factors that define the risk.
- q. A Hazard and Operability Study (HAZOP) shall be prepared for the production and ancillary facilities.
- r. A Safety, Inspection, Maintenance and Quality Assurance Program (SIMQAP) shall be prepared for construction and operation of the production and ancillary facilities.
- s. The proposed development shall have an adequate water source consistent with County Land Use Development Policies. Significant impacts to surface water due to short-term sedimentation of streams shall be mitigated to insignificance through adequate erosion and sediment controls, including containment of loose soil. Additionally, significant impacts to surface and groundwater due to oil spills shall be mitigated to the maximum extent feasible through adequate preventative and protective measures, including containment basins, dikes, and timely remediation of contaminated soils during operations. Specific mitigation shall be based on project-specific potential for causing significant impacts.

- t. In accordance with CLUP Policy 2-6, the proposed development shall have adequate public and private services and resources.
- u. Adequate setbacks, grading controls, measures to prevent, contain, and minimize damage from oil and gas liquid spills, or from fires and explosions, shall be required as necessary to protect potentially impacted environmentally sensitive habitat areas. Any areas damaged by spills, fires, or explosions shall be restored to pre-spill conditions at the expense of the project operator and owners. In order to provide adequate restoration, the project operator or owner shall provide the County inventories of sensitive species and surveys as well as emergency response and restoration plans for approval by the Planning and Development Department before commencement of production.
- v. Environmentally sensitive resources shall be protected in accordance with policies in section 3.9 of the Coastal Land Use Plan. Residual significant impacts shall be offset with exaction of mitigation fees, paid to the Coastal Resources Enhancement Fund.
- w. Archaeological and historical resources shall be protected in accordance with Section 3.10 of the Coastal Land Use Plan, and significant impacts shall be mitigated to the maximum extent feasible, potentially including the following measures:
 - i. consider alternative sites and pipeline corridors within the designated planning area that lessen impacts to archaeological and historical resources;
 - ii. as necessary, Phase I, II, and III assessments shall be conducted at the expense of the applicant;
 - iii. areas containing resources shall be fenced and appropriately protected during grading and construction, and the County shall require monitoring of the site during grading and construction (including abandonment) by an approved archaeologist and Native American as applicable;
 - iv. an educational workshop shall be conducted for construction workers prior to and during construction as the County deems necessary for specific projects.

SECTION 7:

Except as amended by this ordinance, Divisions 2, 4, 7 and 9 of Article II of Chapter 35, of the Code of the County of Santa Barbara, California, shall remain unchanged and shall continue in full force and effect.

SECTION 8:

This ordinance shall take effect and be in force thirty (30) days from the date of its passage and before the expiration of fifteen (15) days after its passage it, or a summary of it, shall be published once, together with the names of the members of the Board of Supervisors voting for and against the same in the Santa Barbara News Press, a newspaper of general circulation published in the County of Santa Barbara.

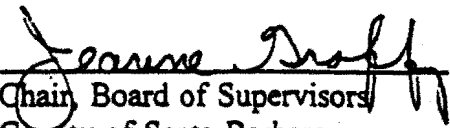
PASSED, APPROVED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, State of California, this 23 day of July, 1996 by the following vote:

AYES: Schwartz, Graffy, Wallace, Staffel and Urbanske

NOES:

ABSTAINED:

ABSENT:


Chair, Board of Supervisors
County of Santa Barbara

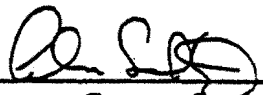
ATTEST:

KENT M. TAYLOR
Clerk of the Board of Supervisors

By 
Deputy Clerk

APPROVED AS TO FORM:

SHANE STARK
County Counsel

By 
Deputy County Counsel

MOLINOSSORD.DOC

EXHIBIT NO. 6

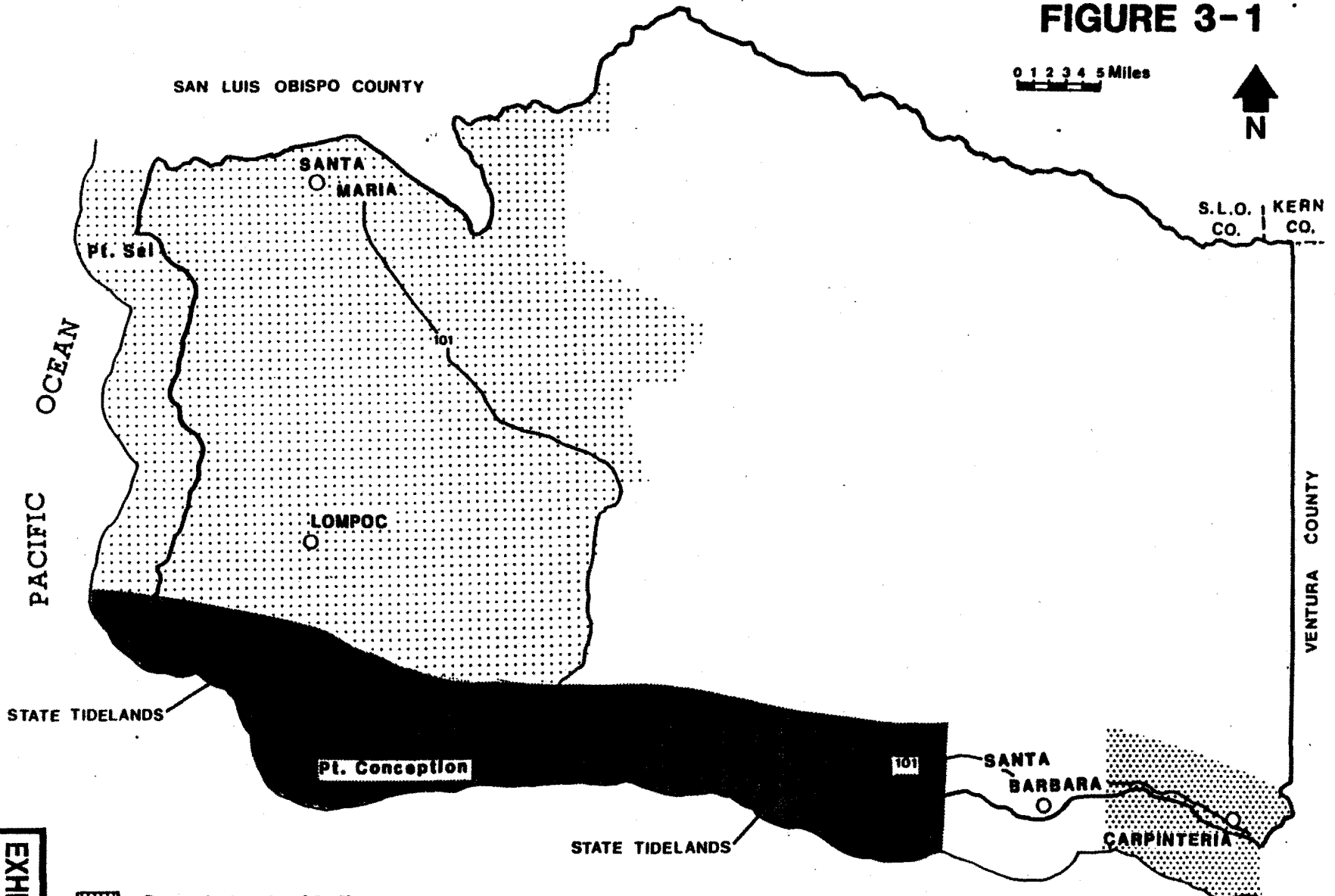
APPLICATION NO.




SBC.LCPA 2-96-B

Map to be

Distributed Later

FIGURE 3-1



-  North County
-  South Coast
-  Carpinteria Valley

OIL AND GAS CONSOLIDATION PLANNING AREAS

EXHIBIT NO. 7

APPLICATION NO.

S.B.G. LCPA-2-96-8