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March 26, 2013

REVISED

NOTICE OF PREPARATION OF A DRAFT ENVIRONMENTAL IMPACT REPORT AND NOTICE OF PUBLIC SCOPING MEETING

File Ref: SCH No. 2005061013
CSLC EIR No. 732; PRC 421; W30159

NOTICE IS HEREBY GIVEN that the California State Lands Commission (CSLC), as Lead Agency under the California Environmental Quality Act (CEQA), will prepare an Environmental Impact Report (EIR), and that CSLC staff will hold a public scoping meeting, pursuant to CEQA (Pub. Resources Code, § 21083.9, subd. (a)(2)) and the State CEQA Guidelines (§§ 15082, subd. (c) and 15083), for the project listed below.[1]

Project Title: **REVISED PRC 421 RECOMMISSIONING PROJECT**

Applicant: Venoco, Inc. (Venoco)

Project Location: In State waters in the eastern portion of the Santa Barbara Channel in the City of Goleta, southern Santa Barbara County (**Figure 1-1**)

Meeting Information: **Wednesday, April 3, 2013**; sessions begin at **3 PM** and **6 PM**
City of Goleta Council Chamber, City Hall
130 Cremona Drive, Suite B
Goleta, CA 93117

Note: This is a Revised Notice of Preparation (NOP) due to Venoco's modification to its proposed Project Description. Venoco proposes to process production of PRC 421 oil within Venoco's Ellwood Onshore Facility (EOF) in the city of Goleta rather than on the shoreline pier (421-2) as previously proposed. Processing production on the pier will be analyzed as an alternative (see Attachment 1). The comment period has been extended and written comments must be received or postmarked by **April 29, 2013**.[2] Please send your comments at the earliest possible date to the contact information below. The scoping meeting date and times have not changed.

[1] CEQA is found in Public Resources Code section 21000 et seq. The State CEQA Guidelines are found in California Code of Regulations, Title 14, section 15000 et seq.

[2] State CEQA Guidelines sections 15103 and 15082, subdivision (b), require that responses to a NOP must be provided within 30 days after receipt of the Notice.

The CSLC staff has prepared this Revised NOP in order to obtain agency and the public's views, in writing and/or at the public meeting, as to the scope and content of the environmental analysis, including the significant environmental issues, reasonable range of alternatives, and mitigation measures that should be included in the EIR. Applicable agencies will need to use the EIR when considering related permits or other approvals for the Project. This Revised Notice is also available online at www.slc.ca.gov (under the "Information" tab and "CEQA Updates" link).

Eric Gillies, Assistant Chief
Division of Environmental Planning and Management
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PROJECT SUMMARY

Venoco has applied to the CSLC to implement the Revised PRC 421 Recommissioning (Project). Venoco identified the following Project objective: to return Oil and Gas Lease PRC 421 to full oil production.

Attachment 1 includes a revised description of the proposed Project and information on its potential environmental effects. The physical environmental conditions as they exist on the publication date of this NOP will be used as the baseline setting by which the CSLC determines the significance of impacts (see State CEQA Guidelines, § 15125, subd. (a)). The CSLC staff determined that an EIR is clearly required for the Project and has not prepared an Initial Study (as provided for in State CEQA Guidelines, § 15063, subd. (a)).

The CSLC staff suspended preparation of a prior EIR for the Project due to major changes to Project details that have occurred since staff released a Draft EIR (State Clearinghouse [SCH] No. 2005061013) for public review in 2007. The CSLC staff, in consultation with other agencies, determined that these changes, identified in Attachment 1, necessitated the preparation of a new NOP (now revised) and new EIR for the Project.

PUBLIC SCOPING MEETING

Each session of the scoping meeting noticed above will begin with a brief presentation on the proposed Project. The CSLC staff will then receive comments on the potential significant environmental issues, Project alternatives, and mitigation measures that should be included in the EIR, until all persons present who wish to provide oral comments have done so, at which time staff will close the session. Depending on the meeting attendance, a three-minute time limit on oral comments may be imposed.

IMPORTANT NOTES TO COMMENTERS

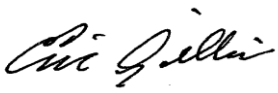
1. If you submit written comments, you are encouraged to submit electronic copies by e-mail to CEQAcomments@slc.ca.gov and write "**Revised PRC 421 Recommissioning NOP Comments"** in the subject line of your email. If written comments are faxed, please also mail a copy to ensure that a readable copy is received by this office.

2. Before including your mailing or email address, telephone number, or other personal identifying information in your comment, please be aware that the entire comment—including personal identifying information—may become publicly available, including in the EIR and posted on the Internet. The CSLC will make available for inspection, in their entirety, all comments submitted by organizations, businesses, or individuals identifying themselves as representatives of organizations or businesses.

3. If you represent a public agency, please provide the name, email address, and telephone number for the contact person in your agency for this EIR.

4. If you require a sign language interpreter, or other reasonable accommodation to conduct business with CSLC staff at the scoping meeting for a disability as defined by the Federal Americans with Disabilities Act and California Fair Employment and Housing Act, please contact the CSLC staff person listed in this NOP at least 48 hours in advance of the meeting to arrange for such accommodation.

5. Please contact the staff person listed in this NOP by phone at (916) 574-1890 or by email at Eric.Gillies@slc.ca.gov if you have any questions.

Signature:  Date: March 26, 2013

Eric Gillies, Assistant Chief
Environmental Planning and Management

Figure 1-1. Proposed Project Location

ATTACHMENT 1
REVISED PRC 421 RECOMMISSIONING PROJECT DESCRIPTION

1.0 Physical Description of Proposed Project

The California State Lands Commission (CSLC) is considering an application received from Venoco, Inc. (Venoco) to return existing Oil and Gas Lease PRC 421 to production after ongoing production was shut-in in 1994. The Project would share infrastructure used by other existing Ellwood area facilities as described in Table 1-1 (see Figure 1-1 for locations). Based on current projections, Venoco estimates the productive life of Lease PRC 421 to be approximately 12 years, commencing in 2013 and continuing to and potentially beyond 2025 depending upon production characteristics and Project economics. Venoco expects first-year production levels to average 700 barrels of oil per day (BOPD), with a maximum daily production as high as 1,000 BOPD, and 120 barrels of water per day (BWPD), with oil production tapering off to approximately 100 BOPD and water production increasing to nearly 900 BWPD by the final year of production.

Commencement of production would also enable the CSLC staff to assess if the Lease PRC 421 oil and gas reservoir is naturally re-pressurizing; increased reservoir pressure could result in releases of oil to the marine environment from historic, improperly abandoned oil wells and natural seeps. Neither Venoco nor the CSLC can monitor the reservoir's pressure without first drilling a well into the reservoir.

The CSLC will prepare an Environmental Impact Report (EIR) for the Project pursuant to the California Environmental Quality Act (CEQA) and State CEQA Guidelines. The EIR will provide information on the potential re-pressurization of the Lease PRC 421 reservoir, as well as the Lease's production history, spill history, existing and proposed infrastructure, and repairs to Project facilities. The CSLC staff suspended preparation of a prior EIR for the Project due to major changes to Project details that have occurred since staff released a Draft EIR for review in 2007 (State Clearinghouse No. 2005061013), including: (1) Venoco revised its Project Description in 2013; (2) Line 96 from the Ellwood Onshore Facility (EOF) to Las Flores Canyon is now operating; (3) Venoco ended barging from the Ellwood Marine Terminal (EMT); (4) Venoco completed emergency repairs to the Pier 421-2 caisson; and (5) Project alternatives and cumulative projects have changed. The CSLC staff determined that these changes necessitated the preparation of a new Project EIR.

1.1 Project Components

As currently proposed by Venoco, resumption of production has several components:

- Reactivation of oil well 421-2 on Pier 421-2, piping of oil production to the EOF for processing, and decommissioning of Pier 421-1 (currently, Wells 421-1 and 421-2 are both shut-in and equipped with subsurface safety valves and packers);
- Installation of new, or modifications to existing, pipelines and power cables; and
- Minor modifications to the EOF and other upgrades as described below.

Table 1-1. Ellwood Area Oil & Gas Facilities and Relationship to Proposed Project

Facility	Location	Role in Ellwood Area Production	Relationship to Lease PRC 421
Ellwood Onshore Facility (EOF)	City of Goleta, 7979 Hollister Ave., 0.5 miles northwest of Lease PRC 421 (4.5 acres)	The EOF processes oil/water emulsion received from Platform Holly using a crude-oil processing system to remove water and gas from the emulsion by preheating in heat exchangers then introducing the emulsion into one of two heater treaters. Gas is sweetened through removal of H_2S. After treatment at the EOF, oil and treated gas are transmitted via Line 96 to the Plains Pipeline, L.P. (PPLP) Coastal Pipeline at Las Flores Canyon (LFC), then transported through the PPLP Coastal Pipeline to refineries. Produced water is injected into well WD-1.	As proposed, Venoco would use the EOF to process oil produced from Lease PRC 421 (an alternative that would process the oil on Pier 421-2 will be analyzed in the EIR). Produced water from PRC 421 would be injected into well WD-1. Section 1.1.4 below provides more details of the EOF modifications.
Line 96	City of Goleta and unincor-porated Santa Barbara County	The Line 96 Modification Project, approved by the County and City of Goleta in 2011, is in operation; the 6-inch-diameter pipeline delivers oil and treated gas from the EOF approximately 8.5 miles to an interconnection with the PPLP Coastal Pipeline at LFC.	Line 96 would be used to transport the proposed Lease PRC 421 production from the EOF to the PPLP Coastal Pipeline at LFC.
Ellwood Marine Terminal (EMT)	Unincorporated Santa Barbara County, south and east of Goleta, less than 1 mile west of Coal Oil Point.	The EMT was previously used to transport both production from Platform Holly and historic Lease PRC 421 production. Barging has now ceased and Venoco recently applied to the County to decommission the on- and offshore facilities (2013).	No role in the proposed Project.
Platform Holly	Offshore on State Lease PRC 3242, in the Santa Barbara Channel, about 1.9 miles southwest of Coal Oil Point.	Platform Holly produces oil and gas from offshore wells. Subsea pipelines transport oil/water emulsion and produced gas to the EOF for processing.	The platform has no direct role in the proposed Project. Oil produced from PRC 421 would commingle with oil from Platform Holly within the EOF and then be sent through Line 96 to LFC.

1.1.1 Pier 421-2

Well 421-2 would be returned to service as an oil production well. For the well to function safely, a number of upgrades would be made, including the following.

- Production of Well 421-2 would require installation of a new downhole electric submersible pump (ESP). Venoco also proposes to locate three stainless steel electrical equipment enclosures at the wellhead: one to house the gross production meter; another to house a wellhead safety control panel (including high/low pressure pilots, hydraulic reservoir, and other necessary equipment); and a third to house the utility power transformer and electronics associated with the metering and communication of safety signals (including an auxiliary stop switch to be used by well servicing personnel and a tamper switch to alert staff at the EOF of vandalism). The size of the meter box is expected to be roughly 40 cubic feet; the wellhead safety control panel and third electrical box are each expected to measure 36 cubic feet. In addition, a surveillance camera would be mounted on Pier 421-2 to monitor the piers. The live video feed would be displayed in the EOF control room.
- New wood-plank decking and replacement handrails would be installed around the perimeter of the deck for safety and aesthetic purposes.
- Because the seaward facing wall of the caisson of Pier 421-2 was repaired under emergency permits in 2011, no additional improvements to the pier or caisson are being proposed as part of the Project.

1.1.2 Pier 421-1

Well 421-1 was historically used as a water and gas injection well during past production of PRC 421. Since the proposed Project includes the separation of water and gas occurring within the EOF, no facilities would be required on Pier 421-1 and the pier would be decommissioned. Decommissioning would include complete removal of the existing pier structure and shut-in well, site cleanup including soil remediation, and restoration of the beach and seawall supporting the existing access road to Pier 421-2.

1.1.3 Pipelines and Power Cables

Existing Pipeline Enhancement

An existing 6-inch outer-diameter pipeline currently connects Lease PRC 421 to Line 96. The line extends from the PRC 421 piers along a Venoco right-of-way (ROW) approximately 1,300 feet along the old seawall to a point just south of the 12th tee of the Sandpiper Golf Course, turns north into the Platform Holly pipeline ROW, and extends another 500 feet to the edge of the EOF (Figure 1-1). The pipeline connects to the Line 96 pipeline at a valve box located on an easement granted to Venoco from Sandpiper Golf Course that lies just outside the limits of the EOF parcel, south of the heliport.

The current condition of the 6-inch pipeline is uncertain. The pipeline is wrapped and cathodically protected against external corrosion. After the 6-inch pipeline leaked in

1994, the pipeline was repaired and hydrotested; however, the pipeline has not been used since the 1994 shut-in. The existing 6-inch pipeline would be hydrotested to 100 pounds per square inch (psi) and internally lined with a new plastic coating. The 6-inch pipe would be protected against external corrosion by enhancing the impressed current cathodic protection system on the Platform Holly pipelines to include the Lease PRC 421 6-inch shipping line.

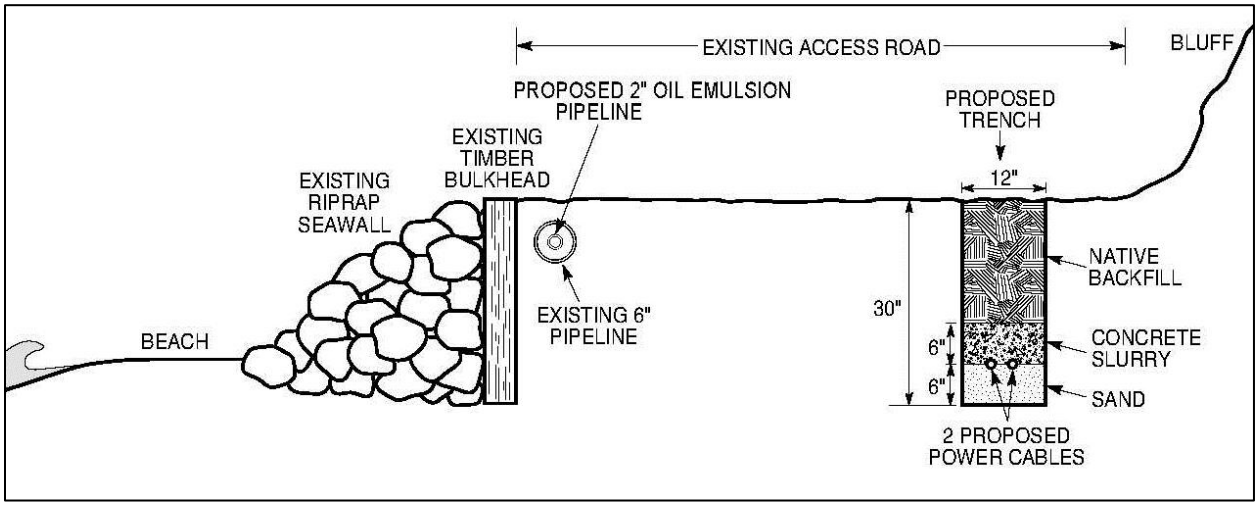
Proposed Pipeline

- Installation and operation of a single new 2-inch pipeline and upgrades to the existing 6-inch pipeline to convey oil and water emulsion to the EOF for separation. This would require redirecting the pipeline connection from the Line 96 valve box near the heliport and install a new pipeline to a new meter in the EOF (approximately 200 feet of new pipeline).

Electric Cables

Electricity would be provided to Pier 421-2 via two cables buried within a 30-inch-deep, 12-inch-wide, 2,500-foot-long trench located within the easement through Sandpiper Golf Course and down the dirt access road (Figure 1-2). The ESP at Well 421-2 would receive power through a buried and armored 200-kilovolt ampere (KVA) power cable with 1,100 volts of alternating current (VAC). In addition, a smaller 480 VAC cable would be installed to provide electrical power for metering, well instrumentation, and control systems. A utility power receptacle and an integral communication cable for data transfer would also be installed. The delivery voltage of the utility power would be 480 volts (V), and a small step-down transformer would be installed in the Well 421-2 electrical panel to drop the voltage down to 120V. The utility power outlet would be located inside of the power panel, and would be a heavy duty, 20 ampere “Arktite” type of plug receptacle.

Figure 1-2. Existing Access Road and Proposed Pipeline-Power Cable Corridor



1.1.4 Modifications at the EOF

The proposed Project would include processing of oil from Lease PRC 421 at the EOF. The Project would require the following modifications at the EOF:

- Installation of an electrical motor control panel, transformer, and power cable connections at the EOF. The power cable connections would occur within existing conduits within the EOF. The electrical motor control panel will use the existing Remote Monitoring System in the EOF control room and the EOF control room would be used to display the live video feed from the security surveillance camera mounted on Pier 421-2. The transformer would be installed on a small (approximately 2 feet by 4 feet) equipment foundation that would be located at the southeast corner and adjacent to the existing electrical switchgear building within the EOF. Two new electrical conduits would run through the electrical switchgear building.
- Installation of an enclosed meter (5 feet by 2 feet) located within the EOF at the existing pig launchers in the south part of the plant. Once through the meter, oil would tie-in at the pig launchers and commingle with Platform Holly oil and processed through the plant before it is transported through Line 96.

1.2 Construction Procedures

The EIR will provide specific construction details of the Project including construction schedules, staging and site access, construction on the caissons, installation details for the pipelines and power cable, installation details of equipment within the EOF, and decommissioning details of Pier 421-1. A majority of this work will occur within the jurisdiction of the City of Goleta.

1.3 Operation, Maintenance, and Safety Controls

1.3.1 Wells 421-2 & 421-1

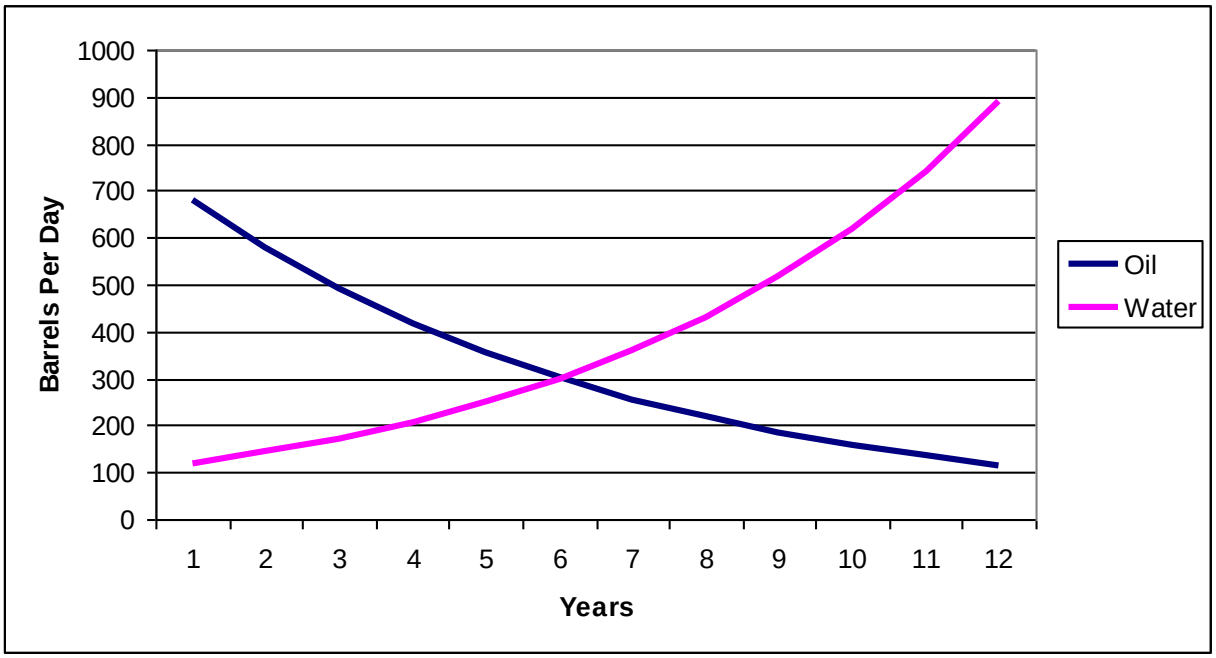
Operational Procedures, Volumes, and Throughput

The EOF is already equipped with the oil-water separation, treatment, and discharge of produced water systems necessary to treat oil produced from Pier 421-2. Oil would be sent to LFC via the new Line 96 Pipeline, and separated water would be discharged into the well that the EOF currently uses for disposal of Platform Holly's produced water (WD-1). Although existing EOF throughput levels would increase, no substantial physical modifications of existing systems at the EOF would be necessary beyond the control system improvements as described above. The increased throughput levels are projected to remain below the operating level currently allowed under Permit 07904 from the Santa Barbara County Air Pollution Control District.

Venoco has estimated that based on current projections, the productive life of Well 421-2 would be approximately 12 years. The gas production rate, which was too small to measure during tests of Well 421-2 in 2001-02, is not expected to exceed 70,000 cubic feet per day. Figure 1-3 shows that production is expected to average no more

than 700 BOPD in the first year (although maximum daily production could reach 1,000 BOPD) and taper off to approximately 100 BOPD by the last year of production, at which point Venoco estimates that water production would increase to nearly 900 BWPD making the Project economically infeasible.[3] However, the price of oil may dictate that the Project would continue to be economically feasible beyond the Applicant's expectation. During the final years of previous production from Lease PRC 421, in the late 1980s/early 1990s, the average production rate was between 50 and 60 BOPD. Therefore, while Venoco has proposed that this Project would have a productive life of 12 years, historic data suggest that production could continue beyond that time.

Figure 1-3. Projected Average Production from Lease PRC 421



Maintenance and Safety Systems

The Project includes many levels of equipment requirements, testing, maintenance, and safety measures to prevent accidental releases to the coastal environment. The main safety monitoring system for Lease PRC 421 would be located at the EOF and would include monitors at 421-2. In addition to the monitoring system, other safety measures are included in all aspects of the Project from pipelines to the drilling rig. The Project will include inspection and security programs, oil spill response capabilities, fire prevention and preparedness plans, and re-pressurization monitoring. Safety and maintenance measures associated with the Line 96 pipeline would be used during transportation of Lease PRC 421 oil to the PPLP Coastal Pipeline.

[3] Water breakthrough is expected to occur shortly after the start of continuous production; the water cut is expected to increase during the production life of the well until the well is no longer economically viable to produce.

Future Plans and Abandonment of Lease PRC 421

CSLC lease conditions require Venoco to decommission all facilities associated with Lease PRC 421 at the end of the production life and restore the area to its natural condition. Since water and gas disposal would occur from the EOF and not on Pier 421-1, the decommissioning of Pier 421-1 would occur as part of the proposed Project (see Section 1.1.2 above). The future decommissioning of Pier 421-2 would be subject to appropriate local, State, and Federal regulations that are in effect at the time of abandonment, and specifics on decommissioning and hazardous materials investigations would be addressed in an Abandonment and Restoration Plan submitted to the CSLC, CCC, and City of Goleta. Additional environmental review would occur prior to decommissioning.

Future decommissioning of Pier 421-2 would include complete removal of the pier and all associated facilities, including wells, production equipment, the ESP, and electrical equipment. Project decommissioning may also involve removal of the seawall, beachside access road, pipelines and power cables within the access road, and the transformer and electrical lines connecting Lease PRC 421 to the EOF, and the potential abandonment in place of the 1,800 feet of 6-inch pipeline connecting Lease PRC 421 to the EOF. Site cleanup including soil remediation would also be required as several hydrocarbon leaks are known to have occurred in 1994, 2000, and 2001, and hydrocarbon contamination has been identified at the pier approach area of Pier 421-2.

1.3.2 Line 96

Throughput and Capacity

The newly operated Line 96 Pipeline to LFC will carry the entire throughput that had previously passed through the EMT. In the first year, the Project would contribute a maximum of 1,000 BOPD from Lease PRC 421 to the EOF where it would commingle with Platform Holly oil production before transported through the Line 96 pipeline. PRC 421 production would taper off after the first year as projected in Figure 1-3 above.

Operation of Line 96 Pipeline Extension

The new Line 96 pipeline was constructed in 2011 and began operation in early 2012. Oil produced from Lease PRC 421 would flow with Platform Holly oil to the PPLP Coastal Pipeline at LFC until Lease PRC 421 production stops, which is estimated to be in 2025. Line 96 would operate until Platform Holly oil production ended, which is estimated to be in 2040.

The Line 96 oil pipeline is owned and operated by Ellwood Pipeline, Inc., a subsidiary of Venoco. Oversight, management, and routine maintenance of the pipeline would be undertaken by current staff and contractors of Ellwood Pipeline, Inc. who were associated with the now abandoned Line 96 pipeline to the EMT.

No oil storage facilities are available at the PPLP Coastal Pipeline location for any oil transported through the Line 96 pipeline. If, for any reason, the PPLP Coastal Pipeline

system downstream of the EOF were not operating, the available working level in the two 2,000-barrel (bbl) tanks at the EOF would dictate how long the Applicant could operate before diverting or curtailing production from Platform Holly and PRC 421. Any interruption in the operation of the Line 96 pipeline or the PPLP Coastal Pipeline would require Venoco to interrupt production at Lease PRC 421, as well as Platform Holly, until the pipelines become available again.

The Line 96 pipeline will be monitored and operated from Venoco's EOF and could be remotely monitored and shutdown from the PPLP central control facility in Houston. Both of these facilities provide for continuous monitoring 24 hours per day. No additional positions to the existing EOF staff will be required as a result of the Project.

2.0 RESPONSIBLE AND COORDINATING AGENCIES/PERMITTING

In addition to action by the CSLC, the Project may also require permits and approvals from other reviewing authorities and regulatory agencies that may have oversight over aspects of Project activities, including but not limited to the following.

Local & Regional	City of Goleta Santa Barbara County Air Pollution Control District (SBCAPCD)
State	California Coastal Commission (CCC) California Department of Wildlife (CDFW) California Department of Conservation, Division of Oil, Gas, and Geothermal Resources (DOGGR) California Central Coast Regional Water Quality Control Board (RWQCB)
Federal	U.S. Army Corps of Engineers (USACE)

A Development Plan application will be required from the City of Goleta for those portions of the project that involve onshore facilities above the Mean Hide Tide line, including the pier, access road, pipelines, interconnection with Line 96, and EOF. A revised Development Plan may also be required for Line 96 throughput increase (Case No. 06-037-DP).

3.0 SCOPE OF THE EIR

Pursuant to State CEQA Guidelines section 15060, the CSLC staff conducted a preliminary review of the proposed Project and determined that an EIR was necessary based on the potential for significant impacts resulting from the proposed Project. A preliminary list of environmental issues and alternatives to be discussed in the EIR is provided below. Additional issues and/or alternatives may be identified at the public scoping meeting, and in written comments, as part of the EIR process. The CSLC invites comments and suggestions on the scope and content of the environmental analysis, including the significant environmental issues, reasonable range of alternatives, and mitigation measures that should be included in the EIR.

The CSLC uses the following designations when examining the potential for impacts according to CEQA issue areas.

Potentially Significant Impact	Any impact that could be significant, and for which feasible mitigation must be identified and implemented. If any potentially significant impacts are identified but cannot be mitigated to a less than significant level, the impact would be *significant and unavoidable*; if any potentially significant impacts are identified for which feasible, enforceable mitigation measures are developed and imposed to reduce said impacts to below applicable significance thresholds, the impact would be *less than significant with mitigation*.
Less Than Significant Impact	Any impact that would not be considered significant under CEQA relative to the applicable significance threshold, and therefore would not require mitigation.
No Impact	The Project would not result in any impact to the resource area considered.
Beneficial Impact	The Project would provide an improvement to an issue area in comparison to the baseline information.

The estimations of impact levels used for this NOP are based solely on previous documents and do not preclude findings of significance that would be made during the preparation of the EIR, including findings that could change the significance of an impact and how it would need to be addressed within the EIR. The EIR will provide specific significance thresholds within each issue area for the environmental analyses.

3.1 EIR Alternatives Analysis

In addition to analyzing the potential impacts associated with the proposed Project, in accordance with the State CEQA Guidelines, an EIR must:

> *…describe a range of reasonable alternatives to the project, or to the location of the project, which would feasibly attain most of the basic objectives of the project, but would avoid or substantially lessen any of the significant effects of the project, and evaluate the comparative merits of the alternatives* (§ 15126.6).

The State CEQA Guidelines also require that the EIR evaluate a "no project" alternative and, under specific circumstances, designate an environmentally superior alternative from among the remaining alternatives. Alternatives will be identified as a result of the environmental analysis and on information received during scoping. The EIR will:

- provide the basis for selecting alternatives that are feasible and that would reduce significant impacts associated with the proposed Project;
- provide a detailed explanation of why any alternatives were rejected from further analysis; and
- evaluate a reasonable range of alternatives including the "no project" alternative.

The 2007 Draft EIR provided several alternatives that were considered infeasible or had no greater environmental benefits over the proposed Project or other alternatives and were eliminated from full evaluation. These alternatives included the following:

- Drilling from the EOF
- Drilling from Platform Holly
- Condensed Production Schedule
- Offshore Oil Processing on Platform Holly
- Transportation of Production By Truck
- No Project Alternative with Pressure Testing
- Recommissioning Using Historic Production Methods Alternative

The EIR will re-evaluate the feasibility of the alternatives identified above. In addition, alternatives to be evaluated in the EIR include the following.

- **Oil Processing on Pier 421-2 Alternative.** Under this alternative, Venoco would need to install a new Gas-Liquid Cyclone Separator (GLCS) at Pier 421-2 to separate produced gas and water from oil. There was no detectable gas production when Well 421-2 produced in 2001 for a short-term period to conduct emergency depressurization. However, the GLCS is designed based on typical properties for California oils at the well depth, for which the gas-oil ratio is estimated to be 100 standard cubic feet per stock tank barrel (SCF/STB). The GLCS is a compact vertical vessel with a tangential nozzle located near the top that subjects incoming fluids to a hydraulically created vortex and centrifugal forces, causing the heavier liquid particles to separate and thus obtaining split liquid and gas streams. The well on Pier 421-1 would be returned to service as a water and gas injection well using existing injection equipment to reinject and dispose of water and gas that are separated from the gross fluid produced out of Well 421-2. The new ESP in Well 421-2 would provide enough pressure to inject up to 1,000 BWPD into Well 421-1. To prevent reverse flow from the well, Venoco would need to install a flow safety valve (FSV) as part of the wellhead piping. New wood-plank decking would be installed for safety and aesthetic purposes. Oil Production from PRC 421-2 would be directly transported into Line 96 at a tie-in point just outside of the EOF.
- **Re-injection at Platform Holly Alternative.** Under this Alternative, production would resume at Lease PRC 421 as described above under the Oil Processing on Pier 421-2 Alternative; however, produced water and gas would be sent to Platform Holly, via the EOF, for re-injection, and Pier 421-1 would be decommissioned and removed on an accelerated schedule.
- **No Project Alternative.** Under the No Project Alternative, the Lease PRC 421 wells would remain shut-in and production would not take place at Lease PRC 421 from the surf-zone facilities. Given current conditions—Lease PRC 421 is shut-in and all other wells that once tapped the reservoir are abandoned—there is no active well penetrating the reservoir to insert and operate pressure-testing

equipment; consequently, there is no mechanism to conduct pressure testing of the reservoir to determine the extent of possible pressure build-up. If the wells remain shut-in with the No Project Alternative and a release of oil occurred in the vicinity of Lease PRC 421, oil spill response would occur once the release was reported and an investigation by the State would commence to find the cause. The determination of the cause would occur at the time of a spill and would depend on the facts involved with such an incident. As noted above, possibilities in the event of a release may include oil coming from a leak from an old, improperly abandoned well or from a natural seep as a result of naturally occurring re-pressurization; therefore, it is difficult to monitor such possibilities.

3.2 Currently Identified Potential Environmental Impacts

Based on initial internal scoping, the Project is not anticipated to affect the following environmental factors identified in State CEQA Guidelines Appendix G (Environmental Checklist Form), which could therefore be eliminated from consideration in the EIR.

- Agriculture and Forestry Resources
- Population and Housing

The following provides information on the currently identified issues that may have potentially significant environmental effects.

3.2.1 Geological Resources

The EIR will evaluate the potential geologic hazards that could result in impacts to people or structures over the Project's approximate 12-year production horizon. The geologic impacts of the Project would be confined primarily to the Project study area and would be associated with seismic hazards; seismically induced hazards including earthquakes, ground shaking, slope failure and landslides, and tsunamis; and coastal-process-related hazards including erosion and coastal bluff instability. Potential geologic impacts associated with the Line 96 pipeline (e.g., seismically related potential for pipeline rupture) within the secondary study area were fully addressed and considered as part of the certified Line 96 Modification Project EIR (Santa Barbara County 2011) and will be incorporated by reference.

3.2.2 Safety

The EIR will address potential upset conditions during Project construction and operation that could result in release of oil or hazardous materials, fire, explosion or other conditions that could be hazardous to the public and environment. A quantitative risk assessment (QRA) that has been conducted for certain Ellwood area facilities will be incorporated in the EIR both as background for issues affecting the proposed Project and for use in assessing the risk associated with certain Project alternatives. Detailed analyses of impacts of upset conditions on specific resources will be addressed in their respective sections (e.g., Marine Biological Resources). Potential safety effects of the Project and alternatives will be based on a change from existing conditions.

3.2.3 Hazardous Materials

The EIR will address the handling, storage, and disposal of hazardous materials and the potential for the Project to release hazardous materials (e.g., petroleum products, solvents, pesticides, herbicides, paints, metals, asbestos, and otherwise regulated chemical materials) that could result from the construction and operation of primary Project components, including decommissioning of Pier 421-1. This analysis will also briefly discuss area resources that could be affected by the operation of secondary Project components (existing and approved facilities not proposed for modification) such as the operation of the Line 96 pipeline, particularly as related to accidental oil release. Other sections of the EIR (e.g., Safety and Hydrology, Water Resources, and Water Quality) will analyze the potential for upset conditions that could result in a release of oil and hazardous materials and potential impacts resulting from releases of oil-related materials, such as contaminated sediment or a crude oil spill.

3.2.4 Air Quality

The EIR will summarize the local climate and current air quality conditions in the Project vicinity, as well as the regulatory setting related to air quality in the Project area. Air quality impacts associated with the Project, Project alternatives and cumulative impacts will also be discussed. The analysis of air quality impacts will follow guidance provided by the SBCAPCD Scope and Content of Air Quality Sections in Environmental Documents (October 2006) and the State CEQA Guidelines. Air quality impacts associated with recommissioning Lease PRC 421 are expected as a result of Project construction and operation. Construction emissions would include particulate and combustion emissions associated with grading and trenching for the purpose of placing a new 2-inch pipeline, repairing an existing 6-inch line, installation of new power cables, combustion emissions from travel on access roads, and operation of the drill rig during installation of the ESP. These emissions were estimated using emission factors and equipment estimates from Venoco's Recommissioning Plan for Lease PRC 421, May 2004. Emissions during Pier 421-1 removal would also be evaluated. Operational emissions from primary Project components would consist primarily of fugitive emissions from valves, pressure relief devices on the separators, piping components, well heads, and well cellars; secondary operational emissions would consist primarily of fugitive emissions related to pipeline transport. The EIR will also analyze the Project's impact on greenhouse gases (GHGs) and climate change.

3.2.5 Hydrology, Water Resources, and Water Quality

The EIR will address potential impacts on marine and freshwater hydrology, water resources, and water quality resulting from recommissioning Lease PRC 421. The environmental setting focuses on the most relevant characteristics of existing marine and onshore water resources in the Project vicinity. Issues such as offshore currents, wave action and marine and freshwater quality are important in understanding the effects of a possible accidental release of oil or other hazardous materials on these resources. The impact analysis will evaluate the potential effects of the Project and alternatives, including cumulative impacts, and identify potential mitigation measures.

This section will not address water use as the Project would only have one-time limited fresh water use for pipeline flushing. This section will rely on information from various agencies including Santa Barbara County, RWQCB, National Oceanic and the Atmospheric Administration (NOAA), and Scripps Institute of Oceanography.

Erosion and sedimentation from short-term construction activities, which would last for approximately 45 days, include trenching, replacement, and repair of the 6-inch pipeline beneath the existing access road, and could adversely affect water quality in Bell Canyon Creek. However, impacts would be reduced through the employment of standard erosion and sediment control BMPs which would be outlined in the Erosion and Sediment Control Plan, required by the City of Goleta Grading Ordinance, including watering of disturbed soils, silt fences, and temporary sediment barriers. In addition, Venoco would be required to develop a Storm Water Pollution Prevention Plan for construction activities and obtain a General Construction Permit from the RWQCB to prevent contaminated runoff from the construction site, which could contain trace metals or small amounts of petroleum hydrocarbons, from entering Bell Canyon Creek.

3.2.6 Biological Resources: Marine and Terrestrial

The EIR will describe the marine resources in the Project vicinity and the potential impacts the Project could have on those resources. The Environmental Setting section will describe marine resources in the Southern California Bight because a large oil spill could have wide-ranging environmental effects throughout Southern California waters, and not just in the Santa Barbara Channel. The section will also describe the specific marine resources found in the immediate Project area because those resources would be the most vulnerable to impacts from the Project. Operational impacts would be limited to accidents including an oil spill.

The terrestrial biological resources section will describe local habitats, communities, and sensitive species in the Project vicinity and evaluate the impacts that implementation of the Project or Project alternatives may have on these resources. The analysis will focus on terrestrial biological resources that could be affected by construction and operation of Project components, including operation of Well 421-2 and the decommissioning of Pier 421-1.

3.2.7 Land Use, Planning, and Recreation

The EIR will provide details on existing land use, planning, and recreation conditions in the Project vicinity, outline applicable land use plans and policies, and will summarize potential land use, planning, or recreation impacts associated with the Project. Information in this section will be primarily based on the: City of Goleta General Plan/Coastal Land Use Plan (GP/CLUP) Land Use, Open Space, and Conservation Elements; City of Goleta Coastal Zoning Ordinance; City of Goleta GP/CLUP EIR; and Santa Barbara County Comprehensive and Coastal Plans.

Project construction could create short-term (3 to 6 months) episodic impacts to public recreation due to disruption of ongoing recreational activities. The project contains

BMPs such as roping off construction areas, directing beach users around the site, and removal of equipment from the beach to minimize impacts to recreation activities during construction and pier removal. Impacts would occur if oil spilled during Project operations, which would conflict with several policies of the Goleta GP/CLUP and California Coastal Act. Recreational impacts from accidental oil releases could preclude the use of beach areas and associated activities. The degree of impact is influenced by many factors including, but not limited to, spill location, spill size, type of material spilled, prevailing wind and current conditions, the vulnerability and sensitivity of the resource, and response capability.

3.2.8 Public Services

The EIR will characterize fire protection and emergency response associated with the Project, including Venoco's existing fire protection and emergency response systems and the ability of locally provided and funded fire protection and emergency response services, such as the Santa Barbara County Fire Department and County Office of Emergency Services, to respond to incidents at Lease PRC 421.

3.2.9 Transportation and Circulation

The EIR will describe both onshore and offshore transportation systems in the Project vicinity and the impacts of the Project and alternatives on roadway transportation and circulation. The analysis will focus on area roadways most likely to be affected by construction and operation of Project components, and transportation of oil via onshore pipeline. There is currently little to no regular traffic associated with Lease PRC 421, as it is currently not under production. Existing traffic is limited to daily security patrols, which also provide security to the EOF. Future traffic generation associated with Project implementation would consist of construction- and operation-related traffic.

3.2.10 Noise

The EIR will describe the noise environment in the Project vicinity, and potential impacts to the noise environment associated with Project implementation. A noise impact would be considered significant if noise levels from Project operations exceeded local policies and noise standards.

3.2.11 Aesthetic/Visual Resources

The EIR will describe the onshore and offshore visual environments from a local (Ellwood area) and regional context and address the potential for the Project to cause significant impacts on visual resources in the Project vicinity. Potential impacts to visual resources created by the Project and Project alternatives will be based on a change from existing conditions. Impacts to aesthetics and visual resources will be determined by identifying the visual sensitivity and visual character of the environment. Visual impacts will then evaluated in the context of the character of these views.

3.2.12 Cultural, Historical, and Paleontological Resources

The EIR will identify cultural, historical, and paleontological resources in the Project area, including Lease PRC 421 itself, and will evaluate impacts to such resources that would potentially result from the development of the Project. Impacts to cultural resources can occur by direct or indirect impacts. Direct impacts result from ground disturbances directly and indirectly caused by facility operation or maintenance. Indirect impacts result from increased access to archaeological sites (e.g., construction employees participating in unauthorized artifact collecting). Most Project construction would take place on artificial fill along the seawall access road, on previously graded and developed areas and on existing piers.

3.2.13 Energy and Mineral Resources

The EIR will describe energy and mineral resources such as natural gas, oil, and sand and gravel in the Project vicinity and will evaluate the impacts that the Project and its alternatives may have on these resources. The analysis will focus upon area energy and mineral resources that could be affected by the construction and operation of Project components, including the construction and operation of Well 421-2.

3.3 Special Impact Areas

3.3.1 Cumulative Impacts

The State CEQA Guidelines require an EIR to discuss the cumulative impacts of a project when the project's incremental effect is "cumulatively considerable" (§ 15130). A cumulative impact is created through a combination of the project being analyzed in an EIR and other projects in the area causing related impacts. The EIR will:

- define the geographic scope of the area affected by cumulative effects ("Cumulative Projects Study Area"), which for the Project is presently defined as the vicinity of Lease PRC 421 and offshore marine waters of the eastern portion of the Santa Barbara Channel;
- discuss the cumulative impacts of the Project, in conjunction with other approved and reasonably foreseeable projects in the study area; and
- identify, if appropriate, feasible measures to mitigate or avoid the Project's contribution to cumulative effects.

3.3.2 Growth-Inducing Impacts

CEQA requires a discussion of the ways in which a proposed project could foster economic or population growth, including the construction of additional housing, in the project's vicinity. Under State CEQA Guidelines section 15126.2, subdivision (d), a project is growth-inducing if it fosters or removes obstacles to economic or population growth, provides new employment, extends access or services, taxes existing services, or causes development elsewhere. The EIR will contain a discussion of the potential growth-inducing impacts of the proposed Project.

3.3.3 Socioeconomics and Environmental Justice

The CSLC adopted an Environmental Justice Policy in 2002 to ensure equity and fairness in its own processes and procedures (see www.slc.ca.gov, under the "Information" tab and "Policy Statements" link). This Policy stresses equitable treatment of all members of the public and commits to consider environmental justice in the CSLC's processes, decisions and programs. The policy is implemented, in part, through identification of, and communication with, relevant populations that could be adversely and disproportionately impacted by CSLC projects or programs, and by ensuring that a range of reasonable alternatives is identified that would minimize or eliminate environmental impacts affecting such populations.

The Environmental Justice section of the EIR will assess the Project's consistency with the CSLC's Environmental Justice Policy, and analyze the distributional patterns of high-minority and low-income populations on a regional basis. The consistency analysis will focus on whether the Project would have the potential to affect area(s) of high-minority population(s) and low-income communities disproportionately.