



Agenda Item D.3
DISCUSSION/ACTION ITEM
Meeting Date: October 7, 2008

TO: Mayor and Councilmembers

FROM: Dan Singer, City Manager

CONTACT: Steve Chase
Director of Planning & Environmental Services

SUBJECT: Resolution Proclaiming Opposition to New Offshore Oil & Gas Exploration, Leasing & Development

RECOMMENDATION:

- A. Adopt resolution No. 08-__ entitled "A Resolution of the City Council of the City of Goleta, California Proclaiming Opposition to New Exploration, Leasing and Development Activities in the Western Santa Barbara Channel for Oil and Gas Production; and
- B. Authorize the Mayor to sign and forward the Resolution to Governor Arnold Schwarzenegger, Congressperson Lois Capps, State Senator Tom McClintock, Assemblymember Pedro Nava, the Santa Barbara County Board of Supervisors, the State Lands Commission, and the California Coastal Commission.

BACKGROUND:

On September 16, 2008, the City Council provided direction to staff to revise a draft resolution that communicates to federal and state officials and agencies the City's continued opposition to new exploration, leasing and development of offshore oil and gas resources in the western Santa Barbara Channel. Those edits have been made accordingly and are presented in the attached resolution (Attachment 1).

DISCUSSION:

The policy discussion that took place at the City Council meeting of September 16, 2008 was spurred by a resurgence of federal and state leasing programs and various project developments that the region is facing. Each may have a bearing on the City of Goleta.

Staff originally prepared and has since revised a draft resolution that frames these current events relative to the City's standing General Plan/Coastal Land Use Plan policies. The City is on record in opposition to any further offshore leasing activities (see General Plan/Coastal Land Use Plan Policy LU10.6 of Attachment 2).

ALTERNATIVES:

The City Council is not mandated to take policy action on this matter. In the alternative, the City Council could receive the attached information and consider it at a later date when specific offshore oil and gas projects are placed on the City's Council agenda. Because applications for projects are pending which may come before the City Council at a future date, deferring action at this time would avoid an appearance that the Council has prejudged such applications.

STRATEGIC PLAN:

There is not a specific line item within the Strategic Plan related to offshore oil and gas matters. That is something the City Council and staff may want to work on in the upcoming Strategic Plan work session. However, the recommended action is supported under the general provisions of the Strategic Plan relative to protection of Goleta's environment, health and safety, as well as support and implementation of the General Plan/Coastal Land Use Plan.

FISCAL IMPACTS:

There are no direct fiscal impacts related to the adoption of the attached Resolution. Staff's work on offshore oil and gas policy matters is included in the Advance Planning component of the Budget under 05-4300.

Submitted By:

Reviewed by:

Approved By:

Steve Chase, Director
Planning & Environmental
Services

Michelle Greene, Director
Administrative Services

Daniel Singer
City Manager

ATTACHMENTS:

1. Resolution of the City Council
2. General Plan/Coastal Land Use Plan Policy Section 10

ATTACHMENT 1

RESOLUTION NO. 08-__

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GOLETA, CALIFORNIA
PROCLAIMING OPPOSITION TO NEW EXPLORATION, LEASING AND
DEVELOPMENT IN THE WESTERN SANTA BARBARA CHANNEL FOR OIL AND
GAS PRODUCTION**

RESOLUTION NO. 08-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GOLETA, CALIFORNIA AFFIRMING OPPOSITION TO NEW EXPLORATION, LEASING AND DEVELOPMENT IN THE WESTERN SANTA BARBARA CHANNEL FOR OIL AND GAS PRODUCTION

WHEREAS, the City of Goleta, through its General Plan/Coastal Land Use Plan, dated October 2006, opposes any new leasing of offshore waters of the western Santa Barbara Channel for purposes of oil and gas development, and

WHEREAS, the General Plan/Coastal Land Use Plan promotes the decommissioning, removal and clean-up of onshore processing and transport facilities associated with offshore oil and gas development, and the conversion of such sites to active and passive recreational uses, and

WHEREAS, the City of Goleta's policies on matters of offshore oil and gas development may be challenged by recent efforts of the State of California to break apart a portion of the California Marine Sanctuary for purposes of offshore oil and gas leasing in the near-shore waters off of the City of Goleta, and

WHEREAS, the federal government has resumed efforts to prepare a 5-Year Lease Plan for the Pacific Outer Continental Shelf that may include the waters of the western Santa Barbara Channel, and

WHEREAS, in recent weeks the United States House of Representatives approved the Comprehensive American Energy Security & Consumer Protection Act (H.R. 6899) that would provide for leasing and development activities in federal waters more than 100-miles off of the coastline, and between 50 and 100-miles at the discretion of individual state governments.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Goleta as follows:

SECTION 1:

The City of Goleta affirms its opposition to new exploration, leasing and lease boundary expansions and development activities in the state tidelands and federal outer continental shelf of the western Santa Barbara Channel for oil and gas production.

SECTION 2:

The City of Goleta calls upon the State of California to preserve the California Marine Sanctuary and work with City officials to fashion a predictable end-game that brings about the decommissioning of offshore and related onshore oil and gas facilities, sooner rather than later.

SECTION 3:

The City of Goleta calls upon our federal and state legislative delegations to maintain a vigilant posture in opposition to any further leasing in the western Santa Barbara Channel and, correspondingly to fashion comprehensive energy policies with an emphasis on renewable and less-carbon based energy sources and technologies.

SECTION 4:

The City of Goleta calls upon the Board of Supervisors to uphold its long-standing template of opposition to offshore leasing, opposition to marine terminals, support for consolidated processing, and steadfast implementation of environmental and safety related quality assurance programs.

SECTION 5:

The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 7th day of October, 2008.

MICHAEL T. BENNETT, MAYOR

ATTEST:

APPROVED AS TO FORM:

DEBORAH CONSTANTINO
CITY CLERK

TIM W. GILES
CITY ATTORNEY

ATTACHMENT 2

GENERAL PLAN/COASTAL LAND USE PLAN

POLICY LU 10: ENERGY RELATED ON AND OFFSHORE USES

Policy LU 10: Energy-Related On- and Off-Shore Uses [GP/CP]

Objective: *To promote the discontinuation of onshore processing and transport facilities for oil and gas, the removal of unused or abandoned facilities, and the restoration of areas affected by existing or former oil and gas facilities within the city.*

LU 10.1 Oil and Gas Processing Facilities (Venoco Ellwood Onshore Oil and Gas Processing Facility). [GP/CP] As of 2005, the city had one existing oil and gas processing facility situated within its boundaries, the Venoco-owned EOF, which is a nonconforming use. The EOF and other oil and gas processing facilities generate emissions of air pollutants, pose safety hazards to nearby areas, create visual impacts, and create risks to marine and land resources associated with spills, leaks, or pipeline ruptures. The following standards shall apply to oil and gas processing facilities:

- a. The City supports County policies regarding consolidation of oil and gas processing in the South Coast Consolidation Planning Area at Las Flores Canyon in the unincorporated area west of Goleta. No new oil and gas processing facilities shall be permitted within Goleta.
- b. The Venoco EOF site is an inappropriate location for processing of oil and gas because of the public safety and environmental hazards associated with this type of use and its close proximity to residential neighborhoods, Ellwood School, Bacara Resort, and environmentally sensitive habitat areas. The site is designated in the Open Space/Active Recreation use category on the Land Use Plan map and shall continue to be a nonconforming use.
- c. The EOF shall continue to be subject to the rights and limitations applicable to nonconforming uses under California law. No modifications or alterations of the facility or other actions shall be authorized that would result in the expansion of the permitted throughput capacity of the EOF. The existing maximum permitted capacity shall not be exceeded, except for very minor increases that may be incidental to actions designed to improve safety or reduce environmental impacts.
- d. Until the EOF use is terminated, the priority shall be to insure that the facility strictly meets or exceeds all applicable environmental and safety standards.



Venoco Ellwood Onshore Oil and Gas Processing Facility

LU 10.2 Decommissioning of the Venoco Ellwood Onshore Oil and Gas Processing Facility. [GP/CP] The following requirements shall apply to the cessation of operations and decommissioning of the facility:

- a. Within 12 months of cessation of operations, the existing owner/operator shall submit an Abandonment Plan application for City review and approval. The Abandonment Plan shall include a detailed description of all decommissioning work and site restoration, including, but not limited to, remediation of soil and groundwater contamination if required by the City or County Fire Department. Removal of all oil and gas facilities and debris from the site shall be required, except where such removal would result in greater adverse impacts than abandonment in place. Disposition of all materials shall be at a properly licensed disposal site and in compliance with any applicable requirements. The estimated cost of the decommissioning work shall be deposited to an escrow account no later than the time the Abandonment Plan is submitted to the City.
- b. An Abandonment Plan shall also be required as part of any request for expansion of production levels for oil or gas. This Abandonment Plan shall be subject to a requirement for the owner/operator to provide a sinking fund or other financial instrument or surety that would pay for the full costs of decommissioning, including any required soil or groundwater remediation.
- c. The owner/operator shall commence the decommissioning activities within 2 years of the cessation of operations and shall complete removal of all oil and gas facilities within 2 years following the start of the decommissioning project.
- d. Decommissioning shall include restoration of the EOF site to a natural condition or to a condition that is suitable for the uses and development that are allowed within the Open Space/Active Recreation use category designated for the property. Restoration shall include recontouring the site, if appropriate, and revegetation with suitable native plant material. The restoration plan shall be prepared by the owner/operator and shall be subject to review and approval by the City.

LU 10.3 Oil and Gas Transport and Storage Facilities. [GP/CP] Existing active oil and gas pipelines and storage facilities as of 2005 are associated with transporting oil and gas from Platform Holly and shoreline wells at S.L. 421 to the EOF and to Line 96, which transports oil from the EOF to the Ellwood Marine Terminal (EMT). Inactive and abandoned pipelines may exist at various locations within the city, particularly near the shoreline. The following shall apply to oil and gas transport and storage facilities within the city:

- a. New oil and gas pipelines and storage facilities, except for transmission and distribution facilities of a Public Utility Commission (PUC) regulated utility, shall not be approved within the city unless there is no feasible or less environmentally damaging alternative location for a proposed pipeline. Existing facilities shall be maintained and operated in a manner that assures safety, minimizes or avoids risks of leakage or rupture, and that avoids impacts to visual and recreation and scenic resources, including beaches. Alterations or replacement of existing pipelines or segments of pipelines shall be limited to the minimum necessary to ensure safety or prevent environmental damage.

- b. In the event that extended field development from Platform Holly is approved, the City supports the processing of oil and gas production at the South Coast Consolidation Planning Area at Las Flores Canyon. Any increase in throughput above currently permitted levels shall require a General Plan amendment and rezone of the EOF site to a use category and zoning district that allow oil and gas processing.
- c. Unused, inactive, or abandoned pipelines as of 2005, including the remnants of the Arco pipeline, shall be required to be decommissioned. An Abandonment Plan application shall be required to be submitted for City review and approval. Where such pipelines exist on property that is proposed for development or redevelopment, the Abandonment Plan application shall be submitted concurrent with the application for development of the property but shall be processed separately.
- d. Existing pipelines that were actively used as of 2005 shall be decommissioned as part of and concurrent with the decommissioning of the related oil and gas facilities, such as the EOF, EMT, the S.L. 421 shoreline wells and piers, and Platform Holly.
- e. When onshore and offshore oil and gas pipelines are decommissioned, regardless of whether the pipeline was active or unused as of 2005, the pipeline and all related debris shall be removed. Exceptions may be granted for segments of onshore pipelines that are within city street rights-of-way or that traverse environmentally sensitive habitat areas, provided that the applicable pipeline segments are properly cleaned and treated prior to abandonment in place. Areas of ground disturbance shall be restored to pre-project conditions, including revegetation of the affected area. Where segments of pipelines that traverse environmentally sensitive habitats, including, but not limited to, wetlands, streams, or coastal dunes and beaches, are decommissioned and/or removed, all affected habitat areas shall be restored consistent with the character of the habitat.
- f. The existing owner/operator of a pipeline to be decommissioned shall be responsible for all costs related to the decommissioning. When a responsible owner/operator of an inactive or abandoned pipeline cannot be found, any successor in interest shall be the responsible party, including the owner of the real property on which the pipeline is situated.

LU 10.4 State Lands Commission Lease 421. [GP/CP] Two idle wells, one for oil production and one for wastewater injection, and related piers exist as of 2005 in state tidelands at the Pacific shoreline below the Sandpiper Golf Course property. These are the last two remaining shoreline oil wells in the state. Production has been idled since 1994 when the former owner/operator stopped operations following a pipeline rupture and oil spill. The location of the wells within the tidal zone results in a risk of discharge of oil into the seawater in the event of failure of the wells or their components. S.L. 421 is served by several onshore facilities, including pipelines and an access road protected by a riprap seawall at the base of the bluff. The current owner, Venoco, has an interest in recommissioning production at the idled oil well. The following policy applies to S.L. 421 and the related onshore facilities:

- a. The City's intent is that oil production not be recommenced at S.L. 421 because of the environmental hazards posed by the resumption of oil production and processing over coastal waters and the impacts to visual resources and recreation at the beach. Unless it is determined that there is a vested right to resume production at S.L. 421, the City supports termination of the lease by the State Lands Commission (SLC) and/or a quitclaim of the lease by the owner/operator.
- b. If resumption of production is considered for approval, on-pier processing of the oil at a site within the tidal zone should not be approved unless it is demonstrated that there is no feasible and less environmentally damaging alternative to processing on the pier. The development of new processing facilities over the sea would result in an increased and unacceptable level of risk of environmental damage.



Shoreline Wells at State Lands Commission Lease 421

- c. Decommissioning and proper abandonment of S.L. 421 facilities, including the piers and riprap seawall, shall be required concurrent with decommissioning of the EOF or immediately upon termination of S.L. 421. An Abandonment Plan application shall be submitted by the owner/operator within 12 months following an action to terminate the lease. The owner/operator shall commence the decommissioning activities within 2 years of the action to terminate the lease. All work to remove S.L. 421 facilities shall be completed within 3 years after starting the decommissioning project.
- d. Decommissioning work shall include restoration of the site to its natural preproject conditions. Restoration plans shall be subject to review and approval by the City.

LU 10.5 Ellwood Marine Terminal. [GP] The onshore portion of the existing EMT is located just outside the city boundary on lands leased by Venoco from the University of California, Santa Barbara. The current lease expires in January 2016. The portion seaward of the mean high tide line is subject to a lease from the State Lands Commission and includes an undersea pipeline that extends to a mooring area for barges. The onshore component of the EMT is situated adjacent to the City-owned Ellwood Mesa Open Space Preserve. Oil is transported to the EMT from the EOF via the Line 96 pipeline.

- a. The City supports the termination of the lease between UCSB and Venoco at, or prior to, the present expiration date in January of 2016.
- b. Upon cessation of use, the EMT should be properly decommissioned, including removal of the onshore and offshore portions of the facility, except where such removal would result in greater adverse impacts than abandonment in place, and the site should be restored to a natural condition with appropriate revegetation.

- c. The City supports the cessation of transport of oil by barge or tanker. In the event of new production at Platform Holly from extended-reach drilling of new wells, the City supports the transport of the new oil and gas production by pipeline to the Las Flores Canyon area for processing.

LU 10.6 Oil and Gas Production Areas. [GP] As of 2005, all oil and gas transported by or processed at facilities within the city was produced from wells in offshore lease areas. These include leases within state waters administered by SLC, specifically State Leases 421, 3120, and 3242. Leases beyond the 3-mile boundary of the state within the waters of the outer continental shelf (OCS) are administered by the U.S. Minerals Management Service (MMS).

- a. The City shall oppose any new leases in the western Santa Barbara Channel for offshore oil and gas production within state waters and within the waters of the outer continental shelf.
- b. The City shall oppose the construction of any new oil and gas production or processing facilities in the waters offshore of Goleta.
- c. Upon cessation of production at Platform Holly, the City supports the timely quitclaim of all associated leases, permanent discontinuation of all oil and gas production, and inclusion of all former lease areas into the California Coastal Sanctuary offshore of Goleta and the County of Santa Barbara.
- d. If oil and gas production from new offshore leases or facilities occurs, the new production shall not be processed at the EOF. Any such production should be transported by pipeline to the nearest consolidated processing facility as defined by the County of Santa Barbara's South Coast Consolidation Planning Area policies.