MINUTE ITEM

This Calendar Item No. 24 was approved as Minute Item No. 24 by the State Lands Commission by a vote of 2 to 0 at its 2/23/84 meeting.

CALENDAR ITEM

24

2/23/84
W 40373
Hamilton

RESUMPTION OF OFFSHORE
EXPLORATORY DRILLING OPERATIONS ON
STATE OIL AND GAS LEASE PRC 3499.1,
SANTA BARBARA COUNTY

LESSEE/OPERATOR:

Phillips Petroleum Company
Post Office Box 2099
Santa Barbara, CA 93120
Attn: Kyle Pickford

AREA, TYPE LAND AND LOCATION:

State Oil and Gas Lease PRC 3499.1 contains approximately 1,340 acres of submerged lands located immediately south of State Oil and Gas Leases PRC 2879.1 and PRC 2207.1 (Quitclaimed July 25, 1975) and three miles south of Government Point, at the western end of the Santa Barbara Channel, Santa Barbara County, California (see Exhibit "A").

LEASE INFORMATION:

State Oil and Gas Lease PRC 3499.1 was originally issued to Phillips Petroleum Company (50%) and Pan Petroleum Company, Inc. (now Amoco Production Company) (50%) on June 15, 1966. The lease provides for an initial drilling term of three years and continuous drilling obligation with no more than 120 days between wells.

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On June 3, 1967, Phillips drilled an 8,731 foot exploratory well from a drilling barge. Drilling operations were completed on July 30, 1967. Subsequent drilling obligations have been defered prior to the lessee's request for resumption of drilling operation.

SUMMARY: Phillips proposes to resume exploration of State Oil and Gas Lease PRC 3499.1. Up to three wells would be drilled to a depth of 10,000 to 11,000 feet using a jack-up type drilling platform, if feasible. Each well will take about 80 days to drill. Should commercial quantities of hydrocarbons be encountered while drilling and testing, no production, processing or development of the resource would occur. Any future proposal to develop the resources of Lease PRC 3499.1 would be preceded by additional environmental review and analysis and consideration by the Commission.

OTHER PERTINENT INFORMATION:
Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (14 Cal. Adm. Code 15025), the staff has caused to be prepared an Environmental Impact Report (EIR) identified as EIR No. 351, State Clearinghouse No. 83041911. The document was circulated for public review and comment pursuant to the provisions of the California Environmental Quality Act (CEQA).

The following significant environmental effects were identified in the EIR.

1). WATER QUALITY

Impact: Minor degradation of water quality in the project area from the ocean disposal of sanitary sewage and produced water as well as bilge pollution, small spills and other inputs. Localized, short-term degradation

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of water quality by discharge of drill muds and cuttings, by increased trace metal concentrations and increased turbidity. Some dispersion and dilution by natural ocean currents and circulation will occur. Short-term degradation of water quality from a major crude oil or fuel spill.

Mitigation: Strict compliance with RWQCB Discharge Permit requirements and regulations designed to eliminate accidents, emergencies. Barge all muds as well as oil-contaminated cuttings to shore for disposal. Implement all appropriate spill prevention containment and cleanup measures. In the event of a spill, concentrate efforts to contain and pick up the oil.

2). MARINE BIOTA

Impact: Disruption of benthic communities by anchors, wells and other equipment. Ocean disposal of drill muds and cuttings will cause adverse impacts on marine organisms by turbidity, alteration of sediments and potential toxicity of chemicals in the drill muds. Some dispersion and dilution by circulation will occur. Noise and activity of oil operations could disturb harbor seal haul out areas and/or marine bird colonies in the project region. Population reductions from a major crude oil or fuel spill. Impacts to the intertidal, marine birds and mammals are likely to be most significant.

Mitigation: Avoid noisy operations, especially low-flying aircraft near harbor seal haul out areas and marine bird colonies. Barge all muds and cuttings to shore for disposal.

3). MARINE BIOTA: RECREATIONAL AND COMMERCIAL FISHING

Impact: Fishing could be impacted by damage to fishes from oil and by reluctance of fishermen to fish in oiled area.

Mitigation: Implement all appropriate spill prevention, containment and cleanup measures. In the event of a spill, concentrate efforts to prevent spilled oil from entering these areas.

4). MARINE BIOTA: SPECIAL INTEREST BIOLOGICAL FEATURES

Impact: Potential impacts from a crude oil or fuel spill.

Mitigation: Implement all appropriate spill prevention, containment and cleanup measures. In the event of a spill, concentrate efforts to prevent spilled oil from entering these areas.

5). MARINE BIOTA: RARE/THREATENED/ENDANGERED SPECIES

Impact: Population reductions from a crude oil or fuel spill.

Mitigation: Implement all appropriate spill prevention, containment and cleanup measures. In the event of a spill, concentrate efforts to prevent spilled oil from entering these areas.

6). AIR QUALITY

Impact: Minor increases in short-term air pollutant concentrations are projected during adverse disperson conditions with light south-south-west winds.

Strong NO_x point source (rigs and supply vessel) emissions are projected to create significant increases in peak NO_2 concentrations during infrequent worst-case meteorological/air quality conditions, potentially exceeding AAQS.

Mitigation: Use emission controlled craft, low nitrogen/sulfur fuel, and lower rig power settings to the extent practicable. Curtail operation of strong NO_x sources during appropriate atmospheric conditions (coordinate with SBCAPCD).

7). MARINE TRAFFIC

Impact: Risk of a vessel collision with drilling vessel or support craft.

Mitigation: Improve transitting ship navaids, Channel traffic monitoring, and (radar) visibility of drill rig (use racon on rig).

8). SOCIOECONOMIC ENVIRONMENT: RECREATION

Impact: Short-term reductions or dislocations in beach uses from a major oil spill.

Mitigation: Implement all appropriate spill prevention, containment, and cleanup measures. In the event of a spill, concentrate efforts to prevent spilled oil from entering prime beach use areas.

The project is situated on lands identified as possessing significant environmental values pursuant to P.R.C. 6370.1 et seq. Based on the staff's consultation with the persons nominating such lands and of the CEQA environmental review process it is the staff's opinion that the project, as proposed, is consistent with its use classification.

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STATUTORY AND OTHER REFERENCES:

A. P.R.C.: Div. 6, Parts 1 and 2.

B Cal. Adm. Code: Title 2, Div. 3; Title 14, Div. 6.

AB 884: March 31, 1984.

AGREEMENTS FOR THE PROTECTION OF THIRD PERSONS:

Staff has prepared agreements which are additions to the present lease requirements, are acceptable to the Operator, and offer increased protection to third persons for any damages that may arise from operations conducted under the lease. The agreements provide:

1. Phillips Petroleum Company will furnish the State Lands Commission with a certificate of insurance in the amount of $10 million, evidencing insurance against liability for damages to third persons.

2. Procedures shall be established for the prompt processing of all claims and the prompt payment of uncontested claims.

3. Phillips Petroleum Company will agree to arbitration and mediation procedures approved by the Executive Officer, after consultation with the Office of the Attorney General, to facilitate the settlement of contested claims by third persons without the necessity of litigation.

EXHIBITS:

A. Location Map.
B. EIR Executive Summary.

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IT IS RECOMMENDED THAT THE COMMISSION:

1. CERTIFY THAT AN EIR, NO. 351 (STATE CLEARINGHOUSE NO. 83041911), WAS PREPARED FOR THIS PROJECT PURSUANT TO THE PROVISIONS OF CEQA, AND THAT THE COMMISSION HAS REVIEWED AND CONSIDERED THE INFORMATION CONTAINED THEREIN.

2. FIND THAT THE FOLLOWING SIGNIFICANT ENVIRONMENTAL EFFECTS IDENTIFIED BY THE EIR WILL BE MITIGATED BY CHANGES, ALTERATIONS, OR PERMIT CONDITIONS WHICH HAVE BEEN REQUIRED IN OR INCORPORATED INTO THE PROPOSED PROJECT:

   A. WATER QUALITY

      IMPACT: MINOR DEGRADATION OF WATER QUALITY IN THE PROJECT AREA FROM THE OCEAN DISPOSAL OF SANITARY SEWAGE AND PRODUCED WATER, AS WELL AS BILGE POLLUTION, SMALL SPILLS AND OTHER INPUTS.

      FINDING: (A) CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO, THE PROJECT WHICH MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR; AND (B) SUCH CHANGES OR ALTERATIONS ARE WITHIN THE RESPONSIBILITY AND JURISDICTION OF ANOTHER PUBLIC AGENCY AND NOT THE AGENCY MAKING THE FINDING. SUCH CHANGES HAVE BEEN ADOPTED BY SUCH OTHER AGENCY, OR CAN AND SHOULD BE ADOPTED BY SUCH OTHER AGENCY.

      FACTS SUPPORTING FINDING: OIL AND GAS OPERATIONS IN THE LEASE AREA WILL RESULT IN SEVERAL WATER QUALITY IMPACTS TO THE MARINE ENVIRONMENT FROM DAILY OPERATIONS IN THE AREA. THESE DISCHARGES COULD RESULT FROM DRILLING VESSELS, SUPPLY AND SUPPORT VESSELS, AND APPURTENANT STRUCTURES. THESE IMPACTS WILL BE MOST PRONOUNCED WITHIN A FEW HUNDRED METERS OF THE DISCHARGE POINT. OUTSIDE OF THIS ZONE OF MIXING, NO DIFFERENCE FROM AMBIENT CONDTIONS IS ANTICIPATED TO BE DETECTED.

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THE REGIONAL WATER QUALITY CONTROL BOARD, CENTRAL COAST REGION, HAS JURISDICTION AND RESPONSIBILITY OVER ALL DISCHARGES INTO THE WATERS OF THE STATE OF CALIFORNIA IN THE LEASE AREA. (DIVISION 7 OF THE WATER CODE.) THE AUTHORITY OF THE BOARD ALSO EXTENDS TO THE ADMINISTRATION OF REGULATIONS UNDER THE FEDERAL CLEAN WATER ACT. STATE LANDS COMMISSION HAS RECOGNIZED THIS AUTHORITY WITHIN THE REGULATIONS OF OIL AND GAS OPERATIONS.

THE STATE REGIONAL WATER QUALITY CONTROL BOARD ENFORCES STRICT REGULATIONS ON DISCHARGES INTO THE MARINE ENVIRONMENT. AS SUCH, ALL DRILLING VESSELS, PRODUCTION PLATFORMS, AND OTHER DISCHARGERS OF SEWAGE MAINTAIN ON BOARD SEWAGE TREATMENT FACILITIES. DISCHARGE STANDARDS ARE SET BY THE REGIONAL WATER QUALITY CONTROL BOARD, AND DISCHARGES MUST BE SAMPLED PERIODICALLY TO DETERMINE THEY ARE WITHIN THE SPECIFIED STANDARDS.

IMPACT: LOCALIZED, SHORT-TERM DEGRADATION OF WATER QUALITY FROM THE DISCHARGE OF DRILLING MUDS AND CUTTINGS INTO THE MARINE ENVIRONMENT, BY INCREASING TRACE METAL CONCENTRATIONS AND INCREASING TURBIDITY.

FINDING: (A) CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO, THE PROJECT WHICH MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR; AND (B) SUCH CHANGES OR ALTERATIONS ARE WITHIN THE RESPONSIBILITY AND JURISDICTION OF ANOTHER PUBLIC AGENCY AND NOT THE AGENCY MAKING THE FINDING. SUCH CHANGES HAVE BEEN ADOPTED BY SUCH OTHER AGENCY, OR CAN AND SHOULD BE ADOPTED BY SUCH OTHER AGENCY.

FACTS SUPPORTING FINDING: THE COMMISSION RECOGNIZES THE PRINCIPAL ROLE OF THE CENTRAL COAST DISTRICT WATER QUALITY CONTROL BOARD IN REGULATING WATER POLLUTION, INCLUDING DRILLING MUDS AND CUTTINGS, IN THE PROJECT AREA.

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THE COMMISSION'S REGULATIONS FOR OIL AND GAS DRILLING AND PRODUCTION OPERATIONS ON STATE TIDE AND SUBMERGED LANDS SPECIFICALLY PROVIDE:

> THE LESSEE SHALL DISPOSE OF THOSE DRILL CUTTINGS AND DRILLING MUDS ASSOCIATED WITH DRILLING AND PRODUCTION WELL WORK, IN ACCORDANCE WITH REGULATIONS PROMULGATED BY THE APPROPRIATE REGIONAL WATER QUALITY CONTROL BOARD. THE METHOD EMPLOYED TO DISPOSE OF THE DRILL CUTTINGS AND DRILLING MUDS SHALL BE SUBMITTED TO THE STAFF FOR APPROVAL ALONG WITH THE DRILLING MUD PROGRAM THAT IS REQUIRED IN SECTION 2128(d)(1). (2 CAL. ADMIN. CODE SECTION 2138).

IMPACT: SHORT-TERM DEGRADATION OF WATER QUALITY FROM A MAJOR CRUDE OIL OR FUEL SPILL. THE NATURE AND EXTENT OF THE IMPACT ON WATER QUALITY FROM ANY GIVEN SPILL WOULD DEPEND ON THE TYPE AND VOLUME OF MATERIAL RELEASED AS WELL AS WEATHER AND SEA CONDITIONS AT THE TIME OF THE SPILL. WHILE THE PRESENCE OF PETROLEUM PRODUCTS FROM AN OIL SPILL IN THE WATER COLUMN WILL BE TEMPORARY DUE TO THE EVAPORATION OF THE MORE TOXIC VOLATILE FRACTIONS OF HYDROCARBONS, LONGER LASTING EFFECTS COULD COME FROM OIL TRAPPED IN SEDIMENTS AND SLOWLY RELEASED BY WEATHERING AFTER THE INITIAL IMPACT.

FINDING: CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO, THE PROJECT THAT MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR.

FACTS SUPPORTING FINDING: POTENTIAL MEASURES TO MITIGATE THESE IMPACTS ARE OF TWO TYPES: (1) PREVENTIVE; AND (2) REACTIVE TO ANY POSSIBLE ACCIDENT WHICH COULD RESULT IN THE DISCHARGE OF PETROLEUM INTO THE MARINE ENVIRONMENT.

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(1) PREVENTATIVE: THE CALIFORNIA PUBLIC RESOURCES CODE AND THE COMMISSION'S IMPLEMENTING REGULATIONS GOVERN AND CONTROL OIL AND GAS ACTIVITIES ON STATE LANDS. SPECIFICALLY, COMMISSION REGULATIONS "... PERTAINS TO OIL AND GAS DRILLING OPERATIONS ON STATE OIL AND GAS LEASES LOCATED ON STATE TIDE AND SUBMERGED LANDS UNDER THE JURISDICTION OF THE STATE LANDS COMMISSION, AND IS APPLICABLE TO OPERATIONS CONDUCTED FROM MOBILE RIGS, FIXED OFFSHORE STRUCTURES AND UPLAND LOCATIONS SERVING THESE LEASES." (2 CAL. ADMIN. CODE SECTION 2125(a)) THE SPECIFIC REFERENCES TO THE ADMININSTRATIVE CODE ARE AS FOLLOWS: (1) ARTICLE 3.2 -OIL AND GAS DRILLING REGULATIONS; (2) ARTICLE 3.3 -OIL AND GAS PRODUCTION REGULATIONS; AND (3) ARTICLE 3.4 -OIL AND GAS DRILLING AND PRODUCTION OPERATIONS: POLLUTION CONTROL. (THESE PROVISIONS ARE INCORPORATED HEREIN BY REFERENCE).

THE REGULATIONS AS A BODY SIGNIFICANTLY REDUCE THE LIKELIHOOD OF ANY POLLUTION INCIDENT, I.E., AN OIL SPILL. IN ADDITION TO ENGINEERING REQUIREMENTS (BLOWOUT PREVENTERS, ETC.), TRAINING AND SUPERVISION COMPETENCY, INSPECTION AND EQUIPMENT TESTING, ETC., THE REGULATIONS REQUIRE THE SUBMISSION AND APPROVAL BY COMMISSION STAFF OF "CRITICAL OPERATIONS AND CURTAILMENT PLANS" WHICH " . . . PROVIDE ADDITIONAL PRECAUTIONARY MEASURES TO MINIMIZE THE LIKELIHOOD OF AN OIL SPILL INCIDENT OCCURRING FROM OFFSHORE DRILLING AND PRODUCTION WELL WORK DURING (1) ADVERSE WEATHER AND SEA CONDITIONS WHEN OIL SPILL CONTAINMENT AND RECOVERY EQUIPMENT, MATERIAL AND TECHNIQUES ARE NOT EFFECTIVE AND MARINE TRANSPORTATION IS SEVERELY HAMPERED; AND (2) THE TIME THAT OIL SPILL CONTAINMENT AND RECOVERY EQUIPMENT, MATERIAL, MANPOWER, AND TRANSPORTATION THEREOF ARE NOT READILY AVAILABLE TO THE SITE OF OPERATION." (2 CAL. ADMIN. CODE SECTION 2141) THE COMMISSION STAFF WILL CONSULT WITH A VARIETY OF CONCERNED INTEREST GROUPS INCLUDING LOCAL GOVERNMENT, ENVIRONMENTALISTS, FISHING INTERESTS AND THE OIL INDUSTRY IN REVIEWING AND CERTIFYING THESE PLANS FOR THE PROJECT AREA.

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(2) REACTIVE: COMMISSION REGULATIONS FURTHER REQUIRE THE SUBMISSION AND APPROVAL BY THE STAFF OF THE COMMISSION OF AN OIL SPILL CONTINGENCY PLAN PRIOR TO ANY DRILLING OR PRODUCTION ACTIVITIES. (2 CAL. ADMIN. CODE SECTIONS 2139 & 2140) THESE REGULATIONS PROVIDE THAT SPECIFIC POLLUTION CONTROL AND REMOVAL EQUIPMENT ARE REQUIRED TO BE ONSITE, BOTH AT MOBILE DRILLING AND FIXED PRODUCTION FACILITIES AND AT ONSHORE LOCATIONS. THE REGULATIONS STATE IN PERTINENT PART THAT, "EQUIPMENT FOR THE CONTROL AND REMOVAL OF LARGER OIL SPILLS SHALL BE MAINTAINED AT AN OFFSHORE OR ONSHORE LOCATION NEAR THE AREA OF LEASE OPERATIONS WHERE DEPLOYMENT AND RESPONSE TO THE SPILL WOULD PROVIDE THE MOST FEASIBLE PROTECTION OF COASTAL RESOURCES. ALL EQUIPMENT SHALL BE INSPECTED REGULARLY AND SHALL BE MAINTANED IN GOOD CONDITION FOR IMMEDIATE USE." (2 CAL. ADMIN. CODE SECTION 2140(b); THESE REGULATIONS ARE INCORPORATED HEREIN BY REFERENCE.)

B. MARINE BIOTA

IMPACT: DISRUPTION OF BENTHIC COMMUNITIES BY ANCHORS, WELLS AND OTHER ACTIVITIES WHICH MIGHT AFFECT THE BOTTOM.

FINDING: CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO, THE PROJECT WHICH MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR.

FACTS SUPPORTING FINDING: IMPACTS TO BENTHIC COMMUNITIES RESULT PRIMARILY FROM THE BURIAL, REMOVAL OR DISPLACEMENT OF MARINE ORGANISMS IN ADJACENT AREAS. DRILLING PLATFORMS TYPICALLY DISPLACE 7 SQUARE METERS FOR A 6 JACKET LEG CONFIGURATION AND 18 SQUARE METERS FOR A 12 JACKET LEG CONFIGURATION. OTHER DISTURBANCES CAN OCCUR FROM ANCHORING DRILLING VESSELS AND WORK BARGES THAT DISTURB 6970 TO 7430 SQUARE METERS OF BOTTOM AREA. IF FOUND AT A SPECIFIC SITE, BENTHIC POPULATIONS UNIQUE TO THE AREA OF DISTURBANCES WILL BE AVOIDED OR ORGANISMS SHALL BE TRANSPLANTED TO ANOTHER AREA.

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IMPACT: OCEAN DISPOSAL OF DRILLING MUDS AND CUTTINGS WILL CAUSE ADVERSE IMPACTS ON MARINE ORGANISMS BY TURBIDITY, ALTERATION OF SEDIMENTS AND POTENTIAL TOXICITY TO MARINE BIOTA OF CHEMICALS IN DRILL MUDS. SOME DISPERSION AND DILUTION THROUGH CIRCULATION WILL OCCUR.

FINDING: (A) CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO, THE PROJECT WHICH MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR; AND (B) SUCH CHANGES OR ALTERATIONS ARE WITHIN THE RESPONSIBILITY AND JURISDICTION OF ANOTHER PUBLIC AGENCY AND NOT THE AGENCY MAKING THE FINDING. SUCH CHANGES HAVE BEEN ADOPTED BY SUCH OTHER AGENCY OR CAN AND SHOULD BE ADOPTED BY SUCH OTHER AGENCY.

FACTS SUPPORTING FINDING: THE OCEAN DISPOSAL OF DRILL MUDS AND CUTTINGS MAY HAVE SEVERAL DIFFERENT KINDS OF POTENTIAL IMPACTS ON BENTHIC (SEA FLOOR) ORGANISMS. THOSE LIVING IN THE IMMEDIATE AREA OF THE EXPLORATORY DRILLING AREA WOULD BE BURIED. DISCHARGE OF MUDS WOULD ALSO INCREASE TURBIDITY, THEREBY REDUCING LIGHT. THESE ACTIVITIES COULD LEAD TO A LOCALIZED CHANGE IN THE OCEAN FLOOR.

IN ADDITION TO THE PHYSICAL IMPACTS, THERE IS A POSSIBILITY THAT SOME OF THE SUBSTANCES USED IN DRILLING MUDS COULD BE TOXIC TO BENTHIC ORGANISMS; ACCUMULATION OF DRILLING MUD COMPONENTS IN FOOD CHAINS IS ANOTHER POSSIBILITY.

THE COMMISSION RECOGNIZES THE PRINCIPAL ROLE OF THE CENTRAL COAST DISTRICT WATER QUALITY CONTROL BOARD IN REGULATING THE EFFECTS OF DRILLING MUDS AND CUTTINGS ON MARINE BIOTA IN THE PROJECT AREA. THE COMMISSION'S REGULATIONS FOR OIL AND GAS DRILLING AND PRODUCTION OPERATIONS ON STATE TIDE AND SUBMERGED LANDS SPECIFICALLY PROVIDE:

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THE LESSEE SHALL DISPOSE OF THOSE DRILL CUTTINGS AND DRILLING MUDS ASSOCIATED WITH DRILLING AND PRODUCTION WELL WORK, IN ACCORDANCE WITH REGULATIONS PROMULGATED BY THE APPROPRIATE REGIONAL WATER QUALITY CONTROL BOARD. THE METHOD EMPLOYED TO DISPOSE OF THE DRILL CUTTINGS AND DRILLING MUDS SHALL BE SUBMITTED TO THE STAFF FOR APPROVAL ALONG WITH THE DRILLING MUD PROGRAM THAT IS REQUIRED IN SECTION 2128(d)(1). (2 CAL. ADMIN. CODE SECTION 2138)

IN ADDITIONAL, THE LEASE SHALL BE AMENDED TO INCLUDE A NEW SECTION THAT PROVIDES THAT THE LESSEE AGREES TO CONDUCT ALL OPERATIONS UNDER THE LEASE IN ACCORDANCE WITH THE OFFSHORE DRILLING REGULATIONS OF THE COMMISSION.

IMPACT: NOISE AND ACTIVITY OF OIL OPERATIONS COULD DISTURB HARBOR SEAL HAUL-OUT (SHORELINE) AREAS AND/OR MARINE BIRD COLONIES IN THE PROJECT REGION.

FINDING: CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO, THE PROJECT WHICH MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR.

FACTS SUPPORTING FINDING: THE NOISE AND ACTIVITY ASSOCIATED WITH ALL PHASES OF OPERATIONS COULD DISTURB MARINE MAMMALS. OF PARTICULAR CONCERN IN THE PROJECT AREA ARE THE HARBOR SEAL HAUL-OUT AREAS AND THE NESTING BIRD COLONIES.

THESE IMPACTS CAN AND WILL BE MITIGATED SUBSTANTIALLY BY AVOIDING NOISY OPERATIONS, ESPECIALLY LOWFLYING AIRCRAFT OR HELICOPTERS IN THESE SENSITIVE AREAS.

IMPACT: POPULATION REDUCTIONS FROM A MAJOR CRUDE OIL OR FUEL SPILL. IMPACTS TO THE INTERTIDAL, MARINE BIRDS, AND MARINE MAMMALS ARE LIKELY TO BE MOST SIGNIFICANT.

BIOLOGICAL IMPACTS OF OIL SPILLS INCLUDE LETHAL AND SUBLETHAL EFFECTS AND INDIRECT EFFECTS RESULTING FROM HABITAT ALTERATION AND DESTRUCTION OR CONTAMINATION OF A POPULATION'S FOOD SUPPLY.

MOST STUDIES OF OIL SPILLS HAVE SHOWN THAT ROCKY INTERTIDAL BIOLOGICAL COMMUNITIES PARTICULARLY TEND TO SUFFER A HARMFUL IMPACT. SHOULD A SPILL OCCUR IN THE PROJECT AREA, IT WOULD HAVE AN EXTREMELY HIGH PROBABILITY OF AFFECTING SOME OF THE ROCKY INTERTIDAL AREAS NEAR POINT CONCEPTION. ALTHOUGH THE ROCKY INTERTIDAL AREAS ARE THE MOST SERIOUS CONCERN, ADVERSE EFFECTS FROM OIL SPILLS HAVE ALSO BEEN DOCUMENTED ON THE MARINE LIFE OF SANDY BEACHES.

AN OIL SPILL IN THE PROJECT AREA WOULD BE EXPECTED TO AFFECT THE SEAFLOOR IF LARGE QUANTITIES SANK TO THE BOTTOM WITHIN A RESTRICTED AREA. CUMULATIVE IMPACTS OF OIL SPILLS FROM THIS PROJECT AND OTHER LOCAL LEASES COULD AFFECT BENTHIC POPULATIONS BY CHANGING THE CONSISTENCY OF THE SEDIMENTS AND ADDING TO HYDROCARBON LOADS IN THE ENVIRONMENT WHICH MIGHT THEN HAVE SUBLETHAL EFFECTS ON BENTHIC ORGANISMS.

PHYTOPLANKTON AND ZOOPLANKTON COULD SUFFER LETHAL OR SUBLETHAL EFFECTS. SUBLETHAL EFFECTS COULD INCLUDE DECREASED PHOTOSYNTHESIS, DECREASED GROWTH, ABNORMAL FEEDING AND ABNORMAL BEHAVIORAL PATTERNS.

FINDING: CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN OR INCORPORATED INTO THE PROJECT THAT MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR.

FACTS SUPPORTING FINDING: THE FACTS SUPPORTING THIS FINDING OF MITIGATION ARE THE SAME AS THOSE STATED ABOVE CONCERNING OIL SPILL IMPACTS ON WATER QUALITY. THEY ARE THEREFORE INCORPORATED HEREIN BY REFERENCE.

C. MARINE BIOTA: RECREATIONAL AND COMMERCIAL FISHING

IMPACT: SURFACE FISH (BONITO, JACK MACKEREL, NORTHERN ANCHOVY, CALIFORNIA GRUNION) WOULD BE MOST AFFECTED BY A SPILL, AS WELL AS EGG AND LARVAL STAGES OF FISH IN GENERAL. COMMERCIAL AND RECREATIONAL FISHERMEN MAY ALSO AVOID ANY AREA AFFECTED. THIS IN TURN MAY RESULT IN ADVERSE ECONOMIC IMPACTS, PARTICULARLY TO COMMERCIAL FISHING INTERESTS.

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FINDING: CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO, THE PROJECT THAT MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR.

FACTS SUPPORTING FINDING: THE FACTS SUPPORTING THIS FINDING OF MITIGATION ARE THE SAME AS THOSE STATED ABOVE CONCERNING OIL SPILL IMPACTS ON WATER QUALITY. THEY ARE THEREFORE INCORPORATED HEREIN BY REFERENCE.

D. MARINE BIOTA: SPECIAL INTEREST BIOLOGICAL FEATURES

IMPACT: THE NEARSHORE AREA BETWEEN POINT CONCEPTION AND POINT ARGUELLO AND POINT CONCEPTION AND ELLWOOD COULD BE CONSIDERED A SPECIAL INTEREST BIOLOGICAL FEATURE BECAUSE IT IS A BIOGEOGRAPHIC TRANSITION ZONE AND RELATIVELY UNDISTURBED. AREAS OF SPECIAL INTEREST INCLUDE HARBOR SEAL HAUL-OUT AREAS, SEABIRD NESTING AREAS AND LARGE CONCENTRATIONS OF INTERTIDAL ABALONE. AREAS OUTSIDE THE PROJECT AREA THAT COULD POTENTIALLY BE AFFECTED INCLUDE THE NORTHERN CHANNEL ISLANDS, THE MOUTH OF THE SANTA YNEZ RIVER, THE MOUTH OF SAN ANTONIO CREEK, KELP BEDS BETWEEN POINT CONCEPTION AND RINCON POINT, NAPLES REEF, ETC.

FINDING: CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO, THE PROJECT THAT MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR.

FACTS SUPPORTING FINDING: THE FACTS SUPPORTING THIS FINDING OF MITIGATION ARE THE SAME AS THOSE STATED ABOVE CONCERNING OIL SPILL IMPACTS ON WATER QUALITY. THEY ARE THEREFORE INCORPORATED HEREIN BY REFERENCE.

E. MARINE BIOTA: RARE/THREATENED/ENDANGERED SPECIES

IMPACT: THE CALIFORNIA LEAST TERN NESTS TO THE NORTH OF THE PROJECT AREA AT THE MOUTHS OF THE SAN ANTONIO CREEK AND THE SANTA MARIA RIVER. CALIFORNIA BROWN PELICANS FORAGE ALONG THE SHORELINE THROUGHOUT THE PROJECT REGION. OF THE SEVEN ENDANGERED MAMMALS OCCURRING IN SOUTHERN CALIFORNIA, THE CALIFORNIA GRAY WHALE PASSES THROUGH THE PROJECT AREA DURING THEIR ANNUAL MIGRATIONS FROM NOVEMBER THROUGH MARCH.

THE SOUTHERN SEA OTTER, WHOSE COLONIES EXIST 50 MILES NORTH OF THE PROJECT AREA MAY ALSO BE AFFECTED BY ACTIVITIES WITHIN THE AREA.

PELICANS MAY BE AFFECTED BY OIL SPILLS THROUGH CONTAMINATION OF THEIR PLUMAGE, SINCE THEY DIVE FOR FOOD AND DRIFT ON THE WATER SURFACE. SUCH CONTAMINATION COULD CONTRIBUTE TO DIRECT MORTALITY OR RESULT IN REDUCED HATCHES OF EGGS OILED FROM THE FOULED PLUMAGE OF THE ADULT. SIMILARLY, LEAST TERNS HAVE THE POTENTIAL FOR BEING CONTAMINATED BY OIL FROM A SPILL AS THEY DIVE FOR FOOD.

SEA OTTERS ARE KNOWN TO BE PARTICULARLY SUSCEPTIBLE TO OIL AND MAY DIE IF THEY BECOME FOULED WITH OIL AND GAS. CONTAMINATION OF 30 PERCENT OR MORE OF THE BODY SURFACE WILL PROBABLY RESULT IN DEATH.

THERE IS LITTLE INFORMATION AVAILABLE ON EFFECTS OF OIL ON GRAY WHALES.

FINDING: CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO, THE PROJECT THAT MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR.

FACTS SUPPORTING FINDING: THE FACTS SUPPORTING THIS FINDING OF MITIGATION ARE THE SAME AS THOSE STATED ABOVE CONCERNING OIL SPILL IMPACTS ON WATER QUALITY. THEY ARE THEREFORE INCORPORATED HEREIN BY REFERENCE.

F. AIR QUALITY

IMPACT: MINOR INCREASES IN SHORT-TERM AIR POLLUTANT CONCENTRATIONS ARE PROJECTED DURING LIGHT, SOUTHEAST WINDS.

FINDING: (A) CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO, THE PROJECT WHICH MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR; AND (B) SUCH CHANGES OR ALTERATIONS ARE WITHIN THE RESPONSIBILITY AND JURISDICTION OF ANOTHER PUBLIC AGENCY AND NOT THE AGENCY MAKING THE FINDING. SUCH CHANGES HAVE BEEN ADOPTED BY SUCH OTHER AGENCY OR CAN AND SHOULD BE ADOPTED BY SUCH OTHER AGENCY.

FACTS SUPPORTING FINDING: JURISDICTION AND REGULATORY AUTHORITY OVER AIR QUALITY IN THE LEASE AREA RESIDES WITH THE SANTA BARBARA COUNTY AIR POLLUTION CONTROL DISTRICT AND THE AIR RESOURCES BOARD. THE DISTRICT HAS AND ENFORCES RULES AND REGULATIONS APPLICABLE TO OIL AND GAS PROJECTS IN THE WATERS OF THE STATE OF CALIFORNIA. THESE RULES AND REGULATIONS REQUIRE THE USE OF BEST AVAILABLE CONTROL TECHNOLOGY, TRADEOFFS OF EMISSIONS WHERE STANDARDS ARE VIOLATED, AND OTHER APPLICABLF MEASURES.

THE EIR IDENTIFIES SEVERAL POTENTIAL MITIGATION MEASURES THAT THESE AGENCIES SHOULD CONSIDER. THESE INCLUDE:

A) THE USE OF CRAFT AND MACHINERY WITH EMISSION CONTROLS;

B) THE USE OF LOW-NITROGEN/SULFUR FUEL; AND

C) LOWERING PEAK POWFR USE TO THE EXTENT PRACTICABLE.

UNDER THE WORST CASE CONDITIONS ANALYZED IN THE EIR, CERTAIN POLLUTANT CONCENTRATIONS STILL SIGNIFICANTLY INCREASFD DURING SOME METEOROLOGICAL CONDITIONS. HOWEVER, ONLY MINOR CHANGES TO EXISTING ONSHORE AMBIENT CONDITIONS WOULD RESULT.

IMPACT: STRONG NO_x POINT SOURCE (E.G., BARGE, DRILL VESSEL) EMISSIONS ARE PROJECTED TO CREATE A SIGNIFICANT INCREASE IN PEAK NO_2 CONCENTRATIONS DURING INFREQUENT WORST-CASE METEOROLOGICAL/AIR QUALITY CONDITIONS, POTENTIALLY EXCEEDING AAQS.

FINDING: (A) CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO, THE PROJECT WHICH MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR; AND (B) SUCH CHANGES OR ALTERATIONS ARE WITHIN THE RESPONSIBILITY AND JURISDICTION OF ANOTHER PUBLIC AGENCY AND NOT THE AGENCY MAKING THE FINDING. SUCH CHANGES HAVE BEEN ADOPTED BY SUCH OTHER AGENCY, OR CAN AND SHOULD BE ADOPTED BY SUCH OTHER AGENCY.

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FACTS SUPPORTING FINDING: JURISDICTION AND REGULATORY AUTHORITY OVER AIR QUALITY IN THE LEASE AREA RESIDES WITH THE SANTA BARBARA COUNTY AIR POLLUTION CONTROL DISTRICT AND, INDIRECTLY, THE CALIFORNIA AIR RESOURCES BOARD. THE DISTRICT ENFORCES RULES AND REGULATIONS APPLICABLE TO OIL AND GAS PROJECTS IN THE WATERS OF THE STATE OF CALIFORNIA. THESE RULES AND REGULATIONS REQUIRE THE USE OF BEST AVAILABLE CONTROL TECHNOLOGY, TRADE-OFFS OF EMISSIONS WHERE STANDARDS ARE VIOLATED, AND OTHER APPLICABLE MEASURES.

DURING THE DESCRIBED METEOROLOGICAL CONDITIONS DESCRIBED ABOVE, OPERATION OF STRONG NO_x EMISSION SOURCES SHOULD BE CURTAILED. THESE MEASURES SHOULD BE COORDINATED WITH AND APPROVED BY THE SANTA BARBARA COUNTY AIR POLLUTION CONTROL DISTRICT AND THE CALIFORNIA AIR RESOURCES BOARD.

G. MARINE TRAFFIC

IMPACT: THE INCREASED RISK OF A VESSEL COLLISION WITH A DRILLING VESSEL OR SUPPORT CRAFT.

FINDING: (A) CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO, THE PROJECT WHICH MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR; AND (B) SUCH CHANGES OR ALTERATIONS ARE WITHIN THE RESPONSIBILITY AND JURISDICTION OF ANOTHER PUBLIC AGENCY AND NOT THE AGENCY MAKING THE FINDING. SUCH CHANGES HAVE BEEN ADOPTED BY SUCH OTHER AGENCY OR CAN AND SHOULD BE ADOPTED BY SUCH OTHER AGENCY.

FACTS SUPPORTING FINDING: OPERATION OF OIL DRILLING EQUIPMENT IN THE PROJECT AREA INCREASE THE POTENTIAL FOR CONFLICT WITH MARINE TRAFFIC WHICH MAY TRAVEL NEAR THE AREA.

PRIMARY RESPONSIBILITY FOR ADDRESSING THIS CONCERN RESTS WITH THE FEDERAL GOVERNMENT, PRINCIPALLY THE U.S. COAST GUARD. THE COAST GUARD IS RESPONSIBLE FOR ESTABLISHING PORT ACCESS ROUTES AND VESSEL TRAFFIC SAFETY LANES WHEREVER NECESSARY TO PROVIDE SAFE ACCESS TO U.S. PORTS AND SAFE TRANSIT THROUGH COASTAL WATERS. THE COAST GUARD ALSO REQUIRES MARKINGS AND NAVIGATIONAL AIDS ON ALL DRILLING VESSELS IN STATE WATERS.

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THROUGH BOTH BROADCASTS AND PUBLISHED NOTICES, THE COAST GUARD KEEPS ALL MARINERS ADVISED OF THE LOCATION OF DRILLING VESSELS AS WELL AS THE EXISTENCE OF SAFETY ZONES AND THE CONDITION OF NAVIGABLE AIDS. THE COAST GUARD REGULARLY OFFERS ADVICE TO OTHER FEDERAL AND STATE AGENCIES REGARDING POSSIBLE IMPACTS ON VESSEL TRAFFIC, ANCHORING, ETC.

THE U.S. ARMY CORPS OF ENGINEERS ALSO IS INVOLVED WITH SAFETY OF NAVIGATION. THAT AGENCY ESTABLISHES RESTRICTED AREAS WHEN IT IS NECESSARY TO EXCLUDE VESSELS. THEY ARE TYPICALLY ASSOCIATED WITH MILITARY OPERATING AND TRAINING AREAS, AS WELL AS THOSE RELATED TO MAN-MADE OBSTRUCTIONS.

H. SOCIOECONOMIC ENVIRONMENT : RECREATION

IMPACT: THE OCCURRENCE OF AN OIL SPILL COULD RESULT IN SHORT-TERM REDUCTIONS OR DISLOCATIONS IN USE OF BEACHES OR OTHER COASTAL AREAS. SUCH REDUCTIONS OR DISLOCATIONS IN BEACH USES, WHILE TEMPORARY, COULD FURTHER RESULT IN ECONOMIC IMPACTS TO THE LOCAL COMMUNITIES INVOLVED.

FINDING: CHANGES OR ALTERATIONS HAVE BEEN REQUIRED IN, OR INCORPORATED INTO, THE PROJECT THAT MITIGATE OR AVOID THE SIGNIFICANT ENVIRONMENTAL EFFECTS THEREOF AS IDENTIFIED IN THE FINAL EIR.

FACTS SUPPORTING FINDING: THE FACTS SUPPORTING THIS FINDING OF MITIGATION ARE THE SAME AS THOSE STATED ABOVE CONCERNING OIL SPILL IMPACTS ON WATER QUALITY. THEY ARE THEREFORE INCORPORATED HEREIN BY REFERENCE.

3. FIND THAT THIS PROJECT IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED FOR THE LAND PURSUANT TO SECTION 6370.1 OF THE P.R.C.

4. CONDITION APPROVAL OF PHILLIPS' APPLICATION ON ITS ACCEPTANCE OF AN AMENDMENT OF STATE OIL AND GAS LEASE PRC 3499.1 TO PROVIDE FOR COMPLIANCE WITH STATE LANDS COMMISSION REGULATIONS.

5. AUTHORIZE THE RESUMPTION OF EXPLORATORY DRILLING OPERATIONS ON STATE OIL AND GAS LEASE PRC 3499.1 IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE LEASE AND THE RULES AND REGULATIONS OF THE STATE LANDS COMMISSION SUBJECT TO THE UNDERSTANDING THAT PHILLIPS PETROLEUM COMPANY HAS AGREED TO THE FOLLOWING PROVISIONS:

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CALENDAR ITEM NO. 24 (CONTD)

A. PHILLIPS PETROLEUM COMPANY WILL FURNISH TO THE STATE LANDS COMMISSION A CERTIFICATE OF INSURANCE FROM A RECOGNIZED INSURANCE COMPANY DOING BUSINESS IN CALIFORNIA IN THE SUM OF $10 MILLION, INCLUDING THE STATE AS A NAMED INSURED AND EVIDENCE INSURANCE AGAINST LIABILITY FOR DAMAGES TO THIRD PERSONS CAUSED BY ANY AND ALL DRILLING ACTIVITIES UNDER SAID LEASE. THIS CERTIFICATE SHALL NOT BE CANCELLED, EXCEPT UPON 30 DAYS WRITTEN NOTICE THAT PHILLIPS IS REPLACING SAID CERTIFICATE OF INSURANCE WITH A SIMILAR ONE WHICH FULFILLS THE ABOVE REQUIREMENTS, AND SHALL BE IN EFFECT AT ALL TIMES UNTIL ALL DRILLING FROM SAID LEASE TERMINATES AND ALL WELLS HAVE BEEN PROPERLY ABANDONED IN THE MANNER REQUIRED BY LAW.

B. SHOULD ANY EVENT OCCUR CAUSING A SUBSTANTIAL NUMBER OF CLAIMS FOR DAMAGES TO BE FILED AGAINST PHILLIPS PETROLEUM COMPANY AS A RESULT OF OPERATIONS UNDER SAID LEASE, PHILLIPS PETROLEUM COMPANY SHALL WITHIN TEN DAYS AFTER SUCH EVENT, CAUSE TO BE OPENED OR OPEN A CLAIMS OFFICE WITHIN THE CITY OF SANTA BARBARA STAFFED WITH SUFFICIENT PERSONNEL AND AUTHORITY TO PROCESS ALL CLAIMS AND TO SETTLE ALL UNCONTESTED CLAIMS. BARRING UNUSUAL CIRCUMSTANCES, THE STAFFING OF SAID OFFICE SHALL BE SUFFICIENT TO PROCESS ALL CLAIMS AND SETTLE ALL UNCONTESTED CLAIMS WITHIN 60 DAYS OF THE ESTABLISHMENT OF SAID OFFICE

C. TO FACILITATE THE SETTLEMENT OF CONTESTED CLAIMS BY THIRD PERSONS WITHOUT THE NECESSITY OF LIGITATION, PHILLIPS PETROLEUM COMPANY AGREES TO ARBITRATION AND MEDIATION PROCEDURES APPROVED BY THE EXECUTIVE OFFICER AFTER CONSULTATION WITH THE OFFICE OF THE ATTORNEY GENERAL.

D. ALL DRILLING SHALL BE CONDUCTED UNDER LEASE PRC 3499.1 IN ACCORDANCE WITH APPLICABLE LAWS, THE RULES AND REGULATIONS OF THE STATE LANDS COMMISSION AND THE DIVISION OF OIL AND GAS, AND AS REFERENCED OR DESCRIBED IN THE FINAL EIR RELATING TO EXPLORATORY DRILLING OPERATIONS BY PHILLIPS PETROLEUM COMPANY ON STATE OIL AND GAS LEASE PRC 3499.1, ADOPTED BY THE STATE LANDS COMMISSION.

E. PHILLIPS PETROLEUM COMPANY SHALL IMPLEMENT AND MAINTAIN THE OIL SPILL CONTINGENCY PLAN ON FILE WITH THE STATE LANDS COMMISSION.

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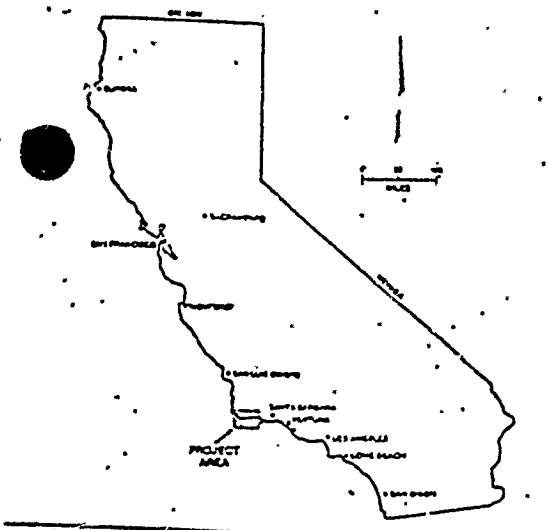

EXHIBIT "A"

STATE LANDS COMMISSION

Location Map

STATE OIL AND GAS LEASE
PRC 3499.1

SANTA BARBARA COUNTY

T5N
T4N

Parcel 6

ABALONE
TRIANGULATION STATION

Government Point

POINT CONCEPTION

PRC 2879
UNION OIL COMPANY of CALIFORNIA
(State 2879)

Parcel E

CONCEPTION OFFSHORE

Parcel G

PRC 2207
PHILLIPS PETROLEUM COMPANY
(State 2207)

PRC 2206
TEXACO INC.
(Jade)

HARRY

HERMAN

PHILLIPS PETROLEUM COMPANY

PRC 3499
(State 3499)

Parcel 40

#2

#3

#4

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PLATFORM HARRY

PLATFORM HERMAN

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EXHIBIT "B"

EXECUTIVE SUMMARY

1.1 PROJECT DESCRIPTION AND BACKGROUND

Phillips Petroleum Company (Phillips) proposes to explore State Oil and Gas Lease PRC 3499 for petroleum resources. The lease is bracketed by recent petroleum discoveries to the north (inshore) and south (offshore) with potential production in geologic formations that prior drilling has determined underlie PRC 3499.

Up to three vertical wells would be drilled to about 10,000 ft. (-11,000 ft.) approximately three miles offshore, south to southwest of Point Conception at the western end of the Santa Barbara Channel. Each well would require about 80 days to drill, test, and abandon in accord with all applicable State regulations and mandated procedures. Assuming all three wells drilled consecutively, this project would last approximately 240 days.

A jack-up type mobile drilling platform, like the Penrod 96 is proposed for the drilling of the exploratory wells. If a jack-up is not available, then a drill ship or semi-submersible drilling unit may be substituted.

Phillips has developed required contingency plans to cope with possible oil spills and other potential emergency conditions. Critical operations have been identified and plans have been developed to safely curtail such operations under specified potential emergency conditions.

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1.2 GEOLOGIC CONSIDERATIONS

The project area is in a region of high seismic activity, as is all of Southern California. Of primary concern are potential effects of earthquake induced ground shaking (potentially producing peak accelerations of 0.5 - 0.7g) which might temporarily destabilize the rig by reducing the bearing/shear strength of the thin (less than 2m thick) sediments. Such loss of strength might allow a jack-up rig's leg(s) to sink somewhat or a floating rig's anchor(s) to move necessitating remedial action to reestablish stability. (Drilling and critical operations would be suspended until stability was reestablished.)

1.3 OCEANOGRAPHIC CONSIDERATIONS

Waves as large as 9 m (30 ft) have been reported in the project vicinity as recently as February 1980. Winds greater than 34 kn are rare in the project region, but extreme winds do occur from time to time. Support vessel traffic and the accessibility of offshore equipment to support vessels may be seriously hampered or rendered particularly hazardous during periods of high winds or large waves. The Critical Operations Curtailment Plan prohibits performance of activities that could contribute to an oil spill or increase risk of other emergency during such times when oceanographic conditions render oil spill (or other emergency) response ineffective or hazardous.

1.4 WATER QUALITY CONSIDERATIONS

Phillips seeks a Discharge Permit from the Regional Water Quality Control Board (RWQCB); all wastewater and drill muds and cuttings discharged to the marine environment must comply with specifications in the RWQCB Discharge Permit issued for the operation. Such permits customarily prohibit the discharge of oil-contaminated drilling muds or cuttings, untreated maindeck

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drainage or bilge water, and toxic materials. The permits set limits on the amounts of other substances which may be discharged to receiving waters and require that the discharge comply with the monitoring and reporting program prescribed in the permit. Recent permits for the discharge of oil-free drilling muds and cuttings in the region (State Lands) have included bioassay and field monitoring programs to increase knowledge of the effects of such discharges. As an alternative to such discharges, all muds (and cuttings) may be barged from the site and disposed at approved onshore facilities; a significant project cost premium, as well as somewhat increased port and highway truck traffic is associated with this alternative.

1.5 MARINE BIOTA

Impacts to the local biota from proposed exploratory drilling operations would come from the placement and removal of the drilling rig, boat traffic to and from the rig, increased noise and activity in the project area, the discharge of cuttings, mud and treated sewage, and the discharge of heated seawater.

The most direct marine impacts of the proposed exploratory program would affect benthic biota in the vicinity of the test wells. The installation of the drilling vessel would kill or displace some organisms in the immediate area and temporarily increase turbidity for a small distance around the rig or anchors. The presence of the drilling vessel may attract fishes that might forage on the benthic fauna.

The discharge of drill muds and cuttings also would impact benthic organisms in the project area. Benthic organisms living in the immediate area of the mud discharge and cuttings deposits would be buried. Those in the surrounding vicinity would be subjected to the effects of increased turbidity. The presence of the cuttings deposits would change the relief of the bottom, and cuttings in the sediment would alter the nature of the sediment for

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benthic organisms. These minor effects might be detectable for a few years, but probably not indefinitely.

Planktonic organisms could be affected by the substances discharged from the drilling rig. The turbidity plume from the on-site disposal of drilling muds could decrease phytoplankton photosynthesis in the immediate area by obstructing light penetration within and immediately below the plume. The turbidity may also have a smothering effect on some zooplankton species in the plume area. The discharge of treated sewage may have small, localized impacts such as the transient stimulation of phytoplankton productivity around the discharge points due to increased nutrients or cause localized depression of photosynthesis by chlorine in the effluent.

Potential fishing space would be temporarily lost at the site occupied by the drilling rig, anchoring system and support vessel bucys. Marine mammals passing through the project area might be affected by the noise, boat activity, and turbidity.

An oil spill during exploratory drilling is considered unlikely, but a spill would have potentially significant impacts on the biological communities in the project area. An uncontrolled oil spill could damage significant biological resources over a potentially wide area. Phillips' Oil Spill and Emergency Contingency Plan for California State Tide and Submerged Lands (including the Critical Operations Curtailment Plan) is designed to reduce the risks of a spill and assure prompt environmental protection response in the event of a spill.

1.6 CLIMATOLOGY/METEOROLOGY

High winds or low visibility conditions adversely affect the safety of activity on the drilling rig and supply vessels. The safety of oil spill response

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activities also is affected adversely by such conditions. Phillips' Critical Operations Curtailment Plan prohibits activities that could contribute to an oil spill or other emergencies during such conditions.

1.7 AIR QUALITY

Sources of pollutant emissions during the project include the diesel generators that supply power for drilling, propulsion, pumping, and other uses aboard the drillship and mobile sources such as supply vessels, crew boats, standby boats, helicopter, and other vehicles that move personnel, equipment and materials to and from the drilling site.

These emissions would contribute hydrocarbons (HC), particulates (TSP), carbon monoxide (CO), sulfur dioxide (SO_2), and oxides of nitrogen (NO_x) to the local air basin(s). Only NO_x emissions are considered potentially significant, although particulate emissions might have a minimal adverse incremental impact on local TSP levels. Potentially significant project-term NO_2 impacts from the project are required to be mitigated by reductions of emissions from existing facilities. This mitigation must be implemented to the extent of net air quality benefit in the local air basin as determined by SBAPCD and CARB. Regulation of emission reductions will be accomplished through SBAPCD implementation of an Offset Agreement with Phillips, an necessary prerequisite to SBAPCD issuance of the required Permit Authority to Construct.

Under computer modeled (FTMOCS) worst-case meteorological conditions and operating procedures, the project would generate a maximum one-hour average NO_x concentration (on the hillsides north of Little Cojo) of 647 ug/m^3, comprising about 64.7 ug/m^3 NO_2 emitted from the offshore project source(s). Under worst-case air quality conditions with an ambient oxidant level of 13 pphm O_3, total NO_2 concentration attributable to project sources would be

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64.7 + 254 (converted from NO by ambient O_3) = 318.7 ug/m^3, i.e., about 68% of the one-hour State NO_2 Standard (470 ug/m^3). If the background ambient NO_2 concentration were to equal or exceed a one-hour average 151.3 ug/m^3 in the area contemporaneous with the conditions described above, the State NO_2 Standard would be violated. (In excess of 200 ug/m^3 has been measured historically in the region.) Consequently, the (Authority to Construct) permit to be issued by the SBAPCD must include conditions on Phillips' operations that ensure the NO_2 Standard will not be violated under such worst-case meteoric/air quality conditions. This mitigation can be accomplished by curtailing nearby support vessel operations and cutting back emission producing rig operations to "waiting" status during specified meteoric/air quality conditions.

1.8 SOCIOECONOMICS

The project would create a temporary incremental increase in the local industrial elements of the Point Conception viewshed. It also would have a minor impact on actual fishing about Point Conception, but would constitute only a potential annoyance to be avoided by fishing vessels that frequently transit the area while traveling to/from local fishing grounds.

If an oil spill occurred and was not contained and/or appropriately cleaned up, temporary adverse effects on local recreation (possibly, but unlikely, including tourism), fishing, and aesthetics might occur.

1.9 MARINE TRAFFIC AND SAFETY OF NAVIGATION

No appreciable change from current risk conditions is expected. Radar visibility of the rig may be increased by installation of a recently developed and commercially proven device, the racon, in order to further reduce the probability of a ramming.

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1.10 CULTURAL RESOURCES

The Point Conception area comprises many reported sites of ship loss. Study of existing onsite data records (side-scan sonar, magnetometer, seismic profilers) reveal no evidence of cultural resources on PRC 3499, the project area. No impact on such resources, archeological or historical, is expected.

1.11 NATIVE AMERICAN CONCERNS

Regional Chumash groups and other native Americans consider all aspects of the natural environment as part of their cultural resources, particularly in the vicinity of Point Conception, an especially holy area comprising the "Western Gate". They are concerned because the rig and drilling desecrates the area and, if petroleum is discovered, such desecration will persist for decades. They feel that the proponents of such action should meet directly with the United Chumash Council.

1.12 OIL SPILL CONSIDERATIONS

Historical data and continuing compliance with current offshore regulations indicate the low probability that a large spill would occur, escape containment/clean up response and cause significant environmental damage. Phillips' Oil Spill and Emergency Contingency Plan including their Critical Operations Curtailment Plan prescribes spill control, agency notification, spill containment/clean up response and other necessary emergency procedures and training/practice drills. It also prohibits the performance of operations that might contribute to a spill during weather, sea, and/or operating conditions when spill response would be ineffective or hazardous.

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1.13 ENVIRONMENTAL IMPACTS AND MITIGATIONS SUMMARY MATRIX

The Summary Matrix on the following pages is provided as a guide to the types of potential impacts on existing resources which may occur as a result of the proposed drilling program. It is important to refer to the more complete discussion in the EIR in order to obtain a more complete understanding of these resources and impacts.

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Resource	Description of Impact	Scope	Mitigation Measures	Residual Impact after Mitigation
1.13.1 Unavoidable Significant Environmental Impacts				
Water Quality (4.3)	Minor degradation of water quality in the project area from the ocean disposal of sanitary sewage and produced water as well as bilge pollution, small spills, and other inputs. (4.3.2)	Most pronounced within a few hundred meters of discharge point.	Strict compliance with RWQCB Discharge Permit requirements and regulations designed to eliminate accidents, emergencies.	Project-term minor degradation of local water quality. Significant because water quality in area is presently almost pristine.
Marine Biota (4.4)	Disruption of benthic communities by anchors, wells, and other equipment. (4.4.2)	Site-specific about wells.	None.	Significant only locally; temporary, with recovery occurring within a few years.
Air Quality (4.6)	Minor increases in short-term air pollutant concentrations are projected during adverse dispersion conditions with light south-south-west winds. (4.6.5)	Onshore about Point Conception and Little Cojo within 3 km (2 mi) of shoreline	Use emission controlled craft, low nitrogen/sulfur fuel, and lower rig power settings to the extent practicable.	Pollutant concentrations still significantly increased during some meteorological conditions; neither State or Federal standards would be violated.
1.13.2 Significant Environmental Impacts Associated with Standard Operations Which Can be Mitigated or Avoided				
Water Quality (4.3)	Localized, short-term degradation of water quality by discharge of drill muds and cuttings, by increased trace metal concentrations, and increased turbidity. Some dispersion and dilution by natural ocean currents and circulation will occur. (4.3.2.1)	Drill site vicinity.	Barge all muds as well as oil-contaminated cuttings to shore for disposal.	Insignificant water quality degradation. Minor increased air pollution, harbor congestion, and project cost as a result of mitigation actions.

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Resource	Description of Impact	Scope	Mitigation Measures	Residual Impact after Mitigation
1.13.3	**Other Adverse Impacts and Mitigations**			
Marine Biota (4.4)	Restriction of foraging for marine mammals, birds, and fishes in turbid waters during drill mud disposal. (4.4.2)	Vicinity of drilling sites.	Implement feasible measures to reduce turbidity.	Insignificant.
Marine Biota: Commercial Fishing (4.4 and 4.7)	Some space will be temporarily lost to fisherman as a result of the placement of offshore structures. (4.4.2.5 and 4.7.2.5)	Vicinity of drilling sites.	Keep pennets close to well marked mooring buoys. Use jackup rig.	Insignificant.
Marine Biota (4.4)	The noise of offshore oil operations may disturb marine mammals. (4.4.2.6)	Area-wide	None.	Insignificant.
Marine Biota (4.4)	Predation on bottom organisms by fishes attracted to offshore structures may reduce populations of prey organisms from a distance of approximately a hundred meters. (4.4.2.2)	Platform vicinity.	None.	Insignificant.
Air Quality (4.6)	Minimal, insignificant increases in the annual average concentrations of NO_2, SO_2, and TSP from emissions in/near the project area. (4.6.5)	Point Conception and vicinity.	Comply with all SBAPCD regulations including offset.	Insignificant.
Socioeconomic Environment (4.7)	Minor incremental increase in industrial elements of viewshed. (4.7.2.8)	Near Point Conception.	None.	Insignificant.
Cultural Resources: Native American Values (4.9.6)	Modern petroleum activities constitute an adverse impact on the spritual gestalt of Native Americans to whom the affected area is important. (4.9.6.3)	Focused on the "Western Gate" (Point Conception area).	None.	The spiritual pain is considered inevitable and generally bearable by those who are affected.

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7.13.4 Significant Impacts and Mitigations Associated with Accidents

Resource	Description of Impact	Scope	Mitigation Measures	Residual Impact after Mitigation
Water Quality (4.3)	Short term degradation of water quality from a major crude oil or fuel spill. (4.3.2.5)	Localized area of spill and related trajectory.	Implement all appropriate spill prevention containment and cleanup measures. In the event of a spill, concentrate efforts to contain and pick up the oil.	Reduced impacts if spill occurred.
Marine Biota (4.4)	Population reductions from a major crude oil or fuel spill. Impacts to the intertidal, marine birds, and marine mammals are likely to be most significant. (4.4.4)	Localized area of spill and related trajectory.	Implement all appropriate spill prevention containment, and cleanup measures.	Reduced impacts if spill occurred.
Marine Biota: Recreational and Commercial Fishing (4.4)	Fishing could be impacted by damage to fishes from oil and by reluctance of fishermen to fish in oiled area. (4.4.4.6)	Portions of the Channel.	Implement all appropriate spill prevention, containment, and cleanup measures. In the event of a spill, concentrate efforts to prevent spilled oil from entering these areas.	Reduced impacts if spill occurred.
Biota: Special Interest Biological Features (4.4)	Potential impacts from a crude oil or fuel spill. (4.4.4.9)	Portions of the coast around the Channel.	Implement all appropriate spill prevention, containment, and cleanup measures. In the event of a spill, concentrate efforts to prevent spilled oil from entering these areas.	Reduced impacts if spill occurred.
Marine Biota: Rare/ Threatened/ Endangered Species (4.4)	Population reductions from a crude oil or fuel spill. (4.4.4.7 and 4.4.4.6)	Portions of the Channel and nearby coast.	Implement all appropriate spill prevention, containment, and cleanup measures. In the event of a spill, concentrate efforts to prevent spilled oil from entering these areas.	Reduced impacts if spill occurred.
Socioeconomic Environment: Recreation (4.7)	Short-term reductions or dislocations in beach uses from a major oil spill.	Portions of the coast; project area beaches.	Implement all appropriate spill prevention, containment, and cleanup measures. In the event of a spill, concentrate efforts to prevent spilled oil from entering prime beach use areas.	Reduced impacts if spill occurred.

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1.14 CONTROVERSIAL ISSUES

1.14.1 Oil Spills

The subject of oil spills potentially from offshore petroleum activities is a controversial issue. Further, the capability for oil spill response and cleanup is always in question. It is frequently said that of all the oil ever spilled into the sea, only an extremely low percentage has ever been recovered. The validity of this statement must be understood within the context of several facts outlined below:

- A large percentage (perhaps 25 to 60 percent) of spilled oil evaporates and, hence, is not recoverable.
- A significant percentage of spilled oil is dispersed into the water column by the natural action of waves, and is not recoverable because it is degraded by natural actions.
- Many oil spills are treated with chemical dispersants which hastens the dispersal of oil into the water column and, thus, speeds the natural processes. Such oil is not recovered.
- There are no recovery attempts for many oil spills, particularly those which do not threaten vulnerable or sensitive coastal resources, but rather disperse naturally at sea.

There is currently a substantial amount of oil spill response equipment positioned in the California coastal area and available for use in the project area. Contingency plans are developed for each offshore activity as it is implemented, and the petroleum industry has formed several spill response cooperatives, one of which, Clean Seas, Inc., oversees the project area. Spill response is available also from the U.S. Coast Guard.

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The equipment available currently approximates the state of the art, but is limited in its effectiveness by the meteorological and oceanographic conditions in the project area. However, project area weather and oceanographic conditions are such that oil spill response equipment could function effectively approximately 75 percent of the time on an annual average. Phillips' Critical Operations Curtailment Plan prohibits activities that may contribute to a spill during conditions that may render spill response ineffective or hazardous.

The prevailing northwesterly wind and currents frequently refract around Point Arguello and Point Conception, producing counter-clockwise eddies about the project area. Consequently, it is considered probable that at least part of an uncontained oil spill originating in the project area would be washed ashore rapidly in the vicinity of Point Conception. Within a longer time frame (greater than 3 days travel time), a significant probability (greater than 10 percent) exists that weathered oil spilled in the project area would impact San Miguel Island or various fishery areas around the Channel if no oil spill response activities were undertaken.

1.14.2 Drilling Muds and Cuttings Disposal

Whether or not cleaned drill cuttings and nonoil-contaminated drill muds should be discharged to the marine environment is currently a subject of public controversy and regulatory/scientific study. Most industry speakers maintain that there is little evidence of environmental harm from the ocean discharge of these substances. Many environmentalists and concerned scientists maintain, however, that previous studies have not been adequately designed and that there may be serious environmental concerns involved in the ocean discharge of drill muds and cuttings currently.

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1.14.3 Aesthetics

The aesthetics of drilling rigs in waters near shore continue to be debated. Some consider them a source of "visual pollution," eyesores defiling the coastal horizon, and symbolizing human greed and disregard for nature. Others consider them industrial sculpture, symbolizing human ingenuity and accomplishment. Restricted public access and the low density of private development about Point Conception may minimize aesthetic concerns over this project.

1.15 BENEFICIAL IMPACTS OF THE PROJECT

The project will increase knowledge of the subsurface geology in the area. If commercial deposits of oil or gas are discovered, the known reserves of the region will be increased accordingly.

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